

**November, 2008**  
**News Alert Number 7**

### **California's Budget Dilemma**

Dear CNMHC Member:

We are actually doing better than New York in the “misery loves company” category. While watching TV in Buffalo prior to the Alternatives’ Conference, it was announced that New York has a budget deficit of \$12.5 billion. It doesn’t help to know that other than that we are not alone in our budgetary crisis in California. As it stands, our current \$8.5-10 billion deficit is down from \$15 billion not too long ago, and the Governor is now going to take a second look at where he can make budget cuts. Sigh!

The Chinese have a familiar saying characterized as a curse – “May you live in interesting times.” Well, we’ve certainly got them. So far this fiscal year (or since July 1, 2008) we have been told that CNMHC would have to stop work along with many others under the Governor’s Executive Order, then we were told, thankfully, that we had a reprieve in the form of a waiver which kept us from shutting our doors in September, and our fiscal partner on the Client Forum had been caught up in the stop-work order which possibly meant that we wouldn’t be doing the conference this year, to now being told that there will be a second round of possible, more likely probable, cuts in November which may put us back in jeopardy for having to close down.

As our State’s income is dropping due to reduced buying power all over the U.S., our most vulnerable citizens are again being looked to for the fix. Children and schools, seniors, mental health, and those with other disabilities have support from critical programs throughout the State, and it appears from all reputable sources that we will incur cuts which will effectively send us back at least 20 years in the progress we have made to reduce class sizes and provide education for special education students, as well as services for those in the disability community thus perpetuating the pain of shrinking budgets and services locally over the last several years.

Wednesday, November 5, after the national elections, the Governor will call the legislature back to a special (emergency) session because of our fiscal emergency to discuss his proposals regarding areas to cut and also a sales’ tax increase which failed to pass in August. Some of the legislature will be terming out by November 30, so time is of the essence in getting some movement on the proposals as well as the law which requires action within 45 days of the opening of the special session. Neither house

agreed to tax increases during bad budget years, but that method for increasing revenues is looking more probable. All this needs to transpire prior to the Governor's presentation of the State's Budget in January 2009.

The Governor is holding his plans tightly to his vest, and the only statement regarding potential cuts is that he plans to make it "across the board." Health and Human Services is the second most highly funded category after education, so we know we will not be immune. Secretary of Health and Human Services, Kim Belshe, said that budget cuts in human services will need to take effect this fiscal year (July 1, 2008-June 30, 2009) to be a budget remedy<sup>1</sup>. Cuts will also affect prisons and law enforcement. All of this is bad news for our society and our disability community.

On Thursday, October 30, the Governor executed an Executive Order to initiate the process by which he and the legislature will work through our current statewide budget problems. He also developed a 12-person commission in order to modernize the 40-year-old process by which the California budget has been developed. Members of the legislature have confirmed their support of this commission.

Now, we just wait and see. Depending on the outcome of the cuts proposed which may affect us and the work by the legislature, we may have to issue a call for action. We'll keep you posted.

Many thanks to our ever-present, on-top-of-things resource, Marty Omoto of CDCAN, for his timely emails. Marty can be reached at [www.cdcan.us](http://www.cdcan.us), or [martyomoto@rcip.com](mailto:martyomoto@rcip.com) for those who have an interest in things political and fiscal.

P.S. For those who may not know yet, if you are receiving SSI, the COLA or cost-of-living adjustment offered by the State which you usually get in January each year will not be forthcoming this coming year (2009).

Respectfully submitted by:

Gwen Lewis-reid  
Interim Executive Director, CNMHC

<sup>1</sup>Omoto, Marty, CDCAN 229-2008.