



# MEDIA ADVISORY

## State Budget Impasse Leads to New Partnership for Community Organizations

### CONTACTS:

Sam Storey, CEO  
Community Bridges  
(831) 688-884- x201  
Email: [sams@cbridges.org](mailto:sams@cbridges.org)

Rick Hofstetter, CEO  
Lighthouse Bank  
(831) 600-4008  
Email: [rhofstetter@lighthousebank.net](mailto:rhofstetter@lighthousebank.net)

September 4, 2008

Community Bridges and Lighthouse Bank have joined together to bridge the funding shortfall created by the State Legislature's failure to pass a budget.

When Lighthouse Bank Vice President Eric Mendelson read the Sentinel's story of Community Bridges' efforts to maintain its child care services despite the disappearance of state funds, he immediately contacted the local nonprofit. "Please give me a call. I would really like to see if I can help you," he said. Three days later, approval for funds was granted.

The local bank, only one year old, is providing the 31-year-old nonprofit with a \$500,000 line of credit which is \$200,000 more than their existing line, enough to provide the necessary cash flow to keep its four childcare centers open for now.

"Lighthouse Bank is committed to helping improve the quality of life in Santa Cruz County. Since opening in October 2007 we've been able to provide banking services to over twenty local nonprofits, and we're pleased to be able to help Community Bridges in this critical time," said Rick Hofstetter, CEO of Lighthouse Bank.

At Community Bridges, the budget stalemate is holding up close to  $\frac{3}{4}$  of a million dollars that the agency was contracted to receive. In fact, the services those funds are meant to reimburse have already been delivered including childcare for low-income working families, home-delivered meals for frail seniors, and equipment for transportation for elderly and disabled residents.

If a budget is not passed by October 1, an additional \$200,000 will potentially be missing from the Santa Cruz nonprofit's budget.

Even when the state ultimately passes a budget and the money starts flowing again, those funds are not allowed to be used for paying the interest on loans or lines of credit. The

cost of the interest will have to be raised through private donations, funds that could have been spent on services.

But there is a limit to how long the increased borrowing can be maintained. If the state budget is not passed soon, services to the community's low-income families and frail seniors could be affected with more profound and long-term consequences.

Community Bridges CEO Sam Storey says, "Our agency is going out on a limb to prevent any reduction in service. What is a low-income working parent to do when their childcare is shut down all of a sudden? We don't want to see that happen."

While some childcare centers in California have already closed due to the State budget impasse, the new partnership between Lighthouse Bank and Community Bridges provides childcare for over 100 local families, buying a little more time while the state legislature works out a budget agreement.

*Community Bridges is a human services nonprofit serving the Santa Cruz County community for over 30 years. Our family of programs include Meals on Wheels, Lift Line, Child Development Centers, Child and Adult Care Food Program, Live Oak Family Resource Center, La Manzanita Community Resources, and WIC Nutrition Program.*

###