

Budget Action Bulletin No. 9

2007-08 Proposed State Budget

Week of July 23, 2007

Via Electronic Mail

DATE: July 26, 2007

TO: CSAC Board of Directors
County Administrative Officers
CSAC Corporate Associates

FROM: Paul McIntosh, CSAC Executive Director
Steve Keil, CSAC Director of Legislative Services
Jean Kinney Hurst, CSAC Legislative Representative

RE: **Budget Action Bulletin #9**

We're dropping a quick Budget Action Bulletin to share with you some updates regarding the budget discussions and some information regarding what the State Controller will or will not be able to pay in the coming weeks.

The Senate has not yet convened on the floor to consider the Senate Republican Caucus budget proposal. They were on call most of the day, presumably awaiting some other action towards budget resolution. However, the "on call" was recently removed, suggesting that there will not be any action today. Governor Schwarzenegger convened a press conference this afternoon outlining the risks involved in a prolonged budget stalemate. He specifically offered up his willingness to make additional line-item reductions in the final version of the budget to avoid more delay.

We also understand that the Senate Democrats are meeting this afternoon and that any budget augmentation above the May Revision amount is at risk.

WHAT YOU SHOULD DO:

Our message is clear: California counties need a state budget. Many of the programs and services we provide are dependent upon funding decisions at the state level and require responses to people in need of assistance. The urgency grows daily and it's time to pass a budget.

WHAT'S BEEN HAPPENING:

The State Controller's Office has provided guidelines as to what will or will not be paid due to the lack of a state budget. A chart outlining those payments follows. We've also attached a document from the Department of Social Services that outlines what the state is authorized to pay without a budget. While there is some conflicting information in the two, we will be attempting to resolve any discrepancies in short order.

Expenditures Under a "No Budget" Situation

Payment Category	Can Pay?
State Employees (including UC & CSU)	
Civil Service staff (employees & managers)	Yes
Appointees & Other Exempt Employees	No
Legislative Employees	No
Legislators	Yes*
Statewide Elected Officials	Yes*
Trial Courts	
Pay & Benefits (including judges)	Yes
Non-Payroll Expenses	No
Debt Service	Yes
Retirees	
Retirement Payments	Yes
Benefits	Yes
Education	
UC & CSU (Non-Payroll Expenses)	No
Community College Payments – June 2004 Deferral	Yes
Community College Payments – July 2004	No
K-12 Monthly Apportionment – June 2004 Deferral (Revenue Limit Funding)	Yes
K-12 Monthly Apportionment – July 2004 (Revenue Limit Funding)	Yes
K-12 Monthly Apportionment – July 2004 (Annual Education Appropriation)	No
Nutrition	Yes
Child Development	Stages 1 and 2 Only
Medi-Cal	
Non-Institutional Providers (including ADAP)	Yes
Institutional Providers	Yes**
Social Services	
CalWORKs	Yes

In-Home Social Services	Yes
Foster Care	Fed Only
Other Social Services Programs	Fed Only
Mental Health – Medi-Cal Eligible	Yes
Mental Health – Not Medi-Cal Eligible	No
Developmental Services – Medi-Cal Eligible	Yes
Developmental Services – Not Medi-Cal Eligible	Yes**
Rehabilitation Habitation Services	Yes**
State Payment for SSI/SSP	Yes
Local Government	
Vehicle License Fee	Yes
Public Safety Sales Tax	Yes
Sales Tax	Yes
Health & Welfare Realignment	Yes
CalWORKs Administration	Fed Only
Substance Abuse Treatment	Yes
Highway User Tax	No
LAIF Interest	Yes
Payments to Vendors	
Transportation Revolving Fund	No
Electric Power Fund	Yes
Lottery Vendors	Yes
Other Miscellaneous	No
Payments to Individuals	
Unemployment & Disability Insurance	Yes
Lottery Winners	Yes
Income Tax Refunds	Yes
Cal-Grants	No
Unclaimed Property Claims	Yes
Workers Compensation	Yes
Voluntary Disaster Worker Disability	No

* The Controller will follow past practice and withhold salaries and per diem from state elected officials until the budget is passed. However, benefit payments will continue.

** Up to \$1 billion may be paid for services provided between 7/1 and 9/1 in a year with no budget.

WHAT'S GOING TO HAPPEN NEXT:

There is no clear direction for the next steps, so stay tuned.

Stay tuned for the next Budget Action Bulletin!

If you would like to receive the Budget Action Bulletin electronically, please e-mail Jean Hurst, CSAC Legislative Representative, at jhurst@counties.org. We're happy to accommodate you!