

# SRV DEMOCRATIC CLUB NEWSLETTER JANUARY 2011

## Presidents Corner

As I sat down on January 1 and thought about what I hoped to achieve in this coming year, I wondered how the year would start out and end, hopefully better than last year. My goals are at the same time simple and a great challenge for this coming year. I want to get in better shape, lose weight, work a little, but not too much, enjoy my family, help others, make a difference and go fishing more. Do these sound familiar? Already I can see some challenges trying to balance all of the above. But as always I started out the year with an optimistic viewpoint that things would be better.

The events of Saturday, January 8 put a damper on that optimism. The horrific shootings in Tucson brought back memories of the assassinations of Bobby, Martin and John. Once again the violence that is way too prevalent in our country raised its ugly head to take innocent lives because some crazy person did not like their politics or the way they looked or because of some other meaningless reason. Then the event is followed by the same old cable news personalities behaving in such stereotypical ways. And then the politicians get involved and pontificate without any real meaning other than to solidify their base. I found it sad and depressing. Only President Obama and Senator McCain seemed to really want to try to heal the pain and bring people together.

Now, this week we see the Republicans in the House wasting time and energy in debating and repealing the Health Care Legislation passed last year. Note they want to repeal, not try to fix it. The party of NO stays the party on No. The next two years are going to be one investigation after another, continued threats to shut down the government and pushes to give more to the wealthy and big business at the expense of the middle and lower class. On the Senate side we can expect more of the same of not approving candidate for federal judgeships and other appointed offices. All with the intent of positioning themselves for the next election by pointing out how government isn't working well, neglecting to admit how they are doing all they can to make sure it doesn't work well.

It is up to all of us to do what we can, beginning now, to set the stage for changes in 2012 that reflect our political philosophy. Now is the time to join organizations working toward November 2012. Start by renewing your membership to the SRVDC. Participate in some of our committees to help us better serve you. Join the Contra Costa Democratic Party and work toward bringing back the hope for change we had in 2008. It can be done if we all work together.

I was elected as a delegate, representing AD-15, to the executive board of the California Democratic Party on January 8 and am now just beginning to realize how much of a commitment I made. That seems to be the nature of me. I'll do my best to represent you to the party and to the people of California. There are many challenges facing us this coming year. Governor Brown has proposed the first honest budget in many years and it is not pretty. He is trying to address the structural deficit that has been allowed to grow and grow over the past 8 years. His budget proposes many cuts in popular programs and extending the temporary taxes now in place for 5 more years. He is already being challenged by the Republicans who are sticking to their NO TAXES mantra. They would rather undo every social program we have and

let the poor and unfortunate fend for themselves. That is not a society I want to see in the US. I've seen too much of it in the third world.

Assemblywoman Joan Buchanan has been kind enough to prepare an excellent analysis of the Brown Budget which is presented later in this newsletter. Lupe Schoenberger was also kind enough to put together a review of the budget. Thanks to both of them for their efforts. I'm sure we will be discussing this budget much more as the process moves along.

Congratulations are in order for Joan Buchanan. She was just named California High-Tech Legislator of the Year by TechAmerica, a national technology trade association. The award recognizes Buchanan's contributions to California's high-tech industry during the 2010 Legislative Session and her commitment to job growth in the sector. See more about this award later in the newsletter.

I'm wishing you all a better year in 2011 and I hope to get the chance to talk with each of you personally to get your input on what you want the California Democratic Party to focus on in the coming year.

At one of our dinner meetings.

Regards,

Jim Donnelly  
President, SRVDC

## California Budget Reviews

The following two budget reviews were prepared by Assemblywomen Joan Buchanan and Lupe Schoenberger, District Director- Office of Senator Mark DeSaulnier. They provide a very clear view of what Governor Brown is proposing to address the long standing budget shortfall. His proposed budget contains a lot of painful cuts but is the first budget in many years that tries to address this long standing shortfall.

### **Governor Brown's: 2011-12 Budget Proposal**

By Assemblymember Joan Buchanan  
January 17, 2011

There's an analogy that has been repeated over and over again with respect to California's budget: When you find yourself in a hole, stop digging.

Many of you have attended my town hall meetings and pancake breakfasts where I have spoken at length about our budget. The points made are worth repeating. First, we did not get into our current fiscal condition in one year. We borrowed to balance the budget when Gray Davis was governor, and, despite passing a \$15 billion bond so Schwarzenegger could pay off our debt, balance the budget, and tear up our credit cards, we continued to borrow to balance

the budget. We have dug the hole deeper and deeper, year after year. Thus, it is unreasonable to think that we can solve our fiscal crisis in one year without devastating critical programs. Second, we need a long-term plan, without which we will not be able to begin to restore our creditworthiness in the financial markets. Finally, we need to deal with the major financial stressors: prisons, debt service, and pensions.

Not one of Governor Schwarzenegger's budgets took a long term or balanced approach. Governor Brown's budget and approach to solving our problems is a refreshing change. First, and most importantly, Governor Brown understands the budget. He held workshops throughout the state in December; he presented his budget on January 10<sup>th</sup>; and last week he met with legislators to answer questions. AND...his aides did not answer the questions, HE answered them.

His approach includes significant program reductions, realigning responsibility for delivering certain services and programs, extending 2009 temporary revenues for five years, and making the single sales factor basis for state taxes mandatory for multi-state corporations. He does not propose additional cuts to K-12 education, acknowledging that Proposition 98 education funding has been cut more than other programs in the past two years. His approach does not include unrealistic revenue projections from the federal government, new borrowing, or budgeting gimmicks. In short, he stops digging!

These are bold proposals, but our current tax system has been in place for over 75 years, modified by Proposition 13 and other initiatives. Our revenues have declined by over 20 percent. This has been the deepest recession since the Great Depression and recovery is expected to take years, not months. Therefore, it is critical that we look at the whole budget – revenues and expenditures – and it is critical that this is the beginning the process, not the end. The Governor plans to continue his work so we can right our financial ship, put people back to work, and restore the luster to our great state. I applaud his efforts and urge you to support him by working hard to pass the revenue extensions in June.

Here is a summary of the budget proposal. For more information go to [www.lao.ca.gov](http://www.lao.ca.gov)

### **2011-12 Governor Budget (Dollars in Billions)**

#### **Program Reductions:**

Eliminate of Redevelopment Agencies	\$ 1.7
Health and Human Services Programs	
Medi-Cal	1.7
CalWORKs	1.5
Shift Proposition 10 Funds	1.0
Shift Proposition 63 Funds	0.9
Developmental Services	0.8
In-Home Supportive Services (IHSS)	0.5
Supplemental Security Income/ State Supplementary Payment Grants	0.2
Other HHS	0.1
Higher Education	1.0
Weight Fees	1.0
Corrections and Rehabilitation	0.8
State Operations	0.6

Other	0.7
<b>Total Expenditure Reductions</b>	<b>\$12.5</b>

#### **Revenue Solutions:**

Realignment: Maintain 6.0% Sales Tax Rate for five years	\$4.5
Realignment: Maintain 1.15% VFL for five years	1.4
Maintain Personal Income Tax surcharge of 0.25% for five years	3.3
Maintain Personal Income Tax Dependent Exemption at same Level as Personal Exemption Credit for five years	2.0
Make Single Sales Factor Apportionment mandatory	1.4
Repeal Enterprise Zone Tax Benefits	0.9
Fund Proposition 98 at 10-11 level	-2.0
All Other Revenue Proposals	0.5
<b>Total Revenue Solutions</b>	<b>\$12.0</b>

<b>Other Solutions</b>	<b>\$1.9</b>
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<b>TOTAL SOLUTIONS</b>	<b>\$26.4</b>
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#### **Comments:**

- Most of the reductions in Health and Human services reflect changes to eligibility and reimbursement levels, not full elimination of programs.
- Redevelopment Agencies will continue to receive funding to repay incurred expenses. Elimination refers to new projects. The Governor plans to work with local agencies to give them new authority to seek local funding for new projects, i.e. 55% requirement for local bonds.
- Programs proposed for realignment from the State to Local Governments: fire, court security, community-based corrections, mental health services, foster care, child welfare, substance abuse, and adult protective services. The governor believes that these programs can be delivered more effectively and efficiently by local agencies. Dedicated revenues to fund these programs: 1% sales tax and 0.5% VLF.
- Maintaining the funding levels proposed in the 2011-12 budget is dependent upon voters approving an extension of the temporary revenues in June.

## **Governor's Budget Proposal Review**

Lupe Schoenberger  
District Director- Office of Senator Mark DeSaulnier

On Monday, January 10, 2011, Governor Brown announced a budget that will cut spending by \$12.5 billion, transfer authority to local governments and end subsidies for Redevelopment Agencies and Enterprise Zones. The Governor will also ask voters to extend existing temporary taxes for five more years in order to fully protect K-12 education and public safety funding.

Brown's budget proposes total spending of \$127.4 billion for the 2011-12 fiscal year. Of this amount, proposed General Fund spending is \$84.6 billion.

The spending plan eliminates an 18-month budget gap estimated at \$25.4 billion, comprised of a current year shortfall of \$8.2 billion and a budget year shortfall of \$17.2 billion. A combination of \$26.4 billion in actions is needed in order to have a \$1 billion reserve. In addition, the deficit will grow to \$26.6 billion if the proposed sale of state office buildings, blocked by court order, does not proceed, requiring \$27.6 billion in budget actions in order to have a reserve.

Brown's budget proposes \$12.5 billion in spending reductions, \$12 billion in revenue extensions and modifications, \$1.9 billion in other solutions to close the gap and provide for a \$1 billion reserve.

Major spending reductions include \$1.7 billion to Medi-Cal, \$1.5 billion to California's welfare-to-work program (CalWORKs), \$750 million to the Department of Developmental Services, \$500 million to the University of California, \$500 million to California State University, and \$308 million for a 10 percent reduction in take-home pay for state employees not currently covered under collective bargaining agreements. Brown also plans to trim state government operations by \$200 million through a variety of actions, including reorganizations, consolidations and other efficiencies.

The Governor's spending plan proposes additional reductions throughout state government, including corrections, the judiciary and resources.

The budget also proposes to change the role that state and local governments play in local development activities by eliminating state tax benefits for enterprise zones and phasing out the current funding mechanism for redevelopment agencies. This will return billions in property tax revenues to schools, cities and counties and help pay for public safety, education and other services.

The revenue component of the budget calls for an election this coming June where voters will be asked to continue current personal income and sales taxes, as well as the Vehicle License Fee rate, for five years. Brown said revenue from the sales tax and the vehicle license fee will be transferred directly to local governments to finance the first phase of his realignment plan.

Brown's budget also requires all corporations to use a single sales factor when measuring income attributable to California and calls for an amnesty program for taxpayers who have avoided or underreported income owed to the state.

Brown called the spending plan "a tough budget for tough times" that will close the state's structural deficit and provide a "strong and stable foundation" to meet future needs.

The Governor's spending plan assumes that all statutory changes to implement budget actions will be adopted by the legislature in March, allowing the necessary ballot measures to be put before the people at a June special election.

## California Democratic Party Delegates

On Saturday, January 8, an election was held at Assemblywoman Joan Buchanan's office to elect delegates to represent Assembly District 15 at this year's California Democratic Party (CDP) convention. Kudos to the six men and six women who were elected:

Jim Donnelly \*\*  
Rao Kaza \*\*  
Ellis Goldberg  
Robert Johnson, Jr  
Bobbie Alameida  
Robert Longer

Brodie Hilp \*\*  
Lori Garcia \*\*  
Sharon Goldberg \*\*  
Sue Hamill  
Nicolina Neua  
Rhonda Povlak .

The five noted with \*\* are members of the SRVDC. In addition Jim Donnelly was elected to the Executive Board of the CDP. These people will represent us in setting the platform for the party as well as endorsing candidates and issues. If you want more information please talk with them at our next dinner meeting.

Also thank you for those of you who showed up to vote and supported your fellow club members in this election.

## Contra Costa Democratic Party

The Contra Costa Democratic Party (DPCC) also called the Central Committee is looking for associate members. The Party meets in Martinez at 7:30 PM on the third (3<sup>rd</sup>) Thursday of each month. Annual dues are \$24 . The Party has a lot on their agenda this year. Governor Brown is going the need a lot of help in getting his tax proposal on the ballot and passed. The Party has plans for registering more Democrats to Vote By Mail. People who vote my mail are almost twice as likely to vote in an election and we need all of the Democratic votes we can get to move forward our Democratic principles. We are also planning in the next couple of months, a Health Care forum presented by our elected officials to help us better understand the Health Care Bill and the challenges by the Republicans in congress.

Come join us for our next meeting and see if you like what we are doing. For more information call Jim Donnelly @ 925 570-9289

## Reports from our Elected Officials

### Congressman Jerry McNerney

### McNerney Supports Bipartisan Effort to Reduce Spending

*January 6, 2011*

Washington, D.C. – Keeping his commitment to fiscal responsibility, Congressman Jerry McNerney (CA-11) today voted for a bipartisan measure to cut office budgets for members of

the House of Representatives by five percent. The legislation is estimated to save \$35 million during 2011.

"Tackling the debt is a critical issue facing our country, and we have to take this challenge more seriously than ever before," said Rep. McNerney. "We'll face tough decisions in the coming weeks, months, and years, and it's appropriate that Congress demonstrate its commitment to fiscal responsibility by reducing its operating budget. I was proud to join a bipartisan group of my colleagues and vote for a five percent cut in Congressional office budgets."

During his first two terms in office, Rep. McNerney consistently opposed pay raises for members of Congress and voted against increases to Congressional office budgets.

The resolution to cut Congressional office budgets passed the House of Representatives by a vote of 410-13.

### **Congressman John Garamendi**

## **Congressman Garamendi, Former California Insurance Commissioner, Fights for American Consumers by Standing Up Against GOP Rule Designed to Increase Insurance Industry Profits**

WASHINGTON, DC – Congressman John Garamendi (D-Walnut Creek, CA), California's Insurance Commissioner for eight years, today stood against House Republican efforts to allow the House to vote to repeal the Patients' Bill of Rights next Wednesday. The rule passed by a 236-181 vote.

**"Today I fought to save the Patients' Bill of Rights and protect patients and consumers from the greed of insurance companies. Unfortunately, the House Republican majority voted to set up a vote next week that will force seniors to pay thousands of dollars out-of-pocket for prescription drugs, to allow insurance companies to kick you off your insurance when you get sick, and to deprive you of needed preventative screenings recommended by your doctor," said Congressman Garamendi, a former health care advisor to President Bill Clinton.**

**"My Republican colleagues are prepared to deny you the same health coverage Members of Congress already enjoy," Garamendi added. "They signaled today that they consider giveaways to their insurance CEO friends more important than your access to lifesaving medical procedures."**

Garamendi served as California's first elected Insurance Commissioner, from 1991-1995 and again from 2003-2007. In the early 1990s, Garamendi proposed a health care framework that would have covered almost every Californian. Garamendi's legislation served as a key inspiration to President Clinton's health care proposal.

According to the non-partisan Congressional Budget Office, repealing the Patients' Bill of Rights would add \$230 billion to the deficit by 2021.

In California, if House Republicans have their way:



- **196,000 young adults** would lose their insurance coverage;
- More than **18.8 million residents** of California with private insurance coverage would suddenly find themselves vulnerable again to having lifetime limits placed on how much insurance companies will spend on their health care;
- **Nearly 4.5 million seniors** in California who have Medicare coverage would be forced to pay a co-pay to receive important preventive services, like mammograms and colonoscopies; and
- Insurance companies would once again be allowed cut off someone's coverage unexpectedly when they are in an accident or become sick because of a simple mistake on an application. This would leave **2,705,000 people** in California at risk of losing their insurance at the moment they need it most, as one of the worst abuses of the insurance industry would become legal again.

Repealing the Patients' Bill of Rights would hurt all Americans and put the insurance companies back in control of your health care. American consumers are harmed when House Republicans propose:

- Repealing the ban on discrimination by health insurers based on pre-existing conditions;
- Repealing the ban that prohibits health insurance companies from rescind coverage when you get sick;
- Repealing tax credits for small businesses and American families;
- Repealing policies that lower costs and expand services for seniors;
- Repealing policies that let young adults stay on their parents' health care plans; and
- Repealing the ban on annual and lifetime limits on covered benefits

### **State Senator Mark DeSaulnier**

Monday, December 06, 2010

### ***Senators DeSaulnier & Wolk Call for 2-Year Budget and Performance-Based Budgeting***

Senators Mark DeSaulnier (D-Concord) and Lois Wolk (D-Davis) along with Democrat and Republican coauthors from both houses, today announced the introduction of two key measures providing much-needed budget reforms. These bills, endorsed by California Forward, will require that no budget is passed without consideration of both the current year and future budgets as well, and that budgeting of state programs be based on the performance of those programs.

"If we want to give this new governor and Legislature a real chance at restoring balance to our state's budget, we must provide them with the tools necessary to help ensure accountability and measurable results from our state's public programs," said Wolk. "That means enacting reforms to allow for the identification of clear goals for state-funded programs, and equally clear consequences for programs when those goals aren't met.

"The people of California cannot afford the ongoing structural deficiencies in the budget process," said DeSaulnier. "No budget should be considered without analyzing both the State's immediate fiscal condition as well as the long-term fiscal needs of the State. Additionally,



funding must be based on the performance of the work, not on ability to spend. These reforms make sense.”

“A performance based budgeting approach to state spending radically alters how department heads think about their jobs, and it forces legislators to truly consider how much should be spent on each program,” said Senator Bob Huff (R-Diamond Bar). “With the introduction of SB 14, I anticipate an in-depth, bipartisan dialogue that allows for some much-needed reform in how we do business.”

“Performance-based budgeting is a bold reform that will change the way Sacramento works,” Assemblyman Nathan Fletcher stated. “In any family business or private venture, you have to answer for your spending. The same should be true in government.”

SB 15 (DeSaulnier & Wolk) requires the governor to submit two-year spending plans to the Legislature when submitting the state budget for consideration. Additionally, SB 15 requires the Governor to project revenues and expenditures 5 years in advance and to estimate the long-term impacts that the proposed budget has on the state’s economy.

SB 14 (Wolk, DeSaulnier, Huff) provides a statutory framework for the implementation of performance-based budgeting and for a systematic program performance review by the Legislature. Both bills have bipartisan support – Assemblymembers Nathan Fletcher and Joan Buchanan are Principal Coauthors of SB 14.

## **Assembly Woman Joan Buchanan**

### **Joan Buchanan wins high-tech honors**

by [Jessica Lipsky](#) – Danville Express News

January 12, 2011

TechAmerica, a national technology trade association, awarded Assemblywoman Joan Buchanan Wednesday with its California High-Tech Legislator of the Year Award. The award recognizes Buchanan's contributions to California's high-tech industry during the 2010 Legislative Session and her commitment to job growth in the sector.

"Assemblywoman Buchanan emerged in her first term as a true high-tech champion," said Devin Whitney, TechAmerica's Director of Northwest Government Affairs. "She recognizes that California's high-tech industry is an important part of the state's economic recovery and consistently supports policies that will help California maintain its position as a global high-tech leader."

"I am honored to receive this award from TechAmerica," Buchanan said. "The technology industry fuels our economy and improves our quality of life. I am committed to ensuring California's high-tech industry maintains its leadership position worldwide."

In addition to recognizing Assemblywoman Buchanan, TechAmerica awarded four additional California legislators with California Regional Technology Leader distinctions, including Assemblyman Jerry Hill (D-San Mateo).

"All these legislators took a strong stand in support of technology in 2010," Whitney said. "Their steadfast commitment to job creation in the high-tech industry distinguishes them as accomplished leaders."

According to TechAmerica's annual Cyberstates report, California continues to rank as the nation's leading Cyberstate. California ranks first in both high-tech employment and high-tech wages, employing more than 900,000 workers at an average wage of over \$100,000.

TechAmerica began recognizing state legislators for their contributions to the success of high technology in 1991.