



CSAC Poverty Working Group 2015
Monday, June 1, 2015 • 4:00 – 5:00 p.m.
Via Conference Call
Dial In: (800) 867-2581 • Passcode: 7500559#

Supervisor Kathy Long, Ventura County, Co-Chair
Supervisor Leticia Perez, Kern County, Co-Chair
Supervisor Lee Adams, Sierra County, Co-Chair

- 4:00 p.m. **I. Welcome and Introductions**
Supervisors Long, Perez, and Adams
- 4:05 – 4:10 **II. Poverty Platform Update**
Farrah McDaid Ting, Legislative Representative
Michelle Gibbons, Legislative Analyst
- 4:10 – 4:45 **III. Exploring Poverty-Related Budget Proposals**
➤ Fee Amnesty Program
➤ Earned Income Tax Credit
➤ Child Care
➤ Other Items

Farrah McDaid Ting, Legislative Representative
Darby Kernan, Legislative Representative
Michelle Gibbons, Legislative Analyst
- 4:45 – 5:00 **IV. Q&A**
- 5:00 p.m. **V. Adjournment**

NOTES:

For those who wish to attend the meeting, it will be held in CSAC's 1st floor conference room (1100 K Street, Sacramento).

Conference Call Etiquette

1. Place your line on **mute** at all times until you wish to participate in the conversation.
2. **DO NOT PLACE THE LINE ON HOLD.**
3. Please identify yourself when speaking.



May 29, 2015

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TO: CSAC Poverty Working Group

FROM: Farrah McDaid Ting, Legislative Representative
Michelle Gibbons, Legislative Analyst

Re: **Poverty-Related Budget Proposals**

Budget. The Governor released his May Revision to the January 2015-16 budget on May 14. CSAC provided a thorough analysis of the May revision in the CSAC Budget Action Bulletin, which is posted on the CSAC website under News & Resources.

In his May Revision the Governor included several new or updated proposals for combatting poverty, but also omitted some ideas that both houses of the Legislature had put forward, either through legislation or the budget subcommittee process. Below, we outline some of these hot topics:

Traffic Debt Fee Amnesty Program

The May Revision updates the January Amnesty Program proposal by allowing individuals whose driver licenses have been suspended to reinstate their licenses as part of the program, if the suspension is due to Failure to Appear or Failure to Pay related to traffic offenses. In addition, the \$300 court-imposed civil assessment fee will be waived for the purposes of the amnesty program and replaced with a \$50 administrative fee for the courts to recover their costs for running the program.

According to the Legislative Analyst's Office, outstanding court-ordered debt has grown to more than \$10 billion in California. Further, the fines and penalties – most notably the suspension of driver licenses – often push low-income residents further into poverty.

Darby Keman, CSAC legislative representative for Administration of Justice issues, will provide an overview of this proposal. Please also see the Los Angeles Times article in the Attachments.

Earned Income Tax Credit

The Governor has proposed to implement a new \$380 million state Earned Income Tax Credit (EITC) to assist working Californians at the lowest rungs of the economic ladder. The Governor estimates that this new tax credit will assist 2 million residents or 825,000 families and slide up or down based on the number of dependents in a household. Those with less than \$6,580 in income with no dependents and up to \$13,870 with three or more dependents will qualify and may receive a tax credit of between \$460 to \$2,653 annually.

The Legislature, particularly the Assembly, has been pushing for a state EITC, with two bills currently moving through the process. AB 43, by Assembly Member Mark Stone, would phase in a state EITC worth up to \$2 billion by 2016-17. SB 38, by Senator Carol Liu, would have allowed a credit based on earned income equal to 15 percent of the federal EITC, but was amended this week in the Senate Appropriations Committee to mirror the Governor's proposal. It is now on the Senate Floor.

Twenty-five states, the District of Columbia, New York City and Montgomery County, Maryland currently provide some form of an EITC in varying amounts.

Both houses have initially explored the Governor's EITC proposal in their respective budget committees, and SB 38 continues to move through the legislative process. Whether the state's first EITC moves through the budget or legislative process, it seems likely that California will enact an EITC in 2015.

Child Care

Reliable child care is critical to California's CalWORKs welfare-to-work program and is a necessity for the state's working parents. Senate President pro Tempore Kevin de León and the Senate Women's Caucus have made subsidized child care funding a priority for the 2015-16 budget.

The Senate Budget Subcommittees No. 1 on Education and No. 3 on Health and Human Services, jointly heard child care issues on April 16 and provided an excellent overview of child care programs in California in their agenda. Below is a chart prepared by Senate Consultant Samantha Lui on the various child care services available currently in California:

Program	Description	2014 Budget Act Slots	Proposed Slots for 2015-16	Percent Change
CalWORKs (based on estimated caseload)				
Stage 1	Provides cash aid and services to eligible families. Begins when a participant enters the CalWORKs program.	38,363	40,847	6%
Stage 2	When the county deems a family "stable." Participation in Stage 1 and/or Stage 2 is limited to two years after an adult transitions off cash aid.	51,956	46,968	-10%
Stage 3	When a family expends time limit in Stage 2, and as long as family remains otherwise eligible.	34,563	35,908	%
Subtotals for CalWORKs child care		124,882	123,723	-1%

Non-CalWORKs (based on proposed number of slots to be funded)				
General Child Care	State and federally funded care for low-income working families not affiliated with CalWORKs program. Serves children from birth to 12 years old.	51,287	53,323	4%
Alternative Payment	State and federally funded care for low-income working families not affiliated with CalWORKs program. Helps families arrange and make payment for services directly to child care provider, as selected by family.	26,554	27,146	2%
Migrant Child Care	Serves children of agricultural workers while parents work.	2,505	2,609	4%
Severely Handicapped Program	Provides supervision, therapy, and parental counseling for eligible children and young adults until 21 years old.	145	146	1%
State Preschool	Part-day and full-day care for 3 and 4-year old children from low-income families.	148,588	153,177	3%
Total		353,961	360,124	2%

While both houses of the Legislature seem to agree that childcare funding is a priority, there is disagreement in how to direct the funds and even which funds to use. Because Stage 1 and 2 subsidized child care is partially funded through the Department of Social Services and all other child care programs are funded through the Department of Education, decisions on increasing funding must consider the varying impacts on the state's General Fund and Proposition 98 obligations.

As for the Governor's budget proposals, he estimated a decrease in CalWORKs Stage 2 child care caseload and reduced funding by \$11.6 million. However the Governor's May Revision projects a \$46.8 million increase in non-Prop 98 General Fund to reflect the number of new Stage 2 beneficiaries and an increase in the cost of providing care. Also, consistent with the Governor's January budget assumptions, Stage 3 child care caseload is also increasing. The Governor's May Revision includes an increase of \$2 million – in addition to the January increase of \$38.6 – in non-Prop 98 General fund to reflect caseload and care costs.

The Legislative Analyst's Office also produced an overview of the state's child care system. A link to that document can be found in the Attachments section. The California Budget and Policy Center also has a number of resources on child care issues. The link to their site is included in the attachments.

Attachments:

Los Angeles Times: Driver's license suspensions push poor deeper into poverty, report says (April 8, 2015)

LAO: An Overview of California's Child Care and Development System, March 4, 2015:
<http://www.lao.ca.gov/handouts/socservices/2015/Child-Care-and-Development-Overview.pdf>

California Budget and Policy Center: Childcare and Preschool publications and data:
<http://calbudgetcenter.org/issues/child-care-preschool/>

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Driver's license suspensions push poor deeper into poverty, report says

By **LEE ROMNEY**

APRIL 8, 2015, 4:00 AM | SAN FRANCISCO

Traffic-court fines layered with escalating fees and penalties have led to driver's license suspensions for 4.2 million Californians — or one in six drivers — pushing many low-income people deeper into poverty, a report released Wednesday by a coalition of legal aid groups found.

The report calls for, among other things, an end to license suspensions for unpaid tickets and a reduction in fees and penalties that raise a \$100 fine to \$490 — or \$815 if the initial deadline to pay is missed.

It comes a month after the U.S. Department of Justice Civil Rights Division issued its report on Ferguson, Mo., which criticized similar practices for their disparate effect on low-income and largely minority populations.

"As in Ferguson," the California report noted, "these policies disproportionately impact people of color, beginning with who gets pulled over in the first place."

The threat of losing one's license over traffic tickets and other infractions has long been viewed as an essential tool for compelling violators to pay the fines. As these citation revenues have mounted, and court budgets have been cut, the state has come to rely heavily on them to fund a variety of programs.

But recent figures released by the Legislative Analyst's Office show that uncollected court-ordered debt has grown to more than \$10 billion.

"It doesn't work," said Meredith Desautels, an attorney with the Lawyers' Committee for Civil Rights of the San Francisco Bay Area, the lead author of the report.

The report's proposed solutions are likely to face significant hurdles.

A 2014 bill to guarantee the right to a hearing for those who have missed an initial court appearance but are unable to pay in full stalled because it would have overwhelmed a strapped court system that has suffered \$1 billion in cuts in recent years. A broader bill failed the previous year.

In his January budget, Gov. Jerry Brown proposed a limited amnesty that would temporarily cut unpaid traffic fines and penalties in half in hopes of collecting revenue for two insolvent funds that support training for law enforcement.

But the Legislative Analyst's Office has recommended it be rejected, saying it is "unlikely to raise the amount of revenue required to address the shortfalls in the [programs], and could potentially negatively affect future collections."

A spokesman for Brown said Tuesday that the amnesty program "is designed to reduce the outstanding debt and we will continue to work closely with the Legislature to address this issue."

Advocacy organizations hope to allay fiscal concerns with a proposal that would allow people to get their licenses back if they first agree to a payment plan, said Mike Herald, legislative advocate for the Los Angeles-based Western Center on Law & Poverty, which collaborated on the report.

If they fail to pay, he said, wage garnishment could take the place of license revocation, providing a way to collect "that doesn't destroy people economically by ruining their ability to get or keep a job."

"When you get 4 million people with suspended licenses and they're not paying, I think we've got a systematic failure," Herald said.

The report relays the experiences of clients who found themselves unable to pay burgeoning fees, lost their licenses, in many cases lost their jobs, and often stopped paying when they realized it would take years to fully resolve their debt and earn back the right to drive.

"I did make a mistake, but how long do you pay for that mistake?" asked James Eugene, 45, whose debt grew to more than \$2,500 after he was stopped for driving a new car without license plates and then missed a court date because he was hospitalized with a blood clot.

His license was revoked and his case sent to a collections company, leaving no way to get a hearing or get his license reinstated without first paying in full. He kept driving to care for his children as he attempted to untangle his situation, he said, but was soon cited for driving on a suspended license and his vehicle seized.

"The hardest part is not being able to get back on calendar to talk to the judge," he said in an interview. "Mine was a missing plate. So petty. But that one plate cost me six years."

The San Francisco resident, who asked that his last name be withheld to protect his medical privacy, participated in a program recently developed by legal aid organizations with the San Francisco Superior Court.

As of January, those who are able to prove that they have a job offer contingent on a driver's license can petition the court for its return — as long as they have negotiated a payment plan to pay in full with the collections contractor.

With extensive help from the lawyers' committee, James Eugene was able to do so. Now, he said, he's "working on getting a car."

Desautels said she considers the program — along with a few others statewide that offer monthly court dates so ticket-holders with unpaid debt can be heard by a judge — "work-arounds for bad policy."

In Los Angeles County there are no such programs, though attorneys can seek hearings for certain cases, said Theresa Zhen, an attorney with A New Way of Life, which also helped prepare the report.

"I feel like I'm in a gaping hole that I can just not get out of," said Everette Cain, 28, of South Los Angeles, who accumulated \$4,365 in fees and fines and lost his license after receiving three citations.

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