

# NOTES

## California for All: What's in Governor Newsom's First Proposed Budget?

Bay Area Health Funders Group & California Budget & Policy Center

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### High Level Insights of Governor Newsom's Proposed Budget

- Newsom is proposing to spend \$20 billion in discretionary funding with an emphasis on reducing debt and building reserves. Initial proposal allocates 50% to pay down the debt and for 12% for reserves; the rest is for onetime expenses (25%), and ongoing programs (13%)
- Focus is on making California more affordable and alleviating poverty, starting with investments in early childhood, health care, and housing.

### Health Care

- **Governor's Proposal:**
  - Expanding Medi-Cal for undocumented adults between 19-25
  - Creating new state subsidies for those between 250-600% below the poverty line
- CHCF is interested in getting CA to being 100% covered; CA is looking to enact an individual mandate.
  - 350K folks are eligible for MediCal who aren't enrolled, the hope is to get them all enrolled.
  - Family visitation for early childhood can also help get folks enrolled in MediCal
  - CHCF is looking at other states that have enacted individual mandates, to make the case. There have been bills introduced in the assembly and senate that will hopefully get passed. The penalty from this will help pay the subsidies for the missing middle.
  - Although Public Charge hasn't been enacted, it is having negative impacts on enrollment.
- Expect that a council will be put in place to figure out how to implement single payer. CHCF will be providing research to support that council. Looking towards 2020 and a more favorable administration to advance single payer.
- CHCF did a poll on maternal health that showed a lack of access to behavioral health at the top and it's clear that we don't have an adequate workforce to handle this.

### Early Childhood

- **Governor's Proposal:**
  - \$490M towards one time funds for childcare infrastructure, including facilities, training & workforce elements
  - \$125M towards full day CA state preschool program slots, to significantly expand access to the state's early childhood system.
- Many families struggle with access to basic supports that are available, this budget significantly expands home visitation programs to help with that.
- Screenings: universal developmental screening mandate, pediatricians have to use a standardized tool to screen all kids; thinking about screening families for ACE's
- Proposes an expansion of black maternal & infant health program
- **Opportunities for engagement:**
  - Help these programs get implemented well across the state, especially in places that have no early intervention specialists.
  - Need to do cross sector work, early childhood needs to show up for housing conversations to talk about how unstable housing affects kids.
  - Need to think about how to help an early childhood system scale up over the next few years.

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## Housing

- **Governor's Proposal:**
  - Expanding the state role in affordability: state setting short term goals for housing production; revamping how long term goals are set, the state will play a more active role in oversight and enforcement, and will provide funding for local government to meet goals
  - Linking housing production to transportation funds.
  - Expanding tax credits and loan programs to incentivize housing development.
  - Aligning Opportunity Zones and Enhanced Infrastructure Finance Districts and removing a voter approval requirement for issuing bonds
- Housing has simple solutions. When redevelopment went away, it had ripple effects. But now that there is a booming economy, we should be looking at housing from an abundance framework.
- The proposed budget includes an expansion of the low income housing tax credit program. This will leverage \$2B in federal funds; creating 5K homes a year.
- The budget proposes using underutilized state property for affordable housing; 30 parcels of CalTrans land in the Bay Area will become available for housing
- Proposes lowering voter threshold for housing bonds to 55% for local jurisdictions

## Cross-sector Impacts in the Governor's Proposal

- Expanding the Earned Income Tax Credit, and increasing CalWorks grants
- Addressing the impact of federal actions on immigration – helping new immigrant rapid response efforts at the border; providing additional legal services on college campuses

## Discussion

- **What parts of the budget can we expect to see push-back?**
  - Governor Newsom set a high ceiling and the legislature is nervous about over commitment. The governor is proposing to raise taxes and fees to pay for many of these things, which will need 2/3 votes to pass.
- **Is there a workforce for all of the expanded programming?**
  - No, need to train up the workforce.
  - Healthcare:
    - A commission was formed to look at the healthcare workforce needs in the future, and issued a blueprint for what the workforce is & showed gaps in: prevention, primary care, aging, & behavioral health
    - Commission will be holding meetings across the state to encourage implementation of recommendations from the report.
  - Housing:
    - There's a gap in experienced leadership due to recession & end of redevelopment
    - NPH and Race Forward creating a racial equity plan for the sector so they have leaders of color for all aspects of the field.
    - Need advocacy, leadership development, and capacity building for public agencies doing this work. A lack of capacity in local agencies creates a barrier.
- **How are advocates planning to advance budget priorities, & how can philanthropy have influence?**
  - Advocates need to pull the legislature & support the governor's staff to implement priorities.
  - The governor came out with a four year plan in a one year budget. We don't have to win everything in one year, what's achievable as a phased in approach?

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- Advocates need to see the big picture and focus on intersection of issues. (e.g. by focusing on expanding home visits, families gain access to a multitude of support and services)
  - Opportunity to reframe what it would mean for families to have a comprehensive system of support & get basic needs met.
  - Funders should support nonprofit partners to work cross sector (e.g. Ensuring Opportunities in Contra Costa, United Way), and support families to tell their stories in the capital
- CASA addresses the housing crisis through a regional plan, which includes 10 elements & will create 14-15 pieces of legislation. The first 3 are tenant protections bills, then affordable housing preservation, then streamlining affordable housing production. The coalition will move forward together for the region, but most will be statewide bills.
- **How can we coordinate our efforts to be aligned?**
  - This is a critical moment to take bold action. Philanthropy needs to help the governor move his agenda, as well as help map out or restructure some elements of it.
  - Do on the ground work in red counties and beyond the Bay Area, that have families the governor wants to reach, but not the political support. Show how we can build the infrastructure and have impact in places like the Central Valley.