



Assembly Member **SANDRÉ SWANSON**
News Release

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Swanson Calls For State To Prioritize Federal Stimulus Funds To Save, Create, New Jobs

(Sacramento) – The Assembly Budget Committee convened a hearing today to examine the impacts of the recently passed American Recovery and Reinvestment Act (ARRA), also known as the Federal Stimulus Package. The State is slated to receive \$31 billion to address budget shortfalls and supplement existing state spending. An additional amount may also be available through competitive grants estimated at up to \$10 billion.

“Many people are excited about the ARRA’s ability to help us out of our continuing fiscal crisis. However, President Barack Obama’s mission is economic stimulus, and that means jobs, jobs, jobs. We need to make our decisions with an eye towards saving and creating jobs in the fastest and most efficient way possible,” stated Assemblymember Swanson (D-Alameda), who is a member of the budget committee, as well as the sub-committee on education finance.

The Legislative Analyst’s Office (LAO) and the California Department of Finance described how State programs would benefit from the \$31 billion package. A majority of the funding, over \$9 billion, would be available for health care programs. The State’s Medi-Cal program would receive the bulk of this new funding, while In-Home Health Support Services (IHSS) would receive \$876 million.

Despite these funds, the State Legislature voted in the latest budget to cap wages for IHSS workers at \$9.50 per hour. During public testimony, many individuals, including current workers and beneficiaries, spoke out against this particular cut. Assemblymember Swanson was one of the few members to vote against this provision.

“The IHSS wage cap destroys our ability to meet the need for in-home care. It will cost Alameda county alone \$25 million, and that kind of cut is being repeated in counties throughout the state. Workers will be forced to leave the field to find living wage jobs, leaving seniors and disabled either alone in their house or forced to move to more costly care facilities. Fortunately, there happens to be a provision in our state budget that would repeal this cap if we get enough Federal funding. Whether we’ve reached that threshold is still open to question,” Assemblymember Swanson contended.

After health care, education is the next largest recipient at \$7.9 billion, followed by Labor and workforce development at nearly \$6 billion, and Social Services at \$3.5 billion.

Exact levels of funding provided through the ARRA are still to be determined, so the full impact on the budget is not known. Further complicating matters, a provision in the recently passed State budget includes contingencies based on the level of Federal funding it receives to offset general fund expenditures. If that level is met, certain cuts and revenue increases would be repealed. This threshold, or ‘trigger’, was originally set at \$9.1 billion, but was changed to \$10 billion in the final budget package.

The LAO estimates that the State would just barely pass the trigger with \$10.38 billion expected. However, experts argue that the final value that would apply to meet the threshold could vary,

depending on calculations from the Department of Finance and the State Treasurer's office.

"I was strongly opposed to raising the threshold for the trigger, as it would make it more difficult to reverse some of the most egregious programmatic cuts in our budget. With the stimulus amount so close, a decision could come down to accounting gimmicks. We will be investigating this matter further in another hearing next week, and I will be pushing for a full accounting of our stimulus funds," Assemblymember Swanson stated.

The Budget Committee is expected to meet again tomorrow to continue its hearing on the Federal Stimulus, but funding decisions are expected to proceed over the coming weeks and months.

"While the arrival of the ARRA is welcome news, most of the talk today was about dollars and cents. If we want to use this stimulus package to simply backfill cuts, then that's as far as the conversation is going to go. However, the only way to get out of this recession is to create jobs so that people can regain their financial stability and get on with their lives. All of our questions in this committee should revolve around how we achieve that purpose in the shortest possible period of time," Assemblymember Swanson said.

Assemblymember Swanson also announced that he will hold a town hall meeting on the budget within his district in the near future to solicit public input and discuss the continuing economic crisis.

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