Highlights & Missed Opportunities of 2021-2022 Governor Gavin Newsom’s $227 Billion Budget Plan

January – 2021

A year after the first COVID-19 cases were reported, California is now facing more than 3 million infections and over 40,000 fatalities resulting from COVID-19. Latina/o families are leading in infection rates with 55% of the cases and 47% of deaths. The economic distress resulting from this pandemic is disproportionately affecting low-income workers, minority businesses, immigrants entrepreneurs, and, thus widening the economic inequality in our state. It is estimated that 40% of workers making less than $40,000 saw their work hours reduced. Similarly, a report with responses from more than 90,000 immigrants who obtained one-time financial support from the Disaster Relief Assistance for Immigrants Project (DRAI) found that more 98% applied because their work hours were reduced.

On January 8th, 2021, Governor Gavin Newsom introduced a $227 billion proposed budget for the 2021-22 fiscal year. The budget accounts for stronger revenues than expected resulting from corporations and high-income earners who have seen an increase in their income and wealth. We recognize that the Governor is allocating $14 billion in COVID-19 relief that would provide assistance to immigrant and impacted communities, however, the economic consequences of the pandemic require the State to reimagine its investments and explore audacious budget investments.
CHIRLA and its partners will be advocating for the adoption of a bold and courageous budget that ensures those communities impacted the most are provided with the resources to survive and paves the way for long-term economic investment to close the economic inequality in our state. If you have any questions, please contact Joseph Villela at jvillela@chirla.org.

**Key Highlights of Governor’s Proposed Budget**

- **The Golden State Stimulus**: In an investment of $2.4 billion, low-income workers who are eligible for the earned income tax credit in 2019 will receive a one-time $600 state payment. Unlike the federal government’s COVID relief bill, these checks will only go to those who earned less than $30,000. This includes workers that file taxes with an Individual Tax Number (ITIN).

- **Rental assistance**: The COVID-19 relief bill enacted by Congress in December 2020 included $25 billion in rental assistance. The Governor’s budget estimates that approximately $2.6 billion will be directed to Californians to assist tenants and extends the current moratorium on evictions.

- **California Dream Fund**: $35 million for micro-grants to seed entrepreneurship in underserved communities.

- **Food Security**: $30 million to fund Emergency Food Assistance Program providers.

- **One California Program (Immigration Services)**: $75 million for the Department of Social Services to provide funding to qualified
non-profit organizations to assist low-income immigrants with some immigration services.

❖ **Rapid Response Program**: $5 million one-time allocation to support critical assistance to immigrants in the absence of support from the federal government.

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**Missed Opportunities**

❖ **Access to healthcare**: Despite the increase in COVID-19 cases and its disproportionate impact on communities of color, including immigrants, Governor Newsom failed to fulfill his promise made in 2019 to extend full scope Medi-Cal to undocumented immigrant seniors.

❖ **Access to higher education**: This year’s proposed budget does not include funding to expand student support services for immigrant students, including undocumented students in California. Those services include:

➢ In 2020, the budget included an investment of $5.8 million to provide funding for Dreamer Resource Liaisons at Community Colleges. The proposed budget does not include this investment.
➢ In 2019, the Legislature and Governor enacted the Service Incentive Grant to assist immigrant students who do not qualify for work-study grants due to their immigration status. In 2020, the budget reappropriated $7.5 million and redirected to the Disaster Relief Emergency Student Financial Aid Program. While this budget includes a $30 million allocation for Emergency Student Financial Assistance, it does not include funding for the Service Incentive Grant.

➢ No funding for the Dream Loan to assist undocumented youth to attend graduate school.

❖ **Wage Replacement for immigrant workers:** In April 2020, Governor Newsom announced “the first step” to assist immigrant workers who do not qualify for unemployment benefits despite the fact they contribute to the unemployment fund. Alas, there is no “second” step in this budget to assist immigrant workers.