U-T San Diego

WELFARE CAPITAL OF THE U.S.?

Delving into why California has such a disproportionate share of the nation's recipients, does it make the state

By Michael Gardner | July 29, 2012

Sacramento — When Gov. Jerry Brown and the Legislature overhauled the state's welfare program last month, some people learned a jarring fact for the first time: California has one-third of the nation's welfare recipients.

That California has a lot of people on welfare was not a secret. In addition to its size, the state has a long history of heavy focus on social services, in part because of years of Democratic dominance in Sacramento.

But the size of California's welfare rolls is disproportionate when you consider the state has only 12 percent of the nation's population. Some of it has to do with the benefits being more generous than in many other states, but experts also point to various economic and social factors.

There's more to support the notion that this is the welfare state. California:

• Pays out one of the highest maximum monthly cash grants to the average family on welfare, $638.

• Continues aid for children even when the parents lose eligibility.

• Provides benefits even to some who find a job and helps with child care and transportation while attending school or training.

On the flip side, California is not the land of endless "Cadillac" benefits:

• The actual average cash grant for the typical family of three is $463.

• Welfare payments have been cut twice since 2009 while 18 states have provided nominal increases.

• The high cost of housing eats up more of the aid than in other states with smaller grants.

People in California will start moving off welfare more quickly due to changes made by the governor and lawmakers, even though their primary goal was to save money and help chip away at a huge budget deficit. They imposed a shorter benefit period but avoided making cuts in grants in the state's $6.7 billion welfare-to-work program, called CalWORKS. (Federal taxpayers do pick up $3.7 billion of the tab.)

California by far spends more than any other state on welfare. But broken down on a per-capita basis, the story is a little different.

That overall figure amounts to $179 annually for every man, woman and child in California. That trails New York ($256) and Hawaii ($233). Two large states among the lowest in per capita spending are Texas ($32) and Florida ($44). The national average is $99.

The figures for the states do not include other support, such as food stamps, known as CalFresh in California, or Medicaid, known as Medi-Cal in California.

The amount California spends and the level of its benefits have been central to the long-running debate over why so many people here are on welfare.

Is California a magnet?

In the 1990s, then-Gov. Pete Wilson, the former San Diego mayor, famously declared that welfare benefits lured poor people to California. Some experts say there wasn't solid evidence to support that notion then — or now.

"The magnet argument is often a little exaggerated. … People don't move across the country to get welfare," said Michael Tanner, a policy analyst for the libertarian Cato Institute based in Washington, D.C.

National experts like Tanner say other factors play a larger role as the needy look for a new home. Among those: job prospects, family, church, friends, rent and the cost of moving.

But while the benefits may not be a magnet, they can be an anchor in some cases.

It's notable that California proportionately spends more on direct cash aid than noncash assistance than most other states. Nationally, 31 percent of benefits are direct cash while 69 percent are noncash services. California is somewhat the reverse: 56 percent cash, 44 percent noncash. Noncash aid includes such programs as child care, job training and transportation. Noncash aid includes such programs as child care, job training and transportation.

"The generosity of your benefits acts as a reason for people to stay on longer," Tanner said. "To some degree, benefits discourage moving into the work force."

That may change, albeit gradually and modestly.

While holding the line on grants, Brown and lawmakers did impose new cost-saving requirements as part of the 2012-13 budget deal.

Mostly, California's new welfare rules for some 1.47 million recipients will cut off aid after 24 months of assistance starting Jan. 1, although there are a number of exclusions. The average California recipient had moved off welfare in 34.8 months. The old deadline was 48 months.

"Evolutionary, but not a Brave New Word," said Todd Bland, who oversees CalWORKS as deputy director of the Department of Social Services.

Brown estimated the new policies adopted in June will save $469 million this fiscal year and about $400 million annually after that. That's important, given lawmakers at the time were frantically negotiating broad-based cuts to close a projected $15.7 billion budget shortfall over the next 12 months. General fund spending is set at $92 billion.

California, with Democrats in the legislative majority, held fast in shielding recipients from deep cuts for years. But lawmakers reluctantly started to turn to welfare for savings as the state began to sink deeper into the Great Recession and its deficits forced economies in spending on schools, parks and public safety.

California's family of three in 2008-09 could draw as much as $723 a month in direct cash aid. Today, that same family gets a maximum of $638.

Pressure could mount to slice more if Brown fails to persuade voters to approve his November initiative to raise the sales tax and income tax on higher wage-earners. Brown wants to mostly cut K-12 spending if the $8 billion tax hike is rejected, but lawmakers could have other plans.

How generous is California?

Liz Schott, a senior fellow for the nonprofit Center on Budget and Policy Priorities that focuses on issues affecting low- and moderate-income families, said California's perceived generosity is overblown, particularly given the cuts of the past few years.

Schott argues California's larger benefits cannot be directly compared with many other states that stop providing aid more quickly even though the recipients remain poor and unemployed. In other cases, families are simply ineligible because of higher thresholds to qualify for help. As a result, their spending appears frugal when compared with California.

Take Texas, for example. For every 100 families below the poverty line there, only six receive assistance, she said. In California, 66 of those below the poverty line are helped.

“I don’t call that ‘Texas doing better than California.’ In Texas there are still 94 poor families who need assistance,” Schott said.

Overall, when state and federal commitments are combined, California’s $6.67 billion is far and away the most spent by any state. New York is a distant second at $4.95 billion. No other state breaks the $2 billion mark, and only six others top $1 billion.

The gulf is just as wide when looking only at cash grants. California paid $3.7 billion; New York, $1.4 billion. The next highest state is Ohio at $440 million, according to federal data.

And it’s not just cash grants. In the 2011 federal fiscal year, California spent more on child care alone, $151.45 million, than many states did for their entire welfare program. California also allocated $130.6 million for transportation, training and other employment-related services. Again, that was more than many states spent on their entire welfare program.

A commitment to children?

Policy experts say California’s large rolls are the byproduct of numerous factors: sheer size, tough job market and sheer numbers of single-parent households, among them. The state has nearly 30 percent of the nation’s one-parent welfare families.

One major — and cash consuming — difference is California refuses to push out children even if the parents fail to fulfill requirements.

“We will not be party to devastating children and families. Period. It’s not why we came here. It’s not what we believe in,” said Senate President Pro Tempore Darrell Steinberg, D-Sacramento, when then-Gov. Arnold Schwarzenegger, a Republican, moved to erase all state spending on CalWORKS in May 2010.

Steinberg has echoed those same sentiments when dealing with Brown, a fellow Democrat, who initially wanted lawmakers to pare welfare even more in the current budget.

CalWORKS’ Bland said historically the state has been committed to a “safety net for children of parents who either cannot or will not help themselves.”

Caroline Danielson, a policy analyst who tracks welfare issues for the nonpartisan Public Policy Institute of California, said the unconditional support for children is “a pretty rare policy in the country as a whole.”

According to Schott, with the Center on Budget and Policy Priorities, most states issue what's called "full family" sanctions that automatically cut off aid to children if the parents lose eligibility. Other states offer second chances to the parent.

"California is sticking with the kids, and other states are walking away from them," Schott said.

While few want to toss children out in the street, there are a number of conservative California lawmakers who believe hard choices must be made, given the tough fiscal times for taxpayers.

"We are teaching generations to become dependent on the government rather than on their own initiative," said Assemblyman Tim Donnelly, R-Twin Peaks. "We are handing out cash we do not have."

Of the state's 1.47 million recipients in 2011, more than 1 million are children. Of those being helped in the state, nearly 600,000 are families. Nationally, about 1.9 million recipients are families, according to data provided by the Urban Institute.

The Urban Institute reports that in the 2011 calendar year, 266,000 children in California received aid even though their parents were ineligible. Nationally, there were 794,322 children being aided in households with no parent qualifying for assistance.

Why welfare on the job?

California recipients can qualify for a partial grant even if they go to work, depending on how much the job pays. For example, an individual with two children who earns $600 monthly can still receive $394 from the state. That's $244 less than the $638 maximum check for a typical family.

The state explains that policy this way: allowing families to have a small paycheck from a job offers an incentive to re-enter the workforce and move to self-sufficiency quicker.

The state also picks up the tab, if slots and funding are available, for a number of expenses recipients incur while preparing for a job. Those include subsidized day care, training fees, transportation, books and uniforms,

Whether CalWORKS works under the new regiment will be dissected by the Department of Social Services over a five-year period with a report due in 2018.

What about other states?

Under the program, called Temporary Assistance to Needy Families, or TANF, the federal government caps block grants to states instead of open-ended amounts. States are also required to contribute what's called a "maintenance of effort" based on welfare budgets of 1994-96.

Congress also imposed a five-year time limit for drawing benefits, as part of 1996 reforms to "end welfare as we know it," in the words of President Bill Clinton.

Congress also gave states more authority to establish their own spending policies. As a result, some states spend more on services rather than direct grants. For example, Michigan in the past year allocated $1.9 billion to noncash assistance and $300 million direct checks.

Nationally, federal and state taxpayers provide $30.6 billion to cover welfare-to-work expenses and direct cash grants, under the TANF program.

Just $3 out of every $10 in federal welfare dollars goes to direct cash benefits, said Sheila Zedlewski, a welfare policy expert with the Urban Institute.

Benefits vary widely, as do requirements and number of recipients. For example:

Arizona in June reported helping nearly 40,000 recipients. Monthly cash grants range from $175 to $278. It has a 24-month time limit for most recipients but does keep aiding their children when parents are disqualified.

Texas in fiscal year 2011-12 had about 100,000 recipients on its welfare roll, paying out grants averaging from $69.75 to $165.14. Texas does provide noncash help, such as child care and transportation. The state's time limits vary, from 12 to 24 months.

Washington as of June had 120,000 recipients. The average family of three was paid $478. It's time limits are 60 months and it offers subsidized child care, transportation and work clothes.