



## **Governor's May Revise 2011**

In March, the Governor signed a budget that made \$12 billion dollars in cuts with \$6 billion directly cut from vital health and human service programs like CalWORKs, Medi-Cal, and Healthy Families. With nearly \$15 billion dollars left to solve, the Governor tried to negotiate with Republicans to include much-needed revenue. Instead they asked for a pet-project list of 53 demands. At that point negotiations stalled as two Republicans from both the Assembly and the Senate were needed to put the Governor's revenue package on a June ballot.

On May 16, 2011, Governor Brown released his May Revise Proposal for the state budget. With higher than expected revenues in the state, the Governor has maintained his call for additional revenues to pay off some of the state's structural debt and bridge the state's remaining \$9.6 billion dollar deficit. In this proposal he does not propose additional service cuts, but does eliminate 43 boards and commissions, realigns management of some programs and modified some of his original revenue proposals. He noted that General Fund spending would be lower as a share of the state's economy than at any point since 1972-73. He also outlined the incredibly devastating effects of an "all cuts" budget with no revenues.

Communities across the state are continuing their demand for a state budget that reflects its investment in the most vulnerable communities and the successful programs that advance California's future.

Projected Budget deficit for 2011-12: \$25.4 billion

Deficit at the time of the May Revise: \$9.6 billion

### **Major Proposals**

#### **Reducing State Government**

- Eliminates 43 boards, commissions, task forces, offices and departments
- Eliminates Managed Risk Medical Insurance Board (MRMIB)
  - Moves all 900,000 children from Healthy Families to Medi-Cal
  - Department of Health Care Services would administer current MRMIB programs like, Access for Infants and Mothers, Pre-Existing Conditions Insurance Program and County Children's Health Initiative Program.

#### **Revenue Package**

- Maintains elimination of Single Sales Factor Corporate Tax Loophole which allows corporations to choose the tax they want to pay
- Reform-the Enterprise Tax Zone for select businesses instead of eliminating it, so that only businesses that actually create jobs get the credit, and ban retroactive claims.
- Maintains elimination of Redevelopment Agencies.
- Tax Extension Piece
  - Maintains the Governor's proposal to extend the Vehicle License Fee for 5 years
  - Maintains the Governor's proposal to extend the Sales tax for 5 years
  - Modifies the Income tax proposal to start in 2012 and only be extended for 4 years.

Without Revenue Solutions, Governor Brown outlined what an “All Cuts” Budget would look like:

#### **K-14 Education**

- Suspension of Proposition 98 which would equal \$5 billion in cuts to education
  - 4 week reduction of the school year
  - 51,000 teachers would be laid off and class sizes would expand

#### **Community Colleges**

- 52,000 community college courses would be cut
- Community college fees would be raised from \$36 to \$125 per unit

#### **Higher Education**

- Both the University of California and the California State University systems would face another \$500 million cut.
  - Fees would be raised by 30%

#### **Public Safety**

- No supervision of non serious and non-violent parolees
- Could not incarcerate parolees on violations unless it was a new crime
- \$150 million in cuts to court system
  - Courts would be closed twice each month
- Cuts to fire prevention

#### **Health and Human Services**

- Further reductions to CalWORKs grants (which are currently at 1987 levels)
- Eliminating domestic and related services for IHSS recipients
- Increase in cost for AIDS drugs
- Capping Medi-Cal Coverage for prescriptions and other medical supplies
- Cuts to Adult Protective Services

#### **Jobs**

- State Employees’ jobs would be lost, further throwing California into economic difficulties
  - Jobs would be lost in
    - Water quality programs
    - Parks
    - food and agricultural protection
    - Veterans services

For the full May Revise budget please see <http://www.ebudget.ca.gov/>

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