



California Budget  
& Policy Center

# California Budget Perspective 2018-19

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DEVELOPMENTAL DISABILITIES PUBLIC POLICY  
CONFERENCE 2018

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# Putting the Governor's Proposed 2018-19 State Budget in Context

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- **Economic hardship remains high** in most parts of the state.
- Key public services and supports **continue to operate at diminished levels** due to state cuts during the recession.
- The **impact of the federal tax bill** signed by President Trump in December 2017 remains uncertain.
- It's also uncertain whether Congress will support the **deep federal spending cuts** proposed by the President.
- State revenues are **higher than previously forecast**, and the Governor places a heavy emphasis on **building up reserves**.

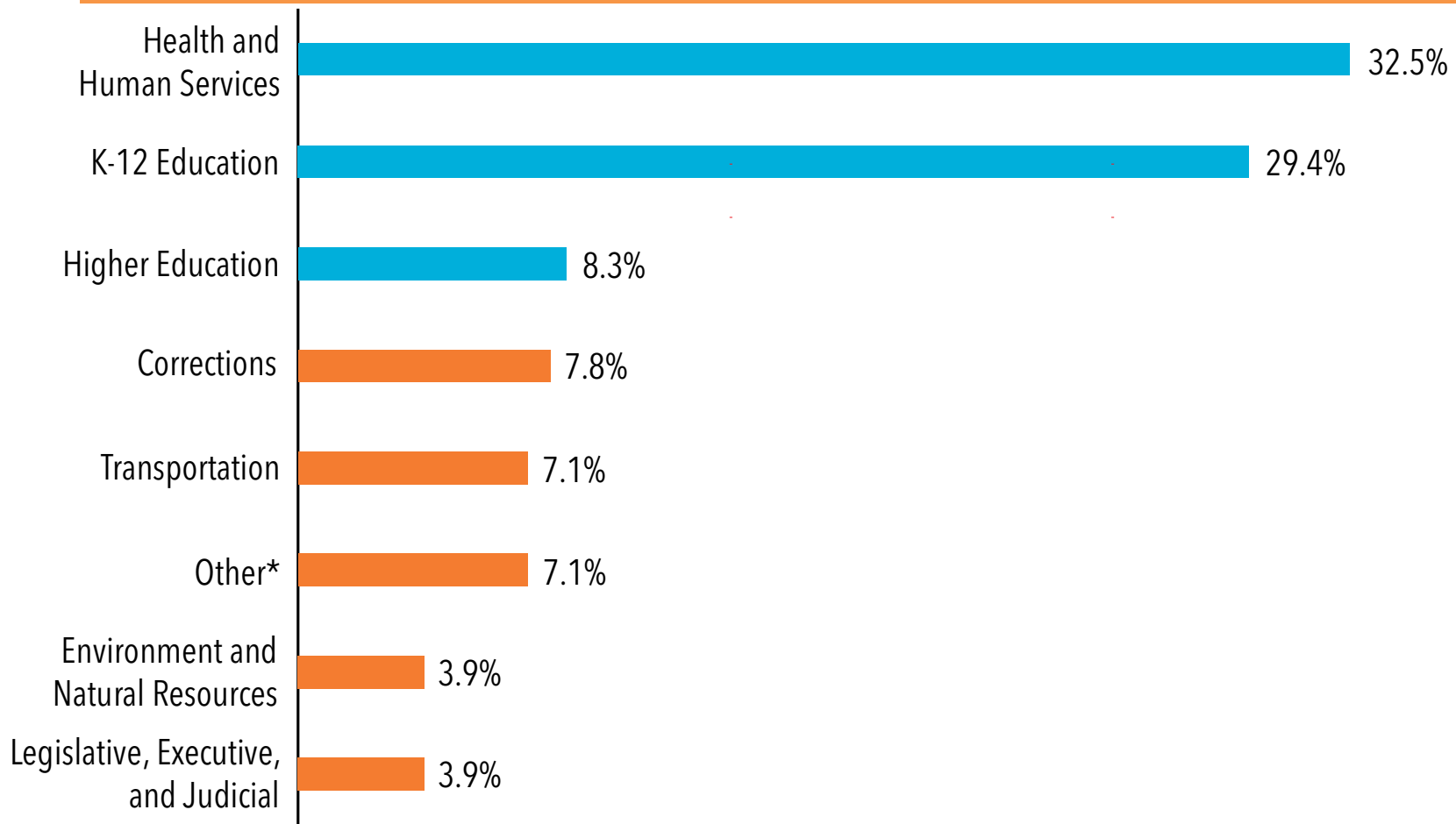


**Most *state* dollars spent through the California budget (70%) support health and human services or education.**



# More Than 7 in 10 State Dollars Support Health and Human Services or Education

Proposed 2018-19 General Fund and Special Fund Expenditures = \$187.8 Billion



\*Includes Business, Consumer Services, and Housing; Labor and Workforce Development; Government Operations; and General Government.

Source: Department of Finance



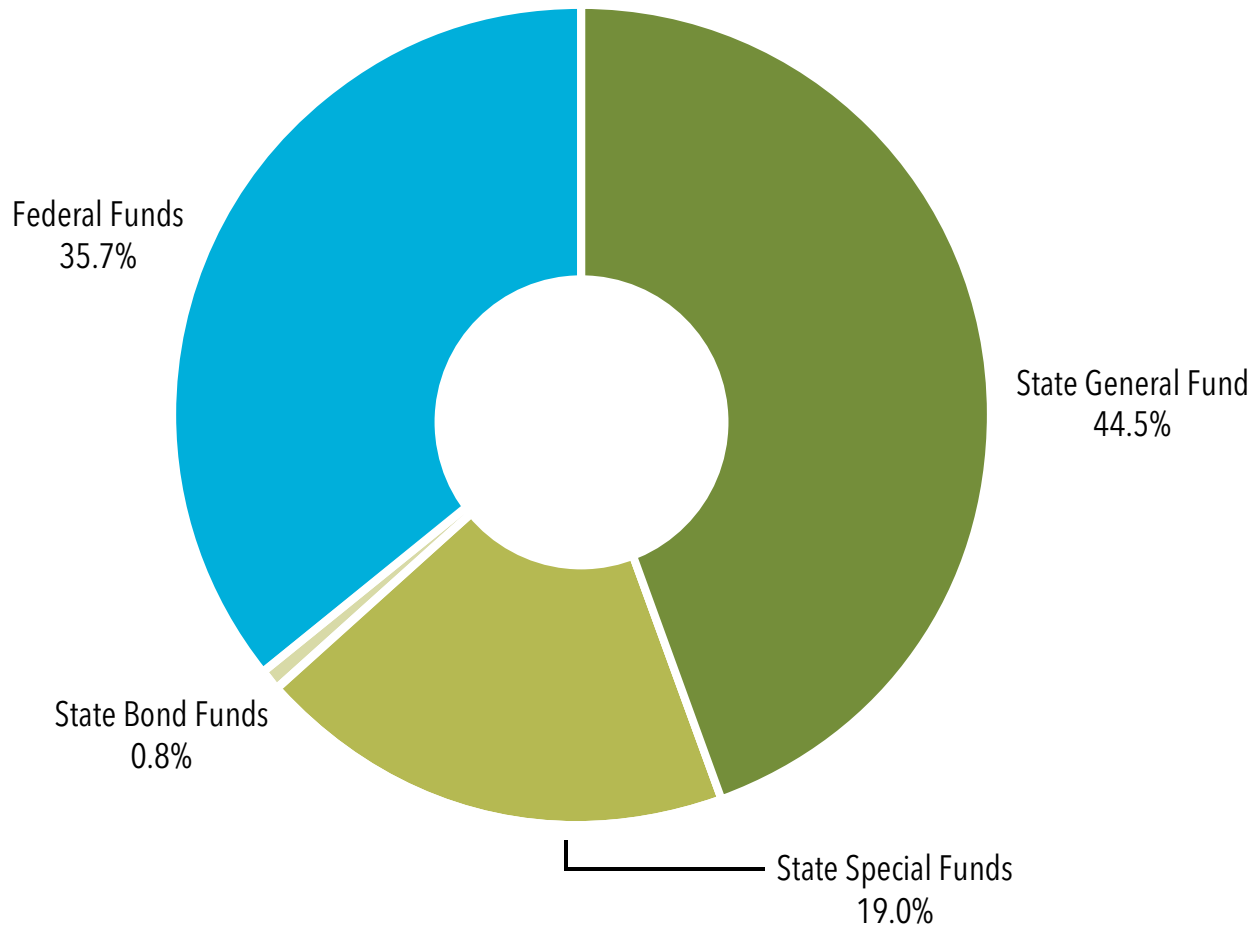
**California is projected to spend over \$100 billion in *federal* funds through the state budget in 2018-19.**



# Federal Funds Account for More Than One-Third of California's State Budget

Total Proposed 2018-19 Expenditures = \$296.2 Billion

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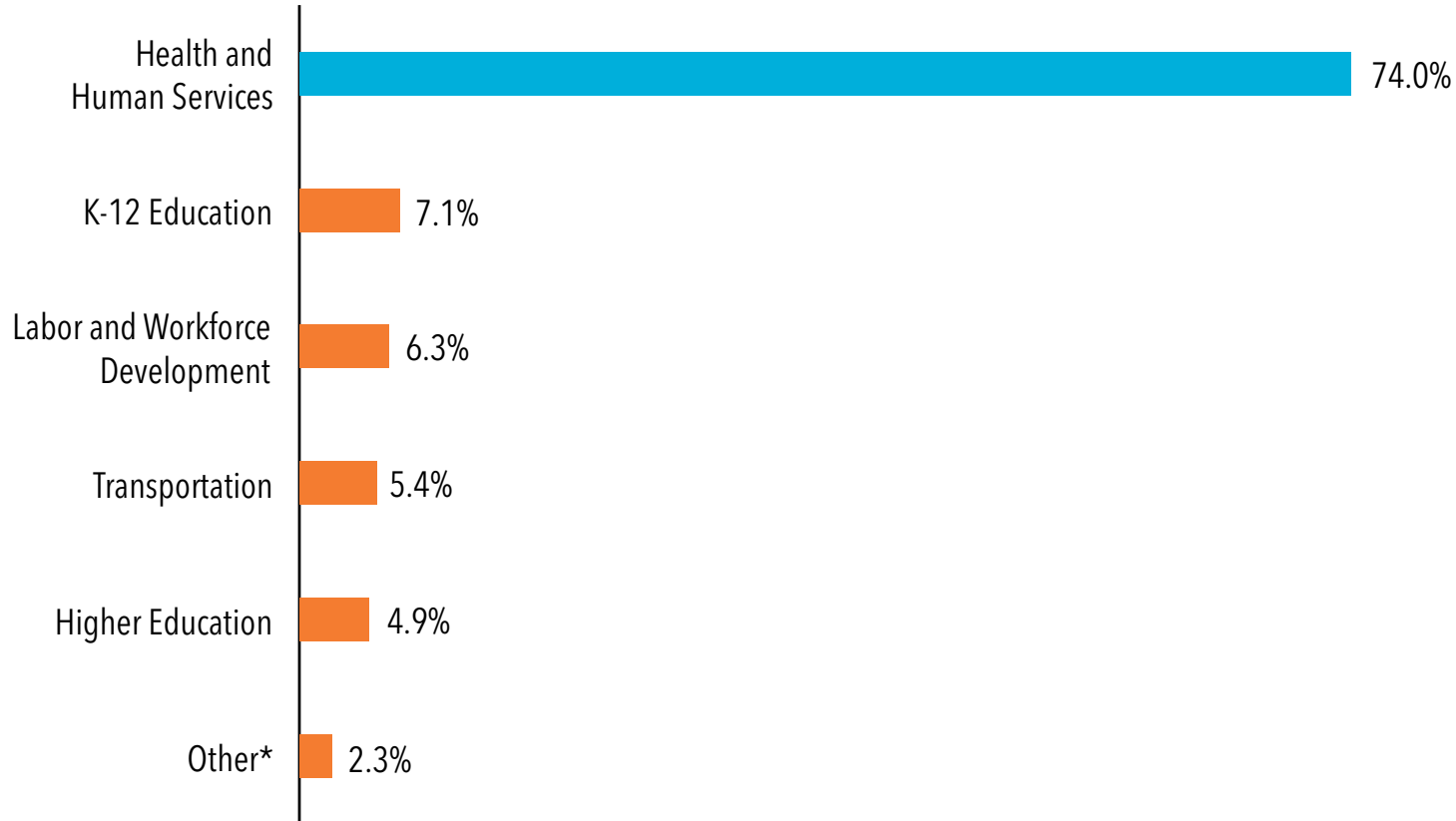
Source: Department of Finance



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# More Than 7 in 10 Federal Dollars Spent Through the State Budget Support Health and Human Services

Federal Funds Estimated to Be Spent Through the State Budget in 2018-19 = \$105.9 Billion



\* Includes Environmental Protection; Legislative, Judicial, and Executive; Corrections and Rehabilitation; and other state budget categories that account for relatively small shares of federal funds.

Source: Department of Finance



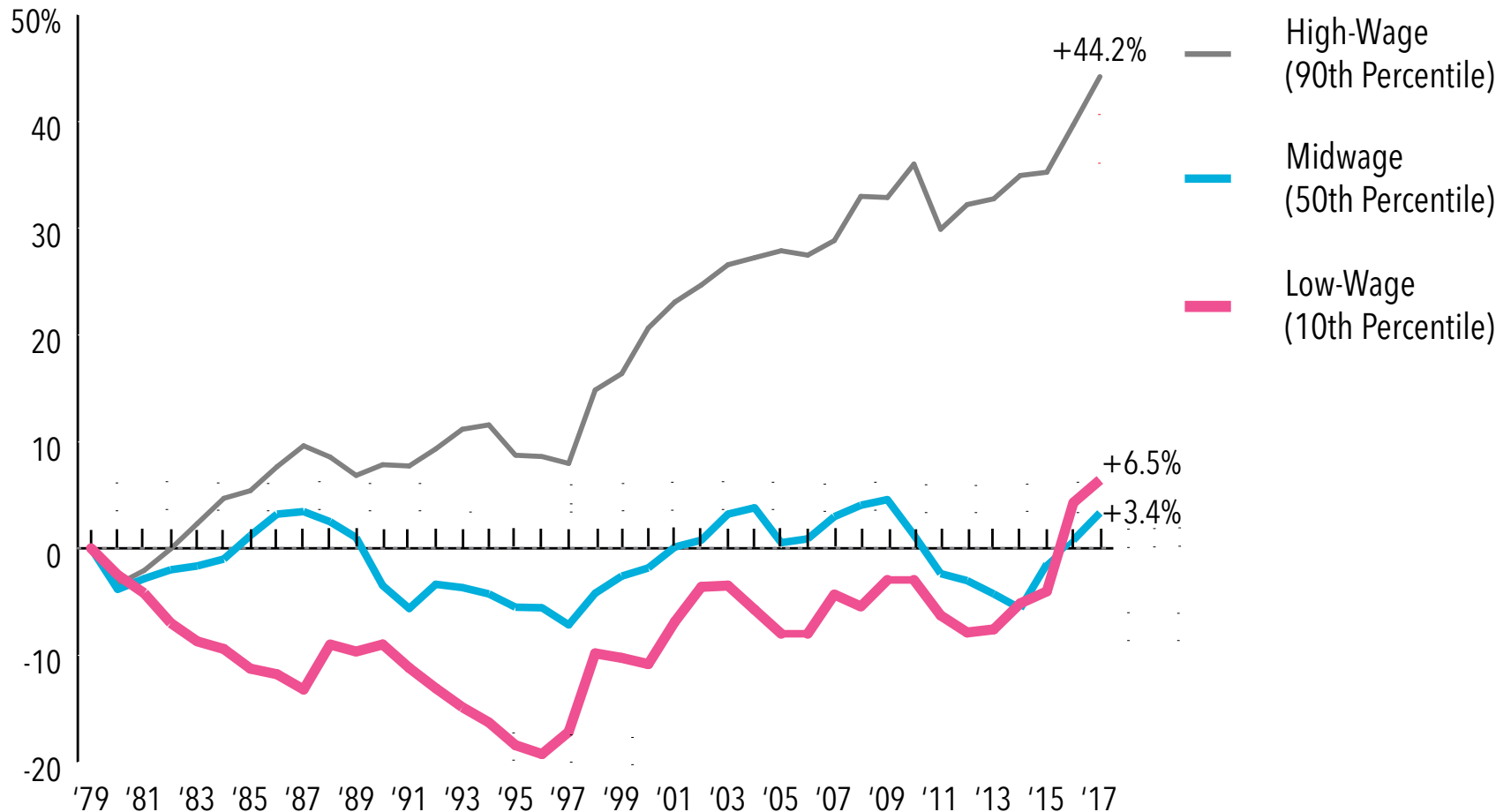
**For most Californians, wages have not been keeping up with the state's rising cost of living.**





# California's Low- and Midwage Workers Have Seen Only Modest Gains Since 1979

Percent Change in Inflation-Adjusted Hourly Wages for Workers Ages 18-64



Note: Figures reflect 2017 dollars.

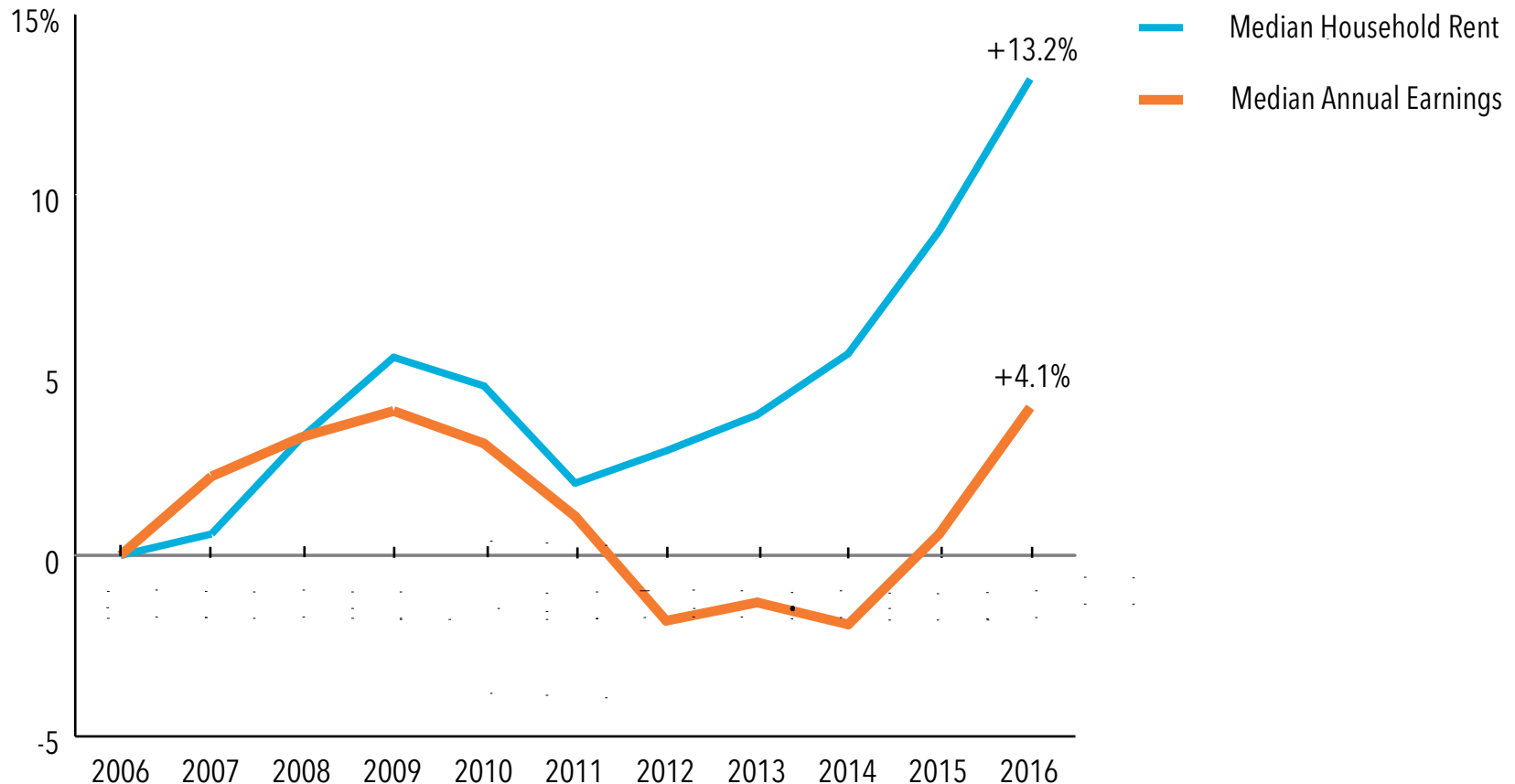
Source: Economic Policy Institute analysis of US Census Bureau, Current Population Survey data



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# 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

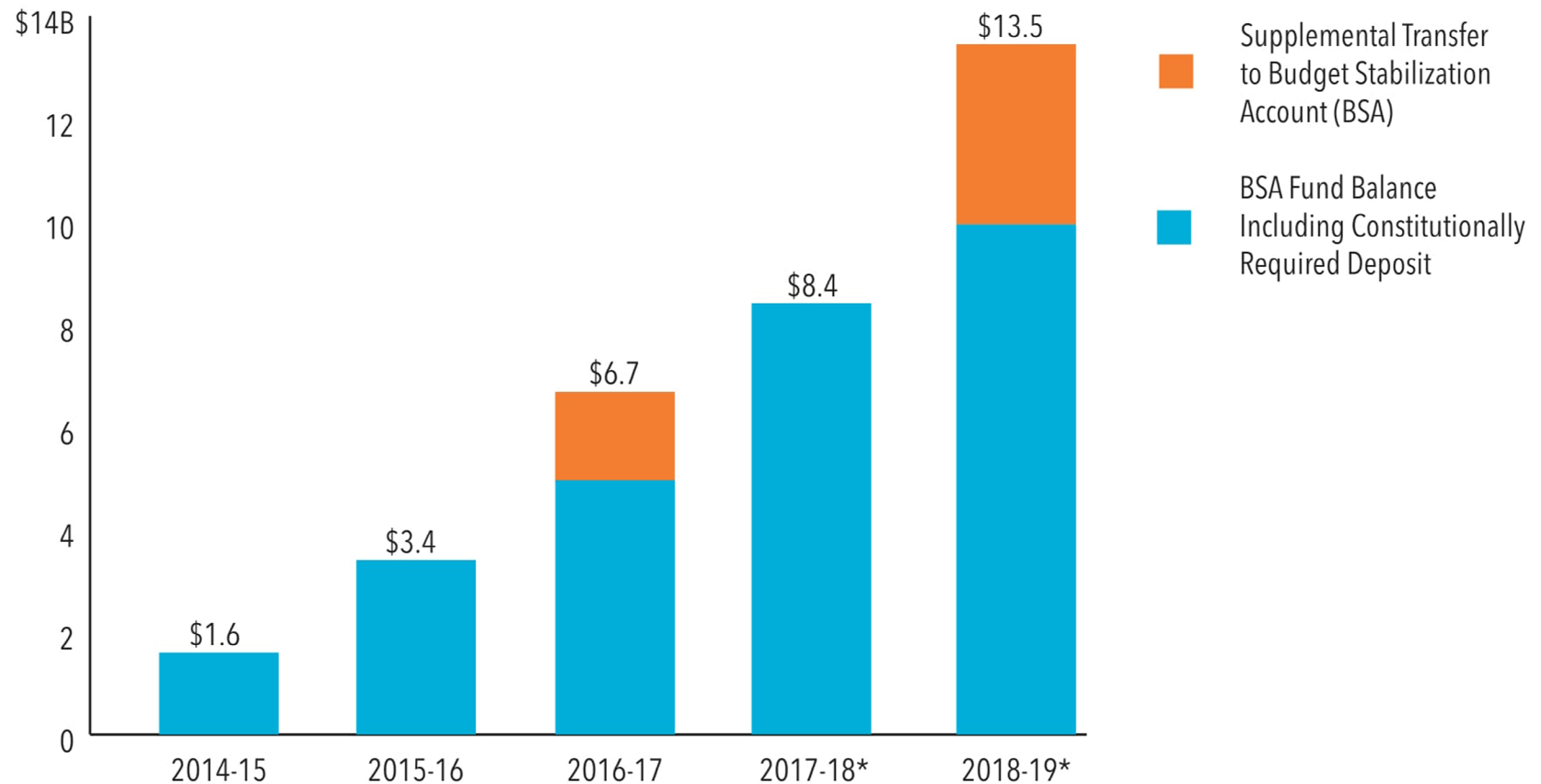


**The Governor proposes to deposit \$3.5 billion *more than required* into the state's rainy day fund, bringing the fund balance to \$13.5 billion.**



# Budget Proposal Calls for Bringing the Rainy Day Fund to Its Maximum Level

Governor Proposes an Extra \$3.5 Billion Beyond What Proposition 2 Requires in 2018-19



\* 2017-18 estimated and 2018-19 projected.  
Source: Department of Finance

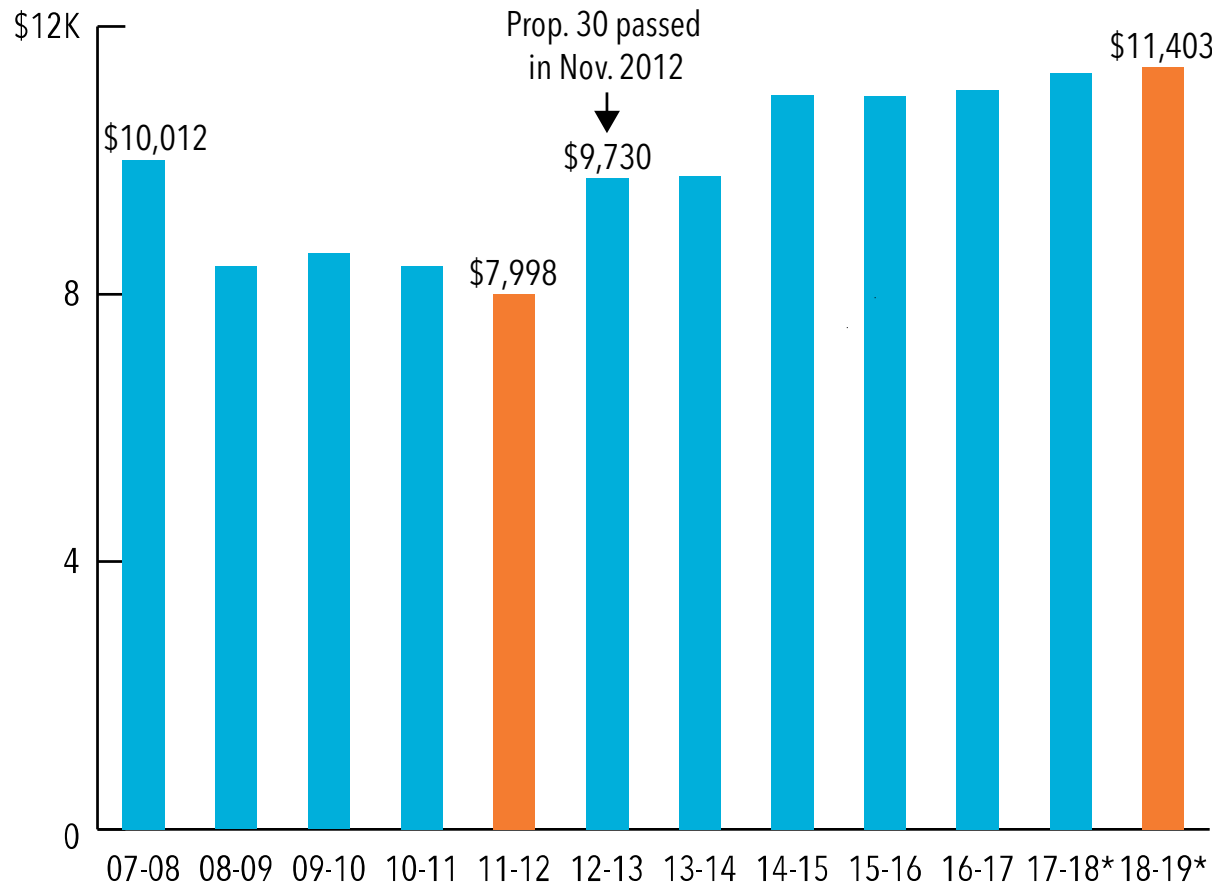


**The Governor's proposed budget continues the recent trend of reinvesting in K-12 and higher education.**



# Due to Higher Revenues, 2018-19 Spending Per Student Would Be More Than \$3,400 Above 2011-12

## K-12 Proposition 98 Spending Per Pupil, Inflation-Adjusted



\* 2017-18 estimated and 2018-19 proposed.

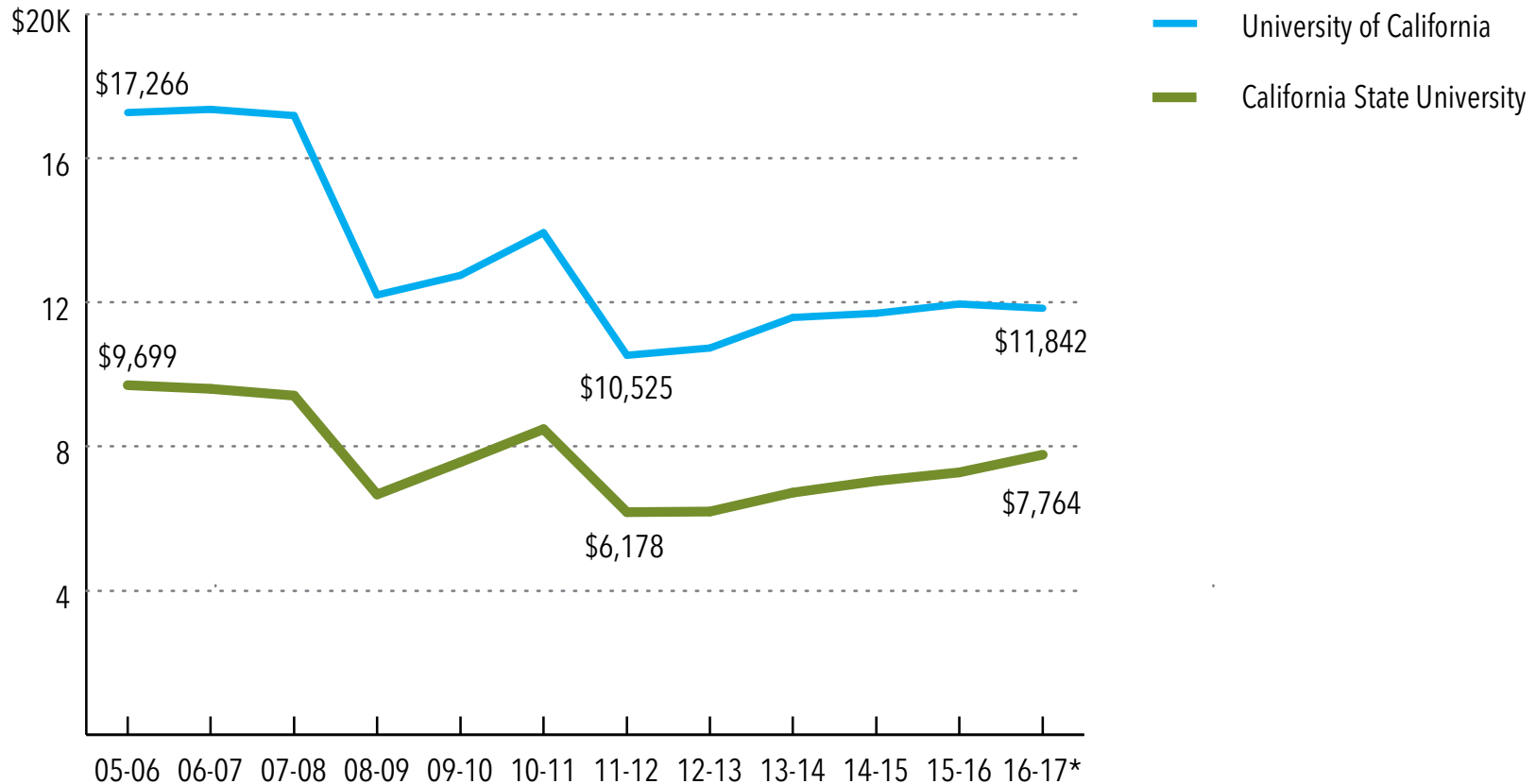
Note: Figures reflect 2018-19 dollars and exclude spending for adult education, preschool, and child care. Prop. 98 spending reflects both state General Fund and local property tax dollars.

Source: Legislative Analyst's Office



# 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



**Governor acknowledges uncertainty over future of Affordable Care Act (ACA), but assumes current policies remain.**

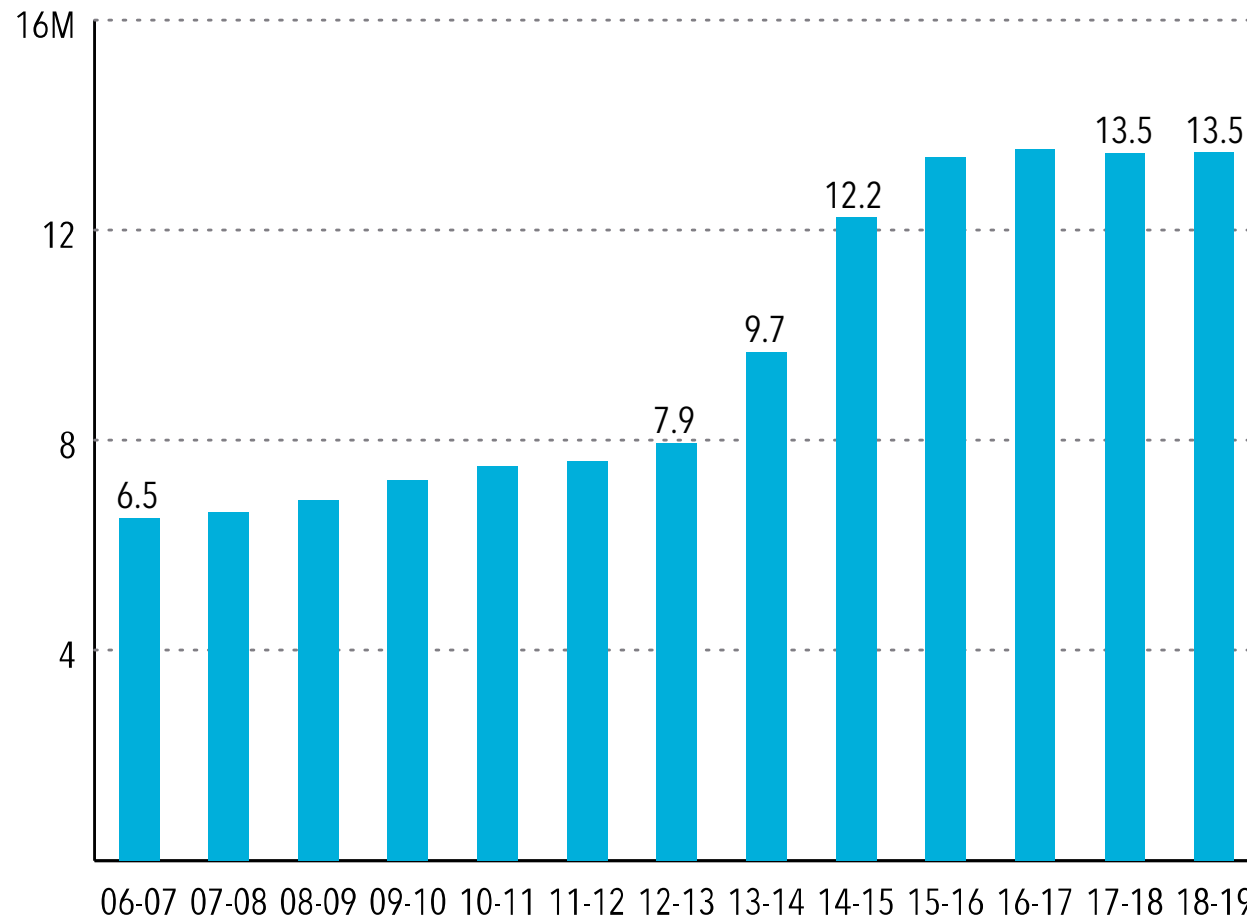
**Proposed budget includes total Medi-Cal spending of \$101.5 billion, with roughly two-thirds being federal dollars.**





# Medi-Cal Enrollment Exceeds 13 Million, More Than Twice the 2006-07 Level

Enrollment Gains Have Been Due to Full Implementation of Health Care Reform



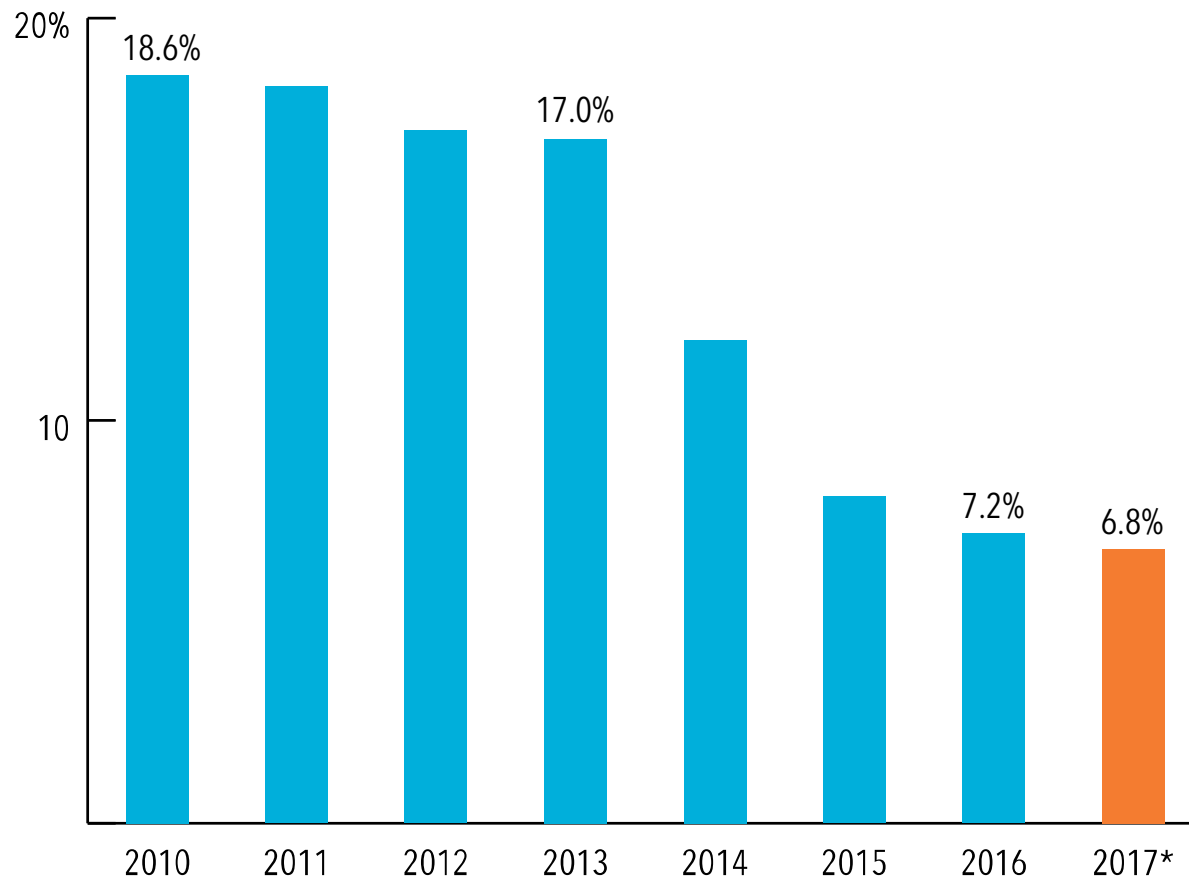
Note: Data for 2012-13 through 2017-18 are state estimates and 2018-19 is projected. Figures reflect average monthly enrollment.

Source: Department of Health Care Services



# 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

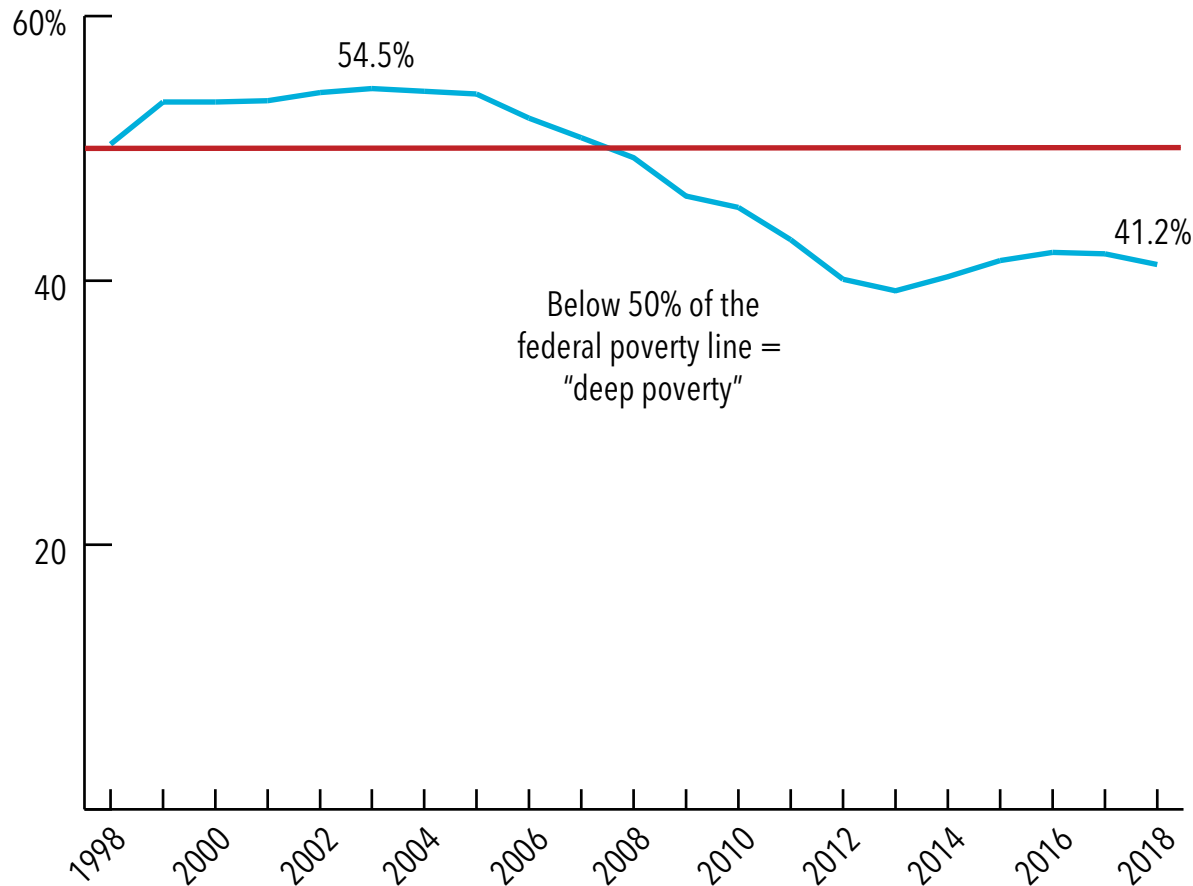


**The Governor's proposed budget does *not* increase CalWORKs or SSI/SSP cash assistance levels.**



# Without an Increase in 2018-19, CalWORKs Grants Will Be Below the Deep-Poverty Line for the Eleventh Straight Year

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

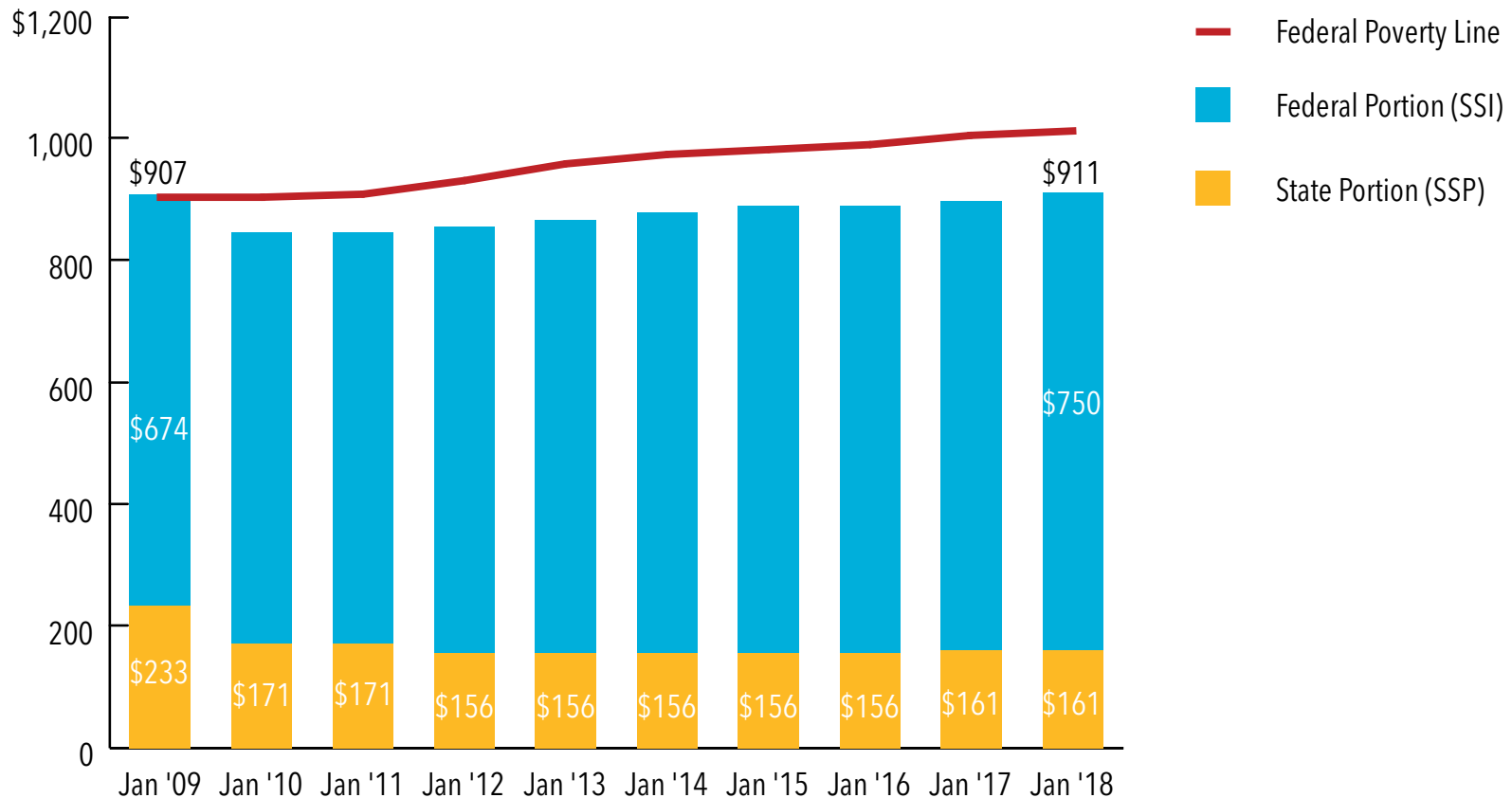


Note: Grants are for high-cost counties. The proposed 2018-19 budget does not increase grant levels.  
Source: Budget Center analysis of Department of Social Services, US Department of Health and Human Services, and US Social Security Administration data



# Due to State Cuts, SSI/SSP Grants Are Only \$4 Per Month Higher Than in 2009 and Remain Below the Poverty Line

## Maximum Monthly Grant for Individuals Age 65 or Older or Who Have a Disability



Note: The federal cost-of-living adjustment (COLA) for the SSI portion of the grant is projected to be 2.6% (\$20 per month) effective January 1, 2019. The Governor's proposed 2018-19 budget does not include a state COLA for the SSP portion of the grant in 2019.

Source: Department of Social Services and US Department of Health and Human Services

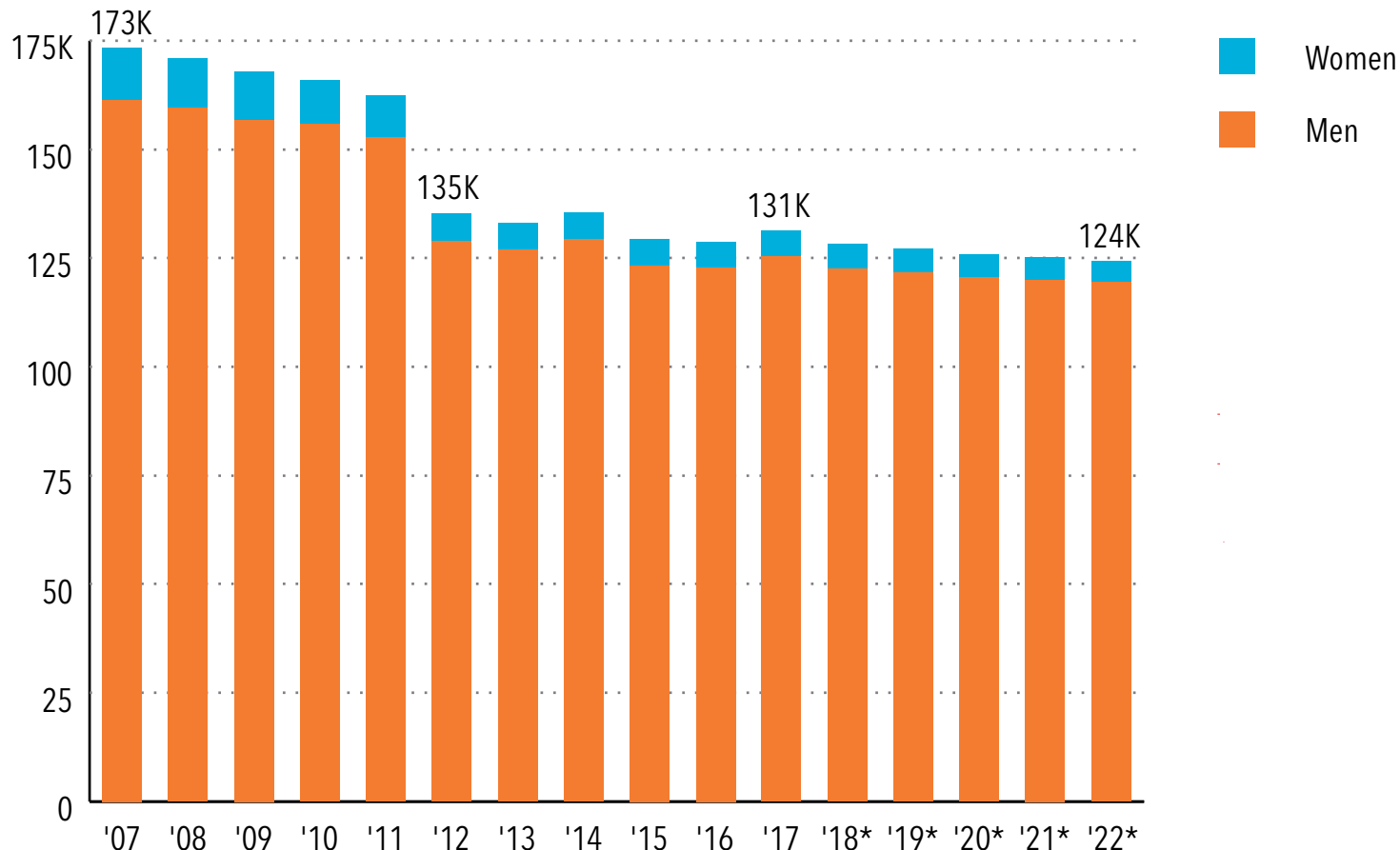


**Even with recent criminal justice reforms, state spending on corrections remains high.**



# The Number of Adults Incarcerated at the State Level Is Projected to Decline by Just 5% From 2017 to 2022

As of June 30 of Each Year



\* Projected.

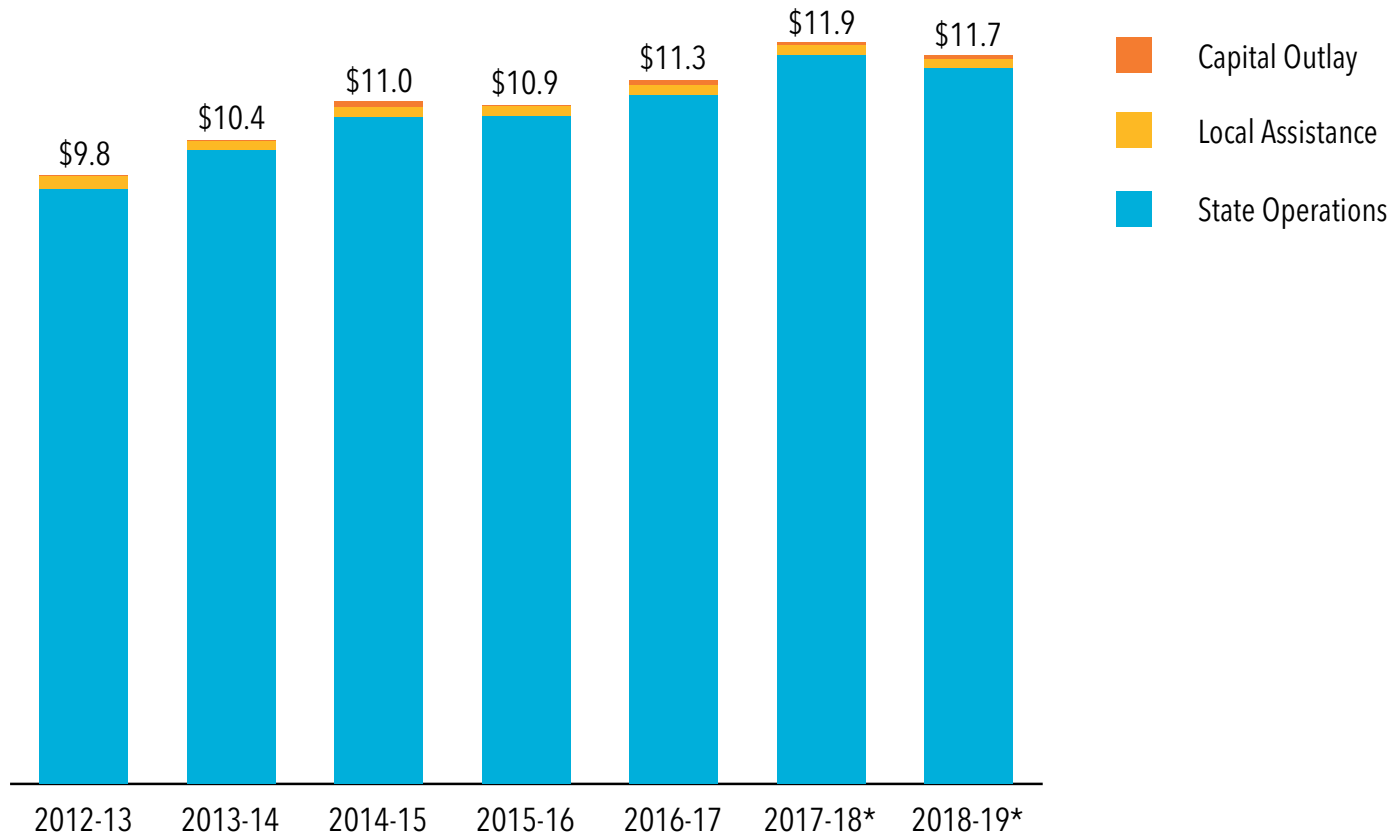
Note: Data reflect individuals housed in a range of facilities, including (but not limited to) prisons operated by the State of California and out-of-state correctional facilities.

Source: California Department of Corrections and Rehabilitation



# State Support for the Department of Corrections and Rehabilitation (CDCR) Is Up Substantially From 2012-13

## Inflation-Adjusted General Fund Dollars in Billions



\* 2017-18 estimated and 2018-19 proposed.

Note: Effective July 1, 2017, the CDCR assumed responsibility for operating 24-hour inpatient psychiatric care in three prisons. This change increased CDCR spending by roughly \$270 million beginning with the 2017-18 fiscal year. Figures reflect 2018-19 dollars.

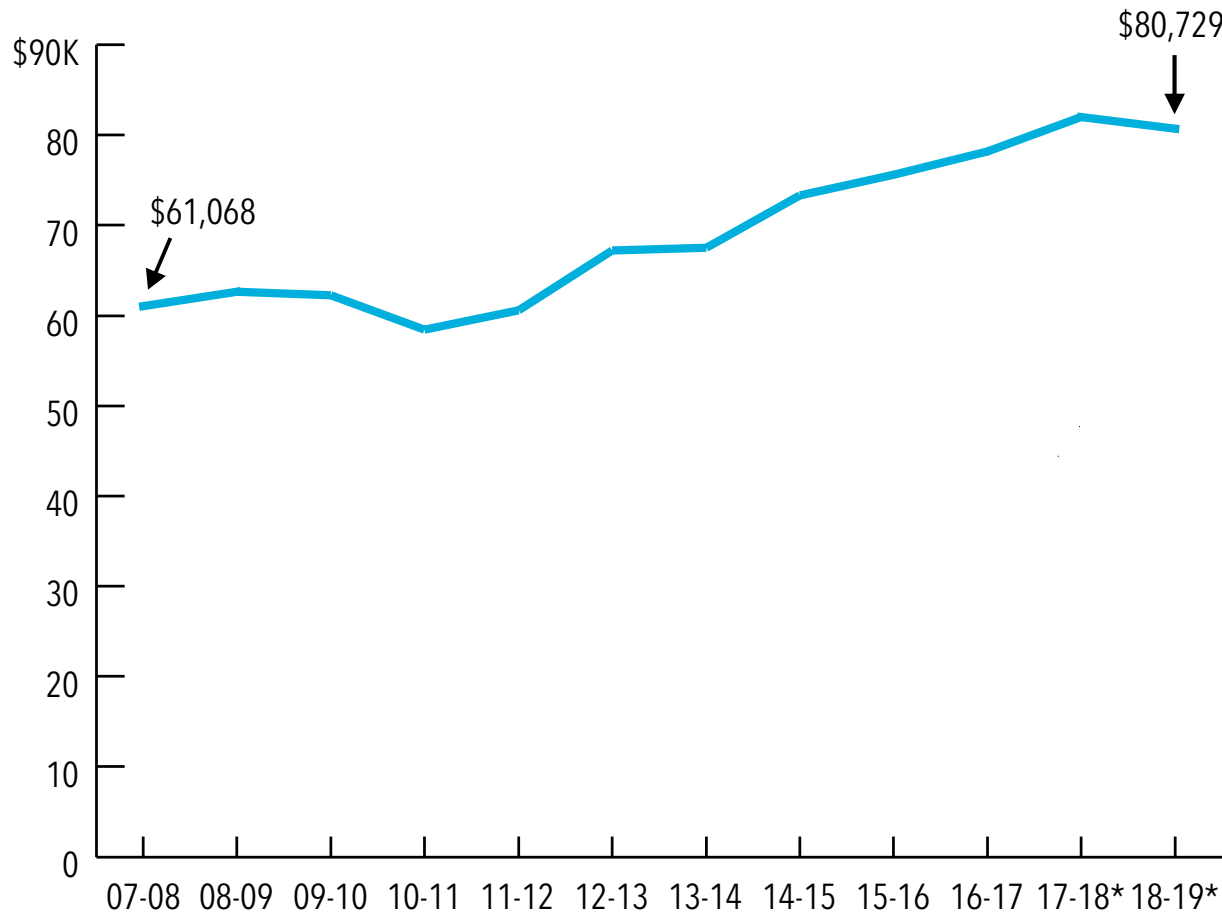
Source: Department of Finance





# Spending Per Incarcerated Adult Is Up by Nearly One-Third Since 2007-08

Per Capita Cost for Adults Housed in State Prisons and Fire Camps, Inflation-Adjusted



\* 2017-18 estimated and 2018-19 proposed.

Note: Figures reflect 2018-19 dollars.

Source: Department of Finance



# Key Issues to Watch

**Federal actions**

**Legislature's response**

**Revenue forecast**



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