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Progress for California: Western Center's Statement on 2019-20 Budget

Governor Newsom's first budget adopts many Western Center proposals, and moves the needle on poverty, inequality, and addressing homelessness

The budget signed by Governor Newsom today for FY 2019-20 includes important anti-poverty measures that Western Center has pushed for years. Most notably, the budget *more than doubles* the California Earned Income Tax Credit (CalEITC), ends the “senior penalty” for accessing Medi-Cal, and expands Medi-Cal to undocumented young adults. It also provides a major boost to CalWORKs grants, and includes a significant investment in affordable housing and homelessness programs.

Unfortunately, the budget does not include funding to restore massive Supplemental Security Income (SSI) grant cuts from a decade ago, or to expand Medi-Cal to undocumented seniors. Additionally, CalWORKs grants still keep most CalWORKs families in deep poverty, and while the governor's closing of tax loopholes to boost low wage workers' income through the EITC was creative and bold, it continues to exclude ITIN tax filers.

There is much more work to do, but the Governor's first budget demonstrates both empathy for those with the least, and imagination in finding ways to address their needs.

Earned Income Tax Credit (EITC): The Earned Income Tax Credit increase will boost the value of the credit so it covers \$15 an hour minimum wage workers in 2022, provide a \$1,000 annual Child Tax credit to all families with children under age 6, and make the credit available monthly.

CalWORKs: The budget includes a second major increase to CalWORKs grants for 2019. The final budget increases grants to 50 percent of the federal poverty level (FPL) for one person households, and up to 48 percent of FPL for all other household sizes.

The budget repeals the CalWORKs asset test for all families unless they have more than \$10,000 in assets, which will allow more families to become eligible for assistance and reduce wasteful administrative work by county workers. The budget also includes a long overdue increase in the earned income disregard from \$225 a month to \$500 a month. This means CalWORKs families will get to keep more of what they earn from work, reducing poverty and allowing families to retain CalWORKs services longer.

The budget includes an increase to \$78.9 million in the 2019-20 budget to expand the number of CalWORKs families receiving new home visiting services. Trailer bill language commits the state to making the program permanent, eliminating the priority for first time parents, and making it available



to all families with children under age 2. The budget also removes barriers to hotel vouchers for homeless families with children.

Additionally, the budget includes \$30 million for college campus hunger and homelessness relief; Western Center led advocacy efforts for both.

Medi-Cal: The budget makes significant investments in health care by ending the “senior penalty,” expanding full-scope Medi-Cal to all income-eligible young adults up to age 26 regardless of immigration status, restoring critical Medi-Cal benefits, and providing additional subsidies for low-income Californians. These are promising investments that we will continue to build upon.

By ending the “senior penalty” and raising the Medi-Cal Aged & Disabled (A&D) income limit, seniors and persons with disabilities will no longer be subject to unfair income limits.

Covered California: The budget provides additional subsidies to make Covered California more affordable to more people. For those below 138% of FPL, the premiums will be \$0. Small additional assistance is available for households between 200%-400% FPL; and new subsidies are available for middle income households between 400-600% FPL.

Homeless Emergency Aid: The budget includes \$650 million in one-time funds to address homelessness, with \$275 million going to the state’s 13 largest cities, \$190 million going to continuums of care, and \$175 million split among all 58 counties. Funds must be spent on evidence-based solutions to address and prevent homelessness, including rental assistance, rapid rehousing, operating subsidies to ensure the affordability of housing to extremely low-income populations, navigation centers and shelters based on demonstrated need, and hotel and motel conversions.

Affordable Housing: The budget includes \$1.5 billion in funding for three different affordable housing funding programs, including \$500 million for the state Low-Income Housing Tax Credit program, \$500 million for the Infill Infrastructure Grant (IIG) program, and \$500 million for CalHFA’s Mixed-Income Loan program. There is an additional \$250 million devoted to planning to assist local governments and regions in updating planning and zoning documents to support additional housing development, particularly multifamily housing.

The budget also includes new investments for eviction defense, immigrant rights, garment workers, and community justice projects.

For Western Center’s full analysis of the budget, [click here](#). 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

CalFresh: Jessica Bartholow jbartholow@wclp.org