

CCWRO Welfare News

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May 4, 2009
Issue 09-11

CWDA/CSAC Report "Human Services in Times of Crisis" Some Good Information

REPORT ANALYSIS

The California Welfare Directors Association (CWDA) and County Supervisors Association of California (CSAC) issued a 26-page report, dated April 2009 discussing the current economic crisis and its impact on human services. The California Human services system is composed of "recipients" and "providers". CWDA and CSAC represent the "providers". The plight of the "real victims" of this recession, the PEOPLE those human services is designed to serve – the "recipients", was not focus of the report. It focuses instead on the struggles county social service agencies are going through.

Some argue that happy providers means happy beneficiaries, just like the Reagan-Bush 1 and 2 "trickle down theory" of giving the rich huge tax cuts that proved to be wrong. Actually, often "happy providers" means more "unhappy beneficiaries". For example, more county workfare workers means more workfare sanctions. Workfare sanctions means that a family of three would be forced to live on 56% of the poverty level. The report noted that Butte County is eliminating home visits for non-compliant and sanctioned cases and will be granting good cause exemptions for participants in remote locations who lack transportation. This means happy "recipients".

The report fails to discuss the enormous hits that CalWORKs families have been taking – living on the 1989 income level without regard to inflation. The CalWORKs grants for a family of 3 in 1991 were \$693. Today, in Region 2, a family of three gets \$689 and effective July 1, 2009 it plummets to \$661. A drop in benefits to 1988 levels. CWDA and CSAC employees area not getting paid the same salary as in 1988. Neither are

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the proponents of CalWORKs cuts working in the Governor's Office, Department of Finance, DSS or the people who voted for the CalWORKs 4% benefit reduction and no COLA for 2008-2009. Yet welfare recipients are. A fact that was absent in the 26-page report.

The report asserts that the new poor often are not able to access public benefits due to the current minimal asset tests. That may be true, but that it not the primary obstacle that the new poor face in obtaining benefits. The real obstacle is that counties are given enormous flexibility and can impose enormous procedural obstacles to prevent hungry people from accessing benefits. During January, 2009, 38% of CalWORKs applications were denied due to "failure to meet the county procedural requirements". This means families who were most likely eligible, but could not overcome the county bureaucratic obstacles placed before them by the county welfare system were denied benefits. In most cases, these obstacles have nothing to do with the shortage of welfare workers but everything to do with the county imposing unnecessary steps on applicants to qualify for aid.

Another revealing fact excluded from the report was the fact that in January, 2009, 22% of the applicants were denied because their income exceeded the CalWORKs income limits, which, as we pointed out above, comes from the previous century.

PUBLIC BENEFIT STIMULATIVE IMPACT

The CWDA/CSAC report correctly points out that CalWORKs, Food Stamps and In-Home Supportive Services have the highest "multipliers" or ratios of economic activity generated to dollar spent.

The report found that the multiplier effect for spending a state dollar on CalWORKs benefits is 7.35, meaning that state expenditures on CalWORKs grants/ COLA increased by \$1 million, output would increase by \$7.35 million, and employment would experience a comparable boost.

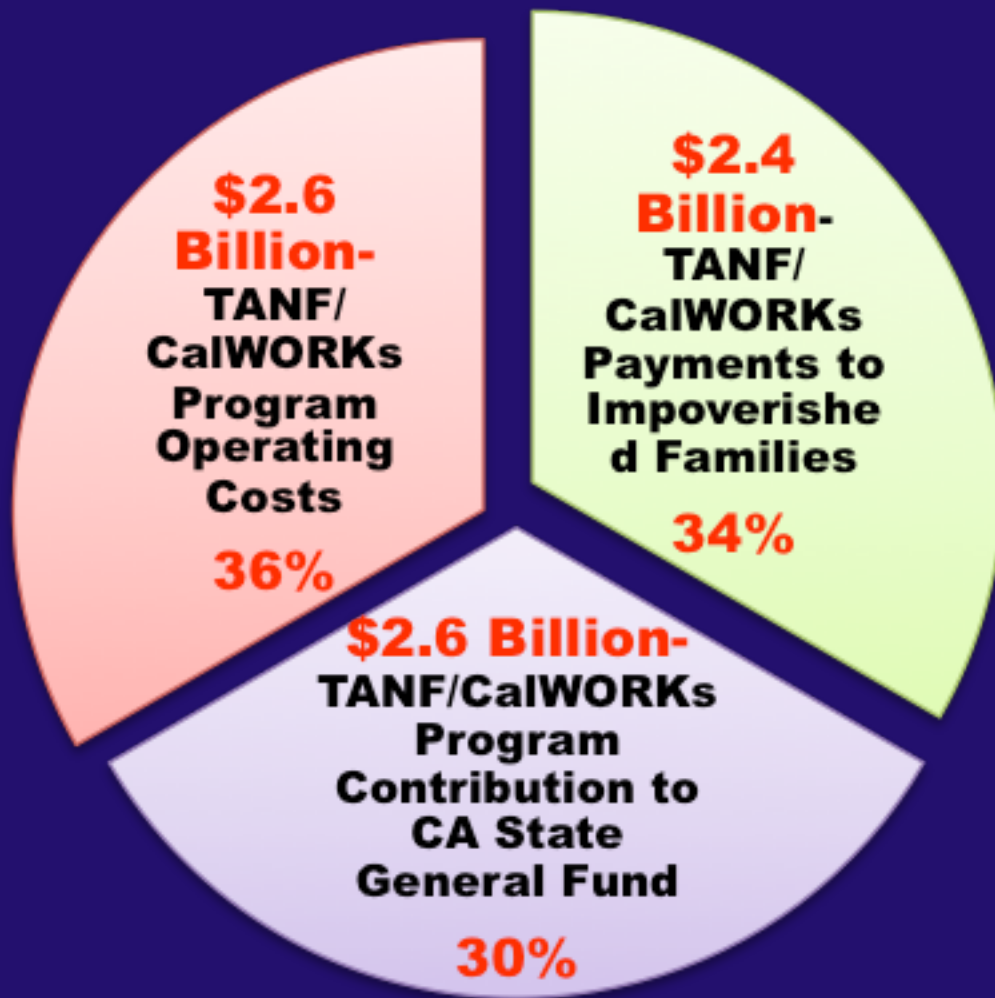
The report correctly points out that the more funding provided to low-income families and individuals results in a stimulated economy, low-income folks can't afford to save money, rather, they spend what they have needed goods and services .

The report points out that for 2009-2010 the federal government would match 80% of any additional state dollar spend on increased benefits of its high stimulative impact on the economy. The report found that the multiplier effect for spending a state dollar on CalWORKs benefits is 7.35, meaning that state expenditures on CalWORKs grants increased by \$1 million, output would increase by \$7.35 million, and employment would experience a comparable boost."

LEGISLATIVE ACTION TO GET \$1.6 BILLION BY SPENDING \$226 ON POOR FAMILIES

The Legislature could still take action to bring \$1.6 billion into the California economy by restoring the CalWORKs COLA and rescinding the 4% CalWORKs grant cut. The restoration of these two cuts would mean that the California General Fund would get \$226 million less from CalWORKs. Currently CalWORKs contributes \$1.5 billion to the state general fund out of a total of \$6.6 billion that is spending on CalWORKs. It should be noted that a meager 34% of the \$6.5 billion is used for "payment to impoverished families" while \$3.6 billion is used to operate the CalWORKs program and \$1.5 billion is used as "contribution to the State general fund."

What Happens to **\$6.5 billion dollars** designated for the impoverished families with babies and minor children in California?



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