

On May 14, Governor Schwarzenegger dropped his latest bombshell in the never-ending battle over balancing the state budget. This is the first in a series of articles shedding light on the impacts to Alameda County residents.

The Terminator Attacks California's neediest residents

Part 1: What the elimination of CalWORKs would mean for Alameda County

Imagine this scenario: your cash-strapped neighbor is putting up his cousins who just lost their jobs and need a place to crash for a few weeks. He suddenly decides he can't afford the extra groceries so he kicks them out and tells them to knock on your door. Only problem is, your financial situation is just as bad as your neighbor's. Sounds pretty unfair, right?

Imagine now that "you" are California's counties and your pesky "neighbor" is Governor Schwarzenegger. Your "cousins" represent the 1.4 million children and parents in the California Work Opportunity and Responsibility to Kids (CalWORKs) program, the welfare-to-work program that provides assistance to the state's neediest families. The Terminator is at it again: instead of protecting the citizens he supposedly represents, he is dumping the responsibility on local governments and saying "Hasta la vista, baby."

The Terminator's proposal to close the state's \$19.1 billion budget gap includes \$12.2 billion in cuts to a wide range of state programs. Schwarzenegger's most preposterous proposal is the complete elimination of the CalWORKs program, which would deal a severe blow to the safety net that keeps millions of Californians housed and fed.

CalWORKs helps people like UC Berkeley graduate Christiana Milton, a single mother of two children who relies on CalWORKs childcare to be able to attend classes, work, and have an internship. Christiana reflects that "without CalWORKs assistance, I would not have been able to afford the costs of childcare, thus completing an education, which will inevitably lead me to being able to support myself and children with a livable wage."

The elimination of CalWORKs is by no means a done deal. Similar proposals by Schwarzenegger have been challenged in the courts or rejected by the Legislature. Although it is unlikely that CalWORKs will be completely gutted, it is important to understand how these proposals could potentially impact the residents of Alameda County.

According to the California Budget Project, 48,070 recipients in Alameda County would lose desperately needed assistance if the Governor has his way. Between the proposed October 1, 2010 date of elimination and June 2011, the county would lose \$151.7 million in funding.

The Alameda County Social Services Agency (SSA), the agency that administers CalWORKs, projects that approximately 10,000 CalWORKs Welfare to Work participants would lose employment services assistance in Alameda County. According to a report by the UC Berkeley Center for Labor Research and Education, low-income earners spend a larger percentage of their income in the local economy than do higher-income earners. For this reason, the elimination of CalWORKs would remove over \$200 million from the local economy.

California is also putting itself at risk of losing billions of dollars in federal matching funds if programs like CalWORKs are axed. According to a California Budget Project report, “eliminating CalWORKs would cause California to lose three-quarters (\$2.8 billion) of the state’s federal Temporary Assistance for Needy Families (TANF) block grant in 2010-2011, and to lose the state’s entire annual \$3.7 billion TANF block grant every year thereafter.” This is money that the state uses to run programs like CalWORKs so that General Fund dollars can be used for other purposes such as education and public safety.

To add insult to injury, the Governor’s proposal would also result in the loss of hundreds of thousands of jobs. According to the UC Berkeley Center for Labor Research and Education report, the elimination of CalWORKs would result in an estimated 61,000 jobs lost in California, the vast majority of which would be private sector jobs that would disappear due to steep declines in spending by low-income residents.

The deeper problem with Schwarzenegger’s plan is that it simply shifts the costs for the welfare system from the state to the county. Under state law, counties are still required to provide assistance to needy families, even if the state reduces or cuts programs. With Alameda County facing its own \$182 million budget deficit for 2010-11, the Governor’s proposal is a slap in the face to local government.

Alameda County Social Services officials predict that the families kicked off CalWORKs may become eligible to receive General Assistance (GA) cash aid. GA is nearly 100% paid for by the County General Fund, so taxpayers in Alameda County would still foot the bill through increases in local property and sales taxes. The GA program in Alameda County, however, is already under severe financial stress. Last year, the Board of Supervisors (with Supervisor Carson voting against the measure) implemented a cap on assistance to recipients deemed employable. Starting April 1, 2010, those recipients have been restricted to three months of cash assistance over a twelve month period. Once the GA funds run out, many Alameda County residents could potentially face homelessness.

The Terminator’s “solutions” to the state budget gap are a smoke screen. The gimmicks may help the state to balance its own books, but in reality they just allow Schwarzenegger to pass the buck to local leaders, leaving your “cousins,” over 1 million Californians, out in the cold.

In our next segment, learn how the Governor wants to transfer thousands of prisoners to county jails while reimbursing sheriffs for only a fraction of the real cost to house those inmates.