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Human Service Highlights of the Governor's Budget January 10, 2011

Below are the human services budget cuts proposed by newly inaugurated, Governor Jerry Brown on January 10, 2011.

CalWORKS

Governor proposes \$1.5 billion in reductions to CalWORKS program. These proposals, while not as irresponsible as previous proposals to eliminate CalWORKS entirely, represent drastic cuts to the program of nearly 25%. Given that CalWORKS spends \$1 billion less than it did in 1994 and has not had any funding increase since its' inception in 1994, the level of cuts seems disproportionate to its' contribution to the state's fiscal problems.

The Governor makes the following policy proposals to accomplish this:

"Rigid" 48 month time limit for assistance. After 48 months on aid (applied retroactively) all families who are not meeting federal work participation requirements would lose assistance unless they meet one of the following time limit exemptions:

- < family living in Indian country where at least 50 percent of the adults are not employed;
- < families with a pregnant or parent minor, *not* the head of household;
- < families that only receive non-cash assistance under the Welfare-to-Work program;
- < families in which a parent is receiving Supplemental Security Income; and,
- < families in which eligible children are residing with non-needy caretakers.

All other statutory exemptions to the time clock (e.g. those for victims of domestic violence) would no longer apply. According to DSS 147,000 households will hit the 48 month time limit and 115,000 would lose all cash aid during 2011-12. The state cuts \$698.1 million by doing this.

Note – The budget does not contain any information on the potential cost shift to counties if families leaving CalWORKS are forced to apply for county General Assistance programs. A ballpark estimate of the cost shift would be \$400 million to \$500 million a year in new county costs.

"Modified" Safety Net – The same 48 month time limit would apply to the Safety Net and apparently Child Only cases. The only exception is if the adult is meeting work participation but even in this case the family would receive a child only grant level. According to DSS 52,000 families in the two safety nets have exceeded the 48 month time limit and 36,000 would lose all aid in 2011-12. This number appears to be a subset of the overall number of affected families by the new time limit.

13% Cut to CalWORKS Grants – All grant levels would be reduced by 13%. The maximum grant for a family of three would fall from \$694 a month to \$604 a month. The state cuts \$405 million by doing this.

Note – With the proposed benefit cut, CalWORKS grants would be worth 26 percent less in real (inflation-adjusted dollars) than they were in 2005. The current maximum grant for a family of \$694 is the same as the state provided in 1989. The average CalWORKS grant currently of about \$503 a month would be reduced by \$65 to about \$438 a month. A cut to the CalWORKS grant reduces the number of families meeting work participation, making the state more likely to receive a federal penalty in the future. Assuming 53% of the CalWORKS grant is spent on housing, DSS estimates CalFresh benefits would increase by \$27 a month on average.

No Extension of Exemption to Work Requirements – Current law, set to expire at the end of June 2011, exempts families with children up to 23 months old. These exemptions would be allowed to expire, meaning that these families have to be re-engaged by July of this year.

\$376 Million Reduction in the County Single Allocation Fund – This reduction is equal to the reduction given to counties when the exemption to work requirements was put into law. While the young child exemptions are ended, counties would be required to reduce even without the law. It is unclear how counties would achieve these reductions.

\$1.5 Billion Shift of Welfare Funding to Other State Purposes – The budget proposes to shift nearly \$1 billion in TANF funds to the Student Aid Commission to pay for CalGrants and to reduce General Fund spending by the same amount. The budget also proposes to reduce state spending on CalWORKs by \$533 million and count existing state spending in other state programs towards the state's MOE requirement.

Repeal of AB X 4 8 – Passed in July of 2009, and effective July 1 2011, ABX 48 is proposed to be repealed. This bill made imposed new administrative burdens and cut grants to children by up to 50%. The repeal, however, is replaced by the above list of new proposals, some more damaging than AB X4 8.

Child Care

Restoration of Stage 3 - Governor proposes to restore Stage 3 child care, but not until April and with new cost sharing provisions for families who are in higher cost child care programs. .

48 month time limit on CalWORKs - \$34 million in child care savings from imposing 48 month time limit in CalWORKs for families unable to meet work requirements or qualify for one of five exemptions.

Elimination of Child Care for 11 and 12 year old Children – This proposal will cut \$716 million from Department of Education child care programs and \$34 million from CalWORKs.

SSI/SSP

\$15 a month Grant Cut to SSI Benefits – The budget proposes to reduce the maximum SSI grant for families from \$845 a month to \$830 a month, the federally negotiated minimum for California. CAPI grants, not proposed for elimination this year, would be reduced by \$15 a month also for individuals. State cuts \$177 million from the blind, aged and disabled.

CFAP

California Food Assistance Program – Is not proposed for elimination or any cut.

Realignment

Shifting State Programs to Counties – The budget includes a “Phase One” proposal to realign criminal justice and some social service programs to counties. Funding from the Vehicle License Fee would be transferred to counties if approved by voters at a special election likely to be held in June 2011. Among the social service programs included in the proposal are foster care, child welfare, mental health, adult protective services and substance abuse programs.

Phase Two - Phase Two will be implemented in conjunction with the rollout of federal health care reform. It proposes to shift responsibility to the state for health care programs, including California Children's Services and In-Home Supportive Services, while the counties assume responsibility for CalWORKs, food stamp administration, and child support.

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