



California Family Resource Association

Strong Families. Strong Communities.

THE CFRA CAPITOL REPORT

May/June 2008

Governor's Revised Budget Sets Stage for Long Summer

Governor Schwarzenegger's released his May State Budget Revisions for 2008-2009, referred to as the "May Revise" which did little to bring Republicans and Democrats closer to a deal. The revisions are part of a regular process which updates the January budget with new tax revenue data and cost estimates; and this year the updates were not helpful. Below are the major components of the revised budget:

- Tax revenue collected is \$5.4 billion below levels forecasted in January.
- The revised budget estimates the current budget deficit at \$15.2 billion.
- The revised budget fully funds education (Prop 98) but proposes over 9% in cuts for various health and human services programs.
- The Governor proposes either using lottery proceeds or putting a sales tax increase on the November ballot to raise approximately \$15 billion over the next three years.

For the first time since Governor Pete Wilson, the governor has dared utter the words "new taxes" to help close the deficit. But Schwarzenegger's new tax idea has a hitch: voters will have to raise it themselves. The Governor's proposal would work like this: The first option involves securitizing future lottery proceeds in order to raise approximately \$15 billion over the next three years. Securitizing proceeds means the state will borrow money from investors with a promise to repay the funds at a later date, with the payback guaranteed by future lottery revenue. The proposal was presented as a

more conservative approach than an earlier proposal to sell or lease the lottery to a private entity for a one-time payment of approximately \$30 billion.

Securitizing the lottery will require the approval of the voters; expect to see the proposal on the ballot in November 2008. If the voters reject the lottery proposal, the governor is proposing legislation that will impose a temporary 1 cent sales tax increase which would remain in effect for approximately three years. The sales tax would only be triggered if voters fail to approve the lottery proposal thereby allowing legislators to claim they never voted for a new tax. This is political creativity at its best.

The Governor's May Revision includes a number of major policy proposals aimed at generating savings to close the budget gap. The May Revision proposes to make deep cuts in health and human services programs. In fact, of the \$11.4 billion in 2008-09 cuts proposed by the Governor, \$2.9 billion would come from health and human service programs. While health and human services sustain huge cuts K-12 education remain relatively untouched. In fact, the Governor's proposed lottery sale would guarantee a revenue share to schools that is actually higher than what schools currently receive from lottery proceeds.

The legislature will begin accepting and rejecting various components of the Governor's Revised budget throughout May and June but the big and controversial decisions will likely be left to private negotiations between the Governor and legislative leaders. Although the California Constitution requires that the legislature pass a budget by June 15th, no one in the state capitol expects a budget to be finalized before August.

Budget Conference Committee Members Named

Speaker Karen Bass and Senate Pro Tem Don Perata have announced the members of the Legislative Budget Conference Committee who will negotiate a compromise between the Assembly and Senate versions of the state budget. The conference committee is the final step in the development of a legislative budget which becomes the basis for negotiations with the Governor. The committee members are:

- Senator Denise Ducheny (D- San Diego)
- Senator Mike Machado (D-Minden)
- Senator Bob Dutton (R-Inland Empire)
- Assemblyman John Laird (D-Santa Cruz)
- Assemblyman Mark Leno (D-San Francisco)
- Assemblyman Roger Niello (R-Sacramento)

State Budget Crisis: What Can You Do?

California is facing a budget crisis of unprecedented scope. Tough decisions will need to be made but CFRA believes that maintaining the basic safety net for children and families should be a state priority. But what can you do?

CFRA is your voice in the State Capitol but in a crisis like this we need for you to make your individual voices heard so that elected officials understand that real people are watching and demanding change. Here's what you can do:

Democrats in the Assembly concerned with the cuts proposed by the Governor and Republicans have created a petition for collecting signatures from people who believe cuts alone cannot fix the state's budget problem. Please consider downloading the petition at: <http://democrats.assembly.ca.gov/issues/budget/pdf/Budget-Petitions.pdf> and ask the families that you serve to sign it. The address to mail the completed petitions is on the bottom of the form. Take action now!

Financial Literacy Bill Clears Senate Policy Committee

CFRA is a proud supporter of Assembly Bill 2123 by Assembly Member Ted Lieu which in May cleared the State Assembly in May and the Senate Banking, Finance and Insurance in June.

AB 2123 is sponsored by State Controller John Chiang, who believes the bill constitutes a prudent investment by the state in its citizens' long-term financial viability. The Controller notes, "The urgency for AB 2123 could not be clearer: A recent survey of 1,000 adults found that only 35% of respondents were able to correctly estimate how interest compounds over time and almost none of the respondents understood the financial difference between paying in monthly installments versus one lump sum at the end of a certain time period. Through the establishment of a dedicated Financial Literacy Advocate and a Financial Literacy Advisory Committee, this bill will codify the state's financial interest in reducing unmanageable credit card debt, bankruptcy, and predatory lending misfortunes like those that led to the current subprime mortgage meltdown. The California Financial Literacy Initiative will create an information warehouse in my office where Californians can turn for answers on basic financial questions and for referral to other, more specific resources closer to home. Finally, the bill establishes the Financial Services Corps, designed to be a dedicated cadre of volunteer financial planners committed to helping low and middle-income Californians make sound financial decisions."

CFRA Working For You

- CFRA lobbied in support of AB 2123 (Lieu) when the full Assembly considered the bill in late May and in Senate Policy Committee. The bill was passed by a vote of 77-1 and 9-2, respectively.
- CFRA provided members with a detailed analysis of the Governor's May budget revision and made our position on the Governor's cuts known through widespread distribution of a CFRA press release.
- CFRA worked with other children advocates to quash continued legislative attempts to eliminate county First 5 Commissions.
- CFRA continues to actively monitor legislative budget committees and legislation of interest to CFRA members. We are actively monitoring Republican attempts to use First 5 as leverage in budget negotiations.

Legislator Profile

Sheila James Kuehl was elected to the State Senate in 2000 and again in 2004 after serving for six years in the State Assembly. During the 1997-98 legislative session, she was the first woman in California history to be named Speaker pro Tempore of the Assembly. She is also the first openly gay or lesbian person to be elected to the California Legislature. A former pioneering civil rights attorney and law professor, Sen. Kuehl represents the 23rd Senate District in Los Angeles and Ventura Counties. She is the chair of the Senate Health Committee and sits on the Agriculture, Appropriations, Environmental Quality, Joint Rules, Judiciary, Labor and Employment, and Natural Resources and Water Committees. Ms. Kuehl is also chair of the Select Committee on School Safety and Chair of the Select Committee on the Health Effects of Radioactive and Chemical Contamination. Senator Kuehl served as chair of the Senate Natural Resources and Water Committee from 2000-2006.

In her thirteen years in the State Legislature, Sen. Kuehl has authored 171 bills that have been signed into law, including legislation to establish paid family leave, establish the rights contained in Roe vs. Wade in California statute, overhaul California's child support services system; establish nurse to patient ratios in every hospital; require that housing developments of more than 500 units have identified sources of water; further protect domestic violence victims and their children; prohibit discrimination on the basis of gender and disability in the workplace and sexual orientation in education; increase the rights of crime victims; safeguard the environment and drinking water; many, many others. Since 2003, she has led the fight in the legislature to achieve true universal health care in California, and, in 2006, brought SB 840, the California Universal Healthcare Act, to the Governor's desk, the first time in U.S. history a single-payer healthcare bill had gone so far. Undaunted by its veto, Senator Kuehl continues to work to bring universal, affordable, quality health care to all Californians.

The safety and well-being of children has been a legislative priority for Senator Kuehl throughout her service in the Legislature. As the former Chair of the Assembly Select Committee on California's Women and the current Chair of the Senate Select Committee on School Safety, Senator Kuehl has held hearings in the Capitol and in our various communities to address sexual harassment in the schools, gang violence, harassment against gay, lesbian, bisexual and transgender students and violence in our schools, and issues associated with pregnant and parenting teens going through the juvenile justice system.

Additionally, Senator Kuehl has authored laws to enhance services for pregnant and parenting teens in the foster care system and to ensure that foster parents have access to judicial hearings related to their foster children in order to present evidence that might help the court make a better decision to protect the safety of these foster children. She authored a precedent-setting law to ensure that California students receive comprehensive bias-free sexual health education in order to reduce teen pregnancy and the spread of sexually transmitted infections. Senator Kuehl's sexual health education law is now a national model for comprehensive sexuality education.

Senator Kuehl has also authored legislation to streamline the Child Abuse and Neglect Reporting Act, prevent public access to child sexual abuse photos, and require that all Child Protective Service workers are trained to recognize the indicators and effects of teen dating violence. Senator Kuehl authored a law to make it easier for parents to ensure that the person they hire to care for their children does not have a criminal record or history of child abuse and she, along with other members of the Legislative Women's Caucus, blocked passage of the budget until additional funding was added for subsidized child care programs. She also authored legislation to overhaul California's child support services system and to make it more difficult for a batterer to be awarded custody of minor children.

Senator Kuehl's legislative work in the arena of education policy has largely focused on school safety issues. She has authored laws strengthening civil rights protections for students, improving school safety planning, and strengthening rules for conducting hearings on sexual assault that took place on school grounds or at school-sponsored activities. Along with Senator Dede Alpert of San Diego, Senator Kuehl authored a law to provide funding for after-school programs for young adults in neighborhoods where they are at greatest risk for gang recruitment or school failure.

Perhaps Senator Kuehl's most notable contribution to the area of school safety is the California Student Safety and Violence Prevention Act of 2000. This ground-breaking law, which garnered national attention during the five years it took to pass, added sexual orientation and gender identity to the list of prohibited bases for discrimination in publicly funded schools. Research showed that anti-gay violence and harassment was wide-spread in our schools and poisoned the school climate.

Prior to serving in the Legislature, Senator Kuehl was Associate Dean of Students at UCLA and also served as Director of the Off-Campus Housing Office. From 1982 to her

election to the Assembly in 1994, Senator Kuehl was a Professor of Law at USC, UCLA, and Loyola Law Schools. She taught classes on gender and law, education law, family law, civil rights, and employment discrimination.

What's Next in the Capitol?

The arrival of the Governor's May Budget Revision signals the beginning of budget season in the capitol. Legislative budget committees will begin wrapping up their own versions of the budget and in June begin meeting in conference committee where differences between the Assembly and Senate are resolved. June 15th is the deadline for the legislature to pass a budget but that deadline is rarely met and was not met this year.