



Analysis: PROP 31 - Bad for California's Health; MAKES A BAD BUDGET PROCESS WORSE

Proposition 31 seeks to make significant changes in California's governance and budget processes, but undermines transparency, makes the budget process more complex and convoluted, and weakens the ability of state government to invest in the future and set clear standards and meet key goals.

Prop 31 would jeopardize funding for the state's health care programs, putting the health of many of Californians at risk. Prop 31 may be well-intended, but is a mix of flawed provisions, that would result in more harm than good.

Prop 31 Gives the Governor Unilateral Authority to Cut, Without Transparency

- Prop 31 would greatly expand the power of the Governor, allowing him/her to unilaterally cut or eliminate existing programs, in a fiscal emergency s/he declares.
- Such cuts would be without the regular legislative hearings, or any other means of public input or even transparency to consider the impact of specific cuts and their trade-offs and potential unintended consequences.
- This could result in mid-year cuts to health care services and a variety of other programs including education and social services for California families (any program not specifically protected by the California Constitution or federal law).
- These sweeping new powers would be granted to the Governor if the Legislature does not, within 45 days, pass their own solution to the fiscal problem as defined by the Governor. If the Assembly and Senate are controlled by different parties or otherwise deadlocks, then all cuts made by the Governor can only be reversed by a two-thirds vote of each legislative house.
- California voters rejected giving the Governor unilateral authority to make cuts, most notably in 2005 with the sound defeat of Prop 75.

Prop 31 Further Ties Up Our Budget Process, Prevents Needed Investments

- Prop 31 puts more restrictive formulas in our state budget process, preventing California from making needed investments—even when California has the money to pay for it.
- “Pay Go” is not a bad concept, but Prop 31 is badly written, with unintended consequences as it interacts with the legislature's two-thirds vote requirements to raise revenues, and other Constitutional requirements and funding guarantees.
- Prop 31 is overly restrictive—by requiring corresponding taxes or cuts for any new program over .0003% of the state budget, and by disregarding any savings that would be generated beyond the first year.
 - A program that needs start-up funds in the first year but saves money in a few years would be restricted. The Affordable Care Act nationally passed under a “Pay Go” rule in Congress and reduces the deficit over a decade and beyond—but would have been restricted under this formula.
 - If Prop 31 was in place over a decade ago, it might have prevented California from the opportunity to draw down federal funds and cover nearly a million children through the CHIP/Healthy Families program, for which a modest state investment yields a generous 2:1 match.

Prop 31 (continued)...

- At the same time, Prop 31's restrictions have wide exemptions that distort the policy making process.
 - Prop 31 exempts bond debt totally—a growing part of our budget that would remain unchecked.
 - Prop 31 exempts the growth of existing programs, but restricts new programs better suited for the future. Prop 31 makes it easier for the Legislature to keep old programs (even if they are not working) over new programs that may be more effective and/or that meet emerging needs.
 - Prop 31's restrictions don't apply to ballot initiatives. By placing a threat of litigation for any new program passed by the Legislature, Prop 31 encourages those interested in new programs to go to the ballot instead, where new programs don't have to specify any funding source—making our current budget process worse.
- The exemptions mean Prop 31 will not meet its goal of preventing legislators from making irresponsible budget decisions—but Prop 31 will make the budget process more convoluted and confusing, and harder for the average citizen to follow.

Prop 31 Allows Local Pre-emption of State Laws and Protections

- “Community Strategic Action Plans” in Prop 31 allow local governments to disregard state laws and regulations they don't like in favor of alternatives.
- As written, it allows localities to undermine state laws and regulations related to the environment, health care, labor, and other consumer and worker protections.
- This provision of Prop 31 could greatly hinder the state's efforts to implement health reform, and put us out of compliance with not just state but national standards and goals.
- Prop 31 is badly written, and would lead to unintended consequences. Proponents argue that the Community Action Plans would be limited to programs like health and human services, but labor and environmental groups have looked at the language and believe it would impact them as well. Prop 31 allows for these plans to be vetoed by the Legislature in 60 days, but has no provision to prevent plans from being filed when the Legislature is out-of-session.

All of the problems of Prop 31 would be permanently written into our state Constitution. Prop 31 would put virtually all of its complicated provisions—that written out are longer than the U.S. Constitution—into the California Constitution, making it impossible to change without another ballot initiative in the future. We would be stuck with these rules, and their consequences, for generations.

Proposition 31 is bad for California's health. These major problems with the language of Proposition 31 will have a harmful effect on California's budget, on health programs, and on health and environmental standards. While it claims to make our budget process more simple, straightforward and transparent, Prop 31 has the opposite impact, to the detriment of California citizens and future reform efforts.

For more information about health and budget policy, contact
Health Access California
1127 11th St, Suite 234, Sacramento, CA 95814
www.health-access.org

For more information about Prop 31, go to www.Prop31Facts.com