

Date of Hearing: March 26, 2019

ASSEMBLY COMMITTEE ON HUMAN SERVICES
Eloise Gómez Reyes, Chair
AB 807 (Bauer-Kahan) – As Introduced February 20, 2019

SUBJECT: CalWORKs eligibility: income exemptions

SUMMARY: Expands the types of funds and other resources that are exempt from being considered as income when determining public social services, including CalWORKs, eligibility and benefit amounts. Specifically, **this bill:**

- 1) Deletes provisions of current law that, for purposes of determining a public social services, including CalWORKs, applicant's or recipient's eligibility and benefit amounts, requires awards or scholarships to be based on a child's academic or extracurricular achievement or participation in a scholastic, educational, or extracurricular activity in order to be exempt from being counted as income, as specified.
- 2) Exempts funds received by a governmental agency for the express purpose of paying for rent or shelter expenses from being counted as income when determining a public social services, including CalWORKs, applicant's or recipient's eligibility and benefit amount, as specified.
- 3) Prohibits the following from being counted as income for purposes of public social services programs, including CalWORKs, and declares such prohibitions as being declarative of existing law:
 - a) Funds withdrawn from a bank account or retirement savings account for personal use, as specified; and,
 - b) Funds transferred from one bank account or retirement savings account to another bank account or retirement savings account.
- 4) Requires the California Department of Social Services (CDSS) to adopt regulations to implement the provisions of this bill by October 1, 2022, and authorizes CDSS to implement the provisions of this bill through an all-county letter or similar instruction from the Director of Social Services until such regulations are adopted.
- 5) States that no continuous appropriation, as specified, shall be made for purposes of implementing the provisions of this bill.
- 6) Makes technical changes.

EXISTING LAW:

- 1) Establishes in federal law the Temporary Assistance for Needy Families (TANF) program, which provides block grants to states to develop and implement their own state welfare-to-work programs designed to provide cash assistance and other supports and services to low-income families. (42 United States Code Section 601 *et seq.*)
- 2) Establishes the state's TANF program, the California Work Opportunity and Responsibility to Kids (CalWORKs) program. CalWORKs provides cash assistance and other supports and

services to low-income families and is administered by the counties. (Welfare and Institutions Code [WIC] Section 11200 *et seq.*)

- 3) Establishes income, asset, and real property limits used to determine eligibility for the CalWORKs program, and CalWORKs grant amounts, based on family size and county of residence. (WIC 11150 to 11160, 11450 *et seq.*)
- 4) Requires any CalWORKs recipient who is required to participate in welfare-to-work activities to enter into a written welfare-to-work plan with the county welfare department, requires the welfare-to-work plan to include the activities and services which will move the recipient into employment, and establishes additional requirements related to the plan, as specified. (WIC 11325.21)
- 5) Defines “disability-based unearned income”, within the CalWORKs program, as state disability insurance benefits, private disability insurance benefits, temporary workers’ compensation benefits, social security disability benefits, and any veteran’s disability compensation. (WIC 11451.5 (b)(2))
- 6) Defines “earned income” as gross income received as wages, salary, employer-provided sick leave benefits, commissions, or profits from activities such as a business enterprise or farming in which the recipient is engaged as a self-employed individual or as an employee. (WIC 11451.5 (b)(1))
- 7) Requires all lump-sum income received by a public social services, including CalWORKs, applicant or recipient to be regarded as income in the month the lump sum was received, with the exception of nonrecurring lump-sum social insurance payments, as specified. (WIC 11157 (a))
- 8) Exempts the following from consideration as income for purposes of public social services, including CalWORKs, programs, as specified:
 - a) Income that is received too infrequently to be reasonably anticipated;
 - b) Income from college work-study programs; and,
 - c) Any award or scholarship provided by a public or private entity to or on behalf of a dependent child based on that child’s academic or extracurricular achievement or participation in a scholastic, educational, or extracurricular competition. (WIC 11157 (b))
- 9) Establishes a schedule of minimum basic standards of adequate care (MBSAC) for higher and lower cost counties, to be adjusted for cost-of-living increases or decreases as stipulated, to ensure, as specified: safe housing, minimum clothing, low-cost adequate food budget, utilities, allowance for essential and not otherwise provided medical and related care, and other items. (WIC 11452)
- 10) Prohibits a family applying for CalWORKs from being eligible if the family’s income minus \$90 of earned income for each employed person, is less than the MBSAC, as specified. (WIC 11450.12)

- 11) Exempts the following when calculating a family's income for the purpose of determining CalWORKs eligibility:

If the family's disability-based unearned income does not exceed \$225

- a) All disability-based unearned income, plus any amount of not otherwise exempt earned income equal to the amount of the difference between the amount of disability-based unearned income and \$225; and,
- b) Fifty percent of all not otherwise exempt earned income in excess of the amount applied to the difference between the amount of disability-based income and \$225.

If the family's disability-based unearned income exceeds \$225

- a) All of the first \$225 in disability-based unearned income.
- b) Fifty percent of all earned income. (WIC 11451.5)

- 12) Requires a family's income, once calculated per various CalWORKs rules stipulated in statute including deduction of the earned income disregard, to be deducted from the maximum aid payment for that family size as adjusted for any applicable cost-of-living increase in order to arrive at that family's monthly CalWORKs grant level, as specified. (WIC 11450)

FISCAL EFFECT: Unknown

COMMENTS:

CalWORKs: CalWORKs is the state's TANF program, providing eligible low-income families with cash grants and supportive services aimed at helping them to secure education, training, and employment. CalWORKs is administered at the county level; it is funded largely through the federal TANF block grant and state maintenance-of-effort contributions. Families participating in CalWORKs have access to a range of services that can include child care and services aimed at addressing mental health needs, substance use disorders, experiences of domestic violence, and learning disabilities, among other issues. Unless deemed exempt or otherwise not required to participate per CalWORKs rules, parents are required to develop and participate in a welfare-to-work plan. CalWORKs-approved welfare-to-work activities can include public or private sector subsidized or unsubsidized employment; on-the-job training; community service; secondary school, adult basic education and vocational education and training when the education is needed for the recipient to become employed; specific mental health, substance abuse, or domestic violence services if they are necessary to obtain or retain employment; and a number of other activities necessary to assist a recipient in obtaining unsubsidized employment.

A number of changes to the CalWORKs program were adopted with the passage of SB 1041 (Senate Committee on Budget and Fiscal Review), Chapter 47, Statutes of 2012. These changes included the establishment of the 24-month time clock. Unless exempted per CalWORKs rules, an adult recipient is expected to participate in welfare-to-work activities during the up to 48 months for which they may receive assistance. For 24 of those 48 months, welfare-to-work participation requirements can include a broad range of activities, such as employment, training,

education, and mental health, domestic violence, and substance abuse services. Once this 24-month time clock “runs out,” CalWORKs welfare-to-work participants must meet the more stringent federal TANF requirements in order to maintain their eligibility for aid. If a CalWORKs recipient does not meet the requirements of their welfare-to-work plan and does not have a permissible exemption or exception to those requirements, they are subject to sanction; sanction results in an individual’s portion of the family’s grant being subtracted from the total grant amount provided to the family to meet basic needs.

The current maximum CalWORKs grant for a family of three living in a high-cost county, if the family has no other income, is \$714 per month. On April 1st of this year, maximum grants will increase by 10% pursuant to changes adopted in the 2018 Human Services Trailer Bill, AB 1811 (Assembly Committee on Budget), Chapter 35, Statutes of 2018. This 10% increase will raise the maximum CalWORKs grant for a family of three living in a high-cost county to \$785 per month. However, many families earn some income and do not qualify for the maximum grant amount. For Fiscal Year (FY) 2018-19, the average monthly CalWORKs cash grant is estimated to be \$568 per household. In FY 2017-18, the average monthly CalWORKs caseload was 423,121 households.

Need for this bill: According to the author, “[This bill] would create equity for low income students by removing income exclusions which currently penalize families on CalWORKs for a student’s scholarships, rental assistance, and any transfers of money from one account to another – like a college savings account. A college education is one of the most dependable paths out of poverty. This bill allows students to pursue a higher education while promoting good financial practices.

“The California Work Opportunity and Responsibility to Kids (CalWORKs) program serves nearly 400,000 low-income families by providing financial assistance for housing, food, and other necessary expenses. Of these families, 278,000 recipients are still living in deep poverty. To be eligible for benefits, a family must pass an assessment and income test. The program allows exemptions to which income should be counted when calculating the net income. These exemptions are chosen to encourage behavior that supports families’ paths out of poverty.”

Recommended amendments: In order to clarify that the provisions of this bill apply specifically to CalWORKs, committee staff recommends the following amendments:

Delete lines 13 through 28 on page 3 of the bill.

After line 12 on page 3 of the bill, insert:

(3) Except as provided for in subparagraph (A), ~~Any an~~ award or scholarship provided by a public or private entity to, or on behalf of, a dependent child based on the child’s academic or extracurricular achievement or participation in a scholastic, educational, or extracurricular competition.

(A) For purposes of Chapter 2 (commencing with Section 11200), an award or scholarship provided by a public or private entity to, or on behalf of, a dependent child.

(c) (1) For purposes of Chapter 2 (commencing with Section 11200), the following shall not be considered as income:

(A) Funds withdrawn for personal use from a bank account or a retirement savings account, regardless of the number of withdrawals or frequency of withdrawals.

(B) Funds transferred from one bank account or retirement savings account to another bank account or retirement savings account.

(C) Funds received from a governmental agency specifically to pay for rent or shelter expenses.

(2) Subparagraphs (A) and (B) of paragraph (1) are declarative of existing law.

REGISTERED SUPPORT / OPPOSITION:

Support

Western Center on Law & Poverty, Inc. (Sponsor)
California Alternative Payment Program Association
California Catholic Conference
California School Employees Association
Hunger Action Los Angeles, Inc.
Public Interest Law Project

Opposition

None on file

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