

# SENATOR DAVE COX

## FIRST SENATE DISTRICT



# PRESS RELEASE

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### **\$2,447,338,951 - A Grand Slam for California** *Proposition 10 dollars to help Californians today*

In answering the Governor's call to think creatively in narrowing the state's multibillion dollar budget gap, Senator Dave Cox (R-Fair Oaks) introduced a measure to provide immediate fiscal relief for the state, one-time funding to local schools and local government, and healthcare and other services for California's kids, as well as the poor, blind and disabled.

Dubbed "A Grand Slam for California," Cox's measure does away with First 5 California and its 59 bureaucracies that a recent analysis showed are holding \$2,447,338,951 in fund balances that they have hoarded in bank accounts – money that is not helping Californians today.

"Since its inception, First 5 California and its 58 county bureaucracies have been tainted with scandals because they lack accountability," said Cox who, along with former Assemblyman Dario Frommer (D-Los Angeles), called for a state audit of First 5 California's spending on public relations ads that coincided with the qualification of Proposition 82 (Preschool for All). "After 10 years of misuse and questionable spending, it is time to rethink First 5's existence and re-direct the tax monies to where they can be effective."

Specifically, the proposed measure will direct all future revenue – an annual estimate of \$580 million - from Proposition 10 to the Healthy Families and Medi-Cal Programs. This will provide long-term stability to the existing Healthy Families Program (HFP) and allow for adequate funds to cover an additional 200,000 kids who are currently eligible but not yet enrolled.

State General Fund contributions to HFP are currently budgeted at \$425 million. Federal funding provides a two-to-one federal/state match. The ongoing revenues from Proposition 10 will allow the state to provide health coverage to all eligible children. Any additional funding will address ongoing needs in the Medi-Cal program.

By freeing up existing General Fund dollars committed to HFP, the Legislature and the Governor will gain much needed flexibility to address the state's healthcare issues. For example, the state could restore current and proposed Medi-Cal provider-rate reimbursement reductions to encourage doctors to accept Medi-Cal patients.

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Schools will receive 50% of all unencumbered funds held in the 58 county commissions.

It is clear that schools will not receive as much money as anticipated from this year's proposed budget. This proposal will help ease some of the loss because schools will be able to use this revenue for one-time expenses or to cover current program shortfalls.

The remaining balance from the unencumbered funds of the 58 county First 5 commissions will be directed to counties and cities, where elected officials are accountable to the public. Half of these funds will go to counties' general funds and the other half will go to cities' general funds based on a per-capita basis. In a difficult fiscal environment, this proposed measure will provide for immediate fiscal relief to local government to pay for local services.

Cox's measure will also help pay down the state's debt by re-directing the unencumbered funds from the State's Children and Families Commission to the State General Fund for deficit reduction. A June 2007 audited financial statement showed fund balances of \$368 million.

First 5 California and its 58 county commissions were created by Proposition 10 in November 3, 1998. Spearheaded by Hollywood actor/filmmaker Rob Reiner, it added an additional \$.50 per pack tax on cigarettes with the promise to pay for early childhood development and anti-smoking programs. The tax brings in about \$580 million each year with 80 percent going to 58 county commissions and 20 percent to the state commission.

"California is in a fiscal crisis where core services are threatened. This is a turning point for the state. We can step up to help or we can sit idle while services are cut back and real people feel the impact. It is my hope the Governor and the Legislature pass this measure and allow the voters to decide," stated Cox.

*Senator Dave Cox represents the residents of the First Senate District, which includes all or portions of Alpine, Amador, Calaveras, El Dorado, Lassen, Placer, Plumas, Modoc, Mono, Nevada, Sacramento and Sierra Counties. Contact his office at (916) 651-4001, or via email at [Senator.Cox@Senate.ca.gov](mailto:Senator.Cox@Senate.ca.gov)*

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