Overview of the Governor’s 2016-17 Budget

KRISSIN SCHUMACHER, POLICY ANALYST
JANUARY 19, 2016
CALIFORNIA ALTERNATIVE PAYMENT PROVIDER ASSOCIATION TRAINING:
2016-17 STATE BUDGET

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.
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

<table>
<thead>
<tr>
<th>County</th>
<th>Current Rate Ceiling, Based on 2005 and 2009 RMR Survey*</th>
<th>Rate Ceiling if Updated to 85th Percentile of 2014 RMR Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresno County</td>
<td>$1,131</td>
<td>$1,949</td>
</tr>
<tr>
<td>Humboldt County</td>
<td>$1,147</td>
<td>$1,662</td>
</tr>
<tr>
<td>Los Angeles County</td>
<td>$1,288</td>
<td>$1,683</td>
</tr>
<tr>
<td>Riverside County</td>
<td>$1,121</td>
<td>$1,575</td>
</tr>
<tr>
<td>San Diego County</td>
<td>$1,293</td>
<td>$1,322</td>
</tr>
<tr>
<td>San Francisco County</td>
<td>$1,297</td>
<td>$1,147</td>
</tr>
</tbody>
</table>

*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

• 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.