

Staff Recommendations for CalWORKs Issues

Staff recommends the following reductions to the CalWORKs program, which total **approximately* \$1.2 billion GF** savings, and the adoption of placeholder trailer bill language to effectuate the changes:

- 1) **Approve** the Governor's proposal to reduce funding of the Single Allocation for child care, welfare-to-work and administration costs by \$376 million. Correspondingly, **extend** the statutory changes and exemptions for parents of young children that were enacted in 2009-10.
- 2) **Further reduce** the Single Allocation by another \$100 million for a total reduction of \$476 million. To the extent necessary, expand upon the existing statutory exemptions to provide direction regarding implementation of this reduction.
- 3) **Adopt** the LAO's alternative proposals to simplify the earned income disregard to include 50 percent of all relevant earnings, effective June 1, 2011, and expand the state's participation in the AB 98 subsidized employment program. Savings from the earned income disregard change would be approximately \$17 million in 2010-11 and \$200 million in 2011-12; the subsidized employment program changes would be cost neutral.
- 4) **Approve** the Governor's proposal to reduce maximum grants by 5 percent effective June 1, 2011, but **reject** the remainder of the grant cut proposed by the Administration. Savings would be approximately \$195 million.
- 5) **Approve** the Governor's proposal to reduce the time-limit for adults to receive assistance to 48-months and make it effective June 1, 2011, but **reject** the components of the proposal that would alter policies regarding those adults' exemptions from work requirements. Further, **reject** the Governor's proposal to apply a 48-month time limit to safety net and child-only cases. Savings would be approximately \$13 million in 2010-11 and \$158 million in 2011-12.
- 6) **Adopt** additional reductions of: 1) \$20 million to the CalLearn program, 2) \$5 million for substance and mental health services for CalWORKs recipients, and 3) \$5 million across SAWS automation systems (allocation for automation reduction to be determined through collaboration of Administration, Committee staff, LAO and counties).
- 7) **Approve** the Governor's proposal to eliminate eligibility for Stage 1 child care for 11 and 12 year olds. Savings would be up to the \$34 million proposed, depending on the actions taken during the child care portion of the Committee's deliberations. Also **approve** additional savings from Stage 1 impacts of any other changes made during child care hearing (approximately \$35 million).

Staff also recommends **approving** the Governor's proposed trailer bill language to repeal specified "long-term" changes that were enacted as part of the 2009-10 budget.

* All estimates in this handout are preliminary.