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Schwarzenegger Calls His Last Special Session

In the final weeks of his administration, Governor Arnold Schwarzenegger, on Monday, December 6, 2010, declared a fiscal emergency as authorized by Proposition 58 of 2004. He issued the required proclamation and ordered the Legislature into special session to resolve the \$6 billion current-year Budget deficit. Schwarzenegger's proposed reductions fall primarily in the social services and corrections categories. The largest single proposed reduction is \$1.4 billion to eliminate the California Work Opportunity and Responsibility to Kids (CalWORKs) program effective July 1, 2011. Other savings in social services include reducing Supplement Security Income/State Supplementary Payment (SSI/SSP) benefits to the federal minimum level and eliminating the majority of funding for county mental health services.

The only proposed reduction to Proposition 98 is a \$200 million decrease by eliminating all remaining General Fund support for subsidized child care programs, except for the State Preschool Program and CalWORKs Stage 2.

In addition, the Governor suggested some fancy footwork to salvage \$800 million that was at risk because voters passed Proposition 22 in November, which restricts the ability of the state to use the gas tax proceeds to balance the State Budget. The Governor instead proposed using vehicle weight fees to pay for bond debt with a backfill by the excise tax.

Schwarzenegger's proposal includes a total of \$7 billion in expenditure reductions for 2010-11 and 2011-12, \$900 million in alternative funding over the two years, and \$1.6 billion in fund shifts. Over the past few days, President pro Tempore Darrell Steinberg (D-Sacramento) and Assembly Speaker John Pérez (D-Los Angeles) have indicated that the Legislature is unlikely to act on any proposals until Governor-elect Jerry Brown is sworn into office on January 3, 2011. The newly constituted Senate Budget Committee, which will be chaired by Senator Mark Leno (D-San Francisco), will likely hear the proposal on Thursday, December 9.

—*Terry Anderson*

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