



May 30, 2014

To: The Honorable Nancy Skinner, Chair
Assembly Budget Committee

The Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Honorable Members
Budget Conference Committee

From: Frank J. Mecca, Executive Director, CWDA

RE: Anti-Poverty Investments in CalWORKs (Item 5180-101-0001) – SUPPORT ASSEMBLY VERSION

The County Welfare Directors Association (CWDA) urges your support for meaningful anti-poverty investments in the CalWORKs program. Combatting poverty and its devastating consequences for children and families is a priority issue for CWDA. We respect the attention that both houses have paid to poverty and inequality in recent months. In particular, we applaud and very strongly support the meaningful and significant investments in the Assembly version of the Budget. These investments support the two goals of the CalWORKs program: the protection of children from extreme poverty and the support of parents in achieving self-sufficiency. Some of the ways that these investments will make a difference are outlined below.

The seven percent grant increase will directly impact both of the CalWORKs goals. The research is clear that boosting income support has long-term positive impacts on kids which include academic achievement that can translate into better earnings as adults. Also, by providing a small increase to a family's income support, parents are better able to respond to life circumstances that arise (an unexpected car repair or money for the deposit on a rental are just two everyday examples) that might otherwise make it difficult to participate in welfare-to work activities or continue in a job. It must be pointed out that at their current levels, the maximum CalWORKs grants are at a mere 40 percent of the federal poverty level, which is considered "deep poverty."

In addition to the grant increase, the inclusion of an annual inflation adjustor is an important programmatic change that makes sense. California suspended the annual CalWORKs COLA in 2009, and then eliminated it entirely in 2010. In recent years, after adjusting for inflation, CalWORKs grants were less than half of their 1989 value. Given the diminished purchasing power of the grant coupled with the increasing cost of living in California, restoration of the COLA is an investment in children, families, and the dual goals of CalWORKs.

Increasing the Earned Income Disregard (EID) is another way to combat poverty and encourage labor market engagement. By allowing working parents in the CalWORKs program to keep a greater proportion of their earnings, they are better able to provide for their families and retain

the incentive to continue working.

The Family Stabilization component was created last year based upon the pragmatic acknowledgement that some families in the CalWORKs program are in crisis and would benefit from enhanced case management and services targeted to resolve the crises. Providing funding for these services and clarification that the services may be provided during any month that a family participates in the component is the logical next step to enable Family Stabilization to truly meet the needs of those families participating in it.

The cost of housing is an issue that disproportionately affects poor families, and CWDA supports a modest investment of resources to address homelessness and housing instability in the CalWORKs program. The National Alliance to End Homelessness has pointed out that residential stability is a necessary precursor to effectively addressing barriers that inhibit self-sufficiency. A targeted program, built on evidence-based models, is a smart use of funds that will have long-term positive impacts.

Nutrition is of critical importance for the healthy growth and development of children, and the consequences of an inadequate diet can have lifelong repercussions. The provision of an additional \$25 nutrition supplement per CalWORKs child will help parents provide a healthful diet for their children, which will help children be prepared to do better in school and in life.

In addition to the above investments, we also urge the Conference Committee to adopt an additional strategy to combat poverty: elimination of the Maximum Family Grant rule in the CalWORKs program. Based on a discredited assumption that withholding aid from children born into families already receiving CalWORKs will reduce the number of families on public assistance, the MFG rule only serves to deepen the poverty of families subject to it, frequently as low as 26 percent of the federal poverty level. Given the abundance of research on the devastating effects of childhood poverty in every domain – academic achievement, physical and mental health outcomes, and lifelong loss of economic opportunities, the elimination of this outdated rule is a wise investment in California's future and a top priority of CWDA.

We appreciate the opportunity to weigh in with the Conference Committee regarding these anti-poverty investments. Please do not hesitate to contact the CWDA office if you have any questions regarding our position.

cc: Jackie Wong, Office of President Pro Tempore Steinberg
Gail Gronert, Office of the Assembly Speaker
Chris Woods, Office of the Assembly Speaker
Samantha Lui, Senate Budget and Fiscal Review Committee, Subcommittee 3
Chantele Denny, Republican Consultant, Senate Budget and Fiscal Review Committee
Nicole Vasquez, Assembly Budget Subcommittee 1
Julie Souliere, Assembly Republican Fiscal Consultant
Mike Wilkening, Health and Human Services Agency
Matt Paulin, Program Budget Manager, HHS, Department of Finance
Mark Newton, Deputy Legislative Analyst, Health and Human Services, LAO
Ryan Woolsey, Legislative Analyst's Office
Will Lightbourne, Director, Department of Social Services
Patricia Houston, Legislative Affairs, Department of Social Services
Farrah McDaid-Ting, California State Association of Counties
County Caucus