



COUNTY OF ALAMEDA BOARD OF SUPERVISORS

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BUDGET MANEUVERS HAVE DIRE IMPACT ON ALAMEDA COUNTY'S MOST VULNERABLE

A new round of cuts enacted through line-item vetoes by Governor Schwarzenegger will disproportionately impact the sick, the poor and the disabled, and will revisit a trend in which the State defers tough decisions and passes off the pain to local government and the communities it serves. "Thanks to the latest actions by the Governor, the tattered safety net is now torn," said Susan S. Muranishi, Alameda County Administrator. By raiding property taxes and other local revenue sources, the Governor and the State legislature have patched together a plan to close the State's \$26 billion deficit that relies on short-term fixes and accounting gimmicks, which do not address structural budget problems that will continue to undermine State finances. This means local government will likely be forced to make additional cuts soon – perhaps as soon as August – while still grappling with the impacts of decisions in Sacramento this week that will decimate safety net programs critical to our most vulnerable residents.

Through this budget plan, the State is once again turning to local property taxes to pay its bills. As much as \$40 million in Alameda County property taxes will be "borrowed" by the State, in addition to the over \$320 million the State already takes each year. Another \$10.8 million hit to the County's redevelopment funds will eliminate funding for, among other things, retail development projects that would generate new sales and property taxes, and other projects that would create local construction jobs.

The most vulnerable residents in our community will bear the brunt of cuts handed down by the Governor and State Legislature. Medi-Cal will no longer cover "optional" benefits such as podiatry, optometry and adult dental services. Prop. 36 cuts will mean a loss of \$2.8 million for substance abuse treatment services. Also, all new applications for children will be placed on a waiting list for the Healthy Families Program. Approximately 1,200 In-Home Support Services recipients in Alameda County will no longer receive vital services. An additional 14,400 IHSS recipients will have their service hours reduced. Certain CalWORKs recipients will experience severe service cuts. Furthermore, line-item vetoes enacted by the Governor on Tuesday launch further attacks on programs that determine which of the community's neediest residents are eligible for Medi-Cal, provide Health Care to underprivileged children and help counties preserve land for open space.

Supervisor Keith Carson, who chairs Alameda County's Budget Work Group, said he is growing increasingly frustrated by decisions in Sacramento that target local programs while failing to address structural problems in the State Budget that continually give rise to more cutbacks. "The safety net is coming undone, and the only responses we get from Sacramento are more accounting gimmicks and decisions that just push the problem out a few more weeks, or months." Carson also said there is little reason to be optimistic that payments being "deferred" by the State will ever be returned to local coffers – given a budget situation in Sacramento that is worsening by the day. The deferrals include payments to county mental health services and local transportation projects. There also are no guarantees that local property tax funds siphoned away by the State through the suspension of Prop. 1A will be repaid by June 30, 2013. Meanwhile, the State's failure to adequately address its own budget problems make it likely that a new round of potentially devastating actions will soon be back on the table – including the release of thousands of inmates from the state prison system and a raid on local gas taxes that will decimate most County road maintenance and traffic safety programs.