

NATIONAL COUNCIL OF LA RAZA

CALIFORNIA BUDGET UPDATE

Governor Schwarzenegger Signs the Budget

On Saturday, July 31st, 2004, Governor Arnold Schwarzenegger signed the \$105.3 billion Budget Act for Fiscal Year 2004-05. The budget contains no tax increases. It does spend more than \$10 billion less than projected baseline spending in 2004-05. (*You can view the State Budget in its entirety at the California Department of Finance website <http://www.dof.ca.gov>*)

Though some of the critical health and education programs that serve the Latino community have been preserved, NCLR will continue to work with the Legislature and the Governor next fiscal year to ensure that any future budget proposals do not disproportionately harm the Latino community.

I. Health and Social Services – Although the Governor rescinded a number of proposed budget cuts to the health and human services program in the May Revise, access to these services remain at risk in future years as the state continues to face a structural budget deficit without raising revenues.

- ✓ ***Healthy Families Program Premium Increases*** – Starting July 1, 2005, families above 200 percent of the federal poverty level will be charged higher premiums for the same scope of benefits. Monthly premiums for children with family incomes between 201 and 250 percent of the federal poverty level will be raised from \$9 to \$15 per child and \$27 to \$45 for three or more children. Approximately two-thirds of the children enrolled in Healthy Families are Latino; therefore, these premium increases disproportionately affect low-income Latino families that live paycheck to paycheck, and a higher premium further deteriorates their economic stability.
- ✓ ***Medi-Cal Redesign*** – The Medi-Cal redesign was not considered in this year's budget process. The Governor will delay introduction of the proposal until January, as part of the 2005-06 budget proposal. The Governor's proposal will likely call for sweeping changes to the Medi-Cal program, which provides health coverage to hundreds of thousands of low-income children and families. Options under consideration include: requiring certain Medi-Cal beneficiaries to pay significantly higher out-of-pocket costs to retain coverage; imposing new monthly premiums and increased co-payments to access services; restructuring the eligibility determination and enrollment process; and revisiting recent expansions and program improvements. Medi-Cal provides an important safety net for Latino families, and under the current system there are already several barriers that prevent families from enrolling in these programs; therefore, it is important that the Medi-Cal Redesign not impose further barriers on Latinos access to affordable health care.
- ✓ ***Cap and Single Block Grants for Immigrants*** – In May, the Governor withdrew his earlier proposals to block-grant immigrant health and human services programs and to cap enrollment of immigrants in Medi-Cal, Healthy Families, CalWORKs, CFAP, and CAPI. Due to the significant effort led by NCLR and other allied health partners, the Administration has acknowledged that they went too far in proposing devastating cuts to health and human services. The final budget maintained all state programs for immigrants, including Medi-Cal, Healthy Families, CalWORKs, California Food Assistance Program (CFAP), and Cash Assistance Program for Immigrants (CAPI).

II. Immigration – Despite the Administration’s original intent to decrease the number of programs and services for immigrants, NCLR and other immigrants’ right groups advocated to secure funding for immigrant social services.

- ✓ **Naturalization Services Program** – The Administration restored \$1.5 million General Fund for the Naturalization Services Program (NSP), which provides funding to local governments and community-based organizations to assist immigrants in obtaining U.S. citizenship. Since its inception in 1999, NSP has helped more than 93,000 immigrants across California apply for citizenship. The Governor estimates that this level of funding will provide naturalization services to approximately 4,300 individuals in 2004-05.

III. Pre-12 Education – The budget abandons certain proposals that were potentially harmful to the Latino community. This plan does increase funding for low-income schools and students.

- ✓ **Universal Preschool** – Provides \$315 million to fund existing preschool programs for low-income three- and four-year-olds. Legislators initially proposed allocating \$100 million to cover one-time start-up costs for preschool expansion, but this funding was not included in the final version of the budget. This funding is an important first step in helping adequately serve the Latino community in existing preschool programs.
- ✓ **Instructional Materials for English Learners** – To help non-English-speakers learn the language, \$30 million was set aside on a one-time basis for supplemental instructional materials. This funding is intended to pay for materials that supplement the base instructional materials that are aligned to state academic standards.
- ✓ **Funding for Williams lawsuit settlement** – The budget provides \$138 million in one-time funding for instructional materials funding for the lowest performing 20% of schools (schools in the lowest two deciles, using the Academic Performance Index). This funding is intended to be consistent with the goals of settling the *Elizer Williams et. al. v. State of California* lawsuit, in which plaintiffs in certain school districts argue that the state does not do enough to ensure that all students have access to a) adequate instructional materials, b) clean and sufficient facilities and c) highly-trained teachers. The budget also leaves \$50 million in one-time funds available for any provisions related to settling the lawsuit. Latinos are most likely to come from low-performing schools; therefore, they will benefit from the extra funding to help improve the instructional resources.
- ✓ **After-School Program** – Establishes after-school programs as the preferred placement for 11- and 12-year-olds. Allocates \$61.8 million in new 21st Century federal funds, with a priority for serving 11- and 12-year-olds and an increased allocation for high school programs, for a total of \$5 million. The budget also funds a one-time cost of about \$5.4 million for training, standards-aligned materials, and other allowable one-time costs.
- ✓ **Title I Funding** – Provides \$68 million in federal Title I funding, as required by federal law, to help struggling schools and districts pursuant to legislation enacted during this session. Restores the \$2 million cut to Healthy Start that the Governor proposed in his January 9 budget, which would have eliminated funding for the program. This program provides grants to school districts to set up school-based centers to serve the health-related education needs of the student population and their families.

IV. Higher Education – Despite threats to redirect students from one university system to another, which would have hindered Latinos students access to higher education, the budget restores much of the original proposals from the May revise.

- ✓ **Community Colleges** – Student fees increased from \$18 to \$26 per unit. Affordability is critical to the participation of Latino students in post-secondary education, yet the budget makes significant increases in student fees, which may result in fewer students' attending college.
- ✓ **California State University and University of California** – The budget restores \$21.1 million to CSU and \$12 million to UC in savings associated with the proposed redirection of ten percent of new freshmen from each campus to the community colleges, and provides \$12.2 million for enrollment growth to CSU. This funding will allow CSU to accommodate another 5,950 full-time equivalent students (FTEs) and UC to accommodate another 1,548 FTEs. These restorations provide Latino students with more opportunities to attend CSU and UC.
- ✓ **Outreach Programs** – Funding for Academic Preparation and Student Support Services Programs was restored to the current year level of \$52 million for the CSU system and \$293 million for the UC system. Latino students who rely on outreach programs for their participation in higher education will continue to benefit from these services.

If you would like additional information about the 2004-05 State Budget, please contact the NCLR Sacramento Office at (916) 448-9852. You may also contact the California Policy Analysts via e-mail: Ana Gámiz (agamiz@nclr.org) or Terri Mosqueda (tmosqueda@nclr.org).