Governor of California’s 2015-16 Proposed Budget
Agenda

• What is a State budget?
• Quick Overview of 2014-2015 Budget
• Where is the money come from?
• Tearing Down the Wall of Poverty Legislative Bill and Budget Priorities
• Next Steps: How to get involved?
California Partnership

• California Partnership is a statewide coalition of community-based organizations that fights poverty in California. Through organizing and advocacy, we work together under common values at local, state, and national levels for policies and programs that reduce and end poverty. There are efforts in both state and county budget advocacy.

• Broad Base Coalition: community organizations, immigrant rights, service providers, and unions.

• Chapters across the state: San Francisco, San Jose, Los Angeles, San Bernardino, and Riverside.
California Partnership

- Broad Base Coalition: community organizations, immigrant rights, service providers, and unions
- Inland Empire Chapter Partners: TODEC, Inland Empire Immigrant Youth Coalition, Community Clinic Association of San Bernardino County, Riverside All of Us or None, Justice for Immigrants Coalition, Time for Change Foundation, Inland Behavioral and Health Services, Catholic Charities, Clinicas de Salud de Pueblo, Borrego Health, Riverside County of Department of Mental Health, Lideres Campesinas, United Domestic Workers, United Food Commercial Workers, and SEIU-ULTCW.
On Health 4 All:
- Lead statewide field efforts to ensure health coverage for all Californians, regardless of immigration status.
- Lead local efforts in Los Angeles, Riverside, San Bernardino, Kern, and other counties to build and protect robust health care for all.

On Ensuring a Robust Social Safety Net for All:
- Lead statewide organizing efforts to demand further investment in the SSI/SSP program.
- Push for investments in Child Care vouchers, In Home Supportive Services, and other vital programs.
- Support efforts to eliminate the Maximum Family Grant Rule in the CalWORKs program.

On Reducing Prison Spending:
- Work with a coalition to ensure that the resources our members voted for in Proposition 47 actually go to the community base programs they were intended for.
- Organize budget and anti-poverty advocates to demand that resources be spent on programs that seek to end poverty, not those that increase incarceration.

On Building a Women’s Economic Agenda and Ending the Poverty Economy:
- Organize statewide for the passage of a minimum wage increase for all Californians.
- Join efforts to ensure predicable scheduling, access to full time work, and other tenants of building a robust economy that works for women, low-income people, and all Californians.

On Revenue and Corporate Greed:
- Develop a robust, community led, long-term campaign to make corporations pay what they owe through commercial property tax reform.
What is a budget?

• Reflects the values and priorities of an organization.

• Articulates resources expected for activities for the forthcoming year.
  – How many children will be able to benefit from Child Care?
  – How many people will be enrolled into CalWorks?
  – How much will be reimbursed to Medi-cal Providers?
  – How much will increase funding for prisons?
What is a budget? (contd.)

- State of California
  - $1.9 trillion total GDP in 2012
  - 18.7 million workers

- California’s Government
  - $156.4 billion total budget for 2014-2015
  - 356,221 positions
  - $108 billion General Fund
  - $44.3 billion Special Fund
  - $4.1 billion Bonds
  - 80% of the State Budget is passed through the other Governments – mostly school districts and counties
  - Since 2008, there has been $15 Billion in cuts in Health and Human Services Programs
Where does our money go?

- Transportation - 7%
- Environment Protection and Resources - 5%
- Health and Human Services - 31%
- Corrections - 8%
- K-12 Education - 29%
- Higher Education - 8%
- Labor and Workforce Development - 1%
- Judicial - 2%
- Other - 9%
Where does our money come from?

- Personal Income Tax - 48%
- Sales and Use Tax - 24%
- Corporate Taxes - 6%
- Motor Vehicles - 4%
- Highway Users Tax - 4%
- Other - 12%
Administrative Budget Process
The administration begins work on its budget proposal for the next year prior to the passage of the current year budget.

Subcommittee Hearings
Budget subcommittees begin their review of the budget, which include comprehensive agendas and hearings.

Closeout of Budget: Conference Committee and Deliberations
The conference committee meets to reconcile differences between the Senate and Assembly budget bills.

January 10

Governor’s Budget
The Governor releases his January budget, which marks the beginning of the public process.

January 11 to May 14

May Revision
This includes updated revenue estimates and expenditures from January. The Subcommittees meet to review the new proposals.

May 15 to June 15

Deadline for Legislature to Pass Budget
Governor has 12 days to sign or veto the budget.
Governor proposes to spend $113.3 billion dollars

This is a 1.4% increase from 2014-15

- Prop 2 Rainy Day Fund and Debt Repayment: $2.4 Billion
- Health and Human Services: $31.9 billion (4.7% increase)
- Corrections and Rehabilitation: $10.2 billion (1.7% increase)
- Higher Education: $14.1 billion (8.6% increase)
- K-12: $47.2 billion (1.7% increase)
- Governor doesn’t prioritize “Health for All”
Proposition 2: Budget Stabilization Account

California voters approved Proposition 2 in November 2014, amending the California Constitution to revise the rules for the state’s Rainy Day Fund.

Proposition 2 requires an annual set-aside equal to 1.5% of estimated General Fund revenues and an additional set-aside is required when capital gains revenues in a given year exceed 8% of General Fund tax revenues.

Rainy Day Fund and Debt Repayment: $2.4 Billion
Proposition 2: Budget Stabilization Account

For 15 years – from 2015-16 to 2029-30 – half of these funds will be deposited into the rainy day fund, and the other half will be used to reduce certain state debt including:

- Making payments that are owed to K-12 schools and community colleges;
- Repaying dollars that were borrowed – prior to 2014 – from various state special funds and used to pay for services typically supported with General Fund dollars;
- Reimbursing local governments for state-mandated services that they provided prior to 2004-05, but for which the state has not yet provided payment;
- Reducing unfunded liabilities associated with state-level pension plans; and
- Prefunding other retirement benefits, such as retiree health care

General Fund Expenditures

2015-16
General Fund Expenditures
(Dollars in Millions)

- Higher Education ($14,063) 12.4%
- Other ($7,412) 6.5%
- Natural Resources ($2,561) 2.3%
- Health ($24,086) 21.3%
- Human Services ($7,843) 6.9%
- Corrections and Rehabilitation ($10,160) 9.0%
- K-12 Education ($47,173) 41.6%
Health and Human Services

Figure HHS-01
Health and Human Services Proposed 2015-16 Funding
All Funds
(Dollars in Billions)

- Medi-Cal: $95.4 (67.1%)
- CalWORKs: $3.6 (2.6%)
- Other Social Services: $2.9 (2.0%)
- SSI/SSP: $2.8 (2.0%)
- Children's Services: $2.8 (2.0%)
- In-Home Supportive Services: $8.2 (5.8%)
- 2011 State-Local Realignment: $4.7 (3.3%)
- 1991-92 State-Local Realignment: $5.1 (3.6%)
- Department of Public Health: $3.1 (2.2%)
- State Hospitals: $1.7 (1.2%)
- Developmental Services: $5.7 (4.0%)
- Child Support Services: $1.0 (0.7%)

1 Totals $142.2 billion for support, local assistance, and capital outlay. This figure includes reimbursements of $14.3 billion and excludes $5.1 million in Proposition 98 funding in the Department of Developmental Services budget and county funds that do not flow through the state budget.
CalWORKs:

• No NEW increases in CalWORKs grants.

• On April 1, 2015 Grants will increase 5% as determined by last year’s budget.

• Maximum monthly grant for a family of three is only $704. This is less than half of the federal poverty level.

Child care:

• Provides a Cost of Living Adjustment to maintain childcare services and “slots” at same level as 2014-15
In-Home Support Services:

• Proposal to end 2014’s 7% cut on service hours. Pending approval by the Legislature of a new tax on managed care organizations.

• New rules and funding for IHSS providers overtime pay from 2014 are being delayed.

• 2013 Federal Rules that mandated overtime pay for home care workers, including IHSS providers were put on hold by a federal court.
Supplemental Security Income/State Supplementary Payment (SSI/SSP)

Provides income support to 1.3 million low-income seniors and people with disabilities to purchase food, housing, and other basic necessities.

- Grants for SSI/SSP have been below the Federal Poverty Line since 2009
- The proposed 2015-2016 budget would provide $2.5 billion in state funds for the SSP portion and assumes $7.4 billion in federal funds for the SSI portion.
- The state’s monthly SSP grant for individuals would remain at $156, down from $233 in January 2009 and from $586 to $396 for couples.
- Cost of Living Adjustments were suspended in 2010
- State funding for SSI/SSP cash assistance has fallen by more than 30 percent since 2007-08, after adjusting for inflation.
SSI and SSP (contd.)

• Brown’s multi-year budget forecast assumes CA will leave in place the recent SSI/SSP grant cuts at least for the next several years

• Maintaining these cuts would result in more than $1 billion in annual state General Fund “savings,” but will jeopardize the well-being of 1.3 million low-income Californians.

• Reversing these cuts means that the state needs to change its current budget priorities.
  • For example, the state’s SSP grant for an individual would have to increase by more than $90 per month to bring the total SSI/SSP grant up to the federal poverty line in 2015.
Housing

• As a result of previous state budget cuts, SSI/SSP grants have impacted housing costs in all 58 counties in CA.

• The current “Fair Market Rent” (FMR) for a studio apartment:
  • Exceeds the maximum SSI/SSP grant for an individual ($889) in 15 counties.
  • Exceeds 50% of the maximum SSI/SSP grant for an individual in all 58 counties.

• Example:
  • Los Angeles
  • Max SSI/SSP Grant: $889*
  • FMR for Studio Apartment: $913
  • Remaining Amount: -$24

• People are at greater risk of homelessness when housing costs account for more than half of a households income.

• Governor Brown eliminated the only stable source of affordable housing funding in 2011. To date there has been no replacement of a funding stream put in place, which has led communities to have to move.
Medi-Cal:

• Medi-Cal enrollment is projected to rise to 12.2 million Californians in 2015-16

• Maintains a 10% payment cut to Medi-Cal providers that began in 2014

• $698 million will be shifted from county health care services to the state in 2015-16, as required by current law.

• Undocumented immigrants who benefit from President Obama’s recent actions on immigration may be eligible for state-funded Medi-Cal.

*Health4All

— SB 4: would allow people who are undocumented to access programs like Medi-Cal and the Healthcare Marketplace. However, as it is now it does not include subsidies.
Food and Hunger

Food Insecurity - More than 3.8 million California adults are struggling with food insecurity.

SNAP

• This is the Supplemental Nutrition Assistance Program, also known as food stamps and it achieves the following:
  • Reduces hunger and food insecurity by providing low-income people with assistance to purchase food.
  • 97% of benefits are redeemed by the end of the month of issuance.
  • 92% of benefits go to households with incomes below the poverty line.
  • It reaches key vulnerable populations – 1/3 of SNAP participants are in households that include senior citizens or people with disabilities.
  • It lifted 4.8 million Americans out of poverty in 2013

• However, there is a House Budget Resolution that is proposing to block SNAP grants and additional cuts that would enable the program’s ability to provide nutritional support to the most needy.
  • In CA, this means the elimination or reduction of Cal Fresh, of which many households rely on.
Corrections Budget

• State corrections is the largest component of CA’s criminal justice system.
• General Fund spending on state corrections has increased significantly over the past 35 years, with 9 cents out of every general fund dollar being spent on corrections.
• 56.8% of total spending on state corrections supports prison security and operations.
• 22.9% of the state corrections budget supports health care for incarcerated adults, including health, dental, and mental health care services.
• Relatively small shares of the state corrections budget go toward other purposes, such as adult rehabilitation services (3.3%).

Impact of Prop 47

• The population incarcerated by the state is expected to decline to about 133,100 in 2015-2015 with more people being released than what was projected.
What can we do to change this?

- Community Education
- Legislative Visits
- Committee Hearings
- Budget Actions
CAP Statewide Advocacy Efforts

• January Budget Action Rally
• Legislative Visits
• Committee Hearings
• May Revise
Legislative Leaders and Governor Brown:
We Have the Resources We Need To Start Tackling Poverty Today!

What do we want: We are urging the Governor and the Legislature to expand the recovery to everyone in California. There is money in the system right now that can give every Californian enough to thrive. We urge you to:
Use the LAO’s accurate accounting measures of the revenue available. Under the LAO estimates, there would be $1.1 billion more of discretionary resources available for the 2015-16 state budget than the Governor’s May Revision.
Adjust Proposition 98 by:
   Moving Child Care funding under Prop 98. Prior to 2011 all child care funding (except Stage 1 CalWORKs child care) was funded out of Prop 98. During the recession, child care funding was moved to the general fund. Today Prop 98 has healthier revenues and can sustain child care funding once again.
   Counting additional local property tax revenues towards 98, which could reduce the general fund obligation by $400 million dollars.
   Reflect additional local revenue schools have received from the dissolution of redevelopment agencies since 2012-13, which could make $125 million available for general fund spending.
Eliminate “aggressive prison spending” in Governor’s budget, and redirect 73.3 million dollars of savings towards cost-effective population reduction strategies.

**Repaying loans from state transportation funds** using dollars required under Proposition 2 to go toward debt payments, rather than paying back these loans with General Fund dollars outside of Proposition 2, as the Governor proposes. (State policymakers borrowed from these transportation funds in prior years to help close General Fund shortfalls.) This could free up $186 million.

Eliminating unaccountable tax breaks and loopholes.
**Passing revenue that forces corporations to pay what they owe** in property taxes bringing in 9-10 billion dollars of revenue by 2019.

With these changes, there is enough revenue *right now* to invest in the programs that Californians depend on:
- Support children and families in poverty by ending the Maximum Family Grant Rule in the CalWORKs program;
- Increasing working families’ access to affordable child care;
- Boosting cash assistance for low-income seniors and people with disabilities on SSI;
- Moving homeless families into permanent housing;
- Expanding health care coverage to undocumented immigrants; and
- Restoring In-Home Supportive Services hours to keep people with disabilities living with dignity in their homes.

We can begin to tear down the wall of poverty, and build back a California where everyone has enough to thrive.
CAP Local Advocacy Efforts

- Participate Chapter meetings
- County Efforts:
  A) Local Health 4 All Campaign:
     Robust MISP
  B) County Budget Advocacy
QUESTIONS?

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