

## GOVERNOR'S MAY REVISE 2007-08 STATE BUDGET PROPOSAL

As Californians filed their tax returns before the customary April 15 annual deadline, the Governor's staff was working on a revised 2007-08 state budget proposal. Every year, the Governor proposes a state budget plan in January, and then releases a revised version, called the "May Revise," that incorporates updated expense and revenue information for the state.

As April approached, personal income taxes, which accounts for more than half of the state's general fund, was numbering about \$1.3 billion less than projected. Fortunately, these personal income tax receipts dramatically increased by the deadline, resulting in \$200 million more personal income tax revenue than what was estimated, averting a greater budget shortfall.<sup>1</sup>

Despite the surge in personal income taxes, the Governor's \$145.8 billion May Revise continues to make some difficult choices in cutting key programs and services. As with all budgets, the Governor's proposed allocation of resources is one of the clearest ways to demonstrate our state's most important values and programs. The Governor's budget pays down \$3.1 billion in debt, but also cuts cost-of-living increases for elderly and people with disabilities who receive Supplemental Security Income. Several individuals have questioned whether this approach is similar to a household "making an extra mortgage payment when you can't pay the utility bill."

The following are budget proposals of specific interest in AACRE's core areas of civil rights, language rights, and immigrant rights. The proposed budget:

- Maintains funding for the CA Department of Education's Clearinghouse of Multilingual Documents, a resource for schools to share translated written notices that can be disseminated to limited English proficient (LEP) parents. Translated information will lead to meaningful involvement of LEP parents in their children's education, resulting in greater academic success.
- Re-appropriates \$500,000 for the 2007-08 budget for statewide translations of educational notices that can be distributed to LEP parents.
- Provides \$20 million for English learner supplemental instructional materials
- Continues proposed changes to the CalWORKs program that will cut off 55,000 low-income families from cash assistance. Several of the proposals target eliminating cash assistance targeted to children, if their parents fail to meet certain requirements. For example, one particular change would eliminate cash assistance after five years for children whose parents are ineligible for CalWORKs due to their immigration status.
- Includes a new proposal that would harm low-income elderly and people with disabilities who are receiving Supplemental Security Income (SSI) assistance by suspending the cost-of-living adjustment usually provided in January. Fourteen percent of SSI recipients are Asian and Pacific Islander American, and without the cost-of-living adjustment, their assistance remains stagnant while other costs, such as rent, food, and utilities, are increasing.
- Provides \$5 million to establish a new pilot project in civil courts that would provide legal representation for clients without access to an attorney.
- Does not include any funding for providing interpreters in civil courts. Despite ongoing advocacy efforts since last year, the civil courts continue to perpetuate barriers for LEP individuals to access justice. There is funding for interpreters in criminal courts.

- Maintains \$3 million in funding for the Naturalization Services Program, which provides grants to community-based organizations for assisting immigrants with attaining citizenship.
- Provides \$873,000 for improved processing of housing discrimination complaints filed with the Department of Fair Employment & Housing.
- Allocates \$11.7 million to the Secretary of State for the costs of moving the 2008 Presidential Primary to February. The funds will cover various activities required for the election, including state ballot preparation and printing, voter registration, voter participation, the voting process, and election night reporting. County costs will be addressed in the 2008-2009 budget next year.

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- AACRE is leading the advocacy for approximately \$1.5 million for a pilot project that will provide resources for school districts to strengthen their capacity to communicate and involve limited English proficient parents in their children's education.
- AACRE and other allies are advocating to increase funding of the Naturalization Services Program by \$2 million so that an additional 8,000 individuals can be helped to gain citizenship.

In addition to the proposals highlighted above, there are numerous other proposals that may be of interest. The following are highlights of major initiatives in a variety of areas<sup>2</sup>:

- Education
  - Proposes to sell a long-term lease to operate the State Lottery system for a one-time large infusion of revenue.
  - Fully funds the guarantee for public education (Proposition 98) and provides cost-of-living adjustments. The Proposition 98 per-student expenditures increases to \$8,681.
  - Allocates \$52 million to expand career technical education offered at middle schools, high schools, and community colleges. In addition, the May Revision provides \$25 million to increase the number of high school counselors that specialize in career technical education and \$50 million to supporting hiring credentialed career technical education teachers.
  - Provides an additional \$50 million to expand preschool opportunities in areas with low-performing schools.
  - Provides \$50 million to supporting hiring of additional teachers of college preparatory courses.
  - Provides \$8.5 million for instructional assistance that will help students with the CA high school exit exam.
  - Provides \$100 million to address school safety, including trainings, developing emergency notification systems, and identifying best practices.
- Higher Education
  - Proposes to sell EdFund, a private organization that guarantees student loans, in order to generate \$1 billion in revenue.
  - Maintains current levels of student fees at community colleges, but increases student fees for University of California and California State University students.
  - Eliminates funding for Student Academic Preparation and Education Programs
  - Provides \$2.5 million for textbook assistance for students who meet fee waiver requirements.

- Health
  - As outlined in a previous AACRE update, the Governor released a far-reaching health care reform plan in early January. The health care plan is not part of the Governor’s proposed budget because the Governor assumes that the health care reform will be financed by a combination of sources, including federal matching funds and fees collected from physicians, hospitals, and employers.
  - Establishes a new rate methodology for Medi-Cal managed care health plans to be phased in
  - Incorporates a \$39.4 million increase in county and other administration costs for implementation of the federal citizenship verification requirements under the Deficit Reduction Act. Unfortunately, federal law was enacted that requires verification of the citizenship and immigration status of new and existing Medi-Cal recipients
  - Streamlines enrollment to increase participation of low-income families in Medi-Cal and Healthy Families programs
  - Implements the California Discount Prescription Drug Plan to provide discounted prescription drugs to families under 300% of the federal poverty level.
  - Includes \$1 million to improve recruitment of health, dental, and mental health professionals.
  - Provides \$4.45 million (in addition to the \$4.47 million already allocated) to food banks for responding to last winter’s freeze disaster in the Central Valley.
- Human Services
  - Includes additional CalWORKs cuts such as the suspension of cost-of-living adjustments for the third year, and a \$16 million reduction in CalWORKs county employment services and child care.
  - Implements a semi-annual reporting system (rather than quarterly) for CalWORKs and food stamp recipients, thereby simplifying requirements for families and increasing access.
- Prisons and Corrections
  - The Governor signed AB 900 in early May that enacted a deal on prison reform negotiated between the Legislature and Administration. Faced with a threat of a federal takeover of the prison system, AB 900 expanded the construction of prison beds in California, authorized the transfers of inmates to other states, and appropriated only \$50 million specifically for rehabilitation programs. The May Revise also includes \$11.7 million to fill vacant teacher positions in adult institutions, and continues various proposals introduced in the January budget.

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<sup>1</sup> Zapler, Mike. “Tax windfall spares Schwarzenegger from drawn-out budget battle.” San Jose Mercury News, May 14, 2007.

<sup>2</sup> Some information was provided by the California Budget Project’s publication entitled “Governor Releases Proposed 2007-08 Budget”.