

### Hand Tied With Budget Deficit & No New Revenues - Legislature Passes Budget That Increases Hardship Among Low Income Californians

Advocates for low-income Californians remain on pins and needles as key components of the state's FY 2012-13 budget remain at play. On the June 15<sup>th</sup> legislative deadline to pass a budget, both houses passed [Assembly Bill 1464](#) and the budget was sent to the [Governor Edmund G. Brown, Jr.](#) for action. AB 1464 is the main budget bill which represents the actual fiscal changes the state intends to make in order to balance the budget. The Governor, who can decide to sign it, veto it in entirety, or sign with line item cuts through blue-pencil authority, has 12 days to take action but it is believed he will act soon.

The budget closes a \$15.7 Billion budget gap, with much of the revenue reductions coming from programs or services that assist the poor. Still, the Budget Trailer Bill Language (TBL) for Health, Human Services and Affordable Housing, which lays out the policies that will be changed to achieve the revenue reductions, has not passed. Therefore the details of these proposals are still not final.

While [Senate Pro-Tem Darrell Steinberg](#) and [Assembly Speaker John A. Pérez's](#) hard-led fight against a complete dismantling of the [California Work Opportunity and Responsibility to Kids \(CalWORKs\)](#) Program as proposed by the [Governor's January Budget](#) and [May Revise](#), and [opposed by Western Center](#), \$433 million was cut from the county single allocation.

While CalWORKs basic needs grants for our state's poorest kids are untouched in the legislature's budget, several other cuts were made to health services that impact these same families. The following summarizes which health care budget items were passed as part of AB 1467 and sent to the Governor for approval, and which changes we are expecting to be passed later in TBL:

- Requiring Medi-Cal beneficiaries to stay in their managed care plan for 12 months: Rejected in both budget subcommittees.
- Expanding Medi-Cal managed care to 28 additional rural counties: Approved by both houses, reflected in AB 1467. Requires a longer timeframe for implementation & increased stakeholder input.
- Improving pediatric Denti-Cal in Sacramento County: Approved by both houses, reflected in AB 1467. Allows for a Dental Beneficiary Exemption process if child cannot get an appointment through their dental managed care plan, as well as additional oversight and auditing from the Department of Managed Health Care and the Department of Health Care Services.
- Operational flexibilities/Value based purchasing: Rejected by both houses, though a modified approach is reflected in AB 1467. Instead of allowing DHCS to use criteria that undercuts the concept of medical necessity, this would change the rates paid to clinical laboratories and eliminate payments for unnecessary hospitalizations.
- Mandatory copayments for Medi-Cal beneficiaries: Approved by both houses, reflected in AB 1467. Requires beneficiaries to pay \$1 for preferred prescriptions, \$3.10 for non-preferred prescriptions, and \$15 for non-emergency emergency room visits. Western Center will continue to oppose this as the proposal now faces approval from the federal Centers for Medicare and Medicaid Services.

- Shifting the children in Healthy Families to Medi-Cal: This proposal, which Western Center supports, is still open. The legislature adopted a modified proposal to instead codify federal law, which mandates that all children up to 133% of the federal poverty level, be enrolled in Medi-Cal starting January 1, 2014. The Administration and the Legislature will address this proposal in the coming week after there is an agreement.
- Requiring Duals to move from fee for service to a managed care plan and converting additional benefits into managed care benefits: This proposal is still open. The Legislature is likely to approve a modified version of the Governor's proposal, but many details are yet to be worked out, as is federal approval of such a huge transition. Western Center continues to have significant concerns with the initiative.

Bad budget news remains for low-income housing through cuts made in the state's Housing Redevelopment set aside used to secure low-income housing throughout the state. The Budget proposes to take all of the funds that remained in former redevelopment agency [Low and Moderate Income Housing Funds](#) (LMIHFs) and redirect them to schools, cities, counties, and local special districts. The aggregate amount that would be lost is now estimated at \$1.1 billion. Western Center and other housing advocates have been fighting for months to clarify and confirm that the remaining LMIHF balances are to be used for housing (the statute dissolving redevelopment agencies is unclear on this point). WCLP co-sponsored legislation ([SB 654](#) - Steinberg) to that effect. The depth of the budget hole means an extreme uphill battle to retain the badly-needed housing safety net funds.

The budget also proposes spending, over two years, the \$410 million available for discretionary spending under the national foreclosure settlement to generally offset General Fund spending, including \$198 million for debt service for the two recent housing bonds (Prop. 1C and Prop. 46), which is already obligated to be paid from the General Fund.

Without the Republican votes needed to pass an increase on revenue, which would result in a more equitable and just budget, cuts are the only way to close the \$15.8 Billion budget gap. Several California legislators have signed [a pledge not to increase taxes](#), not even to the wealthiest Californians who have enjoyed years of tax cuts, and regardless of the harm that will be caused to low-and moderate income Californians as a result. This failure to govern was pointed out on the Senate Floor by [Senator Mark Leno](#), chairman of the [Senate Budget and Fiscal Review Committee](#), who implored Senators that had signed the pledge to tear it up in order to prevent cuts that put our children in harm's way.

Budget cuts negotiated anticipate increased revenue from the [November 2012 Tax Initiative](#). If voters reject this temporary tax hike, further cuts to human service and education can be expected.

**Contact Our Sacramento Budget Advocates:** For more information about Western Center or our advocacy priorities, go to [www.wclp.org](http://www.wclp.org).

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**Western Center leads the fight in the courts, counties and Capital to secure housing, healthcare and a strong safety net for low-income Californians.**