



Western Center's Overview of the Final 2022-2023 California State Budget

The governor and legislature have reached an agreement on the [2022-23 state budget](#), which includes a historic \$100 billion budget surplus. Amid substantial inflation and continued economic fallout from the pandemic, the reason for the massive surplus must be named. California has 189 billionaires and counting, and substantially more extremely high-income households that do not have the same economic burdens as the [1 in 3 Californians](#) living near or below the poverty line. Only fundamental reforms, including for seemingly untouchable issues like [discriminatory tax laws](#), can address the significant disparities in our state. One-time investments targeting people with low incomes during flush budget years are good, but ongoing, dedicated investments are the only way to make the state better.

Despite concerns that surplus revenue would make it difficult to fund General Fund programs, the budget deal includes substantial General Fund investments. The budget also provides tax rebates to millions of Californians, with the majority going to Californians with incomes below \$75,000. Even with that spending and many other investments, the state will have a \$37 billion reserve.

ACCESS TO JUSTICE/ FINES & FEES

Civil Assessments – The budget substantially reforms court practices that result in tens of millions of dollars in penalties imposed on people who fail to pay traffic and criminal court fines on time or who fail to appear in court. The current [\\$300 civil assessment](#) is being reduced to \$100. The budget agreement also discharges civil assessment debt that accrued prior to the change in law. This means tens of thousands of people will no longer have to make payments on that debt or be harassed by bill collectors. The budget also shifts all future civil assessment revenue to the state General Fund rather than to the courts. The past practice led to lawsuits alleging that judges are incentivized to impose the maximum assessment to increase court revenue. The civil assessment language will be subject to completion in August via budget trailer bill.

Tax Intercepts – The budget includes a change to the longstanding practice by the state of intercepting Earned Income Tax Credits (EITC) and Young Child Tax Credits (YCTC) for unpaid debts. Going forward, the state's Franchise Tax Board will no longer intercept such payments except in cases of child support or restitution.

FINANCIAL SECURITY/ FOOD ACCESS

CalWORKs – The CalWORKs budget provides a 21 percent increase in CalWORKs grants, the largest since the program began in 1998. It eliminates deep poverty for CalWORKs households



of families of four or more. Deep poverty includes households with incomes below 50 percent of the Federal Poverty Level by family size. For smaller families that get tax rebates, their income will also be above the deep poverty threshold. The increase will begin on October 1, 2022 for the next two budgets, but must be renewed in 2024 when an additional grant increase will also be under consideration. Below is an estimated chart of the grants starting in October.

Family Size	Current Grant	21 % Grant Increase	Percent of FPL	AU +1 (50% FPL)
1	579	707	62.4	762
2	733	895	58.6	959
3	925	1,129	58.8	1156
4	1116	1362	58.8	1352
5	1308	1598	59.0	1549
6	1499	1831	59.0	1716
7	1691	2065	60.1	1942
8	1883	2301	59.2	2139
9	2075	2535	59.2	2336
10	2276	2780	59.5	2532

Child Support Pass Through – The budget includes a major change in child support policy by allowing families that receive a child support payment to receive all of it and not have it re-directed to the state and federal government to reimburse the cost for public benefits. This will begin in 2025. Currently, a CalWORKs family only gets child support for the first \$100 for one child and \$200 for two or more children. The governor proposed to pass through all child support to former CalWORKs households in the January budget proposal, and the legislature succeeded in expanding that into a full pass through of all child support, making California the second state in the country to do so. It is estimated that this will result in \$430 million in payments going directly to families.

Food for All – The budget includes an additional \$35.2 million, increasing the total to \$113.4 million to expand the California Food Assistance Program (CFAP) to all Californians 55 years of age or older, regardless of immigration status. California will become the first state to provide food assistance to ensure all residents 55+ can access food. We will continue to work with our partners, the governor, and the legislature in future budgets to ensure all Californians have access to food.

SSI/SSP – The budget includes another increase for the state SSP grant of approximately \$37/month. This will begin in January 2023. When combined with the anticipated 8.6 percent increase in the federal grant, the total grant comes to approximately \$1,149, an increase of \$107/month. While this grant increase is substantial, the grant is still below the federal poverty level for one person at approximately 98 percent.



Tax Rebates – The budget provides \$9.5 billion in tax rebates. For families with incomes below \$75,000 and who file taxes, a single person will get \$350, a two-person household will get \$700, and households of three or more will receive \$1,050. People using ITIN tax filer status will be eligible but people receiving SSI will not be eligible. Unlike the proposal by the governor to distribute tax rebates to registered car owners via the DMV, the agreement instead utilizes the Franchise Tax Board to distribute payments. Currently, it is projected payments should arrive by October. These funds will benefit families on CalWORKs, CalFresh, and Medi-Cal if they filed tax returns.

Universal School Meals – Building upon the state's historic investment in providing school meals for all students in California, this year's budget provides 700 million in additional dollars to support school meals for all, with a focus on best practices and kitchen infrastructure. This funding will contribute to California students getting access to healthier options for school meals.

HEALTH CARE

Medi-Cal Expansion – The budget agreement includes notable health care investments including expansion of Medi-Cal to all adults regardless of immigration status (Health4All), with an implementation date 'no later' than January 1, 2024. It's estimated that the expansion will result in roughly 700,000+ people becoming newly eligible for full-scope Medi-Cal at ongoing cost of \$2.3 billion.

Medi-Cal Reform – The budget also reforms Medi-Cal share-of-cost so elders and people with disabilities can afford necessary Medi-Cal services and provides continuous Medi-Cal coverage for children up to age five. Both reforms have a delayed implementation date of January 1, 2025 and are subject to a budget appropriation at that time. The budget also zeroes out Medi-Cal premiums, expands Medi-Cal coverage of custom crowns for back teeth, and increases the Medi-Cal doula reimbursement.

Additionally, the budget provides navigator funding, Covered CA state premium subsidy funding, and establishes the Office of Health Care Affordability. More details of this budget's health care investments can be found at [Western Center's updated 2022 Health Budget Scorecard](#).

HOUSING

As California faces dwindling affordable housing stock, skyrocketing rent increases, and as thousands of Californians [wait for promised rent relief](#) via the Emergency Rental Assistance Program (ERAP), state leaders mostly funded existing programs in this budget and failed to make housing investments at the scale needed to tackle the housing crisis.



Eviction Prevention – Billions of dollars in emergency rental assistance have been requested, but the legislature capped assistance previously promised in SB 115 at \$1.95 billion, while increasing application denials [for unclear reasons](#). As such, this budget provides \$30 million in increased funding for legal aid eviction defense to represent the thousands of tenants who will likely face eviction due to the state’s inability to properly manage ERAP.

Homelessness – This budget will result in more displacement of people experiencing homelessness with increased funding for encampment sweeps: \$300 million for 2022-2023 and \$400 million for 2023-24. There are no meaningful investments in permanent housing for our unhoused neighbors. This budget also does not include investments for AB 1816 (Bryan) to go toward workforce development and permanent supportive housing for people who were recently incarcerated and experiencing or at risk of homelessness; rather, this budget funds temporary programs that often contribute to a revolving door of recidivism. However, this budget does finally invest in a program created nearly eight years ago for veterans and their families experiencing homelessness by allocating \$50 million to Proposition 41 (2014).

Affordable Housing – This budget makes a \$2 billion multiyear investment in affordable housing. The budget allocates \$150 million over two years to preserve California’s existing highly prized and disappearing affordable housing stock. Since many Californians rely on mobile and manufactured homes for affordable housing, the budget invests \$100 million over two years for mobile and manufactured homes. In an attempt to add to California’s affordable housing stock, the budget allocates \$250 million for the Housing Accelerator Program to build affordable housing where builders can’t access tax credits, as well as \$325 million over two years for the Multifamily Housing Program, two critical programs that deserve a larger investment. The budget allocates \$425 million over two years for the Infill infrastructure grant program for capital improvement projects and \$410 million over two years for Adaptive Reuse to convert buildings into housing, including a \$10 million appropriation of existing funding. There is also an additional investment of \$50 million for ADU financing on existing lots. While greatly needed, this funding should come with more requirements for the creation of affordable units for households with low and extremely low incomes.

Homeownership – Since homeownership is nearly impossible for many first-time homebuyers in California, particularly for non-white people whose generational wealth was stripped due to intentionally racist housing policies, this budget makes a commitment to assist first-time homebuyers by establishing the California Dream for All program, providing \$500 million to assist first-time homebuyers with lower down payments, more than 1/3 reduction in monthly mortgage payments, and \$350 million over two years for the CalHome program.

Housing for Farmworkers – This budget invests in farmworkers, whose hard labor keeps many of us fed, by appropriating \$50 million for the Joe Serna Jr. Farmworker Housing Program. The



program is intended to construct and rehabilitate housing for farm workers who often live in hazardous and uninhabitable housing conditions.

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