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Safety Net Investments in the California State Budget 2018-19

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SARA KIMBERLIN, SENIOR POLICY ANALYST
CALIFORNIA ASSET BUILDING COALITION
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Key Themes

- Context for the 2018-19 state budget
- Key safety net investments included in the budget
- Issues to watch for 2019



The 2018-19 State Budget: Context and Top Lines



From the Budget Center's *First Look*:

“The 2018-19 budget makes some notable investments in the economic security of Californians” including “key investments in the safety net” and “a roadmap for investments in coming years.”



Putting the 2018-19 Budget in Context

Several major issues/considerations:

- State revenues came in even stronger than had been projected in January
- A range of vital services and supports are still operating at diminished levels due to cuts made during and after the Great Recession
- Economic hardship is high in many parts of the state



Putting the 2018-19 Budget in Context

Other considerations:

- State facing the uncertainty of long-term impact of the federal tax law enacted last December
- Continued prospect of cuts/changes at the federal level, as proposed by President Trump and congressional leaders
- An upcoming statewide ballot featuring several measures with potentially significant budget implications (gas tax repeal, housing bond, etc.) and election of a new governor



2018-19 Safety Net Investments: Top Lines

- Funding for CalWORKs grant increases to address deep poverty and a CalWORKs home visiting pilot
- Ending the “SSI cash-out”
- Intent for future additional CalWORKs grant increases and reinstating cost-of-living adjustments for CalWORKs and SSI/SSP
- Established a new Safety Net Reserve Fund



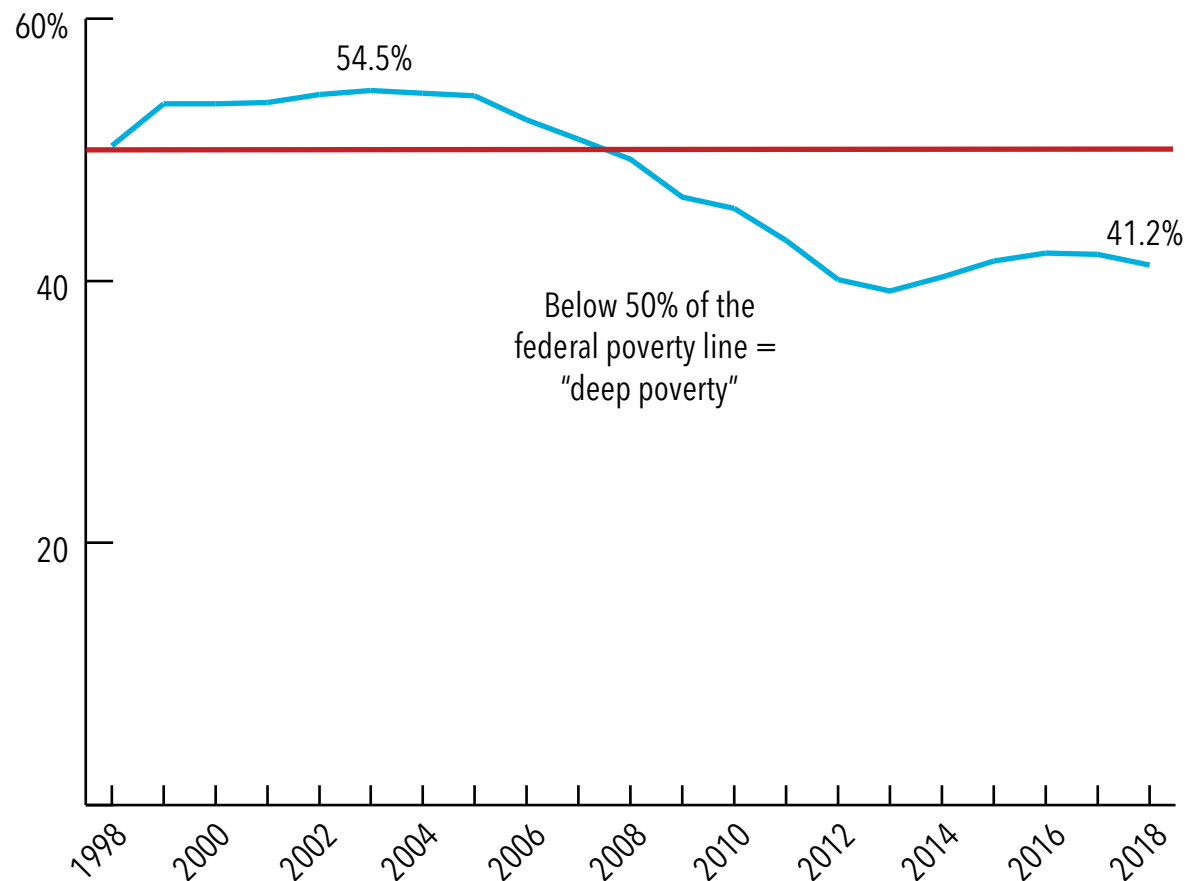
The 2018-19 budget makes multiple investments in CalWORKs

These include grant increases and a home visiting pilot.



CalWORKs Grants Have Been Below the Deep-Poverty Line for Eleven Straight Years

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



Note: Grants are for high-cost counties.

Source: Budget Center analysis of Department of Social Services, US Department of Health and Human Services, and US Social Security Administration data



CalWORKs Grants Increased to Address Deep Poverty

- The annual maximum CalWORKs grant has been below the deep-poverty threshold (50% of the federal poverty line) for the past 11 years
- The 2018-19 budget includes a plan to increase CalWORKs maximum grants up to the deep-poverty threshold in three steps
- Funding of \$90 million was provided for the first step, a 10% grant increase beginning April 1, 2019, which would amount to \$360 million in annual costs starting in 2019-20
- Steps two and three would close the remaining gap, but would require funding from future budget appropriations



Plan to Reinstate the CalWORKs COLA

- State policymakers eliminated the CalWORKs cost-of-living adjustment (COLA) in 2009
- The 2018-19 budget includes the intent to reinstate the COLA starting July 1, 2022, but funding for this would require future budget appropriations



Nearly \$160 Million in Funds for a CalWORKs Home Visiting Pilot

- The 2018-19 budget includes \$158.5 million in one-time TANF funds for a three-year home visiting pilot initiative
- The voluntary program would provide up to 24 months of home visiting services for first-time parents participating in CalWORKs
- A substantial base of research shows that home visiting programs are an effective investment in improving outcomes for families and children



The 2018-19 budget ends the “SSI cash-out”

This change allows SSI/SSP recipients to receive federal food benefits for the first time since the 1970s.



Ending the “SSI Cash-Out” While Holding Harmless Current Food Aid Recipients

- Since the mid-1970s, SSI/SSP recipients in California have not been allowed to receive federal food benefits through the Supplemental Nutrition Assistance Program (SNAP, called CalFresh in California), receiving a \$10/month “cash-out” payment instead
- The 2018-19 budget ends this “SSI cash-out” policy and provides \$31 million for related automation changes
- The budget also includes \$199 million to ensure that households with a mix of SSI/SSP recipients and other family members with low incomes will not see a decrease in CalFresh benefits as a result of this change



Plan to Reinstate SSI/SSP COLA

- State policymakers eliminated the automatic annual COLA for state-funded SSP grants in 2009
- The 2018-19 budget includes the intent to reinstate the COLA starting July 1, 2022, but funding for this would require future budget appropriations



The 2018-19 budget creates a new Safety Net Reserve Fund

Reserves would support safety net programs in times of economic downturn.



New Safety Net Reserve Fund Established

- The Safety Net Reserve Fund will hold funds that can be used to maintain benefits and services for safety net programs during economic downturns, when state revenues decline while need increases
- The reserve includes two subaccounts, for CalWORKs and Medi-Cal
- The budget sets aside \$200 million into the CalWORKs subaccount and requires the Department of Finance to establish a process for future deposits and withdrawals



Issues to Watch in 2019



Key Safety Net Issues to Watch Next Year

- Multiple expansions of Medi-Cal were proposed but not ultimately adopted in the 2018-19 budget, including extending Medi-Cal eligibility to undocumented immigrant adults and eliminating the “senior penalty,” which limits access to no-cost Medi-Cal for certain low-income seniors
- The 2018-19 budget includes *intent* for future investments in CalWORKs and SSI/SSP, but does not allocate funding for these future plans – implementing these would require state policymakers to appropriate funds in future budgets
- The incoming Governor will have decisions to make about safety net priorities for the new administration





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1107 9th Street, Suite 310

Sacramento, California 95814

916.444.0500

skimberlin@calbudgetcenter.org

[@skimberCA](#)

[@CalBudgetCenter](#)

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