Promising Budget and Policy Solutions to Help Make Ends Meet

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BAY AREA RISE TOGETHER

OPPORTUNITY SUMMIT

PETALUMA, CA

APRIL 20, 2018

calbudgetcenter.org
The Bay Area is and will be an expensive place to make ends meet.
What does it cost to make ends meet in your county?

California, $75,952

San Francisco, $110,984
Marin, $110,544
San Mateo, $108,109
Santa Clara, $93,451
Alameda, $92,267
Contra Costa, $91,407
Santa Cruz, $81,612
Orange, $80,765
Ventura, $79,209
San Diego, $77,223
Sonoma, $75,913
Napa, $75,567
Los Angeles, $74,679
Mono, $74,628
San Benito, $72,946
Santa Barbara, $72,838
Solano, $72,482
Monterey, $70,942
San Luis Obispo, $69,665
Yolo, $69,568
Nevada, $69,153
El Dorado, $67,873
Placer, $67,594
Riverside, $67,513
San Bernardino, $66,919
Sacramento, $66,641
San Joaquin, $65,187
Sierra, $63,961
Mendocino, $63,950
Sutter, $63,440

Two-Working-Parent Family

Statewide Average

Annual Total

$75,952

Basic Monthly Budget

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing and Utilities</td>
<td>$1,568</td>
<td>24.8%</td>
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<tr>
<td>Food</td>
<td>$773</td>
<td>12.2%</td>
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<tr>
<td>Child Care</td>
<td>$1,300</td>
<td>20.5%</td>
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<tr>
<td>Health Care</td>
<td>$522</td>
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<td>Transportation</td>
<td>$556</td>
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<tr>
<td>Miscellaneous</td>
<td>$787</td>
<td>12.4%</td>
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<tr>
<td>Taxes</td>
<td>$824</td>
<td>13.0%</td>
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<tr>
<td>Total</td>
<td>$6,329</td>
<td>100.0%</td>
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</tbody>
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Download State Fact Sheet

California Budget & Policy Center
Official Poverty Thresholds Are Much Less Than the Basic Cost of Living for Families in California
Annual Basic Family Budget for a Single-Parent Family With Two Children, 2017

Note: Assumes one preschool-age and one school-age child and a single parent working full-time.
Source: Budget Center Making Ends Meet 2017 analysis and US Census Bureau
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
More Than Half of California’s Renters and Over a Third of Homeowners With Mortgages Have High Housing Costs

Percentage of Households With Housing Cost-Burden or Severe Housing Cost Burden, 2016

- Renters: 54.1%
  - Cost-Burdened: 29.0%
  - Severely Cost-Burdened: 16.0%
- Homeowners Without Mortgages: 45.9%
  - Cost-Burdened: 16.4%
  - Severely Cost-Burdened: 8.6%
- Homeowners With Mortgages: 38.3%
  - Cost-Burdened: 16.0%
  - Severely Cost-Burdened: 8.6%

Note: Definitions of housing cost-burden are from the US Department of Housing and Urban Development. Source: Budget Center analysis of US Census Bureau, American Community Survey data.
Housing
Housing Proposals in the Proposed 2018-19 State Budget & Legislature

• Governor’s budget includes proposals to implement the 2017 legislative housing package
  – Allocates $245 million from a real estate transaction fee for affordable housing and homelessness programs.
  – Anticipates voter approval in November 2018 of $4 billion housing bond and allocates $277 million in bond funds for Multifamily Housing Program.

• Legislative housing proposals in 2018 include...
  – Building more housing near transit.
  – Restoring “redevelopment” capacity.
  – $1 billion additional for county homelessness efforts.
  – Undo Costa-Hawkins prohibition on local rent control.
Early Childhood Education
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
ECE Proposals in the Proposed 2018-19 State Budget & Legislature

- Governor’s budget includes proposals to provide...
  - One-time funding for competitive grants for child care and preschool providers.
  - Slight increase in the payment rate for ECE providers contracting with the state.

- Legislative/other ECE proposals in 2018 include...
  - Increasing the payment rate for license-exempt providers (family/friend/neighbor).

- **Big idea**: Moving toward “universal” ECE coverage.
Health Care
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
Health Care Proposals in the Proposed 2018-19 State Budget & Legislature

• Governor’s budget assumes current federal policies remain in place, includes $101.5 billion for Medi-Cal ($67.1 billion from the federal government).

• Legislative/other ECE proposals in 2018 include…
  – Expand Medi-Cal coverage to undocumented adults.
  – Increase affordability by adding state subsidies for Covered California.
  – Contain costs by setting up a new commission to regulate rates that hospitals and providers charge.

• **Big idea:** “Universal” health care coverage.
Governor acknowledges uncertainty over future of Affordable Care Act, but assumes current policies remain.

Proposed 2018-19 budget includes total Medi-Cal spending of $101.5 billion, with roughly two-thirds ($67.1 billion) being federal dollars.
Income Assistance
Income Assistance Proposals: CalEITC

- Continue to expand the California Earned Income Tax Credit (CalEITC) – **current proposals.**
  - To immigrant families with ITIN numbers;
  - To young adults/students (under 25) with low wages;
  - To seniors not supporting children with low wages; and
  - To keep up with increases in the state minimum wage.

- Continue to expand the California Earned Income Tax Credit (CalEITC) – **big ideas.**
  - To workers without children;
  - To students not claimed as dependents;
  - To caretakers; and
  - Increasing credit levels higher up the income spectrum.
Higher Education
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
Higher Ed. Proposals in the Proposed 2018-19 State Budget & Legislature

• Governor’s budget includes modest funding increases for CSU and UC ($92.1 million each/3% increase).
  – Calls for restructuring funding formulas for California Community Colleges.
  – Proposes online-only community college.

• **Big idea:** “Free college” proposals.
What Happens Next? Key Issues to Watch
Some Key Issues and Questions to Watch Going Forward

- **Tax policy:** Impact of newly enacted federal tax law: What is the Governor’s and Legislature’s assessment of the effects of new tax policies? And how do they respond?

- **Future federal actions:** To what extent do Republican leaders follow through on threats to slash Medicaid, Medicare, food assistance, and other key supports?

- **Statewide Elections in November:**
  - Governor’s race and platforms;
  - Ballot measures on tax policy and housing.