

**AGENDA****ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES****ASSEMBLYMEMBER HOLLY MITCHELL, CHAIR****WEDNESDAY, MARCH 13, 2013  
1:30 P.M. - STATE CAPITOL ROOM 444**

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<b>ITEMS TO BE HEARD</b>		
<b>ITEM</b>	<b>DESCRIPTION</b>	
<b>5180</b>	<b>DEPARTMENT OF SOCIAL SERVICES</b>	<b>1</b>
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## ITEMS TO BE HEARD

### 5180 DEPARTMENT OF SOCIAL SERVICES

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#### ISSUE 1: PROGRAM OVERVIEW – CALWORKS THEN AND NOW

The California Work Opportunities and Responsibility to Kids (CalWORKs) program is the state's version of the federal Temporary Assistance for Needy Families (TANF) program and provides cash assistance and welfare-to-work services to eligible low-income families with children.

The program benefits 563,000 families, including approximately 1.1 million children. In the last several years, CalWORKs has sustained significant, program-wide reductions as well as dramatic programmatic restructuring through policy changes. Assuming continuation of those changes, along with a \$142.8 million increase for employment services, the Governor's budget includes \$5.4 billion (federal, state, and local) in funding for CalWORKs. This includes the \$3.7 billion TANF block grant and a \$2.9 billion required state Maintenance of Effort (MOE).

**This agenda** seeks to provide the significant context of recent, profound, and still-to-be-fully-implemented program changes, background, updates, and advisory information on a host of CalWORKs program issues. This issue, therefore, covers large program territory in an effort to highlight the most important considerations for the Subcommittee and the Legislature. The layout for this issue therefore is as follows.

- ❖ High-Level Issues of Importance for Subcommittee Consideration
- ❖ Basic Program Description and Caseload Characteristics
- ❖ Summary of Recent Budget Reductions and Policy Changes
- ❖ January 1, 2013 Program Changes
- ❖ Single Allocation Baseline Adjustment
- ❖ Early Engagement and Barrier Removal
- ❖ Work Incentive Nutritional Supplement (WINS) and California's Work Participation Rate (WPR)
- ❖ TANF Transfer
- ❖ Cal-Learn Update
- ❖ Seminannual Reporting

**The panel** that has been assembled to present for this issue (see page 10 please) have been asked to address various parts of this agenda write-up.

**HIGH-LEVEL ISSUES AND QUESTIONS**

**Recent Program Changes.** The enormity of the program changes implemented January 1, 2013, with some effects not seen until 24 months pass (January 1, 2015), requires heavy oversight and responsiveness to impacts on families, children, and program effectiveness. Key questions here are: What are the critical issues in implementation and how can they be addressed? What will be the long-term impacts?

**Early Engagement and Barrier Removal.** Restructuring of the basic program flow for clients is a necessary and expected component of the 2012-13 adopted and enacted changes. The narrowed 24-month services clock was proposed and adopted under the premise that fundamental system changes would be a companion to the complicated and constrained new rules before a client could be adversely affected. Robust appraisal, family stabilization, and subsidized employment are system changes that are being contemplated currently, however this system redesign remains an outstanding issue and the clock began to tick for certain clients on January 1, 2013.

**BASIC PROGRAM DESCRIPTION AND CASELOAD CHARACTERISTICS**

**Welfare-to-Work.** Under current, changed new law in effect for CalWORKs, adults eligible for CalWORKs are able to access supportive services within a new 24-month time clock and, if they are able to meet hours requirements after that in unsubsidized employment, may continue in the program until they reach a lifetime limit of 48 months. Unless exempt for reasons such as disability or caregiving for an ill family member, they must participate in work and other welfare-to-work (e.g., educational) activities. Depending on family composition, these activities are required for 20, 30, or 35 hours per week within the first 24 months. The program also offers related services, such as childcare and transportation. Beginning January 1, 2013, the new restrictions regarding what counts as an eligible work activity will result in some adults losing all assistance after 24 months.

**Caseload Characteristics.** CalWORKs benefits 563,000 families. At 1.1 million, around three-quarters or 78% of all recipients are children. Nearly half of those children are under the age of six. The Governor's budget projects small caseload declines in the 2011-12, 2012-13, and 2013-14 fiscal years.

The vast majority (92 percent) of heads of CalWORKs recipient households are women. Two-thirds are single and have never married. Close to half have 11th grade or less education, and 10-28 percent are estimated to have learning disabilities. Around 80 percent of these adults report experiencing domestic abuse at some point and an estimated 19-33 percent have mental or emotional health problems.

<p><b>SUMMARY OF RECENT BUDGET REDUCTIONS AND POLICY CHANGES</b></p>
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The following table provides a recent history of changes in the CalWORKs program.

<b>2012-13</b>	<p>The following program changes combine with an additional reduction to the single allocation for administration, employment services, and child care costs, are anticipated to result in \$469.1 million GF savings in 2012-13:</p> <p><b><i>Time Limits and Work Participation Requirement.</i></b></p> <ul style="list-style-type: none"> <li>• Modified the number of required welfare-to-work hours to conform to federal requirements .</li> <li>• Effective January 1, 2013, prospectively created a new 24-month time limit on welfare-to-work services.</li> <li>• After 24 months, non-exempt parents are required to meet more narrow federal participation requirements in order to access any additional months of eligibility toward a 48-month lifetime time limit.</li> <li>• Authorized counties to extend assistance for up to 20 percent of recipients who would otherwise lose services due to application of the 24-month time limit (and who still have time remaining under the 48-month limit) based on set criteria.</li> <li>• Rescinded the change to the Earned Income Disregard policy to disregard the first \$112 of relevant income, versus the formerly allowed \$225, and then 50 percent of all other relevant earnings, returning to the original policy that had been in effect prior to 2011.</li> </ul> <p><b><i>Families with Young Children.</i></b></p> <ul style="list-style-type: none"> <li>• Extended the sunset date for existing temporary exemptions and related policies-- from July 1, 2012 to January 1, 2013. These temporary exemptions have been provided to a parent or other relative caring for one child who is from 12 to 24 months of age, or 2 or more children under age 6. Required counties to reengage recipients who received these exemptions in welfare-to-work activities over a period of two years.</li> <li>• Created a once in a lifetime welfare-to-work exemption for parents with children under 24 months old, and provided that a month during which this exemption applies would not be counted as a month of aid for the recipient.</li> </ul> <p><b><i>Phase-in of Cal-Learn Program.</i></b></p> <ul style="list-style-type: none"> <li>• Rejected the Governor's proposal to eliminate intensive case management services provided through the Cal-Learn program within CalWORKs. Authorized counties to provide full or partial year funding, depending on the pace of their progression to full implementation, which must occur by April 1, 2013.</li> </ul>
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	<p><b>Early Engagement and Other Changes.</b></p> <ul style="list-style-type: none"> <li>• Required DSS to convene a workgroup to identify best practices and strategies to improve early engagement and remove recipients' barriers to working and to report back to the Legislature. Also, required DSS to update the Legislature regarding the changes made to CalWORKs, and to contract with an independent, research-based institution for an evaluation and written report regarding the impacts of those changes.</li> <li>• Established an annual, rather than quarterly or semi-annual, report for cases with an unaided adult.</li> <li>• Transferred \$803 million in TANF dollars to the California Student Aid Commission for use in the CalGrant program, and moved cases where a parent is unaided and not eligible for welfare to work services off of TANF and on to General Fund support.</li> <li>• Adopted the Work Incentive Nutritional Supplement (WINS) to provide a supplemental food benefit of \$10 per month to approximately 171,000 working families by June 2014 who would otherwise CalFresh, but not CalWORKs, benefits each month. These recipient families can be counted in federal WPR calculations.</li> </ul>
<p><b>2011-12</b></p>	<p>Altogether, the changes adopted in the 2011-12 Budget deals (March and June) resulted in savings of approximately \$1 billion in the CalWORKs program.</p> <ul style="list-style-type: none"> <li>• <b>Reduction of Lifetime Time Limit from 60 to 48 Months</b> - Approved Governor's proposal to cut CalWORKs from 60-months to 48-months for adults effective June 1, 2011.</li> <li>• <b>Cut Grants by 8 Percent</b> - Approved an 8 percent grant cut effective June 1, 2011, reducing 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.</li> <li>• <b>Further Continuation of the Single Allocation Reduction</b>- Extended for a third year the reduction to child care, employment services, and administration, retaining the associated young child exemptions.</li> <li>• <b>Lower Earned Income Disregard, Reducing Income for Families</b> - Approved a change to disregard the first \$112 of relevant income, versus \$225, and then 50 percent of all other relevant earnings, resulting in families keeping less of their own earned income.</li> <li>• <b>Suspend CalLearn for Pregnant and Parenting Teens</b> - Suspended, for one year, case management services otherwise available under the CalLearn program for pregnant and parenting teenagers.</li> <li>• <b>Reduce Substance Abuse and Mental Health Funds, Reduce Funds for Automation</b> - Adopted a reduction of \$5 million for substance abuse and mental health services and a \$5 million across the Statewide Automated Welfare System.</li> <li>• <b>Cut in Stage 1 Child Care</b> - Approved savings for Stage 1 child care conforming to actions related to reimbursement rates taken in the child care package.</li> <li>• <b>Eliminate Community Challenge Grants</b> - Eliminated \$20 million for these grants related to teen pregnancy prevention.</li> </ul>
<p><b>2010-11</b></p>	<ul style="list-style-type: none"> <li>• <b>Continue \$375 Million Single Allocation Reduction</b> – 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.</li> </ul>

<b>2009-10</b>	<ul style="list-style-type: none"> <li>• <b>Reduction of Grants by 4 Percent</b> - 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.</li> <li>• <b>Elimination of Cost of Living Adjustments (COLAs)</b> - 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.</li> <li>• <b>Significant Cut to Employment Services (WTW) and Child Care</b> - 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 agreement was for a two-year cut of \$375 million to the Single Allocation through the end of 2010-11.</li> <li>• <b>Apply Program Exemptions Associated with the Single Allocation Reduction</b> - 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.</li> </ul>
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#### JANUARY 1, 2013 PROGRAM CHANGES

As described in the chart above, a 2012-13 budget trailer bill, SB 1041 (Chapter 47, Statutes of 2012), changed welfare-to-work participation rules and created a differentiation between rules that apply before expiration of a 24-month time limit (which are more flexible than prior law in how they count education and treatment-related activities) and stricter rules that now apply after that time period (which can sometimes include more than 24 calendar months because of how months are counted).

SB 1041 also allows for extensions of up to six months (reviewed at least every six months) of the more flexible rules for up to 20 percent of participants. SB 1041 additionally modified the required number of weekly welfare-to-work participation hours to conform to what is federally countable and created the changes to welfare-to-work exemption policies described in the chart above. To implement this restructuring of CalWORKs, the trailer bill required the Department of Social Services (DSS) to convene stakeholder workgroups. Those workgroups met throughout the fall of 2012.

DSS constructed and released over 12 All County Letters and a series of Informing Notices to clients regarding the new rules, reengagement for those clients who had been receiving the young child exemption, the institution of the 24-month clock, and the change in the WTW hours, to name the larger subjects. DSS has received 26 county reengagement strategy plans from a mix of small and large counties. Beginning reengagement dates vary throughout the counties with some starting as early as January 2013 and the latest of the 25 begin in July 2013. Strategies as to which populations will be reengaged and in what order also vary by county.

DSS released its state training document on February 28, 2013 and notes that prior to the release of this training aid, most counties had designed and conducted their own SB 1041 implementation training based on guidance released in December 2012 and January 2013. DSS states that counties who have not yet conducted the training cited reasons including timing/training still being developed, the lack of all processes being fully automated, and county workload.

**Issues Raised by Advocates.** While advocates have been parties to the stakeholder discussions and have weighed in on the state guidance with feedback, they register the following concerns with the implementation of the changes thus far:

- Advocates were concerned that the notice being sent to clients would have little or no impact because clients often do not carefully read or comprehend all the letters sent to them by the county. Legal service advocates report that few recipients even remember receiving the notice, let alone act on the notice.
- Advocates were very concerned about adults with less than 24 months on their time clock and the families who were sanctioned but working enough hours to meet the new work requirements in SB 1041. Legal service advocates report that though DSS directed counties to do a “robust” follow-up with these recipients to ensure they had seen and understood the notice, there is little evidence of this occurring at the ground level.
- Counties were given very little time to develop training materials, to reprogram computers and train staff on the new rules even though recipient time clocks were ticking at the beginning of the year. Legal service advocates reports say that in reality, it will take months, perhaps even years, before county workers become comfortable with the new rules and how to best help recipients.

Advocates recommend the Legislature consider the following to improve SB 1041 and will speak to these issues as part of the panel at the hearing:

- Restart the 24-month time clock for current recipients when all counties have reported that they have completed their training in the new rules.
- Require DSS to provide regular, detailed monitoring of on the ground implementation so that adjustments can be made as needed.
- Provide priority registration for CalWORKs recipients for community college courses so that recipients can get the courses they need to fit the 24-month limit.

**DSS' Role for Monitoring and Oversight.** Using redirected staff, DSS recently stated that it plans to begin visiting counties starting with the nineteen largest. The first pilot visits will occur in geographically local counties. The structure and content of these visits will be developed by DSS and the County Welfare Directors Association (CWDA), minimally to include: (1) SB 1041 implementation; (2) county staff interviews; and (3) materials review. The visits will be conducted by two to three person teams of CDSS staff. Depending on resources, county staff may join these visits as peer reviewers.

<b>SINGLE ALLOCATION BASELINE ADJUSTMENT</b>
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The Governor's budget includes a new methodology for calculating the costs of employment services and \$142.8 million in additional funding for those services tied to outreach, case management, and job development workload created by the new 24-month time limit structure. DSS states that this proposed funding for the CalWORKs Single Allocation is a workload budget adjustment that funds employment services to comply with SB 1041.

Given the substantial changes to the program because of SB 1041, and the three years of Single Allocation reductions, the administration, after consulting with counties, revised the budget methodology for estimating employment services beginning in 2013-14. The revised methodology results in an additional \$142.8 million in employment services funding. This new methodology is based on an employment services cost per case that predates the single allocation reduction from recent years, and reflects funding for additional engagement services pursuant to the changed program rules.

<b>EARLY ENGAGEMENT AND BARRIER REMOVAL</b>
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Section 54 of SB 1041 also required DSS to convene a related workgroup to identify best practices and other strategies to improve the process for engaging new CalWORKs clients upfront and for efforts to help clients overcome barriers to success. That workgroup has been meeting since late October of 2012.

DSS was required to report back to the Legislature regarding resulting administrative changes and policy recommendations by January 10, 2013, but has not yet provided that report. Finally, SB 1041 requires DSS to contract with an independent, research-based institution for an evaluation and written report regarding the changes enacted in SB 1041. The report must be provided to the Legislature by October 1, 2017.

**Issues Raised by Advocates.** DSS continues to hold meetings with stakeholders to design a better assessment tool and upfront process. While it is early to say what proposals will be brought forth, the advocates state that there is some broad agreement that:

- Counties need to use and follow an assessment tool that will identify the barriers and needs of adults at an earlier stage.
- There must be more than one “track” for families after the assessment. Roughly, there are three groups, those ready for the workforce who need work experience or help finding a job, those who need education and skill development before they can enter the job market and those who have major barriers and who need to have their barriers addressed first before putting them into a welfare to work program. Adults in this last group should not have their 24 months clocks start until they have completed barrier removal efforts.
- Advocates encourage creating a more robust subsidized jobs program to help adults gain income and work experience. The experience with federal stimulus funds demonstrated that this had been an underutilized strategy that works well for both recipients and the state.
- Advocates suggest connecting CalWORKs employment to the educational goals of the recipient. Community colleges should each have a full-time, permanent job developer who can match recipients with for-profit and non-profit employers in the local area to give students a work experience that will enhance their education courses.

#### **WINS AND WPR**

The Work Incentive Nutritional Supplement (WINS) program was originally authorized in the 2008-09 budget, but implementation has been subsequently delayed to January 1, 2014. The program will provide a \$10 additional food benefit to CalFresh recipients that meet federal TANF work requirements but are not in the CalWORKs caseload. A primary purpose of this program is to increase the state’s TANF work participation rate (WPR). DSS estimates that approximately 215,000 CalFresh households will initially qualify and that approximately 140,000 of these will continue to participate during 2013–14. The Governor’s budget includes \$10.4 million (General Fund) in 2013-14 for WINS automation, administration, and benefits.

The WINS program will provide an MOE–funded benefit to households not already in the CalWORKs caseload that are meeting federal work requirements. By bringing these compliant households into the calculation of the state’s WPR, the state’s WPR will increase. Specifically, the WINS program could improve the all–families WPR by 15 percentages to 20 percentage points when fully implemented in FFY 2014–15. The impact on the FFY 2013–14 rate will be less due a partial year of operation.

**TANF TRANSFER**

The 2012 Budget Act redirected \$804 million in Temporary Assistance for Needy Families (TANF) block grant funds from the California Work Opportunity and Responsibility to Kids (CalWORKs) program to the California Student Aid Commission (CSAC) to be used for expenditures in the Cal Grants program that are allowable under federal rules that govern the use of TANF funds. According to the administration, the use of TANF funds in the Cal Grant program falls within federal rules for TANF funds that allow funding to go to low-income, unmarried students age 25 or younger that could prevent and reduce out-of-wedlock pregnancies. Reduced TANF funds in CalWORKs were replaced dollar for dollar with General Fund monies from CSAC, resulting in no net impact on funding levels for Cal Grants and CalWORKs due to this swap.

However, what enabled, and in part necessitated this swap, was the 2012-13 budget cut of \$470 million from the CalWORKs program, including the aforementioned program and policy changes that dramatically shortened the amount of time a CalWORKs recipient may remain eligible for supportive, educational, and employment services from 48 months to 24 months. The swap of General Fund and TANF funds between CalWORKs and the Cal Grant program allowed this cut to occur without impacting federal MOE funding levels for TANF, which would jeopardize the federal TANF block grant.

The Governor's Budget proposes to continue this strategy by increasing the amount of the TANF transfer to \$942.9 million for the Cal Grant program, meaning more than half of the Cal Grant program would be supported by TANF.

**CAL-LEARN UPDATE**

SB 1041 required DSS to report to the Legislature no later than February 1, 2013, and annually thereafter, regarding the status and outcomes of the Cal-Learn program. The report is still under review due to delays in the data collection process. Cal-Learn was suspended July 1, 2011 to June 30, 2012.

During suspension, elimination of Cal-Learn case management services required teen parents to enroll in WTW program. The requirement during the suspension period in WTW was to attend school. Case management services restricted to what individual county WTW programs could provide. Bonuses for satisfactory grades and graduation were still issued. Suspension ended with SB 1041 with a phase-in period between July 1, 2012, and March 31, 2013. Counties continue to engage pregnant and parenting teens in WTW until their Cal-Learn program is restored.

**SEMIANNUAL REPORTING**

Chapter 501, Statutes of 2011 (AB 6, Fuentes), requires that the state transition from quarterly to semiannual income reporting for CalWORKs and CalFresh recipients beginning in April 2013, with full implementation no later than October 1, 2013. Due to unforeseen challenges in obtaining federal waivers to implement this change, it is anticipated that counties will meet the October 1 deadline but will not implement semiannual reporting in advance of that date as originally planned. The administration now estimates that implementation of the change will entail \$10.7 million (\$4.4 million General Fund) in up-front automation costs in 2012–13. The Governor’s budget assumes a net cost of approximately \$500,000 (\$400,000 General Fund) to fully implement the change in 2013–14, reflecting a partial year of administrative savings and one-time training costs.

**STAFF COMMENTS AND QUESTIONS**

Altogether, given the depth and breadth of recent reductions and program changes, CalWORKs is in a state of continuing and dramatic flux.

Successive reductions and changes to CalWORKs grants, time limits, and work participation rules have resulted in additional layers of complexity within an already complicated state program. With many changes happening at once and applying differently to varying recipient families, front line social workers, county and state administrators, and client advocates will certainly face daunting challenges to ensure that the program is implemented as intended and is as effective as possible.

In addition, the administration has not yet reported to the Legislature as required regarding administrative changes and/or policy recommendations intended to improve the upfront engagement and effective barrier removal of clients in welfare-to-work programs. These policy changes were intended to coincide with implementation of new welfare-to-work rules that took effect January 1, 2013.

As recent and pending changes unfold, budgeting methodologies and programmatic outcomes will require careful and ongoing oversight by the Legislature.

PANEL
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Panelists have been asked by the Subcommittee to make presentations on the issues discussed in this agenda.

- Will Lightbourne, Director, and Todd Bland, Deputy Director, Welfare-to-Work Division, California Department of Social Services
  - History and Impact of Program Changes Prior to the 2012-13 Budget
- Ryan Woolsey, Legislative Analyst's Office
  - Review of Program Changes Included in the 2012-13 Budget
- Frank Mecca, Executive Director, County Welfare Directors Association of California
  - Discussion of Priority Issues
- Mike Herald, Advocate, Western Center on Law and Poverty
  - Discussion of Priority Issues
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Welfare-to-Work Division, California Department of Social Services
  - Responses to Issues in Implementation and Update on Early Engagement

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**Staff Recommendation:**

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Staff recommends the following three actions:

1. Approval of the CalWORKs estimate as included in the Governor's Budget, including the baseline adjustment in the Single Allocation, subject to further adjustment at May Revision and holding open the TANF Transfer due to remaining questions and concerns about the long-term impact of this fund shift.
2. Requesting that the administration, led by DSS, present their plan for Early Engagement and Barrier Removal by April 26, 2013, in time for consideration at the Subcommittee's May 1<sup>st</sup> or May 8<sup>th</sup> hearings.
3. Adoption of Supplemental Report Language to require DSS to report on the implementation progress of the WINS program in additional detail and at regular intervals to the Legislature, to assure that implementation for this important WPR strategy is not delayed beyond the codified time frame in SB 1041.

**ISSUE 2: THE STATE OF CALWORKS GRANTS AND POVERTY IN CALIFORNIA**

CalWORKs grant levels as a subject have come forth as a critical component for attention and consideration in the anti-poverty and human services area. This issue seeks to provide background on the subject and raise key considerations for the Subcommittee and Legislature.

**HIGH-LEVEL ISSUES AND QUESTIONS**

**Grants.** CalWORKs grants for low-income families are at historic lows, or at the real dollar amount they were at 26 years ago, in 1987. Are grants sufficient and what effect do they have on the poverty rate in California?

**COLAs.** CalWORKs Cost of Living Adjustments (COLAs) were statutorily removed in 2009 under budget pressures to stave off long-term costs, so grants are not allowed to rise with inflation. Should COLAs be reinserted to keep grants at pace with economic changes?

**BACKGROUND ON GRANTS**

The average CalWORKs grant for recipient families is \$467 monthly (up to a maximum – also called the Maximum Aid Payment (MAP) – of \$638 for a family of three in a high-cost county with no other income). More than half of the time, the state provides cash assistance on behalf of children only and does not provide adults with cash aid or welfare-to-work services. These are known as “child-only” cases, and the highest grant a family of three with two children and no aided parents can receive is \$516 monthly. In most child-only cases, a parent is in the household, but ineligible for assistance due to receipt of Supplemental Security Income, sanction for non-participation in welfare-to-work requirements, time limits, a previous conviction, or immigration status. In other cases, no parent is present, and the child resides with a relative or other adult.

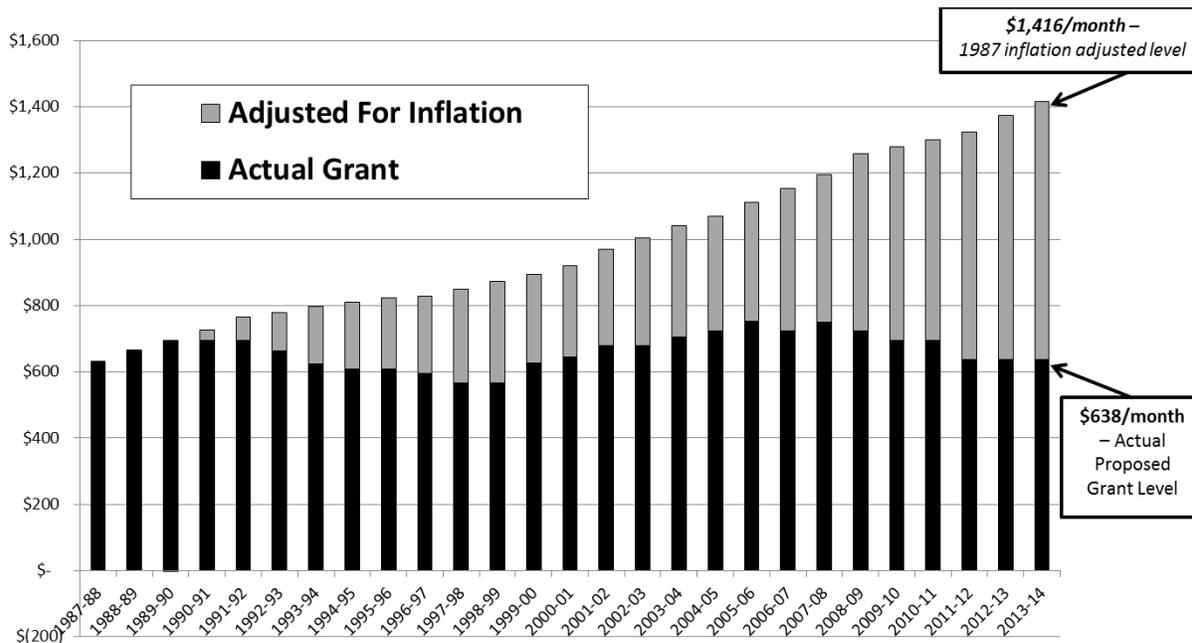
The table below from DSS shows how average and MAP grant levels have decreased over time.

<b>CalWORKs Caseload and Grants</b>				
<b>Recent History and Projections (FY 2007-08 through FY 2013-14)</b>				
<b>Fiscal Year</b>	<b>CalWORKs Cases</b>	<b>Average Grants</b>	<b>MAP for AU of 3 Region 1 (High Cost County)</b>	<b>Annualized MAP for a Family of 3 in a High Cost County</b>
2007-08	465,951	\$537.67	\$723	<b>\$8,676</b>
2008-09	504,994	\$540.58	\$723	<b>\$8,676</b>
2009-10	553,347	\$514.46	\$694	<b>\$8,328</b>
2010-11	586,659	\$517.35	\$694	<b>\$8,328</b>
2011-12	575,988	\$466.33	\$638	<b>\$7,656</b>
2012-13*	563,505	\$467.04	\$638	<b>\$7,656</b>
2013-14*	572,133	\$462.66	\$638	<b>\$7,656</b>

**RECENT CUTS TO GRANTS**

Budget	Action
2008-09	<ul style="list-style-type: none"> <li>• Suspension of annual COLA</li> </ul>
2009-10	<ul style="list-style-type: none"> <li>• Suspension of COLA and 4% Grant Reduction</li> <li>• Elimination of statutory basis for future COLAs</li> </ul>
2011-12	<ul style="list-style-type: none"> <li>• Additional 8% Grant Reduction</li> </ul>

The following chart shows how much the grants would have increased had they been adjusted to match inflation, and where they are now in comparison to the grant levels in the late 80's (at dollar for dollar near the same level).



**UNEMPLOYMENT AND POVERTY IN CALIFORNIA**

California's unemployment and poverty levels have remained high at the same time that CalWORKs grants have declined dramatically in their ability to help families meet basic needs. According to the California Employment Development Department, 2012 unemployment rates were still very high at 11.3 percent in January and 9.7 percent by December.

Low-income families are also 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 education. Recent reports additionally indicate that women, who are heads of most CalWORKs recipient households, are recovering from the recession more slowly than men are, and that the economic downturn reduced employment for single mothers far more than for married parents.

The U.S. Census Bureau has used an improved measurement of poverty that indicated in November 2012 that California has the highest poverty rate in the nation. Almost a quarter of Californians now live in poverty, according to the new Supplemental Poverty Measure. California's poverty rate increases from 16.3 percent to 23.5 percent of the population, and projections estimate that nearly one in four of California's children live in poverty.

#### POVERTY MEASURES & RESEARCH

Poverty measures are intended to draw a line between whether or not a family has minimal resources necessary to meet their most basic needs (i.e., food, shelter, and clothing). According to federal guidelines established by the Health & Human Services Agency for 2012, a family of three needs annual income of more than \$19,090 to live above the poverty line. At \$638 per month, today's highest CalWORKs grants available for a family of three (the grant level for families in a high-cost county that include an aided adult and have no other income) result in income of \$7,656 annually, or around 40 percent of what the guidelines indicate it would take to meet basic needs.

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. Research has shown that brain development is impaired by the stresses and environment associated with poverty, creating long-term needs and social costs for children debilitated by the effects of poverty.

#### PANEL

Panelists have been asked by the Subcommittee to make presentations on the issues discussed in this agenda.

- Susie Smith, Managing Director, Insight Center for Community Economic Development
  - Presentation of Income Needed to Live at a Basic Level in California vis-à-vis CalWORKs Grants
- Hope Richardson, Policy Analyst, California Budget Project
  - State of CalWORKs Grants Today

- Jessica Bartholow, Legislative Advocate, Western Center on Law and Poverty
  - CalWORKs Grants and School Readiness and Achievement
  
- Frank Mecca, Executive Director, County Welfare Directors Association of California
  - CalWORKs Grants, Homelessness, and Brain Development in Children
  
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Welfare-to-Work Division, California Department of Social Services
  - Reaction and Feedback

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**Staff Recommendation:**

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Staff recommends revisiting of this issue later in the Subcommittee process.