



California Budget  
& Policy Center

# Overview of the Governor's 2016-17 Budget

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CALIFORNIA ALTERNATIVE PAYMENT  
PROVIDER ASSOCIATION TRAINING:  
2016-17 STATE BUDGET

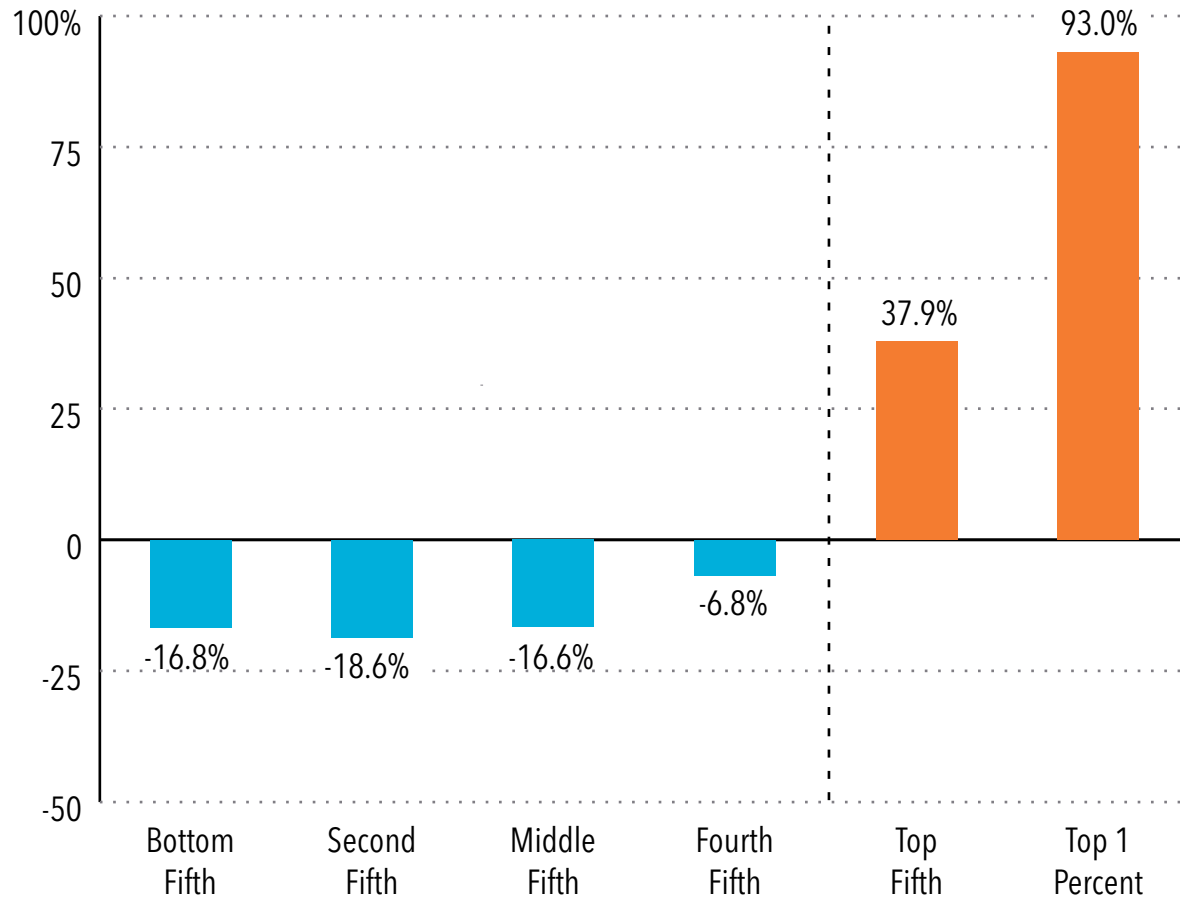
[calbudgetcenter.org](http://calbudgetcenter.org)

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



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

Percent Change in Average Adjusted Gross Income (AGI), 1987-2013, Inflation-Adjusted

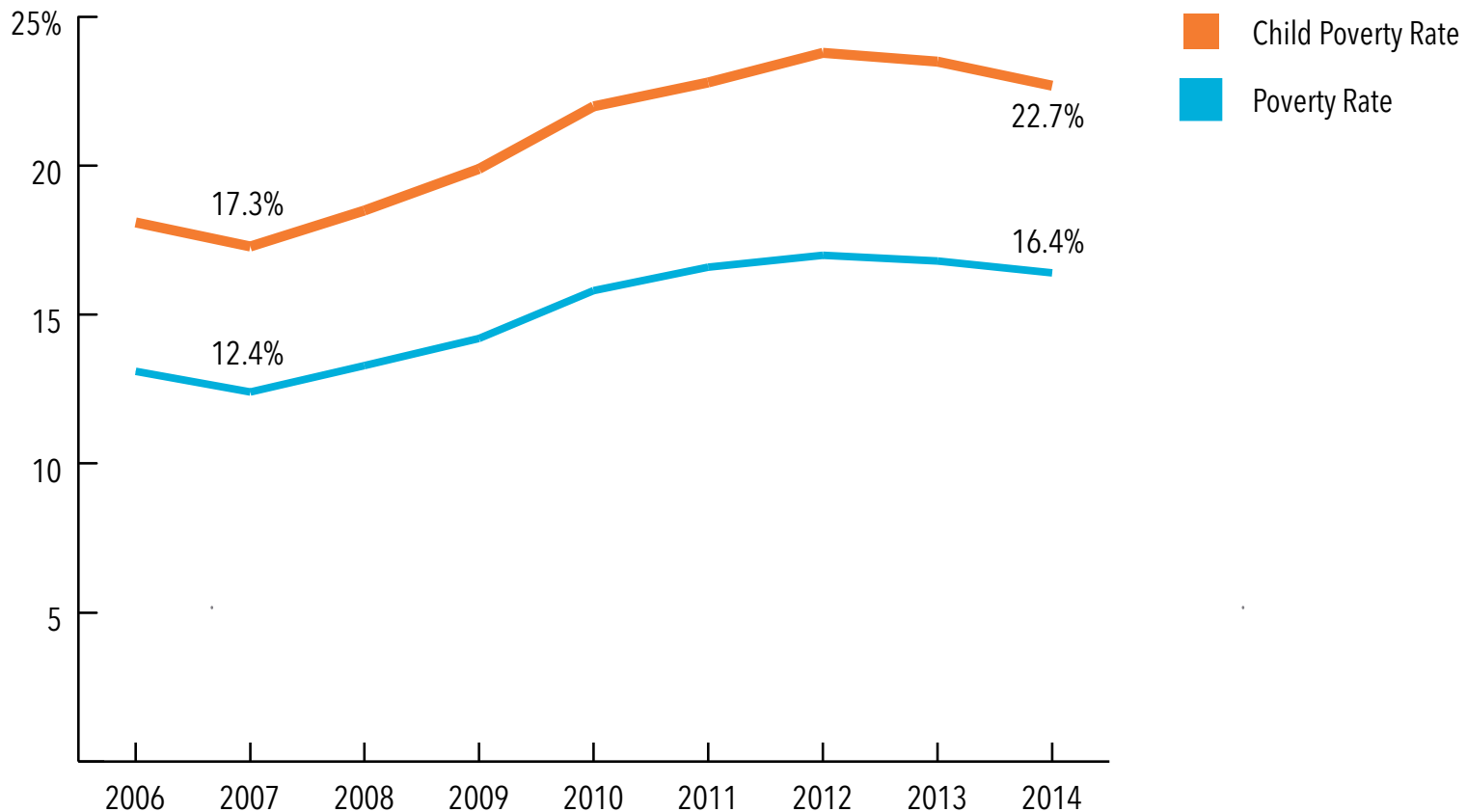


Source: Franchise Tax Board



# Nearly 1 in 6 Californians and More Than 1 in 5 California Children Lived in Poverty in 2014

## Percentage of Californians With Incomes Below the Federal Poverty Line

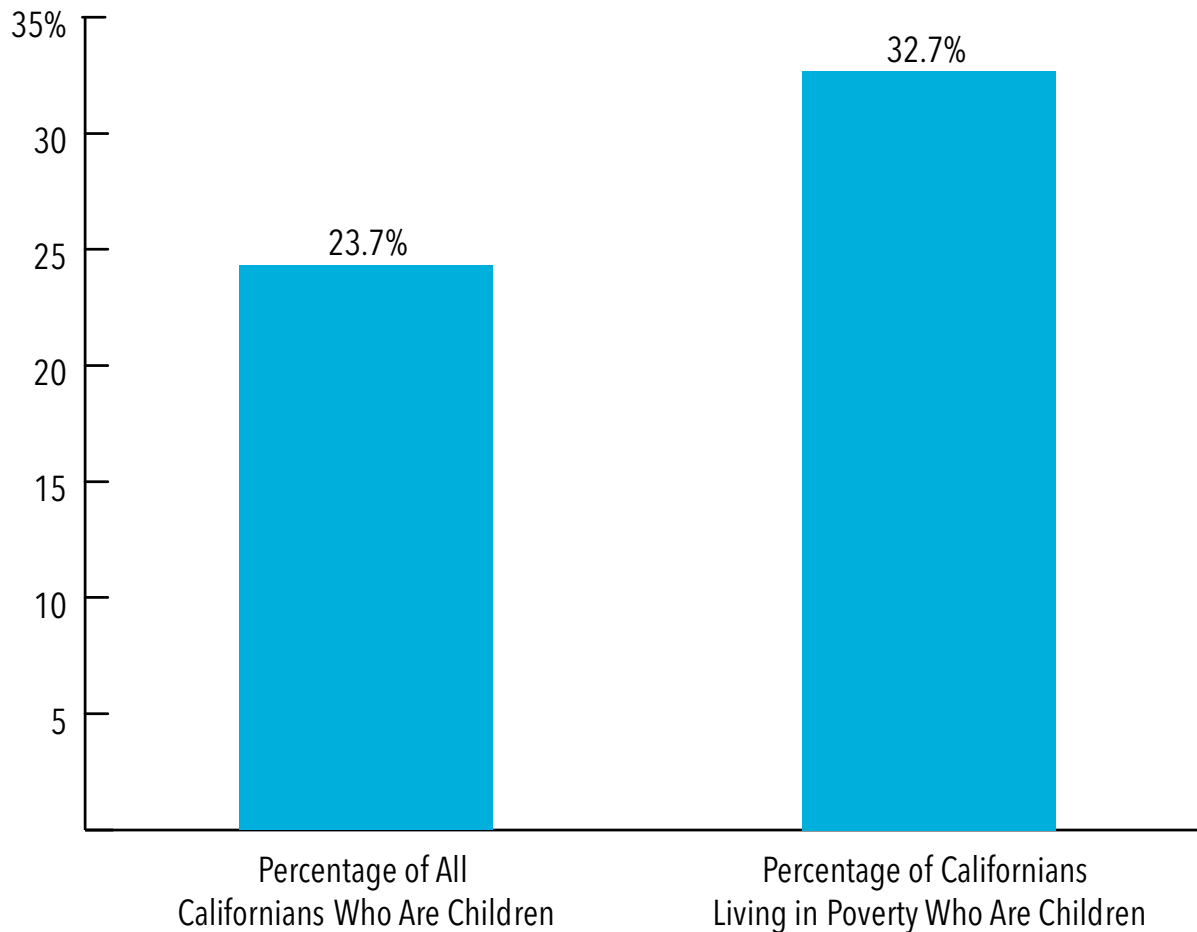


Source: US Census Bureau



# Children Comprise a Disproportionate Share of Californians Living in Poverty

Percentage of Californians, 2014



Source: US Census Bureau

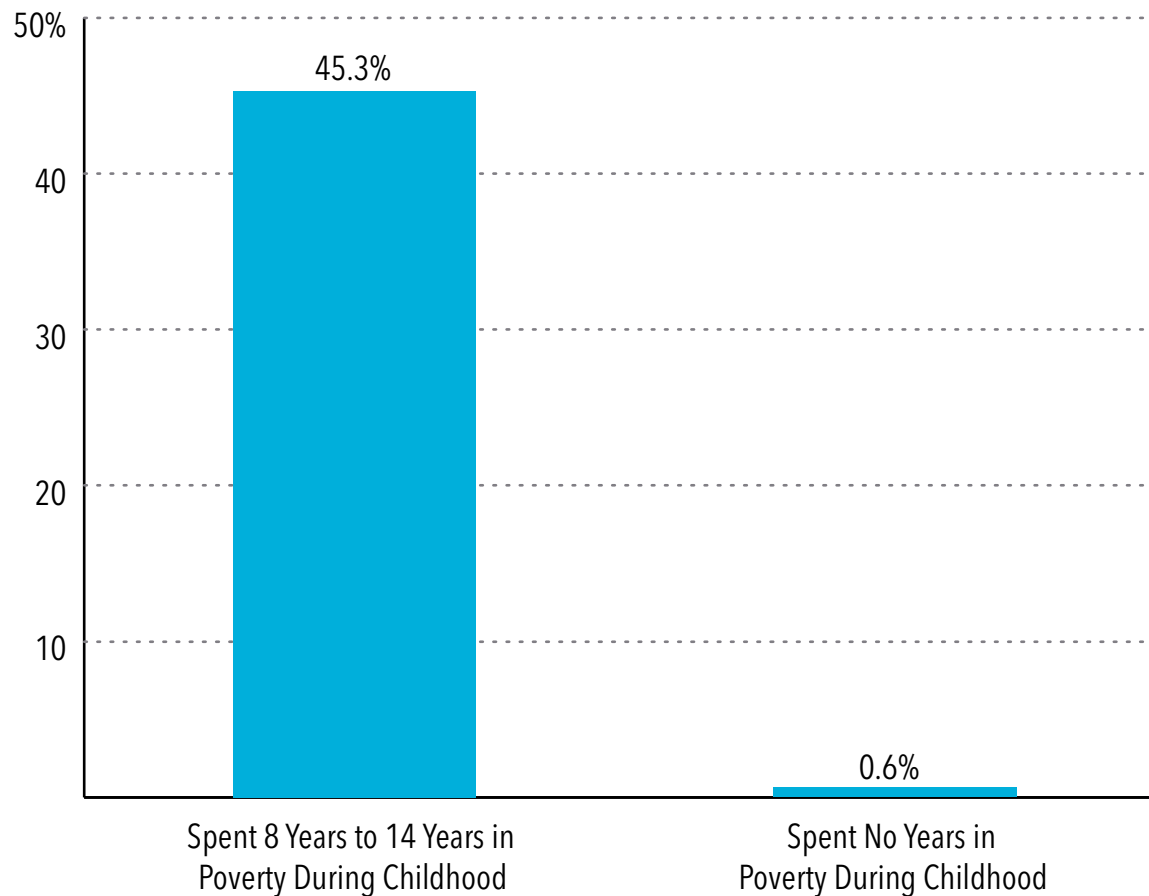


**Growing up in poverty limits opportunities for children to reach their full potential.**



# 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).



# **Affordable child care and preschool helps families make ends meet.**

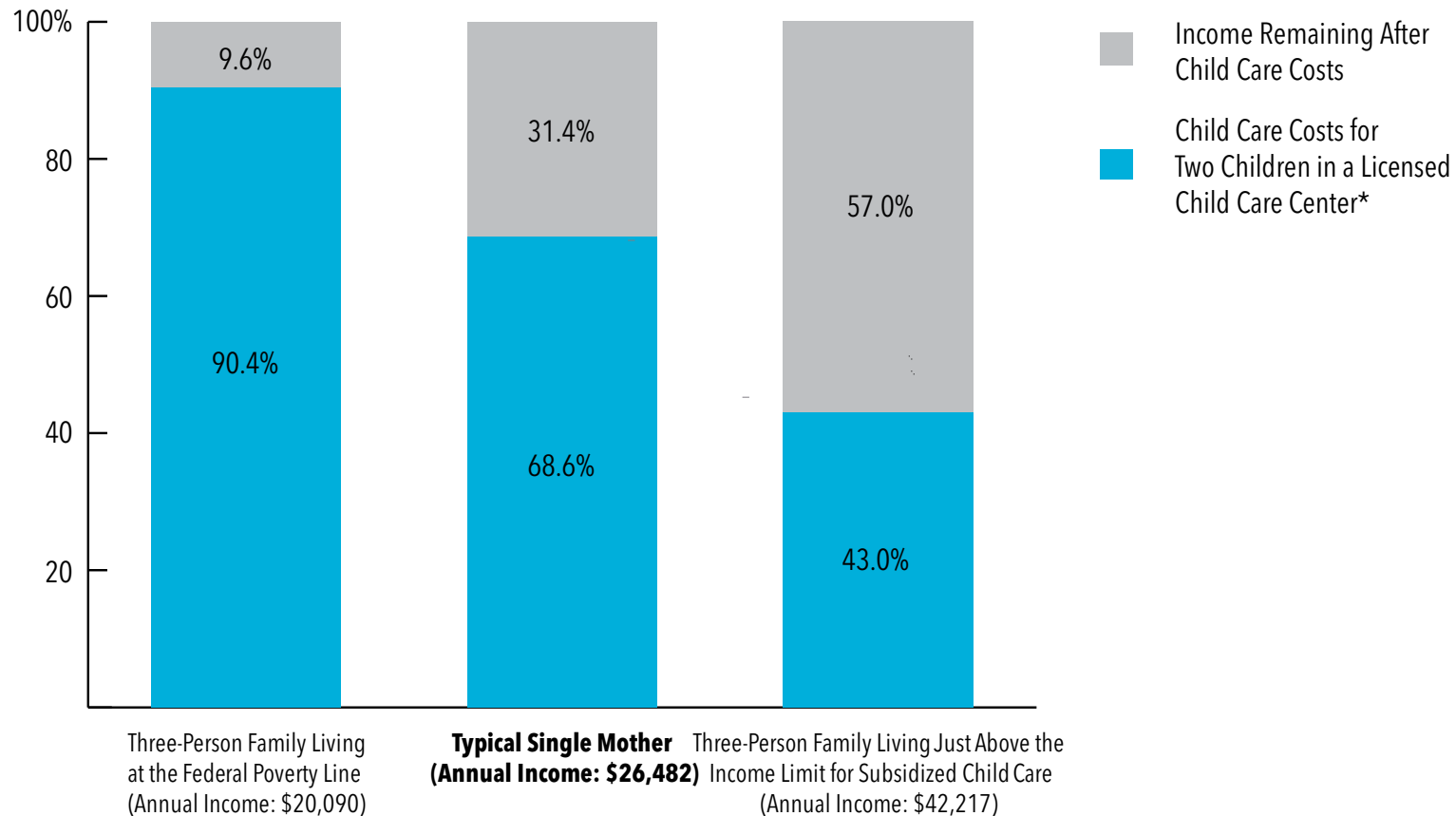
**Without access to affordable care, many families face difficult choices about where to leave their children while the parents are working.**





# The Typical Single Mother Would Have to Spend Nearly 70 Percent of Her Income to Cover the Cost of Child Care

## Child Care Costs for an Infant and a School-Age Child as a Share of Median Family Income



\* Cost of care in California in 2014 (full-time for an infant and part-time for a school-age child). Costs are based on counties' median cost of care 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 US Census Bureau



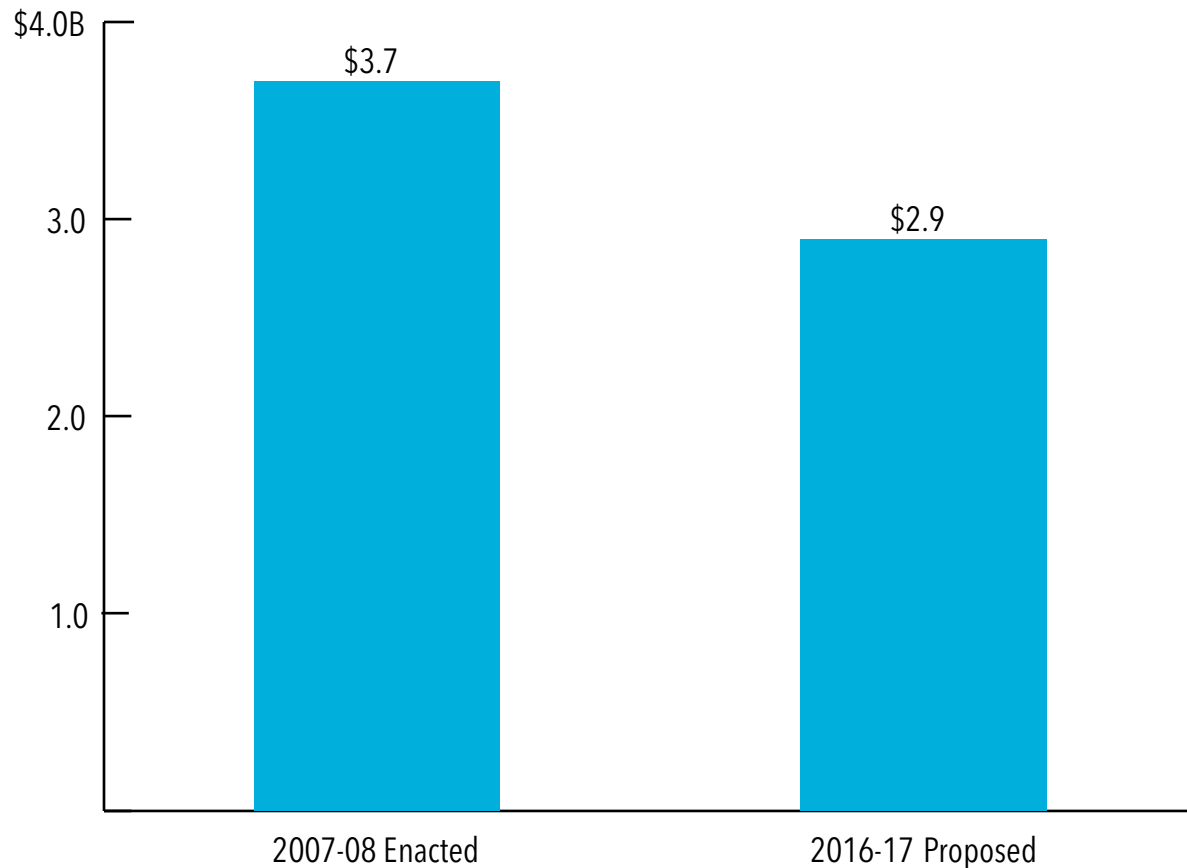
**State budget cuts have weakened key services and supports that helps families achieve economic security.**

**Many of these programs continue to be funded below pre-recession levels.**



# Annual Funding for Child Care and Preschool Remains More Than 20 Percent Below the Pre-Recession Level

## Total Funding for Subsidized Child Care and Preschool in California, Inflation-Adjusted



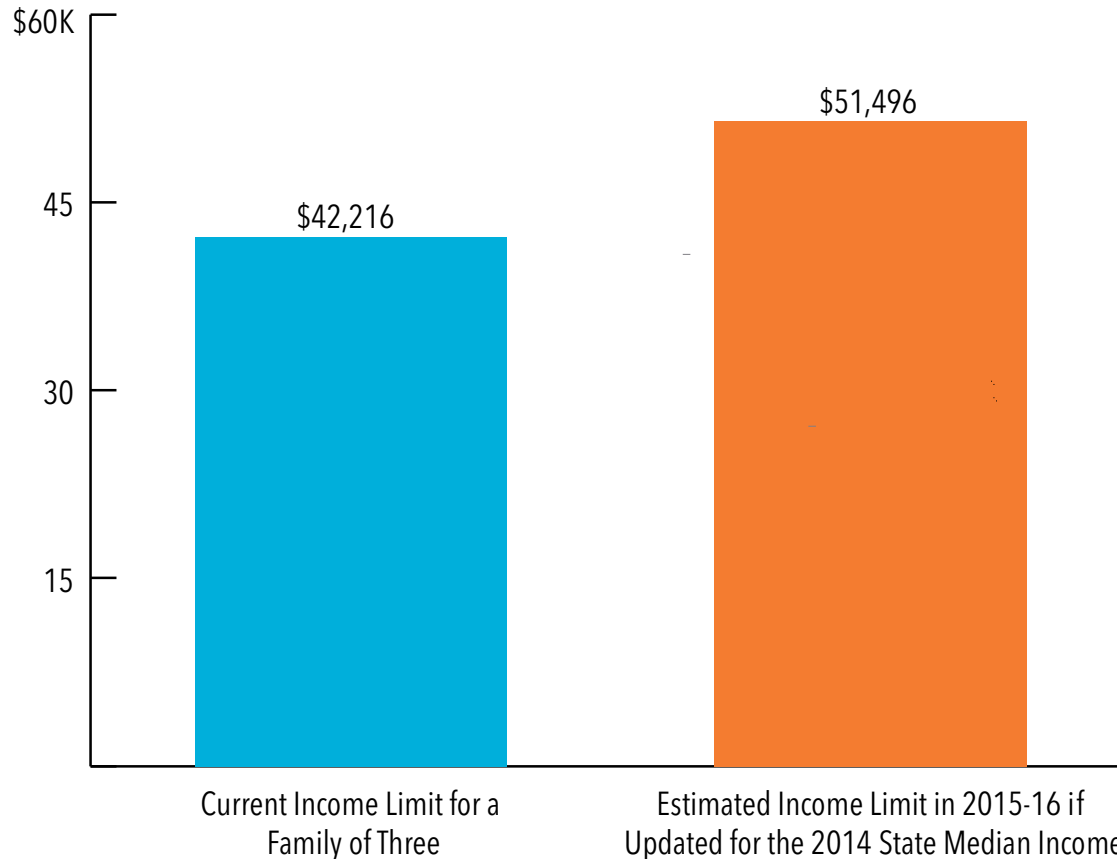
Note: Figures are in 2016-17 dollars and include federal and state funds for slots as well as for quality and support programs. Child care includes CalWORKs and non-CalWORKs programs. Preschool does not include for Transitional Kindergarten.

Source: California Department of Education and Department of Finance



# The Income Eligibility Limit Would Increase by 22 Percent if Updated for the Most Recent State Median Income

## Income Limit for a Family of Three for Subsidized Child Care and the State Preschool Program

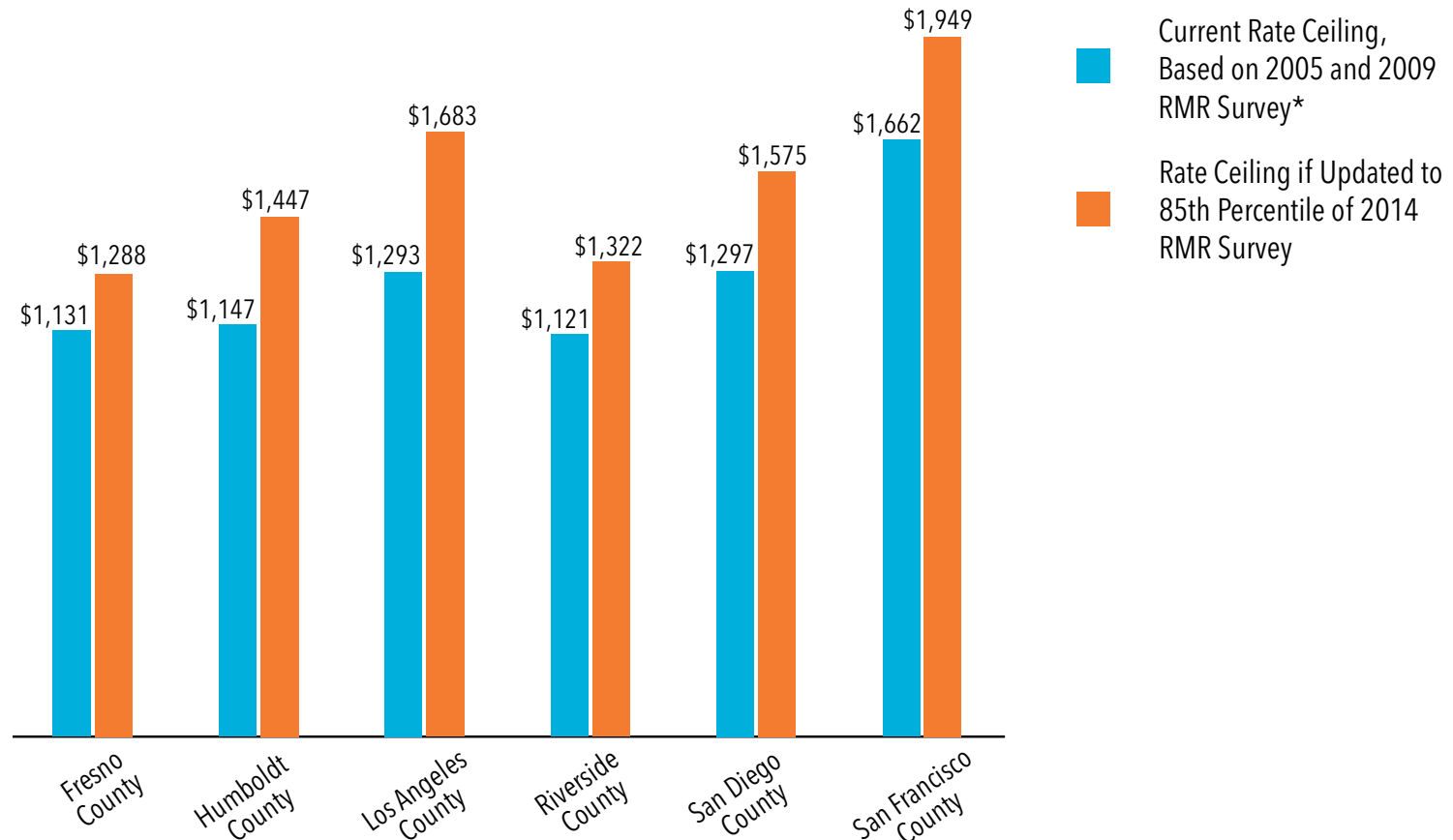


Note: The estimated income limit for 2015-16 is based on the state median income for a four-person family in 2014, adjusted to reflect a three-person family using the methodology applied by the California Department of Education (CDE) as part of the latest update to the income limit in 2007-08. Source: Budget Center analysis of data from CDE and US Census Bureau



# Using Current Market Rate Ceilings Would Increase the Value of Child Care Vouchers Across California

## Maximum Monthly Reimbursement Rate for Full-Time Infant Care in a Licensed Center



\*The 2015-16 budget agreement updated the reimbursement rates by 4.5 percent, effective October 1, 2015.

Note: Voucher-based, subsidized child care providers are reimbursed based on the Regional Market Rate (RMR) Survey.

Source: Budget Center analysis of 2005, 2009, and 2014 RMR Survey data



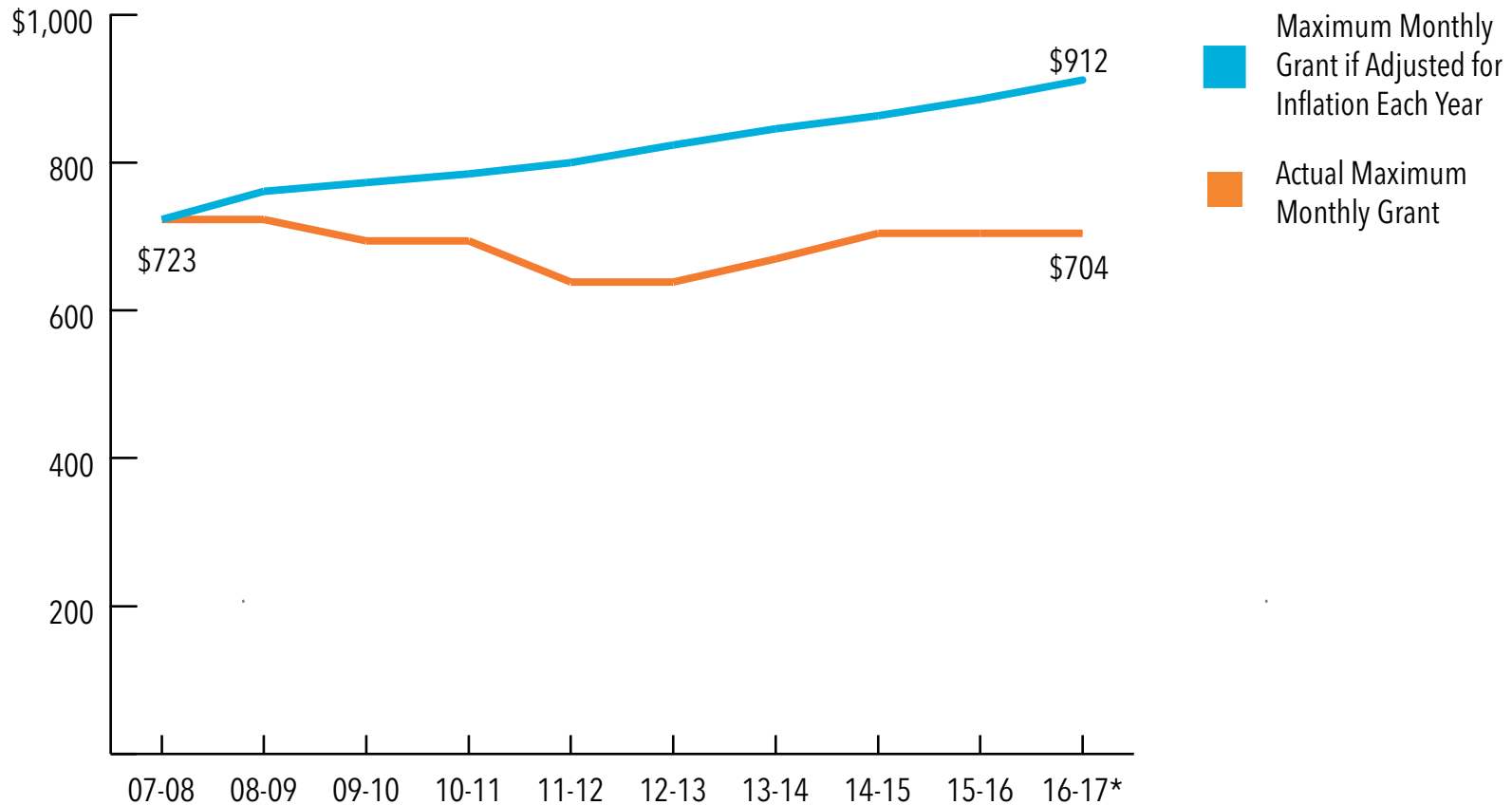
**CalWORKs provides modest cash assistance to families while helping parents find and keep jobs.**

**In California, about 1 million children receive assistance from CalWORKs.**



# The CalWORKs Grant Has Lost More Than One-Fifth of Its Purchasing Power Since 2007-08

## Maximum Monthly CalWORKs Grant for a Family of Three in a High-Cost County



\*2016-17 proposed.

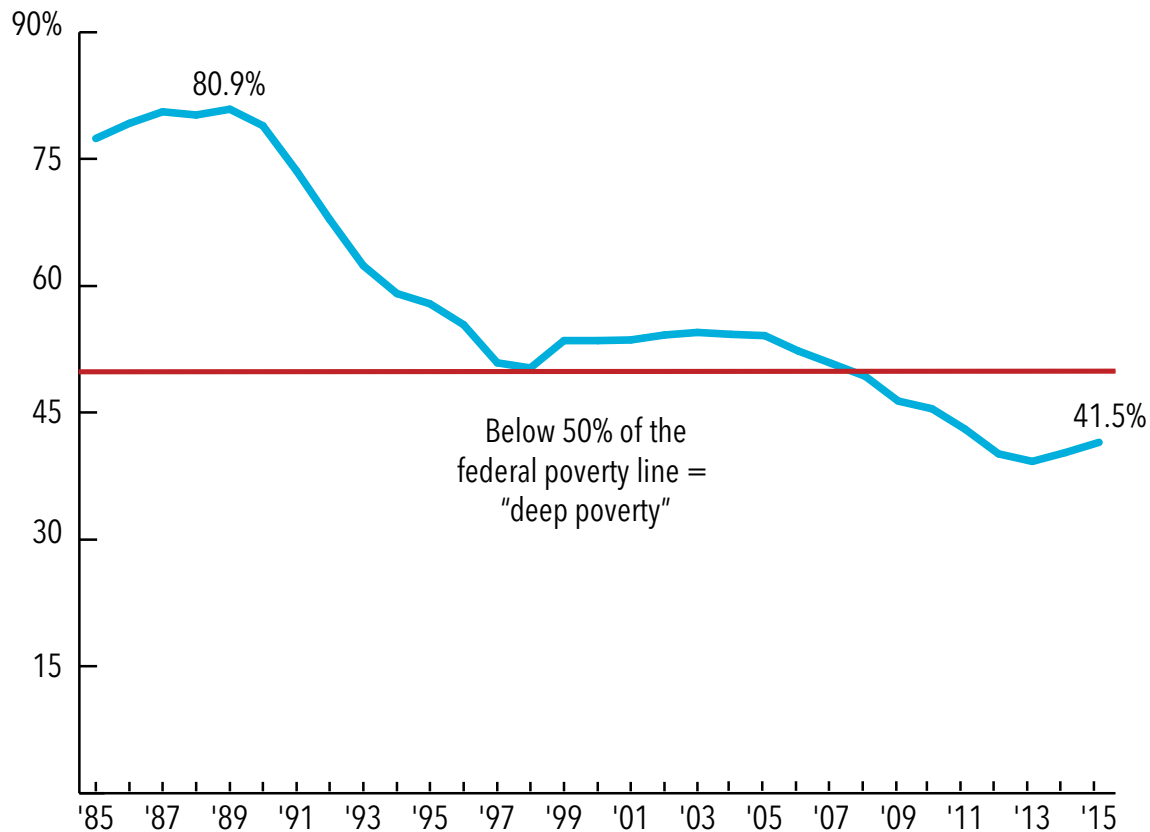
Note: The Governor's proposed budget does not provide a grant increase in 2016-17. Inflation adjustment is based on the California Necessities Index.

Source: Budget Center analysis of Department of Social Services data.



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





# Conclusion

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- The state budget is an expression of our values and priorities.
- California has the resources to invest in individuals and families struggling to make ends meet.
- Doing so is 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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