



Senator Scott Wiener, 11th Senate District

SB 268 – CalWORKs Asset Tests Repeal

SUMMARY

Senate Bill 268 repeals the cash asset test and the vehicle asset test in the Welfare and Institutions Code for applicants to the CalWORKs program, removing the bureaucratic barriers that discourage poor Californians from saving money and exiting poverty.

BACKGROUND

The CalWORKs program provides monthly income assistance and employment-related services aimed at moving children out of poverty and helping families meet basic needs. Federal funding for CalWORKs comes from the TANF block grant. The average 2018-2019 monthly cash grant for a family of three on CalWORKs (one parent and two children) is \$556, and the maximum monthly grant amount for a family of three, if the family has no other income and lives in a high-cost county, is \$714. This is below half of the federal poverty line. According to recent data from the California Department of Social Services, during July of 2018, 401,000 families are receiving CalWORKs assistance that includes 790,000 children. Nearly 60% of cases include children under 6 years old.

To be eligible for CalWORKs, a family must meet both the income test and the resource, or asset, test by having combined resources less than \$2,250 or less than \$3,250 if the family includes someone 60 or over. The resource test includes any value of a non-exempt car worth over \$9,500 (adjusted annually). This amount is less than is needed to afford a first month and deposit on a 2-bedroom apartment in any rental market in the state.

According to research conducted by EARN, California spends an estimated \$6,400,815 per year on cash and vehicle asset test verification. Earn found that during the application process, only 2% of intake cases exceeded the cash as-set limit. This resource can be found at: <https://preview.tinyurl.com/EARN-CalWORKs-AssetTest>

This research also found that not only was the asset test ineffective, it also discouraged even small amounts of savings among CalWORKs recipients and forced families who needed to rely on the program only for a short period to spend down savings that could have helped them exit poverty more expeditiously. Lastly, federal law does not require states to have asset tests to administer this federally-funded program.

PROBLEM

The current CalWORKs program requires a cash asset test and a vehicle asset test that discourage people from saving money in an effort to escape cycles of poverty. The vehicle asset test as a barrier to CalWORKs assistance does not account for people needing a reliable mode of transportation to take their kids to school or to work or that approximately, 10% of California State University students live out of their cars. The resources that welfare agencies devote to these asset tests take away from their other duties such as offering job placement guidance to transition families out of poverty. These asset tests keep people in poverty, instead of helping them get out of poverty.

Many people seeking the assistance from the CalWORKs program will not save money in an effort to qualify below the asset threshold. The cash asset test discourages people from saving because they need the immediate program assistance. However these same people need to have a savings in case of emergencies, but are prevented from having them by the cash asset test. This perverse incentive keeps families at or below the poverty line reducing their chances of breaking the cycle of poverty.

SOLUTION

Welfare & Institutions Code §11257 and §11155 provides that the county must determine if an applicant family owns resources, including a vehicle, and the value of the resources. The CalWORKs program is funded through the Federal Temporary Aid to Needy Families (TANF) block grant. Federal law does not require an asset test and eight states have eliminated the asset test entirely.

SB 268 would repeal the CalWORKs cash asset and vehicle tests and, thus, relieve the county of the burden and cost of investigating the value of an applicant or recipient family's assets in determining their eligibility.

SUPPORT

- Western Center on Law and Poverty (co-sponsor)
- Prosperity Now (co-sponsor)
- Coalition of California Welfare Rights Organizations (co-sponsor)

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