

May 11, 2011

RECENT CUTS TO CALWORKS HAVE SIGNIFICANTLY AFFECTED FAMILIES AND LOCAL COMMUNITIES

In response to sizeable budget shortfalls, lawmakers have repeatedly cut state spending in recent years. The Legislature reduced General Fund spending from \$103.0 billion in 2007-08 to \$87.3 billion in 2009-10 – a drop of 15.3 percent – as policymakers responded to the dramatic decline in revenues caused by the most severe economic downturn since the 1930s. In 2010-11, General Fund spending is estimated to be lower as a share of the state's economy than in 33 of the prior 40 years, and expenditures will fall further under the spending plan approved by the Legislature in March. Recent cuts have reversed longstanding policies and have left public systems and programs ill-equipped to cope with the ongoing impact of the Great Recession and the challenges of a growing population and an ever-more-competitive global economy. This fact sheet examines the impact of recent cuts to the California Work Opportunity and Responsibility to Kids (CalWORKs) Program at the county level, documenting the number of families and children affected by recent policy changes and the dollars lost by local communities as a result of budget cuts.

CalWORKs provides cash assistance to low-income families with children, while helping parents find work and overcome barriers to employment. More than three-quarters (76.8 percent) of CalWORKs recipients are children. Since 2008-09, the state has made multiple cuts to CalWORKs that have reduced families' income and scaled back services that are designed to help parents prepare for and find a job. A CBP analysis of state data shows that the cumulative impact of these cuts amounts to \$3.5 billion between 2008-09 and 2011-12, with more than \$1.1 billion attributable to reductions enacted in March 2011 that will take effect in July 2011. This \$3.5 billion reduction is equivalent to a loss of roughly \$3,100 for each of the 1.1 million children in CalWORKs. Since 2008-09, the state has:

- **Made deep cuts to CalWORKs cash assistance.** Lawmakers have reduced CalWORKs grants by 12 percent and suspended two cost-of-living adjustments (COLAs) since 2008-09.¹ Due to these changes, the maximum monthly grant for a family of three in high-cost counties – where more than half (55.4 percent) of CalWORKs families live – will drop to \$638 in 2011-12, a reduction of \$85 per month compared to the maximum grant of \$723 in 2007-08. The Legislature also cut grants by up to an additional 15 percent for certain families who receive “child-only” cash assistance, including families in which a parent has “timed off” aid, but the children continue to receive subsistence payments. These cuts mean that low-income families will have a harder time keeping a roof over their heads and making ends meet in a tough economy.
- **Reduced the earnings limit for CalWORKs below the federal poverty line.** Many CalWORKs parents work in low-wage jobs and rely on cash assistance to supplement their modest incomes and help provide for their children. By cutting maximum grants and making a related change to how families' earnings are counted, the Legislature has significantly reduced the amount of earnings a family can have and still remain eligible for

¹ Lawmakers also eliminated the statutory requirement to provide a COLA effective in 2010-11.

CalWORKs.² In June 2008 – the end of the 2007-08 fiscal year – a family of three in a high-cost county could earn up to \$1,651 per month (112.6 percent of the poverty line) and continue to receive a grant. In July 2009, the earnings limit was cut to \$1,593 per month (104.4 percent of the poverty line) and, effective July 2011, the limit will be further reduced to \$1,369 per month (88.7 percent of the poverty line). As a result, working families will lose CalWORKs cash assistance at a significantly lower income compared to prior years – and well before their income reaches the poverty line.

- **Reduced funding for employment services and child care.** Counties provide a range of services to help parents move from welfare to work, including job training, job search assistance, and child care. The Legislature has consistently reduced funding for these services, with the cuts rising from \$80.6 million in 2008-09 to \$427.0 million in 2011-12. These reductions have compromised counties' ability to help families transition to self-sufficiency.
- **Rolled back the CalWORKs time limit for adults.** Lawmakers reduced the number of months that adults may receive CalWORKs cash assistance from 60 months to 48 months. This change is retroactive and will apply, beginning July 2011, to all adults who have received cash assistance for at least 48 months.

² Lawmakers also reduced the "earned income disregard" from \$225 to \$112 effective July 2011, which means that the state will count more of a parent's earnings in determining the grant level for which a family is eligible.

Estimated County Loss of Funds Due to Cuts to the CalWORKs Program, 2008-09 Through 2011-12

County	Number of Families Receiving a Grant	Number of Children Receiving a Grant	Total Cumulative Loss of Funds Since 2008-09	County	Number of Families Receiving a Grant	Number of Children Receiving a Grant	Total Cumulative Loss of Funds Since 2008-09
Alameda	20,390	34,560	\$110,212,000	Orange	23,890	47,280	\$140,700,000
Alpine	10	10	\$31,000	Placer	1,920	3,270	\$10,974,000
Amador	400	660	\$2,326,000	Plumas	220	370	\$1,224,000
Butte	3,440	6,260	\$20,317,000	Riverside	33,410	66,570	\$206,509,000
Calaveras	620	1,020	\$3,704,000	Sacramento	34,670	64,070	\$210,925,000
Colusa	210	420	\$1,183,000	San Benito	890	1,700	\$5,592,000
Contra Costa	11,240	19,290	\$61,870,000	San Bernardino	50,120	99,440	\$308,552,000
Del Norte	860	1,540	\$5,230,000	San Diego	32,190	62,640	\$203,256,000
El Dorado	1,270	2,140	\$7,205,000	San Francisco	4,910	7,800	\$25,383,000
Fresno	29,510	60,600	\$185,020,000	San Joaquin	17,100	33,060	\$101,131,000
Glenn	500	920	\$3,047,000	San Luis Obispo	2,190	3,720	\$12,110,000
Humboldt	1,790	2,970	\$9,820,000	San Mateo	3,030	5,410	\$17,365,000
Imperial	4,790	9,810	\$30,970,000	Santa Barbara	4,960	9,210	\$27,751,000
Inyo	130	230	\$733,000	Santa Clara	16,070	29,180	\$91,716,000
Kern	21,220	43,800	\$131,343,000	Santa Cruz	2,310	4,080	\$12,386,000
Kings	3,110	6,020	\$18,931,000	Shasta	3,340	5,180	\$17,841,000
Lake	1,280	2,230	\$7,424,000	Sierra	30	50	\$189,000
Lassen	480	820	\$2,913,000	Siskiyou	790	1,380	\$4,680,000
Los Angeles	177,820	337,670	\$1,039,581,000	Solano	6,640	11,280	\$37,196,000
Madera	3,420	7,020	\$20,448,000	Sonoma	3,780	6,430	\$20,416,000
Marin	1,280	2,140	\$6,512,000	Stanislaus	12,060	22,510	\$73,202,000
Mariposa	270	460	\$1,631,000	Sutter	1,610	3,100	\$9,808,000
Mendocino	1,420	2,450	\$8,023,000	Tehama	1,480	2,400	\$8,328,000
Merced	8,280	16,820	\$51,798,000	Trinity	180	310	\$1,035,000
Modoc	160	280	\$890,000	Tulare	15,510	30,810	\$96,489,000
Mono	40	70	\$225,000	Tuolumne	690	1,110	\$3,869,000
Monterey	6,070	11,760	\$31,544,000	Ventura	8,090	13,780	\$42,675,000
Napa	880	1,600	\$4,902,000	Yolo	2,260	4,190	\$13,375,000
Nevada	760	1,230	\$4,395,000	Yuba	2,010	3,900	\$12,625,000
Total				587,960	1,118,970	\$3,489,526,000	

Note: The number of families and children receiving a CalWORKs grant is for December 2010. Total loss of funds is based on a CBP analysis of the cumulative impact of CalWORKs reductions implemented in 2008-09, 2009-10, and 2010-11 as well as reductions enacted in March 2011 that will be implemented in 2011-12. Estimated state savings associated with the suspension of the July 2008 and July 2009 cost-of-living adjustments (COLAs) for CalWORKs grants and the 4 percent grant cut that took effect in July 2009 were adjusted to reflect both (1) the actual CalWORKs caseload during the initial year of implementation and (2) actual and forecast caseload changes in subsequent fiscal years relative to the actual caseload during the initial year of implementation. The impact of the Legislature's decision to eliminate the statutory COLA beginning in 2010-11 is excluded from the analysis because the state does not estimate the annual savings associated with that policy change. County loss of funds estimates are based on each county's share of the total number of CalWORKs recipients and each county's share of the total number of "child-only" grant recipients, averaged for the period October 2010 to December 2010. Numbers of recipients are rounded to the nearest 10, and loss of funds estimates are rounded to the nearest \$1,000. County figures do not sum to totals due to rounding.

Source: CBP analysis of Budget Conference Committee, Department of Social Services, and Legislative Analyst's Office data