



Protecting California Children from Deep Poverty A Call to Improve the CalWORKs Program in the 2016-17 Budget

In 2014, more than 835,000 children in California (9.3%) lived in deep poverty, surviving on an annual income of less than \$10,000 for a family of three. The California Work Opportunity and Responsibility to Kids (CalWORKs) program is intended to provide families with monthly cash assistance to meet basic needs – but CalWORKs benefits are not sufficient to lift families out of deep poverty. CalWORKs families lead the nation in child poverty based on the supplemental poverty measure, which takes into account cost of living and the impact of public benefits.

California can reverse the devastating impact of deep child poverty by improving the CalWORKs Program by:

- 1) **Repealing the Maximum Family Grant (MFG) rule;**
- 2) **Restoring the cost of living adjustment (COLA); and**
- 3) **Increasing grants to 50% of the federal poverty level and support the Assembly Budget Subcommittee on Health and Human Services action to increase CalWORKs grant by 4%.**

Research shows that growing up in poverty has devastating lifelong consequences. Poor children are less likely to succeed in school and more likely to have long-term health problems, and children in deep poverty fare even worse. The toxic stress caused by deep poverty weakens the architecture of the developing brain, undermining cognitive functioning for life. Although the long term cost of deep child poverty to our society and the economy is not precisely calculable, the effects are long lasting in terms of lost productivity and earnings and increased health and crime costs.

More than 1.2 million Californians, nearly 80% of whom are children, benefit from CalWORKs. Yet, the level of support provided to CalWORKs families is insufficient to meet basic needs and leaves children in deep poverty. The Governor's proposed 2016-17 budget does not make any new investments in CalWORKs, leaving the average CalWORKs monthly grant for a family of three at \$497, which represents 30% of the federal poverty level and 20% of the supplemental poverty measure. Even the maximum monthly grant for a family of three in a high-cost county (\$704) leaves the family below the deep poverty threshold. Only about 30% of the cases receive maximum aid given the array of CalWORKs sanctions and penalties.

PROPOSED CALWORKS GRANT IMPROVEMENTS

Our organizations support the following actions to improve the CalWORKs program:

- 1) **Repeal the CalWORKs Maximum Family Grant (MFG) rule.** The Maximum Family Grant (MFG) rule in CalWORKs denies additional basic needs assistance for children who are born while the family is receiving aid. This rule pushes families with newborn babies deeper into poverty at the most developmentally critical time, which has a detrimental impact on children long into the future. Research shows that poverty in early childhood is especially harmful for child development. Without the MFG rule, the amount most households would receive in additional benefits for the newborn child is \$133/month, a

modest increase that will help mitigate the increased risk of homelessness and other hardships associated with extreme poverty. **Cost = \$220 million**

- 2) **Restore the cost of living adjustment (COLA) in CalWORKs.** CalWORKs grants have not kept pace with inflation, and have lost one-fifth of their purchasing power since 2007-08. California had a cost of living adjustment for CalWORKs in law, but it was often suspended and was repealed in 2009. Restoring the statutory COLA would make up for what is not covered by the Child Poverty and Family Supplemental Support Subaccount for CalWORKs grants, and compel the Legislature to consider the adequacy of CalWORKs grants in each state budget. **Cost = \$90 million**
- 3) **Increase CalWORKs grants to 50% of the federal poverty level.** Today, in California 4 out of 10 persons are living in or near poverty. CalWORKs recipients, including over 1 million CalWORKs children, are enduring daily deep poverty given the fact that a family of three receives an average CalWORKs grant of \$514 a month today, which is equal to \$17 a day. This is supposed to cover housing costs, utility costs, clothing and other necessities.

According to the official poverty measure, 22.7% of children in California did not have enough resources to make ends meet in 2014. This is down slightly from 2013 (23.5%) but well above the recent low in 2007 (17.3%). The official poverty measure is a long-standing yardstick that does not account for differences in the cost of living, a range of other family needs, or the boost that safety net benefits give to many families. **Cost = \$600 million**

As a first step to raise the CalWORKs grant level above the deep poverty threshold of 50% of the federal poverty level, the Assembly Budget Subcommittee on Health and Human Services took action on March 30, 2016 to increase CalWORKs grants by 4% with no permanent General Fund cost by using growth dollars that are currently appropriated into the Child Poverty and Family Supplemental Support Subaccount. **Cost = \$120 million**

HOW TO PAY FOR THESE CALWORKS GRANT IMPROVEMENTS?

These needed investments in the CalWORKs program can be paid for with TANF resources currently diverted from the CalWORKs to non-CalWORKs programs, including \$826 million for the CalGrant Program.

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