



CALIFORNIA FOR ALL

Opportunities to Make the
California Dream Possible for All





SECTION 1

RECOMMENDATIONS FROM THE LATINO LEADERSHIP AD HOC GROUP

Governor Gavin Newsom has framed the 2019-20 budget as a “California for All” fiscal blueprint that builds a “strong financial foundation by investing in budget resiliency and paying down liabilities.”¹ With bold investments in key areas such as housing, early childhood, higher education, and health coupled with equal attention to fiscal responsibility, this Administration has set forth the budgetary framework to provide the resources, programs, and infrastructure needed to ensure that the California Dream is real and within reach for all Californians.

We applaud the careful planning and consideration made by the administration to move the needle in areas that have the most profound impact on the lives of the most vulnerable populations in California. We also thank Governor Newsom for inviting input from the Latino Leadership Ad Hoc Group (here after known as the Group) on opportunities and ideas to continue advancing progress towards a more just and equitable California. Specifically, the Group welcomed the invitation to provide recommendations for the 2020 Budget. We wholeheartedly agree with the Governor that the budget is the most important “policy” document prepared by the administration and a reflection of our values.

Understanding the complexities of the root causes that have led to entrenched and long-standing inequities in wealth, health, and education across racial/ethnic groups, we are proposing a set of short- and long-term recommendations that can achieve tangible and palpable progress towards a California for All. The short-term recommendations are outlined across five areas that Latino voters prioritized as most important leading up to the 2018 Gubernatorial Election². The long-term recommendations focus on opportunities for this administration to set a new standard for how the state plans, prepares, and prioritizes budget allocations and tracks progress on key indicators that will ensure California continues to lead the nation on advancing equity.

***A California for All is possible.
This Administration has
already set the stage to lead
us forward. We look forward to
working alongside the state to
achieve this vision.***

¹ “Governor Newsom Proposes 2019-20 “California For All” State Budget, January 10, 2019, <https://www.gov.ca.gov/2019/01/10/governor-newsom-proposes-2019-20-california-for-all-state-budget/>; see also <http://www.ebudget.ca.gov/budget/2019-20/#/BudgetDetail>

² The Latino Community Foundation commissioned a poll of Latino voters leading up to the 2018 Gubernatorial election. The Poll was conducted by Latino Decisions in January 2018 and identified the following priorities for Latino voters: economic opportunity, education, climate change, immigration, and housing.

A CALIFORNIA FOR ALL: WHY LATINOS ARE INTEGRAL TO ACHIEVING THE VISION

Over the last three decades, California has had a profound demographic shift and Latinos now represent 39% of the population. **Latinos are California.**

At the same time, the Golden State is the fifth largest economy in the world. Its success is tied to the economic contributions of Latinos, who contribute \$83 billion in taxes, have a \$92 billion spending power, and Latino owned businesses contributed 650,000 jobs to the California economy and bring about \$100 billion to the economy annually. Yet, Latinos have not benefitted from the gains and prosperity of our state.

Latinos continue to have the highest poverty rate in the state and possess a median household income that is more than \$20k less than non-Latinos. Latinos also continue to be overrepresented in blue-collar occupations and underrepresented in higher-wage jobs in healthcare, the green economy, and tech.

Our state has the power to transform California's economy to include and uplift our state's largest ethnic group. If Latinos had the opportunity to participate in the vibrancy of California's economy, the state could solidify its economic viability for the long term.

Every policy topic and line item in the state's budget – from education to healthcare – must consider the 15 million Latinos that call California home, their contributions to the state's economy, and the opportunities to make the California dream finally accessible to all of them!

In so doing, California will lead the nation in demonstrating that building an inclusive economy, stronger democracy, and equitable society is possible.



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Economic Mobility and Anti-Poverty Plan

Governor Newsom's ambitious plan to cut poverty and invest in economic growth for depressed regions of the state in California is commendable. It is also well aligned with the priorities of Latino families from across California. From the Inland Empire to the Central Valley, Latinos have identified economic mobility for their families as a top priority leading up to the 2018 Election.

A cornerstone of Governor's anti-poverty plan is the expansion of the Earned Income Tax Credit (EITC), renamed the Working Families Tax Credit. The 2019 budget increased the program's size from its current level of \$400 million to \$1 billion annually, more than doubling it. The increase in the maximum income threshold and changes to the phaseout formula so that taxpayers earning income at the upper end of the credit structure can receive significantly higher credit amounts is particularly promising.

Recommendations:

- ✓ In addition to the Anti-Poverty plan, this administration has an opportunity to leverage private-public partnerships to increase investments in Latino entrepreneurs. Latino-owned businesses contributed over 650,000 jobs to the California economy bringing about \$100 billion to the economy annually. It is also well known that Latinas are eight times more likely to start their own business. Leveraging the historic and growing entrepreneurship of this population could yield exponential benefits to the growth and stability of the economy.
- ✓ Latinos currently face restricted access to capital driven by perceived risk factors in the lending community. As a result, Latino entrepreneurs report being mostly self-funded—rather than seek resources from government or financial institutions, they rely heavily on savings and personal credit cards to fund their businesses. **The administration should work with banks to create a standardized referral system** that enables traditional financial institutions to guide Latino entrepreneurs to mission-based lenders, rather than simply rejecting an application for credit. This would help ensure Latino entrepreneurs are made aware of existing consulting services offered to women and entrepreneurs of color, facilitating their access to grants to launch and grow their businesses.
- ✓ California made \$345 million in tax revenue from legal cannabis sales in 2018, the first year of recorded sales. **The administration should consider allocating a portion of tax revenue generated from future legal cannabis sales to fund Latino entrepreneurs** who live in areas impacted by the Drug War. This investment is one way to help Latinos have more direct access capital and allows them to help develop their local economies. Further, the state, counties, and cities should waive and reduce administrative fees for firms with four or less employees. This can help boost Latina entrepreneurs in particular to expand and take their microbusinesses to the next level.
- ✓ Being certified as a Minority Business Enterprise (MBE) or a Woman Business Enterprise (WBE) can open doors to new corporate and government contracts. California should simplify the processes for acquiring these certifications, so that more women and Latino entrepreneurs can have an opportunity to apply for new contracts.
- ✓ Finally, California should invest in research focused on Latino entrepreneurs to gain a more in-depth understanding of the barriers they face to launch their businesses. Such research should assess how start-up loans, fee waivers, tax breaks, and financial planning uniquely impacts business development in Latino communities.

Higher Education

California's economic security is intimately tied to the educational success of Latinos. The state will need 1.65 million more degrees by 2030 to remain economically competitive. Latinos are among the youngest and fastest growing population that can meet this demand. They are also increasingly eager to enroll in college and complete their college degrees. Over 70% of Latinos who graduated high school in 2016 enrolled in college by the fall of the same year, compared to just 49 percent in 2000. The Latino share of undergraduates in the Cal State system rose from 24 percent to 40 percent in the decade ending in 2016. Yet, their eagerness, will, and desire to enroll in college and complete their college degrees have not been matched with adequate policies and investments that facilitate progress in completion rates for four-year degrees among Latinos.

Since his first year in office, Governor Newsom has shown a strong commitment to higher education. Notably the expansion of a second year of free community college tuition through the California College Promise and rapid rehousing efforts at the University of California (UC) and California State University (CSU) systems have been reaffirming of this commitment.

Within this next year, the Administration has two important and timely opportunities to make a significant and feasible down payment towards achieving the promise of making a four-year college education accessible and affordable for all Californians.

Recommendations:

✓ 2020 is a defining moment to **reform and modernize the Cal Grant program**. As California's primary financial aid program for low-income students, the administration should ensure that the program is student-centered, simplified, and transparent for students and families to understand.

The Cal Grant program must consider the student's **total cost of attendance**. When the program was first created it was focused on one barrier: reduce students' out-of-pocket costs for tuition and fees. However, given the shift in demographics since the program was created and the rising, debilitating costs of housing and living, the current Cal Grant program falls short of advancing affordability for today's students. Taking into account the total cost of attendance and focusing the program on the lowest income students across all segments of higher education would greatly impact the ultimate goal of achieving equity in higher education. On the latter point, qualifications for Cal Grants connected to student age, GPA, and time out of high school should be phased out. These can be replaced qualifications related to students' income as measured by expected family contribution.

The administration should also prioritize streamlining and consolidating the application process to ensure its effective in leveraging all the financial aid resources—from the federal government and institutions—that flow to low-income students.

✓ The second critical step for this administration is to reform how **higher education is financed**. It is imperative the state prioritize a funding mechanism that remains stable during economic fluctuations. Proposition 98 takes an important step in protecting students in Community Colleges from economic fluctuations that may impede their graduation. Students enrolled in UC and CSUs should also count on an affordable education over the course of their degree program. This is especially important in an economic downturn where the success of low-income students highly depends on the **stability and predictability of tuition, fees, and financial aid**. Currently, there is no mechanism in place for general funds allocated to CSU or UC to shrink and allow for student costs to remain stable in an economic downturn. Reforming financing to the CSU and UC system in a manner that increases stability and predictability across revenues and expenditures is critical. These institutions should have flexibility to allow for multiyear financial planning and **not pass down the burden of budget cuts to students during an economic downturn**. In addition to taking a two to four-year approach in budget allocations for these institutions, the administration should consider a financial reserve that protects low-income students in an economic downturn.

Supporting low-income students—who are also predominantly Latino—to complete their four-year degree will have the greatest impact on making sure California does not widened the racial/ethnic inequities in higher education during an economic downturn.

Health and Human Services

California's long-term economic prospects are tied to ensuring accessible and affordable healthcare for all Californians, especially Latinos. Governor Newsom and his administration made enormous strides towards this goal by extending Medi-Cal to undocumented young adults regardless of their immigration status. The decision positioned California as a leader and sent a clear message that this administration understands that healthcare is a human right not a privilege enjoyed by a few. This step forward along with the boost in subsidies to middle-income Californians to buy health insurance will have a tangible impact on reducing the number of uninsured in the state.

Moving forward, the administration can continue to build on this legacy **by making the next down payment towards the overarching goal of making healthcare accessible to all Californians.**

Recommendations:

- ✓ **Streamlining and modernizing the application process to increase enrollment in Medi-Cal**, especially for school age children, can dramatically decrease the number of uninsured children in California. Currently, 76% of Latino children are eligible but not enrolled in Medi-Cal. Making a modest investment to simplify as well as automate enrollment through K-12 school enrollment can have a significant impact in reducing this number of uninsured children.
- ✓ Even with the expansion of Medi-Cal to cover young adults in California, undocumented Californians remain the largest single group of uninsured individuals in the state.³ An important next step by the Governor and his administration is to extend coverage to elderly immigrants regardless of their status. According to the **Assembly Appropriation fiscal analysis, the cost to cover this population will require approximately \$121 million.**⁴

These next steps by the Administration will go a long way in facilitating access to healthcare for all Californians. Equally important, the administration will make an important move towards removing significant barriers for Latinos to build wealth and grow economically. Access to affordable health care is one of the main factors that impede the ability of Latino families to build wealth.

³ Maclay, Kathleen. "Could a modest investment expand Medi-Cal to undocumented immigrants. Berkeley News . May 21, 2014. Available at <<https://news.berkeley.edu/2014/05/21/bill-to-extend-medi-cal-to-undocumented-would-end-disjointed-care-study-says/>>

⁴ California State Legislature. Available <https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201920200SB29>



Pictured: 99Rootz, Central Valley

K-12 Education

Fifty-four percent of the state’s K-12 public school students are Latino. In 2019, the administration made important decisions to augment education funding across the board – from preschool to child savings accounts. As the largest share of the state budget, we want to ensure that these investments lead to a robust educational pipeline for our Latino youth to succeed and thrive economically. One of the largest investments made by the administration is in support of the Local Control Funding Formula (LCFF). LCFF was intended to promote equity in education and reduce complexities and administrative cost in the K-12 finance system.

The administration inherited this important initiative that in theory tackles inequities in education. However, there is a practical adjustment that can be made to maximize the impact for the highest need students it was intended to benefit.

Recommendation:

✓ The Governor inherited a policy intended to address inequities in education but sacrificed the needs of the doubly or triply disadvantaged children for the sake of budget-planning efficiency. Knowing that the Governor intends to move the needle in education, his administration should consider removing the unduplicated pupil policy embedded in LCFF implementation. The counting of students who have several disadvantages—English learners, foster youth, free or reduced-price lunch—only once is highly problematic. For instance, there is considerable overlap between EL students and those who receive free or reduced-priced lunch. Another implication is that, given the formula, the density of a disadvantaged population in a school district is what determines the extra resources. With the current formula, there is a concentration grant that sets the threshold of underprivileged students at 55% of the student population. This geographical consideration omits intra-district variability in school enrollment. For example, think about a school with 80% high-needs students located in a school district with 54% high-needs students.

Nearly 40% of school superintendents believe that the LCFF has removed essential protections that categorical programs once provided for high-needs students. This is an excellent opportunity for the Governor to undo this unintended consequence and demonstrate his commitment to tackling inequities for the most vulnerable children. By eliminating or modifying the duplicated student policy, Governor Newsom acknowledges the detrimental effects of cumulative disadvantages— racial and ethnic inequality, poverty, residential segregation, and school-based disadvantages—that harm the most disadvantaged children. The impact of this modification will have ripple effects in increasing the chances of success for an entire generation and simultaneously set an example of rectifying a policy that sacrifices the different needs of schools for the sake of budget-planning efficiency.



Public Safety and Protecting Immigrants in California

We are living in unprecedented times. The anti-Latino and anti-immigrant rhetoric from the current federal administration has fueled an increase in hate crimes across the nation, including California. The blatant racism has also manifested itself in policies that harm and threaten the wellbeing and life of Latino families.

From family separations to ICE raids to rescinding the DACA program, the Federal government has been brazen in attacking and targeting immigrants and Latinos across the country. Governor Newsom and his administration stand in sharp contrast to these policies and tactics used by the White House.

Given the leadership and commitment of our State Leader, we propose specific recommendations to further seal the promise of standing with immigrant and Latino families in California.

Recommendations:

- ✓ When the White House announced plans to eliminate the DACA program, the state allocated \$20 million, available from 2017-19, to establish the DACA Legal Services (DLS) program. The investment funded education and outreach regarding the DACA program's pending status and eligibility for DACA renewal as well as assistance with completing an application for renewal. The Supreme Court is set to hear DACA arguments on November 12, 2019 and a decision may be issued right after the oral arguments or as early as January 2020. **We recommend that the Governor consider a one-time allocation of another \$20 million to continue assisting this population. The funds will provide the necessary support as we await the decision of the Supreme Court and help them navigate next steps once the final decision is made.**
- ✓ California will once again lead the nation by closing four large scale immigration detention facilities in the state of California following the signing of AB 32. It will be critically important that the administration consider at least a \$3 million investment to facilitate just and humane closures which will entail:
 - (1) Ensuring coordination of legal services, bond and release at each facility;
 - (2) Universal representation at each facility leading up to closure;
 - (3) Funding for out of state representation and litigation to block transfers; and
 - (4) Comprehensive data strategy and tracking of all cases.

Housing

Governor Newsom's commitment to increase housing, build emergency shelters, and provide services for the homeless will be key to addressing the needs of California's most vulnerable communities. In addition to lowering the burden of high housing costs, these investments free up income for Latinos to spend in other areas that improve overall well-being, such as healthcare and education, and helps reduce the likelihood that Latino families are displaced from their communities.

While these one-time investments are important, dedicated ongoing funding and collaboration with local government will help California better tackle these problems over the long-term.

Recommendations:

- ✓ **Creating a state-local partnership program to provide cities and counties with the resources** they need to help fund the construction of housing would help keep low-to-moderate income families from falling into homelessness. Currently, more than 2.2 million low-income renter households are competing for 664,000 units of affordable rental homes. This leaves more than 1.5 million low-income Californians without access to housing. Ongoing funding to a state-local partnership program would increase the overall number of affordable housing units where they are most needed.
- ✓ **Improving the enforcement of the Surplus Land Act** would allow California to more efficiently transform unused public lands into a public good by increasing affordable housing and open space. This effort will promote transparency by requiring local agencies to issue notices of availability when seeking to dispose of surplus sites, so that no opportunity to create additional affordable housing units falls through the cracks.

Pictured: Prospera, Oakland



TAKING A LONG TERM AND INTENTIONAL APPROACH TO ACHIEVING A CALIFORNIA FOR ALL

Governor Newsom has made a bold commitment to reanimate the California Dream. An idea, as he stated, that every person can achieve a better life, regardless of where they start out. In the first year, this commitment has been matched with important budgetary and policy action. There is a renewed sense of optimism in our state and a historic opportunity to shape a new deal with Californians, especially Latinos who make up nearly 40% of the state's population.

The Latino Leadership Ad Hoc Group stands ready to work with the Administration to achieve the vision of a California for All and set a new standard that will ensure California lives up its progressive ideals for the long run.

Adopting an Equity Index for Budget planning and prioritizing Budget allocations

Adopting an Equity Index as a tool for the administration to plan and prepare state budget proposals can ensure that our state leaders make consistent, steady, and tangible progress toward achieving a California for All.

Several cities that have made commitments to reducing inequities have applied similar tools successfully. These cities include Seattle, San Antonio, Austin, and Portland.

Based on the literature and practical applications, the adoption of an equity index will help:

- **Operationalize a data driven approach and standard for proposing programs**, making budget allocations and revisions, and prioritizing investments based on their potential impact of achieving equity.
- **Guide longer-term planning to reduce racial/ethnic disparities** and take into account the interrelated and cumulative effect of inequities across more than area (i.e. education, health, housing, and income).
- **Prevent increasing inequities during economic downturns**. The administration commitment to make progress towards A California for All will be especially tested during the next anticipated economic downturn. Using an equity index to prepare for and prioritize budget modification during that time will be essential to living up to this goal. An equity index could ensure that in tough economic times, the most vulnerable are protected so that the chasms between the have and have-nots do not grow wider.



There are various resources on measures and metrics, as well as possible data sources, that the Administration could consider. As a next step, the group proposes exploring instruments like the: **Well-Being Index** – A Gallup Sharecare compilation of surveys measuring well-being across the country, provides ideas as to possible indicators and data sources; and the **National Equity Atlas** – which dives deeper into economic equity and provides policy toolkit to help build an economy that is equitable, resilient, and prosperous. Another possible option that takes into account the intersectionality of inequities is the Robert Wood Johnson livability index.⁵

Another opportunity to consider in tandem with or in place of an equity index is adopting a **geographic or population-based screening tool to prioritize key investments in vulnerable communities**. An example of the successful adoption of a screening tool to make informed decisions to improve the lives of vulnerable groups is the: The California Communities Environmental Health Screening Tool (CalEnviroScreen). The tool has been instrumental in ensuring the equitable allocation of Cap and Trade dollars towards a common purpose: “the revitalization of disadvantaged communities and the pursuit of environmental justice.” The development of the tool was a major step in executing the CalEPA’s 2004 Environmental Justice Action Plan. Specifically, it helped to direct state and local government resources towards the common goal of achieving environmental justice.

Tracking Progress Towards Equity

Beyond the big picture Equity index, it be important to identify key indicators that track progress towards attaining equity.

For example, given that quality early childhood care and education is a key focus of the administration, progress towards the goal could be to be measured by the availability of licensed pre-k programs and also participation rates of vulnerable populations in licensed pre-k programs.⁶

Another specific example related relates to improving mental health—another key focus of the administration. There is a severely under-utilization of behavioral health services for children covered under Medi-Cal. About 25% of children are at risk for developmental, behavioral or social delays.⁷ Only about 22% of children receive a developmental screening during pediatric well-child visit, and only 4% receive screenings for underlying ACEs.⁸ Possible indicators to measure progress in this area: increasing developmental screening with special focus on low-income and vulnerable children and increasing availability of behavioral health services in vulnerable communities.

The Leadership Ad Hoc Group remains committed to working with the administration to explore the ideas proposed to ensure that a longer-term view is taking to achieving a California for All. This includes Equity Index and/or a Geographic-based screening tool to plan and prioritize budgetary decisions, as well as the explorations of indicator to track progress towards the achieving the vision.

⁵ <https://www.buildhealthyplaces.org/measureup/>

⁶ *Monitoring Educational Equity*, National Academies of Sciences, Engineering and Medicine, June 2019

⁷ Children Now. 2018 California Children’s Report Card. Retrieved from https://www.childrennow.org/files/9015/1975/3343/RC18_FINALonlineSPR.compressed.pdf

⁸ *Ibid.*

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