



1107 Ninth Street, Suite 700
Sacramento, CA 95814
T. 916.442.0753 | F. 916.442.7966
www.wclp.org

Sacramento Office

Mike Herald
Director of Policy Advocacy
Jessica Bartholow
Policy Advocate
Jen Flory
Policy Advocate
Anyia Lawler
Policy Advocate
Linda Nguy
Policy Advocate
Mona Tawatao
Senior Litigator

Governor Brown's 2018-19 January Budget Proposal: Billions in Surpluses, But Few New Investments to End Poverty January 10, 2018

The Governor today released his 2018-19 budget blueprint. The budget projects continued robust revenue for 2018-19 and directs the revenue increases into the Rainy Day Fund, the budget reserve, and full funding for K-12 education. The budget notes that poverty continues to be a problem for many Californians and that the lack of affordable housing is a major cause for poverty. Unfortunately, the Governor's budget does little to either reduce the incidence of poverty or expand access to affordable housing. The budget does include some new ideas including a CalWORKs Home Visiting program, a pilot program to move traffic tickets to civil adjudication and funding to promote participation in the upcoming census. Below is a high level summary of the key issues in the budget.

Affordable Housing

- We applaud the Governor for providing significant additional resources to the Department of Housing and Community Development to implement the bills in the 2017 Housing Package. The success of the package will rest on robust implementation efforts at both the state and local levels. We will continue to monitor to ensure that these resources are sufficient for HCD to do the necessary work.
- We urge the Governor to consider a one-time allocation of general fund dollars to spur affordable housing construction, particularly the construction of critically needed permanent supportive housing units. While SB 2 and SB 3 will eventually bring in resources for affordable housing construction, this will take time and resources are needed now.
- Additionally, federal tax reform means a decrease in resources available in California to produce affordable housing. We urge the Governor to address this gap through an augmentation of the state low-income housing tax credit program.

Public Benefits

CalWORKs. The Budget provides \$26 million for a new CalWORKs Home Visiting program for pregnant or first time parents with children under 24 months old.

The Budget does not provide an increase in CalWORKs grants. Grants would remain at just 41 percent of the federal poverty level for a family of three. Research shows that brain development for children living in deep poverty lags behind children who have more resources and that the trauma caused by deep poverty has a host of long term negative outcomes.

The Budget continues to underfund the CalWORKs Single Allocation which provides funding for services, education, transportation and administrative funding. The reductions in funding prevent families from moving through their welfare to work programs which are capped at just 48 months.

“We are glad to see the Governor’s budget invest to protect the wellbeing and future opportunity of children born into poverty with the creation of a CalWORKs Home Visiting Program. These new services won’t maximize their impact, however, if these families are still left to live in deep poverty, below half of the federal poverty line. We are calling on the Legislature to support the Home Visiting Program proposal and to ensure that families can benefit from all of the services in the CalWORKs program while preventing the worst harm caused by childhood poverty by setting a floor for CalWORKs grants that would prevent any child in the program to fall into deep poverty.”

SSI/SSP. The budget provides no new state increases for the 1.3 million persons relying on SSI grants. The budget actually reduces state spending by \$34 million due to decreases in caseload projections. Cuts to state funding dating to 2011 have never been restored and the state’s multi billion surplus is due in part to the savings the state has enjoyed for the past 8 budgets. The cuts to SSI have been a major reason why California’s poverty rate has remained stubbornly high.

“Enough is enough. It is time to give persons living with disabilities and the elderly the money back that was taken from them. It is unconscionable that we are celebrating large budget surpluses partly derived from cuts to SSI grants while ignoring the ongoing harm done to so many Californians. WCLP calls on the Legislature to restore the Cost of Living Adjustment and reinstate the cuts made to the state SSP funding.

Healthcare Budget Proposals

The Governor’s budget proposal does continue the implementation the ACA, which has reduced the uninsurance rate in half in California, resulting in nearly 13.5 million people covered through Medi-Cal and 1.3 million people covered through Covered California. However, the Governor takes a “baseline” approach to the health budget, partly due to federal threats to repeal the ACA. Below are the most significant proposed adjustments to the health budget:

- **Savings of approximately \$150 million GF to reflect temporary federal funding for the Children’s Health Insurance Program (CHIP):** The Budget states that coverage for approximately 32,000 pregnant women and children is at risk if CHIP funding is not reauthorized beyond March 2018, because they do not qualify for federally funded full-scope Medi-Cal. Alternatively, this cost could be born out of the GF in the final budget if there is no federal action
- **Tobacco Tax (Proposition 56):** The Budget includes \$850.9 million for health care treatment expenditures. This includes \$649.9 million for supplemental provider payments and rate increases based on those approved in the 2017 budget package, \$169.4 million to support “new growth”, and \$31.6 million (\$64.5 million total) for a 50% rate increase and associated increases in utilization for home health providers that provide in-home services to children and adults.

“Despite billions of increased revenue, the Governor’s budget does not commit to finishing the job of the Affordable Care Act (ACA). No new state investments were made to increasing health coverage and affordability. Specifically the Medi-Cal Aged & Disabled (A&D) income eligibility threshold for full-scope Medi-Cal remains at 123% FPL, meaning adults 65 and older are subject to a lower income eligibility

threshold. In addition, no efforts were made to advance Health4All by covering adults who would be eligible for full-scope Medi-Cal but for their immigration status.”

Access to Courts

The Budget includes a proposal to create a five county pilot program to move adjudication of traffic tickets from the courts to an administrative hearing system. This proposal from the Judicial Council’s “Future’s Commission” would establish the pilots in San Francisco, Santa Clara, Shasta, Tulare, and Ventura. The remaining 48 counties would continue to adjudicate traffic tickets through county traffic courts.

The budget maintains the 2017-18 funding level for the Equal Access Funding, provides \$19 million in additional funding for Self Help Centers and provides \$4 million in funding for language access.

“WCLP applauds the Governor’s continuing commitment to addressing the crisis in the state’s traffic court system. Low income Californians are still being caught in a cycle of debt and can be subject to criminal penalties due to a minor traffic infraction. We look forward to working with the Administration and the Judicial Council to insure that due process protections are provided and that ability to pay requirements are adopted to reduce the amount that low income people must pay.”

For more on the issues related to moving to administrative adjudication of traffic infractions see this [link](#).

Census Funding

The budget includes \$40.3 million for statewide outreach and other activities related to the 2020 Census count.

“We commend Governor Brown on his proposal to invest in outreach planning for the 2020 Census. Census data is used to determine representation in Congress and to establish federal funding formulas for vital programs and services, including Medicare, Medi-Cal, affordable housing, infrastructure, and programs for children.”

For more information contact:

Human Services and Access to Justice: Mike Herald mherald@wclp.org

Health: Linda Nguy Lnguy@wclp.org

Housing: Anya Lawler alawler@wclp.org