Latino Coalition for a Healthy California

Rapid Response Network

Budget Brief

July 2007

Who's Involved in the budget process?

The Governor

Often perceived to have the only role, the Governor represents only half of the budget process. In this role, the Governor, mainly through various state agencies and departments, is responsible for developing both the initial budget proposal and a revised proposal (referred to as the 'May Revise') after the state has collected its revenue, largely through personal income taxes paid every April.

In the months that the budget is negotiated, the Governor is dependent on both a Senate and Assembly version of the budget that must successfully pass through a super-majority vote (representing 60% of both houses).

Only after it successfully passes both houses does the Governor have any ability to change the budget. At this point, the Governor is only able to delete items (often referred to as a "line-item veto") and is not able to make any additions to the budget.

Governor's Administration

The state's Department of Finance is the primary point of contact for the Governor in compiling the initial budget proposal and its conversion into a Budget Bill. It is the Department of Finance that will work with all state agencies and departments to assess both current levels of spending and identify areas where changes will need to be made at the programmatic level. Changes in funding levels will usually occur through BCPs – Budget Change Proposals – that must be submitted and approved by their respective agencies before they can be forwarded to the Department of Finance.

The Department of Finance will also continue to provide technical assistance throughout the budget process, mainly through recommendations at Senate or Assembly Budget Committees, or the joint Budget Conference Committee. While various programs and departments may attempt to persuade specific changes in funding levels in these hearing processes, the Department of Finance generally will not respond to such requests. Any later adjustments that need to be made to the budget after its conversion into a budget bill must be made through 'finance letters'.

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Budget Update & Latino health:

Already more than a month overdue, the state's current budget, according to state statute, was due to have begun July 1. Like many previous years, the state budget has failed to meet this deadline and has begun to affect various programs and vendors across the state that provide services for the state. Many of these programs are health or health-related programs that help vulnerable populations such as low-income families or the elderly and disabled.

At the heart of the stalemate is a difference of approximately $700 million in programmatic spending. Earlier this month, the state Assembly passed its version of the state budget (for more information on the process, please see page 2), having negotiated key differences in allocated spending. The state Senate, however, has been unable to gain a sufficient number of votes by its full membership in order to successfully pass their version of budget and forward it to the Governor.

Below is a review of the Assembly budget version (page 4), what the Senate's Minority Caucus (Senate Republicans) has issued as part of their proposal, and a review of how their proposal impacts Latino health (please note: budget amounts indicated are based on amounts disclosed in proposal. Amounts have not been verified):

Review of Senate Republican Proposal:

In total, the proposal includes 38 suggested changes in programs, including some increases, or expansions in programs, and additional cuts. Following is a review of various items contained in their proposal and what the impact would be on Latino health, if adopted in the coming weeks:

Suspension of New Medi-Cal County Outreach Program

Projected Impact on 2007-2008 Fiscal Year:
Reduction of $15.1 million

Over the last two years, little-to-no increases have been made to the Medi-Cal program, other than increases in caseload that generally mirror population increases. Instead, the Schwarzenegger administration has opted to maximize federal funding by focusing on those that are eligible, yet have not been enrolled into the Medi-Cal program.

It was estimated that approximately 450,000 children in California were potentially eligible for Medi-Cal and Healthy Families but were not enrolled. As a result, the Administration's proposed 2006-2007

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Who's Involved in the budget process?

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submitted to the Assembly and Senate Budget Committees.

After passage and enactment of the final budget, it is expected that individual departments will spend according to their budgeted amounts in addition to complying with any legislative intent.

State Senate

State Assembly

In combination, the review process that is undertaken by the state Senate and Assembly represent the other significant half of the budget process. While the Governor and the Administration may have the power to create the budget's skeleton, the Legislature has the power to review, add and change its details.

Each house has their own budget committee that will review different segments of the budget through a sub-committee structure based on different content areas. Throughout the springtime, each budget committee will conduct its separate review and may even adopt completely different recommendations and dollar allocations.

Differences adopted throughout the process will then be reviewed by the Budget Conference Committee which is a consolidated entity between both houses. Once finalized, each house must pass the Budget Bill by a two-thirds vote of its full membership before it can be forwarded to the Governor for their signature.

Minority Caucus

Those of either political party that do not have a majority of legislative members represented in either house, do not typically have chair positions of the budget committees or sub-committees in our current political structure. With a majority-rule political structure in California, chairmanships of either house or committees are typically designated and held by those in the majority.

Over the last decade, the Minority Caucus has comprised of both Assembly Republicans and Senate Republicans. Lacking chair positions, Minority Caucus members often have little decisive power in either the legislative or budget process other than the needed votes to pass a state budget. However, because of the two-thirds required vote, they often have the power to hold up the budget.

The Budget Year

Much of the state's budget process and deadlines are mandated by state statute. While the budget is converted into a Budget Bill and follows the legislative process, including committee review and votes before full membership of both houses, it has been argued that the budget process is often less transparent, with major decisions and policy changes often buried with the budget bill. What isn't buried is often negotiated between a small number of individuals with little-to-no input from the public on the key decisions. Below is quick review of the process:

November - December

1

- Agencies and departments review changes needed in budget amounts from preceding fiscal year
- Department of Finance leads budget compilation process for January proposal

January

2

- Governor must introduce the state Budget Proposal no later than January 10 (required by state statute)
- Budget Proposal is converted into bill form (known as the 'Budget Bill' in both the Assembly and Senate

February through April

3

- State Legislature reviews different segments of the Budget Bill
- The Senate Budget Committee reviews through its four sub-Committees and the Assembly through its five sub-committees based on issue area such as health & human services
- State collects its primary source of revenue – Personal Income Taxes (PIT) on April 15

May

4

- Governor issues an updated budget – known as the 'May Revise' - based on revenues that have been generated from previous month
- Budget Committees use updated budget for decisions

June

5

- The Budget Conference Committee is created to work out differences in Assembly versus Senate budget items
- A final Budget Bill must be passed by a two-thirds vote of both the Senate and the Assembly no later than June 15th (required by state statute). Deadline has rarely been met in recent years
- The 'Big Five' (Governor, Leaders of the Senate and Assembly and Minority Caucus leaders from Senate and Assembly) may be convened to begin negotiating

July

6

- New fiscal year to begin July 1

  The state legislature, on average, only meets this deadline over half of the time. In the last 20 years (since 1987), this deadline has only been 4 times, according to the Dept of Finance

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budget included a package of programs, including use of certified application assistance (CAAs), further streamlining of the Healthy Families Enrollment process, and a media campaign that was later deleted. Included in this package was county outreach in the form a grant program to locally direct efforts at increasing enrollment within Medi-Cal and Healthy Families.

The majority of the funding for the program was to be allocated to 20 counties that had the highest number of children potentially eligible for Medi-Cal and HFP and/or had the largest existing caseload in those two programs. It was estimated that the majority of the funding would likely be divided among the counties of Los Angeles, Orange, San Diego, San Bernardino and Riverside with other smaller counties eligible for competitive grants.

Lacking any substantive public health program expansion, LCHC supports outreach efforts for those already eligible. Two-thirds of children eligible but not enrolled in Medi-Cal and Healthy Families are Latino. Recent population projections estimate that counties such as San Bernardino will likely experience the largest population increases for the state over the next decade. LCHC supports ongoing efforts to conduct outreach in these counties and would recommend rejecting suspension of this program.

Deficit Reduction Act and Deleting Exemptions for Minor Children in Medi-Cal

Projected Impact on 2007-2008 Fiscal Year:
Reduction of budget amount of $ 18.9 million

In early 2006, the federal government passed the 'Federal Deficit Reduction Act of 2000' (DRA) designed specifically to reduce deficit spending at the federal level. As part of the DRA, new requirements were mandated for all Medicaid programs nationally that included documentation of both citizenship and identity for all U.S. Citizens already in and those applying for Medicaid programs, known as Medi-Cal in California.

Originally intended to reduce fraudulent of public programs, the new requirements that were to become effective July 1, 2006, have instead created additional burdensome paperwork requirements for those already eligible for the Medi-Cal program. Over the last year, the California Department of Health Care Services has been working with advocates and others across the state in devising an appropriate implementation model that would provide directive to individuals county directors through the 'All-County Welfare Directors Letter'.

Since Medi-Cal beneficiaries are low-income by design, advocates recognized that some populations may face additional difficulty meeting the documentation requirements. Due to this consideration, advocates worked with the state to determine what populations would need exemption. As a result, the state moved forward with exempting minors seeking family planning services, since the documentation requirement would undermine and contradict confidentiality clauses normally provided for these services. That change, while not included in the original January Proposed Budget, was added in the May Revise. As part of that revision, the state assumed full cost of the program since acceptance of the federal fund would necessitate meeting documentation requirements.

Today, Latinas have the highest pregnancy rates of all ethnic groups, at 83.4 per every 1,000 Latinas – nearly double that the national rate of 43 per 1,000, with Latinas representing 67% of all teen mothers. Removing the established exemption may deter a population already at-risk under conditions which are often already confusing and intimidating. LCHC strongly supports the minor consent exemption and recommends rejection of this program proposal.

Delay of Implementing SB 437 (Escutia) Self-Certification of Income Pilot Program

Projected Impact on 2007-2008 Fiscal Year:
Reduction of $ 15.3 million

Passed and signed by the Governor in 2006, SB 437 (Escutia) eases enrollment for eligible children into the Medi-Cal and Healthy Families programs by streamlining the application process for families. SB 437 would create gateway enrollment processes with county WIC programs, food stamps, and school lunch programs and other programs for which Medi-Cal/Healthy Families beneficiaries might be eligible.

SB 437 also creates two county pilot programs that will allow families to self-certify their income during recertification instead of sending further extraneous documentation to keep their children in the program. Enrollment and recertification for the Medi-Cal/Healthy Families programs has historically required that families submit large enrollment packets as well as extensive documentation, which can be a difficult and time-consuming process for working families. Any facilitation of this process is helpful and empowering, and LCHC supports the efforts of the proposed budget in implementing SB 437. This pilot was estimated to increase Medi-Cal enrollment by 16,472 children in 2007-2008. With 2 of every 3 eligible but unenrolled children in Medi-Cal/Healthy Families being Latino

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Review of the Current Budget Proposals –

Please note: the following is a broad overview of those items related to health or social services. For a full list, please visit the resources listed at the bottom of each graph.

Senate Republican Proposal would:

Program	'07-'08:
Total Reduction in State Deficit (Projected)	$ 1,535 million
Implement California Work Opportunity and Responsibility to Kids (CalWORKS) Program Reform, including penalties for children of parents who exceed total program time limit, children of parents not complying with work program requirements and children of ineligible parents. Implement Semi-Annual Reporting Within CalWORKS	$ 300 m (reduction) $ 12 m (increase)
Delay Implementation of Medi-Cal Self-Certification of Income Pilot Project under SB 437	$ 15.3 m (reduction)
Remove Exemption for Minors under the Federal Deficit Reduction Act of 2005 (DRA) that would require documentation proof for both citizenship and identity	$ 18.9 m (reduction)
Suspend County-Based Outreach for Medi-Cal Program, reducing further enrollment at the county-level	$ 15.1 m (reduction)

For more information, please visit: http://republican.sen.ca.gov/news/33/pressrelease4740.asp

Assembly Version (approved by full state Assembly on July 20, 2007)

Program	'07-'08:
Total Reduction in State Deficit (Projected)	$ 700 million
Suspends Cost of Living (COLA) Adjustment for the California Work Opportunity and Responsibility to Kids (CalWORKS) Program cash assistance in 2007-2008 Note: this represents the third consecutive year that California has suspended the COLA for the CalWORKS program.	$ 124 m (reduction)
Moves the Cost of Living (COLA) Adjustment for the Supplemental Security Income (SSI) / State Supplementary Payment (SSP) from January 1 to June 1 of each year beginning in 2008, creating a one-time 5-month savings for the 2007-2008 fiscal year	$ 123 m (reduction)
Reduced funding for Proposition 36 (the Substance Abuse and Crime Prevention Act of 2000) that provide substance abuse treatment services for non-violent offenders	$ 40 m (reduction)

For more information, please visit: http://www.leginfo.ca.gov/pub/07-08/bill/sen/sb_0051-0100/sb_77_bill_20070709_amended_asm_v97.pdf

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children, the implementation of SB 437 is critical for increasing access to health care coverage.

SB 437 and its companion legislation, AB 772 (Chan, 2005), started as the vehicles to create a comprehensive children's health insurance program for all California children at or below 300 percent of Federal Poverty Guidelines. LCHC strongly supported both of these bills, as well as Proposition 86, the state ballot initiative to cover all children at or below 300 percent of FPL. However, AB 772 was vetoed by Governor Schwarzenegger, and Proposition 86 did not pass, leaving the state with no viable options to create a comprehensive, affordable children's health insurance program. As a way to keep children's health insurance legislation moving, SB 437 turned into a 2-year bill, and instead of creating a universal insurance program, it developed into the facilitated enrollment and recertification process in statute today.

Given the significant concessions made in SB 437, the implementation of a program to ease enrollment for families and thereby enroll more eligible children into Medi-Cal/Healthy Families should be a reasonable priority for the state, particularly since the state receives one federal dollar for every dollar it spends. It is estimated that implementation of SB 437 would cost the state $15.3 million and is one of the more modest budget expenditures reflected in the budget proposal. The state would also draw down the matching federal funding provided for the programs, thereby effectively leveraging California's resources and most importantly, getting more children insured. The Senate Republicans have stated that delaying implementation of SB 437 "will save millions in staff and caseload work without impacting existing Healthy Families or Medi-Cal benefits". California has made a pledge to insure our children, and delaying the implementation of SB 437 will leave thousands of deserving children uninsured. LCHC strongly opposes this proposal.

Socials Services:

Perhaps hardest hit over the last several budget years, the state's socials services continues to be the area of the state's budget that has routinely been reduced or cut altogether. In particular, the CalWORKS program, the state's cash aid program, has undergone significant changes, changing its focus and intent altogether.

The CalWORKS program, known through its parent federal program, the Temporary Assistance for Needy Families (TANF) underwent significant changes in 1996 and 1997, when Congress restructure the program and renamed it the Aid to Families with Dependent Children (AFDC) into today's TANF. As part of its restructuring, the program implemented work participation requirements embedded with time limitations for program use, particularly for adults, who were given a five-year lifetime limit on state-funded aid, emphasizing a strong 'work-first' structure. Since that time, California's spending on child care and other services for low-income families, has supplanted its spending on actual cash aid. Today, the majority of those, nearly 80%, of those in CalWORKS are children. Additionally, the program itself has continued to decline as a share of the state's overall budget.

Reforming CalWORKS and Implementation of Family & Child Sanctions

Projected Impact on 2007-2008 Fiscal Year:
Reduction of budget amount of $ 300 million

Semi-Annual Reporting within CalWORKS

Projected Impact on 2007-2008 Fiscal Year:
Increased spending of $12 million

In his January Budget Proposal, the Governor included three significant changes to the CalWORKS program that were later deleted in the May Revision but have been resurrected in this latest budget proposal.

First, the Governor proposed to eliminate cash assistance for those children who parents have been sanctioned for not complying with CalWORKS program rules, unless the parent can come into compliance within 90 days. Secondly, the Governor's proposal would sanction children whose parent had reached the maximum 5-year lifetime aid limitation and had not complied with work requirements. Lastly, the Governor's proposal would have completely deleted assistance to children of parents who were ineligible for CalWORKS after 60 months.

Currently, the state focuses its sanctions on adults, particularly those who do not meet time or work requirements, but does not penalize children by continuing to provide aid that generally goes toward providing basic sustenance. Under these requirements, the majority of the 'safety net' designed to protect one of the state's most vulnerable population – low-income children – would be completely dissolved.

While many have argued that reform of this system would improve the state's ability to meet federally imposed work participation requirements, the Administration has acknowledged that adoption of the three proposed changes would not help the state with its needed federal compliance. LCHC strongly recommends that any further changes to the CalWORKS program not be adopted and that children should continue to be protected from any sanctions. Major programmatic changes to CalWORKS or any other public program should be reviewed via the regular legislative process.

Where do we go from here?

In summary, none of the program changes presented in the Senate Republican proposal is new. In fact, many of these suggested changes have been debated over the past several months. For many of these suggested changes, most have undergone significant review with opportunity to provide some level of feedback, often through various committees or directly with state agencies and departments. In some instances, acceptance of the suggested changes would roll back months of work that has already been invested by the state and other stakeholders. More importantly, acceptance of many of these changes would disproportionately impact those already vulnerable, such as the low-income, blind and disabled, the elderly and children.

With little time remaining before the state officially hits a two-month overdue mark, many of the budgetary choices will no doubt be difficult to make. Recognizing that few, if any expansions are appropriate given the state's economy, LCHC continues to recommend that the state and all legislative members hold the line in protecting some of the state's most vulnerable.

Please visit our new website at: www.lchc.org

About LCHC:

The Latino Coalition for a Healthy California (LCHC) – the only statewide organization with a specific emphasis on Latino health – was founded in 1992 by health care providers, consumers and advocates to impact Latino health through enhanced information, policy development and community involvement. Three major functions provide essential focus to the organization's work: public policy and advocacy; community education and research. These functions complement LCHC's work in three key strategic areas: access to health care, health disparities, and community health. Through its Rapid Response Network of 2,200 community-based organizations and its Regional Networks in San Diego, Los Angeles, the Bay Area and the Central Valley, LCHC affiliates stand ready to be mobilized to impact public policies, services and conditions that affect Latino health.

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JOIN THE LATINO COALITION FOR A HEALTHY CALIFORNIA

The Latino Coalition for a Healthy California, a non-profit, public policy and advocacy organization dedicated to improving the health of Latinos, invites you to become a member. As a member, you will become part of a larger movement of professionals, medical providers, legislative staff and others interested in advancing the health of Latinos.

LCHC Membership

Benefits of dues-paying members of the Latino Coalition include the following:

- Subscription to monthly LCHC newsletter
- Discounts on registration fees to all LCHC events, including the biennial conference
- Invitations to all LCHC events, including legislative and community briefings
- Monthly electronic updates on legislative and budget issues
- Inclusion in the Rapid Response Network, LCHC's email listserv regarding pressing legislative issues
- Advanced release of select LCHC policy briefs
- Technical assistance with questions regarding legislative and budget issues
- Opportunity to participate in local health forums, such as the LCHC Regional Networks
- Inclusion in a Latino professional's online directory (Community Rolodex)
- Building a long-term relationship with companies and organizations that support Latino health
- Sharing information and collaborating in projects with other health professionals.

Affiliate Membership – Rapid Response Network

Affiliate members of LCHC do not pay dues and are included in the Rapid Response Network, LCHC's email list serve that provides up-to-date information regarding pressing health legislation and events. Affiliate members do not receive the other benefits of dues-paying members.

√Check the following

☐ I would like to become a dues-paying member of LCHC.

☐ I would like to become an affiliate member and be added to the Rapid Response Network (free).

Membership Fees

☐ $35 Student ☐ $50 Individual ☐ $150 Non-Profit ☐ $1,500 Corporate

If you would like to become an LCHC member or an affiliate member, please email, fax or call with the following information:

Name:____________________ Title:____________________

Organization:____________________

Address: ____________________

City/State/Zip:____________________

Phone:__________ Fax:__________ Email:__________

Name on Credit Card:__________ **Credit Card Number:** __________

Credit Card Type:______ **Security Code (**3-4 digits on back of card)**:**______ **Expiration Date:**______

OR SIGN-UP ONLINE AT WWW.LCHC.ORG

Please make all checks payable to the Tides Center/LCHC. The Latino Coalition for a Healthy California does not share its lists.

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