



March 2, 2011

The Honorable John A. Pérez, Speaker of the Assembly
The Honorable Darrell Steinberg, Senate President pro Tem

Dear Speaker Pérez and Senate President pro Tem Steinberg:

On behalf of the undersigned health and human services organizations and the families who count on Medi-Cal, CalWORKS, IHSS, child care and other vital services, we thank you for your efforts to minimize more devastating cuts in the budget you sent to Conference Committee. We also urge you to support – at a minimum – the revenues needed to ensure California’s low-income families, people with disabilities, abused and neglected children, working parents, seniors and others do not suffer more hardship.

As you know, California’s low- and middle- income families started 2011 still reeling from the impact of the Great Recession. The weak recovery has left unemployment still well above 12%, with projections for weak job growth through 2012. Californians’ average household income has fallen, and we expect 2010 data will show more even families fell into poverty over the past year.

Against this context, the deep budget cuts Governor Brown has proposed will be especially painful. The Governor has said that if California fails to raise revenues in an amount equal to the cuts, the pain will be much worse. Protecting the critical public structures low-income families are counting on in this time will require your leadership now more than ever.

Eliminating special tax breaks for large corporations that haven’t delivered the jobs and economic growth they have promised are an obvious starting point. We urge you to support these revenues – at a minimum—in the FY 2011-12 budget:

- 1) Eliminating Enterprise Zone (EZ) Tax Breaks: The Public Policy Institute of California (PPIC) found that “California’s enterprise zone program – the state’s largest economic development program – has no statistically significant effect on employment.” An analysis by the California Budget Project found the vast majority of the breaks went to corporations with more than \$1 billion in assets. The Governor’s proposal to eliminate the EZ program and related tax breaks would save \$924 million this year and more than \$600 million per year thereafter.
- 2) Mandatory Single Sales Factor Apportionment: California and Missouri are the only states in the nation that currently allow multinational corporations to choose how their profits are taxed. The Governor’s proposal would require

nearly all corporations to use a single formula based solely on the percentage of their sales that occur within California. This shift would generate an estimated \$468 million in 2010-11 and \$942 million in 2011-12. Corporations, as a whole, would still pay lower taxes than under the pre-2009 law.

Minimizing cuts to vital health and human services will require new revenues and a critical look at these tax loopholes and others which benefit large corporations but don't deliver the "bang for the buck" they promised. Your leadership is needed now more than ever to ensure California maintains the critical services and supports families need to avoid sliding backward into poverty.

Sincerely,

Alameda County Community Food Bank
CA Black Women's Health Project
CA Church Impact
CA Federation of Teachers
CA United Homecare Workers - SEIU/AFSCME Local 4034
California Association of Food Banks
California Association of Public Authorities for IHSS (CAPA)
California Food Policy Advocates
California Hunger Action Coalition
California Immigrant Policy Center
California In Home Supportive Services Consumer Alliance
California Latinas for Reproductive Justice
California National Organization for Women
California Nurses Association
California Pan-Ethnic Health Network
California Partnership
California/Nevada Community Action Partnership
CDI/Choices For Children
Center For Independence Of The Disabled
Children's Defense Fund-California
Coalition for Humane Immigrant Rights of Los Angeles (CHIRLA)
Congress of California Seniors
Doctors for America - California
Earth Mama Healing, Inc.
East Bay Community Law Center
Food Bank of Contra Costa and Solano
Fresno Metro Ministry
Health Access California
Housing Rights Committee of San Francisco
Imperial Valley Food Bank
Independent Living Services of Northern California (ILSNC)

Jewish Family Service of Los Angeles
Korean community center of the east bay
Korean Resource Center
Latino Coalition for a Healthy California
Legal Awareness Center
LifeLong Medical Care
Madera Coalition for Community Justice
Napa Valley Food Bank
National Council of Jewish Women
Nevada County Citizens for Choice, Inc
Older Women's League of California
Orange County Hunger Coalition
Personal Assistance Services Council of Los Angeles Count
Polio Survivors Association
Progressive Christians Uniting
Resources for Independent Living
Resources for Independent Living
San Diego Hunger Coalition
San Francisco IHSS Public Authority
Second Harvest Food Bank of Santa Clara and San Mateo Counties
Speech Communications Assistance By Telephone, Inc. (SCT)
Time for Change Foundation
Western Center on Law & Poverty
Women Organizing Resources Knowledge & Services (WORKS)

cc: The Honorable Edmund G. Brown, Jr., Governor
Senate Democratic Caucus
Assembly Democratic Caucus