



*Sacramento Office  
1107 9<sup>th</sup> Street, Suite 801  
Sacramento, California 95814  
Telephone: 916/442-0753; FAX 916/442-7966  
[www.wclp.org](http://www.wclp.org)*

## **POLICY RECOMMENDATIONS ON CASH ASSISTANCE PROGRAMS**

**CALIFORNIA WORKING FAMILIES POLICY SUMMIT  
January 7, 2005**

### **INTRODUCTION**

The goal of the state's welfare program (or CalWORKs<sup>1</sup>) should be to insure that all poor families with children have enough cash and food assistance to meet basic needs and to provide opportunities for families through education, training and employment to become independent and self-sufficient.

Of great concern to policymakers, advocates and program providers are the state's rates of utilization for key welfare programs. Only 29% of eligible California families are currently enrolled in CalWORKs,<sup>2</sup> and only 54% of eligible families are enrolled in Food Stamps.<sup>3</sup> Why does California have such low utilization rates? Complicated, conflicting, and redundant eligibility requirements for the state's welfare programs are a significant barrier to increasing participation. The state has the authority to eliminate these barriers while at the same time easing administration of CalWORKs and Food Stamps for county governments, but the state maintains the barriers because it reduces state costs.

Overall, efforts to help poor families become self-sufficient are impacted by the state's budget deficit. The state has repeatedly used funds from welfare programs to pay for ongoing state obligations. To obtain these funds, recent budgets (and most likely in the budget about to be announced) have proposed to repeal Cost of Living Allowances (COLAs), make deep cuts to the basic grant, and eliminate child care for families who left welfare for work. These cuts are not because the state is increasing spending on welfare. In FY 1996-97, the state spent \$6.5 billion on AFDC, but for FY 2004-05 the state is spending only \$5.8 billion, a 10.7 percent decline. During the same period, state spending increased by 55 percent.<sup>4</sup>

A CalWORKs family of three gets a maximum of \$704 a month, just \$10 more than the same family got in 1989.<sup>5</sup> In the meantime, the cost of housing, transportation and utilities have increased. Thus, it is critical that low-income families not have cash assistance and service cuts in the upcoming budget. These families are the poorest in our state and cannot absorb a

loss of benefits. In addition, efforts need to be made to ensure that funds intended for cash assistance are not directed to other non-related programs.

Finally, policymakers need to engage in discussion about the resources realistically needed to facilitate families gaining self-sufficiency. While overall, the number of California families on welfare since the federal reform of 1996 has been reduced from more than 900,000 cases to less than 500,000 cases,<sup>6</sup> monthly caseload figures from the Department of Social Services<sup>7</sup> show that the number of cases is beginning to climb and that the families remaining on welfare typically have multiple service needs (child care to meet work requirements, education related to job training, domestic violence, substance abuse and mental health treatment) that must be addressed for the family to find and retain gainful employment. Thus, cuts to welfare programs undermine the state's interest in seeing welfare families become independent and self-sufficient.

California has not ended up in a fiscal crisis simply because we have spent beyond our means. In addition to growth in state costs, the Legislature and successive Governors have cut taxes. Since 1991, the state has enacted tax cuts that will cost nearly \$9 billion in FY 2003-04.<sup>8</sup> Cuts to the personal income tax, the corporate tax rate, and the vehicle license fee have left the state with inadequate resources to manage our growing and complex society. Advocates for low-income families must connect the dots between cuts to programs for poor families and tax cuts. Unless equity is restored to the revenue side of the state budget, programs for low-income families will continue to be proposed for cuts.

## **POLICY OBJECTIVE #1**

**Streamline eligibility processes and eliminate unnecessary eligibility requirements on recipients and counties.**

### ***Background***

Current CalWORKs and Food Stamps eligibility requirements are often barriers to aid, and key inconsistencies between the programs make them difficult to administer. Since all applicants for CalWORKs are also enrolled in Food Stamps, eliminating conflicting eligibility requirements for the two programs will reduce county administrative costs and enroll more families with children in aid. For example, all members of the households for both programs must be fingerprinted, even those not eligible for aid. CalWORKs requires that county workers verify the applicant's assets, school attendance, childhood immunizations, and the value of the person's car. A person with a felony drug conviction is barred from CalWORKs, but not Food Stamps. A family on CalWORKs who has a child while on aid will not get a CalWORKs grant increase, but will get a Food Stamp increase.

### ***Recommended Actions***

- A. Repeal the requirement to finger image all members of households applying for aid.
- B. Allow applicants to self-certify to meet school attendance and immunization requirements.
- C. Eliminate the assets test and the auto resource rule.
- D. Lift the lifetime federal ban on persons with drug felonies convictions from receiving CalWORKs so that families can succeed in their recovery.

## **POLICY OBJECTIVE #2**

**Preserve existing CalWORKs grants and services by preventing: grant cuts, repeal of cost-of-living allowances, elimination of child care entitlements, and reductions in services for CalWORKs recipients.**

### ***Background***

CalWORKs caseloads are beginning to increase after years of declines. Program costs are increasing to provide services for CalWORKs recipients. Because California met TANF performance standards, it has reduced its financial participation from 80 percent of its 1994 AFDC state expenditures level down to 75 percent of the 1994 expenditures. Meanwhile, California continues to divert CalWORKs funds for other state services. All of these fiscal pressures result in attempts to reduce CalWORKs expenditures. Reductions or eliminations of grants or COLAs will result in significant savings for the state.

### ***Recommended Actions***

- A. Oppose budget and legislative proposals that will reduce benefits and services for families and children.
- B. Increase the state maintenance of effort participation to 80% of the 1994 state contribution that would increase funding for CalWORKs by approximately \$600 million.
- C. Identify funds that are being directed to state programs and replace the TANF funds with state General Funds or other funds.
- D. Limit diversions of state welfare funds and bar the Department of Finance from shifting TANF funds to Title XX (Social Services Block Grant).

### **POLICY OBJECTIVE #3**

**Increase the state budget by collecting all taxes due, closing tax loopholes, restoring the top tax brackets, expanding the sales tax to services and changing the way that commercial property is treated under Proposition 13.**

#### ***Background***

The current budget gap would be almost entirely eliminated if all tax cuts since 1991 were restored. Tax cuts enacted since 1991 cost nearly \$9 billion in FY 2003-04 alone. Corporate income taxes have declined 46 percent since 1991 when measured as a share of total General Fund revenues and as a share of corporate profits.<sup>9</sup> The State needs to restore or increase revenues, not simply cut services.

Contrary to Administration claims, growth in state spending has not exceeded economic growth, nor is it a result of out-of-control “overspending” as the Administration has repeatedly asserted. From FY 1998-99 to FY 2002-03 state spending increased by \$19.9 billion. Of this amount, 56 percent (approximately \$11 billion) of the increase in spending is attributable to population/caseload increases and inflation.<sup>10</sup> The current budget gap would be almost entirely eliminated if all tax cuts since 1991 were restored.<sup>11</sup>

#### ***Recommended Actions***

- A. Support legislation to restore the top income brackets for those earning \$200,000 to \$1 million annually.
- B. Oppose proposals to transfer tax collecting from the civil servant managed Franchise Tax Board to the politically controlled Board of Equalization.
- C. Support legislation to expand the sales tax to services
- D. Support legislation to treat commercial property differently than residential property under Prop 13.

---

#### **ENDNOTES**

<sup>1</sup> CalWORKs is shorthand for the California Work Opportunity and Responsibility to Kids Act.

<sup>2</sup> California Budget Project, Californians in Poverty Are Less Likely to Receive Cash Assistance, January, 2004.

<sup>3</sup> USDA, State Food Stamp Participation Rates in 2001.

<sup>4</sup> California Budget Project, CalWORKs – California’s Welfare to Work Program, February 2004.

<sup>5</sup> AFDC/CalWORKs Grant History, Assembly Human Services Committee, 2004.

<sup>6</sup> California Budget Project, CalWORKs – California’s Welfare to Work Program, February 2004.

<sup>7</sup> CalWORKs Program, Caseload by category, July 1999 to August, 2004:

[http://www.dss.cahwnet.gov/research/CalWORKsDa\\_399.htm](http://www.dss.cahwnet.gov/research/CalWORKsDa_399.htm)

<sup>8</sup> California Budget Project, Terminating the Deficit: Does the Governor’s Proposed 2004-05 Budget Restore California’s Fiscal Health While Protecting Public Services? January 2004.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.