

CCWRO Welfare News

Coalition of California Welfare Rights Organizations, Inc.
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LA Times Demonizes Welfare Recipients in Casino Story

On June 24, 2010 the Los Angeles Times published a demonizing article stating that welfare recipients are accessing money using ATM machines at card clubs and casinos with no evidence that one penny was used for gambling.

ACT I

A Los Angeles Times reporter contacted CDSS in January of 2010 asking for copies of all purchases made by welfare recipients. That request was denied. The Los Angeles Times was asked to narrow its request. Subsequently, CDSS provided the Los Angeles Times with documents showing that there are 162 ATM machines in California's casinos and card rooms that accept an Electronic Benefits Transfer (EBT) card. The information provided to the Los Angeles Times revealed that 45% of those ATMs were never used to withdraw CalWORKs money. This information was not reflected in any of the Los Angeles Times articles.

The information also revealed that majority of the withdrawals were made in small counties and rural areas that do not have many locations where welfare recipients can use their EBT cards to get their benefits. Eight of the eleven major casinos in California (such as Thunder Valley and Red Hawk) had no CalWORKs EBT withdrawals in three years. The other three casinos were used because they were the most convenient for families to access their meager benefits to

meet their basic survival needs without paying exorbitant surcharges to banks at other ATM locations.

ACT II

An article was written to demonize welfare recipients in California. The Los Angeles Times had no evidence that one penny of the money withdrawn was used for anything other than meeting the needs of the poor family. Rather than alleging that the money was used for gambling, they simply reported that welfare recipients are withdrawing money from casino ATM machines and let the readers and the public assume that this money was being used for gambling.

ACT III

Governor Schwarzenegger, who according our legislative sources "hates welfare recipients" has issued Executive Order S-09-10 - <http://gov.ca.gov/executive-order/15423/>, stating that the purpose of the CalWORKs program is to provide "cash aid and services to needy families with children... help those families meet basic needs, including housing, food, and clothing, until they become self sufficient." The executive order further provided: "NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, by virtue of the power vested in me by the Constitution and statutes of the State of California, do hereby order effective immediately:

1. DSS shall immediately take all necessary steps to ensure that CalWORKS recipients may not access state-provided cash benefits from ATMs in gambling establishments.
2. DSS shall take all necessary steps to ensure that CalWORKS recipients must acknowledge that the intent of the cash grant is to meet the basic subsistence needs of the recipient's family.
3. DSS shall provide an action plan, within seven days of this order, proposing other methods to reduce waste, fraud, and abuse in the disbursement of CalWORKS benefits.

FURTHERMORE, IT IS REQUESTED that members of the public report suspected misuse of CalWORKS funds, using the toll-free hotline available at 800-344-8477."

When the Executive Order was issued, CDSS convened a call of stakeholders to get input for the DSS plan to implement the Executive Order.

ACT IV

A July 1, 2010 memo to Scott Reid, Cabinet Secretary, from John Wagner, Director of DSS via Kimberly Belshe, Secretary of the Health and Human Services Agency terminating ATM machines in all casinos and card clubs around the State for the purpose of denying CalWORKs recipients access to their benefits. This action leaves thousands of poor families without convenient means to access their benefits and forces them to incur higher bank surcharges.

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The plan provides that welfare recipients will be required to sign a statement that the intent of the cash grant is to help them provide for some of their family's basic needs. The statement will not include any language that CDSS and Governor Schwarzenegger will require CalWORKs recipients to pay more of their meager benefits to banks in order to access their benefits instead of using the money to "help those families meet basic needs, including housing, food, and clothing, until they become self sufficient."

The plan also asks the public to report welfare recipients who may be committing alleged fraud. The reader should remember that there is not an iota of evidence that welfare recipients are using their cash aid for gambling, but that does not prevent the Los Angeles Times, the Governor's Office and CDSS from implying that CalWORKs funds are being used for gambling.

The order would also pour more money into a Hotline for Welfare Fraud and a major revision of the Hotline. This despite a \$19 billion state budget shortfall and proposals to further slash benefits to impoverished families with needy children.

The order states that county welfare fraud units have lost 33% of their staff as many counties are forced to cut back on their staff. The order does not show the percentage of staff cutbacks for other county staff. The plan proposes that the county single allocation be modified to set aside a certain percentage for the welfare fraud bureaucrats. (Currently counties get a single allocation that is then allocated by the county for different welfare functions to promote county flexibility and local control.) Welfare fraud bureaucrats are inefficient as 70% of the investigated cases they accept for investigation are dropped for insufficient evidence. Instead of more welfare fraud

bureaucrats, the state should set aside a certain amount for supportive services for welfare recipients to become "self-sufficient."

The plan also provides for a New State-Level Fraud Investigative Resource Unit and a Welfare Fraud Analytics Reporting System.

Many of these changes need legislative authorization.

In the final analysis, the Los Angeles Times was able to deprive thousands of poor families access to their meager benefits without any evidence of wrongdoing and forces cause welfare recipients to pay more to banks from the money meant to "... help those families meet basic needs, including housing, food, and clothing, until they become self sufficient."

MOST OF THE CASINO & CARD ROOM WITHDRAWALS OCCUR IN SMALL COUNTIES THAT ARE THE ONLY POINT OF ACCESS WITHOUT EXUBERANT BANK SURCHARGES *

County	Percentage of Caseload **	2007	2008
Amador	0.06%	\$50,773.00	\$3,105.00
Del Norte	0.15%	\$89,697.00	\$96,884.00
Humboldt	0.30%	\$75,990.00	\$60,143.00
Lake	0.21%	\$119,708.00	\$88,277.00
Lassen	0.08%	\$30,567.00	\$36,958.00
Mendocino	0.27%	\$112,408.00	\$98,603.00
Santa Barbara	0.94%	\$114,952.00	\$61,260.00
Tulare	2.66%	\$95,503.00	\$34,827.00
TOTAL	4.67%	\$689,598.00	\$480,057.00
Total Funds Withdrawn from Casinos and Poker Rooms		\$960,549.00	\$856,612.00
Percentage of all Funds Withdrawn from Casinos and Poker Rooms in small counties		71.79%	56.04%

* There are some locations in large counties that have large withdrawals. The reason is that these locations are the most cost effective locations for accessing the CalWORKs money.

** This is the percentage of total statewide caseload for March of 2010.