



April 30, 2019

Honorable Richard Pan, Chair  
 Senate Budget & Fiscal Review Sub. No. 3  
 State Capitol, Room 5019  
 Sacramento, CA 95814

Honorable Eloise Reyes, Chair  
 Assembly Budget Subcommittee No. 1  
 State Capitol, Room 2175  
 Sacramento, CA 95814

RE: CALWORKS - STRENGTHEN THE EARNED INCOME DISREGARD

Dear Chairman Pan and Chairwoman Reyes:

On behalf of the following organizations, we respectfully request your support for updating the Earned Income Disregard (EID) for the California Work Opportunity and Responsibility to Kids (CalWORKs) program from \$225 to \$500 beginning in January 2019 until it increases to \$600 beginning January 2022 when the state minimum wage reaches \$15 per hour, and then applying subsequent adjustments in future fiscal years to ensure the EID keeps pace with inflation. This update to the EID will cost \$35 million in 2019-20, increasing to about \$95 million in annual costs at full implementation in 2020-21.

The EID is the amount subtracted from CalWORKs recipients' income to determine monthly grant amounts. By allowing a certain amount of income to be excluded from grant calculations, the EID is intended to facilitate and encourage paid employment. The EID has not been changed since the CalWORKs program was first created in 1997. As the state minimum wage has gone up over time, the value of the fixed EID has declined. The result is an increase in the number of working-poor CalWORKs recipients losing eligibility for CalWORKs benefits. Families who lose benefits due to employment wages not only lose access to the additional income support provided by CalWORKs, they lose access to the other supportive services that make employment possible in the first place. The result is a catch 22 for families that jeopardizes the surest path out of poverty, employment.

By ensuring that the EID keeps pace with the rising cost of living and state minimum wage, we will maintain access to critical CalWORKs benefits and services for working families with low-wages, promote self-sufficiency and housing stability by ensuring continued and increasing participation in the labor market for CalWORKs participants, while improving the state's Work Participation Rate. For these reasons, urge your support for this request.

Sincerely,

The Above Signed Organizations

cc: Members and Staff of the Senate Budget Subcommittee No. 3; Members and Staff of the Assembly Budget Subcommittee No.1; County Welfare Directors Association (CWDA)