



Community Health Councils, Inc.



3731 Stocker Street
Suite 201
Los Angeles, CA 90008

Tel: 323.295.9372
Fax: 323.295.9467
www.chc-inc.org

February 28, 2011

Governor Jerry Brown
STATE OF CALIFORNIA
Capitol Building
Sacramento, CA 95814

Re: *January 2011-12 Proposed State Budget*

Dear Governor Brown:

Community Health Councils (CHC) on behalf of the twelve undersigned organizations writes today to express our concerns over proposals in the 2011-12 California State Budget. We are grateful that revenue options are included and a cuts-only approach was abandoned; however, the steep cuts to health and human services are still a cause for alarm. While we understand that California continues to suffer from an economic recession, the budget proposal unfairly burdens low-income and vulnerable families at a time when they need safety-net services most.

While the proposed revenue solutions move in the right direction, there is untapped wealth in California that the state can no longer afford to ignore. ***The vision for California should be one of hope and prosperity for all.*** Instead the current budget proposal supports corporations and the wealthiest individuals, while providing at best a piecemeal safety-net system for the most vulnerable. As corporate profits increase, income tax collections have decreased. As a share of family income, low- and middle-income families now unfairly shoulder a higher rate of income taxes than the highest income families.¹

California Department of Corrections spending has grown at more than four times the rate of General Fund spending since 1981-1982. On the other hand, welfare spending as a share of total spending in California has dropped by more than half since 1996-1997 and in the last decade Medi-Cal spending has increased, but at a slower rate than national healthcare spending.² California spending in 2009-2010 per person in corrections versus per participant in Medi-Cal, Healthy Families, SSI/SSP, CalWorks and IHSS was drastically skewed.³

Program	Number of Participants (in thousands)	Average General Fund cost per participant
Corrections: Adults	167	\$43,500
Corrections: Youth	2	\$198,931
Medi-Cal	7,276	\$1,929
Healthy Families	881	\$250
CalWorks	1,347	\$1,508
IHSS	439	\$3,369
SSI/SSP	1,249	\$2,363

Source Legislative Analyst Office "Cost Per Participant for Major Government Programs"⁴

¹ California Budget Project "Back to the Future: The Social and Economic Context of the Governor's Proposed 2011-12 Budget" Presentation, February 2011.

² Ibid.

³ Taylor, Mac "Cal Facts" Legislative Analyst Office January 2011

⁴ ibid

At a time when California has been leading the way to implement the Affordable Care Act (ACA), we must not impede our progress by decreasing access to care. California must look beyond immediate ACA funding opportunities and strategically plan and prepare for the addition of four to five million newly-insured residents by 2014. This can only be successfully realized through the preservation and strengthening of California's healthcare infrastructure through investment in, not reduction of, vital state resources for health and human services.

We need our state leaders to stand up for California, guide our state to economic growth, put people back to work and protect the health and human rights of children and low-income families. Therefore, we ask for your leadership and that of the state legislature on two fronts:

- Eliminate the harmful proposed cuts to California's safety net and healthcare system to position California to draw down more, not less, federal funding for healthcare.
- Explore additional revenue options to stabilize the state budget and reinvest in California's economy and families.

Eliminate the Harmful Cuts to the Safety Net & Health Care System

The solutions to California's budget crisis cannot be found in cutting critical programs and services that economically invest in our state and provide a safety net to California's most vulnerable populations. Medi-Cal and other public healthcare funding fuel the healthcare industry, creating not only jobs within the healthcare field but a wide network of ancillary businesses and suppliers. Last year similar budget cuts were proposed that would have triggered 261,000 jobs lost in the health and human services industry alone.⁵ California cannot afford to lose valuable healthcare funding to other states as a result of lost federal matching dollars (approximately \$2 billion) due to the proposed cuts to healthcare.

With a record high 12.5% unemployment,⁶ more than ever families across the state are in need of public programs. The scale of the effects of the proposed cuts is sweeping and their impact will be felt well beyond this fiscal year. Cost sharing for Medi-Cal and Healthy Families beneficiaries will delay care, increase public healthcare costs associated with the price of treating later-stage illness and negatively impact an already overwhelmed and deeply stressed local safety-net infrastructure. Eliminating vision coverage would delay diagnosis and treatment of potential vision problems, while caps on visits, prescription drugs and medical supplies would undermine any disease management efforts and the provision of a patient-centered medical home for the sickest 10% of Medi-Cal beneficiaries. Now more than ever, the development and capacity of California's healthcare safety net is absolutely critical in meeting the growing demand for coverage and services. The reduction in payments to Medi-Cal providers is counterproductive to preparing our state for full implementation of ACA and would further burden our fragile healthcare safety net by decreasing the already low number of providers who accept Medi-Cal. Similarly, reductions to Cal-Works, child-care for low income working families, In-Home Supportive Services and the elimination of Adult Day Health Care severely limit the safety net's ability to provide effective services to families who rely most on the assistance of these programs to function in everyday life.

⁵ University of California, Berkeley Center of Labor Research and Education, The Economic Consequences of Proposed California Budget Cuts May 2010

⁶ State of California Employment Development Department "California's Nonfarm Payroll Jobs Increase by 4,900 Unemployment Rate Increases to 12.5 Percent" January 21, 2011

Revenue Solutions for California's Budget Crisis

The nation has witnessed and suffered from the impact of short-term spending schemes. In California, we continually balance our budget using short-term solutions, some of which never materialize.⁷ It is time to reinvest in California and lead our state to economic health, put people back to work, and protect the health and human rights of children and low-income families. Once again, we ask for your leadership in pushing through the following additional revenue solutions to bring in over \$8 billion combined to avoid unnecessary cuts to critical health and human services. Please see the attached document "What California Can Do to Protect the Health of Children & Put People Back to Work" for more details on each solution.

- Tax on upper-income households
- Enact an Oil Severance Tax
- Close corporate property loopholes
- Amend corporate tax law to mandate the use of a single sales method
- Increase alcohol tax
- Broaden sales tax.

Thank you for your consideration of these recommendations. We welcome the opportunity to discuss these and other ideas in more detail at your earliest convenience. Should you require any additional information or have any questions, please feel free to contact Sonya Vasquez, CHC Policy Director, svasquez@chc-inc.org or 323.295.9372 x235. Thank you.

Sincerely,



Lark Galloway-Gilliam
Executive Director

On behalf of the undersigned organizations

The Venerable Dr. Joanne Leslie
Archdeacon of the Episcopal Diocese of Los Angeles

Janette Robinson Flint, Executive Director
Black Women for Wellness

Crystal D. Crawford, Chief Executive Officer
California Black Women's Health Project

Joanie Rothstein, Policy Associate
California School Health Centers Association

⁷ California Budget Project "Back to the Future: The Social and Economic Context of the Governor's Proposed 2011-12 Budget" Presentation, February 2011

Keith Norris, Executive Vice President for Research and Health Affairs
Charles R. Drew Medical Society/ National Medical Association

Norma Forbes, Executive Director
Children and Families Initiative of Fresno County

Elvia Foulke, Executive Vice President/COO
Citrus Valley Health Partners

Stephen W. Schilling, CEO
Clinica Sierra Vista

Ann Kinkor, State Advocacy Coordinator
Epilepsy Foundations of California

Frank Tamborello, Director
Hunger Action Los Angeles

Alina Bokde, Executive Director
Los Angeles Neighborhood Land Trust

Jim Mangia, President and CEO
St. John's Well Child and Family Center

cc: Senate President Pro Tempore Darrell Steinberg
Assembly Speaker John A. Perez
Senate Minority Leader Robert Dutton
Assembly Minority Leader Connie Conway
California State Budget Conference Committee
Diana Dooley, Secretary, California Health and Human Services Agency
Toby Douglas, Director, California Department of Health Care Services
Janette Casillas, Executive Director, Managed Risk Medical Insurance Board