



CALIFORNIA IMMIGRANT WELFARE COLLABORATIVE

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Governor Targets Low-Wage Workers and Working Families in 2005–06 Budget Proposal

Gov. Arnold Schwarzenegger released the details of his budget proposal for 2005–06 on Jan. 10, 2005. Facing a \$9.1 billion deficit for 2005–06, the governor proposes to balance the budget through a combination of funding shifts, state borrowing, cost deferrals, and program cuts. Although the administration did not specifically target programs that benefit immigrants, those who rely on essential health care and safety-net services such as CalWORKs, Supplemental Security Income/State Supplementary Payment (SSI/SSP), or the Cash Assistance Program for Immigrants would be harmed by the governor's proposed cuts.

The governor proposed to make the deepest cuts in health and human services, disproportionately harming California's low-wage working families, seniors, and persons with disabilities. The proposed budget significantly reduces the state's job supports to working families receiving CalWORKs; it reduces state support for wages and benefits for In-Home Supportive Services (IHSS) workers and asks Medi-Cal recipients who already struggle to make ends meet to pay more for basic health care services.

The governor also proposed major reforms to the budget process, which are being considered by the legislature in a special session. The special session, which officially began on Thurs., Jan. 6, 2005, provides the legislature 45 days to approve various budget reform proposals that will be placed on the ballot as constitutional amendments.¹

Some of the proposals affecting low-wage families are described below:

MEDI-CAL REDESIGN PROPOSAL

The budget includes a few details on the administration's Medi-Cal redesign proposal, which is projected to save \$12.3 million in the budget year. Under the proposal, services will be reduced and low-income working families, seniors, and persons with disabilities will be asked to pay for access to Medi-Cal. The governor's redesign proposal would:

¹ The administration proposes to (1) create automatic across-the-board cuts if spending exceeds resources by \$250 million, (2) authorize the appropriation of funds when the budget is late, (3) prohibit new loans and borrowing starting in 2006–07, (4) extend payments of mandated cost deferrals, (5) reset the base funding for Proposition 98 funding, and (6) repeal the suspension of Proposition 42 funding after 2006–07.

Establish monthly premiums for Medi-Cal recipients. The governor's proposal would impose monthly premiums for families earning above the poverty level (\$1,306 monthly income for a family of three) and for seniors and persons with disabilities with incomes above the Supplemental Security Income/State Supplementary Payment level (\$812 for a single person; \$1,437 for a couple). The monthly premiums would be: for children under 21, \$4; for adults, \$10—with a \$27 monthly cap per family.

Limit dental services for adults. The proposal would establish a \$1,000 yearly limit per adult on Medi-Cal dental services.

Shift hundreds of thousands of Medi-Cal recipients into managed care. The administration proposes to add 13 new counties to the existing 22 counties with mandatory managed care for families and to require seniors and persons with disabilities in 27 counties to enroll in managed care. (This includes 14 counties where managed care is currently optional for seniors and persons with disabilities, as well as the 13 new counties).

Create an alternative hospital financing structure for California's "safety-net hospitals." The administration proposes an alternative hospital financing structure for safety-net hospitals. It is not clear how this restructuring will affect public and safety-net hospitals and access to care for working families and low-income individuals.

Streamline the enrollment process for children. The administration's proposal would streamline the application process for children who mail a Medi-Cal/Healthy Families application to the "single point of entry" (SPE). The SPE vendor, Maximus, would process the application rather than forwarding it to the county Medi-Cal office. The administration believes that the new process would reduce duplication and accelerate enrollment into Medi-Cal for children. CIWC and other advocates are awaiting more details about this proposal to assess its impact on children in low-income families.

[Continued on page 2]

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[Continued from page 1]

For more information on the governor's Medi-Cal Redesign proposal, go to www.medi-calredesign.org.

ACCESS TO HEALTH INSURANCE COVERAGE FOR CHILDREN

Currently, about 431,000 uninsured children in California are eligible for Medi-Cal and Healthy Families. Several counties have established "county health initiatives" to increase enrollment of eligible children in these programs and to provide coverage for low-income children who are ineligible for Medi-Cal and Healthy Families (either due to their immigration status or slightly higher family income level). The governor's proposed budget would provide some support to these efforts by:

Restoring funding for application assistance. The governor proposes \$5.9 million from the state general fund and \$8.6 million in matching federal funds to restore application assistance funding to help children enroll in the Healthy Families and Medi-Cal programs. Funding for application assistors was cut in 2002, and as a result, many applications have been denied as incomplete and enrollment in these programs has leveled off. The administration projects that 200,000 Medi-Cal and Healthy Families applicants and over 60,000 Healthy Families subscribers will receive application assistance, adding 15,000 children to the Healthy Families Program.

Provide assistance to county initiatives and offer Healthy Families program "buy in." The administration proposes to provide state-supported technical assistance to counties that are establishing local initiatives, known as "Healthy Kids" programs. The proposal offers counties an option to use local funds to "buy in" to the Healthy Families program, allowing Healthy Kids recipients to participate in Healthy Families.

PRENATAL CARE AND AIM PROGRAM

The governor proposes to maximize federal dollars for prenatal care currently provided through Medi-Cal and the Access for Infants and Mothers (AIM) program. California would continue to provide prenatal services to income-eligible women and would be eligible for up to \$242 million in federal funds for this care.

MEDI-CAL RECENT IMMIGRANTS PROGRAM

The administration would use Proposition 99 funds to continue to cover recent immigrants in the Medi-Cal program who are not eligible for federally funded care.

CALWORKS

The proposed budget makes it much more difficult for low-wage working families to obtain the support and skills required to move into better paying jobs. The administration proposes the following changes to the CalWORKs program:

Reduce the CalWORK grant. The governor proposes to reduce the CalWORKs grant by 6.5 percent for a savings of \$208.5 million. The current \$723 grant for a family of three would be reduced to \$676 per month.

Eliminate the statutory requirement to provide a cost of living adjustment (COLA). The governor proposes to make statutory changes eliminating the CalWORKs July COLA, for a savings of \$163.8 million. The COLA would have increased the

grant for a family of three from \$723 to \$757 per month.

Eliminate employment service augmentation. The governor proposes to eliminate the employment services augmentation, which allows counties to tailor services to individual needs and helps move recipients from public aid to employment. Implementing this proposal would generate a savings of \$50 million.

Further increase work requirements. The governor's proposal would require CalWORKs recipients to participate in welfare-to-work activities sooner and, once aid for an individual is approved, would require the person to dedicate more hours to direct work activities.

Pay for performance. The governor would create a "pay for performance" provision to reward counties that meet certain performance goals by the end of the fiscal year. The performance goals that would be measured include the county's ability to improve rates of employment and increase federal work participation rates.

SSI/SSP

The administration proposes to suspend the cost of living increase (COLA) for seniors and persons with disabilities receiving SSI/SSP. The proposed budget suspends the Jan. 2006 state COLA (4.6%) and the federal pass-through (2.3%) for a general fund savings of \$258.9 million in 2005-06 and \$517.8 million annually thereafter. If this proposal were implemented, seniors would be denied an average of \$37 per month. For a senior or a disabled individual, this could mean having to make a choice between purchasing food or paying a utility bill.

IHSS

In-Home Supportive Services provides care to low-income persons with severe disabilities, allowing them to live at home rather than an institution. IHSS workers provide essential services, including house cleaning, transportation, personal care services, and respite care to persons with severe disabilities. The administration proposes to reduce the state's contribution to the workers' wages, from \$10.10 per hour to the minimum wage of \$6.75 per hour, for a \$194.8 million general fund savings. To maintain the wages at the current level, counties would need to increase their share of payments. Low-wage workers, including many immigrants, would be harmed by this proposal.

NATURALIZATION SERVICES PROGRAM

The administration proposes to eliminate all funding for the Naturalization Services Program (NSP) in 2005-06 for a general fund savings of \$1.5 million. The NSP provides funding to local governments and community-based organizations to assist immigrants in obtaining citizenship. The administration erroneously asserts that the state Dept. of Education provides similar services and fails to offer a viable alternative to the NSP.

As the budget process unfolds in the coming months, CIWC will keep you updated on the impact of the proposals on low-wage immigrant families, as well as about opportunities to participate in the budget hearing process. For more information regarding the 2005-06 state budget, visit www.dof.ca.gov. If you have any questions regarding this update, contact Jeannette Zanipatin at 916-448-6762 x. 202.