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The Honorable Denise Moreno Ducheny
Chair, Senate Budget and Fiscal Review Committee
California State Senate
Sacramento, California 95822

The Honorable Robert Blumenfield
Chair, Assembly Budget Committee
California State Assembly
Sacramento, California 95822

June 7, 2010

Re: Human Service Conference Committee Positions

Dear Senator Ducheny and Assemblymember Blumenfield,

The Western Center on Law and Poverty represents California's poorest residents in the areas of affordable housing, health care and public benefits. We are writing to express our position on the remaining issues left for the Conference Committee to address.

WCLP greatly appreciate the efforts of the leadership of both houses and the chairs of the budget committees in rejecting the most draconian aspects of the human service budget. We applaud both houses for proposing revenue increases in lieu of further decimating the social safety net and other cuts that harm Californians. In particular we thank the budget committees for:

- Rejecting the Elimination of CalWORKs
- Rejecting the 15.7% CalWORKs Grant Cut
- Rejecting the Elimination of the Recent Non-Citizen Entry program
- Rejecting Elimination of CDE child care programs
- Rejecting Elimination of the Cash Assistance Program for Immigrants
- Rejecting Elimination of the California Food Assistance Program
- Rejecting a \$15 cut from SSI grants for Individuals
- Eliminating the Statewide Fingerprinting System for CalWORKs and Food Stamps

Despite these laudable actions we appreciate that you may nonetheless be forced to consider reductions in human service programs. We would urge the committee to reject proposals that reduce employment, reduce federal funds coming to California or which have a negative impact on the California economy. All of the cuts already rejected meet one of these criteria.

WCLP Opposes Further SSI and CalWORKs Grant Reductions

WCLP wishes to remind the committee that human service programs have been repeatedly reduced in recent years, even before the current economic crisis began. The state has not provided cost of living increases for either program since the 2004-5 budget and last year the state repealed the cost of living adjustments for both programs. Given the significant reductions taken by the programs and the demonstrated positive impact these programs have on the economy we urge the conference committee to continue rejecting the Governor’s proposals to reduce grants further.

Using Senate Budget and Fiscal Review Committee reports, WCLP has identified General Fund reductions totaling \$10.1 billion from CalWORKs and SSI beginning with the 2005-6 budget act. As our chart below shows, the reductions taken in each budget have remained in place in subsequent budgets and accumulate over time. We project that if the Governor’s budget is adopted that the cumulative reductions balloon to \$3.9 billion in the 2010-11 budget.

Combined 2005-2010 SSI-CalWORKs Reductions (in millions)

	2005-6	2006-7	2007-8	2008-9	2009-10	2010-11
SSI Total	\$180	\$338	\$121.5	\$301.2	\$898	\$630
CW Total	\$135	\$135	\$123.6	\$162	\$226	\$655
Year Total	\$315	\$473	\$245.1	\$463.2	\$1,124	\$1,285
Cumulative Savings	\$315	\$788	\$1,033.1	\$1,496.3	\$2,620.3	\$3,905.3

We also remind the committee that reducing CalWORKs grants by 15.7% as the Administration has proposed will cut more than \$500 million from the poorest families in California. But it also results in forfeiting \$400 million in federal stimulus funds if the TANF ECF program is extended by Congress, as we expect. So the net benefit to the state is approximately \$100 million. Turning down a four to one match at a time when families and the economy really need a boost is not in the interest of California. We urge the committee to resist any further cuts to CalWORKs grants.

SSI COLA Pass Through

We understand there may be a proposal by the Legislative Analyst Office to not pass through the cost of living adjustment for the federal SSI grant in January, 2011. Instead as we understand it, the state would only pass through the COLA once the SSP grant had been reduced to the federal minimum and then any remaining federal COLA funds would be added onto the federal SSI grant minimum of \$830 a month. Before approving either a \$15 a month cut or the above proposal, the committee should take note of the significant cuts absorbed by SSI recipients already and the fact that their condition or age prevents them from working to make more money.

We would also ask the Committee to take careful consideration of the “cumulative impact” of the SSI grants cuts and the various proposals to add “co-pays” for a variety of services including many services used by SSI recipients. It is wrong to ask those with the least ability to pay, to be asked to give up more while the wealthiest persons who can afford to pay more are not asked. We urge the committee to pass through the full SSI COLA in January.

Open Conference Issues

Item 5180-101-0001 Department of Social Services, page 2 CalWORKs

WCLP supports the Assembly version. The Assembly package is preferable because it will retain more jobs, increase employment among CalWORKs participants and help the state achieve a better work participation in the future. The Assembly version will allow counties to engage more than 40,000 adults in work who are currently exempt due to the changes made in AB X4 4. In particular many of these adults could end up in the subsidized employment positions being funded by federal TANF stimulus funds.

Item 5180-101-0001 Department of Social Services, page 5 Social Security Income/State Supplementary Payment (SSI/SSP) Benefits

WCLP supports the Assembly version. We support the proposal to create a stakeholder work group so that all parties can review information, data and analysis. Because of the extremely technical issues involved in making the decision to partially end SSI cash out, stakeholders need a forum to discuss and come to consensus on the best approach. While we do not oppose the Senate action to require DSS to report to the Legislature on the response of the federal government to the DSS request, we believe that can be accomplished by having Legislative representation on the stakeholder group and that all stakeholders should review the response.

Item 5180-101-0001 Department of Social Services, page 7 Food Stamps Administration

WCLP supports the Assembly version with modifications. WCLP opposed the Administration’s proposal to use part of the federal Food Stamp administrative funds to reduce the state’s General Fund support for administering the Food Stamp Program. We believe the funds should have been entirely passed onto counties to eliminate timeliness problems or to make improvements to the Food Stamp program.

Both committees, however, approved the Governor’s proposal with the exception of whether \$1 million will be held back, as is called for in the Assembly’s budget, towards an unspecified program improvement. Though we support the Assembly version, we would urge the committee to identify a specific program improvement that can be accomplished with \$1 million or less and within the budget year.

WCLP has long supported legislative proposals to move from quarterly reporting of income to semi-annual reporting of income. This change would reduce the number of administrative actions

by counties and increase the amount of federal Food Stamps coming to Californians. While it may be suggested that the major impediment to accomplishing this is the estimated \$17 million in start-up costs needed to change computer systems, this is neither the only, nor most important, barrier to confront.

The key dispute between advocates and the Administration is over when CalWORKs families must report changes in their income between reporting periods. Our current system follows the Food Stamp rule that families are not required to report until their income exceeds 130 percent of the federal poverty level by family size. Advocates acknowledge that moving to a six month reporting period requires adjustments to the income reporting thresholds (IRT) for CalWORKs. Advocates and counties have proposed a reasonable compromise that cuts the CalWORKs IRT to 75% of 130% of the federal poverty level (See AB 1642). Unfortunately, the Administration has demanded a CalWORKs IRT that is less than 30% of 130% of the federal poverty level that would take tens of millions of dollars away from working CalWORKs families.

In the past three years legislators and advocates have pushed the Administration to be more flexible on the IRT but without result. There is no reason to think that providing \$1 million will make the Administration move off their IRT provision. Further, there is no need for the Legislature to act this year. USDA just extended our waiver for another year and there is no credible reason to believe that California will not continue to be able operating their quarterly reporting system for the next several years. What is at stake are the poorest families in our state, who are working and trying to get out of poverty. If the Administration gets its way, that is who gets hurt. It is worth our continued patience to make sure that they are not treated as pawns in a game of budget chess.

In summation, the committee should adopt the Assembly version only if it identifies a specific program improvement that can be accomplished within the next budget for \$1 million or less. One idea that has support on both sides and with the Administration is to fund the minor costs associated with allowing inter-county transfers of Food Stamp cases as proposed in **AB 2018 (Skinner)**. The Administration included this proposal in the May Revise. If this is not a viable option, WCLP support increasing the amount passed on to counties by \$1 million to help ensure timely service during this period of continued caseload growth.

Sincerely,

A handwritten signature in cursive script that reads "Michael Herald".

Michael Herald
Legislative Advocate