



January 25, 2019

RE: Response to Governor's Proposed State Budget

Dear Asset Builders,

On January 10, 2018, Governor Newsom released a proposed 2019-2020 State Budget. The California Asset Building Coalition is pleased with the many bold and important investments in programs and initiatives that support financial security for Californians across the State. CABC understands that asset building is far beyond the ability to save, but the opportunity to exit poverty through strong safety-net programs and tax credits that put more money in the hands of low-income families. We are pleased to see the Governor has proposed such bold investments in Californians and hope to see them enacted by the Budget Act of 2019-2020.

Ending Childhood Deep Poverty

Long-time advocates and growing faith and community coalitions have pushed the Legislature and Governor to prioritize ending childhood poverty. In order to do so, major investments in safety-net programs and other initiatives are needed to quickly address the unprecedented number of children living in poverty in our state. We are pleased with the initial proposals Governor Newsom has put forth including an increase in CalWORKs grant amounts to 50% of the Federal Poverty Level, which equates to just under \$900 a month for a family of three. Last year, former Governor Brown finalized a CalWORKs grant amount increase to 45% of the Federal Poverty Level in the 2018-2019 State Budget. We commend the Governor for continuing this progress. Children are the largest beneficiaries of the CalWORKs program and the proposed investments would result in a major reduction in the number of children living in deep poverty.

Investments in Children's Savings Accounts

In addition to CalWORKs grant amount increases, the Governor proposed a one-time \$50 million investment to support pilot projects and partnerships for a Children's Savings Accounts (CSA). Research has shown both short-term and long-term benefits of CSAs ([IASP and ProsperityNow](#)). In the short-term, CSA's provide an avenue for parents and family members to begin saving for the future of their child or loved one in addition college-going culture among families and higher educational expectations for the child. In the long-term, children with CSAs are more likely to complete postsecondary education and CSAs have the potential to reduce the racial wealth gap. For these reasons, CABC has been a longtime advocate for and is in strong support of CSAs. There are a number of CSA programs across the state and welcome the additional investments to ensure more children in California can benefit from CSAs.

Expansion of Tax Credits

Another significant proposed investment to note is the expansion of the State Earned Income Tax Credit (CalEITC). The Governor's proposal would provide families with children 6 years or under an additional \$500 credit per child, known as the Working Families Tax Credit, along with increasing the income threshold and credit amounts. CABC is a strong supporter of both the state and federal Earned Income Tax Credit. EITC has shown to lift families out of poverty and improve life outcomes. While the credit was expanded to most adults over 18 last year, one key population left out were immigrant workers. Over the years, advocates have continued to prioritize expansion of CalEITC to *all* workers who meet eligibility guidelines, including tax filers with Individual Taxpayer Identification Numbers (ITINs), Temporary Protected Status (TPS), and Deferred Action for Childhood Arrivals (DACA, who are typically immigrant and migrant workers. CABC and advocates look forward to working with the legislature and Governor Newsom to extend this credit to immigrant workers as well. CABC remains critical of the proposed CalEITC expansion and will continue to advocate for an inclusive CalEITC that supports all workers regardless of immigration status and will engage in advocacy relating to budget investment in deep child poverty Targeted Child Tax Credit (TCTC).

Access to Affordable Health Care

The Governor proposed an increase in health insurance subsidies provided through Covered California to help curb the cost of insurance premiums and the expansion of Medi-Cal coverage to qualifying young adults (ages 19-25) regardless of immigration status. Just over 15% of uninsured adults in California have past-due medical debt ([Urban Institute](#)) and immigrants make up 58% of uninsured Californians ([ITUP](#)). 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. Further, the lack of access to affordable healthcare undermines someone's ability to work or attend school. The Health4All Coalition has worked to advance access to Medi-Cal benefits for undocumented Californians. We are thrilled to see the Governor's proposal to expand Medi-Cal benefits to undocumented young adults. These proposals to increase access and affordability of healthcare for Californians is the step in the right direction.

We are pleased with many of the Governor's proposed investments in the 2019-2020 State Budget and hope to see them carried through into the final State Budget.

Sincerely,

Sabrina Hamm
Managing Director
California Asset Building Coalition

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