



California Budget
& Policy Center

California Budget Perspective 2018-19

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CHILDREN'S ADVOCATES ROUNDTABLE

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calbudgetcenter.org

Putting the Governor's Proposed 2018-19 State Budget in Context

- **Economic hardship remains high** in most parts of the state.
- Key public services and supports **continue to operate at diminished levels** due to state cuts during the recession.
- The **impact of the federal tax bill** signed by President Trump in December 2017 remains uncertain.
- It's also uncertain whether Congress will support the **deep federal spending cuts** proposed by the President.
- State revenues are **higher than previously forecast**, and the Governor places a heavy emphasis on **building up reserves**.

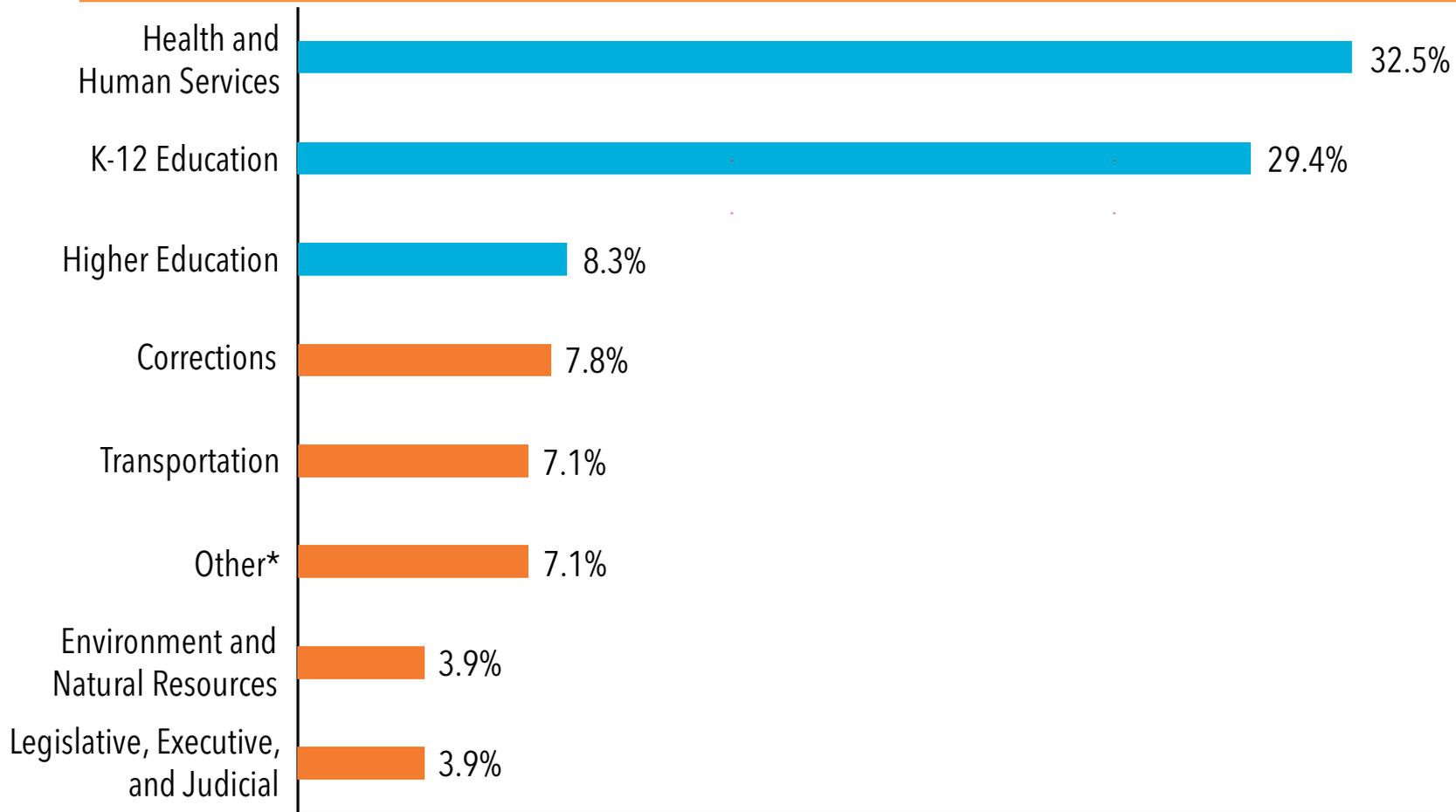


Most *state* dollars spent through the California budget (70%) support health and human services or education.



More Than 7 in 10 State Dollars Support Health and Human Services or Education

Proposed 2018-19 General Fund and Special Fund Expenditures = \$187.8 Billion



*Includes Business, Consumer Services, and Housing; Labor and Workforce Development; Government Operations; and General Government.

Source: Department of Finance

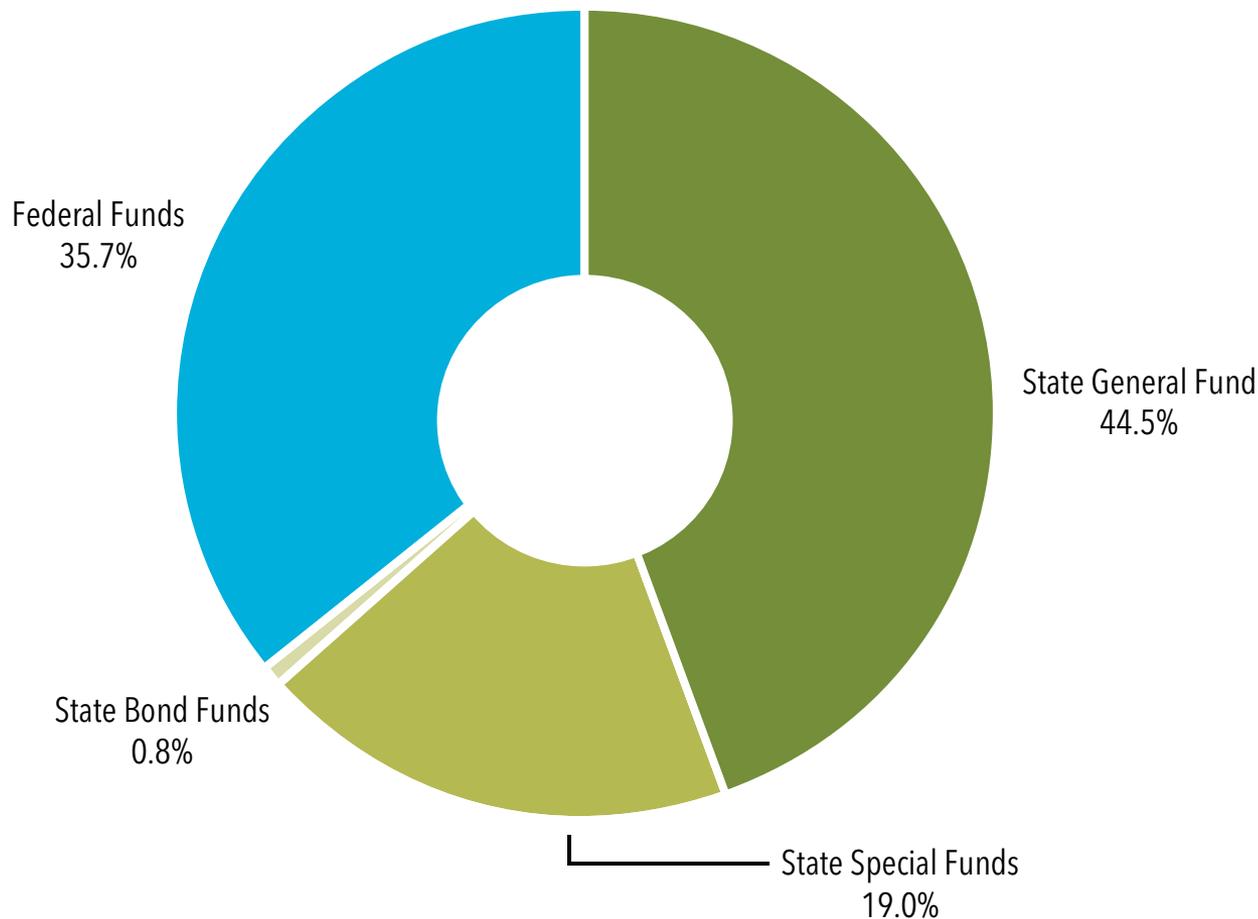


California is projected to spend over \$100 billion in *federal* funds through the state budget in 2018-19.



Federal Funds Account for More Than One-Third of California's State Budget

Total Proposed 2018-19 Expenditures = \$296.2 Billion

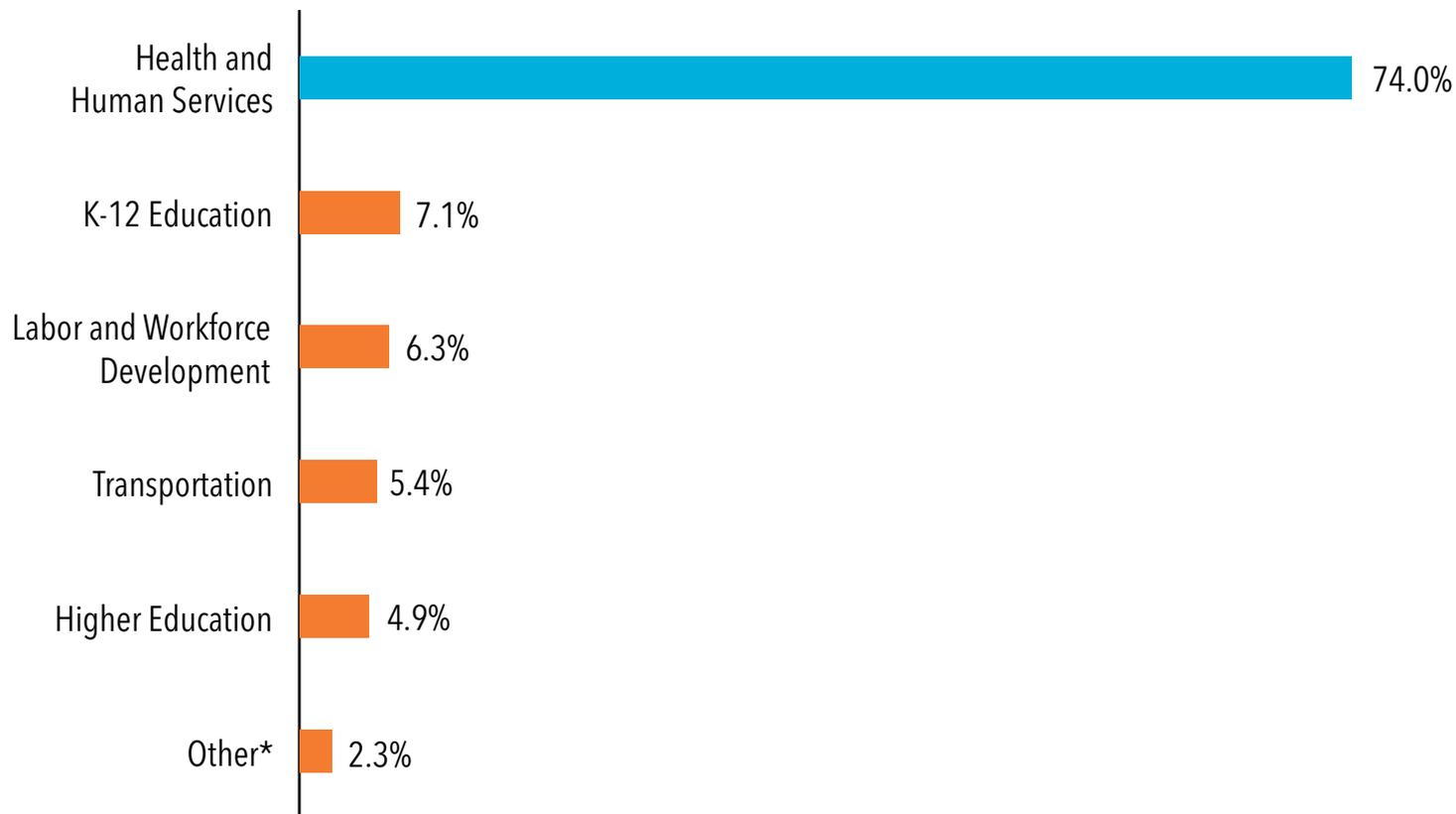


Source: Department of Finance



More Than 7 in 10 Federal Dollars Spent Through the State Budget Support Health and Human Services

Federal Funds Estimated to Be Spent Through the State Budget in 2018-19 = \$105.9 Billion



* Includes Environmental Protection; Legislative, Judicial, and Executive; Corrections and Rehabilitation; and other state budget categories that account for relatively small shares of federal funds.

Source: Department of Finance

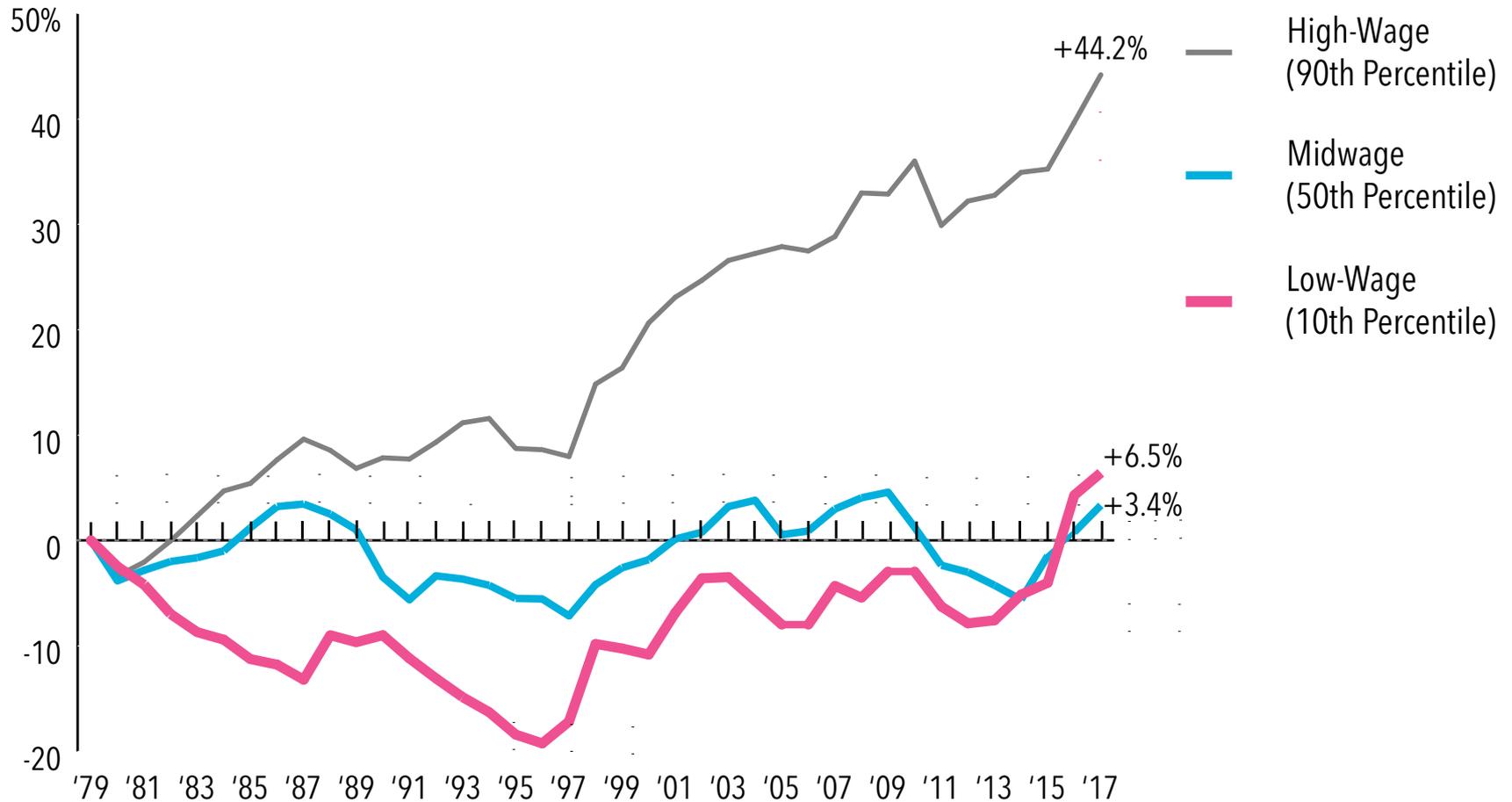


For most Californians, wages have not been keeping up with the state's rising cost of living.



California's Low- and Midwage Workers Have Seen Only Modest Gains Since 1979

Percent Change in Inflation-Adjusted Hourly Wages for Workers Ages 18-64



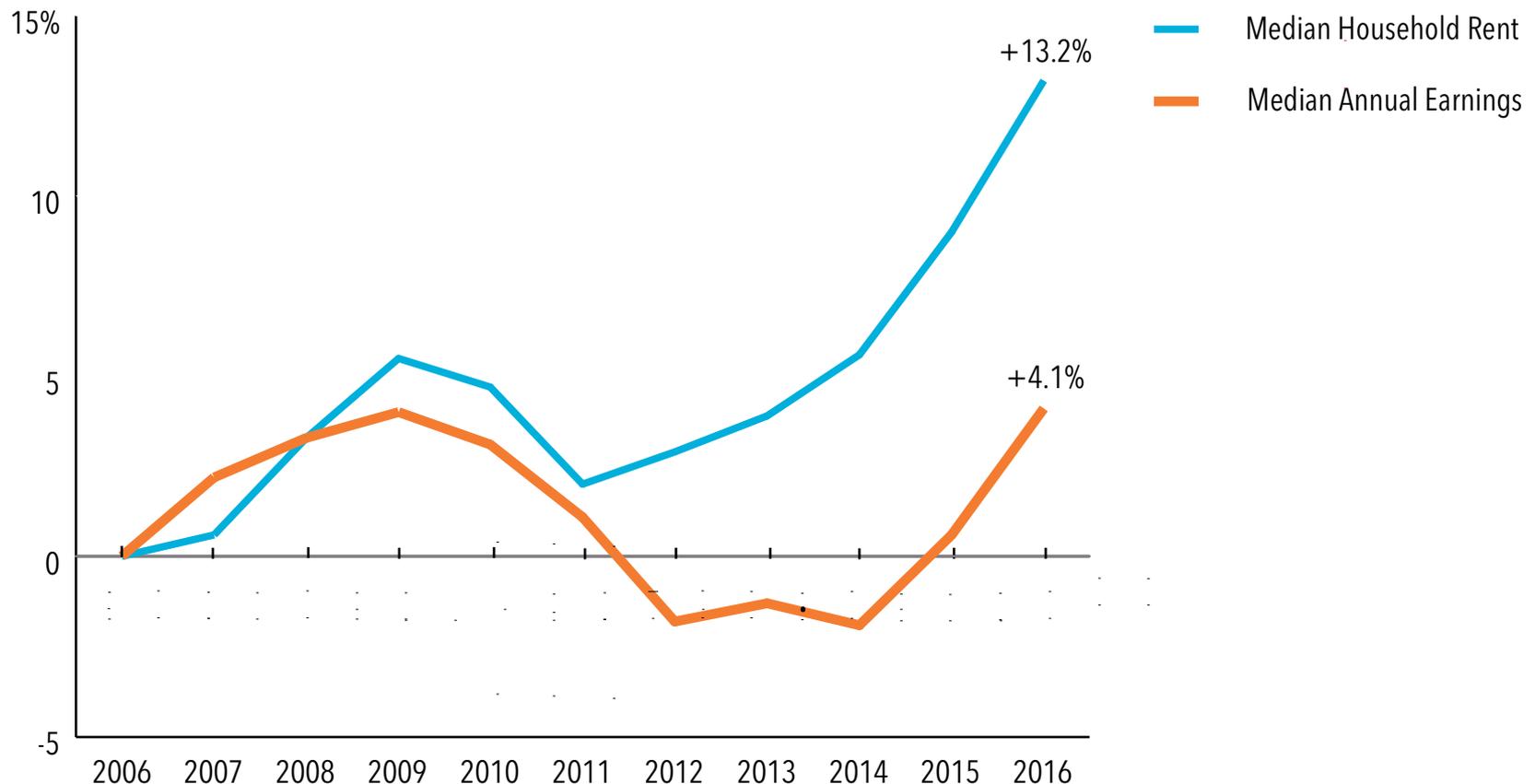
Note: Figures reflect 2017 dollars.

Source: Economic Policy Institute analysis of US Census Bureau, Current Population Survey data



Workers' Earnings Have Not Kept Pace With Rents in California

Percent Change in Inflation-Adjusted Median Rent and Median Annual Earnings Since 2006



Note: Median annual earnings for individuals working at least 35 hours per week and 50 weeks per year. Excludes workers with \$0 or negative total earnings.

Source: Budget Center analysis of US Census Bureau, American Community Survey data

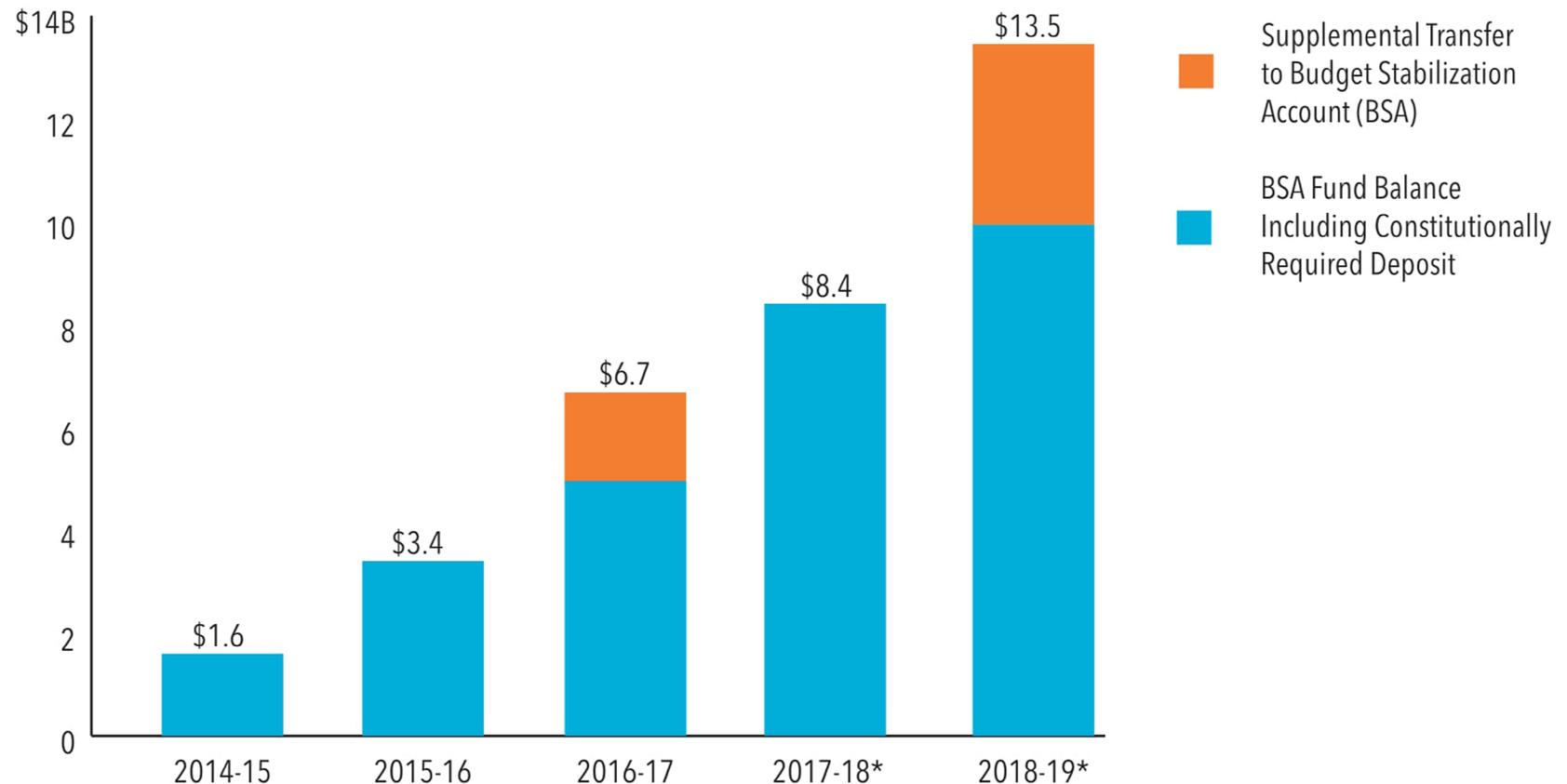


The Governor proposes to deposit \$3.5 billion *more than required* into the state's rainy day fund, bringing the fund balance to \$13.5 billion.



Budget Proposal Calls for Bringing the Rainy Day Fund to Its Maximum Level

Governor Proposes an Extra \$3.5 Billion Beyond What Proposition 2 Requires in 2018-19



* 2017-18 estimated and 2018-19 projected.
Source: Department of Finance

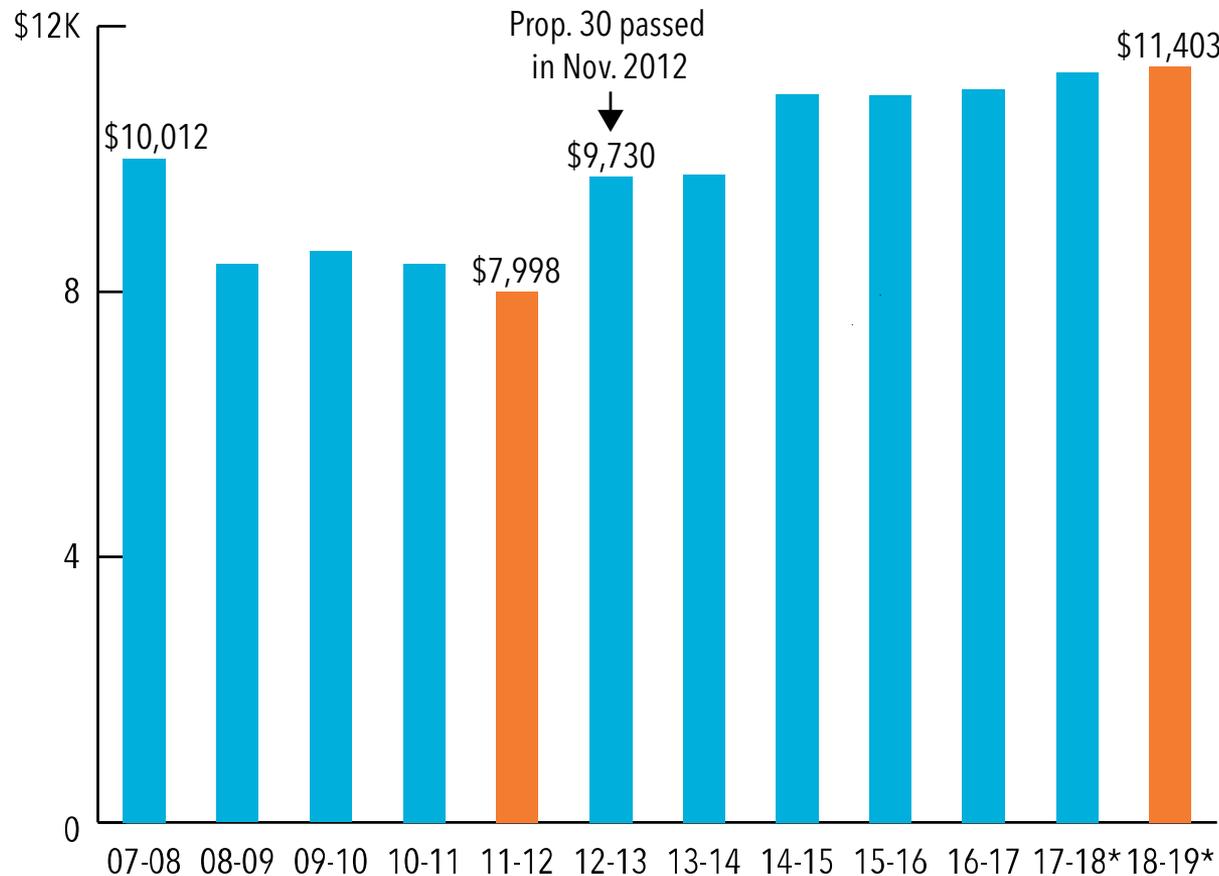


The Governor's proposed budget continues the recent trend of reinvesting in K-12 and higher education.



Due to Higher Revenues, 2018-19 Spending Per Student Would Be More Than \$3,400 Above 2011-12

K-12 Proposition 98 Spending Per Pupil, Inflation-Adjusted



* 2017-18 estimated and 2018-19 proposed.

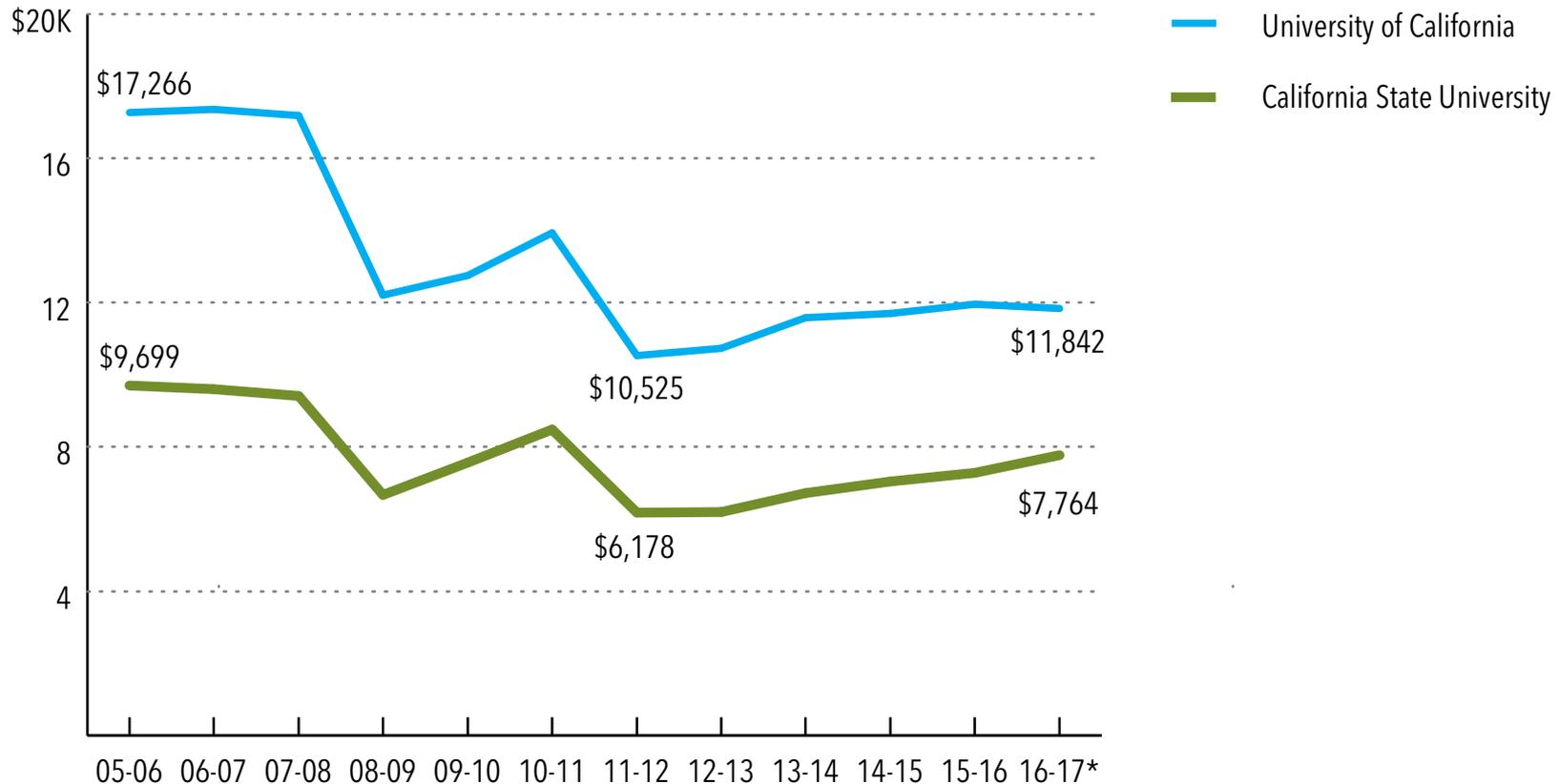
Note: Figures reflect 2018-19 dollars and exclude spending for adult education, preschool, and child care. Prop. 98 spending reflects both state General Fund and local property tax dollars.

Source: Legislative Analyst's Office



State Spending Per Student at CSU and UC Remains Well Below Pre-Recession Levels, Despite Recent Increases

Direct General Fund Expenditures Per Full-Time Student, Inflation-Adjusted



* Estimated.

Note: Figures are in 2016-17 dollars and reflect "full-time equivalent" enrollment, which accounts for credits taken by each student relative to a full-time course load. Data exclude indirect state funding for CSU and UC attributable to Cal Grant tuition and fee payments.

Source: Department of Finance, California State University, and University of California

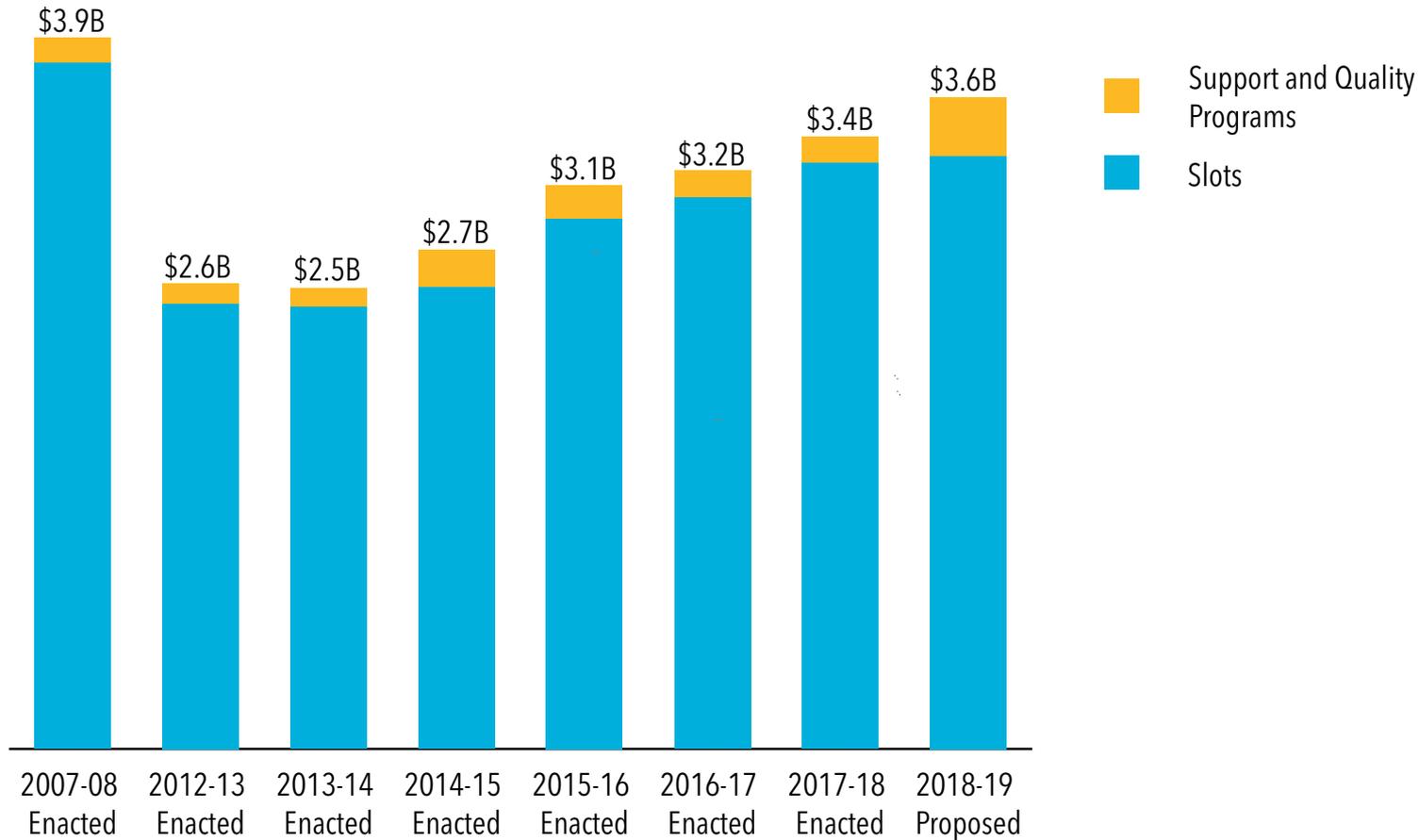


The Governor proposes modest increases for child care and preschool, but total state funding would remain below the pre-recession level.



Annual Funding for Child Care and Preschool Remains Well Below the Pre-Recession Level

Total Funding for Subsidized Child Care and Preschool in California (Billions), Inflation-Adjusted



Note: Figures are in 2018-19 dollars and include federal and state funds for slots as well as for quality and support programs. Child care includes CalWORKs and non-CalWORKs programs. Preschool excludes Transitional Kindergarten.

Source: California Department of Education and Department of Finance



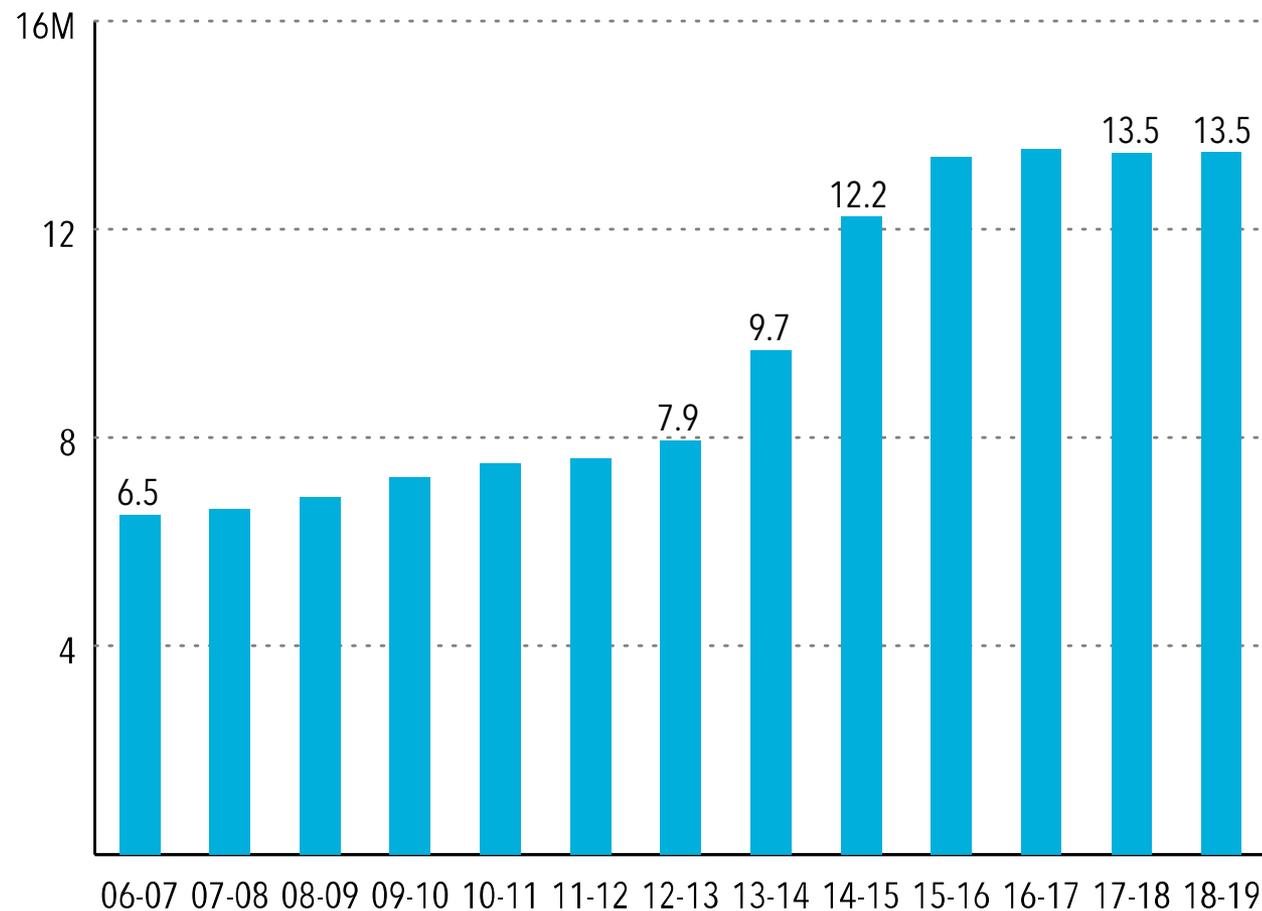
Governor acknowledges uncertainty over future of Affordable Care Act (ACA), but assumes current policies remain.

Proposed budget includes total Medi-Cal spending of \$101.5 billion, with roughly two-thirds being federal dollars.



Medi-Cal Enrollment Exceeds 13 Million, More Than Twice the 2006-07 Level

Enrollment Gains Have Been Due to Full Implementation of Health Care Reform

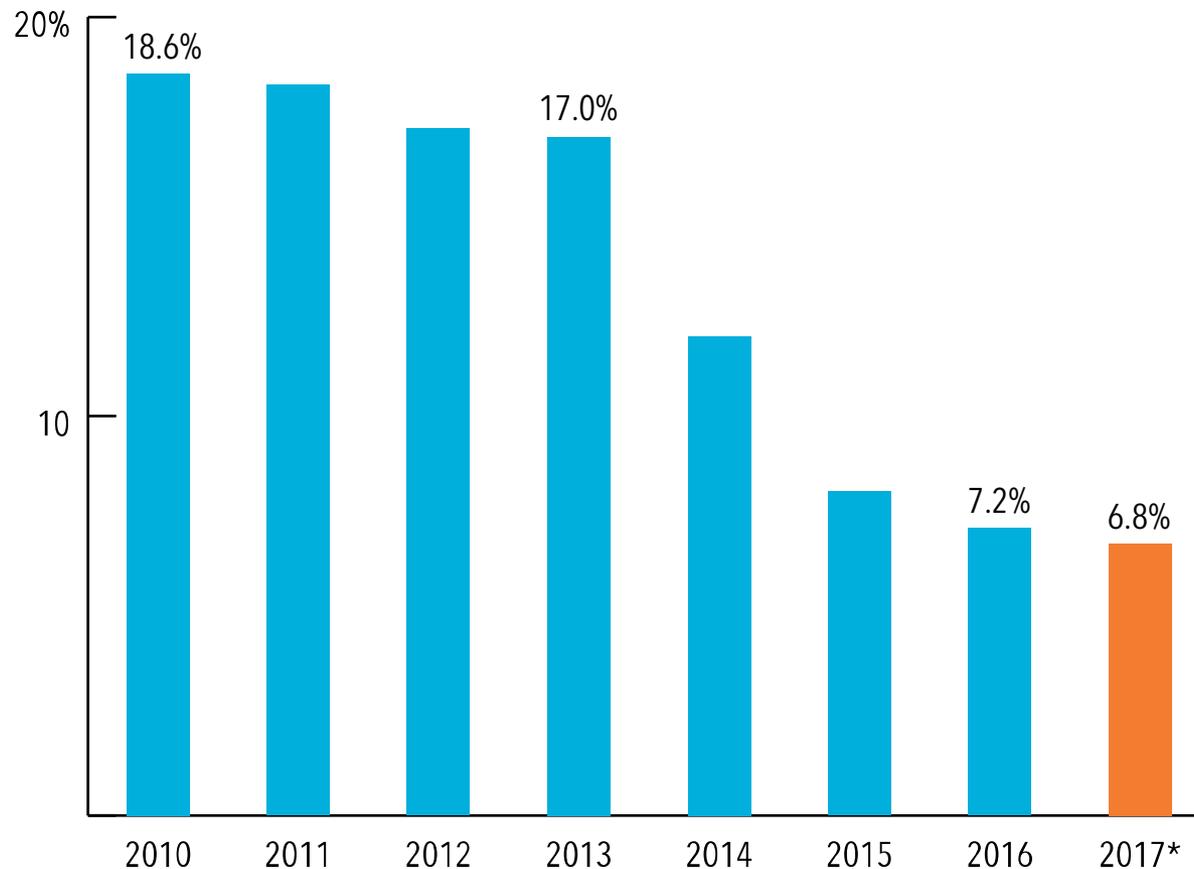


Note: Data for 2012-13 through 2017-18 are state estimates and 2018-19 is projected. Figures reflect average monthly enrollment.
Source: Department of Health Care Services



The Share of Californians Without Health Care Coverage Continued to Decline Into 2017

California Fully Implemented Federal Health Care Reform in January 2014



* January to June.

Note: Estimates are based on survey respondents' health care coverage status at the time of the interview.

Source: National Center for Health Statistics, National Health Interview Survey

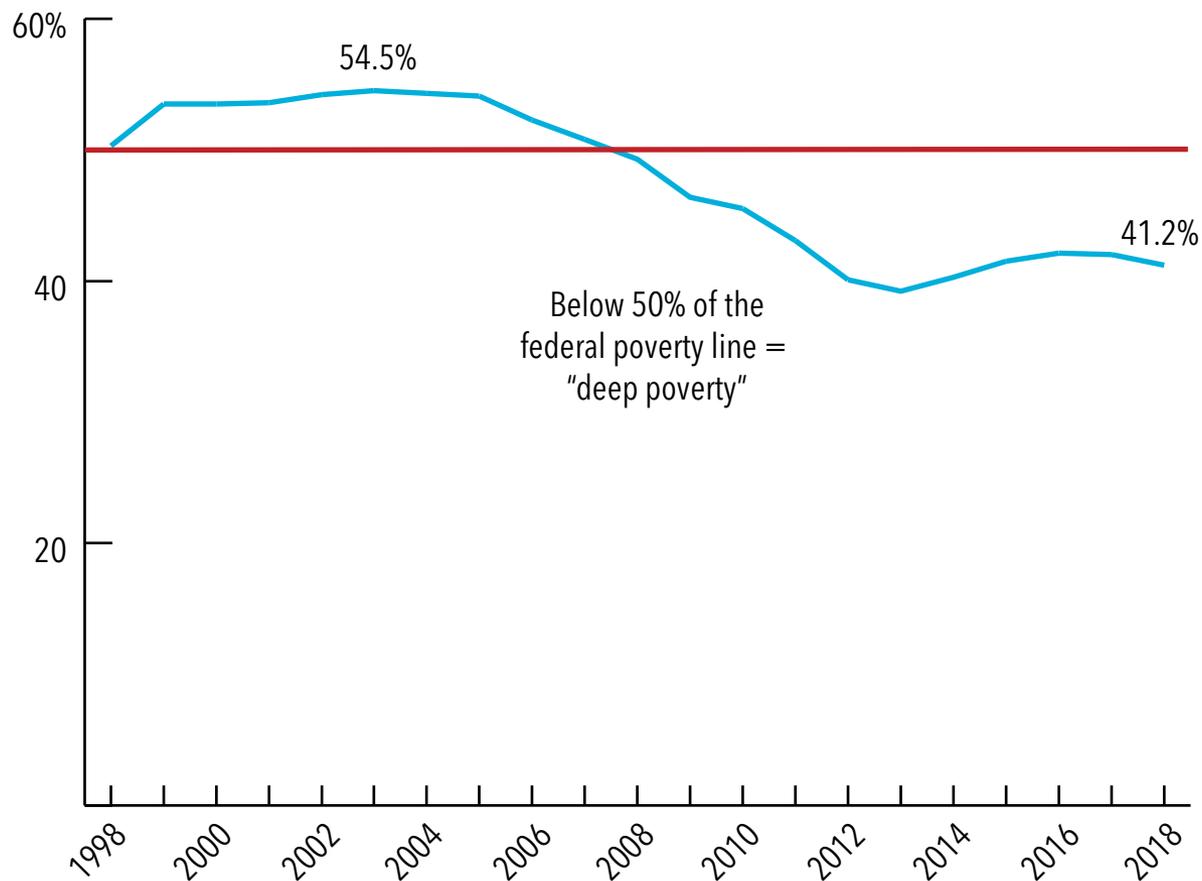


The Governor's proposed budget does *not* increase CalWORKs or SSI/SSP cash assistance levels.



Without an Increase in 2018-19, CalWORKs Grants Will Be Below the Deep-Poverty Line for the Eleventh Straight Year

Annualized Maximum Grant for a Family of Three as a Percentage of the Federal Poverty Line

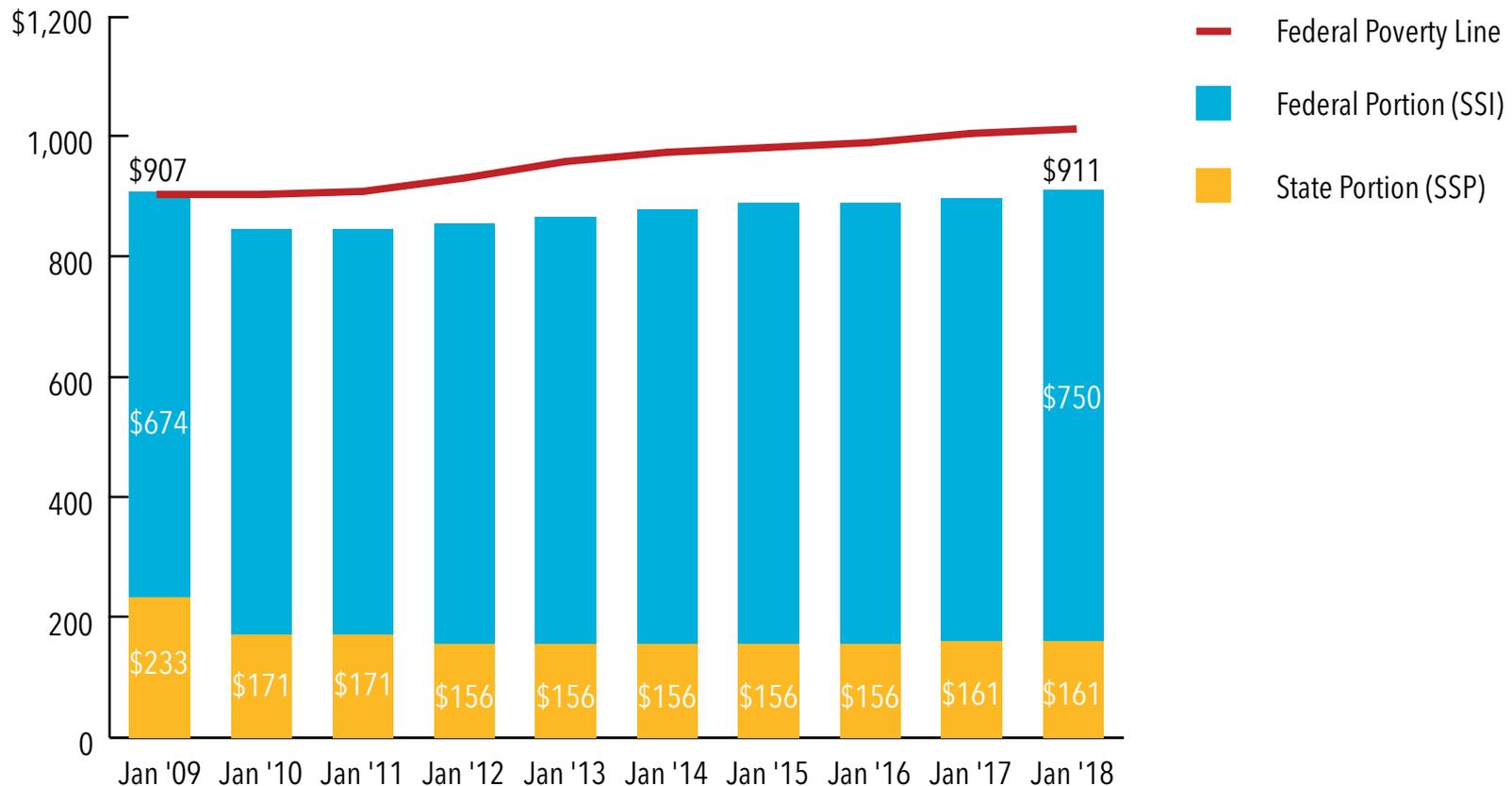


Note: Grants are for high-cost counties. The proposed 2018-19 budget does not increase grant levels.
Source: Budget Center analysis of Department of Social Services, US Department of Health and Human Services, and US Social Security Administration data



Due to State Cuts, SSI/SSP Grants Are Only \$4 Per Month Higher Than in 2009 and Remain Below the Poverty Line

Maximum Monthly Grant for Individuals Age 65 or Older or Who Have a Disability



Note: The federal cost-of-living adjustment (COLA) for the SSI portion of the grant is projected to be 2.6% (\$20 per month) effective January 1, 2019. The Governor's proposed 2018-19 budget does not include a state COLA for the SSP portion of the grant in 2019.

Source: Department of Social Services and US Department of Health and Human Services

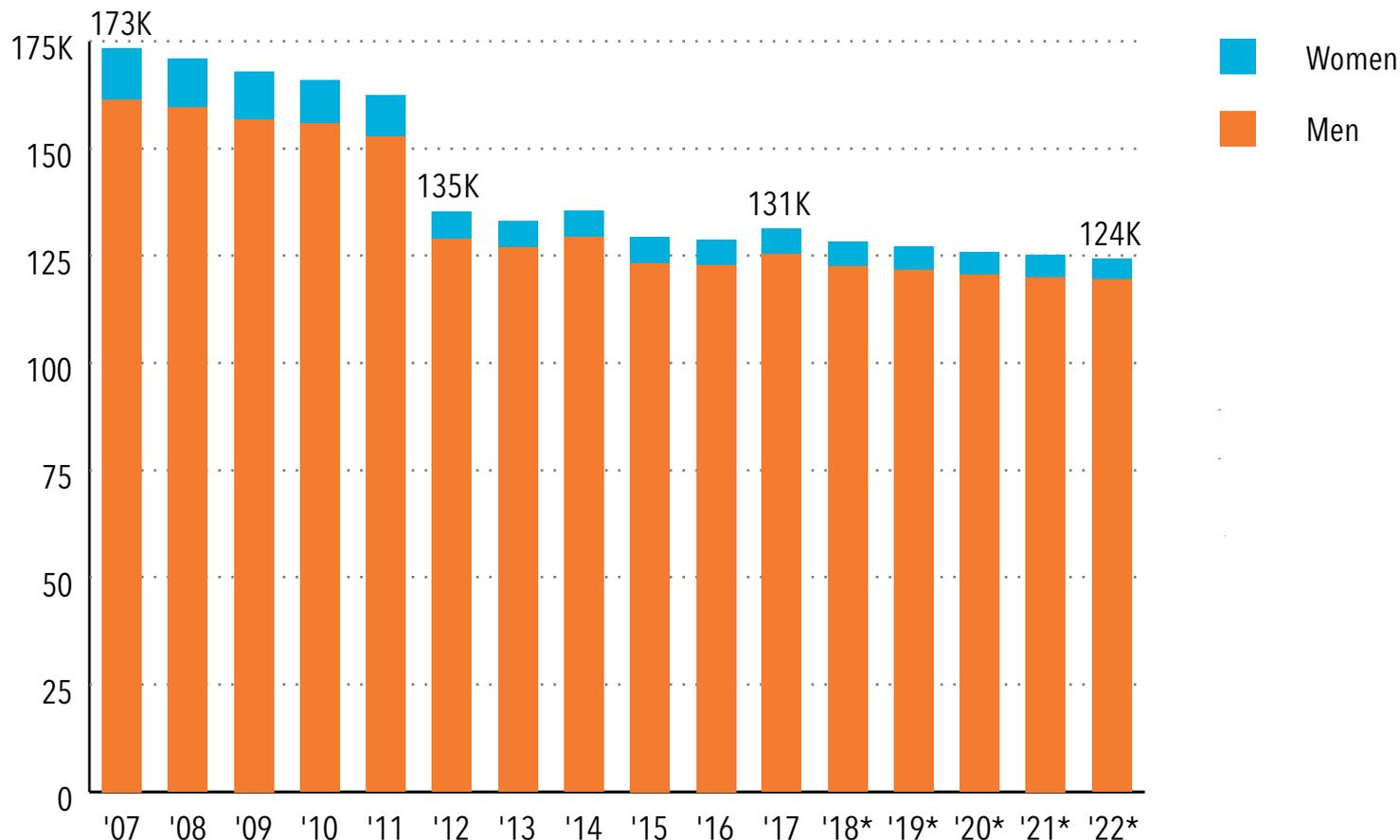


Even with recent criminal justice reforms, state spending on corrections remains high.



The Number of Adults Incarcerated at the State Level Is Projected to Decline by Just 5% From 2017 to 2022

As of June 30 of Each Year



* Projected.

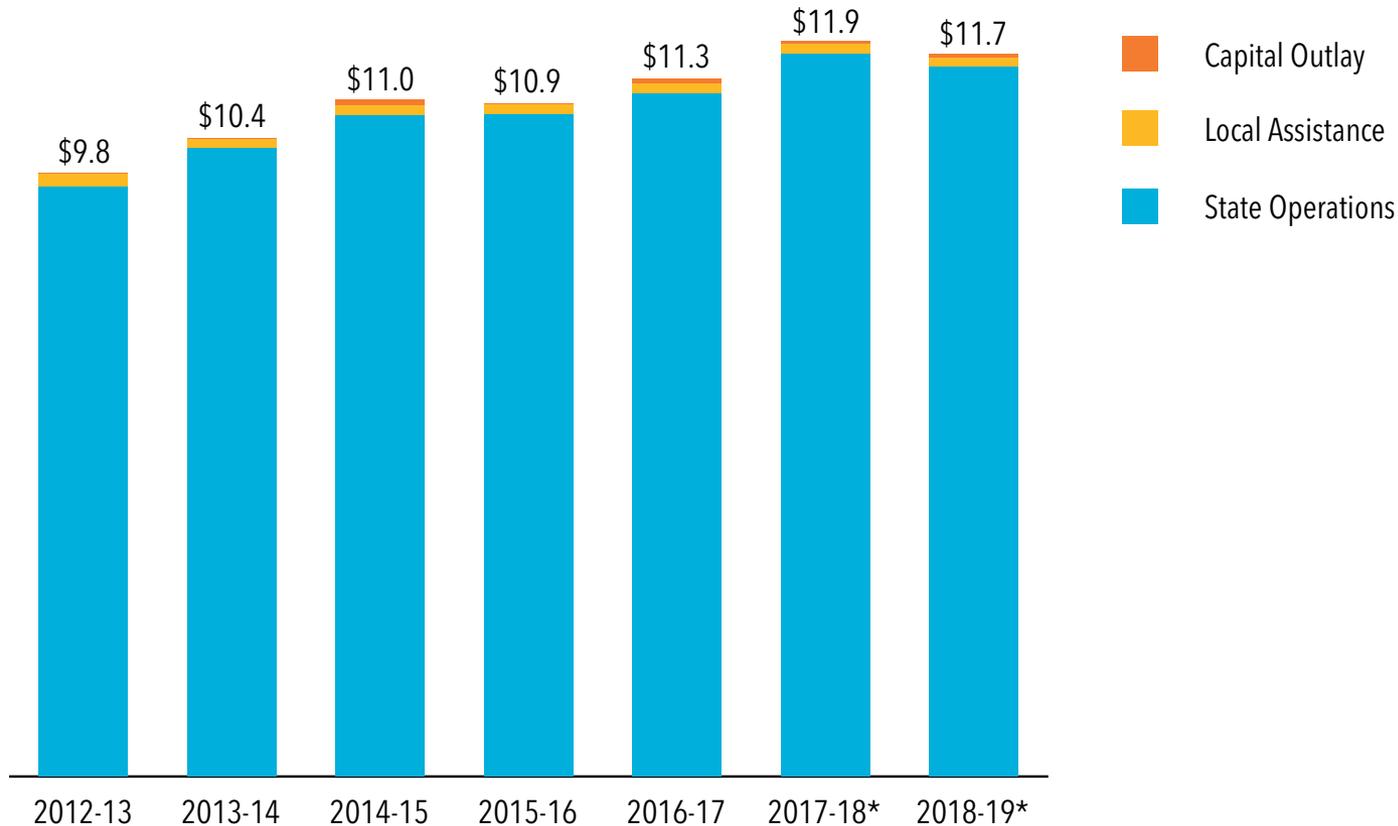
Note: Data reflect individuals housed in a range of facilities, including (but not limited to) prisons operated by the State of California and out-of-state correctional facilities.

Source: California Department of Corrections and Rehabilitation



State Support for the Department of Corrections and Rehabilitation (CDCR) Is Up Substantially From 2012-13

Inflation-Adjusted General Fund Dollars in Billions



* 2017-18 estimated and 2018-19 proposed.

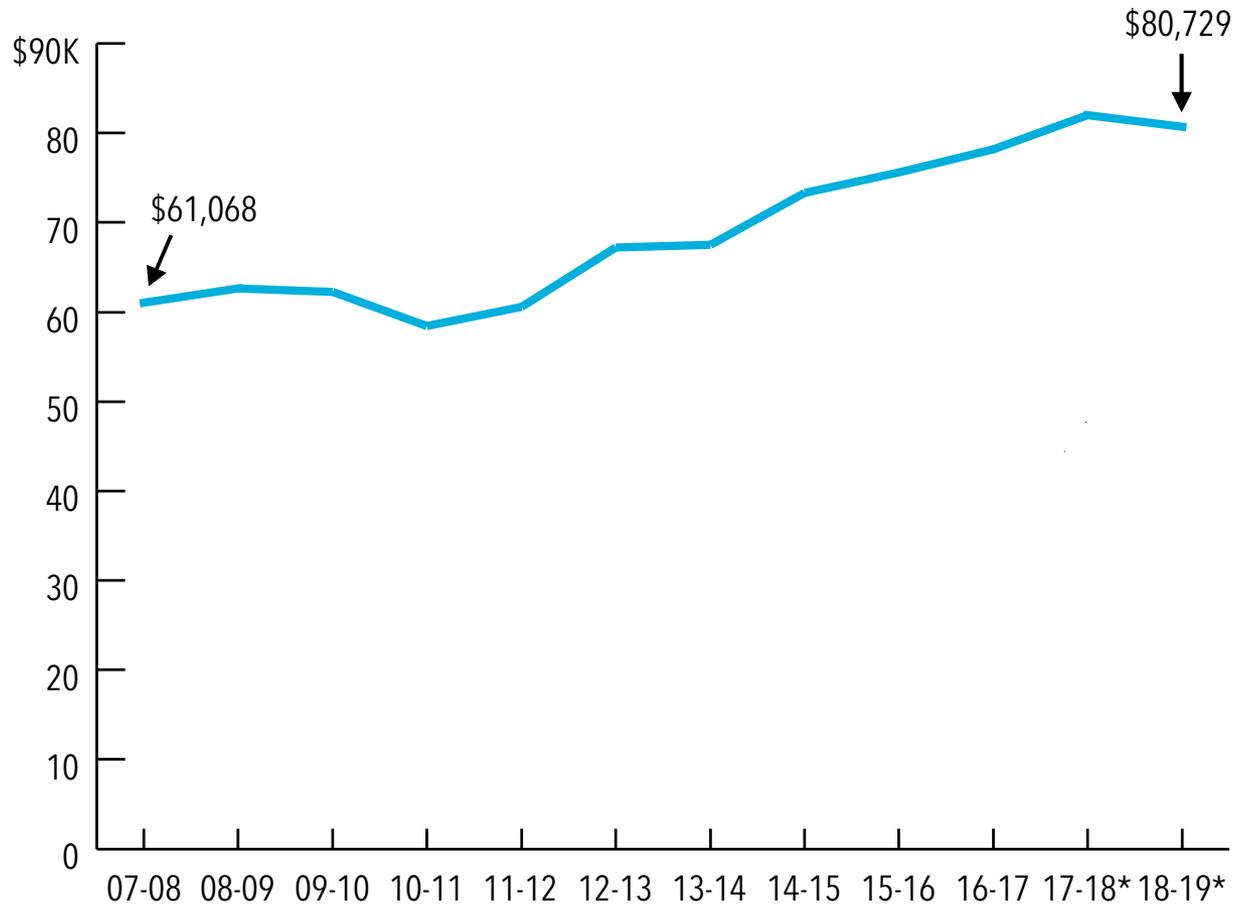
Note: Effective July 1, 2017, the CDCR assumed responsibility for operating 24-hour inpatient psychiatric care in three prisons. This change increased CDCR spending by roughly \$270 million beginning with the 2017-18 fiscal year. Figures reflect 2018-19 dollars.

Source: Department of Finance



Spending Per Incarcerated Adult Is Up by Nearly One-Third Since 2007-08

Per Capita Cost for Adults Housed in State Prisons and Fire Camps, Inflation-Adjusted



* 2017-18 estimated and 2018-19 proposed.

Note: Figures reflect 2018-19 dollars.

Source: Department of Finance



Key Issues to Watch

Federal actions

Legislature's response

Revenue forecast



Hear about these issues and many more
at our annual policy conference:



Details: bit.ly/PolicyInsights2018





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