

CALIFORNIA BUDGET PROJECT

# Key Facts About the CalWORKs Program

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THE CALIFORNIA BUDGET PROJECT  
January 2011

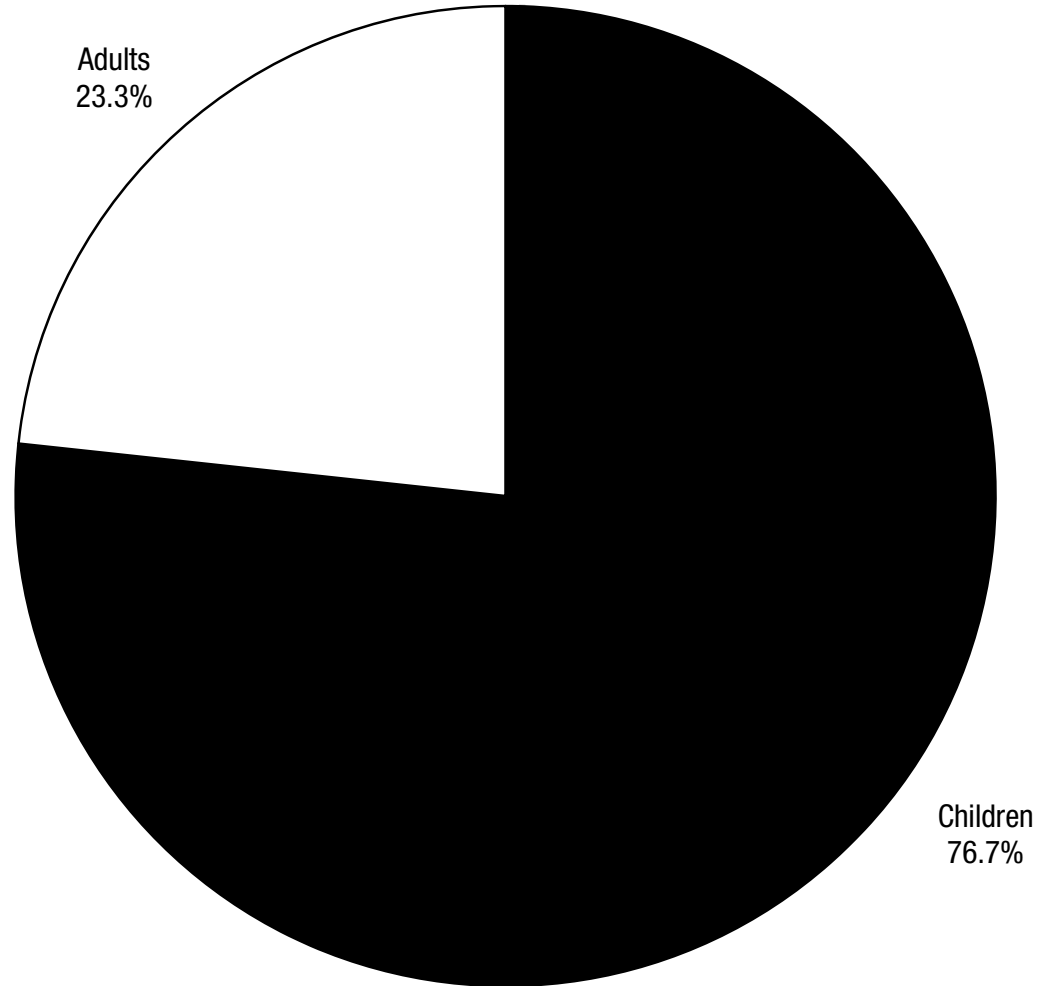
# Overview

- 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 after the Great Recession began in 2007.
- The Legislature made significant cuts to CalWORKs in 2009.
- The Governor proposes deeper cuts to CalWORKs in 2011-12, including a 13.0 percent grant reduction.
- CalWORKs is more important than ever as California's families continue to struggle in the aftermath of the Great Recession.



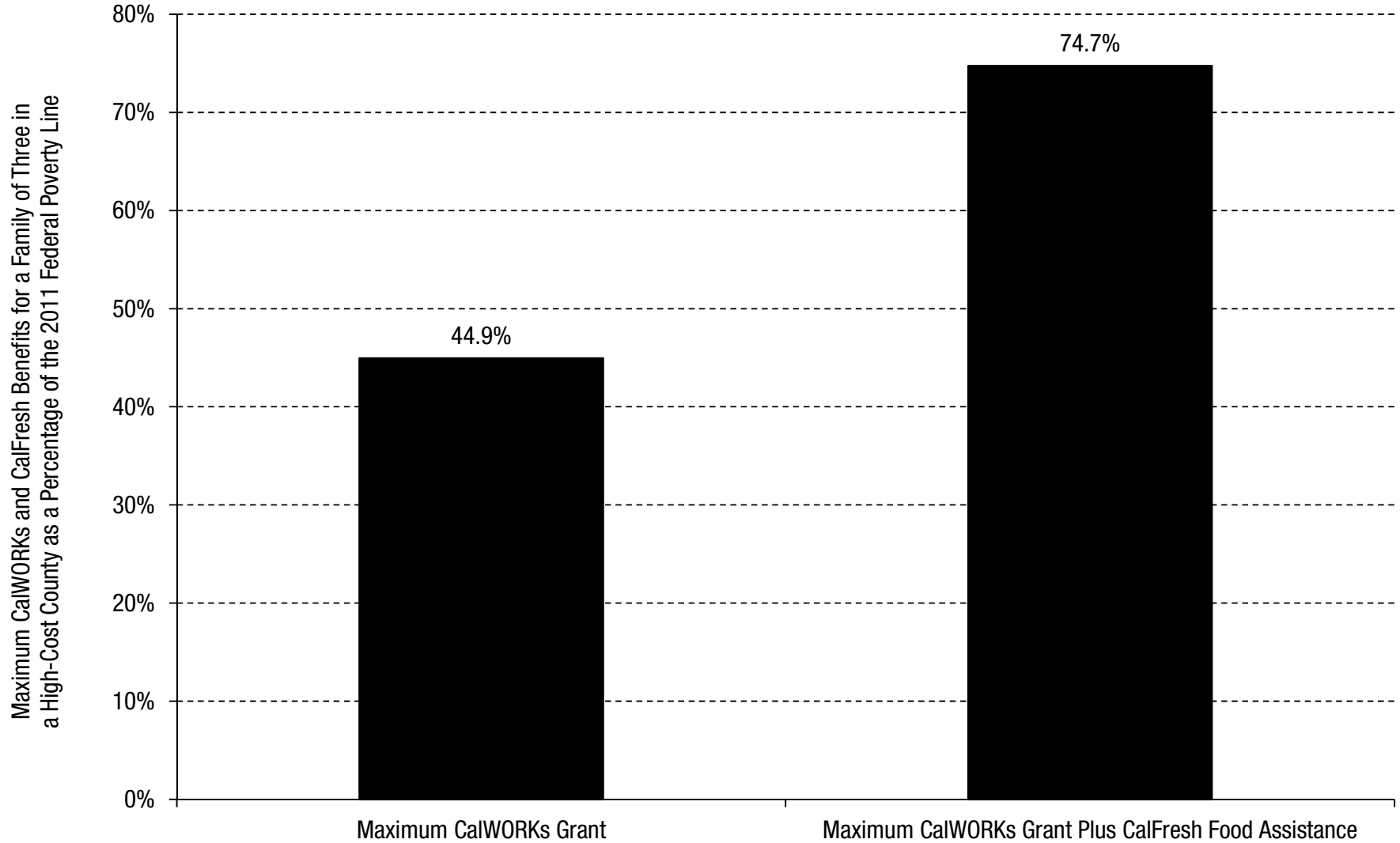
# CalWORKs Provides Modest Cash Assistance and Job-Related Services for Struggling Low-Income Families With Children

## More Than Three Out of Four CalWORKs Recipients Are Children

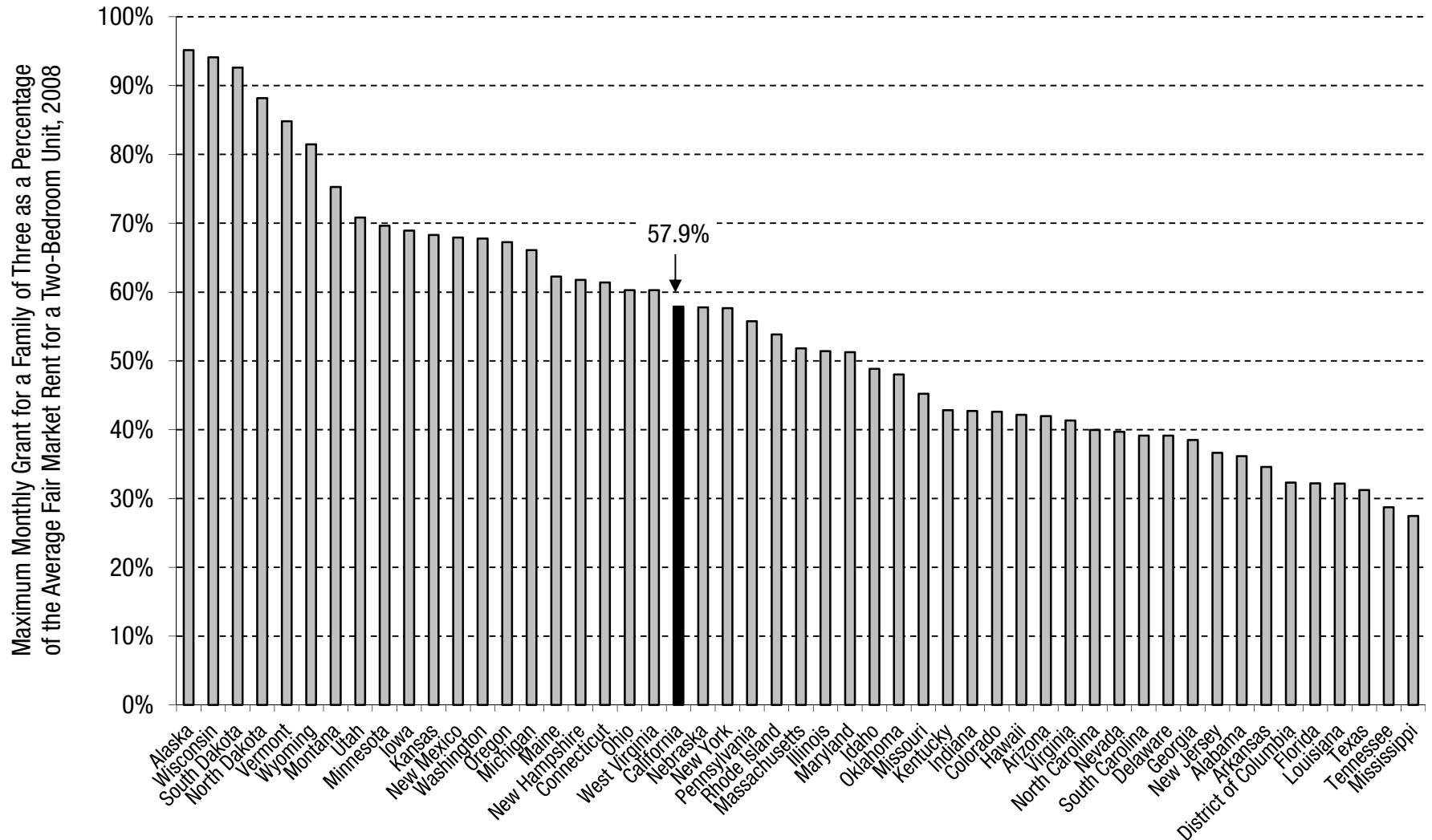


Number of Individuals Receiving CalWORKs Cash Assistance in September 2010 = 1.4 Million

## The Maximum CalWORKs Grant in 2010-11 Is Less Than Half the Federal Poverty Line

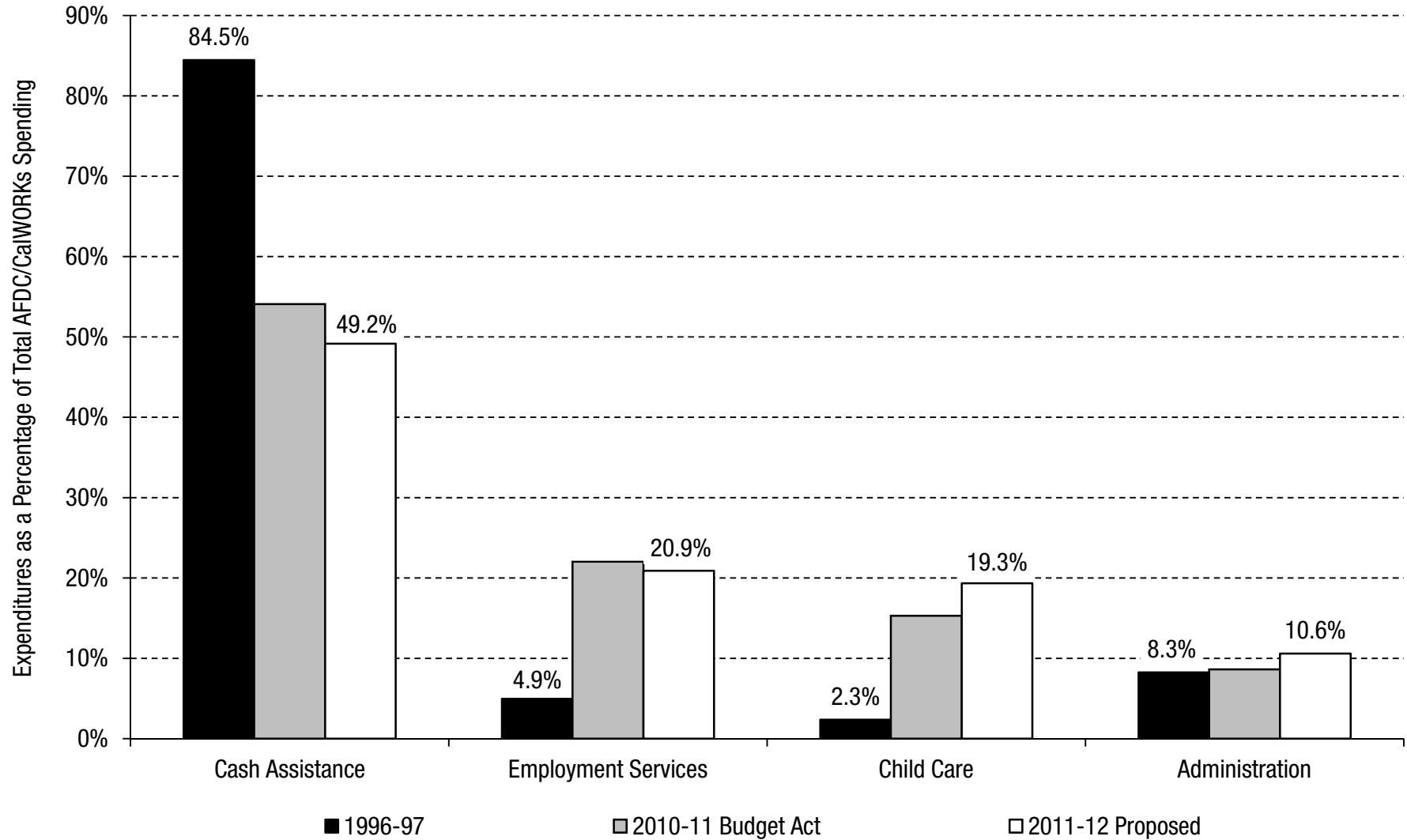


## The CalWORKs Grant Level Is Lower Than TANF Grants in 20 States, After Adjusting for Housing Costs



Source: Center on Budget and Policy Priorities and National Low Income Housing Coalition

## Cash Assistance Has Declined Dramatically as a Share of Total Welfare Spending Since 1996-97 Spending on Employment Services and Child Care Increased During the Same Period



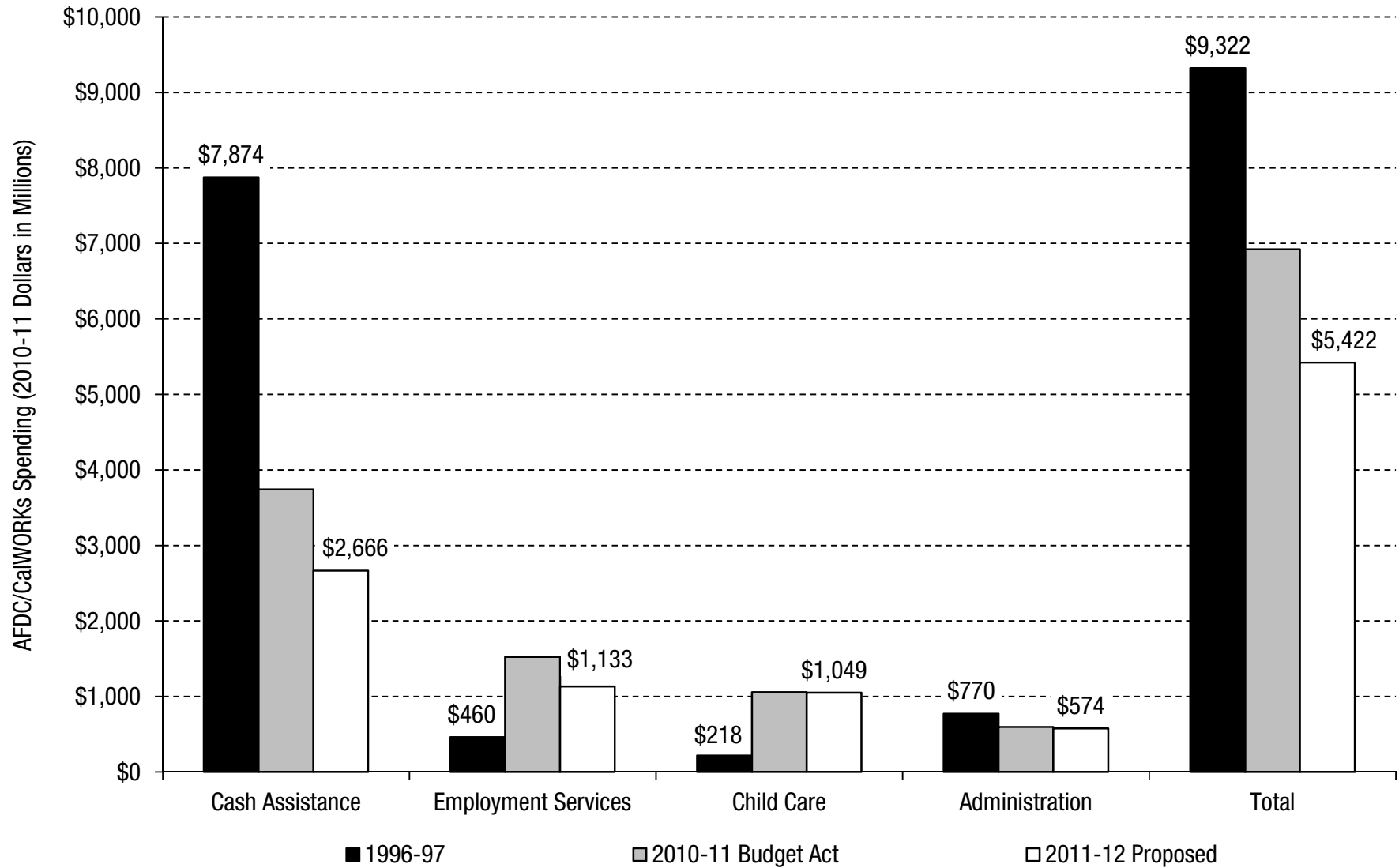
Note: AFDC/CalWORKs spending includes county, state, and federal funds.  
Source: Department of Finance and Department of Social Services



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

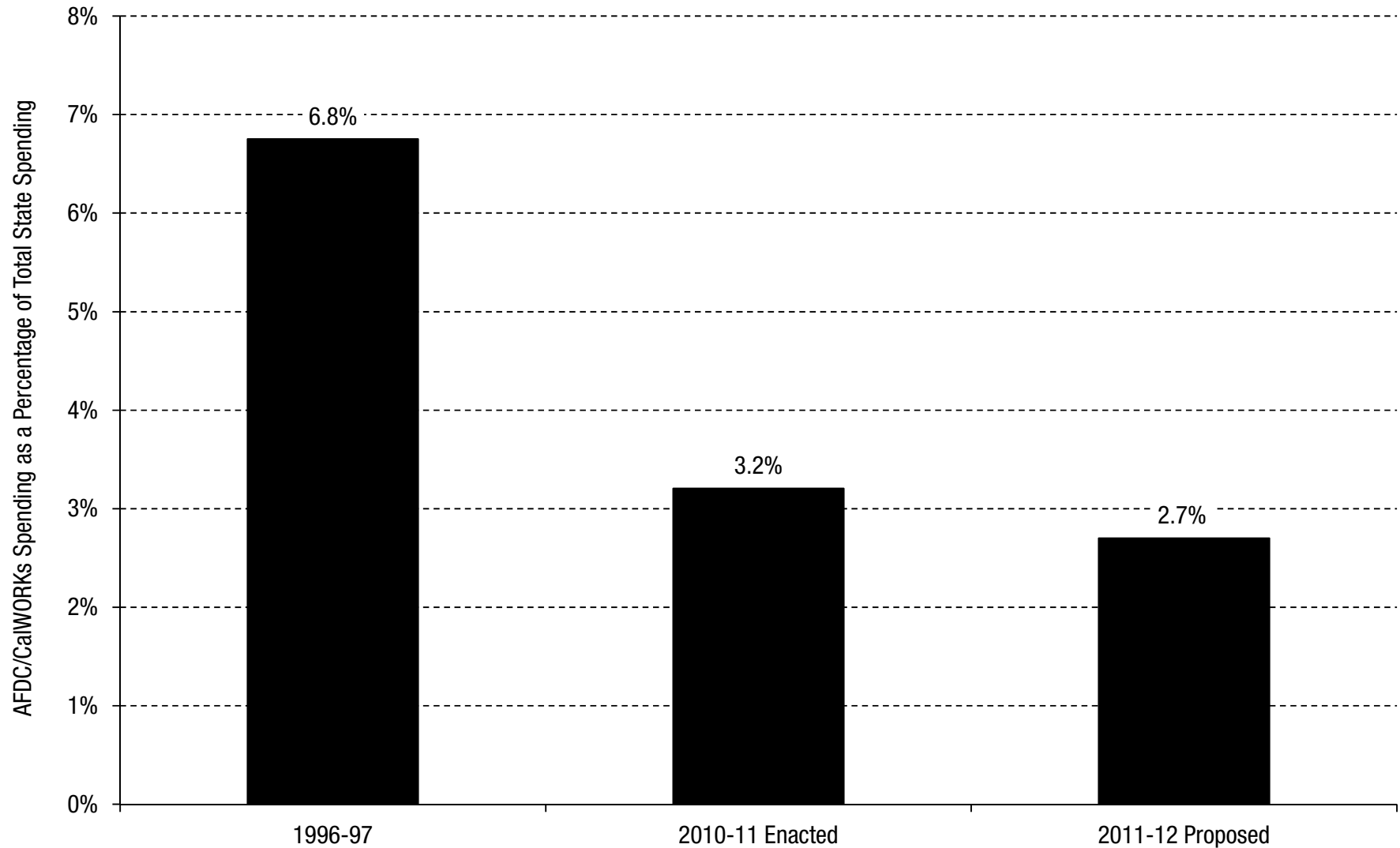


## Total Welfare Spending in California Has Dropped Substantially Since the Mid-1990s



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

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

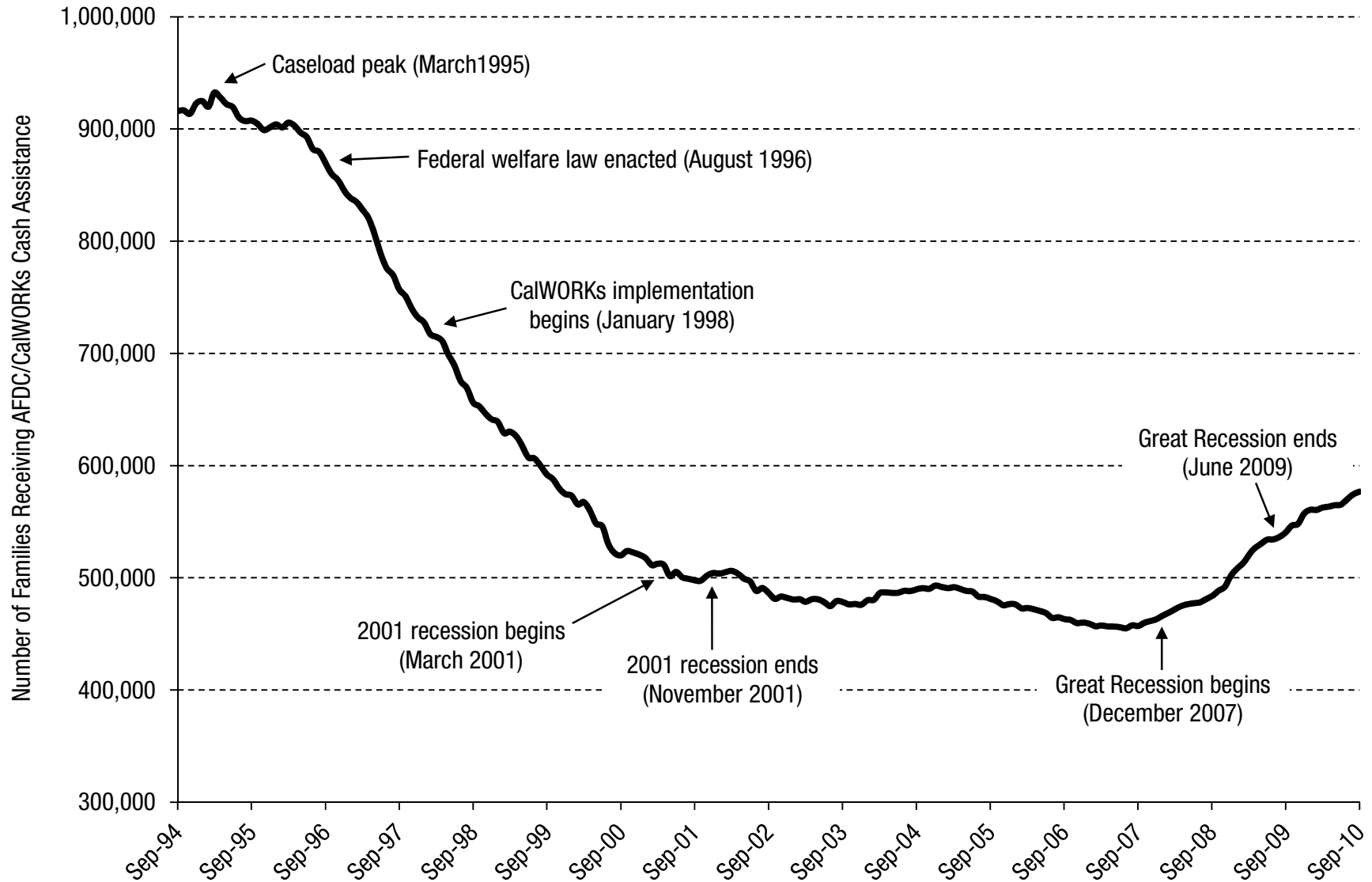


Note: AFDC/CalWORKs spending includes county, state, and federal funds.  
Total state spending includes state and federal funds.  
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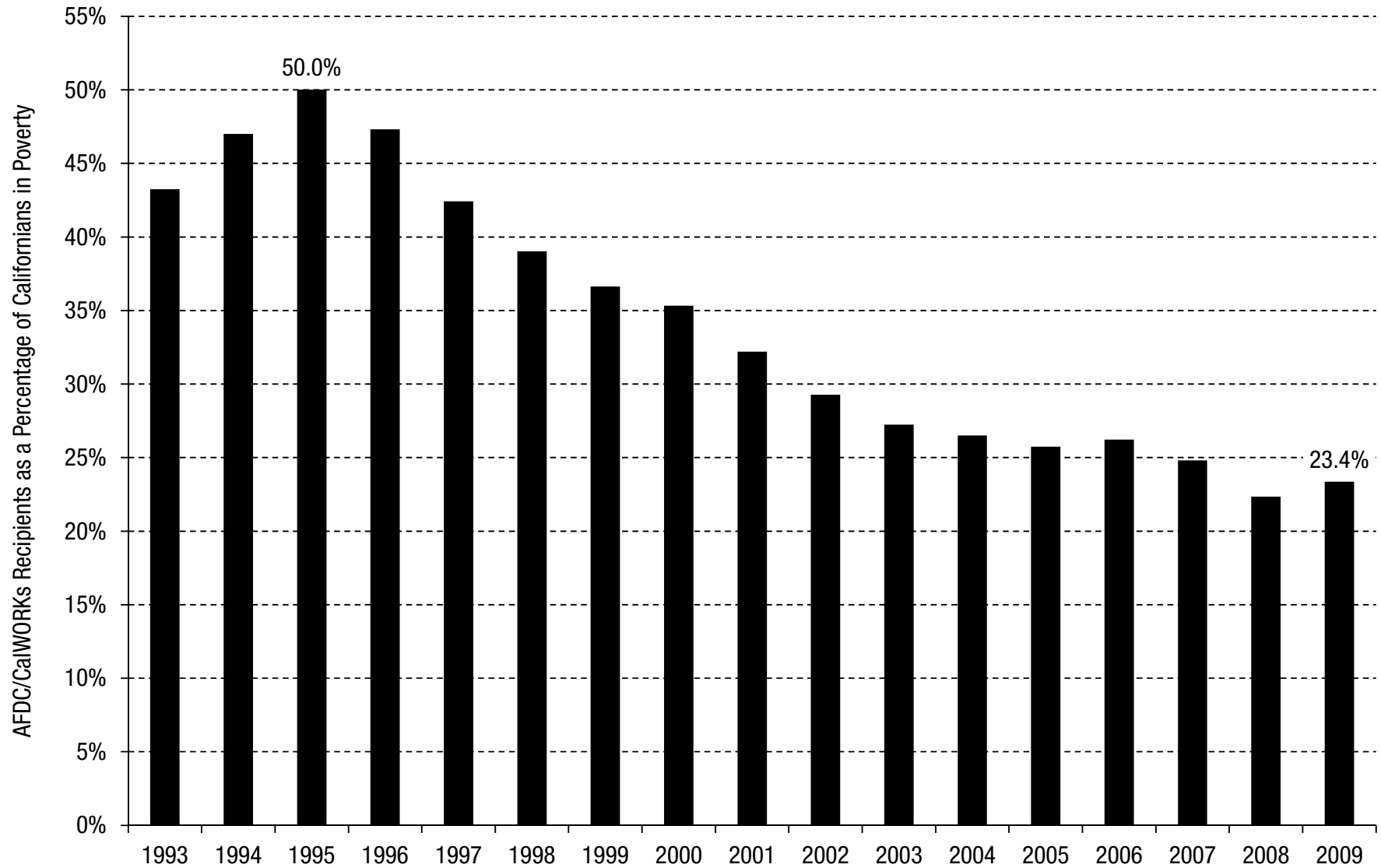


# The Number of Families in CalWORKs Dropped Starting in the Mid-1990s, But Enrollment Increased After the Great Recession Began in 2007

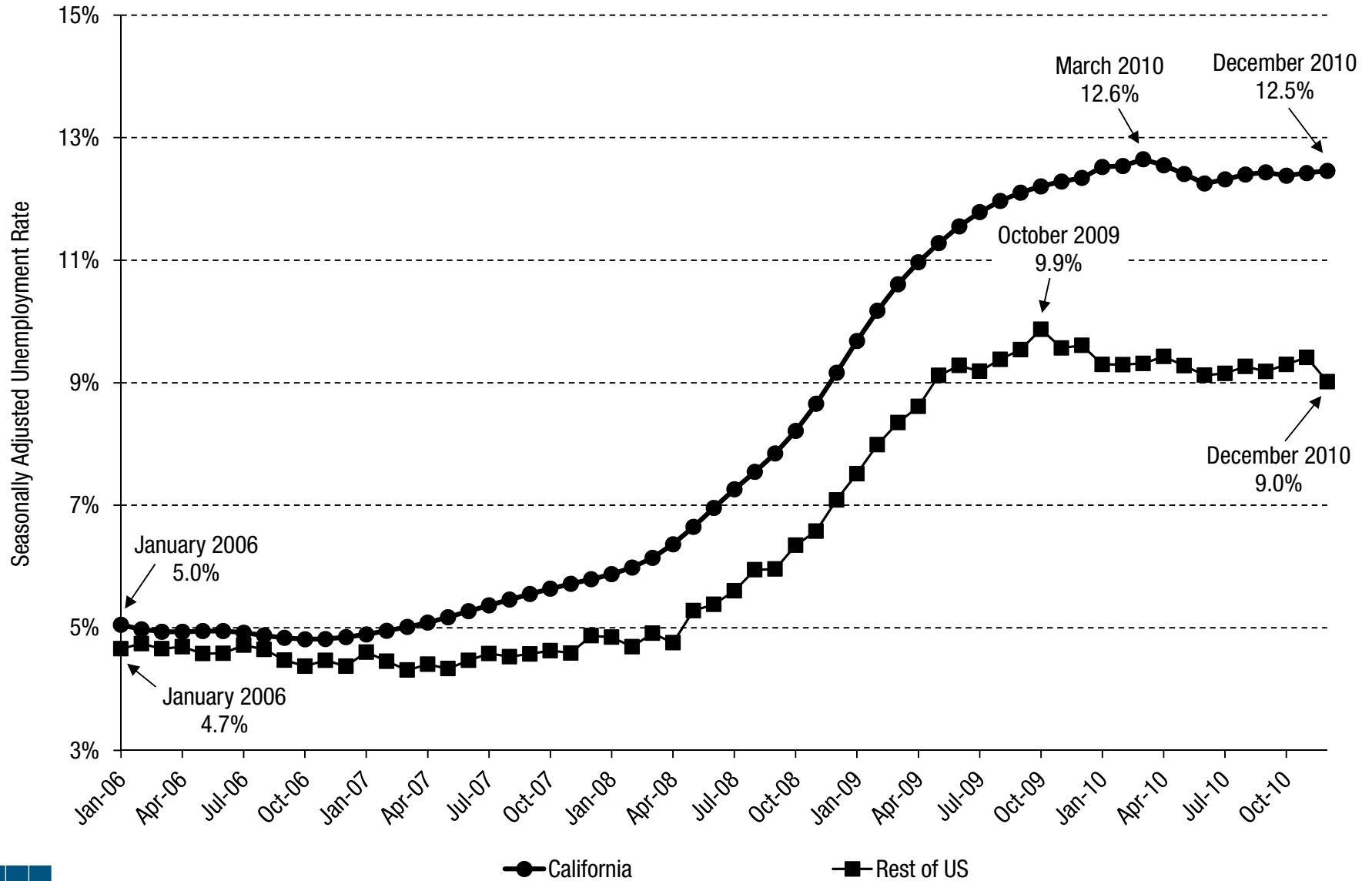
## The Number of Families Receiving CalWORKs Cash Assistance Dropped Starting in the Mid-1990s



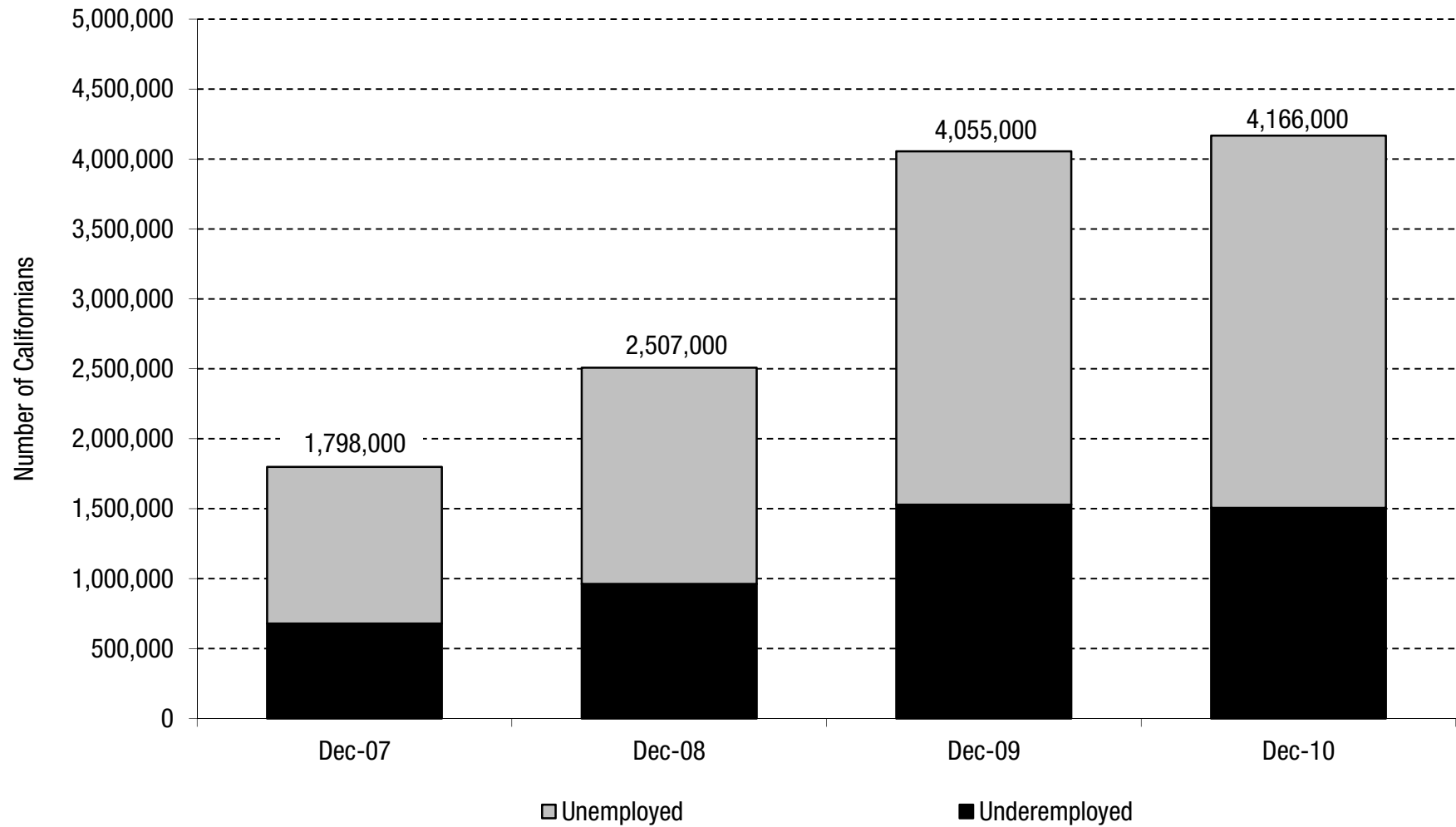
## Californians in Poverty Are Much Less Likely To Receive Cash Assistance Than in the Mid-1990s



## California's Unemployment Rate Remains High

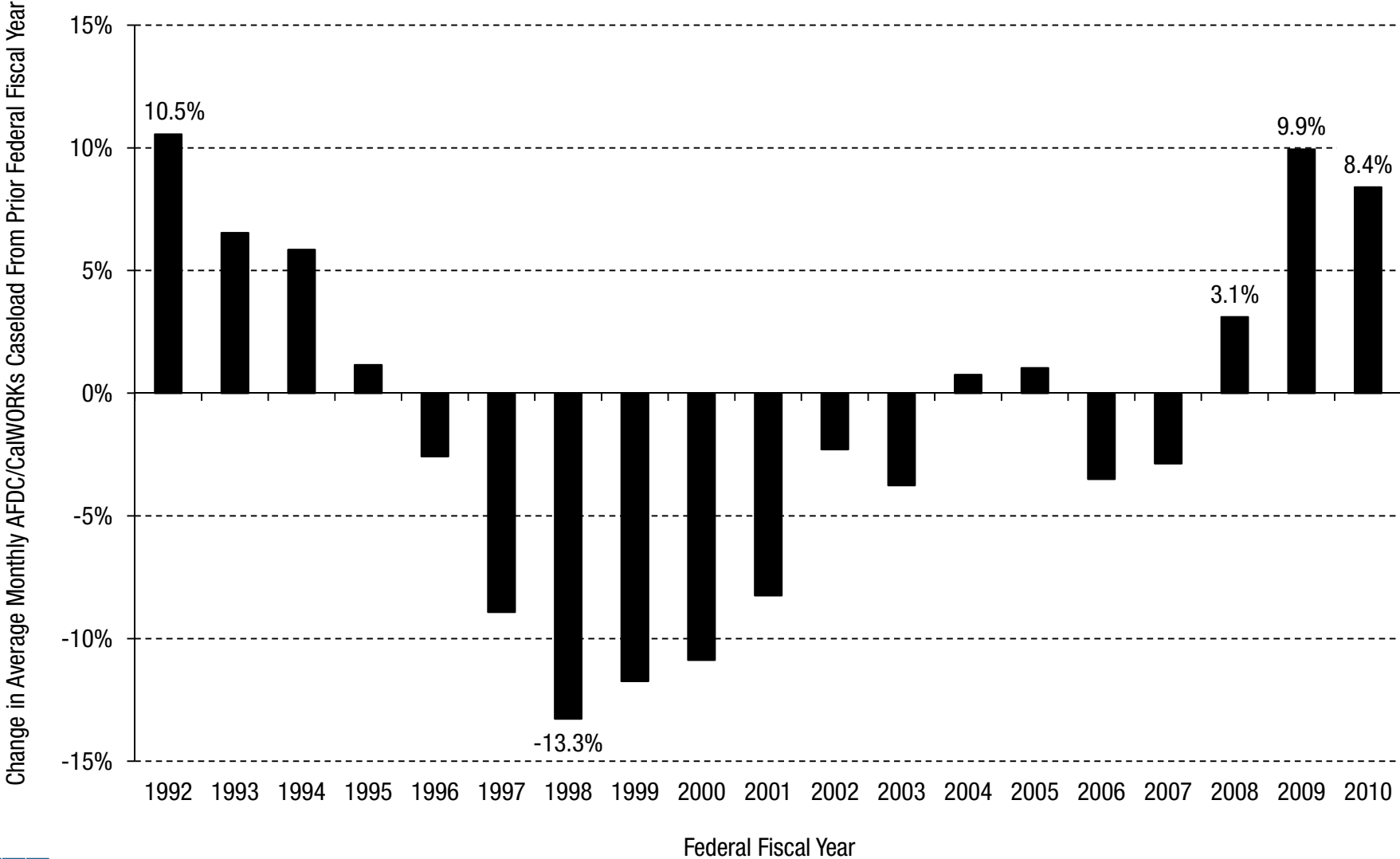


## The Number of Unemployed and Underemployed Californians Remains High



Note: Data reflect 12-month averages ending in December. "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 Increased Since the Great Recession Began



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





# Policymakers Made Significant Cuts to CalWORKs in 2009

# 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 that counties use to provide services and child care by \$375 million in 2009-10 and 2010-11.
  - Exempted certain parents who have young children from work participation requirements through June 2011.

# CalWORKs Changes That Could Have an Impact in 2011

- The July 2009 budget agreement included major CalWORKs changes effective July 2011. These changes would:
  - Limit adults to 48 cumulative months of cash assistance in any 60-month period. After a 12-month break, the adult's portion of the grant could be restored for up to 12 additional months.
  - Require certain adults to attend a “self-sufficiency review” with county workers or receive a 50 percent grant cut.
  - Cut, by up to 50 percent, grants for children in certain households in which adults do not meet work requirements.
- Governor Brown proposes to repeal these changes and replace them with a stricter 48-month time limit (discussed below).

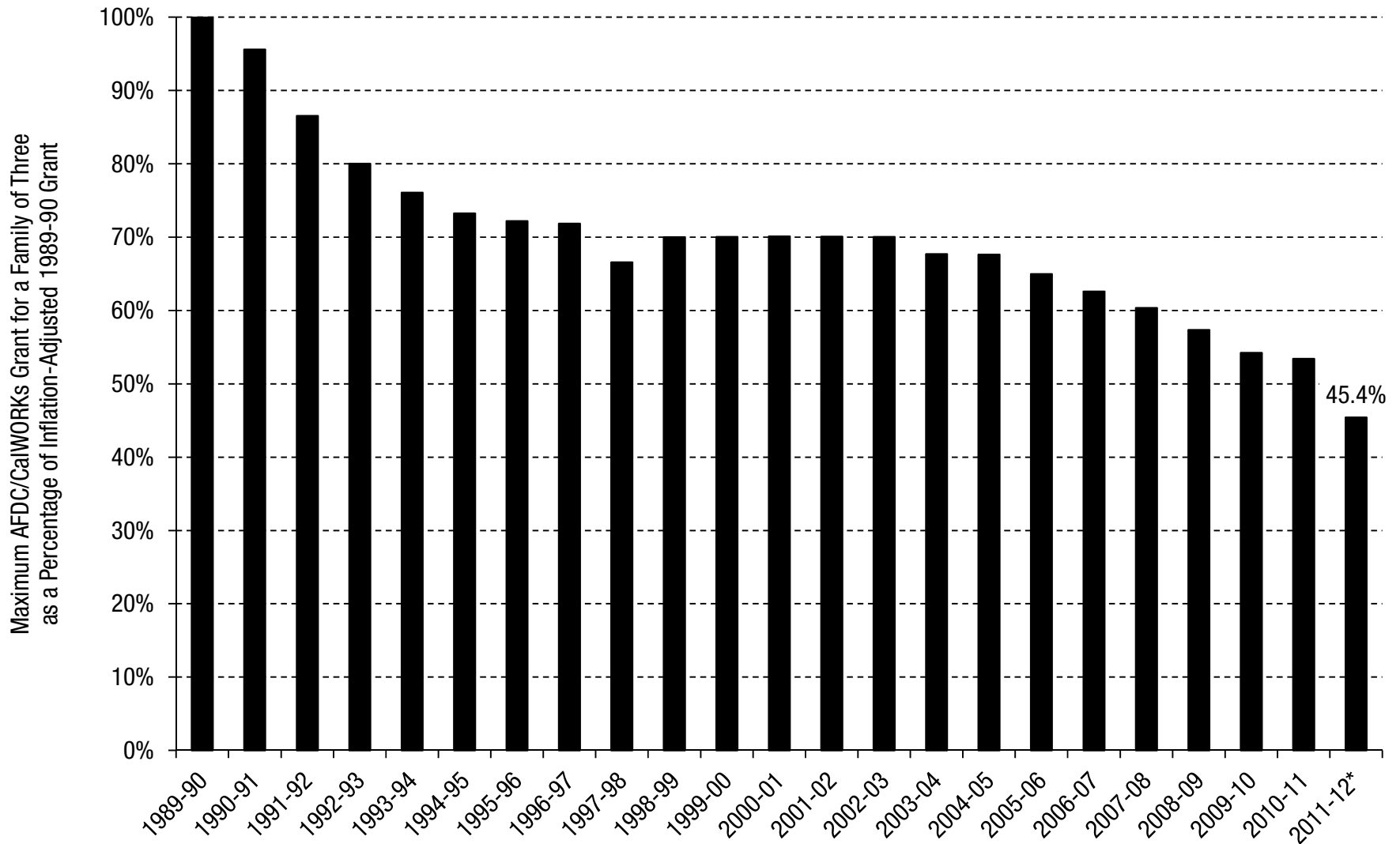


# The Governor Proposes Deeper Cuts to CalWORKs in 2011-12

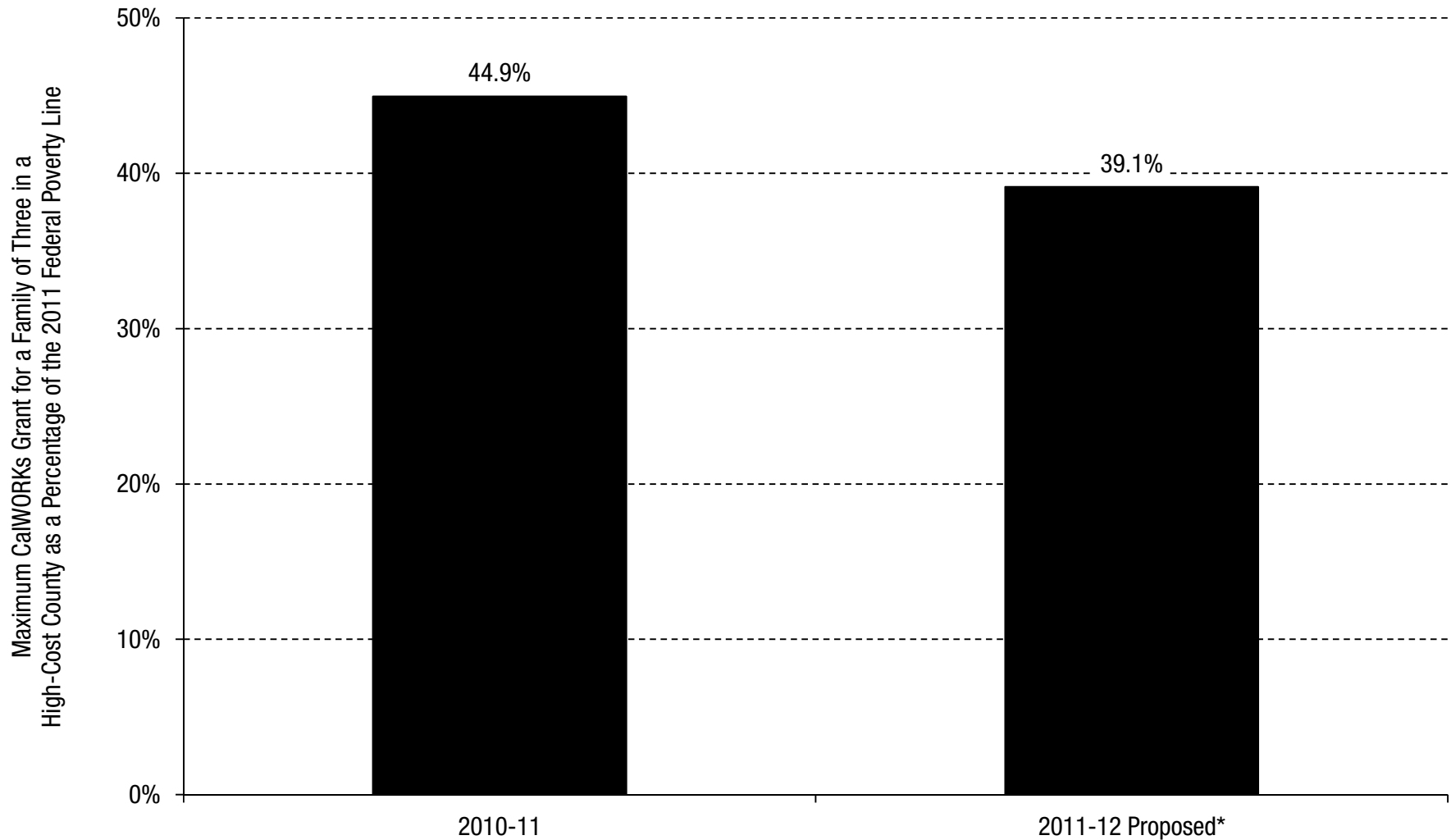
# The Governor Proposes More CalWORKs Grant Cuts

- The Governor proposes to cut CalWORKs grants by 13.0 percent effective June 1, 2011 for savings of \$14.3 million in 2010-11 and \$415.0 million in 2011-12. This cut would reduce the maximum grant for a family of three in high-cost counties from \$694 to \$604 per month.
- CalWORKs grants have not kept pace with inflation due to grant cuts and the state's failure to consistently provide an annual COLA. Under the Governor's proposal, CalWORKs grants in 2011-12 would be worth less than half (45.4 percent) of their 1989-90 value, after adjusting for inflation.
- The maximum grant for a family of three would have to increase to \$1,330 in 2011-12 – more than double the Governor's proposed grant level of \$604 – to have the same purchasing power as it did in 1989-90.

## Purchasing Power of CalWORKs Grants Would Drop Further Under the Governor's Proposed 2011-12 Budget



## The Maximum CalWORKs Grant Would Drop Below 40 Percent of the Federal Poverty Line Under the Governor's Proposed 2011-12 Budget

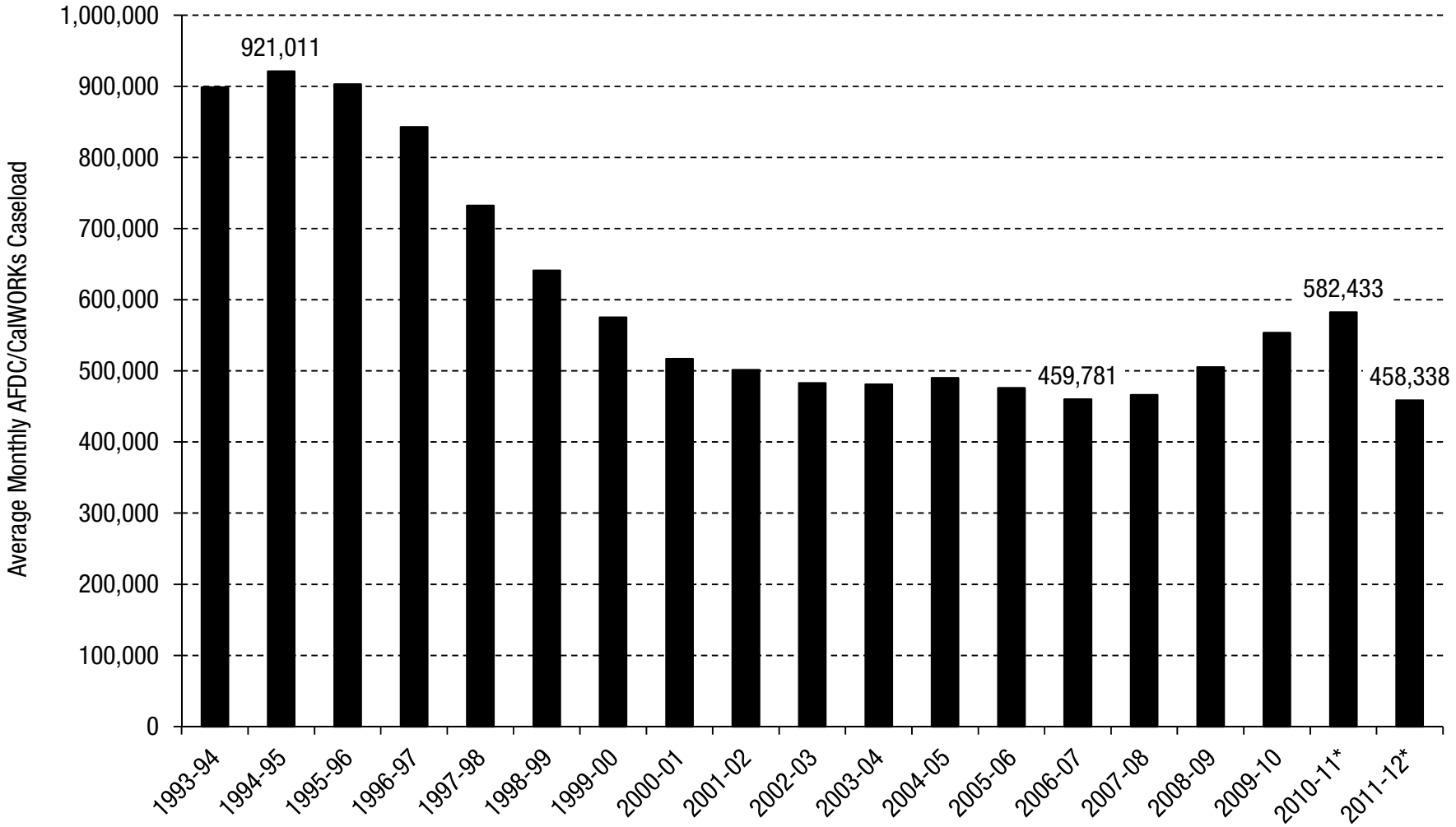


# The Governor Proposes Additional CalWORKs Cuts

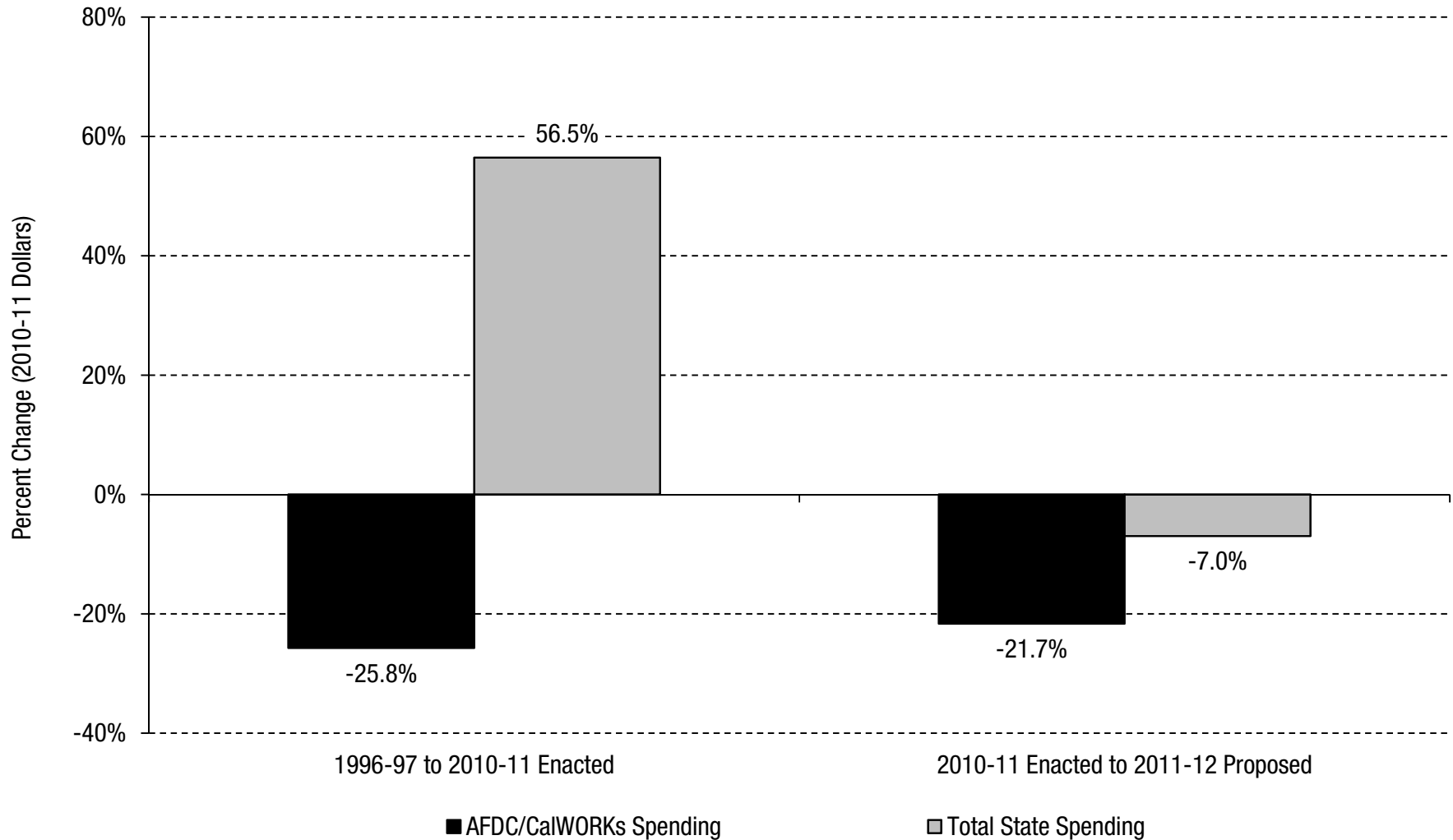
- The Governor proposes to:
  - Limit families to 48 months of cash assistance effective July 1, 2011 for savings of \$851.0 million in 2011-12. This limit would be applied retroactively. Approximately 115,000 families with 234,000 children would lose benefits. Some families could receive a child-only grant beyond 48 months, including those in which the adult meets federal work participation requirements.
  - Cut funding that counties use to provide welfare-to-work services and child care for a third consecutive year for savings of \$376.9 million in 2011-12.



## The Number of Families Receiving CalWORKs Cash Assistance Would Drop by Nearly 125,000 Under the Governor's Proposed 2011-12 Budget



## Welfare Spending Has Fallen by One-Quarter Since 1996-97 and Would Drop Further Under the Governor's Proposed 2011-12 Budget

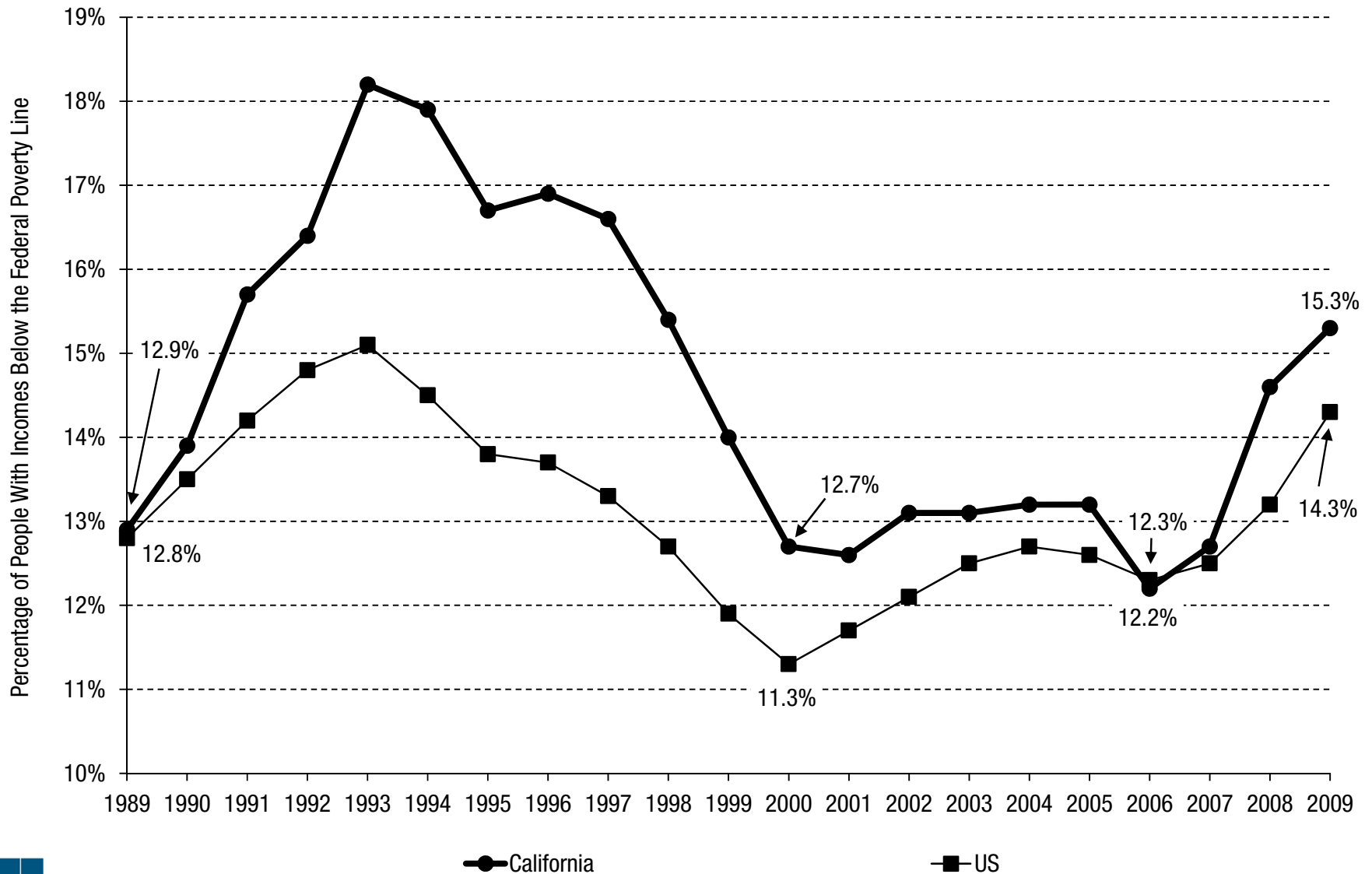


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Source: Department of Finance and Department of Social Services

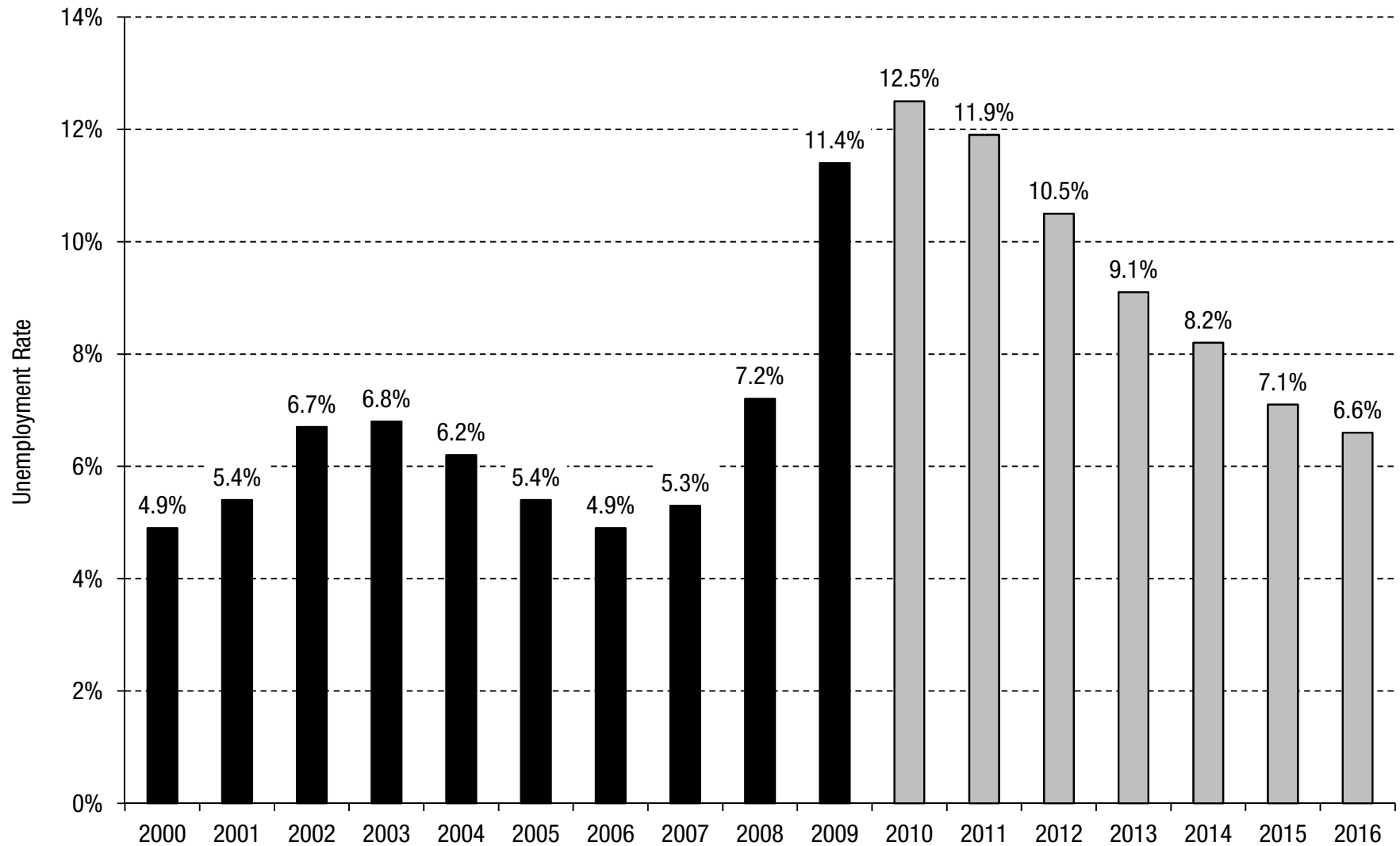


# CalWORKs Is More Important Than Ever as California's Families Continue To Struggle in the Aftermath of the Great Recession

## California's Poverty Rate Increased Significantly Between 2006 and 2009



## California's Annual Jobless Rate Is Projected To Remain Above 10 Percent Through 2012



Note: 2010 is estimated, 2011 through 2016 are projected.  
Source: Legislative Analyst's Office and US Bureau of Labor Statistics