

CALIFORNIA BUDGET PROJECT

Key Facts About the CalWORKs Program

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A PRESENTATION BY
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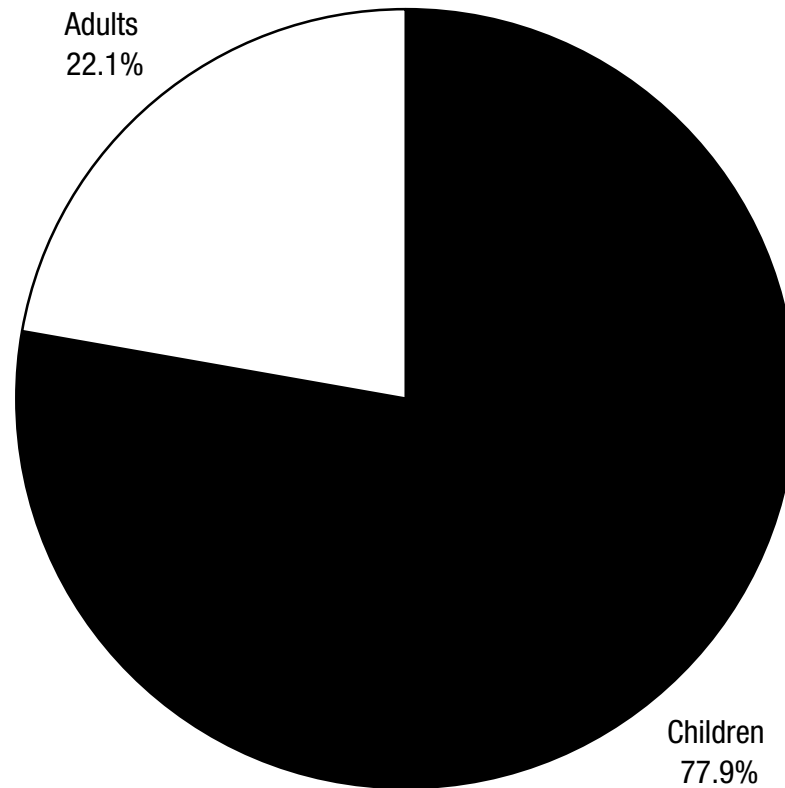
Overview

- The California Work Opportunity and Responsibility to Kids (CalWORKs) Program is a key component of California's safety net for low-income families.
- CalWORKs provides modest cash assistance and job-related services for struggling low-income families with children.
- Spending on CalWORKs has declined substantially since the mid-1990s.
- The number of families in CalWORKs dropped starting in the mid-1990s, but enrollment increased substantially after the recession began in 2007.
- Policymakers made significant cuts to CalWORKs in the February 2009 and July 2009 budget agreements.
- The Governor proposes deeper cuts to CalWORKs in 2010-11, including the potential elimination of the program.
- CalWORKs is more important than ever as California's families continue to struggle with the impact of the recession.



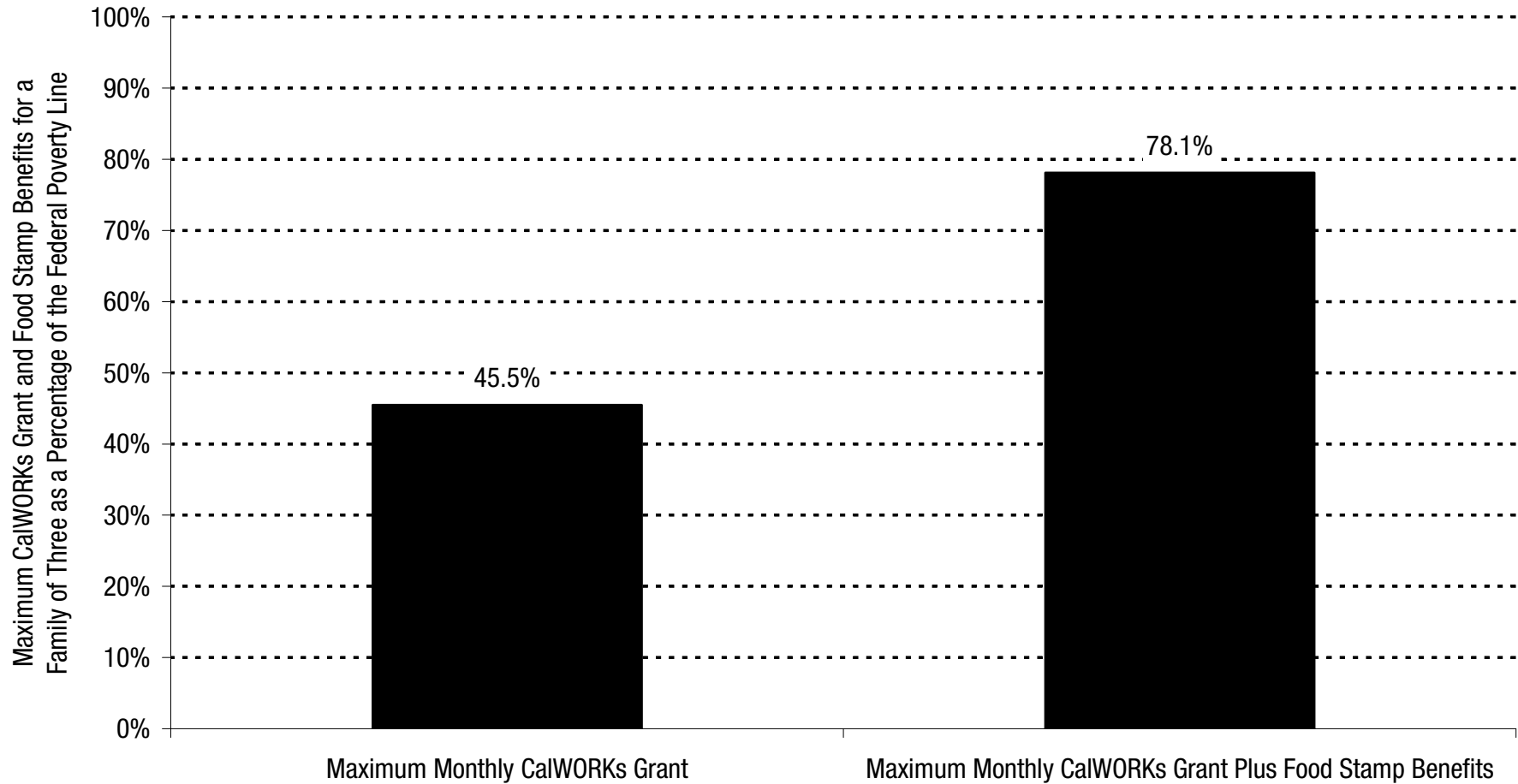
CalWORKs Provides Modest Cash Assistance and Job-Related Services for Struggling Low-Income Families With Children

More Than Three Out of Four CalWORKs Recipients Are Children



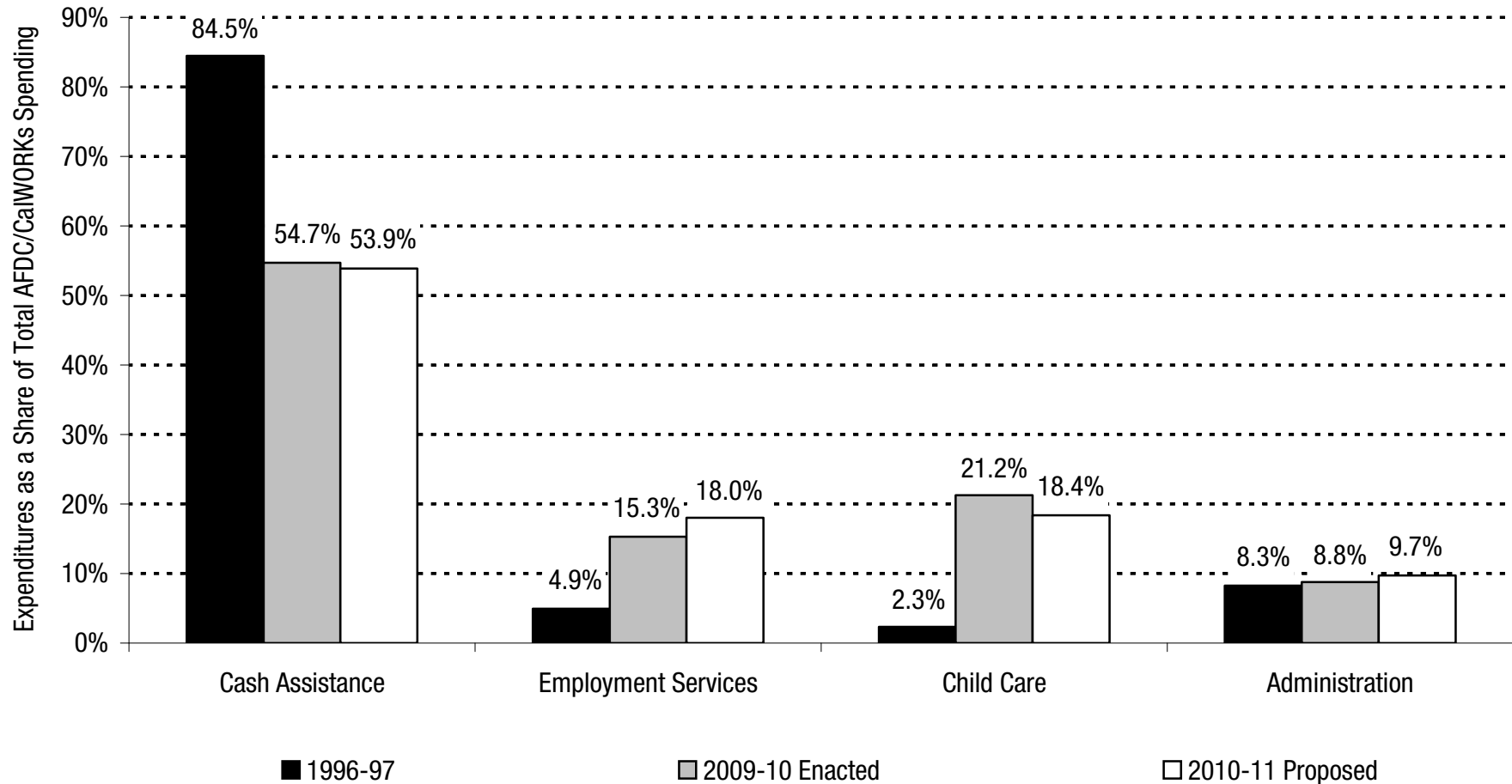
Number of Individuals Receiving CalWORKs Cash Assistance in October 2009 = 1.3 Million

Maximum Monthly CalWORKs Grant in 2009-10 Is Less Than Half the Federal Poverty Line



Note: Reflects maximum grant of \$694 per month for a family of three in high-cost counties and a food stamp allotment of \$498 per month.
Source: CBP analysis of Department of Social Services, Legislative Analyst's Office, and US Department of Health and Human Services data

Cash Assistance Has Declined Dramatically as a Share of Total Welfare Spending, While Employment Services and Child Care Have Increased

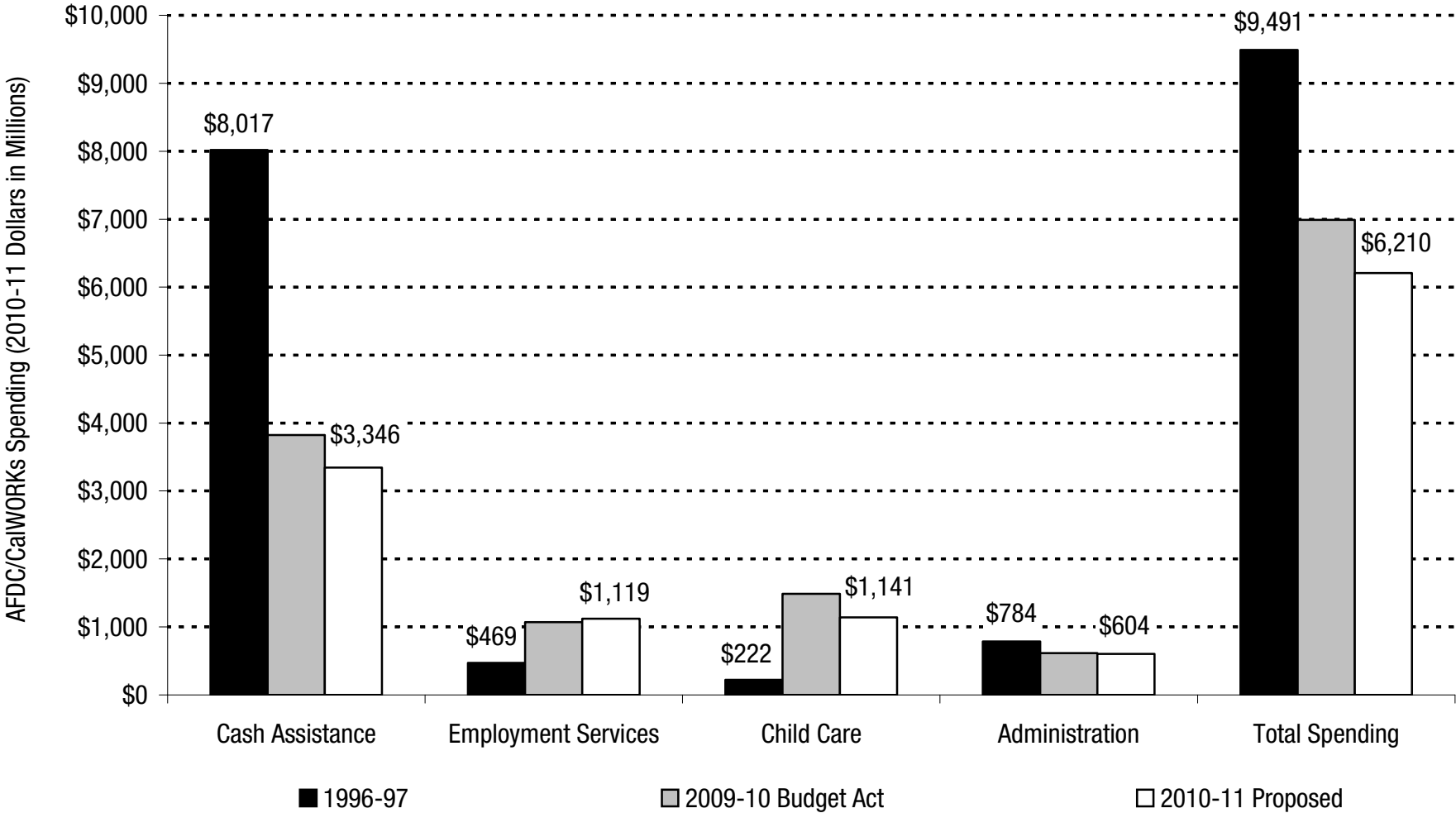


Note: Includes federal, state, and county funds. Administration excludes funding for automation projects and state support costs.
Source: Department of Finance and Department of Social Services



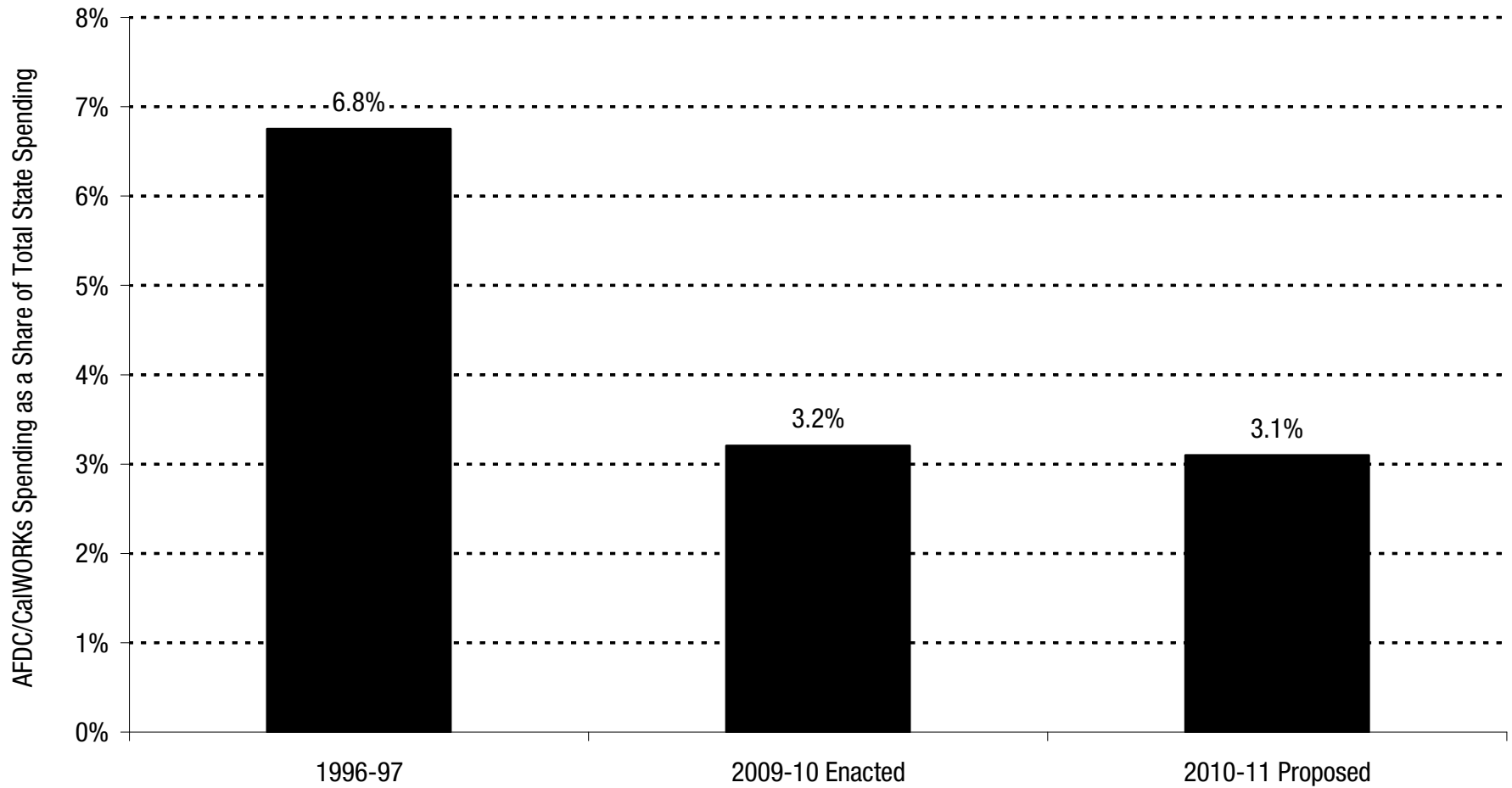
Spending on CalWORKs Has Declined Substantially Since the Mid-1990s

Total Welfare Spending in California Has Dropped Substantially Since the Mid-1990s



Note: Includes federal, state, and county funds. Administration excludes funding for automation projects and state support costs.
 Source: Department of Finance and Department of Social Services

Welfare Spending as a Share of Total Spending in California Has Dropped by More Than Half Since 1996-97

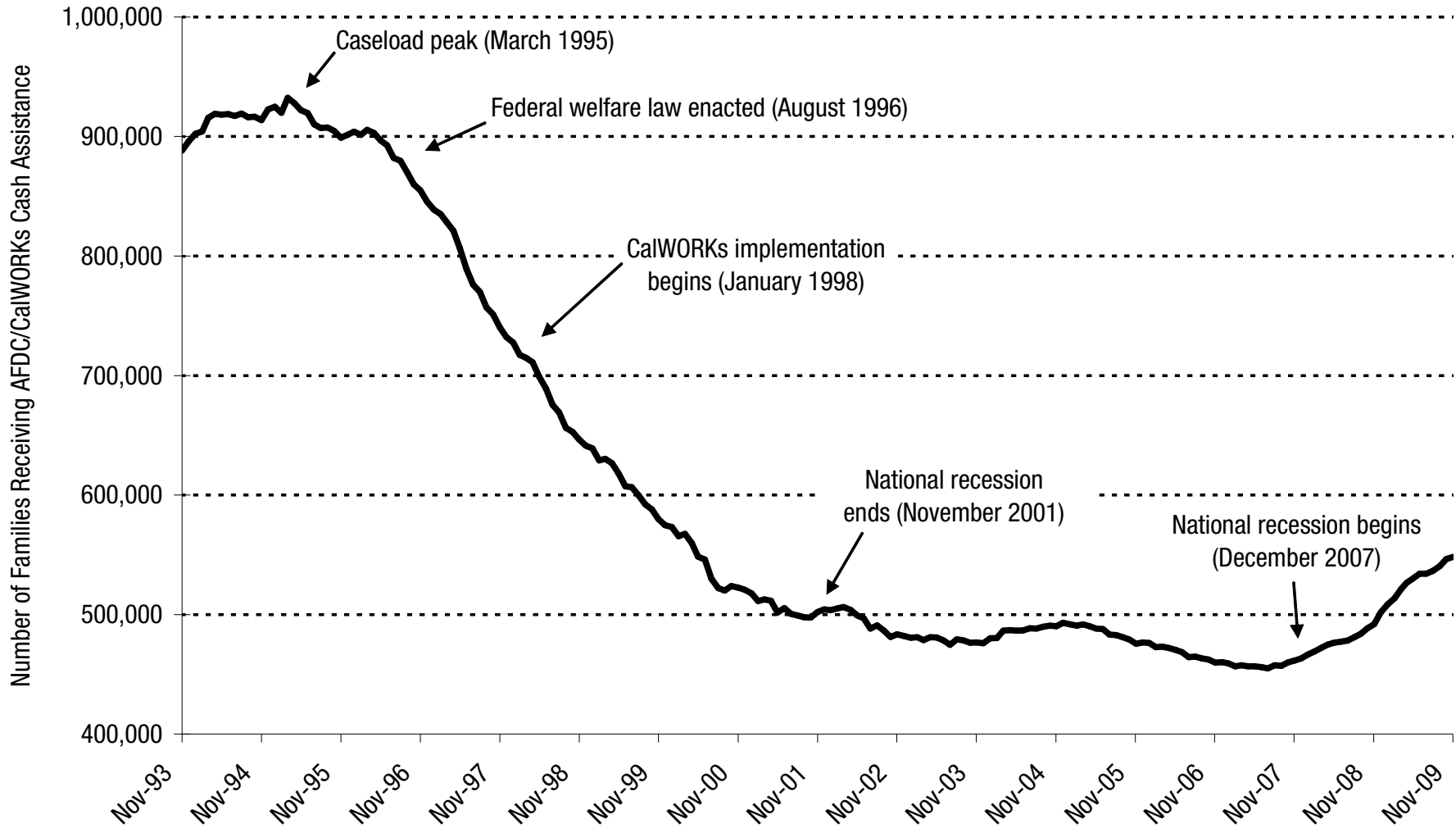


Note: AFDC/CalWORKs spending includes federal, state, and county funds. Total state spending includes federal and state funds.
Source: Department of Finance and Department of Social Services



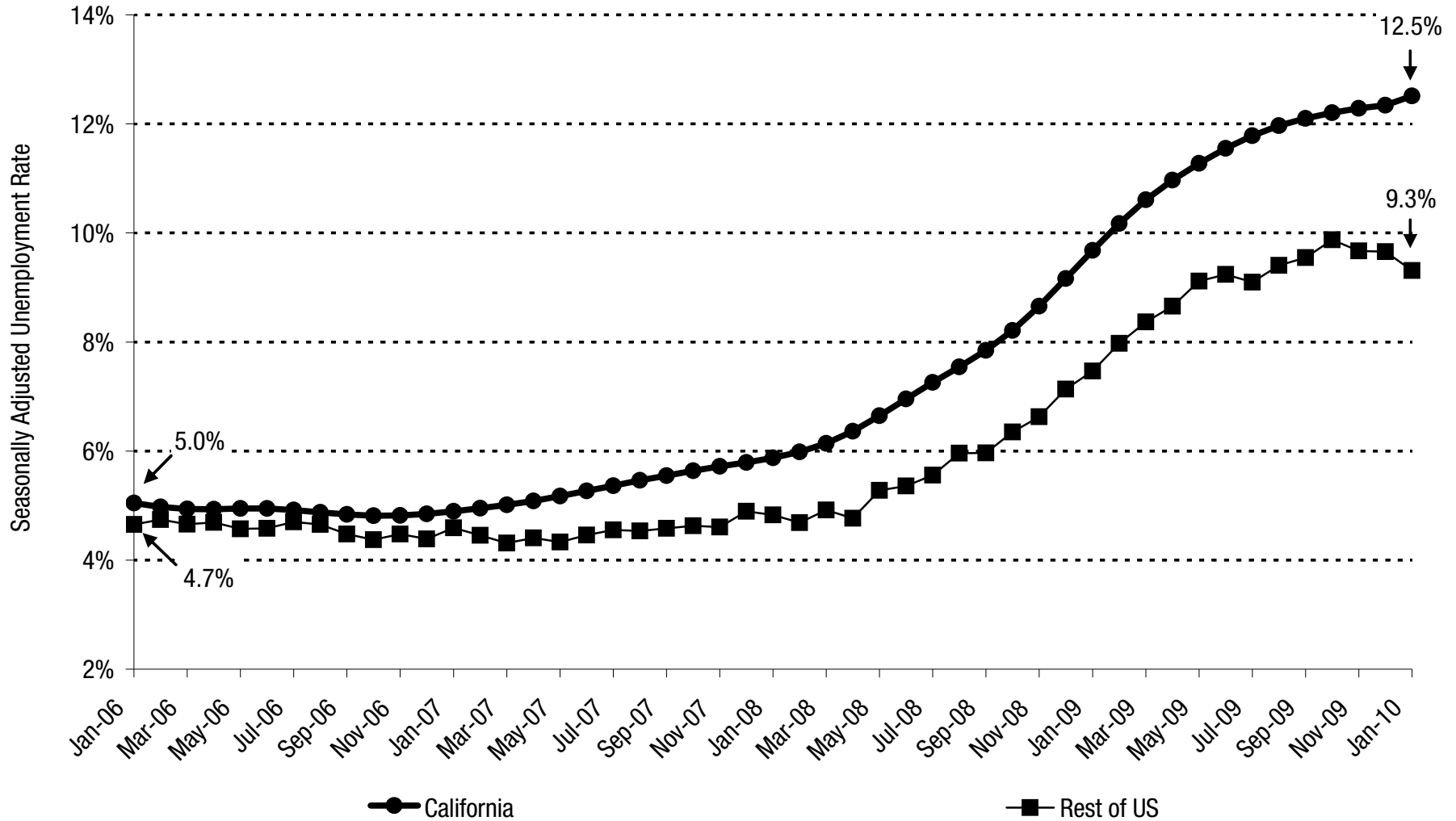
The Number of Families in CalWORKs
Dropped Starting in the Mid-1990s,
But Enrollment Increased Substantially
After the Recession Began in 2007

The Number of Families Receiving CalWORKs Cash Assistance Dropped Starting in the Mid-1990s



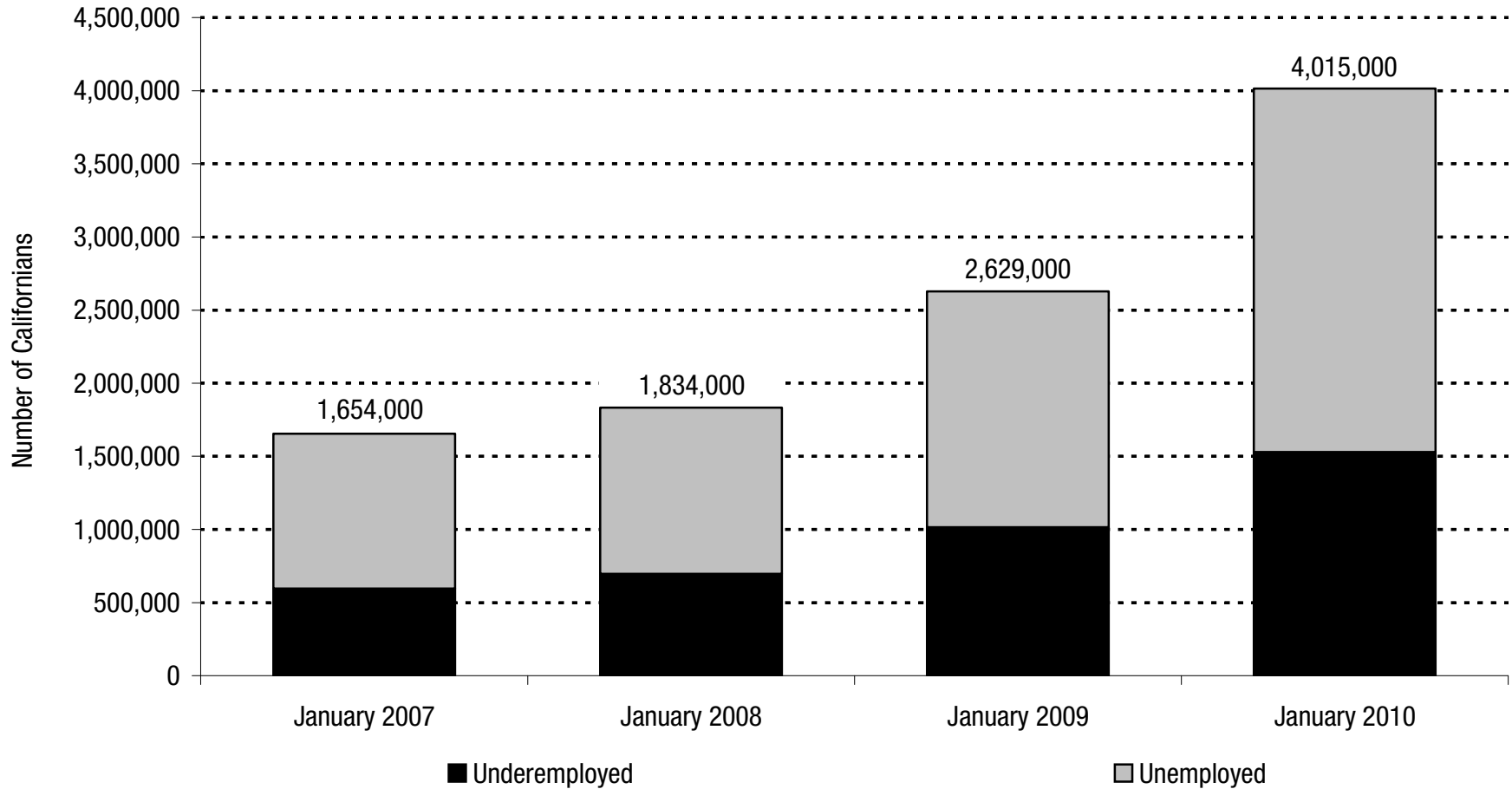
Source: Department of Social Services

California's Unemployment Rate Was 12.5 Percent in January 2010



Source: Employment Development Department

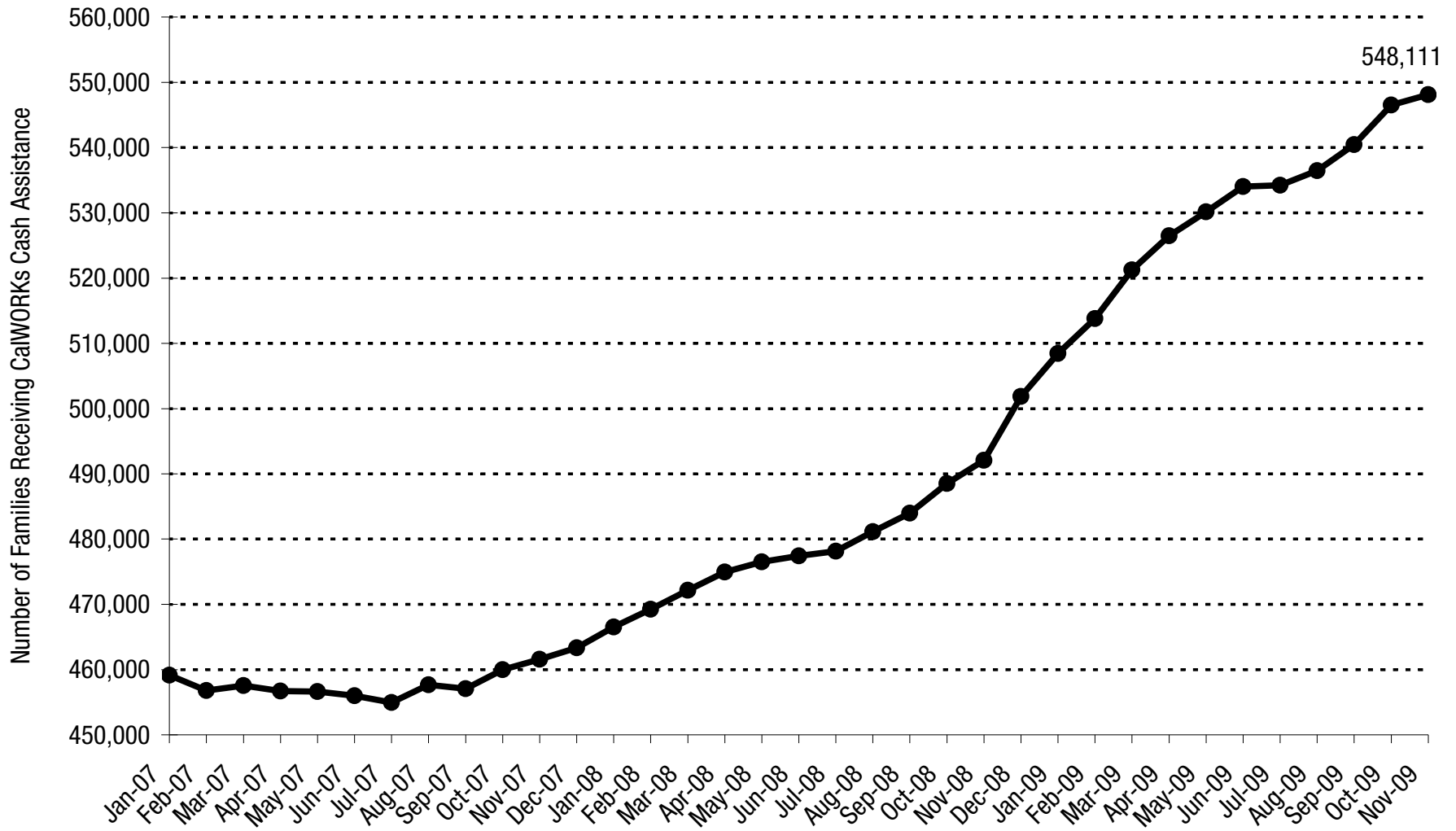
The Number of Unemployed and Underemployed Californians More Than Doubled Between January 2007 and January 2010



Note: Data reflect 12-month averages ending in January. "Unemployed" includes individuals who want to work and are available for work, but who have not searched for work within the past month.

Source: Employment Development Department

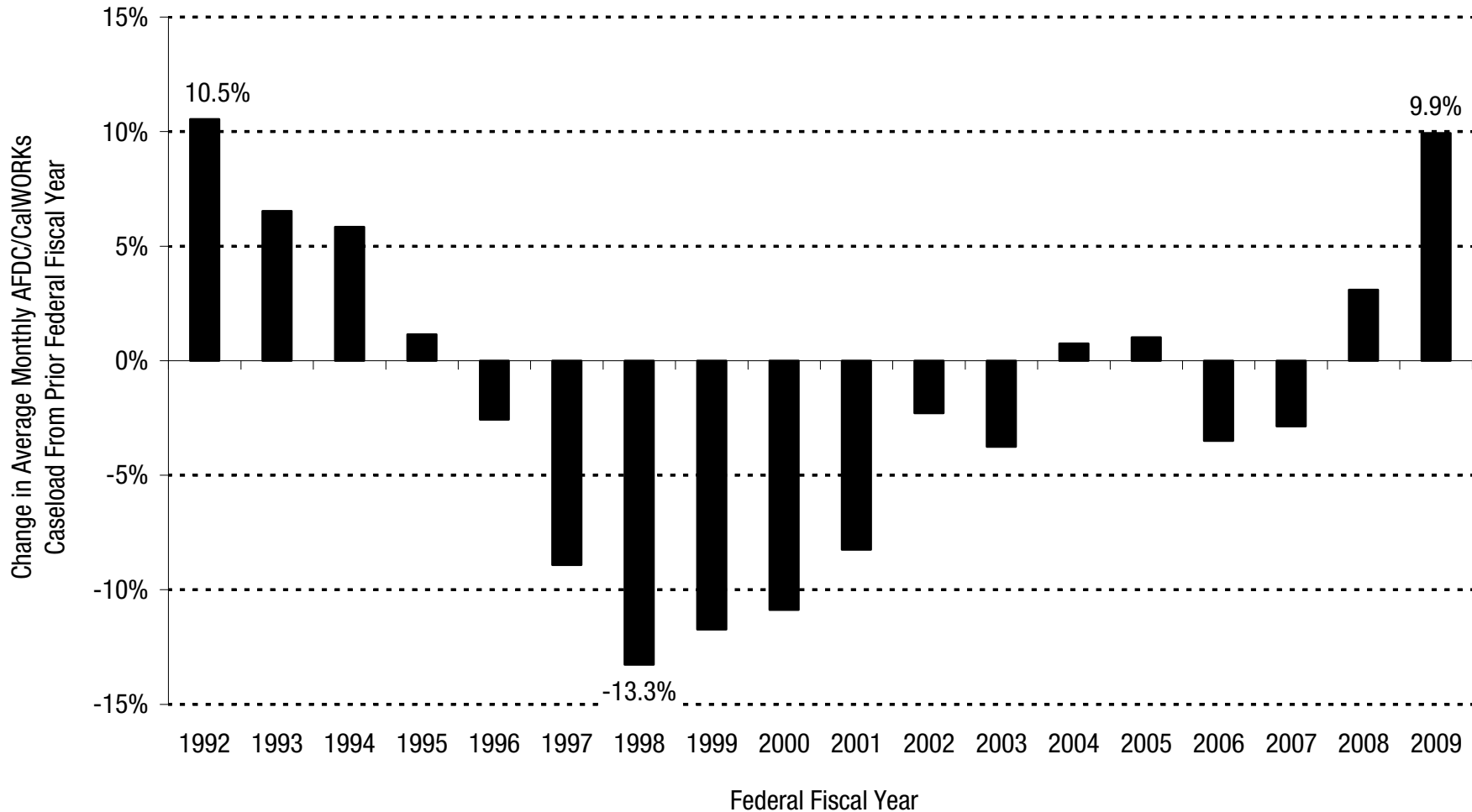
The Number of Families Receiving CalWORKs Cash Assistance Has Risen Substantially Since July 2007



Source: Department of Social Services

The Number of Families Receiving CalWORKs Cash Assistance Rose Sharply in Federal Fiscal Year 2009

Largest Increase Since 1992



Source: Department of Social Services and US Department of Health and Human Services



Policymakers Made Significant Cuts to CalWORKs in the February 2009 and July 2009 Budget Agreements

CalWORKs Changes With an Impact in 2009 or 2010

- The February and July 2009 budget agreements:
 - Suspended the July 2009 cost-of-living adjustment (COLA) for CalWORKs grants, the fifth consecutive year the statutory COLA was not provided.
 - Cut grants by 4 percent effective July 1, 2009. The maximum monthly grant for a family of three dropped from \$723 to \$694, the same amount as in 1989.
 - Permanently eliminated the statutory COLA for CalWORKs grants effective July 2010.
 - Cut funding to counties for employment services and child care by more than \$370 million in 2009-10.
 - Exempted certain parents who have young children from work participation requirements through June 2011.

CalWORKs Changes That Will Have an Impact in 2011

- The July 2009 budget agreement included major changes to the CalWORKs Program that are scheduled to take effect in July 2011. These changes will:
 - Limit adults to 48 cumulative months of cash assistance in any 60-month period.
 - Require certain adults to attend a “self-sufficiency review” with county workers; adults who fail to attend without good cause will have their grant reduced by 50 percent.
 - Cut, by up to 50 percent, grants for children in households in which adults do not meet work participation requirements. (This change affects children in sanctioned, safety-net, and certain child-only households.)

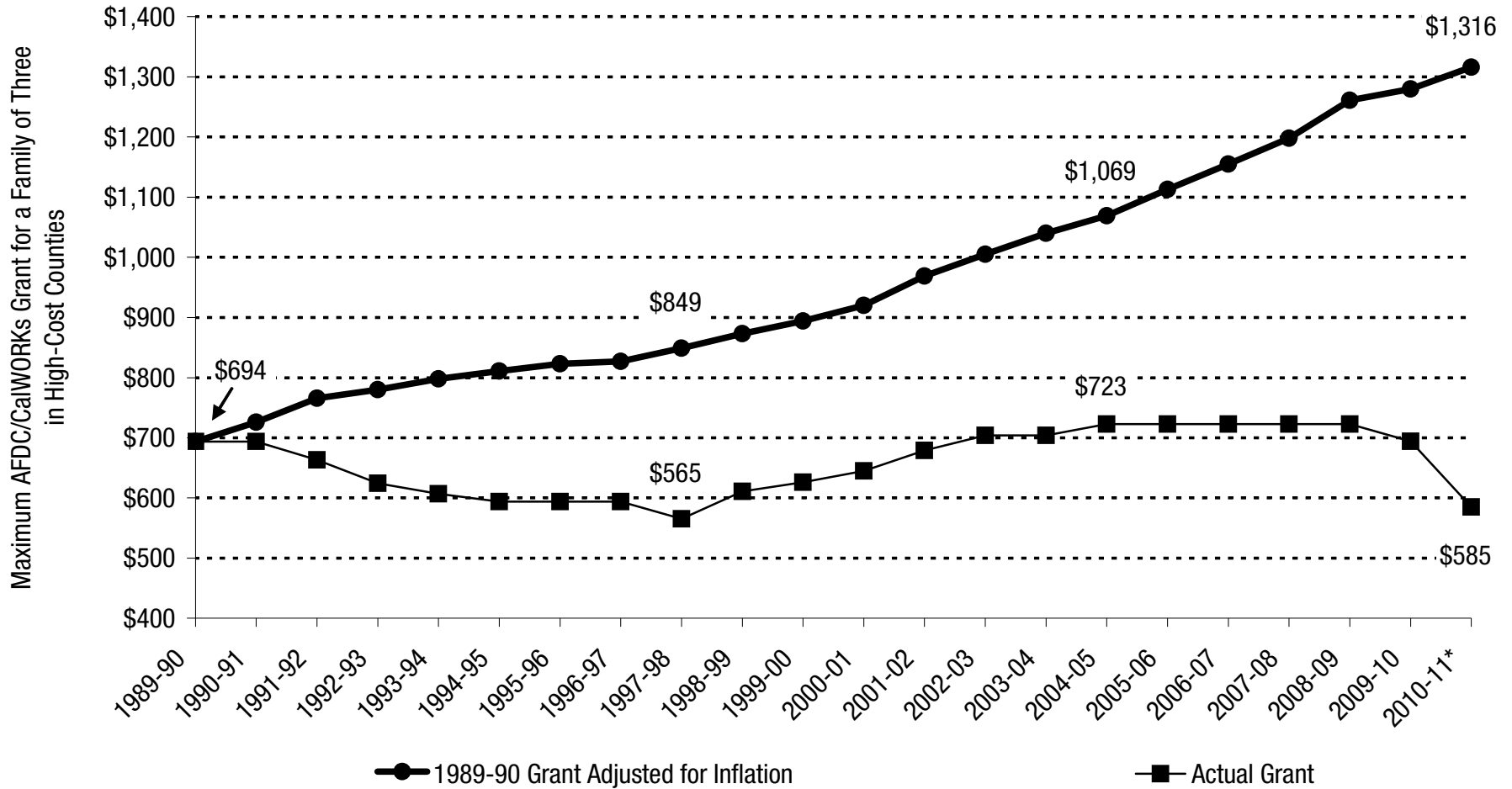


The Governor Proposes Deeper Cuts to CalWORKs in 2010-11, Including the Potential Elimination of the Program

The Governor Proposes More CalWORKs Grant Cuts

- The Governor proposes to cut CalWORKs grants by 15.7 percent effective June 1, 2010. This cut would reduce the maximum monthly grant for a family of three in high-cost counties from \$694 to \$585.
- CalWORKs grants have not kept pace with inflation and their purchasing power would decline further under this proposal.
- The maximum grant for a family of three would have to rise to \$1,316 in 2010-11 – more than double the Governor’s proposed grant level of \$585 – to have the same purchasing power as it did in 1989-90.

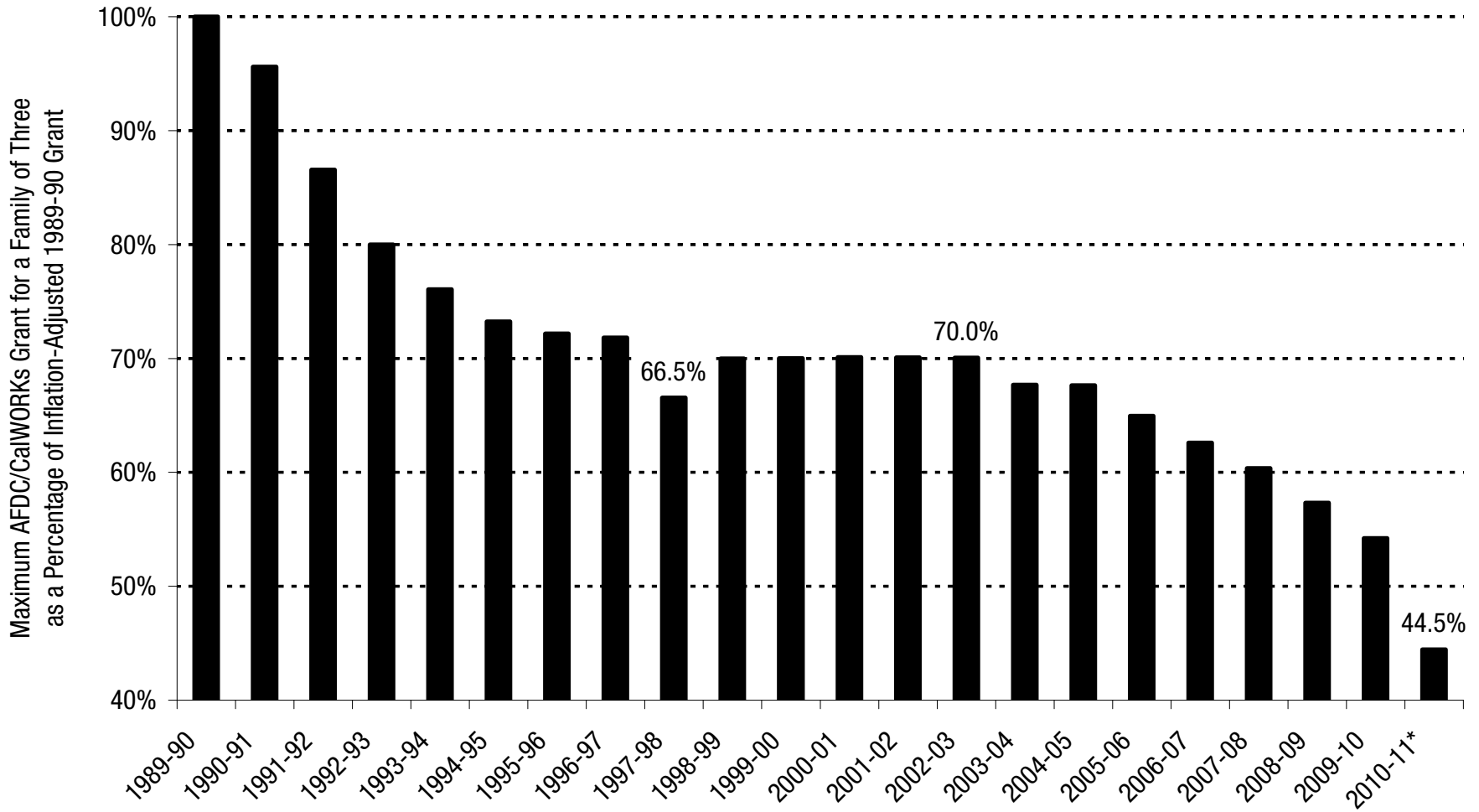
Purchasing Power of CalWORKs Grants Would Drop Further Under the Governor's Proposal



* Reflects the Governor's proposal to cut the maximum CalWORKs grant level by 15.7 percent beginning on June 1, 2010.

Source: CBP analysis of Department of Finance and Department of Social Services data

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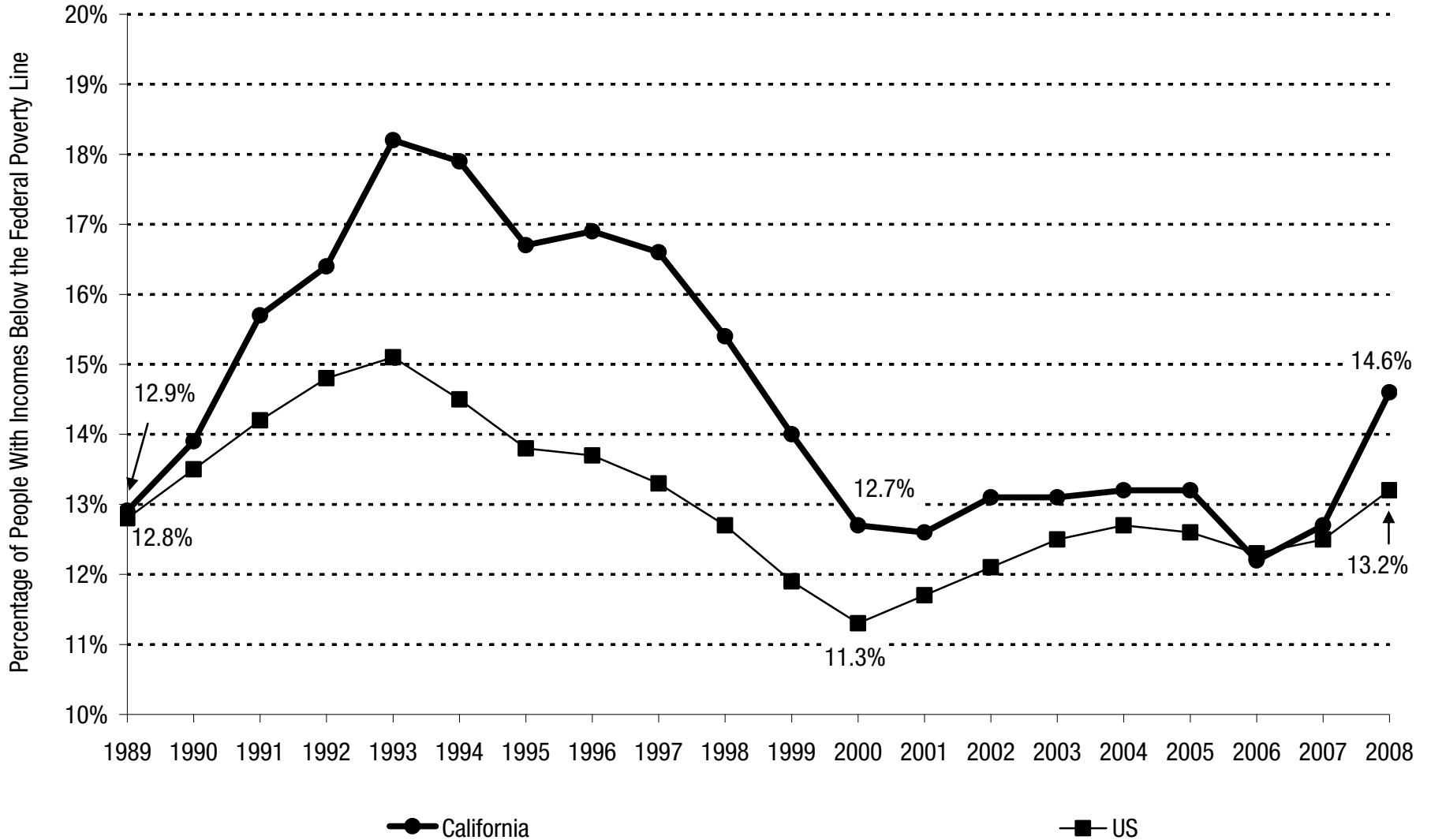
The Governor Proposes Additional CalWORKs Cuts

- The Governor also proposes to:
 - Eliminate CalWORKs eligibility for legal immigrants who have lived in the US for less than five years. This proposal would affect about 24,000 legal immigrants in 2010-11.
 - Reduce CalWORKs “Stage 3” child care funding by \$122.9 million, making Stage 3 available only to the “neediest families,” rather to all former CalWORKs families who meet eligibility requirements.
 - Eliminate CalWORKs effective October 1, 2010, if the federal government does not provide \$6.9 billion in new federal funds to help close the state’s budget shortfall.

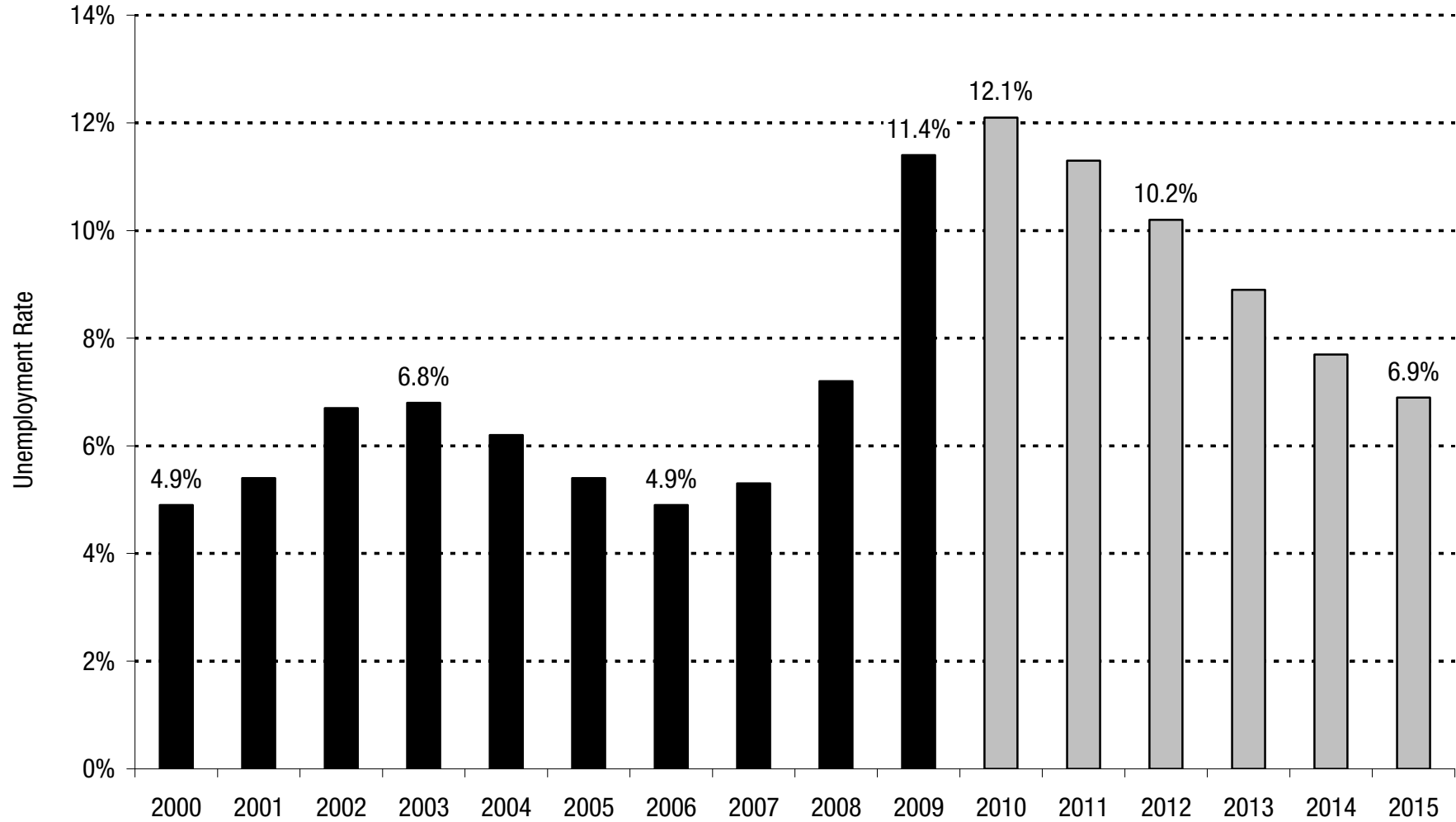


CalWORKs Is More Important Than Ever as California's Families Continue To Struggle With the Impact of the Recession

California's Poverty Rate Increased Significantly Between 2007 and 2008



California's Annual Jobless Rate Is Projected To Peak in 2010 and Remain Above 10 Percent Through 2012



Note: 2010-2015 projected.
Source: Legislative Analyst's Office and US Bureau of Labor Statistics

For More Information

- Visit the CBP's website at www.cbp.org.
- For more information on the impact of the Governor's CalWORKs proposals, see the CBP's county and legislative district fact sheets (March 19, 2010).
- For more information on the Governor's budget proposals, see the CBP's *Searching for Balance: The Social and Economic Context of the Governor's Proposed 2010-11 Budget* (February 2010).
- For more information on last year's cuts to safety-net programs, see the CBP's *An Overview of Recent Cuts to California's Safety Net* (October 2009).