

# **Governor's CalWORKs and Child Care Proposals? More Than Just Optics?**

**For: CAPPA**

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# Overview of Proposal

- Reduces CW and Child Care spending from \$5.4 billion to \$3.9 billion – a cut of \$1.5 Billion
- Restructures CalWORKs Into 3 Programs
- Reduces Time Limit to 24 Months
- 27% Cut to Child Only Cases
- Child Care Re-Designed to Maximize Welfare to Work Impact
- Moves Child Care from CDE to the Counties

# Funding Facts

- GF spending on CW just \$1 billion, down from \$3.7 billion in 1994.
- Fully refunds the single allocation and Cal-Learn but then cuts \$1.5 billion from CalWORKs –net \$1.05 billion increase.
- Transfers \$736 million to Student Aid Comm to pay for CalGRANTS.
- Restores single allocation funds but then cuts \$150 million because exempt families will not meet work participation.

# CalWORKs Basic

- Family Gets 24 months of assistance with all support services (retroactive)
- Family gets full grant and current earned income disregard of \$112 a month.
- If adult has 3 months of sanctions in 12 month period they are “disenrolled.”
- Current exemptions remain but the 24 month time clock runs. No extenders of any kind.
- 108,000 cases fall into child maintenance program.

# CalWORKs Plus

- For adults meeting work participation via unsubsidized employment
- Can only be in program 48 months (including any time in CalWORKs basics).
- Retroactively counts months on CalWORKs
- Families get higher disregard of \$200 a month
- 6 months of transitional child care and support services after exiting at 48 months.

# Child Well Being Maintenance

- For all child only cases including:
- Adults ineligible to work due to immigration status, drug and fleeing felons.
- Persons who have used up 48 or 60 months on aid.
- Adults who spend 24 months on aid without finding unsubsidized employment.
- Exempt adults not eligible for federal extenders.
- Two-person grant reduced from \$463 to \$392 a month.
- Annual child well being exam to maintain child grant.
- Funds program with TANF/MOE funding. No time limit.

# CalWINS Plus

- Current law creates CalWINS which provides a \$40 stipend to CalFRESH recipients who are meeting federal work requirements.
- The Administration proposes to increase the amount to \$50 and provide it to adults exiting CalWORKs Plus who hit 48 month limit.
- Admin also proposes to expand CalWINS to include child care cases meeting work rate and earning at or below 200% of poverty.

# Cuts Child Support Pass Through

- Under current law a family receiving a child support payment must sign it over to the state to reimburse grant costs. The first \$50 is passed through to the family as an incentive for non-custodial parents to pay support.
- Administration proposal eliminates the \$50 pass through.
- Administration also proposes to count months on aid in which child support offset grant.

# Transitioning Exempt Cases to Work

- Since 2009, CW has exempt adults from work if they have small children under 24 months.
- Admin proposes to drop exemptions and transition adults into work.
- Adults exempt more than 18 months will get 6 months of transitional CalWORKs Basic.
- After 6 months family moved to Child Maint. Program unless in unsubsidized employment.

# Playing by the Federal Rules

- Eliminates time clock stoppers for grandmothers, disabled adults, persons caring for disabled household member and recently pregnant women.
- Eliminates all time extenders for person with hardships, inability to find work despite best effort, paying child support, DV waivers.
- Limits work to 20 hours a week if children under 6 – cuts weekly hours from 32 to 30.

# Child Care Proposal

- Move all child care administration to counties.
- Limit child care to families under 200 percent of poverty level.
- Prioritize use to families meeting work rates.
- Eliminate 61,000 child care slots

# Details, Details

- Limits Education to 24 months
- Limits MH, SA, DV or other family services to 24 months.
- Eliminates the hardship exemption to time limits
- Eliminates ability to count non-core hours as core.
- Eliminates self-initiated programs prospectively.
- Counts month in sanction status toward time limit

# Exempted Into Purgatory

- While the proposal maintains all current state exemptions in CW Basics, they do not stop the time clock
- Only those required by federal law will stop the clock – alien, SSI, living in Indian country, caring for disabled family member and minor parent not head of household.
- After 24 months in CW Basic exempt family goes to child Maintenance.
- Grant for family of three drops from \$638 to \$392 a month.
- Adults can get child care once every 6 months to find unsubsidized employment.

# Who Is Impacted?

- 63,000 families with 130K children lose all aid due to time limits and reduced grants.
- Assumes that 49% of families will fail CalWORKs Basics – 108,996 families/224K children
- These families will see 3 person grant drop from \$638 to \$375 a month. 24% of the federal poverty level.
- Less than 25% of the caseload will get the current grant level.
- 70% of caseload will be in Child Main program.

# Does It Address Work Participation?

- The theory of the restructure is to “prioritize” use of funds on those meeting work rate.
- But the proposal does nothing to help engage more adults – just a shorter time limit.
- Cuts 63,000 cases with earnings yet not eligible for CW Plus.
- Adults in Child Maint still in TANF WPR but with limited oppty to meet WPR.
- CW Plus has just 25,000 meeting WPR due to one track nature of design.
- CalWINS Plus adds 15% to WPR.

# Who Are the Big Losers?

- Poor Children
- Poor Women
- Immigrants
- Adults who were exempt due to the small child exemption
- Adults with learning disabilities who need more than 24 months of education
- Cal-LEARN participants
- Providers of child care, DV, MH, SA, education

# So Then Why Do It?

- Saves \$1.5 billion – 17 percent of overall solution.
- Reduce child only caseload – but also loads cut onto back of those least able to work.
- Reverse the 12-33 dilemma – 12 percent of poor kids but one third of the cases.
- Needs optics for the tax increase vote.

# What Should the State Do?

- Fund CW at no less than \$5.4 billion
- Increase the number of subsidized employment slots
- Maximize use of vocational education
- Match work with education
- Restore the \$225 disregard to promote work
- For more on this see WCLP's new piece, The Future is Now at [www.wclp.org](http://www.wclp.org)