



CALIFORNIA BUDGET PROJECT

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Contact: Lisa Gardiner (916) 444-0500

## Proposed Budget Cuts Come at a Time of Growing Need With More Californians Relying on Public Services in a Tough Economy, the CBP Calls for a Balanced Approach to Budget

SACRAMENTO -- A new report by the California Budget Project, a nonpartisan public policy research group, shows an increased demand for public services even as Governor Schwarzenegger has proposed deep cuts to health and human services programs to help close the current budget gap.

The new report released this morning, *Proposed Budget Cuts Come at a Time of Growing Need*, shows that as Californians face the toughest job market in decades, more are turning to programs such as Medi-Cal, CalWORKs, Healthy Families, Food Stamps, and WIC to help make ends meet.

"The fact that a rising number of Californians are seeking assistance underscores the need for a balanced approach to addressing the state's budget gap that combines prudent spending reductions, additional revenues, and continued federal aid," said Jean Ross, executive director of the CBP.

The report examined economic indicators and found that:

**The economic crisis has taken a toll on California, and recovery from the recession is expected to be long and slow.** California now has approximately the same number of jobs as it did 10 years ago, when the state was home to 3.6 million fewer working-age individuals. Although California continues to lose jobs, the pace of job loss has slowed in recent months. Yet forecasters project that California's annual jobless rate will remain above 10 percent through 2012.

**Millions of Californians are jobless, and many have had their hours reduced.** More than 2.2 million Californians were unemployed in December and the state's jobless rate was 12.4 percent. In addition, more than 1.5 million Californians were underemployed in December, working part-time "involuntarily" either because their employers reduced their hours of work or because they could not find full-time work.

The report took a look at enrollment in public services and found that:

**The number of Californians enrolled in Medi-Cal increased by nearly half a million in two years.** The number of Californians enrolled in Medi-Cal rose by 7.2 percent (470,965) between May 2007 and May 2009.

1107 9th Street, Suite 310  
Sacramento, California 95814  
P: (916) 444-0500  
F: (916) 444-0172  
cbp@cbp.org  
www.cbp.org

**The number of families receiving CalWORKs cash assistance increased by more than 86,000 in two years.** This marks the first substantial rise in the caseload since welfare reform.

**The number of Californians receiving food stamp benefits has increased steeply since 2007.** The number of Californians receiving food stamps increased by more than 900,000 between October 2007 and October 2009.

**The number of children enrolled in the Healthy Families Program increased until a temporary enrollment freeze was imposed last year.** Healthy Families provides health coverage to children whose family incomes are just above the poverty line. Prior to the enrollment suspension, the number of children receiving coverage had increased by 11.8 percent (97,172) between July 2007 and July 2009. Since the enrollment freeze was lifted, enrollment has begun to rebound.

**The number of women and children enrolled in WIC increased through mid-2009.** The number of Californians enrolled in the WIC Program, which provides food assistance and other services to low-income women and children, increased by 2.8 percent (39,657) between December 2007 and December 2009. This modest increase may reflect the fact that a larger share of Californians who are eligible for WIC are already enrolled in it, as compared to the Food Stamp Program.

A full copy of the report is available at [www.cbp.org](http://www.cbp.org).

**The CBP will hold a call on the report for the media only at 11:00 a.m. today. The call-in number is (800) 290-9461 and the password is economy. To reserve a spot on the call, contact Lisa Gardiner, [lgardiner@cbp.org](mailto:lgardiner@cbp.org).**

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*The California Budget Project (CBP) engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Support for the CBP comes from foundation grants, publications, and individual contributions. Please visit the CBP's website at [www.cbp.org](http://www.cbp.org).*