



February 29, 2012

TO: The Honorable Holly Mitchell
Chair, Assembly Budget Subcommittee 1

Honorable Members, Assembly Budget Subcommittee 1

From: Kelly Brooks
Legislative Representative, Health and Human Services
California State Association of Counties

Frank J. Mecca
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County Welfare Directors Association of CA

RE: **CalWORKs Proposal: Reductions and Program Redesign**

The California State Association of Counties (CSAC) and the County Welfare Directors Association of California (CWDA) have strong concerns about the Governor's proposal to redesign the CalWORKs program and reduce assistance to California families. We respectfully urge you to thoroughly examine each element of the proposal in light of the stark realities faced by families in CalWORKs and the potentially devastating consequences of increased poverty.

The CalWORKs program has been successful at increasing self-sufficiency and work, while maintaining a basic safety net for low-income children. As the state's primary poverty-reducing program, CalWORKs has helped hundreds of thousands of Californians gain work experience, training, and skills to move from welfare to work. However, over the past several years, cuts to eligibility and grant levels have hurt California families, leading to increased homelessness and thrusting children deeper into poverty. The state remains in unprecedented economic times and unemployment continues to be high in California, with almost a third of counties having an unemployment rate of nearly 18 percent. In fact, only four of California's 58 counties have an unemployment rate below the national average.

We commend the Governor on his efforts to close the state's budget gap with a balanced approach that includes new revenues as well as cuts. However, with California families facing an extremely challenging job market and struggling to meet basic needs, the CalWORKs proposals outlined in the Governor's budget would drastically and negatively impact the vast majority of children and families in the program. We have a number of specific concerns and recommendations, which we outline below.

Improving California's Federal Work Participation Rate (WPR) should be achieved through a balanced approach, not an exclusive focus on unsubsidized work.

- The federal WPR is defined somewhat narrowly, but the Governor's proposal would restrict allowable activities even further: only unsubsidized employment, at the full number of required hours, would "count." Parents working in part-time employment would lose their benefits under this



proposal. Providing no support for participation that does not meet this strict requirement can keep parents from taking a step toward self-sufficiency. In these difficult economic times, it is less likely that families will be able to meet the work participation requirements solely through unsubsidized employment.

- Removal of barriers to employment is a critical precursor to work and self-sufficiency, and federal limitations are too restrictive to adequately address the multiple barriers faced by many program participants. Substance abuse, mental health, and domestic violence services typically require longer than six weeks of treatment; and ESL, GED/diploma classes and vocational education are vitally important but would not be counted under this proposal. Preserving CalWORKs' appropriate mix of work and work-readiness activities is critical to putting parents back to work.
- Restricting assistance to only those families meeting work participation requirements through unsubsidized employment will do nothing to improve California's WPR. The CalWORKs program strikes a balance between the imperative to meet WPR and preserving our successful approach. A more targeted effort could move the state toward meeting WPR without sacrificing the strengths of the program.
- The administration is to be commended for its innovative proposal to allow California to receive credit for working families in the CalFresh and subsidized child care programs. We believe this proposal will provide a very substantial boost to the state's work participation rate without sacrificing the well-being of children.

The proposal fails to take into consideration the complex lives of and barriers faced by families on CalWORKs. California has taken the historically successful approach of "work first, but not work only," recognizing that families in the program face greater barriers to self-sufficiency that must be addressed in order to move from welfare to work.

- Retroactively applying time limits to previously exempted families unfairly penalizes those parents who were excused from participation in welfare-to-work services. Families given the option to defer participation for good cause should not have these months counted against them without being given the same opportunities as other families to participate in the full array of employment services.
- The lives of families on CalWORKs are not linear. In addition to the external impediment of a slow-to-recover economy and job market, many face multiple barriers to self-sufficiency that interfere with their ability to find and keep employment even in the best of circumstances.
- Barrier removal (such as substance abuse and mental health treatment, domestic violence services, and ESL and GED courses) is a critical aspect of supporting families as they work toward self-sufficiency. Limiting these services could have the unintended consequence of keeping families from finding and retaining stable employment if the issues are not adequately addressed.
- Research shows that higher income is positively correlated with education, thus education remains an important component of self-sufficiency. At a time in which employment opportunities remain scarce for even the highest qualified workers, education is that much more critical to the success of parents on CalWORKs. Vocational education, job skills training, GED and ESL courses, and employment-related education are activities that meet federal work participation requirements, and access to these crucial services should be maintained.

Cuts to CalWORKs will have a direct, negative impact on the state's most vulnerable children. If the reductions to grants are enacted as proposed:

- On a single day, more than a quarter of a million families will see their average grant reduced to *less than 30% of the federal poverty level*, plunging an estimated 500,000 children deeper into poverty.
- An estimated 63,000 families will lose all aid, completely *eliminating the safety net* for 125,000 children.
- Children who are currently kept out of the foster system through grants that enable aunts, uncles, and grandparents to care for them would suddenly be at much higher risk of placement in foster care.

The research has consistently shown that the effects of poverty on children are devastating throughout their lifespan. These impacts include lower academic achievement and increased risk of school drop-out, behavioral problems, higher rates of risky behaviors and underage pregnancy, poorer physical and psychological health, and lower earnings as adults.

While the proposed reduction to grant amounts achieves savings in the short term, the unintended consequences to California's future have the potential to be dramatic.

CalWORKs is a successful program and an important safety net. Research shows that the CalWORKs program is the best model to improve earnings and enhance child well-being with a balance of work requirements, assistance to address barriers to employment, time limits on aid, and consequences for non-compliance, while providing a basic level of support for children. Even during the worst of the recession, 20,000 people were put to work through the national recognized subsidized employment program run by counties as part of CalWORKs, and since its inception, CalWORKs has contributed more than *\$12 billion* to the state General Fund.

Harsh cuts and extreme restrictions will undermine the progress made since the inception of the program, and will hurt families who are already struggling. Furthermore, the sheer complexity of the proposal has significant implications for administrative costs and implementation at the county level. For these reasons, CSAC and CWDA have very strong concerns with the Governor's proposal. We look forward to working with the legislature and the administration to identify ways to preserve the basic protections for children and enhance and improve the CalWORKs program's ability to help families move to self-sufficiency.

If you have any questions, please contact Frank Mecca at (916) 443-1749 or fmecca@cwda.org, or Kelly Brooks at (916) 327-7500 ext. 531 or kbrooks@counties.org.

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