



IN BRIEF

CalWORKs Privatization - Governor Schwarzenegger is considering privatizing the CalWORKs eligibility and employment functions. Counties are also looking into this matter.

At a December retreat in San Francisco, the California Welfare Directors Association (CWDA) set up a committee to look into the Privatization issue.

CalWORKs Fails Self-Sufficiency - CWDA has received information about a report done by the California Budget Project that shows while CalWORKs was successful in reducing the caseload, it failed in making the families self-sufficient. For a copy of the report go to: www.cbp.org.

Q-7 News - CWDA and CDSS has been testing the quarterly reporting form known as Q-7. CDSS is now working on modifying the Q-7 form, since counties and clients alike have found it to be confusing.

Quarterly Reporting (QR) regulation status - The first draft of the QR regulations have been completed and made available to CWDA. The recipient community has yet to see a copy of these regulations.

Father Involvement Better for kids - The 1/04 issue of Fragile Families Research reports that "research shows that a father's involvement, in terms of time and financial resources, is associated with better cognitive, social, and emotional development for children." This is another reason to do away with the 100 rule that denied 2-parent applicants CalWORKs for working over 100 hours no matter how little the earning are.

Higher Welfare Grants good for families -

The Number 20 report of Fragile Families Research reveals that "higher welfare benefits are associated with a reduced likelihood of breaking up..." On the other hand the study finds that with respect to child support a "...stronger child support enforcement is linked with a greater likelihood of breaking up compared to cohabitation". For copies of these studies contact crew@opr.princeton.edu.

The Bush 2005

Proposed Budget in Brief

Food Stamps: The Bush 2005 proposed budget would provide food stamp benefits to immigrants who have been in the country for more than five (5) years. This could benefit an estimated 360,000 low-income immigrants. The proposed budget also allows one vehicle to be totally exempt as a resource.

Temporary Assistance for Needy Families (TANF):

The budget proposed to renew the TANF Block Grant program at the current level of \$16.7 billion a year for the next five (5) years.

The Bush budget proposes to maintain state spending requirements, provide for supplemental grants to states with high poverty or fast population growth and reauthorize the contingency fund.

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Senate Budget Hearing of 2/5/04

The Senate Budget and Fiscal Review Committee met on February 5, 2004. Michael Genest of the Department of Finance and Liz Hill of the Legislative Analyst's Office were witnesses at the hearing.

Mr. Genest started his testimony by stating that Governor Schwarzenegger inherited a 12 billion dollar deficit. This prompted Senator Jack Scott of Los Angeles to point out that Mr. Genest's statement was disingenuous. Senator Scott pointed out that Governor Schwarzenegger signed an executive order reversing the vehicle tax, thus causing a 4 billion dollar additional deficit. He concluded that 4 billion of the 12 billion dollar deficit was created by Governor Schwarzenegger.

Senator McClintock of Thousand Oaks, who also ran for Governor and lost in 2003, pointed out that while Governor Schwarzenegger urged the firing of Governor Davis for spending too much, under Davis, the 2003-2004 budget was \$71 billion. Governor Schwarzenegger's proposed budget is more than 76 billion dollars. Michael Genest alleged that 71% of the '04-'05 budget were cuts. Liz Hill of the Analyst's office stated that, 45% of the budget are cuts in programs, while 55% are nonprogram reductions.

Liz Hill also pointed out that the budget assumes that the State will receive \$500 million from Indian gaming, which has not materialized.

In addition, the budget assumes that the federal government will give California \$350 million. Mike Genest stated that Governor Schwarzenegger hoped to get several billion dollars from the federal government, but the \$350 million was not reflected in the Bush 2005 budget which was released this week.

There was a major discussion about the Governor Schwarzenegger's use of Section 27 which allows the Governor to appropriate money to respond to emergency situations. During 2003-2004, the DOF used this loophole to spend \$4.3 billion.

Mike Genest pointed out that the California Government Code provides that if a Director of a State Department overspends the amount of money appropriated by the State lawmakers, then he or she has to pay back the money from his or her own pocket.

A bipartisan motion was made by Senator Wesley Chesboro, the Chair of the Committee to repeal Section 27 of the State Budget Bill and to direct the Legislative Analyst and the DOF to propose a new Section 27 that would only trigger for real emergencies, rather than being used to circumvent the constitutional budget process.

The motion was seconded by Republican McClintock and it passed.

The '03-'04 budget authorizes the Governor to make 5% cuts in State government. The Department of Finance is suppose to report on the impact of these cuts. To date, no such report has been presented to the Legislature. Senators argued that they cannot make any cuts until they see the impact of the cuts made so far.

Republican Senator Dick Ackerman made a motion to enact the Governor's proposed midyear cuts. Chairman Chesboro stated that he would oppose such motion. Senator Sheila Kuhl stated that the Administration had failed to report on the impact of the Governor's cuts on the State and its people.

The Chair emphasized that before the Legislature can act on the proposed midyear

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cuts, the legislature needs the required reports from the Administration.

One of the Senators asked whether the mid-year cuts included the Medi-Cal rate reductions. Senator Ackerman answered yes. The Senators wondered how they could approve midyear reductions that included illegal reductions as the Medi-Cal rate reduction has been declared unlawful by the courts .

Finally, Senator Kuhl pointed out that while Governor Schwarzanegger is worried about the “negative consequences” that tax increases would have on the economy, the Administration should look at the negative consequences that program reductions would have on the economy.

Many of the program cuts will be discussed on the various budget subcommittee hearings after the Legislative Analyst report is released on February 18, 2004. This report can be downloaded at www.lao.ca.gov.

FUTURE BUDGET ACTION: The budget has been transmitted to the Senate subcommittee on Health and Human Services and the Assembly Budget Subcommittee on Health and Welfare.

The Assembly subcommittee is more commonly referred to as “sub 1” and the Senate Subcommittee is referred to as “sub 3”.

The hearings schedules will be available soon and we will share the hearing dates with you when we find out.

Meanwhile, if you are interested in knowing more about the DSS budget, you can go to: http://www.dss.cahwnet.gov/cdssweb/LocalAssis_1705.htm and download the information.

**California State Assembly
Budget**

Subcommittee Number 1

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Welfare to Work (WtW) Statistic of the Week

The WtW 25, which is a monthly report completed by county welfare departments and mailed to DSS, reveal the number of unduplicated participants who have found employment that resulted in termination of CalWORKs benefits and the number of participants that have been sanctioned among other information. Any interested person can find this data at : “http://www.dss.cahwnet.gov/research/CalWORKsDa_388.htm” on the internet.

The data show that Trinity, Napa, Merced, Fresno and Colusa Counties have the highest sanctions of unduplicated participants. This may surprise some, but it should not. The fact is that often, persons who have not signed a contract to participate are sanctioned in California.

The law provides that only participants who fail to participate in WtW can be sanctioned.

However, while 45% of the participants are sanctioned in California, the November report shows that only 5% of unduplicated participants found employment that resulted in termination of CalWORKs. This does not mean that these families are no longer living in poverty- it only means they are no longer eligible for CalWORKs.

The **TABLE** below shows the percentage of unduplicated participants in each county that were sanctioned. The counties with the highest sanction rates are listed first, finishing with the counties with the lowest sanction rates.

We then show the percentage of unduplicated participants that were able to obtain employment that resulted in termination of CalWORKs, which is the alleged purpose of the program. The facts show that while only 5% of the unduplicated participants found employment that resulted in termination of CalWORKs, over 45% of the unduplicated participants were sanctioned.

The **LESSON** is clear - WtW is hugely successful in imposing sanctions (many of which are unlawful) on WtW participants, while it is a dismal failure in getting poor families jobs that may make them self-sufficient.

TABLE - Comparing WtW Sanctions to Obtained Employment that Resulted in Termination of CalWORKs by Unduplicated Participants during 11/03.

Counties	Sanction Rate	Jobs Ending Welfare	Counties	Sanction Rate	Jobs Ending Welfare	Counties	Sanction Rate	Jobs Ending Welfare
Statewide	45.30%	5.09%	Alameda	53.21%	2.20%	Placer	29.41%	18.49%
Trinity	166.67%	8.33%	Amador	51.11%	2.22%	San Benito	28.16%	4.02%
Napa	148.00%	12.00%	Shasta	50.17%	3.25%	Stanislaus	26.17%	2.46%
Merced	140.41%	2.62%	Mono	50.00%	7.14%	San Bernardino	25.89%	0.89%
Fresno	122.48%	5.34%	Lake	47.90%	3.50%	Sierra	25.00%	0.00%
Colusa	119.35%	3.23%	Kern	46.73%	1.79%	Santa Cruz	22.82%	22.98%
Plumas	87.10%	9.68%	Tulare	46.12%	12.77%	Orange	21.39%	1.80%
San Joaquin	82.32%	3.72%	Glenn	45.80%	6.11%	Santa Clara	20.15%	6.64%
Alpine	75.00%	0.00%	Mendocino	44.47%	2.01%	El Dorado	17.13%	5.30%
Sonoma	69.81%	14.44%	Butte	43.05%	1.54%	Ventura	17.09%	5.81%
Los Angeles	66.83%	3.24%	Kings	38.94%	0.92%	Inyo	16.28%	0.00%
San Luis Obispo	62.68%	14.79%	Tuolumne	34.56%	1.84%	Solano	14.71%	23.44%
Sutter	61.59%	3.04%	Nevada	33.53%	1.18%	Modoc	12.50%	2.50%
Humboldt	60.61%	1.53%	San Mateo	32.53%	22.13%	Yuba	12.41%	2.36%
Monterey	59.40%	2.78%	Contra Costa	32.45%	4.89%	Riverside a/	11.95%	6.59%
Tehama	58.18%	2.73%	Lassen	32.41%	2.76%	San Francisco	10.58%	4.18%
San Diego b/	57.83%	11.97%	Santa Barbara	31.81%	36.77%	Del Norte	8.11%	12.16%
Yolo a/	56.96%	20.76%	Marin	31.72%	2.99%	Sacramento b/	4.49%	13.48%
Siskiyou	56.21%	13.61%	Madera	31.42%	2.46%	Imperial	2.45%	1.74%
Calaveras	54.87%	7.08%	Mariposa	31.17%	2.60%			