



State Capital News

**2005 STATE
2005 LEGISLATIVE
SESSION BEGINS**

2005-2006 State Budget News

On January 5, 2005, Governor Schwarzenegger delivered his second State of the Union speech. His main attack was aimed at Democrats by calling to change the way legislative districts are drawn.

Democrats criticized the Governor for failing to bring California money back to California as he suggested during his campaign for Governor. It is estimated that over \$50 billion of California's money goes to Washington and never comes back. While this money could be used to supplement programs like CalWORKs and its participants, the fact is that this money is used to subsidize other "red" States. These states contribute less than California but get more back from the Federal Government than California.

On January 10, 2005, the Governor unveiled his 2005-2006 proposed state budget. The former Terminator launched several assaults on impoverished California families with children in his proposed budget.

ASSAULT #1- Reduce CalWORKs benefits for impoverished families by 6.5%. Savings \$210 million.

RECIPIENT IMPACT STATEMENT: This will lower the fixed incomes of CalWORKs families to 1988 levels. Remember, many these are working families. If any other workers salaries were reduced to 1988 levels, there

would be a revolt. However, poor women and children have always been easy targets and Governor Schwarzenegger is no exception.

ASSAULT # 2. Decline the Ronald Reagan Cost of Living Increase for impoverished families. Savings of \$210 million.

RECIPIENT IMPACT STATEMENT: Currently, CalWORKs fixed incomes are at the level that similarly situated families received in 1990.

The continuation of the erosion of the fixed income for low income families not only effects their basic survival needs, but forces them deeper into poverty.

The CalWORKs cost-of-living adjustment (COLA) was put into effect in 1971 by then Governor Ronald Reagan. **Table #1** (Page 3) sets forth the COLA that families should receive on July 1, 2005 assuming that the Democratic Legislature does not agree to Schwarzenegger's demands.

ASSAULT # 3. Proposes to reduce the work incentives enacted by the State Legislature in 1996. Savings of \$80.4 million

Current Work Deductions

Take the gross income and deduct \$225 plus 50% of the remainder. What is left would be countable income.

Proposed Work Deductions

Deduct \$200 from the gross income plus 40% of the remainder. What is left would be countable income.

In This Issue

-  Capital Report
-  State Budget Report
-  CWD Victim Report

RECIPIENT IMPACT STATEMENT: The current system makes work hardly beneficial. The current \$225 standard deduction is deducted from the gross rather than the net. The countable income is not deducted from the Minimum Basic Standard of Assistance Care (MBSAC), which is the minimum amount a family can live on, rather it is deducted from the maximum payment level, which reflects a "starvation cap" between what families need of the basic survival needs and the lesser amount they are given to survive. At least working parents should have their income deducted from the MBSAC.

RECOMMENDATION: Yes, the work incentive needs reforming to make work pay; deduct the standard deduction of \$225 from the net income and the countable income from the MBSAC.

ASSAULT # 4. Strengthen of the current sanction process. Savings \$12 million.

Under the current sanction system more than 40% of the unduplicated welfare to work participants are sanctioned, however, most of the sanctions are unlawful.

The budget has no legislative language for this proposal. After a few telephone calls we found out that CDSS has contracted with the Rand Corporation to study "sanctions" in California and to make recommendations. The specific proposals from DSS will be unveiled at budget hearings in April of 2005.

**SUMMARY OF THE 2005-2006
SCHWARZENEGGER ASSAULTS ON
POOR FAMILIES**

(In Millions)

6.5% Benefit Reduction	\$210.7
No COLA	\$210.2
Reduction of Work Incentives	\$ 80.4
Sanctions Changes	\$ 12.
TOTAL	513.3

**The TANF Christmas Tree-
CalWORKs Money Not Being
Used for Payment to Families**

The total amount of money available for CalWORKs is \$5.05 billion.

\$2.9 billion, is used for payments to poor families. Meanwhile 43% is used for purposes other than payments to families.

The TANT block grant has been a Christmas tree for many years. Millions have been spent while poor families have been forced to suffer on fixed incomes at times, less than 1990 levels.

The 2005-2006 budget has again proposed to take money out of the mouths of poor children and give it to foster care programs and social services. The budget even proposed a \$136 million reserve while sentencing poor families into deeper poverty.

Moreover, the proposed budget will take \$179 million CalWORKs money and give it to social services.

Another \$49.9 million will be used for Foster Care Emergency Assistance grant and administration.

\$138.4 million will be used for child welfare services.

Another \$201.4 million will be given to probation departments.

This is money that should be used to pay for Payment to Families.

**SUMMARY OF MONIES FOR
NON-CalWORKs PROGRAMS**

(In Millions)

Foster Care EA	\$188.3
Transfer to Title XX	\$179.
Probation Facilities	\$201.4
Reserve	\$136.
TOTAL	\$704.7

The VICTORS AND LOSERS IN THE 2005-2006 BUDGET

The 2005-2006 Budget is a clear cut assault on poor families with children.

CalWORKs children not only get the least amount of assistance from the budget, but they are the only ones who receive less benefits in '05-'06 than they received in '04-'05.

The average child in CalWORKs received \$214 a month in '04-'05, while in '05-'06 the same child is scheduled to receive \$197 a month.

On the other hand, if that same child was in a foster care home, that child would receive \$1,819 in '05-'06, while receiving \$1,805 in '04-'05. What is the difference? The CalWORKs child is living in a poor household, while the foster care child is generally in a middle class home.

And if a middle class family decides to adopt a child will receive \$765 for each adopted child in what is called "adoption assistance" in 2005-2006, while the same adopted child received \$744 in 2004-2005.

Yes, CalWORKs children getting 10-25% of what foster and adopted children get will have their benefits reduced even further.

Average Monthly Aid to Children	2004-2005	2005-2006
CalWORKs Child	\$214	\$197- ▼
Foster Care Child	\$1805	\$1819 ▲
Adoption Child	\$744	\$765 ▲

CWD Victim Report

Ms. C.M. is a Sacramento mother of four children who received a vocational certificate with the help of the WtW program. In October she finally found a job but needed child care. She was referred to Child Action, the local child care dispensing agency, which is the only

place WtW participants can receive child care services in Sacramento. Child Action demands that working moms come to the Child Action offices during regular working hours to attend an orientation class. Many working moms cannot take off from work.

Ms. C.M. found a service provider, however, in December Ms. C.M. had yet to receive any child care assistance, thus, her hard to find child care provider quit. The county also failed to provide her with the transportation assistance that she was entitled to. Once her child care stopped, she had to stop working and stay home to take care of her children. Had she continued to work without child care, she would have been committing a FELONY - abandoning her children by leaving them home alone.

Finally, Ms. C.M. received a letter in December stating that her benefits would be lowered because she failed to keep an appointment with the WtW job club during November of 2004. She did not attend job club in November of 2004, because she was working. In fact the county was aware that she was working and still scheduled a job club appointment.

Ms. C.M. has now contacted a welfare advocate and has filed for a fair hearing to assure that her benefits are not being terminated.

Table #3			
2004-2005 Benefits Levels		2005-2006 Statutory Benefit Levels	
REGION 1	REGION 2	REGION 1	REGION 2
\$359	\$331	\$376	\$346
\$584	\$540	\$611	\$565
\$723	\$671	\$756	\$702
\$862	\$799	\$902	\$836
\$980	\$909	\$1,025	\$951
\$1,101	\$1,021	\$1,152	\$1,068
\$1,210	\$1,119	\$1,266	\$1,170
\$1,318	\$1,221	\$1,379	\$1,277
\$1,424	\$1,230	\$1,490	\$1,287
\$1,530	\$1,417	\$1,600	\$1,482