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Due to Reduced CalWORKs Grant Levels, Families Lose Cash Assistance While Still Living in Poverty

California has the highest poverty rate in the nation. Between 2011 and 2013 on average, nearly 9 million Californians, including more than 2 million children, were living in poverty, using the federal Supplemental Poverty Measure.¹ Without the various public supports and services that make up California’s safety net for low-income children and families, an *additional* 1.3 million children would have been living in poverty during this period.²

The California Work Opportunity and Responsibility to Kids (CalWORKs) program is a critical component of California’s safety net, providing modest cash assistance while helping parents find and keep jobs. More than 1.2 million Californians, nearly 80% of whom are children, benefit from CalWORKs. Yet, during and after the Great Recession, state policymakers made choices that reduced the level of support offered to families participating in CalWORKs, including eliminating the annual state cost-of-living adjustment (COLA) and cutting grant levels. As a result, CalWORKs grants have lost value since 2007-08, despite the modest grant increases that were included in the two most recent state budgets.

Reduced CalWORKs grants not only make it harder for families to make ends meet, but also mean that families lose eligibility for cash assistance sooner than if grant levels were higher. This is because the income eligibility limit for

Families Currently Lose CalWORKs Cash Assistance Before Their Incomes Lift Them Out of Poverty

Under the Governor’s Proposal, the Income Limit Would Remain Below the Federal Poverty Line



* Income limits are for high-cost counties and are partly based on the maximum CalWORKs grant level. The Governor’s proposed budget does not provide a grant increase in 2015-16. Source: Department of Social Services and US Department of Health and Human Services

cash assistance is based on a calculation that uses the maximum CalWORKs grant level as a key component. As a result, when grant levels decrease, the income level at which working families lose cash assistance also decreases.

Because the value of CalWORKs grants has eroded, families currently lose cash assistance before their incomes lift them out of poverty (see chart above). In 2007-08, the income limit for a family of three for CalWORKs cash assistance equaled 115% of the federal poverty line.³ Under the Governor's proposed 2015-16 budget, the limit would be just 96% of the 2015 poverty line – the fifth year in a row that the income limit for cash assistance would fall below the poverty line.

As policymakers craft a budget for the upcoming fiscal year, priority should be given to creating a multiyear plan for raising CalWORKs grant levels and reinstating the COLA. Doing so would better position our state to assist hard-working, low-income families as they begin to earn their way out of poverty.

¹ The Supplemental Poverty Measure is a more accurate indicator of economic well-being than the Official Poverty Measure (OPM) because, unlike the OPM, it takes into account key household expenses such as housing and medical care, as well as factoring in the impact of public programs. The estimate for all Californians is from the US Census Bureau, and the estimate for children is based on a Budget Center analysis of data included in a recent report from The Annie E. Casey Foundation. See Kathleen Short, *The Supplemental Poverty Measure: 2013* (US Census Bureau: October 2014) and The Annie E. Casey Foundation, *Measuring Access to Opportunity in the United States* (February 2015).

² The Annie E. Casey Foundation, *Measuring Access to Opportunity in the United States* (February 2015).

³ The federal poverty line is based on the Official Poverty Measure, which is the most commonly used measure of poverty.