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**Draft
2006 Cash Assistance Policy and Budget Issues
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Broad Goals

Increasing CalWORKs Work Participation Rates

According to DSS only about 30 percent of non-exempt CalWORKs recipients are meeting federal work participation requirements. TANF reauthorization will increase state's work participation requirement to 70%. Many families don't participate due to barriers such as domestic violence, substance abuse, mental health, learning disabilities, and language access. California must do a better job identifying barriers and providing the services to resolve them and reduce the number of sanctions imposed on families for failure to participate.

Increasing Income of CalWORKs Recipients

While welfare reform has been deemed a success due to reduced caseloads and increased number of families participating in work activities, the median earnings for CalWORKs recipients is just \$700 a month, far below the poverty level. Since 1997, state policy has been focused on getting recipients to participate not necessarily on helping recipients achieve independence and self-sufficiency. State policy must be directed to increasing the earned income of recipients through an increase in the minimum wage, incentivizing counties to increase the earnings of recipients, increasing the earned income disregard, targeting enterprise zone tax credits and removing barriers to education and training.

Reducing Barriers to Public Assistance Programs

California has the lowest Food Stamp utilization rate in the country. Less than 30 percent of income eligible families actually receive CalWORKs. More than half of the CalWORKs cases are reduced grant cases due to time limits, family cap exclusions and sanctions. Over time the state has imposed a host of eligibility rules that reduce participation in public benefit programs and results in deeper poverty and hunger. Eliminating finger printing requirements, permitting persons in recovery from drug addiction to receive CalWORKs, reducing the time consuming verification of assets by county workers, eliminating arbitrary barriers for legal immigrants and eliminating the maximum family cap are just a starter list of barriers in existing public benefit programs.

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Specific Policy Work State Budget

With COLA's off the table for the 2006-07 the last place to go for real savings are CalWORKs and SSI grants. Yet increased revenues make it less likely that CalWORKs and SSI will be subject to deep cuts. CalWORKs seems in more jeopardy because of the flexibility in how states can meet their maintenance of effort requirement and use federal TANF funds. The January budget will likely include grant cuts to CalWORKs, reductions in child care, cuts in county administrative costs and reductions in funding for services. Looming is the resolution of the *Guillen* case. If the courts agree with WCLP that recipients were due a COLA when Governor Schwarzenegger cut the VLF would increase state costs in excess of \$200 million.

On SSI, the only option for the state is to reduce the state SSP portion of the SSI grant. Advocates will look to restore grants for a small group of SSI recipients who live by themselves but get help with their rent and other living expenses. These recipients will lose \$8 a month from their grant from January through March due to an oversight by DSS.

TANF Reauthorization is still a possibility this year in Congress. If it stays in the reconciliation package it would require the Legislature to do a major revamp of the program to meet new federal requirements and options.

The ten year deeming rule for legal immigrants to receive public benefits is about to expire. This will make more people eligible for the two state funded public benefit programs. Two years ago the Administration tried to abolish the programs. How it will respond to this increase in the program's caseloads is unknown.

The 2005/06 budget eliminated the COLAs for CalWORKs and SSP for the 05-06 and 06-07 budgets. Given increased revenues, advocates will ask the Legislature to revisit the second year of these proposed COLA suspensions.

Ongoing Legislation

AB 1298 (Evans) This bill would allow counties to permit recipients to self certify that their assets do not exceed asset limits in CalWORKs, Food Stamps, MediCal and WIC. Eliminating this unproductive step will reduce workload on county eligibility workers and increase participation by recipients due to mistakes in verifying assets.

AB 503 (Lieber) This bill would require DSS to publish a CalWORKs bill of rights for recipients to be given out when entering the program. The bill\ would not count months towards the 60 month lifetime limit if the recipient did not get materials in their native language, was not given assistance with learning disabilities or if services were not provided so a parent could participate.

AB 1601 (Laird) This bill would modify the Trustline child care process to improve child safety by no longer exempting aunts and uncles from licensing requirements. It would also deny further payments to any non-exempt provider whose background check got a "hit" for a past criminal violation. Advocates oppose SB 539 (Ashburn) to deny payments until cleared by trustline since this would create an additional barrier to CalWORKs families going to work.

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Potential New Legislation

Minimum Wage Increase

Advocates will again support legislation or initiatives to increase the minimum wage and index it for inflation.

Maximum Family Cap

DSS estimates that more than 68,000 children are currently excluded from their families CalWORKs grant because they were conceived after the family went on aid. This means the family must get by with less money than another family of the same size. There is little evidence that so-called maximum family grants reduce births while on aid. Advocates are considering legislation to eliminate the rule.

CalWORKs Self-Initiated Programs

One option for recipients to meet work participation requirements is if they are participating in an education or training program when they apply for aid, all the hours in the so-called self-initiated programs count towards the weekly work participation hours. But if a person applies for aid and then enters a program, they are barred from counting all the hours and must work at least 20 hours a week. This discourages recipients from seeking education and training which will lead to higher paying employment. Advocates are considering legislation to eliminate the rule.

Enterprise Zone Tax Credits

California provides \$300 million a year in state tax credits to encourage employers to create jobs in enterprise zones and hire people on public assistance and in JTPA programs. But evidence shows that due to loopholes in the statute that few tax credits are benefiting the groups the Legislature intended. Advocates will participate in a reform of the statute expected to occur in 2006.