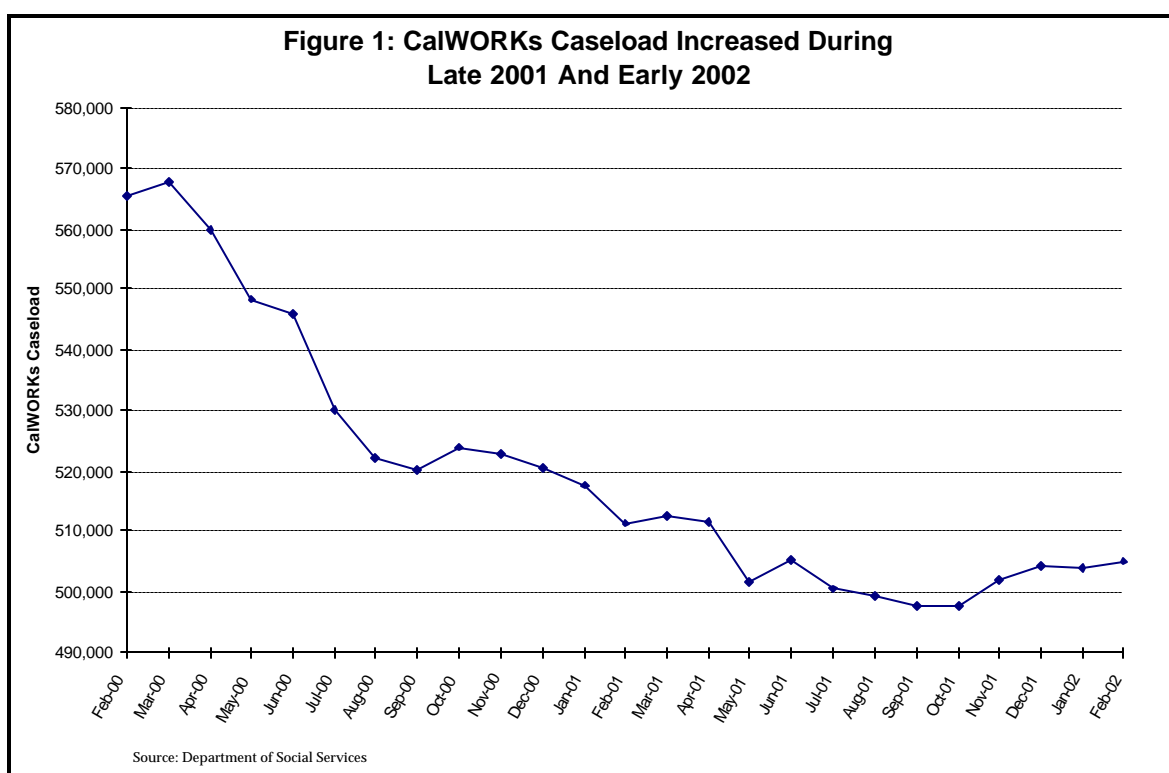


CALWORKS CASELOAD BEGINS TO RISE

The number of families receiving cash assistance through the CalWORKs program has increased since October 2001. The increase occurred after the economy fell into a recession in March 2001 and the number of unemployed in California rose by 23 percent between May and October 2001.¹ Overall, the number of cash assistance cases fell a modest 1.2 percent between February 2001 and February 2002, substantially smaller than the 9.6 percent drop between February 2000 and February 2001.² In fact, 35 counties had larger caseloads in February 2002 than one year earlier.

The CalWORKs caseload reached a low of 497,439 in October 2001 before rising to 502,019 (a 0.9 percent increase) in November and 504,298 (a 0.5 percent increase) in December (Figure 1). This was the first time since January 1996 that the caseload increased during two consecutive months. The caseload dropped to 503,738 (a 0.1 percent decrease) in January 2002, perhaps due to rising employment opportunities during the holiday season, but increased to 505,132 (a 0.3 percent increase) in February.



MOST REGIONS MIRROR STATEWIDE PATTERN

Most California regions experienced caseload declines between February and October 2001 and caseload increases between October 2001 and February 2002 (Table 1). The exception was Los Angeles County, where the caseload continued to decline modestly from October 2001 to February 2002. How-

ever, examining overall caseload change from February 2001 to February 2002 reveals greater variation. Four regions, including the San Francisco Bay Area and the Sacramento Metropolitan Area, experienced caseload declines between February 2001 and February 2002. In contrast, caseloads in Southern California, the Central Coast, and the Central Valley rose during the same period, with the Central Coast experiencing the largest increase (3.6 percent).

Table 1: Caseloads Increased In Every Region Except Los Angeles County In Late 2001 And Early 2002			
	Caseload Change, February-October 2001	Caseload Change, October 2001- February 2002	Caseload Change, February 2001- February 2002
San Francisco Bay Area	-3.7%	3.3%	-0.5%
Southern California	-0.8%	2.2%	1.4%
Los Angeles County	-2.9%	-0.6%	-3.5%
Sacramento Metropolitan Area	-2.4%	0.5%	-2.0%
Central Coast	-7.5%	12.0%	3.6%
Central Valley	-2.5%	3.4%	0.8%
Northern California Coast/Mountain	-7.3%	3.1%	-4.4%
California	-2.7%	1.5%	-1.2%

Source: CBP calculations of Department of Social Services data. See Appendix A for definition of regions.

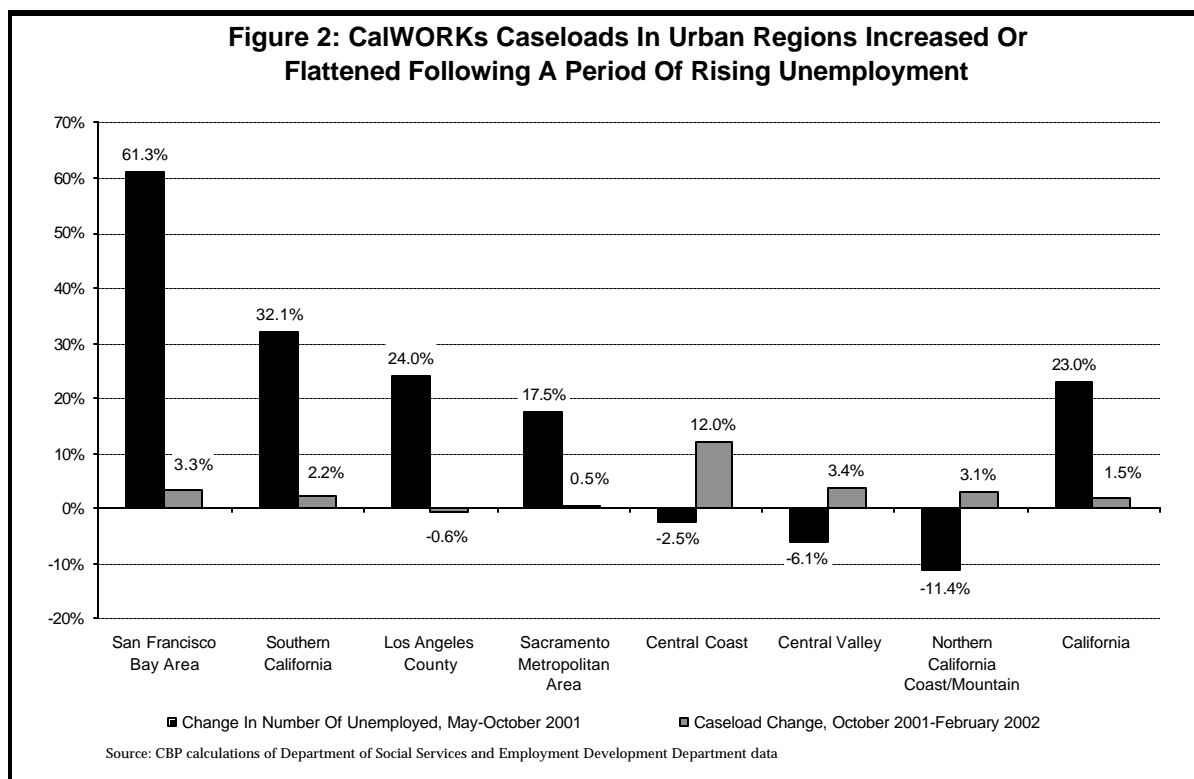
CASELOADS INCREASE OR FLATTEN IN RESPONSE TO RISING UNEMPLOYMENT

Historically, the number of families receiving cash assistance is related to the change in unemployment. During a recession, rising unemployment may lead to caseload increases or less robust caseload declines. Comparing the change in the number of unemployed between May and October 2001 with the caseload change between October 2001 and February 2002 reveals that this relationship holds for the state's major urban regions, where caseloads increased or flattened following a period of rising unemployment. In contrast, the number of unemployed declined between May and October 2001 in the state's smaller urban and rural regions, which experience substantial seasonal fluctuations in employment. In these regions, CalWORKs caseloads and the number of unemployed both increased between October 2001 and February 2002.

Major Urban Regions

The connection between rising unemployment and caseloads is evident in the state's major urban regions (Figure 2). The Sacramento Metropolitan Area had the smallest increase in the number of unemployed between May and October 2001 (17.5 percent), and its caseload rose a modest 0.5 percent between October 2001 and February 2002. The San Francisco Bay Area saw the largest increase in the number of unemployed (61.3 percent) and had the largest caseload increase (3.3 percent) among major urban regions. Two Bay Area counties were hit particularly hard by the recession. The number of unemployed in San Mateo County jumped 62.5 percent between May and October 2001, while the caseload rose 9.1 percent between October 2001 and February 2002. In Santa Clara County, home to Silicon Valley, the number of unemployed rose 106.5 percent between May and October, and the caseload increased 2.6 percent between February and October 2001 and 9.0 percent between October 2001 and February 2002. Santa Clara was one of just five mid to large size counties where the CalWORKs caseload increased between February and October 2001 (Appendix A).

Los Angeles County was the only region in which the caseload fell between October 2001 and February 2002. However, the 0.6 percent decline was substantially smaller than the 1.2 percent drop between October 2000 and February 2001. Moreover, the 0.6 percent caseload decline followed a 24.0 percent increase in the number of unemployed, suggesting that rising joblessness contributed to the flattening of the caseload.



Smaller Urban And Rural Regions

The number of unemployed in the Central Coast region, the Central Valley, and rural Northern California counties declined from May to October 2001 (Figure 2). However, the number of unemployed in each region increased 37 percent or more between October 2001 and February 2002. In the Central Coast region, for instance, the number of unemployed more than doubled between October 2001 and February 2002. At the same time, these areas generally experienced larger caseload increases than the urban regions.

CalWORKs caseloads in these regions appear to be more sensitive to seasonal fluctuations in the number of unemployed than to broad economic trends. For instance, the Central Coast caseload increased 12.0 percent between October 2001 and February 2002. This is attributable, at least in part, to seasonal agricultural unemployment in Monterey County, where the number of unemployed rose from 11,000 in October 2001 to 29,700 in February 2002.³ Monterey County's CalWORKs caseload jumped 17.7 percent during the same period.

CONCLUSION

The CalWORKs caseload has risen since October 2001, following the onset of the economic recession and an increase in the number of out-of-work Californians. Caseloads increased in most regions in late 2001 and early 2002. Even where caseloads rose or declined slightly, as in the Sacramento Metropolitan Area and Los Angeles County, the increase in the number of unemployed appears to have at least

slowed the caseload decline that occurred earlier in the year. In smaller urban and rural regions, caseloads and the number of unemployed increased together, suggesting that caseload growth in these areas is influenced by seasonal fluctuations in employment.

Since unemployment remained high, the CalWORKs caseload likely continued to rise during the spring of 2002, though recent caseload data are not available. About 219,000 more Californians were unemployed in May 2002 than one year earlier, and research suggests that sustained changes in unemployment can affect caseload size for up to three years.⁴ Moreover, the state estimates that the average monthly caseload will increase by 3.4 percent in fiscal year 2002-03.⁵ Since CalWORKs is funded by a fixed federal block grant and state matching funds, a growing caseload will compound the deficit problem that is currently faced by the CalWORKs program.⁶

ENDNOTES

¹ This *Update* analyzes CalWORKs caseload increases in light of rising unemployment. It focuses on the change in the number of unemployed from May to October 2001 because (1) May was when the number of unemployed reached a low in 2001 and (2) this period precedes November 2001, when the caseload began to rise. However, the full impact of sustained changes in unemployment may not be reflected in the caseload until well into the future. On this point, see Stephen H. Bell, *Why Are Welfare Caseloads Falling?* (Urban Institute: March 2001).

² February 2002 was the most recent month for which CalWORKs caseload data were available when this *Update* was written. Caseload data for March 2002 became available as this *Update* went to press and show a continuing upward trend.

³ Monterey County experienced a similar increase in the number of unemployed from October 1999 to February 2000 and from October 2000 to February 2001.

⁴ Stephen H. Bell, *Why Are Welfare Caseloads Falling?* (Urban Institute: March 2001).

⁵ Department of Social Services, *Local Assistance Estimates, May 2002 Revise of the 2002-03 Budget*.

⁶ See California Budget Project, *CalWORKs: From Surplus to Deficit* (May 2002).

Scott Graves prepared this Update. The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Publication of this Update was supported by grants from the David and Lucile Packard, William and Flora Hewlett, and Streisand Foundations. This publication is part of a series monitoring the implementation of welfare reform in California. General operating support for the California Budget Project is provided by foundation grants, individual donations, and subscriptions. Please visit the CBP's web site at www.cbp.org.

Appendix A: CalWORKs Caseload by Region and County, February 2001 to February 2002						
	February 2001	October 2001	February 2002	% Change, Feb. 2001-Oct. 2001	% Change, Oct. 2001-Feb. 2002	% Change, Feb. 2001-Feb. 2002
SAN FRANCISCO BAY AREA						
Alameda	17,632	16,653	16,698	-5.6%	0.3%	-5.3%
Contra Costa	8,222	7,613	7,686	-7.4%	1.0%	-6.5%
Marin	711	690	728	-3.0%	5.5%	2.4%
Napa	430	402	439	-6.5%	9.2%	2.1%
San Francisco	4,976	5,039	5,190	1.3%	3.0%	4.3%
San Mateo	1,577	1,542	1,682	-2.2%	9.1%	6.7%
Santa Clara	10,061	10,324	11,255	2.6%	9.0%	11.9%
Santa Cruz	1,705	1,604	1,794	-5.9%	11.8%	5.2%
Solano	4,210	3,918	3,888	-6.9%	-0.8%	-7.6%
Sonoma	2,416	2,231	2,323	-7.7%	4.1%	-3.8%
Regional Total	51,940	50,016	51,683	-3.7%	3.3%	-0.5%
SOUTHERN CALIFORNIA						
Imperial	3,989	4,009	4,064	0.5%	1.4%	1.9%
Orange	18,551	18,689	19,322	0.7%	3.4%	4.2%
Riverside	19,283	19,242	19,324	-0.2%	0.4%	0.2%
San Bernardino	34,763	34,954	36,074	0.5%	3.2%	3.8%
San Diego	27,462	26,334	26,524	-4.1%	0.7%	-3.4%
Ventura	5,258	5,224	5,499	-0.6%	5.3%	4.6%
Regional Total	109,306	108,452	110,807	-0.8%	2.2%	1.4%
LOS ANGELES COUNTY						
	199,198	193,352	192,239	-2.9%	-0.6%	-3.5%
SACRAMENTO METROPOLITAN AREA						
El Dorado	926	1,071	1,161	15.7%	8.4%	25.4%
Nevada	491	506	491	3.1%	-3.0%	0.0%
Placer	1,201	1,204	1,219	0.2%	1.2%	1.5%
Sacramento	29,446	28,489	28,524	-3.3%	0.1%	-3.1%
Yolo	2,141	2,102	2,142	-1.8%	1.9%	0.0%
Regional Total	34,205	33,372	33,537	-2.4%	0.5%	-2.0%
CENTRAL COAST						
Monterey	4,609	4,069	4,788	-11.7%	17.7%	3.9%
San Benito	479	472	513	-1.5%	8.7%	7.1%
San Luis Obispo	1,648	1,592	1,601	-3.4%	0.6%	-2.9%
Santa Barbara	3,638	3,464	3,847	-4.8%	11.1%	5.7%
Regional Total	10,374	9,597	10,749	-7.5%	12.0%	3.6%
CENTRAL VALLEY						
Butte	4,338	4,139	4,556	-4.6%	10.1%	5.0%
Colusa	203	183	221	-9.9%	20.8%	8.9%
Fresno	22,140	21,677	22,127	-2.1%	2.1%	-0.1%
Glenn	534	440	466	-17.6%	5.9%	-12.7%
Kern	16,394	15,892	16,568	-3.1%	4.3%	1.1%
Kings	2,269	2,242	2,443	-1.2%	9.0%	7.7%
Madera	3,081	2,895	3,185	-6.0%	10.0%	3.4%
Merced	6,173	5,692	5,867	-7.8%	3.1%	-5.0%
San Joaquin	12,723	12,557	12,969	-1.3%	3.3%	1.9%
Shasta	3,608	3,562	3,498	-1.3%	-1.8%	-3.0%
Stanislaus	8,675	8,571	8,425	-1.2%	-1.7%	-2.9%
Sutter	1,106	1,050	1,116	-5.1%	6.3%	0.9%
Tehama	1,194	1,158	1,213	-3.0%	4.7%	1.6%
Tulare	11,051	11,028	11,493	-0.2%	4.2%	4.0%
Yuba	1,947	1,939	2,017	-0.4%	4.0%	3.6%
Regional Total	95,436	93,025	96,164	-2.5%	3.4%	0.8%
NORTHERN CALIFORNIA COAST/MOUNTAIN						
Alpine	24	26	31	8.3%	19.2%	29.2%
Amador	225	226	244	0.4%	8.0%	8.4%
Calaveras	451	410	424	-9.1%	3.4%	-6.0%
Del Norte	699	747	753	6.9%	0.8%	7.7%
Humboldt	2,572	2,224	2,235	-13.5%	0.5%	-13.1%
Inyo	192	128	124	-33.3%	-3.1%	-35.4%
Lake	1,705	1,542	1,545	-9.6%	0.2%	-9.4%
Lassen	494	443	464	-10.3%	4.7%	-6.1%
Mariposa	176	177	193	0.6%	9.0%	9.7%
Modoc	203	179	191	-11.8%	6.7%	-5.9%
Mono	51	45	55	-11.8%	22.2%	7.8%
Plumas	194	164	176	-15.5%	7.3%	-9.3%
Sierra	20	22	37	10.0%	68.2%	85.0%
Siskiyou	800	771	804	-3.6%	4.3%	0.5%
Trinity	244	194	217	-20.5%	11.9%	-11.1%
Tuolumne	766	874	933	14.1%	6.8%	21.8%
Regional Total	8,816	8,172	8,426	-7.3%	3.1%	-4.4%
CALIFORNIA	511,307	497,439	505,132	-2.7%	1.5%	-1.2%

Note: Mendocino County is not included in Northern California Coast/Mountain region due to inconsistencies in available data.
Source: Department of Social Services