



COUNTY WELFARE DIRECTORS ASSOCIATION OF CALIFORNIA
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CWDA

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To: All County Social Service Directors and Fiscal Officers

From: CWDA Staff

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RE: State Budget Update #4 – Department of Finance Pulls the Trigger on Cuts

At a press conference earlier today, Governor Jerry Brown announced that the state’s current-year General Fund revenues will be \$2.2 billion lower than the amount assumed in the 2011-12 Budget Act. The Department of Finance (DOF) estimate of revenue is about \$2 billion higher than the estimate issued by the Legislative Analyst’s Office (LAO) in November.

Since the DOF estimate is higher than that of the LAO, it is the operative estimate for purposes of determining the extent of the triggered reductions. As a result of the forecast, the DOF will trigger nearly \$1 billion in cuts to education, justice, health care and social services, and education.

List of Cuts

A partial list of cuts most relevant to CWDA members is below. A number of observers have commented that the cut to K-12 education (\$79.6 million) is lower than originally anticipated. The funding decrease for K-12 schools is equivalent to reducing approximately a half of a school day.

Description	Cut Amount
Medi-Cal: Extend provider cuts and copayments to all managed care plans.	\$8.6 million
Reduction to the Department of Developmental Services	\$100 million
IHSS: 20 percent reduction in service hours, eliminate funding for local anti-fraud efforts	\$101.5 million
Child Care – 4 percent across the board reduction	\$23 million
K-12 Education (Proposition 98) – Reduce Apportionments effective February 1, 2012	\$79.6 million

Note that the 20% across-the-board service cut to IHSS already is subject to a lawsuit, and the temporary restraining order issued last week by the court is still in effect. The cut to the anti-fraud funding is not affected by the restraining order and thus will go into effect as of January 1, 2012. Frank was interviewed for an article that appeared in the San Diego Union-Tribune regarding these cuts. The article is at: <http://tinyurl.com/7s6mbzk>

The \$23 million in child care cuts includes \$6 million in cuts to preschool programs and \$17.1 million in cuts to non-Prop 98 child care programs that will affect Stage 3 and General Child Care and some other smaller child care programs (note that Stage 2 is exempt and Stage 1 is funded within CalWORKs, so is not affected). The exact effects are, as yet, not known. We are in communication with the Alternative Payment Provider association (CAPPa) regarding the effects of these cuts and possible offsets to minimize the harm to families in Stage 3, and will be in touch with you as we learn more. There continues to be a 30-day notice requirement for any families that will lose child care as a result of cuts.

The child care trigger cut is likely to be exacerbated by an underfunding issue in Stage 3 identified prior to the trigger being pulled, estimated at between \$12 million and \$20 million. CAPPa has been communicating with the California Department of Education to quantify and attempt to rectify the situation – however, their discussions are ongoing. It is our understanding that this shortfall has already caused some families to be moved back into Stage 2. A link to a letter sent last week to Superintendent of Public Instruction Tom Torlakson regarding the shortfall is below. We will be working with CAPPa on both of these issues.

Statements by the Governor

When asked about his message to those who are impacted by the reductions, Governor Brown replied with the Latin phrase: “Nemo dat quod non habet.” (No man gives what he does not have.) Emphasizing his focus on fiscal discipline, the Governor expressed frustration with the “cognitive dissonance” of Californians demanding services but not wanting to pay for them and discussed the November ballot as an opportunity to have that conversation with the electorate.

The Governor also indicated that a new round of trigger cuts would be proposed in the January budget, to ensure that the state’s spending plan gives an honest assessment of the state’s fiscal situation. These trigger cuts would go into effect if the \$7 billion in new revenues proposed by the Governor in his ballot measure are unsuccessful.

Links

Full Document issued by Department of Finance:

http://www.dof.ca.gov/documents/2012_Rev_Forecast_Determination.pdf

Statement by Assembly Speaker Perez:

<http://tinyurl.com/cvwuoa5>

Statement by Superintendent of Public Instruction Tom Torlakson:

<http://www.cde.ca.gov/nr/ne/yr11/yr11rel98.asp>

Stage 3 Funding Concerns Letter from CAPPa:

<http://tinyurl.com/clbux24>