



August 1, 2018

**RE: Response to 2018-2019 Signed State Budget**

Dear Asset Builders,

On June 26, 2018, Governor Brown signed the 2018-2019 California State Budget. The California Asset Building Coalition is pleased with many of the investments in programs that aim to curb the long-term impacts of poverty that support the opportunity to achieve economic security. Asset building is more than savings in an account or the ability to purchase a home. Asset building also includes strong safety-net programs and other income generating programs, such as the state EITC (CalEITC), that play a significant role in keeping families out of poverty. We were satisfied to see these investments, but note that the final budget missed the opportunity to make critical investments for the most vulnerable Californians; families living in deep poverty and immigrant communities.

CABC commends the budget action to the end of Supplemental Security Income (SSI) “Cash-out” policy. Low-income people who are elderly, blind, or disabled are eligible to receive SSI benefits. Under the SSI “Cash-Out” policy, SSI recipients were ineligible for CalFresh benefits. SSI beneficiaries instead, were given a \$10 monthly supplemental SSI/SSP allotment to help with the cost of food. This policy left many SSI recipients unable to afford the cost of food. The Budget includes a one-time funding of \$230 million to expand CalFresh access to SSI recipients and an end to the SSI “Cash-Out” policy while funding a hold-harmless protection from loss of food aid for people who would be harmed by cash-out. The end of this policy marks a huge stride in the right direction to prevent hunger for Californians who are elderly or disabled and receive SSI benefits.

The Budget also includes continued expansion of the State EITC program. Effective in the 2018 tax year, all working adults will now be eligible to receive CalEITC. Prior to this change, CalEITC was only eligible for workers between the ages of 25 and 64. In 2018 so far, 1.3 million Californian households claimed CalEITC ([EITC4Me](#)). The expansion is expected to reach 2 million more households in California. We commend the Governor and Legislature for their continued commitment to expanding CalEITC and are pleased to know that more low-income working adults will benefit from the tax credit.

The Budget’s 10% increase in the California Work to Opportunity and Responsibility to Kids program (CalWORKs) benefit represents the largest grant increase the program has ever experienced, but it falls short of what Budget Chairperson Holly Mitchell and a coalition of over 100 organizations across the state, including CABC, called for. The amount funded still leaves many families and children living in deep poverty. CalWORKs provides necessary cash assistance to families in need, however, the current monthly benefit amount is well below 50% of the Federal Poverty Level. According to 2017 data, there are over 1.2 million CalWORKs recipients, including 900,000 children ([CDSS](#)). California is the 5th largest economy in the world, it is unacceptable for any family or child to live in poverty, let alone deep poverty. The

10% increase in benefits will place families at 45% of the Federal Poverty Level and still falls short of keeping families out of deep poverty. If California wants to prioritize supporting financial security and economic well-being for families and ensure no family lives in deep poverty, it must continue to strengthen safety-net programs and increase benefits further and more immediately.

Although CABC is pleased with some of the Budget's investment in alleviating poverty, we are troubled by the lack of investments for immigrants in California. While the Legislative Budget Conference Committee agreed on the expansion of Medi-Cal for immigrants and advocates prioritized expansion of CalEITC to include those with Individual Taxpayer Identification Numbers (ITINs), who are typically immigrant and migrant workers, neither was funded in the final budget agreement. ITIN filers are left out of receiving tax credits on both the Federal and State level despite their contributions to the economy. The Federal Tax Plan now excludes ITIN filers from receiving the Federal EITC and the Child Tax Credit. In order for a family to receive the Federal Child Tax Credit, both, the parent and the child must have a valid Social Security Number. EITC and other tax credits have proven to lift families out of poverty and ITIN filers will no longer benefit from either tax credit. The continued attacks on immigrant communities from the current federal administration leave immigrant families increasingly financially insecure. It is the responsibility of states to enact policies and changes to combat these attacks. Governor Brown and the State Legislature's Leadership had an opportunity to include ITIN filers in the CalEITC expansion and unfortunately did not.

CABC has joined the [Health4All Campaign](#) that supported [SB 974 \(Lara\)](#) and [AB 2965 \(Arambula\)](#), which both aim to increase access to Medi-Cal for all adults, regardless of immigration status. We also supported including the costs for these expansions in the budget. There are nearly 3 million Californians who remain uninsured, 58% of them are undocumented immigrants ([ITUP](#)). Just over 15% of uninsured adults in California have past-due medical debt ([Urban Institute](#)). Medical debt still represents the majority of debt owed by Californians and not only hinders families' ability to make ends meet but also their ability to save and build wealth. The continued lack of access to affordable health care for low-income undocumented immigrants will have detrimental impacts on their health, well-being, and financial stability; ultimately undermining their lifetime opportunities.

We commend the Legislature and Governor for the investments made in the 2018-2019 State Budget but remain critical of the gaps that leave out the most vulnerable Californians. As we look forward to next year's budget, we urge the new Governor and Legislature to continue to expand benefits and protections for all Californians.

Sincerely,

A handwritten signature in blue ink, appearing to read 'SH', with a long horizontal stroke extending to the right.

Sabrina Hamm  
Managing Director  
California Asset Building Coalition

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