

AB 461

CalWORKs Self-Employment Opportunity Act of 2021



SUMMARY

Assembly Bill 461 will remove barriers that prevent California Work Opportunity and Responsibility to Kids (CalWORKs) recipients from pursuing self-employment.

BACKGROUND

In order to receive CalWORKs benefits, an adult must participate in welfare-to-work or be employed for a specified number of hours per week. However, current law does not define what is acceptable employment in W&IC§ 11322.6 (a), (b) and (c) nor does it make any mention of self-employment. The state regulations limit employment to jobs that yield minimum wage per hour, which includes "self-employment."

MPP § 42-701(e) (2) "Employment" means work that is compensated at least at the applicable state or federal minimum wage. If neither wage rate applies, the work must be compensated in an amount equivalent to the lesser of the two.

Current law provides that CalWORKs participants do not have to meet the federal work requirements for the first 24-months of their welfare-to-work participation.

PROBLEM

In California a CalWORKs beneficiary is not allowed to meet their welfare-to-work requirements by being self-employed unless they can verify that they are yielding minimum wage for the 20/30/35-hour work week. This is true even for the first 24 months of CalWORKs welfare-to-work participation, when the federal work requirements do not apply.

This failure to accommodate self-employed parents in poor families not only harms the health and wellbeing of the children in these families by

denying aid to self-employed parents, it also has disproportionately negative impact on rural and marginalized people who have fewer options for traditional employment. It also removes self-employment as an option for women who are too frequently undermined in achieving economic success due to sex, race or pregnancy discrimination or due to lack of accommodation for caretaking parents.

SOLUTION

When employment cannot be secured or when a self-employment is preferred as a means for exiting poverty, self-employment alternative to traditional wage jobs should be accepted as "acceptable employment," in the CalWORKs welfare-to-work program.

AB 461 will allow CalWORKs beneficiaries to use self-employment as an option of a welfare-to-work activity, even if it does not yield minimum wage at the beginning during the first 24-month of receiving CalWORKs benefits.

SUPPORT

Coalition of California Welfare Rights Organization
Western Center on Law & Poverty

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