

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER HOLLY MITCHELL, CHAIR

**WEDNESDAY, FEBRUARY 29, 2012
1:30 P.M. - STATE CAPITOL ROOM 4202**

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ITEMS TO BE HEARD

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: GOVERNOR'S BUDGET PROPOSAL ON CALWORKS
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HEARING FORMAT

The hearing will follow the format as outlined below:

I. Panel - The CalWORKs Program Today

- Phil Ansell, Acting Chief Deputy Director, Los Angeles County Department of Public Social Services
- Vanessa Lee, Supervising Attorney, Neighborhood Legal Services of Los Angeles County
- Current CalWORKs Recipient (Name Forthcoming)

II. LAO Review of Recent Program History and Status of CalWORKs Grants

- Brian Uhler, Legislative Analyst's Office

III. Administration Presents the Governor's Proposal

- Director Will Lightbourne, Department of Social Services

IV. Reaction Panel to Governor's Proposal

- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Ron Coleman, Statewide Policy Analyst, California Immigrant Policy Center
- Jennifer Jensen, Jobs Specialist III and Shirley Dillard, Eligibility Worker III, Fresno County
- Mike Herald, Legislative Advocate, Western Center on Law and Poverty

V. Public Comment

PROGRAM DESCRIPTION AND BACKGROUND

The California Work Opportunity and Responsibility to Kids (CalWORKs) Program, our state's Temporary Aid for Needy Families (federal TANF) program, is a basic needs program that provides income support and services to eligible, needy California parents and their children. The program serves all 58 counties in the state and is operated locally by county welfare departments. Generally, services are available to:

- Families with a child(ren) when one or both parents are in the home but the principal earner is unemployed.
- Families that have a child(ren) in the home who has been deprived of parental support or care because of the absence, disability, or death of either parent.
- Needy caretaker relatives of a foster child(ren).

Caseload Characteristics. According to DSS, projected caseload for CalWORKs at the end of the 2011-12 Fiscal Year is:

- Children >1,128,000
- Total Individuals = 1,447,514
- Total Cases = 586,812.

Additional, notable characteristics of recipients include:

- Of the more than 1 million recipients of the program, more than three out of four – 77 percent - are children.
- CalWORKs is largely a program that serves children living in poverty and deep poverty (below 50 percent of the poverty level).
- Nearly half (46%) of child recipients are under the age of 6.
- 92% of heads of recipient households are women. Two-thirds of them are single and have never married.
- Nearly half of these adults have an 11th grade or less education, and up to a third of these same adults are estimated to have learning disabilities.
- Approximately 80% of these adults report experiencing domestic abuse at some point.
- An estimated 19-33% have mental or emotional health problems.

Caseload Changes. The caseload experienced a large reduction in the years between the implementation of CalWORKs and its Welfare to Work (WTW) focus and the onset of the recent economic recession in 2007. Prior to federal welfare reform in the mid-1990s, California's welfare program aided more than 900,000 families. By 2000, the caseload had declined to 500,000 families. During the recent recession the caseload has predictably grown; but at 587,000 cases, it has not returned anywhere close to the levels of the early 1990s.

The caseload grew one percent in 2007-08, eight percent in 2008-09, ten percent in 2009-10, and six percent in 2010-11. Caseload growth has slowed to a projected two percent in 2011-12; and the Administration forecasts a small decline in 2012-13.

Eligibility Determination. If a family has little or no cash and needs housing, food, utilities, clothing, or medical care, they may be eligible to receive immediate short-term help. Families that apply and qualify for ongoing assistance may receive aid each month to help pay for housing, food, and other basic living expenses. The county office will set up an interview with an eligibility worker to obtain facts and verify eligibility. Applicants must provide the county with proof of income and property, citizenship status, age, social security number, residence, shelter costs, work or school status, and other information. Similar information may be requested for all of the people in the home. Additionally, adult family members must also be fingerprinted and photo imaged.

Welfare to Work and Income Support. At the interview, the county will advise applicants of the rules that must be met to be eligible for CalWORKs. Unless identified as not being able to maintain employment due to disability, caring for an ill relative, age, or another reason, the recipient develops a (WTW) plan toward employment preparedness. Once eligible, the family will receive monthly checks from the county welfare department until the entire family or adults in the family are determined ineligible. Any income of the family is considered in calculating the amount of cash aid the family receives and reduces the amount received from the Maximum Aid Payment (MAP) level.

All WTW participants receive an orientation to the program and an appraisal of their education and employment background. Initially, most individuals receive job search services. Additional employment-related services are provided based on an individual's education and work history. Individuals may be assigned to:

- Unpaid work experience/preparation.
- Vocational training placements.
- Adult education or community college programs.

In addition, program participants may be eligible for help with child care, transportation, and work-related or training-related expenses. Moreover, participants who find a job and are no longer eligible for welfare may continue to receive help with medical care and child care expenses. Unless exempt, applicants/recipients of CalWORKs are required to participate in WTW activities as a condition of receiving aid.

CURRENT WORK REQUIREMENTS AND SERVICES

Comparison of Federal and State Work Participation Requirements		
Population	Federal TANF Work Participation Requirements	State CalWORKs Work Participation Requirements
Single parent with child under 6	20 hours per week: <ul style="list-style-type: none"> • A single custodial parent or caretaker relative with a child under age 6 meets the WPR by participating in 20 "core" hours per week 	32 hours per week: <ul style="list-style-type: none"> • Minimum 20 hours in core activities • Up to 12 hours in non-core activities
Single-parent families with children ages 6 and over	30 hours per week: <ul style="list-style-type: none"> • Minimum of 20 hours in core activities • Up to 10 hours in non-core activities 	32 hours per week: <ul style="list-style-type: none"> • Minimum of 20 hours in core activities • Up to 12 hours in non-core activities
Two-parent families	35 hours per week: <ul style="list-style-type: none"> • Minimum of 30 hours in core activities • Up to 5 hours in non-core activities 	35 hours per week: <ul style="list-style-type: none"> • Minimum 20 hours in core activities • Up to 15 hours in non-core activities

Adults in one-parent families must spend at least 32 hours per week in WTW activities in the current CalWORKs program. The minimum participation requirement for two-parent families is 35 hours per week. After recipients find work, services may be available for up to 12 months to assist them to retain their employment. Recipients eligible for child care services are entitled to receive subsidized child care while on cash aid and for two years after they are off cash aid in Stage 1 and Stage 2 child care programs. Former recipients who meet child care eligibility requirements are then eligible to transition to the Stage 3 child care program.

Comparison of Federal and State Allowable Work Activities			
Federal and State Core Work Activities (must make up at least 20 hours of work)	Federal Non-Core Work Activities These non-core activities are only countable as non-core activities and only when core hour requirements are met	California Non-Core Work Activities	
		Once core requirements are met, these non-core activities can be counted toward the core activities	These non-core activities cannot count toward core activities
<ol style="list-style-type: none"> 1. On-the-job training (OJT) 2. Vocational educational training (12-month lifetime total)* 3. Providing child care to a community service program** 4. Unsubsidized or subsidized private or public sector employment.*** <p>Examples include:</p> <ul style="list-style-type: none"> • Work experience (allowable under federal law if sufficient private sector work is not available) • Community service programs • Job search and job readiness training • Grant-based OJT**** • Supported work and transitional employment**** • Work study**** • Self-employment**** 	<ol style="list-style-type: none"> 1. Job skills training directly related to employment 2. Education directly related to employment (for individuals with no high school diploma or equivalent degree) 3. Satisfactory attendance at secondary school or in a course leading to general equivalence degree (GED) 	<ol style="list-style-type: none"> 1. Job skills training directly related to employment 2. Satisfactory attendance at secondary school or in a course leading to general equivalence degree (GED) 3. Adult basic education (reading, writing, arithmetic, high school proficiency or GED, and English as a Second Language)*** 4. Education beyond high school (e.g. community college) directly related to employment 5. Mental health, substance abuse, or domestic abuse services 	<ol style="list-style-type: none"> 1. Vocational education and training beyond the 12-month lifetime total***** 2. Other activities necessary to assist in obtaining employment 3. Participation required by school to ensure child's attendance 4. Non-credited study time (available as a county option)
<p>* Only 30 percent of a state's caseload can meet the work participation requirements through vocational training or through participation of teen parents in high school. Federal law allows only 12 months of vocational education to be counted as a core activity.</p> <p>** This activity only counts as a federal core work activity.</p> <p>*** These activities are defined in California state regulations.</p> <p>**** This activity is not identified in federal law, but is a form of subsidized or unsubsidized employment.</p> <p>***** If hours in this activity are included in the welfare-to-work plan, then hours in any non-core activity cannot count towards the core hour requirement.</p>			

FEDERAL FUNDING AND STATE MOE

California receives a federal block grant to design and operate its CalWORKs Program to accomplish stated federal purposes, which are:

- Assisting needy families so that children can be cared for in their own homes;
- Reducing the dependency of needy parents by promoting job preparation, work, and marriage;
- Preventing out-of-wedlock pregnancies; and,
- Encouraging the formation and maintenance of two-parent families.

Each year, California receives a \$3.7 billion federal Temporary Assistance for Needy Families (TANF) block grant. The TANF funds may be expended on activities which are reasonably calculated to meet a purpose of the TANF program. The broad purposes of TANF and flexible transfer provisions allow states to use TANF funds for many different programs. About \$680 million in TANF funding is used to offset General Fund costs in other departments. To receive a block grant, California must expend \$2.9 billion annually. Typically, the General Fund appropriation for CalWORKs provides about \$2 billion of the required Maintenance of Effort (MOE). The remaining MOE funding comes from county expenditures and expenditures in other departments, such as eligible child care spending in the Department of Education.

RECENT PROGRAM CHANGES AND REDUCTIONS

State budgets in recent years reflect vast and deep changes in the CalWORKs Program, at the same time that an increased caseload of parents and children have relied on its benefits for basic subsistence expenses, including housing, hygiene, and clothing costs. By way of context, the following is a summary of adopted budget reductions and program policy changes in CalWORKs as a result of past budget negotiations.

State spending has decreased significantly as a result of these multiple, ongoing reductions. Placing this in historical context, according to the California Budget Project, welfare assistance represented 6.8 percent of the state's overall budget (including federal, state, and local resources) in 1996-97, compared with 2.9 percent in 2011-12.

CalWORKs Reductions Adopted as Part of the 2009-10 Budget

- **Reduction of Grants by 4 Percent** - For a family of three in a high-cost county, this 4 percent reduction cut the maximum monthly grant from \$723 to \$694, for a monthly loss of \$29. Together with the COLA elimination below, these grant reductions resulted in about \$240 million in program savings.
- **Elimination of Cost of Living Adjustments (COLAs)** - COLAs had been suspended in the program for some time; however the 2009 budget deal resulted in the statutory elimination

of COLAs for CalWORKs and SSI/SSP, making any possible application of them in the future subject to annual budget negotiations.

- **Significant Cut to Employment Services (WTW) and Child Care** - This budget achieved \$420 million in savings by reducing the Single Allocation by \$377 million (\$162 million from welfare-to-work services and \$215 million from Stage 1 child care) and by reverting \$43 million from 2008-09. The negotiated agreement was for a two-year cut of \$375 million to the Single Allocation through the end of 2010-11.
- **Apply Program Exemptions Associated with the Single Allocation Reduction** - To allow counties to absorb the Single Allocation reduction, budget legislation exempted families with a child under age two, or with two or more children under the age of six, from work participation requirements, although they are allowed to volunteer. The policy also stopped the 60-month lifetime time clock for those excused due to lack of supportive services.

CalWORKs Reductions Adopted as Part of the 2010-11 Budget

- **Context** – In 2010, Governor Schwarzenegger proposed to eliminate the CalWORKs program, first, subject to a trigger, and then as a stand-alone proposal at May Revision. The Legislature rejected this, along with a massive 15.7 percent grant cut proposal and a proposal to eliminate the CalWORKs Recent Noncitizen Entrants Program (RNE).
- **Continue \$375 Million Single Allocation Reduction** – The final budget agreement instead continued the reduction in WTW and child care services for CalWORKs recipients, with exemptions for adults with young children, with \$376.9 million in savings.

CalWORKs Reductions Adopted as Part of the 2011-12 Budget

Altogether, the changes adopted in the 2011-12 Budget deals (March and June) resulted in savings of approximately \$1 billion in the CalWORKs program.

- **Reduction of Lifetime Time Limit from 60 to 48 Months** - Approved Governor's proposal to cut CalWORKs from 60-months to 48-months for adults effective June 1, 2011, without altering policies regarding those adults' exemptions, for a savings of \$102.6 million General Fund in 2011-12 (\$112.9 million General Fund annually), resulting in the removal of approximately 22,500 adults from aid.
- **Cut Grants by 8 Percent** - Approved a historic 8 percent grant cut effective June 1, 2011 to save approximately \$314.3 million General Fund in 2011-12 and on an ongoing annual basis. The Governor had proposed a deeper reduction of 13 percent. This change reduces the maximum grant for a family of three in a high cost county from \$694 per month to \$638 (lower in actual dollars than the grant level in 1987). It is important to note that the average grant for a family of three is closer to \$474 per month after the 8 percent cut.
- **Further Continuation of the Single Allocation Reduction**- Extended a 2009-10 and 2010-11 reduction of \$376.9 million General Fund in funding for child care, employment services, and administration through 2011-12. Correspondingly, extended exemptions from WTW requirements for parents of very young children (i.e., one child between the ages of 12 and

23 months, inclusive, or two children under the age of six years), which erodes \$7.5 million of those savings.

- **Lower Earned Income Disregard, Reducing Income for Families** - Approved a change to disregard the first \$112 of relevant income, instead of the first \$225 pursuant to current law, and then 50 percent of all other relevant earnings. Savings from the earned income disregard change, effective June 1, 2011, is approximately \$83.3 million General Fund in 2011-12 (\$90.0 million General Fund annually).
- **Suspend CalLearn for Pregnant and Parenting Teens** - Suspended, for one year, case management services otherwise available under the CalLearn program for pregnant and parenting teenagers. These teenagers will instead be eligible for regular WTW services that are available in their counties. They will also continue to be eligible for supplements or bonuses related to progress in school, as specified. These changes are anticipated to result in \$43.6 million General Fund savings in 2011-12.
- **Reduce Substance Abuse and Mental Health Funds, Reduce Funds for Automation** - Adopted a reduction of \$5 million for substance abuse and mental health services for CalWORKs recipients and a \$5 million across the Statewide Automated Welfare System.
- **Cut in Stage 1 Child Care** - Approved savings of up to \$41 million for Stage 1 child care conforming to actions related to reimbursement rates taken in the child care package.
- **Eliminate Community Challenge Grants** - Eliminated \$20 million for these grants related to teen pregnancy prevention.

GOVERNOR'S PROPOSAL FOR 2012-13

For CalWORKs in 2012-13, the Governor has proposed a set of major changes with staggering implications for the caseload of parents and children. His proposal purports to change the CalWORKs program by "prioritizing employment and child care services for families most likely to be employed," creating two subprograms within CalWORKs and a separate program for children continuing to receive a grant once their parent has been removed from the aided cases due to time limits or other program rules. In total, the changes proposed by the Governor would reduce the CalWORKs program by a net \$946.2 million in 2012-13, growing to \$1,085.3 million starting in 2013-14.

The administration's estimates work off the following breakout of the caseload, for a total of 586,432 cases at the start of the 2012-13 Budget Year:

Families (Cases, not Individuals) Receiving WTW Benefits	259,988
Families Where the Adult is Meeting the Work Participation Requirements WPR	25,445
Families Where Only the Child is Aided, also called "Safety Net" Cases	300,999
Total Cases	586,432

Description of Two Subprograms and the Non-CalWORKs Child-Only Program

Each of the two proposed CalWORKs subprograms has differing grant structures, services arrays, reporting requirements, and time limits. The Non-CalWORKs Child-Only Program is called a "Child Maintenance" (CM) program by the administration and is proposed to be a program outside of CalWORKs.

The First Subprogram – A Short-Term and More Stringent Welfare to Work Program, Reduced to 24-Months

What the administration is calling "CalWORKs Basic" would provide services to families similar to the style of the current CalWORKs Program, including job search, barrier removal, employment training, and child care services, but for a reduced period of 24-months, versus the just-implemented reduced time clock of 48-months. After the first 12 months, the adult will again participate in job search. If, during the second 12 months, the adult remains unable to find unsubsidized employment, the adult will continue to participate in WTW activities, including subsidized job placements. Failure to meet WTW requirements will result in a sanction equal to the adult portion of the grant. Clients unable to meet federal work participation requirements after 24 months, or cases in sanction status for more than three months will be disenrolled from CalWORKs.

The program would have much more stringent rules regarding the time clock, which would instead apply retroactively to all recipients regardless of their ability to become employed. Prior exemptions and time extenders that have been part of the program since its origin would not be honored. Beginning October 1, 2012, months in sanction status also count for all time limits. So, if an adult has already exceeded their use of 24 months of WTW services by April 1, 2013, after a six-month phase-in period, at any time in the life of the CalWORKs program, which began in 1997, then they are ineligible for employment services or child care. If they are within 48 months of aid, they are only eligible for child care for purposes of looking for work for 30 days within a six-month period.

As of April 1, 2013, any case that has been aided for 24 months or longer and is not meeting WPR through unsubsidized employment will be moved to the Child Maintenance program (approximately 131,050 cases), where the adult will no longer be aided, regardless of time remaining in his/her 48-month time limit. The 24 months would include any previously exempted months as well as months in which the adult was in sanction status. This reduces the average monthly caseload to 128,938 for "Basic" for April-June 2013.

The result of the "Basic" program is earlier removal from the CalWORKs caseload for families who are not meeting federal WPR through unsubsidized work. Their monthly benefit, with movement to the Child Maintenance program, will be reduced cumulatively by 41 percent, from a maximum monthly grant of \$638 to \$375.

October 1, 2012 Cases in WTW Not Meeting WPR – Total, Including:	259,988
• Cases without an Exemption	183,847
• Cases with an Exemption (e.g. disability, over 60, caring for an ill or incapacitated relative)	76,141
As a Result of April 1, 2013 Implementation of “Basic”	
• Cases Retained in “Basic”	128,938
Cases Moved from 259,988 to “Child Maintenance” (CM)	131,050
• Minus Cases Discontinued Resulting from the 27% Grant Reduction (Lowered Maximum Aid Payment Level) for CM cases	22,084
• Cases in CM from Basic	108,996

The Second Subprogram – A Caseload of Those Already Meeting Federal WPR.

What the administration is calling “CalWORKs Plus” would serve recipients working sufficient hours to meet federal work participation requirements (WPR) in unsubsidized employment, generally 30 hours per week (20 hours per week for families with children under the age of six). These clients will retain access to supportive services and child care that they have now. These benefits continue for up to 48 months only if clients maintain unsubsidized employment. After 48 months, the adult will no longer be aided.

The “Plus” program implements on April 1, 2013. This program essentially houses those cases currently meeting federal WPR through unsubsidized employment, or 25,445 cases. Recipients in this program are discontinued after their 48-month lifetime time limit.

The current average cash grant is \$213 per month for recipients who are meeting the federal WPR. These recipients are eligible for an increased earned income disregard (disregarding the first \$200 of income as well as 50 percent of all additional income), which equates to an approximate grant increase of \$44 per case. This will increase the average monthly grant for these recipients to \$257. It is important to note that the earned income disregard prior to the change made in the 2011-12 budget disregarded the first \$225 of income and then 50 percent of other income, so this proposal restores part of what was reduced in recent policy.

The Third Component – A Non-CalWORKs Child-Only Program with a Dramatically Reduced Grant.

What the administration is calling “Child Maintenance” would, at the outset of 2012-13, include 300,999 cases in the CalWORKs caseload that do not meet the eligibility requirements for either “Basic” or “Plus.” This includes:

- Safety Net cases (where the case no longer includes the adult portion of the grant), including those not meeting WPR through unsubsidized employment;
- Recipients of Social Security Income;
- Non-Needy Caretaker Relatives;
- Citizen Children of Undocumented Parents;
- Drug/Fleeing Felon Parents; and,
- Cases sanctioned for more than three months.

The average monthly cash aid grant for these child-only cases is \$463 for July-September 2012. The grant is reduced to \$375 per month for a family with two children in “Child Maintenance.” The administration proposes a disregard policy of 50 percent of all earned income, which,

depending on the level of income, could mean more or less disregarded than under the current policy. The disregard for disability payments remains \$225. The \$50 current child support pass-through is eliminated completely for these cases.

Reporting requirements for families in CM are changed from quarterly to annually, however, mandatory mid-period reporting and voluntary report changes continue to apply. Verification of an annual well-child exam is required, with a penalty for families that don't comply. It is unclear at this time how this information will be used to assess the family's situation and the health and well-being of the child.

Caseload Into Child Maintenance. As of October 1, 2012, the CM caseload shrinks from 300,000 cases to 259,810 cases. This is due to 41,189 cases, including 84,000 children, who are discontinued from any benefit due to income over the threshold given the reduced grant for CM. These 84,000 children and their families lose all aid given very limited income they receive. Once the "Basic" program implements, as discussed earlier, 108,996 cases move into CM with 22,084, including at least 41,000 children, discontinued from aid. CM then includes 368,776 cases and the number of discontinued cases totals 63,273.

	CM Caseload	Discontinued Cases
At October 2012	259,810	41,189
At April 2013	368,776 (with 108,996 from "Basic")	22,084

A Look at Grants for Those Moving Into Child Maintenance. The grant in Child Maintenance is generally the only source of cash income these families receive.

GRANTS	Maximum Monthly Grant	% Reduction	% of Federal Poverty level (Income Only)
Current Maximum Monthly Grant for a Family of Three in a High Cost County, ALSO Maximum Grant in "Basic"	\$638 (x 12 months = <u>\$7,656</u> annual grant)	-	41.3%
Current Average Safety Net Grant, With Removal of the Aided Adult	\$463 (x 12 months = <u>\$5,556</u> annual grant)	27.4% reduction currently in safety net cases losing the adult portion	30%
Maximum Grant in "Child Maintenance"	\$375 (x 12 months = <u>\$4,500</u> annual grant)	Additional 19% reduction from current safety net grant, and a cumulative 41% reduction from "Basic"	24.3%

Child Care. Beginning in 2012-13, the budget proposes to provide subsidized child care (i.e., general child care outside of CalWORKs) only to those individuals who meet federal CalWORKs work participation requirements, whether or not the family ever participates in CalWORKs, for savings of \$293.6 million GF and elimination of about 46,300 child care slots.

**ADDITIONAL KEY PROPOSALS IN
CALWORKS**

- **Elimination of Cal-Learn.** The Cal-Learn program was suspended for 2011-12 for one year only, except for bonuses paid for satisfactory progress and high school graduation. The Governor's Budget proposes to permanently eliminate Cal-Learn program costs, with the exception of the Cal-Learn bonuses, producing a savings of \$35.4 million. Approximately 10,500 pregnant and parenting teens monthly will be impacted by the elimination of this program.
- **Elimination of Exempt Maximum Aid Payment (MAP).** The Governor's Budget proposes to eliminate the current exempt MAP level in the CalWORKs program, which is provided to caretaker relatives or parents receiving Supplemental Security Income or other disability benefits. This would establish a single tier grant structure as the current non-exempt MAP levels would apply to all CalWORKs cases.
- **Reductions to Stage 1 Child Care.** The Governor's Budget additionally proposes to set the Regional Market Rate (RMR) child care reimbursement ceiling at the 50th percentile of the 2009 RMR survey for all providers, with licensed exempt providers receiving 73 percent of the Family Child Care Home Rate. There are also proposed changes to the state median income level and a new requirement for licensed-exempt providers. Please see the "Child Care" section of this report for additional information.
- **TANF Transfer to Student Aid Commission.** As part of the Governor's \$1 billion reduction proposal described in this section, the Governor's Budget proposes to transfer \$736.4 million in TANF funds to the California Student Aid Commission to offset a like amount of General Fund costs for Cal Grants.
- **CalWINS.** The Governor's Budget proposes to fund, with \$2.46 million in 2012-13, the costs of automation for the implementation of the Work Incentive Nutritional Supplement (WINS) program, toward full implementation by April 2014. WINS will provide an additional CalFresh benefit of \$50 per month beginning in 2013-14 to those participants who meet the federal TANF work requirements. This does not reflect the additional automation costs that may be necessary for the Governor's Budget proposal to provide WINS to subsidized child care recipients.

UNEMPLOYMENT AND CHILD POVERTY

According to the California Employment Development Department, unemployment rates for the state rose each year from 2007 to 2010, growing from 5.3 percent to 12.4 percent. Available monthly data for 2011 shows a seasonally adjusted unemployment rate of 11.8 percent in June and 11.3 percent in November.

Research on the effects of economic recessions indicates that it takes several years after a recession for employment to rebound and families to return to pre-recession income levels. Further, low-income families are more likely to be unemployed than the workforce as a whole, and during economic downturns less educated workers sustain bigger job losses than those

with more educational attainment.⁵ Recent reports additionally indicate that women are recovering from the recession more slowly than men are, and that the economic downturn reduced employment for single mothers far more than it did for married parents.

According to the U.S. Census Bureau, nearly one in four children in California (23 percent) was impoverished in 2010. This represents an increase from a low of 16 percent in 2001. Los Angeles County has also documented a 98 percent increase since 2006 (from approximately 5,500 to 11,000) in the number of homeless families receiving CalWORKs there.

Research indicates that children who live in poverty are at significantly higher risk for health problems, lower educational attainment, and a number of other negative outcomes, well into their adulthood. At age 3, poor children have a vocabulary one-third as large as children in middle-class or higher families. Additionally, poverty is experienced disproportionately by children of color, or 32% of African American children, 30% of Latino children, 13% of Asian/Pacific Islander children, and 10% of Caucasian children.

Poverty links to infant deaths, low-birth weight, birth complications, poor nutrition, chronic health conditions, and stunted growth are evidenced in research. The effect of poverty on high school drop-out rates, teen pregnancy, criminal activity, and brain development is a continuing area of study showing strong linkages indicating the negative impacts of long-term sustained poverty.

STAFF COMMENT / QUESTIONS

The policies set forth in the Governor's overhaul of CalWORKs portend profoundly negative consequences for families unable to meet higher, more stringent work requirements, and they continue to aid at the same level as exists now only families already able to meet these standards. Services are not structured in such a way as to allow families time needed to engage in activities needed, such as education, training, subsidized employment, counseling, and treatment, to remove barriers that may inhibit their ability to achieve and maintain work, even in the healthiest economy.

Implications for administration of this revamped CalWORKs program and new Child Only program are enormous and extremely complicated, particularly given the time limit changes, their new rules for turning on and off for various program features, and their retroactive lifetime application to the inception of the CalWORKs program in the late 1990s.

Questions for the Administration and Stakeholders:

- What have been successful models toward employment in CalWORKs and how could these expand to yield positive impacts for families?
- What tools assist recipients to meet standards in the program now?
- How do CalWORKs recipients benefit from the program today? How do children living in poverty benefit?
- Are CalWORKs work preparation activities building long-term, marketable skills? How has the reduction in the single allocation affected this?
- What level would grants be at if they were adjusted for inflation since 1987?
- What assessment of impact has been done on the administration's proposal? What will the real effects be on families?
- How does the state track, monitor, or assess the stability of families and their children on the caseload today? How will this change under the proposal?