

**2014-15**

**BLUEPRINT** *for a* **RESPONSIBLE BUDGET**

ENSURING  
STABILITY  
EXPANDING  
OPPORTUNITY



California State Assembly  
**Democratic Caucus**



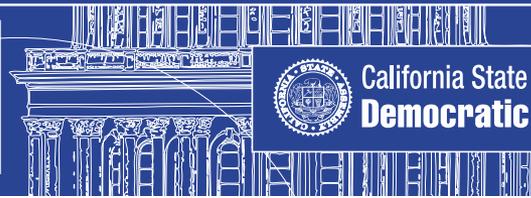
# 2014-15 Budget Blueprint

## Part I:

# *Introduction*



**2014-15 - BLUEPRINT** for a **RESPONSIBLE BUDGET**  
ENSURING STABILITY, EXPANDING OPPORTUNITY

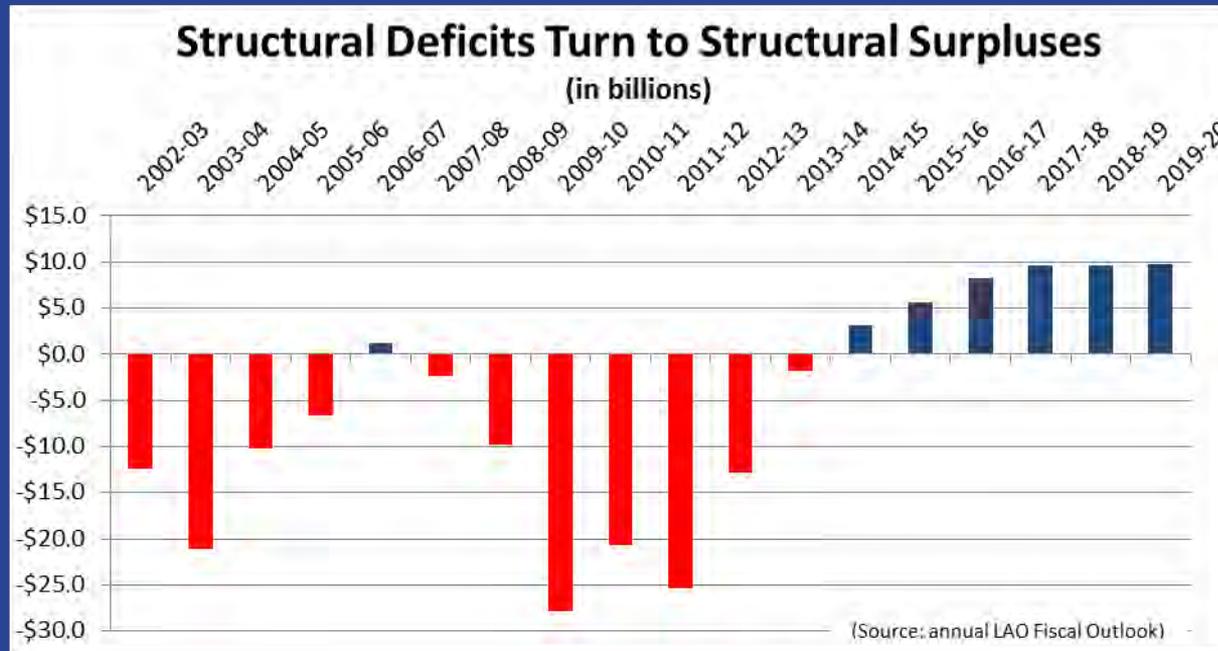


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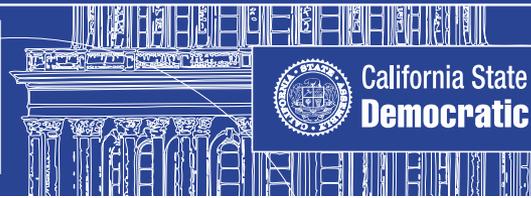
# 2014-15 Budget Blueprint

## Introduction

- After a decade of two massive economic crises, California's Budget is once again balanced.



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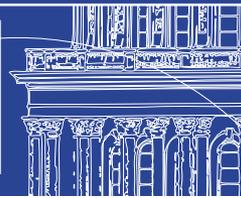


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# 2014-15 Budget Blueprint

## *Introduction*

- A structurally balanced budget provides ability to ensure stability for the budget and expand opportunity for California families:
  - Ensuring Stability:
    - Enables budget to withstand inevitable economic downturns and make sound investments.
  - Expanding Opportunities:
    - Improves lives of Californians and strengthens state's long-term economy.



# 2014-15 Budget Blueprint

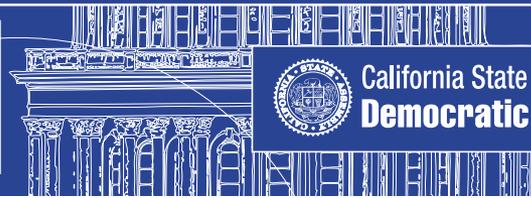
## *Introduction*

- Therefore, Assembly Democrats propose the:

## **2014-15 Blueprint for a Responsible Budget** *Ensuring Stability and Expanding Opportunity*



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*ENSURING STABILITY, EXPANDING OPPORTUNITY*



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# 2014-15 Budget Blueprint

## *Introduction*

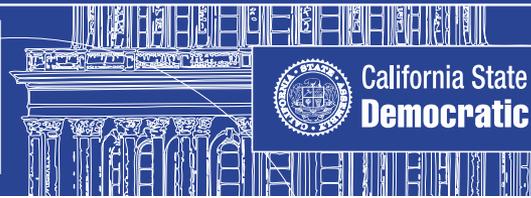
### 2014-15 Blueprint for a Responsible Budget:

#### ✓ Ensuring Stability

- ✓ Build Reserves to \$8 billion (including new Rainy Day Fund)
- ✓ Smart use of “one-time” funds
- ✓ Rein in Prison Housing Costs

#### ✓ Expanding Opportunity

- ✓ Invest in Early Education and Higher Education
- ✓ Reduce Child Poverty
- ✓ Improve Access to Health Care
- ✓ Fund Jobs Investments



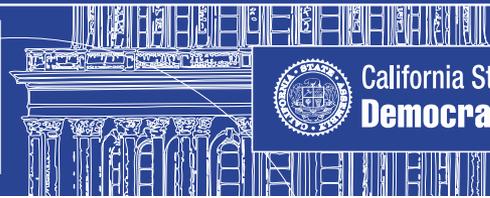
# 2014-15 Budget Blueprint

## *Introduction*

- ✓ The proposals outlined in the Budget Blueprint will serve as guideposts throughout the Budget Process, and will be updated and refined as additional fiscal information becomes available.
- ✓ The Assembly Budget Subcommittees will hold thorough public hearings on all budget proposals, including the Budget Blueprint.
- ✓ The Assembly will work with the Senate and the Governor in crafting a final 2014-15 State Budget, that reflects the priorities of the Budget Blueprint.



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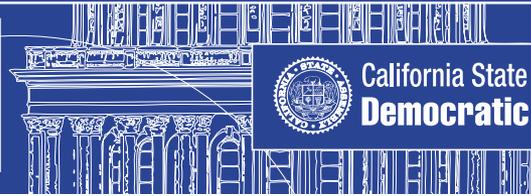
# 2014-15 Budget Blueprint

## Part II:

### *Ensuring Stability*



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ENSURING STABILITY, EXPANDING OPPORTUNITY

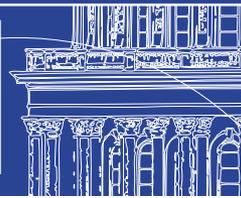


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# 2014-15 Budget Blueprint

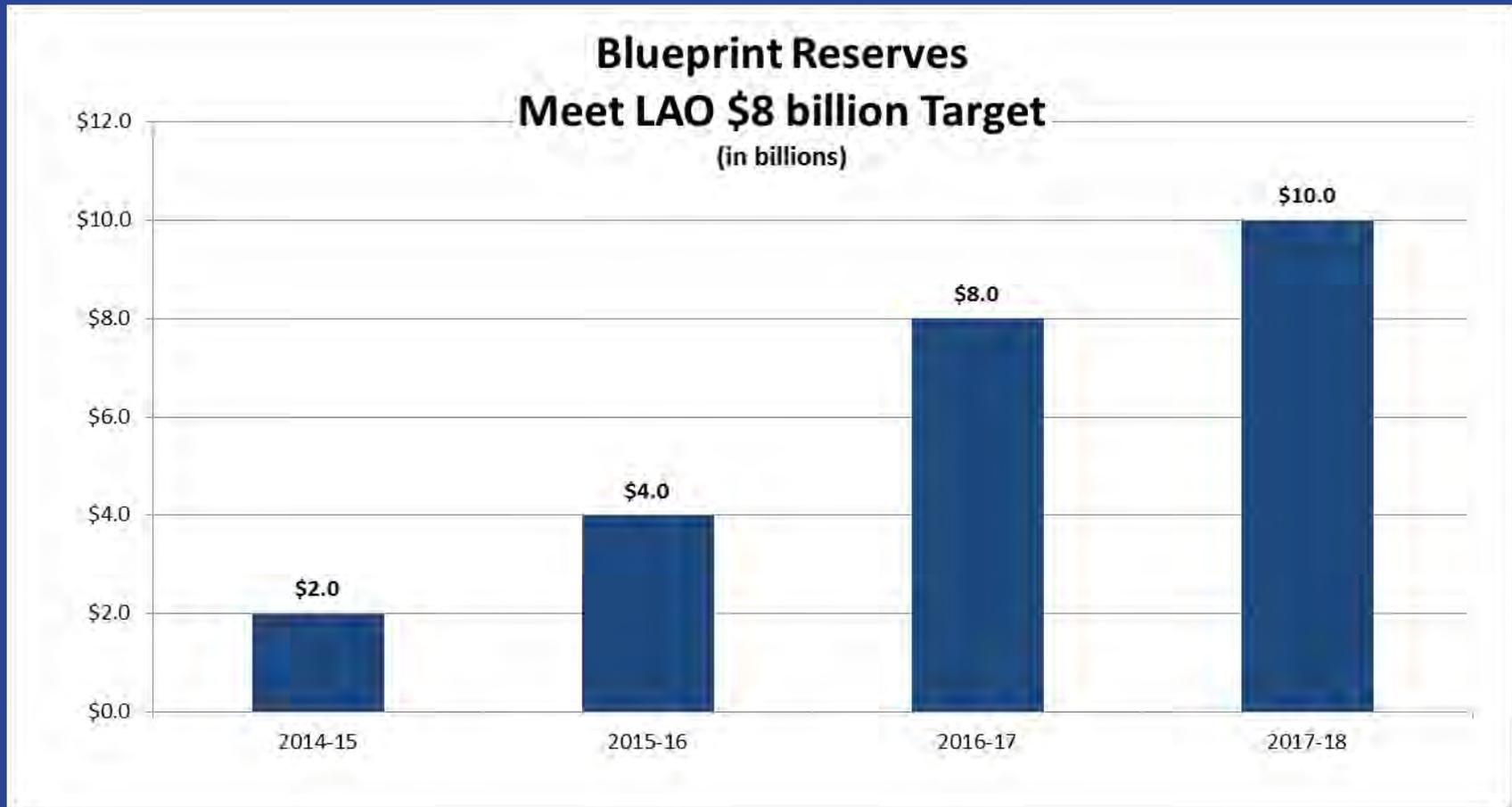
## *Ensuring Stability*

- ✓ Build Reserves to \$8 billion by 2016-17
  - ✓ Meets key LAO Recommendation to protect against economic downturns, and will grow each year.
  - ✓ Reserves include projected balance of a new Rainy Day Fund, first outlined in 2013-14 Blueprint.
  - ✓ Rainy Day Fund established with a Constitutional Amendment that preserves spiking Capital Gains revenues to limit overspending in good years and mitigate devastating cuts in bad years.

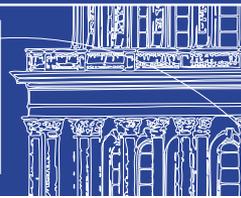


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## *Ensuring Stability*



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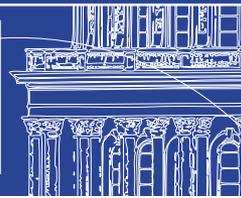


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# 2014-15 Budget Blueprint

## *Ensuring Stability*

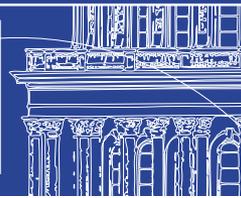
- ✓ Smart Use of “One-Time” Funds
  - ✓ Avoid past mistakes of committing one-time funds for ongoing programs and permanent tax cuts.
  - ✓ Build Reserves to \$8 billion.
  - ✓ Pay Down Debts, Deferrals, and Unfunded Liabilities.
  - ✓ Fund Jobs Investments that have one-time costs (e.g. infrastructure projects and small business loan guarantees).



# 2014-15 Budget Blueprint

## *Ensuring Stability*

- ✓ Rein in Prison Housing Costs
  - ✓ Implement findings of Select Committee on Justice Reinvestment.
  - ✓ Expand Collaborative Justice Courts (Drug Courts, Mental Health Courts, Veterans Courts, and others) proven to reduce recidivism and lowers cost.
  - ✓ Make smart budget investments that reduce long-term prison costs, (e.g. Early Education, Higher Education, Job Creation, & Child Poverty Reduction).



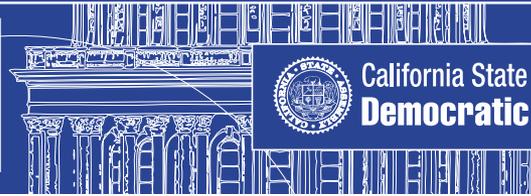
# 2014-15 Budget Blueprint

## Part III:

### *Expanding Opportunity*



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ENSURING STABILITY, EXPANDING OPPORTUNITY



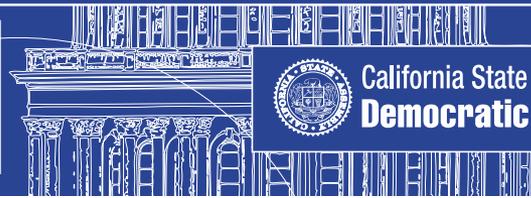
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# 2014-15 Budget Blueprint

## *Expanding Opportunity*

### Early Education

- ✓ Early Education Background:
  - ✓ Increases high school graduation rates.
  - ✓ Reduces likelihood of going to prison.
  - ✓ Half of low-income children don't have access to current preschool or head start programs.
  - ✓ Existing Child Care programs have been slashed by 100,000 slots since Great Recession.
  - ✓ Currently, middle-income families face high preschool costs.
  - ✓ Currently, Transitional Kindergarten only serves  $\frac{1}{4}$  of 4 yr-olds.

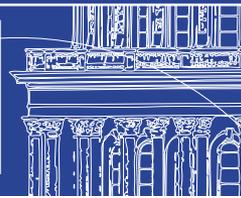


# 2014-15 Budget Blueprint

## *Expanding Opportunity*

### Early Education

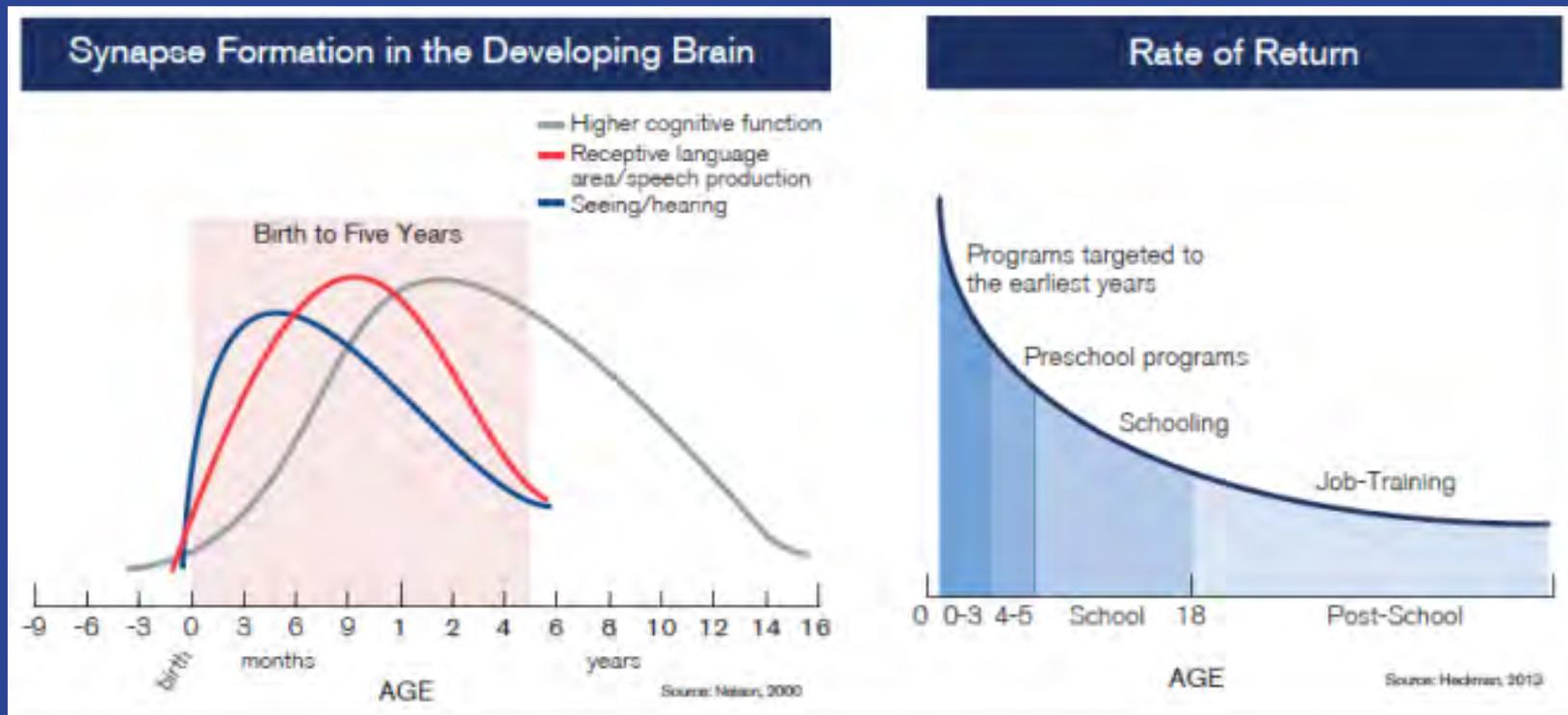
- ✓ Blueprint's Early Education Proposal:
  - ✓ Make Transitional Kindergarten universal for all 4 year-olds, to give all children access to high quality Pre-K programs.
  - ✓ Strengthen Early Care programs serving 0-3 year-olds and wrap-around care for children over 4 years-old.
  - ✓ California families will benefit from improved programs and universal access to quality Early Education, which will improve academic performance, put children on the road to success, and dramatically reduce future costs in other areas of the budget.



# 2014-15 Budget Blueprint

## *Expanding Opportunity*

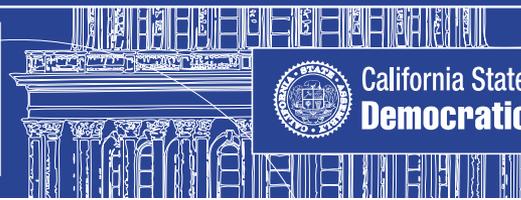
### Early Education



(Source: "Fight Crime: Invest in Kids")



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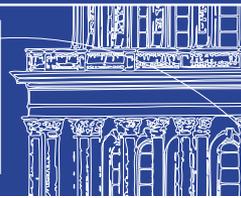
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# 2014-15 Budget Blueprint

## *Expanding Opportunity*

### Higher Education

- ✓ Higher Education Background:
  - ✓ Funding for Higher Education cut dramatically during the Great Recession – which has resulted in higher fees, reduced enrollments, and program cutbacks.
  - ✓ The Middle Class Scholarship will begin to offset the increased fees, but holes remain in the otherwise strong Cal Grant program, which limit access to higher education for lower income students.
  - ✓ Planned funding increases for Higher Education are not enough to expand enrollments and restore programs.

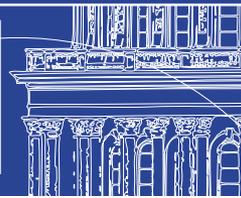


# 2014-15 Budget Blueprint

## *Expanding Opportunity*

### Higher Education

- ✓ Blueprint's Higher Education Proposal:
  - ✓ Increase funding for Community Colleges, CSU, and UC to keep fees from growing, enable enrollment increases, and improve the quality of educational programs.
  - ✓ Improve Cal Grants:
    - ✓ Increase Award Levels, e.g. provide full award their first year and increase "Access Award" for living expenses and supplies for neediest students.
    - ✓ Increase Access, e.g. expand the number of "Competitive Awards" for students that don't follow traditional route of higher education soon after high school.



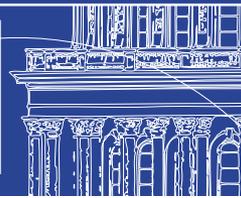
# 2014-15 Budget Blueprint

## *Expanding Opportunity*

### Child Poverty

#### ✓ Child Poverty Background:

- ✓ Roughly ¼ California children (2.3 million) live in poverty, the highest child poverty rate in the country.
- ✓ Children growing up in poverty experience life-long consequences.
- ✓ The physiological brain impacts of poverty harm the academic outcomes of children living in poverty.
- ✓ The economic impacts of the Great Recession and draconian budget cuts – at both the state and federal level – have worsened child poverty and its consequences in California.



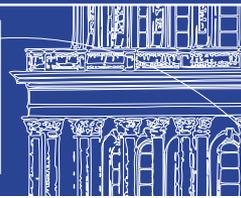
# 2014-15 Budget Blueprint

## *Expanding Opportunity*

### Child Poverty

#### ✓ Blueprint's Child Poverty Proposal:

- ✓ Improve economic condition of millions of children currently in poverty by lifting hundreds of thousands out of poverty, and others from the depths of poverty:
  - ✓ Expand Earned Income Tax Credit and increase CalWORKs "Earned Income Disregard" to strengthen impact of paychecks.
  - ✓ Improve county Job Training programs to get CalWORKs recipients back to work as quickly as possible.
  - ✓ Create CalFresh "add-on" to provide an additional food benefit for California's poorest children enrolled in CalWORKs.
  - ✓ Provide modest CalWORKs grant increase.

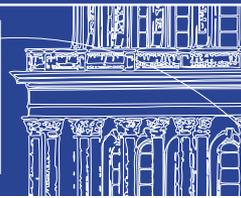


# 2014-15 Budget Blueprint

## *Expanding Opportunity*

### Health Access

- ✓ Health Access Background:
  - ✓ California is successfully implementing the Affordable Care Act.
  - ✓ Medi-Cal reimbursement rate cuts during the Great Recession may limit the access to health care that the ACA is intended to improve.
  - ✓ Critical Public Health programs also were cut during the Great Recession, harming public health particularly in low-income communities.

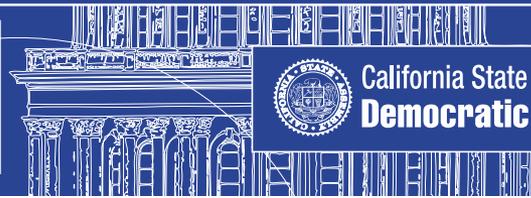


# 2014-15 Budget Blueprint

## *Expanding Opportunity*

### Health Access

- ✓ Blueprint's Health Access Proposal:
  - ✓ Phase in Medi-Cal rate increases to restore reimbursement rates to ensure adequate health providers for the expanded Medi-Cal population.
  - ✓ Restore Public Health programs – such as: the Early Mental Health Initiative; Asthma Public Health Initiative; and Black Infant Health – to improve public health and to avoid more expensive health costs down the road.



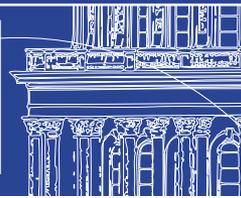
# 2014-15 Budget Blueprint

## *Expanding Opportunity*

### Jobs Investments

#### ✓ Jobs Background:

- ✓ California continues to create jobs as the state emerges from the Great Recession.
- ✓ However, the state's unemployment rate remains high: 8.7% (but down from 12.4% in the depths of the great recession).
- ✓ Specific public investments and policies can accelerate job growth, and ensure more Californians are benefiting from the rebounding economy.

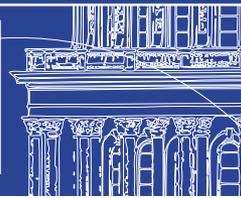


# 2014-15 Budget Blueprint

## *Expanding Opportunity*

### Jobs Investments

- ✓ Blueprint's Jobs Investments proposal:
  - ✓ Infrastructure Investments:
    - ✓ Put “one-time” funds to use for such things as clean energy, parks and schools and other one time investments.
    - ✓ Cut the “red tape” and get \$500 million in federal drinking water funds out the door that will greatly benefit the struggling areas of the state, including the Central Valley.
    - ✓ Expand the Infrastructure Bank to build a robust revolving loan fund to benefit local governments fund projects.
    - ✓ Allocate Cap and Trade revenues to reinvest into our communities.

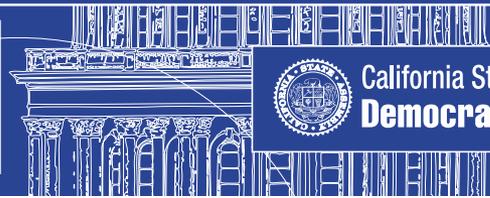


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## *Expanding Opportunity*

### Jobs Investments

- ✓ Blueprint's Jobs Investments proposal:
  - ✓ Help Struggling Families get back to work:
    - ✓ Expand Child Care slots and CalWORKs Job Training programs.
    - ✓ Increase Community College Workforce Development.
    - ✓ Establish California component of Ameri-Corps to assist entry into the workforce.
    - ✓ Assist Veterans find employment through such efforts as fixing bureaucratic problems with state's Veterans' Employment Services, funding Work for Warriors, and expanding Conservation Corps slots for veterans.

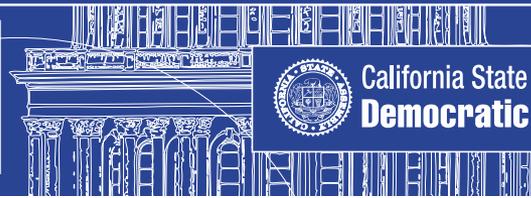


# 2014-15 Budget Blueprint

## *Expanding Opportunity*

### Jobs Investments

- ✓ Blueprint's Jobs Investments proposal:
  - ✓ Improve Business Resources:
    - ✓ Expand Small Business Loan Guarantee program to generate hundreds of millions in new small business loans.
    - ✓ Establish a California New Markets Tax Credit program that aligns with the federal program to generate investments in underserved, low income communities.



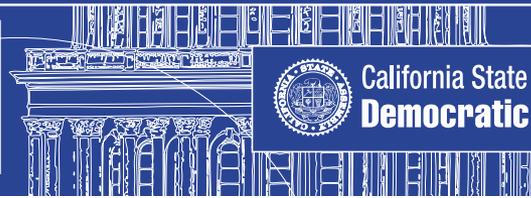
# 2014-15 Budget Blueprint

## *Summary*

- ✓ The Budget Blueprint will be updated and refined throughout the public subcommittee hearings and as updated fiscal information becomes available.
- ✓ The Budget Blueprint will guide the Assembly as it works with the Senate and the Governor in crafting the 2014-15 State Budget.



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