



OFFICE OF THE GOVERNOR

SEP 16 2011

To the Members of the California State Legislature:

I am pleased to sign Senate Bill 335 and Assembly Bill X1 21.


Returning the state's finances to long term balance remains my number one priority. This year's budget plan is balanced, honest and responsible. It closed a \$26.6 billion deficit and reduced future deficits from up to \$21.5 billion to less than \$5 billion.

Senate Bill 335 and Assembly Bill X1 21 represent a solid partnership between private businesses and the state to fund vital health care services while living within our means and delivering on key elements of this year's difficult budget agreement.

The quality assurance fee on hospital providers in Senate Bill 335 will raise \$7 billion in revenue. It will bring in an additional \$6.1 billion in new federal funds and save the General Fund more than \$850 million over a 30-month period. This amounts to over \$500 million more in savings to the State General Fund than previously estimated. With these new funds, many hospitals can continue to serve low-income, vulnerable patients and the state can maintain funding for children's health services.

Extending the tax on health care service managed care plans for an additional year through Assembly Bill X1 21 will raise more than \$200 million in new revenue, bring in an additional \$300 million in federal funds, and save the General Fund \$103 million this fiscal year. This will help maintain funding for the Healthy Families low-cost health insurance program for children and teens.

Sincerely,


Edmund G. Brown Jr.