



May 14, 2010

May Revise a Disaster for Counties and California

Governor Schwarzenegger has released his May Revision to the Governor's Proposed Budget and, as we expected, it does not bode well for counties. The Governor is proposing the outright elimination of the CalWORKS program (effective October 1, 2010), reductions in mental health realignment programs, reduction in the state's participation in the IHSS program and a shifting of state prison inmate populations to county jails. Of these, obviously the elimination of CalWORKS is the most troublesome. It is presumed that many of those people served by that program would be eligible for local General Assistance programs, shifting billions of costs to California's Counties.

The Governor has also stated that he will not sign a budget that does not include reform in the state pension system and in the manner in which California adopts its budget. He was not clear in his remarks what he meant by "reform" in either area. Clearly, though, reform is desperately needed in both arenas and if there is any saving grace from this disaster, it is that the governor is demanding those reforms.

Democratic legislative reaction to the Governor's proposals have been very critical, noting that the Governor is putting business tax breaks above children.

CSAC is working through the material released this afternoon to cull out direct impacts to counties and will be issuing a *Budget Action Bulletin* later today.

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