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HEADLINE: Budget Compromise May Be at Hand, Behind-the-scenes maneuvering and deal-making are intensified

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BODY:

After another day of delay, which lawmakers blamed on the Wilson administration, the Assembly has scheduled a vote on the Republican governor's spending document for today.

But a flurry of behind-the-scenes maneuvering and deal-making took place yesterday in both the Senate and the Assembly, a sign that a budget compromise may finally be in sight after 49 days of impasse.

"When the key players get involved and make compromises, that means we're finally starting to commence to get ready to begin to end this thing," said Assemblyman Bill Baker, R-Danville.

Lawmakers said the delay on the vote on Wilson's proposal came from new changes that had to be made to the proposal and to accompanying bills because of errors in the initial drafting.

The additional maneuvering and proposed changes to Wilson's budget are necessary because the spending plan will probably be defeated in both the Assembly and the Senate, where Democrats oppose Wilson's 25 percent reduction in welfare payments and his \$ 1.3 billion cut to schools.

Some Assembly Republicans may also vote against Wilson's budget because it does not cut state bureaucracy as deeply as they would like.

LOOKING FOR COMPROMISE

In the Senate, Republican leader Ken Maddy and Senate President David Roberti have been working on a joint plan that would take parts of Wilson's budget and combine it with

proposals by a special legislative budget-writing committee to create a compromise that they hope would win the needed 27 votes for passage in the 40-member Senate.

Their proposal would cut local governments by \$ 1.3 billion -- \$ 100 million more than Wilson proposes. The increased hit on local governments is an attempt to reduce the size of Wilson's suggested health and welfare cuts. The plan would cut \$ 550 million from counties, \$ 300 million from cities and \$ 350 million from special districts.

In the Assembly, Speaker Willie Brown said he too is creating a hybrid budget proposal incorporating parts of Wilson's plan and the legislative budget-writing committee's proposal.

Brown said this compromise was not yet balanced and needed additional cuts of \$ 370 million -- roughly the same amount the state would save by eliminating the renters' tax credit.

The Assembly is scheduled to begin voting on the 15 bills needed to balance Wilson's budget this morning and will continue work "until I exhaust myself," said Brown. The Senate also is expected to begin action on budget-related bills.

CAUGHT IN THE MIDDLE

At a press conference at Sacramento's Resources for Independent Living Center, people who care for the disabled and elderly were caught in the middle of political squabbling between Controller Gray Davis and a Wilson administration official.

Paychecks for the care-givers were halted by court order Friday until a state budget is passed.

Davis infuriated Eloise Anderson, Wilson's new director of the Department of Social Services, by holding a press conference with several disabled people to demand that the governor resume payment of paychecks to their care-givers.

According to Davis, the federal Fair Labor Standards Act requires payment to attendants of the elderly and disabled, despite a federal appeals court ruling that barred continued payment of Medi-Cal and In-Home Supportive Services (IHSS) checks.

Some 155,000 in-home care-givers had their July paychecks held up by the court order. Davis threatened to sue Wilson to enforce the payments under the federal act and said the state could be liable for \$ 46 million in penalties if the wages are not paid immediately.

Davis said he would make the payments despite the appeals court ruling, if only the Department of Social Services would turn over payroll records necessary to write the checks.

'OUGHT TO BE ASHAMED'

Anderson, who got wind of Davis' press conference, showed up to make the case that Wilson wants to pay the needy and disabled but cannot because of the court ruling.

"You ought to be ashamed of yourself," Davis said, his face just inches away from Anderson's. "You're holding up payment to poor, disabled people."

"Your attorneys read it one way, my attorneys read it another," responded Anderson. "But you ought to deal with what I would consider simple agency protocol. Pick up the telephone and talk to the agency before you get in front of the TV cameras."

Anderson, a former Wisconsin social services official, said she could make the payment to care-givers only with a court order or if a budget is passed.

Caught in the the middle of the budget battle are people like Sherrie Hutchinson, a 37-year-old quadriplegic, whose mother and brother survive on the \$ 1,000 per month IHSS pays them to tend to her 24 hours a day. Her mother, Jewell Hutchinson, said family members are down to their last \$ 50 and are considering going to their church for charity to tide them through the month.

The family also worries that expensive medical supplies and drugs Sherrie Hutchinson needs may soon become unavailable because Medi-Cal providers are not being paid. Sherrie Hutchinson said she lacks one community college course before she can continue studies at California State University, Sacramento, but that she cannot afford to enroll this semester because of the stress on family finances.

\$ 25 MILLION PAYMENT

Meanwhile, Blue Cross, the state's largest health insurer, announced it will provide \$ 25 million to help the 1,000 hospitals with which it contracts continue to provide Medi-Cal patients with emergency room, obstetric and pediatric care.

The money will be provided either in the form of interest-free loans or by the purchase of state IOUs at face value, said Tony Harris, Blue Cross spokesman.

"These are the people who need it most," Harris said of the poor people who depend on Medi-Cal for medical services.

However, the amount involved is small compared with the \$ 3.5 billion paid out by the state for the Medi-Cal program in the first 11 months of the last financial year and does not appear likely to relieve any pressure on Wilson and the Legislature.

BUDGET STALEMATE

Today is California's 50th day without a state budget. -- The state has issued \$ 2.73 billion in IOUs since July 1 to pay state workers and its other obligations.

* The cost to the state of these IOUs, at 5 percent annual interest, is \$ 6.40 million through yesterday.

* The main budget items in dispute are how much state aid to cut from schools, cities, counties and special government districts.

* Republicans and Democrats negotiated privately yesterday to try to close the gap between Governor Wilson's latest plan and a conference committee proposal that was narrowly defeated two weeks ago.