AMENDED IN ASSEMBLY JUNE 1, 2009

AMENDED IN ASSEMBLY APRIL 23, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL No. 1058

Introduced by Assembly Members Beall and Fuentes

February 27, 2009

An act to repeal Sections 11155, 11155.1, and 11155.2 of, and to add Section 11258 to, the Welfare and Institutions Code, relating to CalWORKs.

LEGISLATIVE COUNSEL'S DIGEST

AB 1058, as amended, Beall. CalWORKs eligibility: asset limits.

Existing federal law provides for allocation of federal funds through the federal Temporary Assistance for Needy Families (TANF) block grant program to eligible states, with California's version of this program being known as the California Work Opportunity and Responsibility to Kids (CalWORKs) program.

Existing law provides for the CalWORKs program, under which each county provides cash assistance and other benefits to qualified low-income families and individuals who meet specified eligibility criteria.

Existing law continually appropriates money from the General Fund to pay for a share of aid grant costs under the CalWORKs program.

Existing law imposes limits on the amount of income and personal and real property an individual or family may possess in order to be eligible for aid under the CalWORKs program.

This bill would remove asset limitations with respect to a recipient of CalWORKs benefits, except as required by federal law, and would revise asset limitations applicable to CalWORKs applicants, to allow an applicant to retain savings of ~~$7,000~~ *$2,000, subject to annual adjustment, as prescribed,* in addition to any personal property and resources otherwise permitted by existing law. By increasing the duties of counties administering the CalWORKs program, the bill would impose a state-mandated local program.

This bill would declare that no appropriation would be made for purposes of the bill pursuant to the provision continuously appropriating funds for the CalWORKs program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) In 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), known as welfare reform, which created the Temporary Assistance to Needy Families (TANF) program. TANF gives states power to design their own programs, including establishing asset limits. The California Work Opportunity and Responsibility to Kids (CalWORKs) is California's program implementing federal welfare reform provisions.

(b) The structural components of the TANF program, as administered by CalWORKs, have proven to be immensely effective in preserving cash assistance for those in need. Federally mandated and state-enforced time limits and work requirements effectively deter anyone from applying for assistance without having exhausted all other resources. These structural realities, coupled with the social stigma associated with receiving public assistance, prevent anyone with financial resources from considering public assistance.

(c) In California, to qualify for public assistance under CalWORKs, impoverished families must demonstrate that they are both income- and asset-poor. Under current law, a low-income family will not qualify for assistance if the family has savings or other assets, excluding a home and specific vehicle allotment, exceeding the asset limit of $2,000.

(d) Asset limits were intended to ensure that public assistance programs provide benefits only to those with too few resources to support themselves. However, asset limits dissuade low-income families from saving because, in doing so, they risk losing their benefits. For families making the difficult transition from welfare to work, developing assets is critical to achieving true economic independence. In order to prevent a complete backslide to public assistance, low-income working families must begin to develop their own safety net through personal saving for use in the event of an unexpected income shock due to illness or temporary unemployment. As personal saving is essential to achieving self-sufficiency, which is the stated goal of the CalWORKs program, saving should be encouraged by welfare policy and social service agencies, rather than penalized.

(e) To be economically secure, families need both income and assets. Regular income helps families pay for their daily living expenses. In contrast, families need assets to weather financial hardships and get ahead. Assets provide a safety net for coping with unanticipated expenses and emergencies, such as unemployment, accidents, and illnesses, that could otherwise cause significant financial hardship. Assets also help families build wealth and plan for the future by, for example, saving for retirement or investing in their children's education.

(f) Several studies have documented the negative effect of asset limits on wealth accumulation among low-income households in a variety of public assistance programs. One study found that 49 percent of public assistance recipients indicated that they would save more if the government did not cut their benefits because of their savings.

(g) Many states are actively trying to stimulate savings by TANF recipients and other low-income people by addressing asset tests. The States of Ohio and Virginia have eliminated the asset test altogether. The State of Virginia decided to eliminate asset limits for their TANF program, in December 2003, by administrative action, with the goal of streamlining the eligibility process and cutting down on administrative costs. This decision has saved the state an estimated $400,000 annually, and to date, the State of Virginia has reported no “horror stories” of individuals with significant assets scamming the TANF program. In addition, in 1997, the State of Ohio eliminated its asset limit and has not experienced any spike in the rolls or reported fraud.

SEC. 2. Section 11155 of the Welfare and Institutions Code is repealed.

SEC. 3. Section 11155.1 of the Welfare and Institutions Code is repealed.

SEC. 4. Section 11155.2 of the Welfare and Institutions Code is repealed.

SEC. 5. Section 11258 is added to the Welfare and Institutions Code, to read:

11258. (a) Notwithstanding any other provision of law, for any individual who is a recipient of aid under this chapter, in order to encourage personal savings as a bridge from government dependency to self-sufficiency, and to create an incentive to saving, there shall be no limitation on the assets of an individual or a family as a condition of eligibility for receiving aid under this chapter, to the extent permitted under federal law.

(b) Notwithstanding subdivision (a), an applicant for benefits under this chapter may retain savings of ~~seven thousand dollars ($7,000)~~ *two thousand dollars ($2,000)*, in addition to any personal property and resources otherwise permitted by this part. This amount shall be adjusted annually in accordance with changes in the California Necessities Index.

SEC. 6. No appropriation pursuant to Section 15200 of the Welfare and Institutions Code shall be made for the purposes of this act.

SEC. 7. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

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