

# California Immigrant Policy Center

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## CIPC Budget Update

February 19, 2008

### **Lawmakers Authorize Emergency Midyear Cuts Education and Medi-Cal Hit Hardest, Further Cuts Expected**

California's Legislature voted Friday, February 15<sup>th</sup>, to authorize over a billion dollars in emergency midyear cuts aimed at closing California's estimated \$14.5 billion dollar shortfall. The largest cuts were to K-14 Education and to Medi-Cal reimbursement rates. The Legislature also approved a three month delay to previously planned cost-of-living increases for the poor, the working poor and the elderly, blind and disabled receiving assistance through SSI/SSP and CalWORKS until October. These cuts will have a significant impact on a large number of low-income Californians, including immigrants. However, other program reductions, including the proposals to eliminate children of ineligible parents from the CalWORKS safety-net and to cut grants for food stamp recipients, did not go through. It is likely that these proposals will be considered again as part of the 2008-09 budget hearings this spring.

In a move that stunned legislators attempting to reach a compromise solution, Assembly Republicans blocked a measure that would have raised \$26 million to help reduce the state's budget deficit by closing a loophole that now allows buyers of luxury vehicles such as yachts and airplanes to avoid paying sales tax. The following is a summary of the Legislature's cuts to health and human services programs as well as to education:

#### **Medi-Cal**

Legislators voted to cut Medi-Cal provider rates by 10% for doctors, hospitals, clinics and managed care plans who serve the poor, beginning July 1, 2008 for a savings of \$544 million dollars in FY 2008-09. The reductions also impact provider rates for the non-Medi-Cal components of the California Children's Services (CCS) Program, Child Health and Disability Prevention Program (CHDP) and the Genetically Handicapped Persons Program (GHPP). The Medi-Cal cuts will result in decreased access to health care for California's poor as more and more providers choose to opt out of the program.

On a positive note, other proposed health care reductions were not approved as part of the emergency midyear cuts. These include proposals to eliminate dental and other adult services and increase reporting requirements for children. The Legislature's rejection of these proposals helps ensure that adults will maintain their current level of health benefits and children will not be at risk of falling off the program.

#### **SSI/SSP and CalWORKs Cost of Living Increases Delayed**

The Legislature voted for a three month delay until October 2008 of the state Cost of Living Adjustment (COLA) increase for recipients of the State Supplemental Income/State

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Supplementary Payment (SSI/SSP) program and the California Work Opportunity and Responsibility to Kids (CalWORKs) grants.

The SSI/SSP delay will result in a savings of \$23.2 million in the current 2007-08 budget year and \$67.8 million in the 2008-09 budget year while the CalWORKs reductions will result in a savings of \$41.5 million for 2008-09.

The CalWORKs and SSI/SSP reductions come amidst an economic downturn and higher inflation levels that have increased the cost of living for all Californians and could result in increased hunger and homelessness for California's low-income communities. The SSI/SSP program serves an estimated 1.3 million seniors and people with disabilities who rely on the program for basic necessities, while the CalWORKs program provides critical cash assistance for California's working families.

The budget package also eliminates "Pay for Performance" incentive allocations to counties in the current 2007-08 year for a savings of \$40 million. These funds were earmarked to counties to provide cash incentives for increasing work participation rates for former CalWORKs clients.

In good news, the Legislature rejected the Governor's proposal to eliminate the safety-net for certain children in the CalWORKs program. Specifically, the proposal would have punished children for their parent's inability to meet work participation requirements. The proposal would also have eliminated assistance after 60 months for children whose parents are ineligible for assistance, including immigrants.

## **Education**

Legislators voted to cut current year education spending by \$211.4 million and to re-appropriate \$295.4 million in unspent funds from prior years for a total of \$506.8 million in savings. Future guaranteed education spending under Proposition 98 would not be affected by these cuts. The reductions include funding for physical education teacher incentive grants (41.8 million), class size reduction (\$37 million), preschool education (\$20 million) and general childcare services (\$20 million) as well as for Math and Reading and Professional Development programs (\$6.25 million). California is already ranked 46<sup>th</sup> in the nation in terms of education. Further cuts to education will harm California's schools.

## **California Food Assistance Program (CFAP) and Federal Food Stamp program**

The approved budget package does not include the Governor's proposed 10% and 4% reduction in general fund dollars in current year spending for the **California Food Assistance Program (CFAP)** and the Federal Food Stamp program (FSP), respectively. CFAP provides nutrition assistance to 23,000 low-income immigrants who have resided lawfully in the U.S. for less than five years and who were rendered ineligible for federal food stamps by the 1996 federal welfare law. The Governor's discriminatory proposal would have reduced the monthly benefit level only for these families, from \$91 to \$82, effective June 1 of this year. Proposed cuts to state and federal food stamp programs may be revisited this spring as part of the proposed 2008-09 budget package.

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## **Naturalization Services Program (NSP)**

The approved budget package does not include cuts to the Naturalization Services Program (NSP) as part of their emergency budget package. The Governor's proposed cuts to the program will be heard as part of the budget hearings this spring for the 2008-09 Fiscal Year. Specifically, the governor proposes to reduce NSP by \$300,000 for the 2008-09 Budget Year bringing total NSP expenditures to a mere \$2.7 million. This cut includes both a \$15,000 reduction in administrative costs as well as a \$285,000 reduction in grants provided to CBOs. The administration expects the effect of this proposal to deprive 1,130 people of naturalization services. Proposed cuts to the NSP program will be revisited this spring as part of the 2008-09 budget review.

**For more information on the budget contact Cary Sanders at: (510) 663-8282 ext. 303 or go to: <http://www.leginfo.ca.gov/updates/Feb14,2008>**

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