



California Budget
& Policy Center

Overview of the Governor's 2015-16 May Revision

MAY 2015

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California Budget & Policy Center

The Budget Center was established in 1995 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The Budget Center engages in independent fiscal and policy analysis and public education with the goal of improving the economic and social well-being of low- and middle-income Californians. Support for the Budget Center comes from foundation grants, subscriptions, and individual contributions. Please visit our website at calbudgetcenter.org.

Acknowledgments

Kristin Schumacher prepared this chartbook.

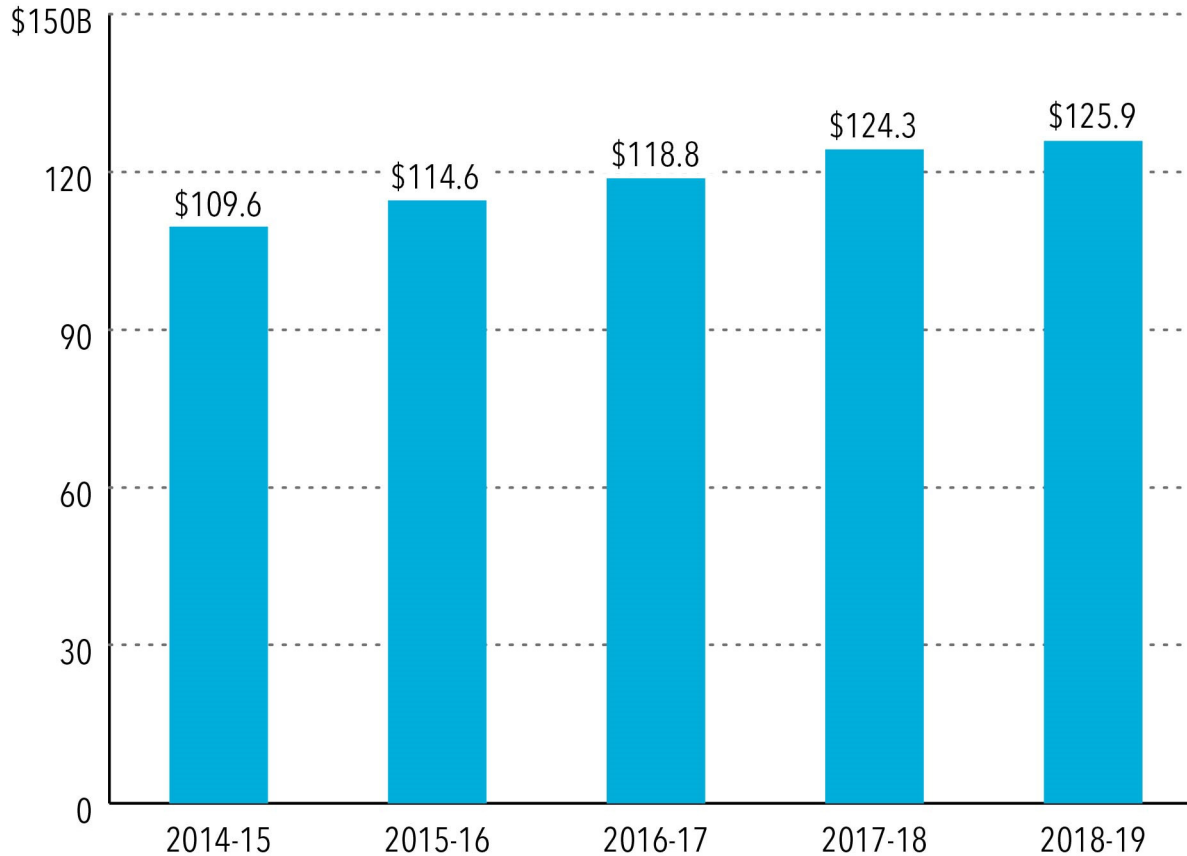


California's fiscal outlook is improving, thanks in part to the temporary tax increases approved by voters in 2012 (Proposition 30).



Annual General Fund Revenues and Transfers Are Projected to Increase in the Coming Years

Dollars in Billions



Note: 2014-15 is estimated; 2015-16 through 2018-19 are projected.
Source: Department of Finance

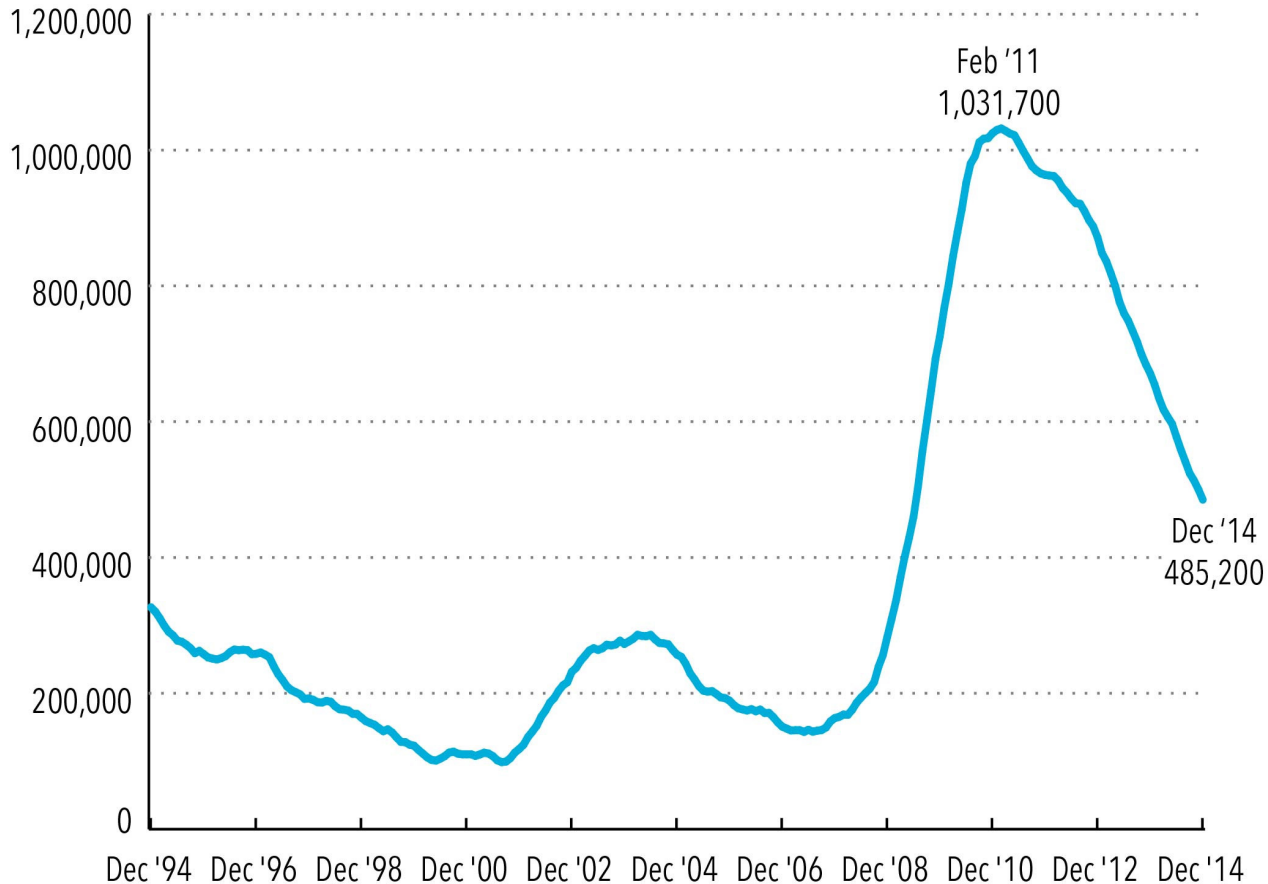


California's economic recovery continues, but it has been uneven and remains elusive for many Californians.



The Number of Californians Out of Work for At Least Six Months Continues to Decline as the Economy Improves

Number of California Workers Unemployed 27 Weeks or Longer



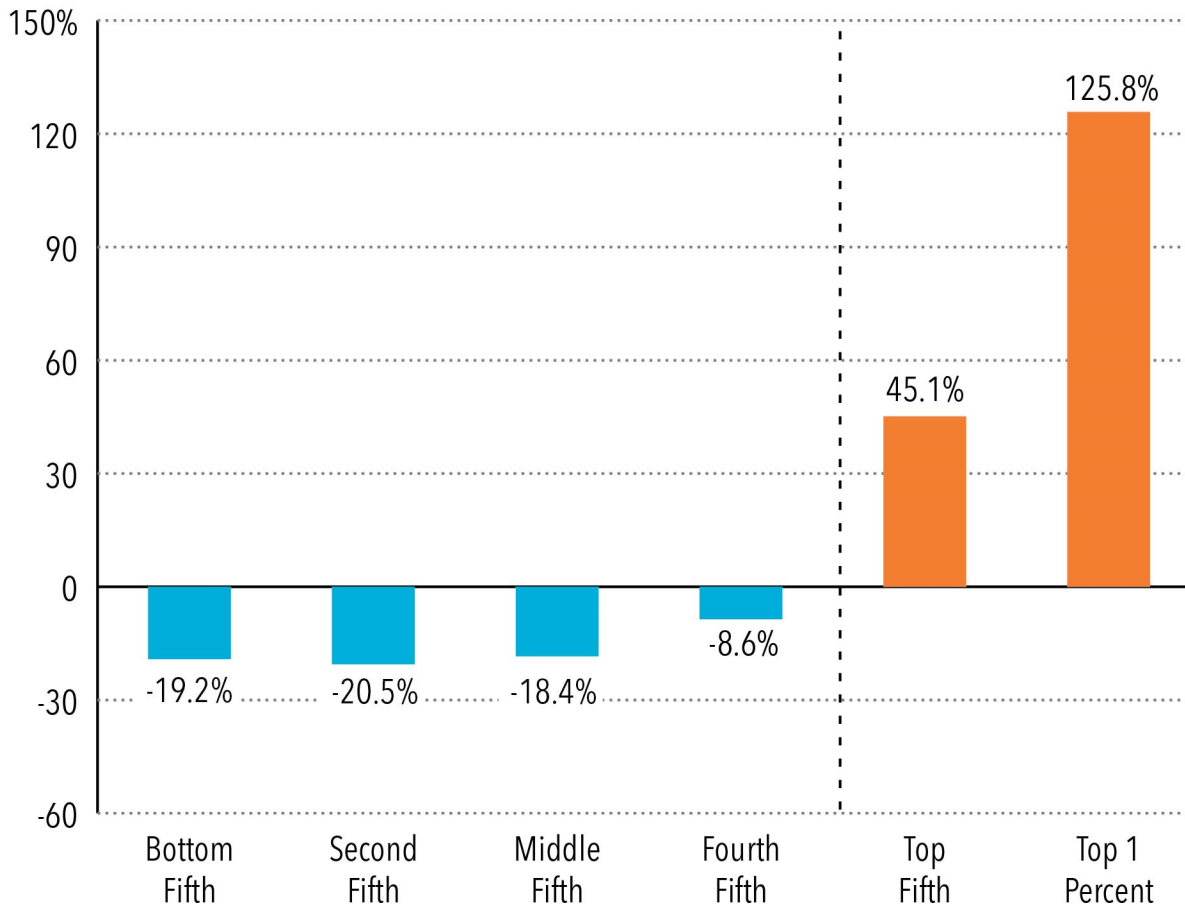
Note: Data reflect 12-month averages ending in the month displayed. Figures are rounded to the nearest 100.

Source: Employment Development Department



Only California's Wealthiest Saw Increases in Average Income Over the Last Generation

Percent Change in Average Adjusted Gross Income (AGI), 1987-2012, Inflation-Adjusted

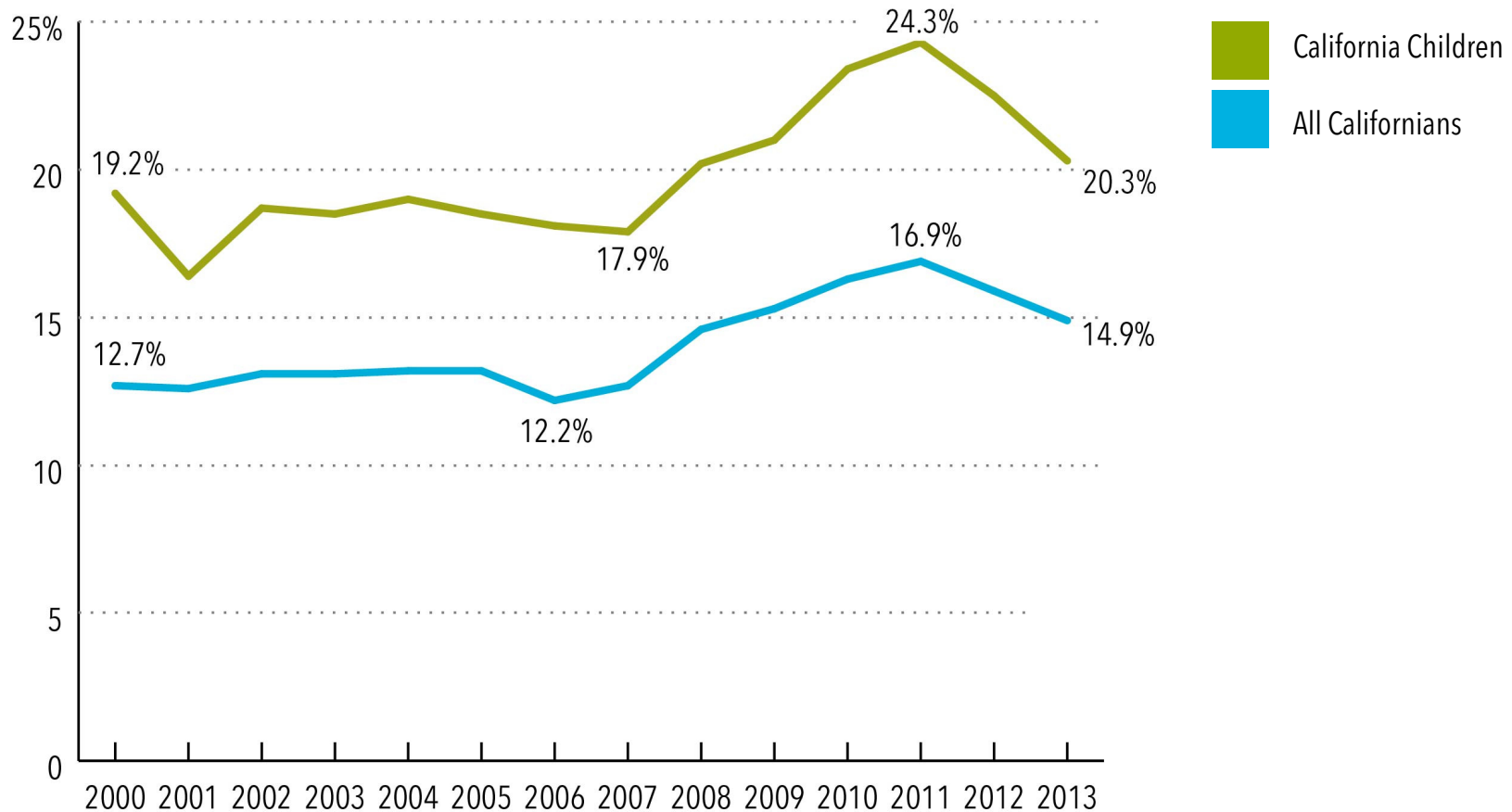


Source: Franchise Tax Board



One in Seven Californians and One in Five California Children Lived in Poverty in 2013

Percentage of Californians With Incomes Below the Federal Poverty Line

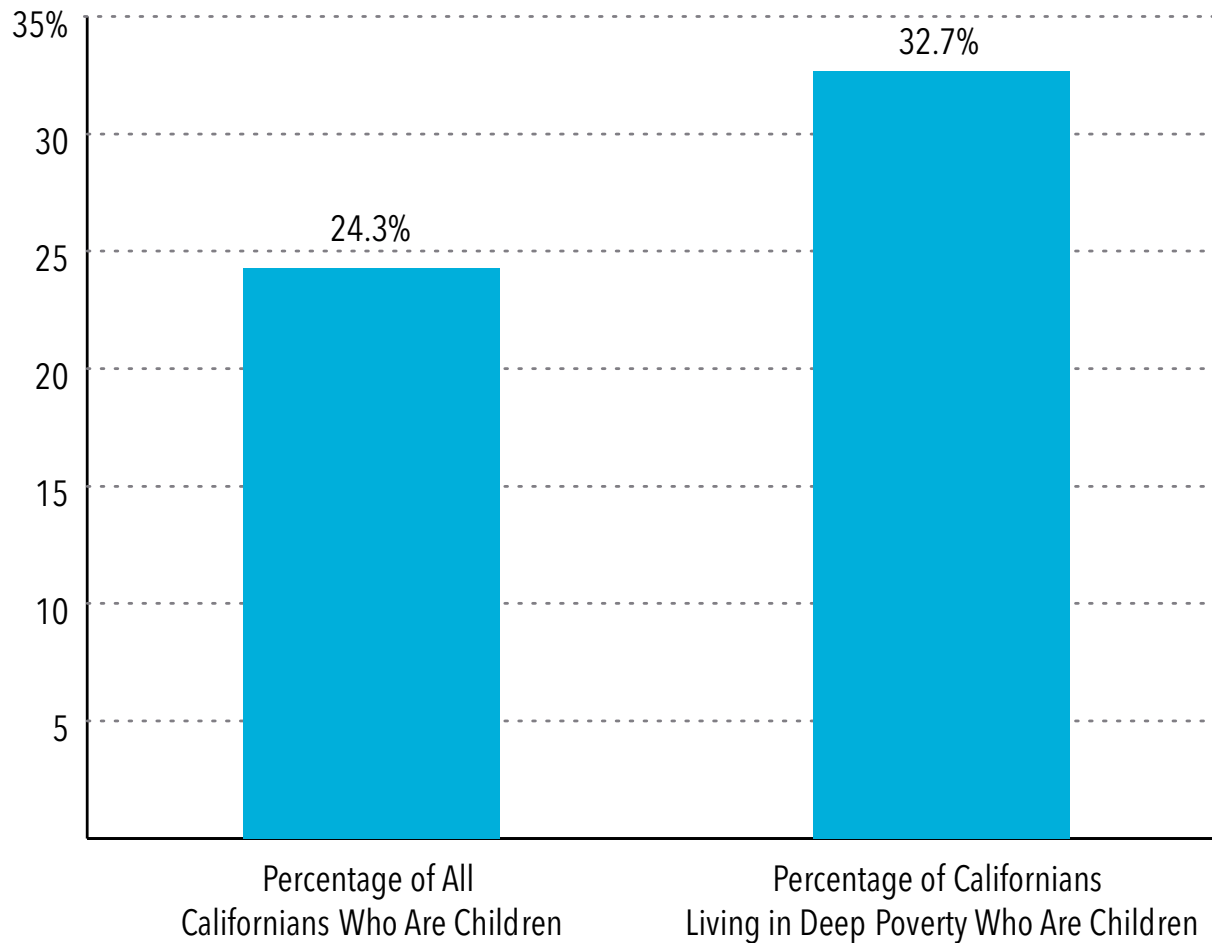


Source: US Census Bureau



Children Comprise a Disproportionate Share of Californians Living in Deep Poverty

Average Annual Percentage, 2011 to 2013



Note: Living in deep poverty means having an income below half the federal poverty line.
Source: Budget Center analysis of US Census Bureau data

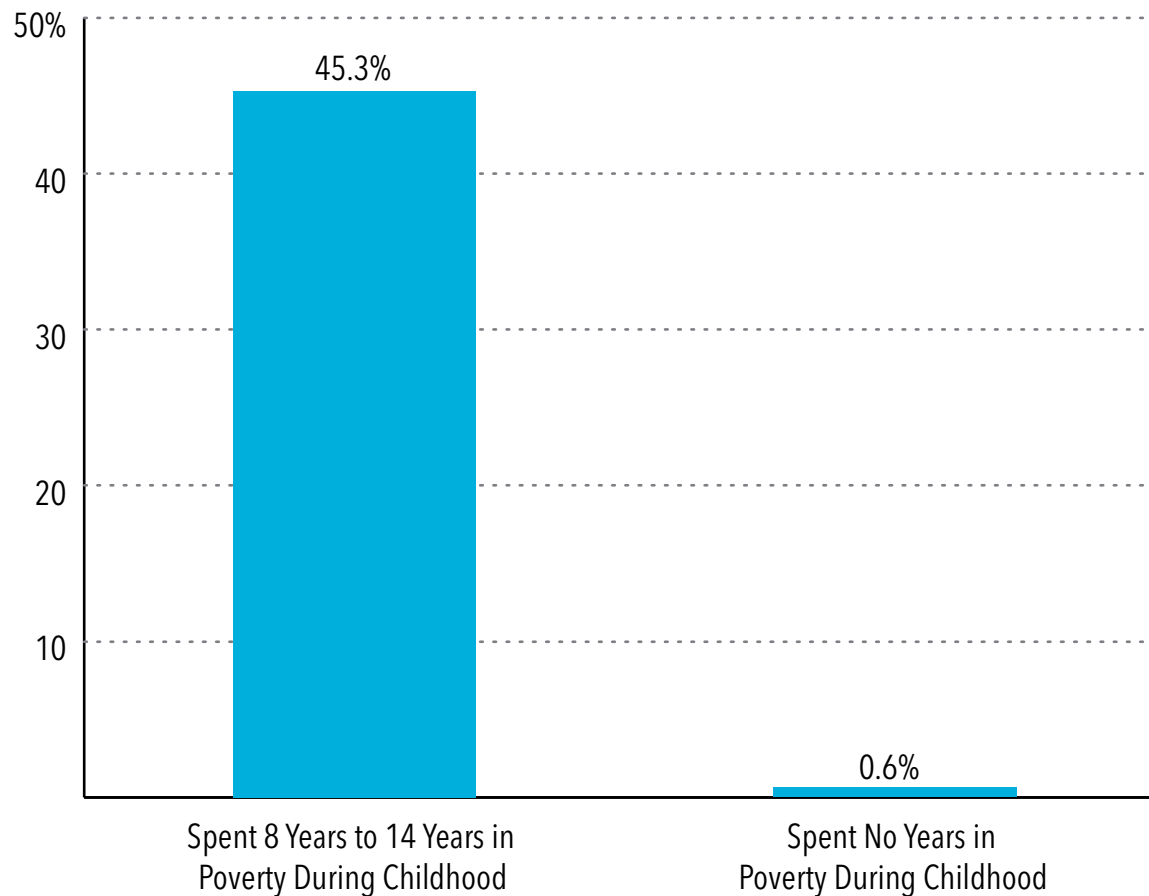


Growing up in poverty limits opportunities for children to reach their full potential.



Adults Who Were Persistently Poor During Childhood Are Far More Likely to Live in Poverty

Percentage of Adults in the US Living in Poverty at Age 35



Note: Childhood is from birth to age 15.

Source: Robert L. Wagmiller, Jr. and Robert M. Adelman, *Childhood and Intergenerational Poverty: The Long-Term Consequences of Growing Up Poor* (National Center for Children in Poverty: November 2009).

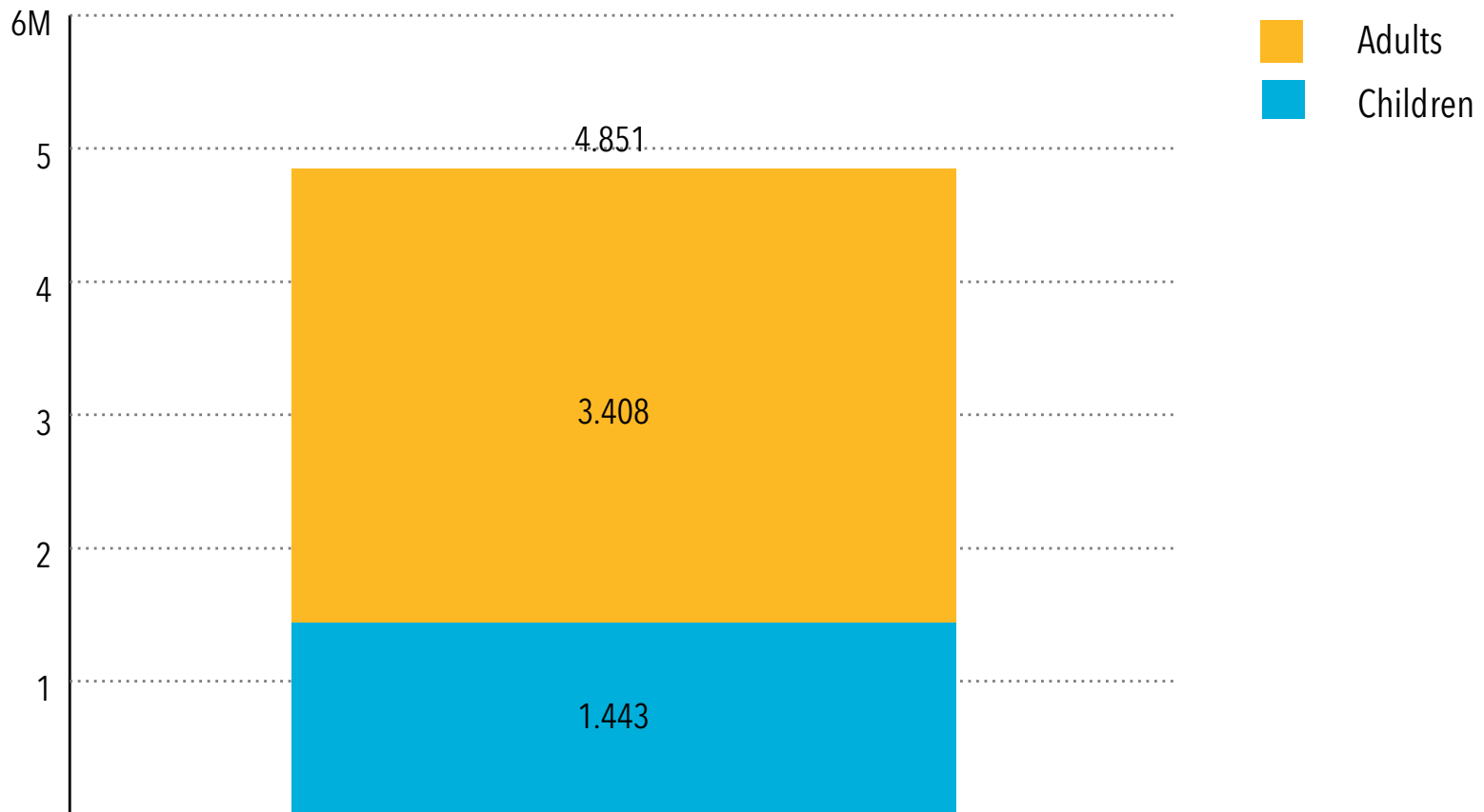


Budget cuts have weakened key services and supports that help children and families achieve economic security. Many of these programs continue to be funded at recession-era levels.



Public Supports Annually Lift Nearly 5 Million Californians Out of Poverty

Average Number of Californians Lifted Out of Poverty Each Year, 2009 to 2012



Note: Public supports include the federal Earned Income Tax Credit, food assistance, and unemployment insurance, among others.

Source: Center on Budget and Policy Priorities based on the US Census Bureau's Supplemental Poverty Measure



Budget Cuts Affected Children, Families, Seniors, and People With Disabilities

- Some of these budget cuts included the following:
 - Dramatically reduced funding for subsidized child care and the state preschool program, which resulted in fewer slots for children and stagnant provider payment rates
 - New time limits and work requirements for the CalWORKs program, elimination of the annual cost-of-living adjustment (COLA), and decreased grant levels
 - Elimination the SSI/SSP COLA and reducing the state portion of the grant
 - A reduction in the hours of care for IHSS consumers
- A number of these budget cuts have been repealed or phased out but many programs continue to operate at recession-era levels

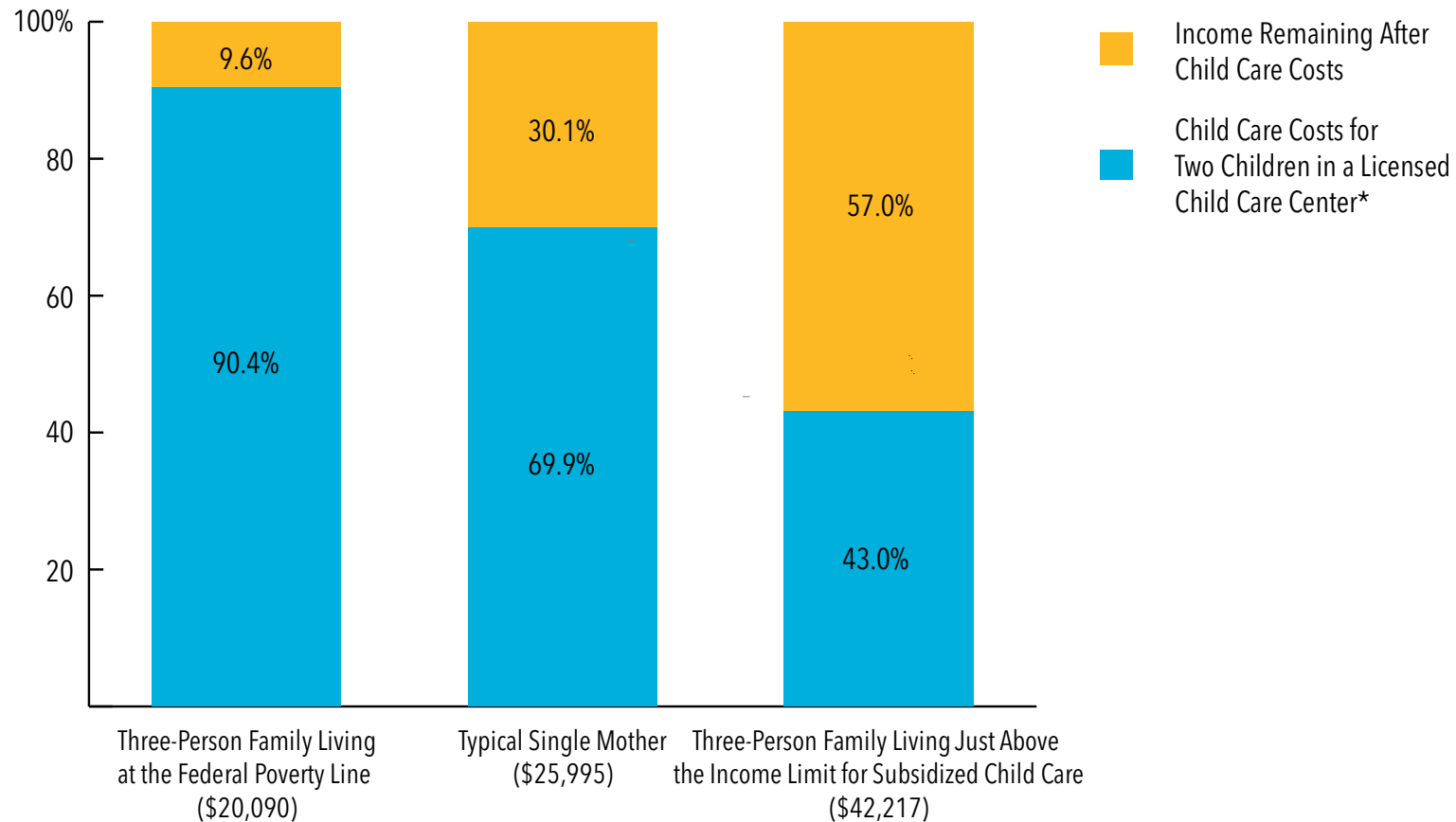


Child care is one of the most expensive items in many families' budgets. Without access to subsidized child care, the typical single mother faces difficult choices about where to leave her children so she can keep her job.



The Typical Single Mother Would Have to Spend 70% of Her Income to Cover the Full Cost of Child Care

Child Care Costs for an Infant and a School-Age Child as a Percentage of Family Income



* Cost of care in California in 2014 (full-time for an infant and part-time for a school-age child). This cost is based on counties' median cost of care in licensed centers weighted to reflect each county's population of infants and school-age children.
 Source: Budget Center analysis of data from the 2014 Regional Market Rate Survey, Department of Finance, and American Community Survey

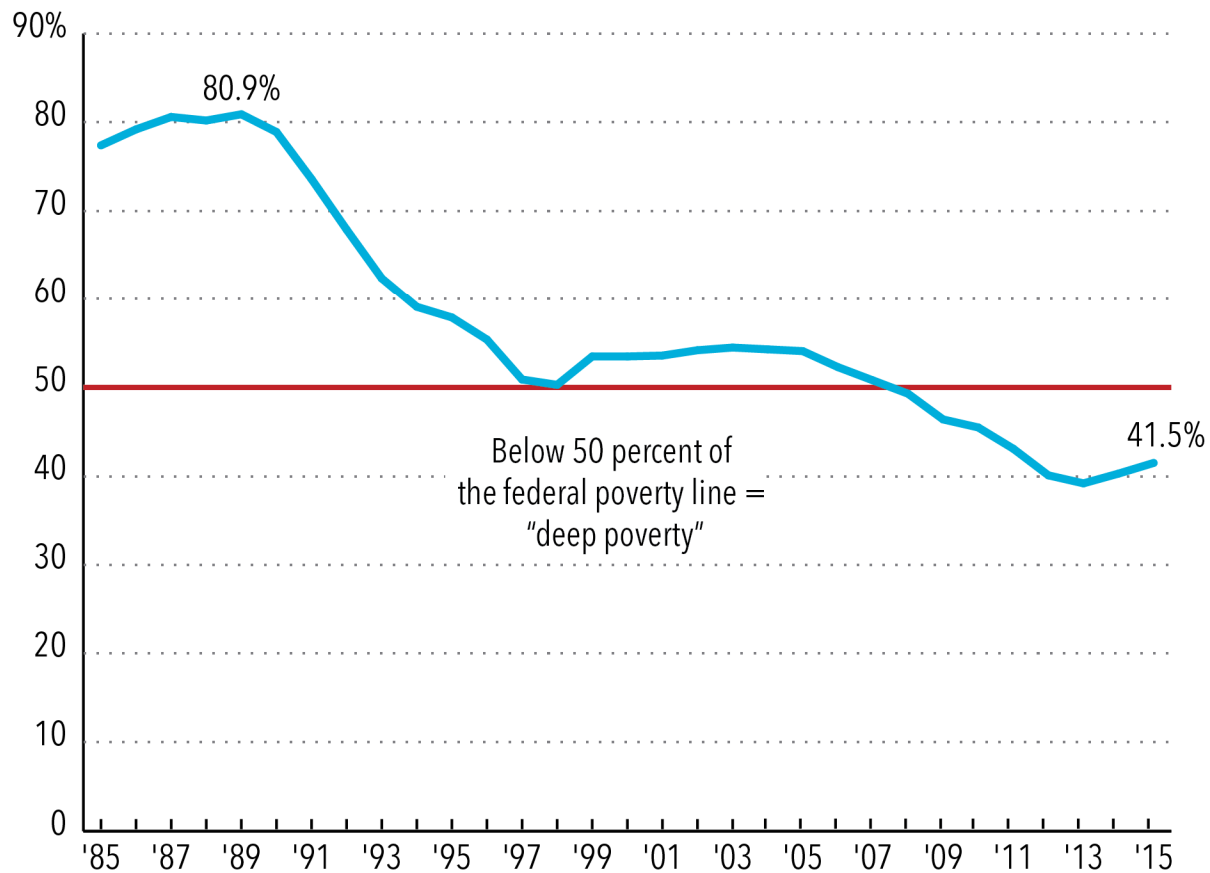


CalWORKs provides modest cash assistance to families while helping parents find and keep jobs. In California, more than 1 million kids receive assistance from CalWORKs.



CalWORKs Does Not Provide Enough Support On Its Own to Lift Families With Children Out of Deep Poverty

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

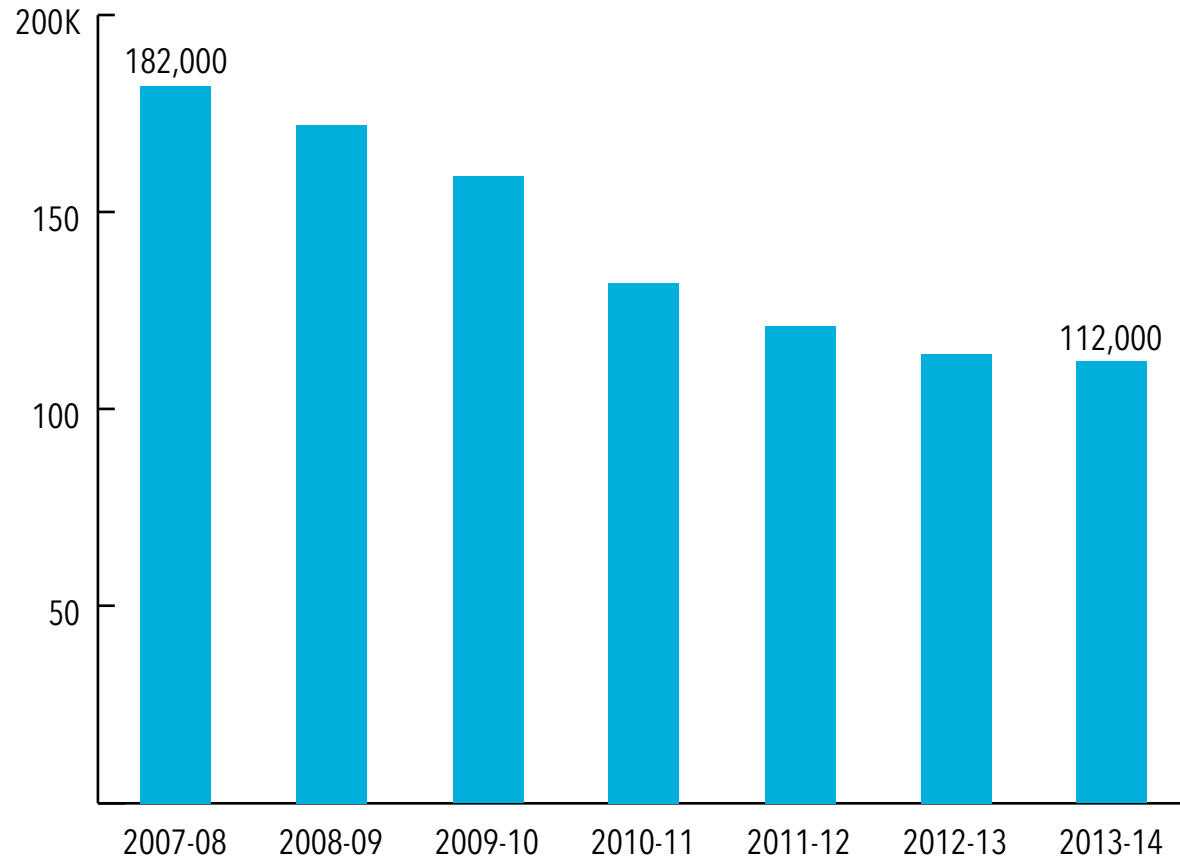


Note: Grants are for high-cost counties beginning in 1996. Prior to 1998, grants were provided through the Aid to Families with Dependent Children Program. The 2015 grant reflects a 5% increase scheduled for April 2015.
Source: Budget Center analysis of Department of Social Services, US Department of Health and Human Services, and US Social Security Administration data



Enrollment in CalWORKs Child Care Dropped Nearly 40 Percent From 2007-08 to 2013-14

Average Monthly Number of Children Enrolled



Note: Reflects CalWORKs Stages 1, 2, and 3 child care. Figures are rounded to the nearest thousand.

Source: California Community Colleges Chancellor's Office, California Department of Education, and Department of Social Services



Conclusion

- California has the resources to invest in families struggling to make ends meet.
- Doing so is just a matter of making greater investments in already proven strategies like subsidized child care and preschool.
- These investments would benefit all of us by strengthening our economy and improving our quality of life.





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