

AGENDA ITEM: Overview of the Governor’s Proposed Budget for FY 2012/13

ENCLOSURES: • Possible handouts from the presenters

OTHER MATERIAL RELATED TO ITEM:

Issue:

On January 5, 2012, the Governor released his fiscal year (FY) 2012/13 State Budget Proposal. Toby Douglas, Director, Department of Health Care Services and John Doyle, Assistant Program Budget Manager, Department of Finance, will provide a brief overview on the Proposed FY 2012/13 Budget.

Background:

The Governor’s FY 2012/13 State Budget Proposal, released on January 5, 2012 identified a budget deficit of \$9.2 billion. The budget projects that the state will end 2011-12 with a deficit of \$4.1 billion. Absent corrective actions, it is projected that the state would spend \$5.1 billion more than it takes in during 2012-13. Combined, the state faces a \$9.2 billion budget deficit.

Budget Solutions

- \$ 4.2 billion in reductions to State spending
- \$ 4.7 billion in revenue increases
- Approximately \$1.4 billion in one-time solutions

Proposed Budget Cuts

Of the proposed budget cuts, totaling \$4.2 billion, major cuts include:

- \$ 842 million to Medi-Cal
- \$ 946 million to CalWORKS
- \$ 163 million to In-Home Supportive Services
- \$ 87 million to Other Health and Human Services Programs
- \$ 1.3 billion Education Reductions

Closing the Budget Gap

The Governor’s FY 2012/13 Budget proposes a total of \$10.3 billion in cuts and revenues to balance and to rebuild a \$1.1 billion reserve. These proposals are estimated to eliminate future budget deficits throughout the forecast period under current projections.

Elimination of Department of Mental Health and Department of Alcohol and Drug Programs

This proposal reorganizes behavioral health programs. The responsibilities will be assumed by several departments including, the Mental Health Services Oversight and Accountability Commission, Department of Health Care Services, Department of Public Health, Department of Social Services, Department of Education, and Office of Statewide Health Planning and Development.