



## ***2010-11 Budget Proposal: Adding Up California's Fair Share And Building An Equitable Fiscal Partnership With The Federal Government***

**“Federal funds must be part of our budget solution because the federal government is part of our budget problem... right now there are discriminatory formulas that force California to subsidize other states. We are asking the federal government to pay us what they owe us. We are not looking for a federal bailout...just federal fairness.”** (Gov. Arnold Schwarzenegger, Budget Speech, 1/8/10)

*Governor Schwarzenegger is committed to building a fair and equitable financial partnership with the federal government. The federal government must readjust California's federal reimbursement rates to ensure our state is treated fairly and not subsidizing other states' programs.*

### **Flawed Federal Reimbursement Formulas**

California is currently disadvantaged compared to other states under the current Federal Medical Assistance Program (FMAP) formula for Medicaid (Medi-Cal) spending. California's relatively high-income wage earners distort the per-capita income methodology, masking the large number of low-income individuals in California. This flawed formula results in California receiving the lowest possible rate of 50 percent. California must receive a more equitable FMAP rate (57 percent) equal to the 10 largest states and reflective of the national average. **Federal Funds: \$1.8 billion.**

### **Need Additional Time for Recovery**

The American Reinvestment and Recovery Act (ARRA) of 2009 provides \$87 billion in additional federal Medicaid funding for states due to the current economic downturn and dramatic caseload increase in public health programs. States have primarily received this stimulus funding through an increase in the FM AP. This ARRA funding ends on December 31, 2010.

Other programs also receive ARRA funds such as CalWORKS, Child Welfare Services, Foster Care, Special Education, and Child Support Services. ARRA funds were supposed to be a bridge for states during a time of economic downturn, but these funds expire at the end of this year. States are still experiencing great fiscal stress. Extension of this funding is critical to the state's health and human service programs and the millions of low-income and vulnerable individuals that rely on them. **Federal Funds: \$2.1 billion.**

To thrive and continue serving the Californians who need the most assistance, our state must be freed from unfunded mandates and our state coffers equitably repaid.

### **Unfair Federal Mandates To Be Repaid:**

- Services paid for by Medi-Cal instead of Medicare and changes to the required level of state funding for prescription drug costs will be compensated. **Federal Funds: \$1 billion.**
- California will receive money to update the federal funding formula for foster care. **Federal Funds: \$86.9 million.**
- California will receive federal funding for special education. California will receive direct reimbursement from the federal government to increase federal funding to the level contemplated in federal law. **Federal Funds: over \$1 billion.**

- California will receive full reimbursement for the State Criminal Alien Assistance program. **Federal Funds: \$879.7 million.**

**TOTAL: \$6.9 billion**