

## GOVERNOR'S PROPOSED CALWORKS REDUCTIONS WOULD ELIMINATE AID FOR NEARLY 200,000 CHILDREN

**G**overnor Schwarzenegger proposes to eliminate cash assistance for nearly 200,000 children in the California Work Opportunity and Responsibility to Kids (CalWORKs) Program and freeze CalWORKs grants for a third consecutive year for total state savings of approximately \$450 million in 2007-08. The Governor's proposal to eliminate grants for certain children is not supported by research and is not needed for California to meet federal work participation requirements. Suspending the cost of living adjustment for grants would further reduce their purchasing power, which has declined by more than one-third since 1989-90. The Governor also proposes to use \$56.4 million in federal Temporary Assistance for Needy Families (TANF) funds to replace an equivalent amount of state support for the Child Welfare Services Program in 2007-08, diverting scarce TANF funds from the CalWORKs Program.

### CalWORKs and TANF: An Overview

In 1996, Congress fundamentally restructured the nation's safety net for low-income families with children by replacing the Aid to Families with Dependent Children (AFDC) Program with the Temporary Assistance for Needy Families (TANF) block grant. The new law gave states broad authority to restructure their cash assistance programs for needy families within a framework of federal work participation requirements and a five-year lifetime limit on federally-funded aid. For example, adults in at least half of all families receiving cash assistance must work or participate in work-related activities for a minimum number of hours each week.<sup>1</sup> In response to these changes, California created the California Work Opportunity and Responsibility to Kids (CalWORKs) Program in 1997 with bipartisan support.<sup>2</sup> CalWORKs established state-specific work participation requirements and imposed a five-year lifetime limit on state-funded aid for adults, within a strong "work-first" framework. A fixed federal allocation of \$3.7 billion and a minimum of \$2.7 billion in state and county funds provide support for CalWORKs and related programs.<sup>3</sup> The policy changes enacted at the state and federal levels shifted the focus

of welfare from providing cash assistance to helping low-income families overcome barriers to employment and move toward self-sufficiency.

### Most CalWORKs Recipients Are Children

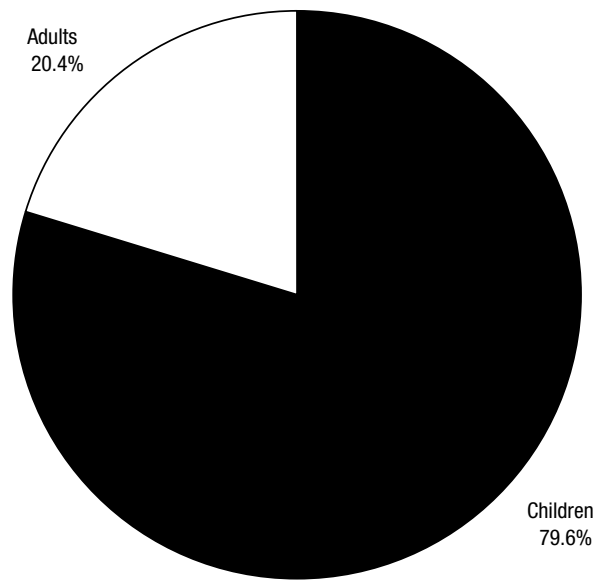
Children comprise four-fifths of CalWORKs recipients – more than 900,000 out of 1.1 million Californians (79.6 percent) who received cash assistance in October 2006 (Figure 1).<sup>4</sup>

### Spending on Cash Assistance Has Declined, While Spending on Services and Child Care Has Increased

Spending on cash assistance has declined, while spending on services and child care has increased since the mid-1990s. In 1996-97, the year before CalWORKs was implemented, the state:

- Spent \$5.5 billion for cash assistance, while the Governor proposes to spend \$2.8 billion in 2007-08 – a 49.3 percent decline. Cash assistance accounted for 84.5 percent of AFDC-related spending in 1996-97, but makes up less than half

Figure 1: Four Out of Five CalWORKs Recipients Are Children



Number of Individuals Receiving CalWORKs Cash Assistance in October 2006 = 1.1 Million

Source: Department of Social Services

(47.9 percent) of CalWORKs spending under the Governor's Proposed 2007-08 Budget.

- Spent \$471.3 million on employment services and child care, while the Governor proposes to spend \$2.5 billion in 2007-08 – a more than fourfold increase. Employment services and child care accounted for less than one-tenth (7.3 percent) of AFDC-related spending in 1996-97, but comprise more than two-fifths (43.9 percent) of CalWORKs spending under the Governor's Proposed 2007-08 Budget. Employment services and child care spending has grown substantially due to CalWORKs' work-first orientation, which increased the need for programs to help participants boost their job readiness, find and retain employment, and secure child care.

### CalWORKs Spending Has Declined as a Share of the State Budget

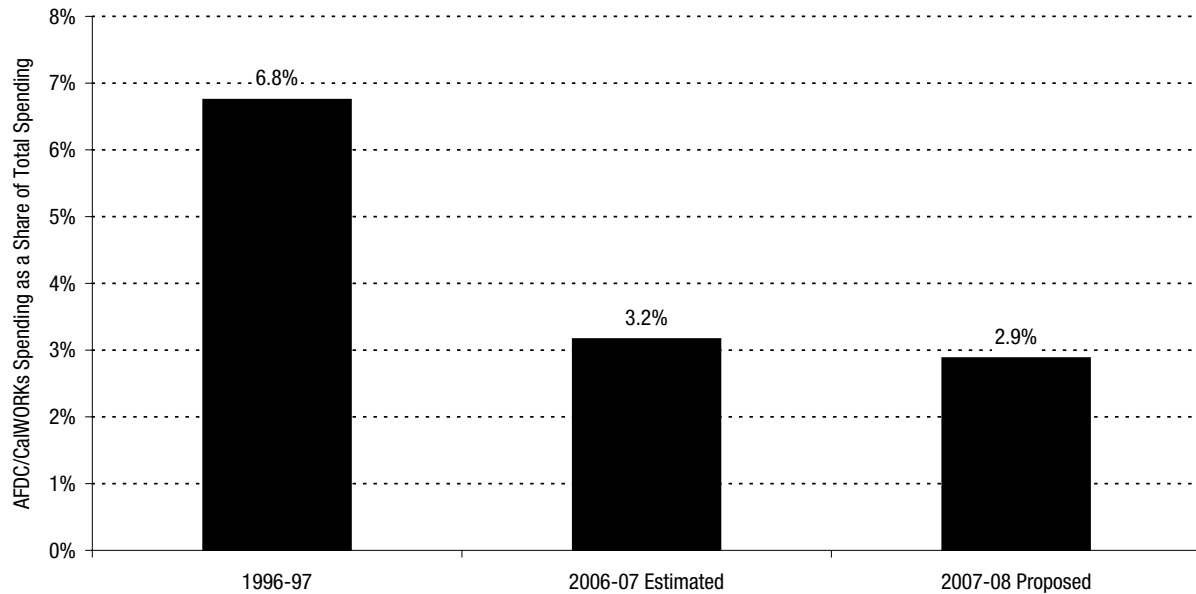
CalWORKs spending has declined as a share of the state budget, as the number of families receiving cash assistance dropped from a peak of 932,345 in March 1995 to 462,427 in October 2006, a decrease of 50.4 percent. California spent \$6.5 billion on AFDC and related programs in 1996-97, while the Governor proposes to spend \$5.8 billion on CalWORKs in 2007-08 – a 10.7 percent decline, without adjusting for inflation. In contrast, total

expenditures of state and federal funds more than doubled over the same period, increasing from \$95.9 billion in 1996-97 to a proposed \$200.9 billion in 2007-08. As a result, AFDC/CalWORKs spending as a share of total state and federal spending in California has declined by more than half, falling from 6.8 percent in 1996-97 to 2.9 percent under the Proposed 2007-08 Budget (Figure 2). In addition, the Legislative Analyst's Office (LAO) projects that state spending on CalWORKs will grow at an average annual rate of just 0.3 percent between 2006-07 and 2011-12, even if the Governor's CalWORKs proposals are not enacted. In contrast, the LAO projects that total state spending will increase at an average annual rate of 4.8 percent during the same period.<sup>5</sup>

### California Must Meet Increased Federal Work Participation Requirements Due to Recent TANF Changes

The Deficit Reduction Act (DRA) of 2005 and subsequent regulations adopted by the US Department of Health and Human Services (DHHS) increased work participation requirements for states starting in October 2006.<sup>6</sup> In part, the regulations expanded the number of parents counted toward a state's work participation rate. As a result, California must include parents who have reached the state's 60-month time limit, but whose

**Figure 2: Welfare Spending as a Share of Total Spending in California  
Would Drop Further Under the Governor's CalWORKs Proposals**



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

children continue to receive state-funded cash assistance. Most of these parents do not work sufficient hours to meet federal work participation requirements.<sup>7</sup> States that fail to meet the work participation rate could be subject to federal penalties. California's initial penalty would be approximately \$149 million, and could increase by up to \$60 million for each year the state fails to comply.<sup>8</sup>

## Governor's CalWORKs Proposals Would Eliminate Cash Assistance for Nearly 200,000 Children

The Governor's Proposed 2007-08 Budget includes three significant changes to the CalWORKs Program that would eliminate cash assistance for nearly 200,000 children for state savings of \$325 million in 2007-08 (Table 1). These changes mark a departure from the state's historic approach to CalWORKs, which combines a strong work incentive for adults with a safety net for children whose parents are ineligible for assistance.<sup>9</sup> Specifically, the Governor proposes to eliminate cash assistance for certain children whose parents:

- Have been sanctioned for not complying with CalWORKs Program rules;

- Have reached the state's 60-month time limit; or
- Are not eligible for CalWORKs.<sup>10</sup>

## California Does Not Need to Enact Governor's Proposals to Meet Federal Work Participation Requirements

The Governor states his proposals are needed for California to meet the increased federal work participation requirements and avoid federal penalties.<sup>11</sup> However, California is likely to meet federal work participation requirements in federal fiscal year (FFY) 2008 even if the state does not enact the Governor's proposals, according to estimates provided by the Department of Social Services (DSS). Currently, less than one-quarter (23.3 percent) of CalWORKs families meet work participation requirements – 26.7 percentage points below the required rate of 50.0 percent.<sup>12</sup> However, California could eliminate this gap in FFY 2008 without adopting the Governor's proposals. The DSS estimates that:

- Previous changes to the CalWORKs Program would increase the state's work participation rate from 23.3 percent to 35.0 percent (11.7 percentage points);
- The state would receive a 4.1 percent credit for caseload reductions since FFY 2005, reducing the required participation rate from 50.0 percent to 45.9 percent;<sup>13</sup> and

Table 1: Impact of Governor's Proposals to Eliminate Cash Assistance for Certain Children in CalWORKs Families

Proposal	Estimated Number of Children Who Would Lose Cash Assistance	Estimated State Cost or (Savings) in 2007-08
Eliminate cash assistance for children if their parents do not meet CalWORKs requirements for more than 90 days ("full-family" sanction)	21,000 children between November 2007 and October 2008*	\$11 million
Eliminate "safety-net" cash assistance for certain children after their parents reach the state's 60-month time limit	98,000 children as of November 1, 2007	(\$176 million)
Eliminate cash assistance after 60 months for certain children whose parents are ineligible for CalWORKs	73,000 children as of November 1, 2007	(\$160 million)
<b>Total Impact</b>	<b>192,000 children</b>	<b>(\$325 million)</b>

\* The number of children who would lose cash assistance under this proposal is likely to be larger, as described below.  
Source: Department of Social Services and Legislative Analyst's Office

- The state would receive an additional 11.4 percent credit for spending more than the minimum amount required by the federal government for CalWORKs and related programs, further reducing the participation rate to 34.5 percent.<sup>14</sup>

These adjustments would allow the state to meet federal work participation requirements in FFY 2008. The DSS also estimates that California would meet federal work participation requirements by a wider margin in FFY 2009, even if the state does not enact the Governor's proposals. Therefore, the Governor's proposals, which the DSS estimates would increase the state's work participation rate by an additional 6.0 percentage points in FFY 2008, are not needed to meet federal requirements.<sup>15</sup> Moreover, the DSS has overstated the impact of the proposal to eliminate cash assistance for children if an adult has been sanctioned for more than three months, as shown below. Therefore, the Governor's proposals, in addition to being unnecessary, are not likely to increase participation by the magnitude that the Administration estimates.

### The Governor Proposes to Eliminate Cash Assistance for Children If Their Parents Do Not Comply with CalWORKs Requirements for More Than 90 Days

Currently, when an adult fails to meet CalWORKs requirements, counties reduce the family's grant by the amount attributable to the adult while cash aid is continued to the children. This policy, known as a "partial" sanction, is designed to provide a basic subsistence allowance for children even if their parents have been sanctioned. The Governor proposes to eliminate cash assistance for families with an adult who does not comply with CalWORKs requirements for more than 90 days, thereby imposing a "full-family" sanction. The DSS assumes that under the Governor's proposal 70 percent of adults who remain sanctioned for more than 90 days would comply with CalWORKs requirements in order to avoid losing the entire grant. The DSS further assumes that all adults who come into compliance would participate for sufficient

hours to meet federal work participation requirements. Finally, the DSS estimates that approximately 21,000 children in 11,000 families would lose cash assistance between November 2007 and October 2008.

Research does not support the conclusion that full-family sanctions would increase participation in required activities or improve outcomes for CalWORKs families. Specifically:

- **Research does not support the Administration's estimate that 70 percent of sanctioned adults would meet federal work participation requirements.** The Administration has provided no evidence that full-family sanctions would increase the rate of compliance to 70 percent, or that all of those who comply would meet federal work participation requirements. In fact, research has shown much lower rates of compliance. Therefore, substantially more than 11,000 CalWORKs children are likely to lose cash assistance under this proposal. A study conducted in Riverside County found that fewer than three out of 10 adults (27 percent) who received a partial sanction eventually complied with program rules.<sup>16</sup> In New Jersey, which eliminates the entire grant if an adult remains sanctioned for more than three months, just 36 percent of adults avoided a full-family sanction by complying with program rules.<sup>17</sup> In both of these examples, adults did not have to meet federal work participation requirements to end their sanction.
- **Research shows that sanctioned families tend to need the most help.** Many sanctioned adults face barriers that severely limit their employment prospects. For example, a study of CalWORKs participants found that sanctioned adults face greater barriers to meeting the work requirements than non-sanctioned adults, including having limited work experience, lacking access to a car, or having an ill or disabled household member.<sup>18</sup> In addition, a review of studies from across the US found that sanctioned TANF participants are more likely than their non-sanctioned counterparts to be long-

term welfare recipients; have lower educational attainment and less work experience; lack transportation; and experience personal and family challenges, including alcohol and drug problems.<sup>19</sup> Continuing aid to children in families with sanctioned adults allows counties to identify and address the needs of the parents, while ensuring that these families have resources to maintain their children's well-being.

- **Research does not support the conclusion that full-family sanctions are more effective than partial sanctions at increasing participation in required work activities or moving families toward self-sufficiency.** Researchers studying sanction policies in Illinois and New Jersey, which terminate cash assistance if an adult is sanctioned for more than three months, concluded that an initial partial sanction “is sufficient to encourage a substantial number of families to participate in program activities.”<sup>20</sup> Cash assistance programs in Riverside County and Portland, Oregon, which produced large earnings gains, consistently enforced program rules, but did not use full-family sanctions.<sup>21</sup> Moreover, an evaluation of welfare programs in several states found that a high level of program enforcement – including partial sanctions and active monitoring of participants – tended to increase participation. However, among “high-enforcement” programs, those that sanctioned individuals at high rates “were no more successful in engaging people in activities” than those that used sanctions less frequently.<sup>22</sup> This suggests that more severe sanction policies, such as full-family sanctions, may not result in increased participation by CalWORKs participants.
- **Research shows that the primary impact of full-family sanctions is to reduce support for families and children.** Research indicates that full-family sanctions increase the likelihood that families will be removed from or otherwise leave cash assistance and thus “result in greater caseload declines” than partial sanctions.<sup>23</sup> Recent experience in Texas, which adopted full-family sanctions in 2003, supports this conclusion.<sup>24</sup> The number of adults in the program dropped from approximately 70,000 in 2003 to approximately 23,000 in 2006. One analysis concluded that implementation of full-family sanctions in Texas has not led “to compliance with the rules, but to expulsion from the program.”<sup>25</sup>

## The Governor Proposes to Eliminate “Safety Net” Cash Assistance for Certain Children After Their Parents Reach the State’s 60-Month Time Limit

State law limits adult recipients of CalWORKs to 60 cumulative months of cash assistance, but children continue to receive

state-funded cash aid as long as the family meets the program’s eligibility guidelines, regardless of how many hours their parents work after “timing out.” More than 110,000 children in over 44,000 CalWORKs families received “safety-net” benefits as of October 2006. However, new federal regulations require California to include the parents in these families in the work participation rate calculation for the first time. The Governor proposes to eliminate cash assistance for these children if their parents do not work sufficient hours to meet the new federal requirements as of November 1, 2007. The DSS estimates that approximately three-quarters (74 percent) of safety-net families would fail to meet federal requirements in 2007-08.<sup>26</sup> Thus, this change would eliminate cash assistance for an estimated 98,000 children in 38,000 families as of November 1, 2007, for state savings of \$176 million in 2007-08.

The Governor’s proposal would substantially reduce the number of children who receive safety-net benefits, placing them at risk for hardship. Families who lost their entire grant when they reached the time limit in other states faced hardships, such as not having enough to eat, more often than while they received cash assistance.<sup>27</sup> In addition, many families who lose cash assistance would not be able to return to the CalWORKs safety net, even if the adults subsequently work sufficient hours to meet federal requirements. This is because the earnings of many parents who meet federal work participation requirements would likely exceed the CalWORKs income limit for families applying for aid.<sup>28</sup>

## The Governor Proposes to Eliminate Cash Assistance After 60 Months for Certain Children Whose Parents Are Ineligible for CalWORKs

Currently, California provides cash assistance to children whose parents are not eligible for CalWORKs, including US citizen children of undocumented immigrant parents. These children receive cash assistance without a time limit, since California does not apply a time limit to families in which only the children receive a grant. The Governor proposes to terminate these children’s grants after 60 months. The DSS estimates that this change would eliminate cash assistance to 73,000 children in 38,000 families as of November 1, 2007, for state savings of \$160 million in 2007-08.<sup>29</sup>

This proposal would impose hardships on families. However, as the Administration recognizes, the proposal would not help California meet federal work participation requirements. Undocumented immigrants who live with a child receiving cash assistance are *already excluded* from the work participation rate calculation under federal regulations.<sup>30</sup>



## The Governor Proposes to Freeze CalWORKs Grants for a Third Consecutive Year

The Governor proposes to freeze CalWORKs grants, which have not been increased since 2004-05, for savings of \$124.4 million in 2007-08. Under current law, the maximum monthly grant for a family of three in high-cost counties is due to increase from \$723 to \$750 (3.7 percent) in July 2007.<sup>31</sup> CalWORKs grants have not kept pace with inflation, and their purchasing power would decline further under the Governor's proposal (Figure 3). Grants lost more than one-third (37.4 percent) of their purchasing power between 1989-90 and 2006-07, due to previous suspensions of cost of living adjustments (COLAs) and grant reductions. Grants would purchase 39.6 percent less than in 1989-90 if the state does not provide a COLA in 2007-08.<sup>32</sup>

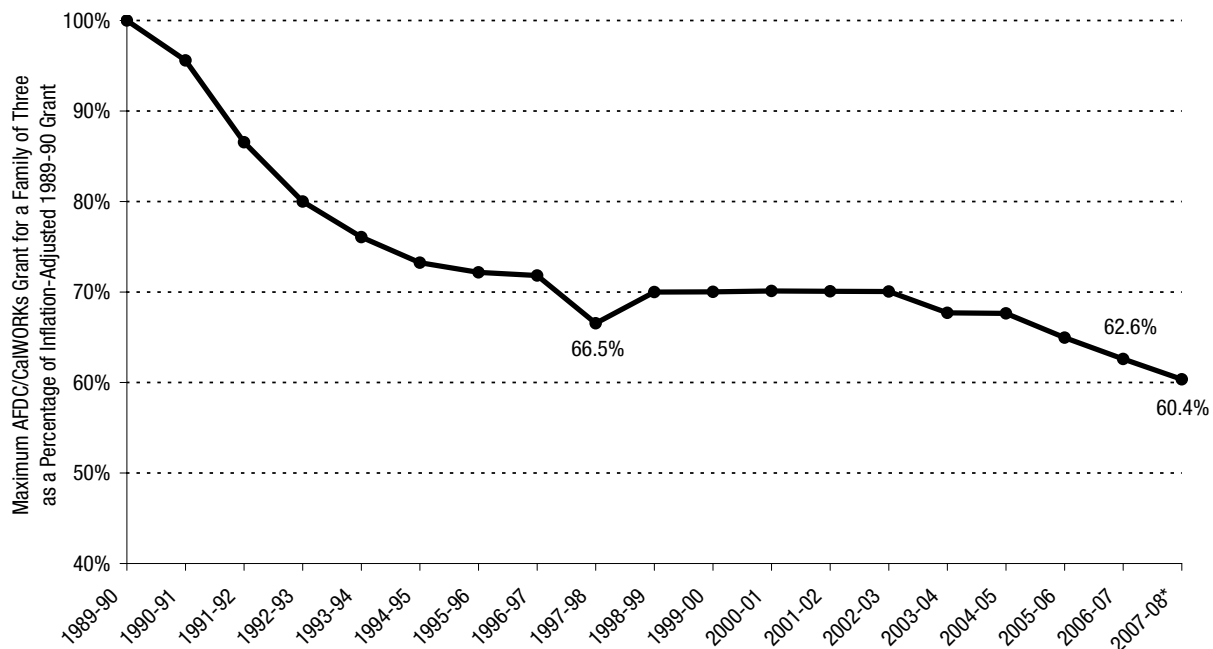
CalWORKs grants have lost ground to housing costs due to the decline in the purchasing power of grants and the rising cost of housing in California (Figure 4). In 2001-02, the maximum monthly grant for a family of three in high-cost counties equaled 71.0 percent of the average Fair Market Rent (FMR) for a two-bedroom unit statewide. By 2006-07, the maximum grant had dropped to 60.8 percent of the statewide FMR. In addition, FMRs exceed the maximum grant in more than two-thirds of the state's 58 counties. For example, the FMR exceeds the maximum grant

by \$748 in Ventura County, \$546 in Los Angeles County, and \$527 in Alameda County.

## The Governor Proposes to Use TANF Funds to Replace Some State Support for Child Welfare Services

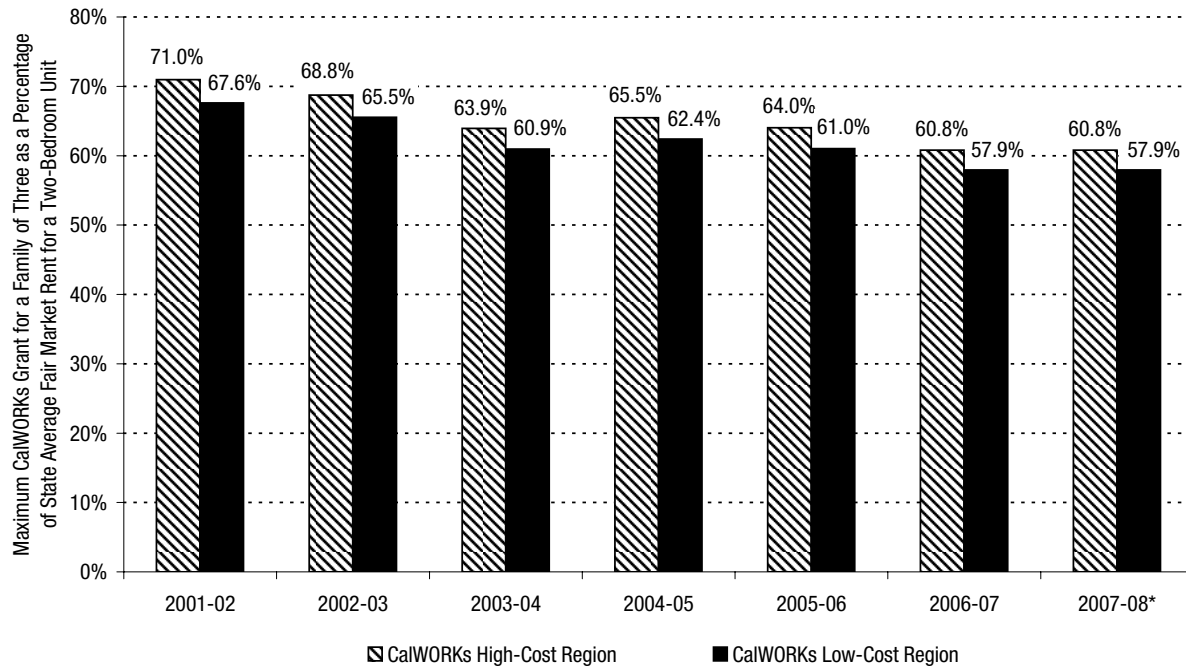
The Governor proposes to use \$56.4 million in TANF funds to replace an equivalent amount of state support for the Child Welfare Services (CWS) Program, for state savings of the same amount in 2007-08. This proposal would divert scarce TANF dollars from the CalWORKs Program as the state and counties strive to increase the share of adults who meet federal work participation requirements. In addition, this proposal is contrary to recent legislative actions to increase the amount of TANF funds available for CalWORKs. For example, in 2006-07, the Legislature shifted \$100 million in TANF funds previously used for the CWS Program to the CalWORKs Program.<sup>33</sup> Increased federal work requirements call into question whether California should use TANF funds to support programs that are not directly aimed at supporting families and moving them into work.

Figure 3: Purchasing Power of CalWORKs Grants Will Decline Further If State Suspends July 2007 COLA



\* 2007-08 proposed.  
Source: Department of Finance and Department of Social Services

Figure 4: CalWORKs Grants Lose Ground to Rising Housing Costs



\* Proposed CalWORKs grant level.  
 Source: CBP analysis of National Low Income Housing Coalition,  
 Department of Social Services, and Department of Finance data

## Conclusion

Governor Schwarzenegger proposes to eliminate cash assistance for nearly 200,000 children in the CalWORKs Program and freeze CalWORKs grants for all families for total state savings of approximately \$450 million in 2007-08. The Governor's proposal to eliminate grants for certain children is not supported by research. In addition, the state does not need to eliminate cash assistance for children in order to meet federal work participation requirements, according to the Administration's own estimates.

Suspending the COLA for grants in 2007-08 would further reduce their purchasing power, which has declined by more than one-third since 1989-90. The Governor also proposes to use \$56.4 million in federal TANF funds to replace an equivalent amount of state support for child welfare services in 2007-08. This proposal would divert scarce TANF funds from CalWORKs and is contrary to recent actions by the Legislature. While the state faces a budget shortfall in 2007-08, the savings from these proposals should be weighed against the impact on CalWORKs families.

Scott Graves prepared this Budget Brief. 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. General operating support for the CBP is provided by foundation grants, individual donations, and subscriptions. Please visit the CBP's website at [www.cbp.org](http://www.cbp.org).

## ENDNOTES

- <sup>1</sup> In addition, states must meet a separate 90.0 percent participation rate for two-parent families. Single parents with a child under age 6 must participate for an average of 20 hours per week, while other single parents must participate for an average of 30 hours per week. Adults in two-parent families must participate for a combined average of 35 hours per week, or 55 hours per week if they receive federally-funded child care. States may earn credits that reduce the required work participation rates, as described below. In addition, federal regulations exclude some adults from the work participation rates, including parents who are ineligible to receive a grant due to their immigration status.
- <sup>2</sup> Implementation of CalWORKs began in 1998. See California Budget Project, *CalWORKs: California's Welfare-to-Work Program* (February 2004).
- <sup>3</sup> In addition, California uses federal Child Care and Development Fund dollars for CalWORKs child care, which are included in tabulations of CalWORKs spending in this section.
- <sup>4</sup> October 2006 is the most recent month for which CalWORKs caseload data are available.
- <sup>5</sup> Legislative Analyst's Office, *California's Fiscal Outlook* (November 2006), p. 28.
- <sup>6</sup> For an overview of key changes included in the DRA, see California Budget Project, *California's Response to Recent TANF Changes Should Preserve the Strengths of the CalWORKs Program* (May 2006). For an analysis of the DHHS regulations, see Allegra Baider, et al., *Implementing the TANF Changes in the Deficit Reduction Act: "Win-Win" Solutions for Families and States* (Center on Budget and Policy Priorities and Center for Law and Social Policy: February 2007), Chapter 1.
- <sup>7</sup> In addition, California must include adults who have been "sanctioned" for not complying with CalWORKs rules for more than three months in the work participation rate calculation. By definition, sanctioned adults do not meet work participation requirements.
- <sup>8</sup> Legislative Analyst's Office, *Analysis of the 2007-08 Budget Bill* (February 2007), p. C-121. Federal regulations allow states to avoid or reduce a penalty under certain circumstances.
- <sup>9</sup> California Budget Project, *California's Response to Recent TANF Changes Should Preserve the Strengths of the CalWORKs Program* (May 2006). The state reaffirmed this historic approach in the 2006-07 budget agreement, which included changes designed to increase the number of CalWORKs families meeting work participation requirements, while maintaining support for children. For example, the state allowed adults to end a sanction immediately after complying with program rules, rather than requiring the sanction to last for a specific number of months, as under prior law.
- <sup>10</sup> These proposals are analyzed below.
- <sup>11</sup> Department of Finance, *Governor's Budget Summary 2007-08* (January 2007), p. 170.
- <sup>12</sup> States may receive a credit to reduce the federal participation rate under certain circumstances, as noted below. The Administration does not assume that the Governor's proposals would allow the state to meet the separate 90 percent participation rate for two-parent families.
- <sup>13</sup> Previously, this credit was based on the percentage point decline in a state's TANF caseload since FFY 1995. The DRA changed the base year for the credit to FFY 2005, which reduced California's credit from more than 40 percent to less than 5 percent.
- <sup>14</sup> Federal regulations provide a credit for certain expenditures that exceed the minimum amount a state must spend to receive its annual TANF block grant. These expenditures do not necessarily have to support low-income families. For example, states may count spending on programs that potentially reduce the number of children born to unmarried couples, such as after-school programs. The size of the credit that California could receive is subject to some uncertainty, since the DHHS has not approved the state's proposed methodology. In addition, since this credit is contained in federal regulations rather than in federal law, the DHHS could exercise its discretion to eliminate this credit in the future.
- <sup>15</sup> The DSS estimates that the Governor's proposals would increase the state's work participation rate by 13.0 percentage points in FFY 2009.
- <sup>16</sup> Legislative Analyst's Office, *Analysis of the 2007-08 Budget Bill* (February 2007), p. C-131. The study measured compliance within a 10-month period.
- <sup>17</sup> LaDonna Pavetti, et al., *The Use of TANF Work-Oriented Sanctions in Illinois, New Jersey, and South Carolina Final Report* (Mathematica Policy Research, Inc.: April 30, 2004), pp. xiv and 39. In addition, 38 percent of sanctioned adults in New Jersey received a full-family sanction and 26 percent left the program for another reason over a 12-month period. This study analyzed the use of sanctions in two local human services offices in each state.
- <sup>18</sup> Yehekel Hasenfeld, Toorjo Ghose, and Kandyce Larson, "The Logic of Sanctioning Welfare Recipients: An Empirical Assessment," *Social Service Review* (June 2004).
- <sup>19</sup> LaDonna Pavetti, Michelle K. Derr, and Heather Hesketh, *Review of Sanction Policies and Research Studies Final Literature Review* (Mathematica Policy Research, Inc.: March 10, 2003).
- <sup>20</sup> LaDonna Pavetti, et al., *The Use of TANF Work-Oriented Sanctions in Illinois, New Jersey, and South Carolina Final Report* (Mathematica Policy Research, Inc.: April 30, 2004), p. 42. The authors note that, "What we cannot tell from these data is whether families would have responded differently if the initial grant reduction was not followed by a full-family sanction."
- <sup>21</sup> Gayle Hamilton, et al., *National Evaluation of Welfare-to-Work Strategies How Effective Are Different Welfare-to-Work Approaches? Five-Year Adult and Child Impacts for Eleven Programs* (Manpower Demonstration Research Corporation: December 2001).
- <sup>22</sup> Gayle Hamilton, *Moving People from Welfare to Work Lessons from the National Evaluation of Welfare-to-Work Strategies* (Manpower Demonstration Research Corporation: July 2002), pp. 54-55.
- <sup>23</sup> LaDonna Pavetti, Michelle K. Derr, and Heather Hesketh, *Review of Sanction Policies and Research Studies Final Literature Review* (Mathematica Policy Research, Inc.: March 10, 2003), p. 25.
- <sup>24</sup> Texas immediately eliminates the family's entire grant when an adult does not comply with program rules, rather than initially reducing the grant.
- <sup>25</sup> Celia Hagert and Don Baylor, *A New Welfare-to-Work Approach for Texas* (Center for Public Policy Priorities: February 2007), p. 5.
- <sup>26</sup> The DSS estimates that the average monthly number of families receiving safety-net cash assistance would increase from approximately 45,000 in 2006-07 to approximately 49,000 in 2007-08 absent the Governor's proposal.
- <sup>27</sup> See, for example, Dan Bloom, et al., *Welfare Time Limits: State Policies, Implementation, and Effects on Families* (Manpower Demonstration Research Corporation: 2002), p. 98.
- <sup>28</sup> A family of three with two children applying for aid must have a total gross income of less \$1,079 per month, or 75.4 percent of the federal poverty line for a family of three in 2007. As a result, a family of three with an adult who works 30 hours per week – the minimum required by federal law for a single-parent without young children – must earn less than \$8.30 per hour to be eligible for CalWORKs cash assistance.
- <sup>29</sup> This proposal also would affect families in which a parent is ineligible for CalWORKs due to a felony conviction.



- <sup>30</sup> Allegra Baider, et al., *Implementing the TANF Changes in the Deficit Reduction Act: "Win-Win" Solutions for Families and States* (Center on Budget and Policy Priorities and Center for Law and Social Policy: February 2007), p. 13.
- <sup>31</sup> The maximum grant in low-cost counties is due to increase from \$689 to \$714 in July 2007.
- <sup>32</sup> The Governor also continues to withhold the October 2003 CalWORKs COLA, for savings of \$548 million in 2007-08. In 2004, a superior court judge ruled that the COLA denial violated state law and that the Administration must provide the COLA retroactively to October 1, 2003. However, an appellate court overturned this decision in February 2007. Any appeal to the state Supreme Court must be filed by March 28, 2007.
- <sup>33</sup> Legislative Analyst's Office, *California Spending Plan 2006-07* (September 2006), p. 41. The Legislature replaced the TANF funds shifted from the CWS Program with an equivalent amount of state funds.