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A California Without CalWORKs? How Would the State Be Impacted? May 13, 2010

In January the Governor proposed to eliminate the CalWORKs program if the federal government did not approve \$6.9 billion in additional federal funds. Most observers believe that the state is unlikely to receive the full amount requested and thus it is increasingly likely that the Governor will propose elimination in the May Revise.

But what does this mean? What would the impact be on California and the families who rely on the program if the worst were to happen?

What Is the Human Impact from Eliminating CalWORKs?

CalWORKs is the state's core safety net program for families with children. Though caseloads declined for CalWORKs after welfare reform was implemented in 1998, the caseload has recently increased as families have had to turn to CalWORKs during the recession. While much public attention is focused on adults and their work effort, more than 75 percent of the program participants are children. Without CalWORKs many of these children would fall into deep poverty, become homeless, become a ward of the child welfare system or be placed in the juvenile correctional system. The Administration has never answered how much eliminating CalWORKs would cost in other systems of care. Here are the raw numbers on human impact.

- About 540,000 families would lose the cash aid they rely on to keep their children sheltered and with the basic necessities.¹
- More than 1 million children would lose all cash aid from CalWORKs.
- 190,000 children would fall into deep poverty – 50,000 children in Los Angeles County alone would fall into deep poverty.²
- 170,000 children would see income drop below 75% of FPL
- 140,000 children would see income drop below 100% of FPL

What Do We Know About Children Who Fall Into Poverty and Homelessness?

A recent study looking at children who lived through post-war American recessions into their adulthoods found that children who fall into poverty during recessions *“will live in households with lower overall incomes, they will earn less themselves, and they will have a greater chance at living in or near poverty. Children who experience recession inducted poverty will even report poorer health than their peers who did not fall into poverty during the recession. These differences will persist for decades into their adult lives.”*

Research also shows that homeless children have lower academic achievement, are more likely to be in more expensive special education programs, have lower intelligence measurements than their peers, fail classes more often than other children and are more likely to drop out of school before graduating.

What Do We Know About Homelessness Among CalWORKs Families?

While many predict large increases in homelessness if CalWORKs is eliminated, the reality is that homelessness is already common among CalWORKs families and increasing according to new data from the Department of Social Service and the state Department of Education.³

- Demand for CalWORKs homeless assistance has gone up by 36% since 2007 and spending for homeless assistance has gone up 70% during the same time period even though families can only access the program once per lifetime.
- Eliminating CalWORKs would have devastating consequences for schools. The California Department of Education reports that the number of homeless school children has increased by more than 50% in the past two years. In 2008-9 more than 288,000 school children were homeless.

What are the Economic Impacts of Eliminating CalWORKs?

- The California economy would lose \$3.7 billion in federal TANF funds annually.⁴
- The state would also lose eligibility for up to \$1.85 billion in federal stimulus funds which has helped create 21,000 subsidized jobs in California and paid for 80 percent of increased CalWORKs grant costs due to the recession.⁵
- County General Assistance costs would increase by \$1.9 billion to \$2.5 billion if all CalWORKs families subsequently applied for and received the average GA “family” grant of \$387 a month.⁶
- 130,000 adults would be dropped from welfare to work activities and lose access to child care, education and services. Ripple effect would impact community colleges, child care providers and other service providers.

Which Counties Have the Highest Per Capita Usage of CalWORKs?¹⁰

While urban coastal counties have the largest number of CalWORKs families, it is rural areas of California that will suffer the greatest economic impact from losing CalWORKs. On a per capita basis rural counties rely far more on CalWORKs and other public benefit programs like Food Stamps and MediCal. Thus reductions in these programs have a disproportionate impact in areas of the state with the highest unemployment.

County	Per Capita	% of State Average
• Tulare	8.3%	251%
• Fresno	7.9%	239%
• Del Norte	7.5%	227%
• Merced	7.2%	218%
• Imperial	6.7%	203%
• Statewide	3.3%	

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¹ See, Department of Social Service, February 2010 Public Assistance Facts and Figures <http://www.cdss.ca.gov/research/res/pdf/Paff/2010/PAFFFeb10.pdf>

² See Center on Budget and Policy Priorities, *The Economic Impact of Ending TANF on California Children*, March 2010 – maybe found at www.wclp.org

³ See WCLP's, *60,000 More Homeless Children Than Last Year*, www.wclp.org.

⁴ The \$3.7 billion figure is how much California receives from the federal TANF Block Grant annually.

⁵ The American Recovery and Reinvestment Act included \$5 billion for the TANF Emergency Contingency Fund. A state may claim up to half of its TANF block grant amount or in the case of California \$1.85 billion.

⁶ Welfare and Institutions Code Section 17000 requires counties to provide general assistance or relief to all indigent persons within their borders. All counties must operate a cash assistance program that provides minimum grant amounts though counties may exceed the amount.

⁷ See Spending on County Human Service programs in California: An Evaluation of Economic Impacts, March 2009, http://cfpic.org/downloads/CFPIC_Beacon_report09.pdf

⁸ See, Department of Social Service, February 2010 Public Assistance Facts and Figures <http://www.cdss.ca.gov/research/res/pdf/Paff/2010/PAFFFeb10.pdf>

⁹ The current CalWORKs grant is exactly the same amount, \$694 maximum for a family of three, as it was in January, 1990.

¹⁰ See Department of Social Services, Percent of Population Receiving CalWORKs, January, 2009, <http://www.cdss.ca.gov/research/res/pdf/caltrends/poprec/CWPopRecJan09Map.pdf>