

Latinos comprise 46.6% of CalWORKs recipients. These low-income and very low-income working Latinos and their families are in need of a system that provides them with enough assistance to cover their basic needs: housing, food, transportation, health care, and child care. One of the statutory pillars of CalWORKs is to reduce child poverty in the State. Once families can cover their basic needs, the road to independence and self-sufficiency becomes more accessible benefiting the overall wellbeing of the child.

The following are the Governor's proposed reductions to the CalWORKs program. Those marked with an \* were passed by the Legislature in special session.

GOVERNOR'S PROPOSAL	ANALYSIS	HOPE POSITION
• Delay the July 2008 COLA to October 2008.*	<i>Delaying the Cost Of Living Adjustment for cash assistance means that families will not able to purchase as much with their benefits.</i>	<b>🚫 Oppose.</b> HOPE opposes any reduction that would cause further hardship for these already at-risk Latino families.
• Eliminate cash assistance for children whose parents have reached the 60-month time limit ("safety net" families).	<i>More than 115,000 children received these benefits in December 2007. Given the state of the economy the need for these benefits could possibly increase in 2008.</i>	<b>🚫 Oppose.</b> HOPE opposes any reduction that would place families in hardship situations without the basic necessities such as food and shelter.
• Eliminate cash assistance for children whose parents are not eligible for CalWORKs ("child only" families).	<i>This assistance includes US citizen children of undocumented immigrants.</i>	<b>🚫 Oppose.</b> HOPE opposes any reduction that puts children and their families at risk.
• Eliminate cash assistance for children whose parents have been sanctioned for not complying with CalWORKs program rules.	<i>This would put the most vulnerable children at risk since most sanctioned parents have the hardest time finding work.</i>	<b>🚫 Oppose.</b> HOPE opposes any reduction that puts vulnerable children at risk.

## SOURCES

The following publications were utilized by HOPE in preparing the, "2008 California Budget Analysis."

California Budget Project. *Governor Releases Proposed 2008-09 Budget.* January 16, 2008. [www.cbp.org](http://www.cbp.org)

California Budget Project. *Governor's Proposed CalWORKs Changes Would Eliminate Aid for Nearly 200,000 Children.* April 2008. [www.cbp.org](http://www.cbp.org)

California Budget Project. *Hard Work and A Fair Shot: Helping California's Low-Income Working Families Make Ends Meet.* August 2007. [www.cbp.org](http://www.cbp.org)

California Budget Project. *Legislature Approves Midyear Cuts.* February 15, 2008. [www.cbp.org](http://www.cbp.org)

California Department of Finance. *Governor's Budget 2008-09 Proposed Budget Summary.* [www.dof.ca.gov](http://www.dof.ca.gov)

Latino Coalition for a Healthy California. *Starting the Year Billions in Debt: A Review of the Proposed 2008-09 Budget Proposal.* February 2008. [www.lchc.org](http://www.lchc.org)

Latino Issues Forum. *California's 2008-09 Proposed Budget: What Does it Mean for Latinos?* [www.lif.org](http://www.lif.org)

Legislative Analyst's Office. *Analysis of the 2008-09 Budget Bill.* [www.lao.ca.gov](http://www.lao.ca.gov)

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Hispanas Organized for Political Equality (HOPE) is a nonprofit, nonpartisan organization committed to ensuring political and economic parity for Latinas through leadership, advocacy, and education to benefit all communities and the status of women.

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# 2008 HOPE Budget Analysis

Over 6 million Latinas live and work in California today, representing 17 percent of California's total population. Of these 6 million Latinas, only 12 percent have at least a Bachelor's degree, 68 percent make under \$50,000 a year, and 21 percent are uninsured.<sup>1</sup> By 2010, just 2 years away, the total Latina population is expected to reach 7.1 million with almost 40 percent under the age of 19.<sup>2</sup> HOPE uses this "Latina lens" to analyze budget proposals and policies to ensure they are in the best interest of our communities across the State.

The 2008 HOPE Budget Analysis reflects HOPE's positions on Governor Schwarzenegger's proposed 2008-09 budget. This analysis is built upon HOPE Policy Initiatives, and reflects an understanding of the current budget climate. Most importantly, the 2008 HOPE Budget Analysis is a tool to engage California's political leadership in dialogue around Latina priorities and the impacts of proposed budgetary changes on the Latina/o community.

The Governor's proposed 2008-09 budget aims to close an estimated \$14.5 billion shortfall by reducing spending in most state programs and departments by 10 percent.<sup>3</sup> The Governor also called a special session of the Legislature to find solutions to the \$3.3 billion cash flow shortage in the current year. On Friday, February 15, 2008 the Legislature passed a series of reductions to the 2007 Budget Act as well as related bills primarily aimed at bridging this year's shortfall. The largest reductions were in the areas of K-12 and secondary education as well as Medi-Cal. These actions will also affect the State's 2008-09 budget.

*The budget proposals outlined below are not inclusive of all budget proposals in the Governor's budget and the special session, only those most concerning to HOPE.*



## HEALTHCARE ACCESS

### SCENARIO

Over one million Latinas in California are uninsured. Adult Latinas who are uninsured tend to work in industries that do not offer health benefits, work for small businesses, or work part-time.<sup>4</sup>

Nearly a half million Latino children are uninsured. Almost 40% of uninsured Latino children (ages 0-17) are eligible for one of the two state public health insurance programs – Medi-Cal and Healthy Families.

### MEDI-CAL

Medi-Cal is California's version of Medicaid, a federal-state health insurance program for low-income individuals who cannot afford or who do not have access to private health insurance. Medi-Cal is the nation's largest Medicaid program in terms of the number of people it serves and is the second largest in terms of dollars spent, \$40 billion.<sup>5</sup> Medi-Cal served 6.6 million enrollees in 2006-2007 and accounted for 17% of General Fund spending.<sup>6</sup> Latinas continue to be the largest population served by Medi-Cal and account for 53% of all Medi-Cal enrollees.<sup>7</sup> Below are the Governor's proposed reductions to the Medi-Cal Budget. Those with an \* were passed by the Legislature in the special session.

GOVERNOR'S PROPOSAL	ANALYSIS	HOPE POSITION
• Reduce payments to many Medi-Cal providers by 10% beginning in July 2008.*	<i>Reducing the already low Medi-Cal reimbursement rates could cause providers to accept less Medi-Cal patients.</i>	<b>🚫 Oppose.</b> HOPE opposes measures reducing access to care for Medi-Cal beneficiaries who are 53% Latino.
• Permanently defer payments to providers for June to July.*	<i>This permanent deferral could cause providers to see fewer patients or reduce services as they will not be reimbursed for them.</i>	<b>🚫 Oppose.</b> HOPE opposes cuts that would cause fewer services to be offered to Medi-Cal beneficiaries.
• Require adults and children to return paperwork four times annually to retain access to health care services.	<i>This additional paperwork requirement could cause qualified children and families to lose coverage due to administrative errors.</i>	<b>🚫 Oppose.</b> HOPE opposes requirements that would create additional barriers for Latino families to access health care.
• Reduce payments for family planning services by 10% and reduce funding for the Teen Pregnancy and Prevention Program.	<i>Teen pregnancy rates among Latinas are the highest in the State, reducing payments for services and funding for programs will reduce access to services for Latinas further complicating the work to reduce those rates.</i>	<b>🚫 Oppose.</b> HOPE opposes reductions that would reduce access to health care services for Latinas.

<sup>1</sup> California Health Interview Survey. UCLA Center for Health Policy Research. 2005. [www.chis.ucla.edu](http://www.chis.ucla.edu)

<sup>2</sup> State of California, Department of Finance, *Population Projections for California and Its Counties 2000-2050, by Age, Gender and Race/Ethnicity.* Sacramento, California, July 2007.

<sup>3</sup> Legislature Approves Midyear Cuts. California Budget Project. February 2008

<sup>4</sup> California Health Interview Survey. UCLA Center for Health Policy Research. 2005. [www.chis.ucla.edu](http://www.chis.ucla.edu)

<sup>5</sup> Medi-Cal Facts and Figures: A Look at California's Medicaid Program. California Healthcare Foundation. May 2007

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

## THE HEALTHY FAMILIES PROGRAM

The Healthy Families Program provides low-cost health coverage to children with family incomes too high to qualify for Medi-Cal, but below 250% of the federal poverty level. The Healthy Families Program (HFP) serves over 866,000 children and adolescents<sup>8</sup> with Latino children (61%)<sup>9</sup> the majority of all enrollees. Below are the Governor’s proposed budget changes for 2008-09. Although the following proposals were not approved by the Legislature in the special session, they may be reviewed in the budget revise.

GOVERNOR’S PROPOSAL	ANALYSIS	HOPE POSITION
• Impose an annual benefit limit for dental coverage.	<i>It is estimated that 5% of enrollees will meet the proposed \$1,000 annual limit.</i>	🚫 <b>Oppose.</b> HOPE opposes the limit as it will be those in need of the most care who will exceed it.
• Increase premiums for subscribers over 150% Federal Poverty Level.	<i>An increase in premiums could cause the program to become unaffordable for many families.</i>	🚫 <b>Oppose.</b> HOPE opposes any increase in premiums which may make the program unaffordable to some families.
• Increase co-payments for non-preventative services for subscribers over 150% Federal Poverty Level.	<i>Increased co-payment could cause less visits to the doctor as families as the fees become unaffordable.</i>	🚫 <b>Oppose.</b> HOPE opposes an increase in co-payments which could result in less doctor visits by Latino families.
• Reduce rates to managed care plans by 5%.	<i>A reduction in reimbursement rates will have a negative impact on providers causing them to offer fewer services.</i>	🚫 <b>Oppose.</b> HOPE opposes reducing rates to plans as it may cause providers to offer fewer services, creating a barrier for Latino families to access care.

## EDUCATION SCENARIO

Latinas are a visible demographic in California, and more specifically, in California’s public schools, representing nearly 23% (1.4 million) of total K-12 enrollment.<sup>10</sup> Unfortunately, the large number of Latinas enrolled in California’s K-12 educational system does not translate into more Latinas entering California’s four year university systems. In 2005, Latinas represented 7% of total UC enrollment, and 13% of CSU enrollment. Low enrollment can be attributed in large part, to a lack of college preparedness, a high dropout rate, and affordability.

The result of Latinas not entering California’s public university systems, translates into low educational attainment rates for Latinas as a whole. The 2000 Census revealed that in California, an abysmal 5% of Latinas 25 years and over held a Bachelor’s degree. While Latinas attend California’s Community Colleges at the highest rate, the

2000 Census revealed that only 4% of Latinas 25 years and over held Associates Degrees, demonstrating that while Latinas are attending community college, they are not graduating or transferring into the University systems.

The role that educational attainment plays on a Latinas ability to be economically self-sufficient cannot be understated. A Latina who completes her Associates Degree, will earn 40% more than a Latina who has only graduated from high school. For a Latina who completes her Bachelor’s degree, she will earn nearly 97% more than the Latina who only completes high school. This increase in earnings translates into those items that allow women to be self sufficient such as: access to health care; reliable transportation; options for child care; home ownership; savings; retirement investments; etc.

### PRE-K-12

Below are the Governor’s budget proposals for Pre-K-12 Education reflecting a 1.3 percent reduction in total funding compared to funding in 2007-08. Those marked with an \* were passed by the Legislatures during the special session.

GOVERNOR’S PROPOSAL	ANALYSIS	HOPE POSITION
• Reduce Funding for child development programs.	<i>This \$198.9 million cut will eliminate approximately 8,000 slots in child care and preschool programs.</i>	🚫 <b>Oppose.</b> HOPE opposes cuts to programs that better prepare students for a successful school experience through college.
• Delay \$1.1 billion in payments for K-12 programs from July 2008 to September 2008.*	<i>This delay could cause schools to offer fewer services or increase class size.</i>	🚫 <b>Oppose.</b> HOPE opposes cuts that will negatively affect Latino students in the classroom.
• Reduce funding for K-12 categorical programs.	<i>This \$1,095.7 million cut will cause proportional funding rate reductions will be applied to programs such as Class Size Reduction, the Charter School Categorical Block Grant, Instructional Materials, Supplemental Instruction, Supplemental School Counseling and various Career Technical Education programs.</i>	🚫 <b>Oppose.</b> HOPE opposes any funding cuts that directly impact programs that have been shown to have an impact on student achievement and college preparedness.
• Reduce funding for before and after school programs.	<i>The after-school hours are the peak time for juvenile crime and risky behaviors such as alcohol and drug use. Most experts agree that after-school programs offer a healthy and positive alternative. These programs keep kids safe, improve academic achievement and help relieve the stresses on today’s working families. They can serve as important youth violence prevention and intervention strategies.</i> <sup>11</sup>	🚫 <b>Oppose.</b> HOPE opposes reductions in funding to programs that provide enrichment and an alternative safe environment for students.

<sup>8</sup> Managed Risk Medical Insurance Board, SCHIP in California Presentation, February 6, 2008.

<sup>9</sup> Healthy Families Facts and Figures: Coverage for Low-Income Children in California. California Healthcare Foundation. January 2006.

<sup>10</sup> California Department of Education, Educational Demographics Unit, *California Public Schools, Enrollment by Gender, Grade, and Ethnic Designation, 2004-2005.*

<sup>11</sup> National Youth Violence Prevention Resource Center, *After School Programs Fact Sheet*, www.safeyouth.org

Below are the Governor’s proposed budget reductions for Higher Education.

## COMMUNITY COLLEGES

GOVERNOR’S PROPOSAL	ANALYSIS	HOPE POSITION
• Reduce funding by \$483.5 million in local assistance programs.	<i>The majority of Latino students in higher education attend community colleges. This reduction in funding could cause those colleges to offer fewer courses and increase student fees.</i>	🚫 <b>Oppose.</b> HOPE opposes any funding reduction that will create additional barriers for Latino students to transfer to a four year college/university or graduate with an Associates Degree in two years.

## CALIFORNIA STATE UNIVERSITY

GOVERNOR’S PROPOSAL	ANALYSIS	HOPE POSITION
• Reduce funding by \$312.9 million and assume a fee increase of 10%.	<i>In an increasingly competitive job market, a college degree is the key to success for Latinos. This reduction in funding and fee increase will cause universities to offer fewer courses and with an increase in fees, it will be more difficult for students to graduate in four years.</i>	🚫 <b>Oppose.</b> HOPE opposes any funding reductions that create barriers for Latinas to graduate from a Cal State University in four or five years.

## UNIVERSITY OF CALIFORNIA

GOVERNOR’S PROPOSAL	ANALYSIS	HOPE POSITION
• Reduce funding by \$331.9 million and assume a 7.4% fee increase.	<i>Few Latinos attend UCs for a variety of reasons including lack of preparedness in high school and costs. Reduced funding can cause Universities to cut additional programs. Increased fees will only exacerbate the problem.</i>	🚫 <b>Oppose.</b> HOPE opposes any funding reductions that create barriers for Latinas to attend and graduate from UCs.

## STUDENT AID COMMISSION

GOVERNOR’S PROPOSAL	ANALYSIS	HOPE POSITION
• Reduce funding by \$2.2 million.	<i>Latina college students rely heavily on financial aid to fund their education.</i>	🚫 <b>Oppose.</b> HOPE opposes any reduction in tuition assistance for Latina students.

## CAL GRANT COMPETITIVE PROGRAM

GOVERNOR’S PROPOSAL	ANALYSIS	HOPE POSITION
• Eliminate new awards for a \$57.4 million reduction.	<i>Latina college students rely heavily on financial aid to fund their education.</i>	🚫 <b>Oppose.</b> HOPE opposes any reduction in tuition assistance for Latina students.

## ECONOMIC EMPOWERMENT SCENARIO

According to a recent report by the California Budget Project, “Hard Work and A Fair Shot: Helping California’s Low-Income Working Families Make Ends Meet,” the majority of California’s *working* low-income and very low-income families are Latino. Two-thirds (66.3 percent) of families with incomes below the poverty line and more than half (52.6 percent) of families with incomes between 100 percent and 199 percent of the poverty line were headed by a Latino in 2005.<sup>12</sup>

## CALWORKS PROGRAM

CalWORKs is the state’s cash-aid program, providing cash grants and welfare-to-work services to children and families whose incomes are not adequate to meet their basic needs for a maximum of five years. While providing time-limited assistance, the program promotes self-sufficiency by establishing work requirements and encouraging personal accountability. About 1.2 million individuals (3.4 percent of California’s population) are currently connected to a CalWORKs case. Children comprise four-fifths (79.1 percent) of CalWORKs recipients or more than 900,000.<sup>13</sup>

Currently, more than half the jobs in the California economy provide full-time, year-round wages that are below twice the Federal Poverty Level (FPL), a level of income that falls short of providing an adequate standard of living. Most of these low-wage occupations are in the service sector of which Latinos participate at high rates.

<sup>12</sup> California Budget Project. *Hard Work and A Fair Shot: Helping California’s Low-Income Working Families Make Ends Meet.* August 2007. www.cbpp.org

<sup>13</sup> California Budget Project. *Governor’s Proposed CalWORKs Changes Would Eliminate Aid for Nearly 200,000 Children.* April 2008. www.cbpp.org