THE SOCIAL SAFETY NET ASSISTS MILLIONS OF CALIFORNIANS

The social safety net is designed to help Californians in times of economic need. It also has several other short- and long-term goals, such as increasing employment, safeguarding adequate access to food, and improving children's well-being. Assistance takes a number of forms, including cash grants, nutritional support, and tax credits. The largest programs help millions of Californians each year—for example, in 2013 an average of 1.32 million state residents received monthly support from CalWORKs, California’s cash assistance program for families with children, and an average of 4.16 million Californians obtained a monthly food benefit (also known as food stamps) from CalFresh. These and other safety net programs moderate poverty considerably, particularly among children: PPIC research finds that while 25 percent of children lived in poverty in 2012, 39 percent of children would have been poor if not for safety net programs.

According to the May 2014 PPIC Statewide Survey, most Californians (68%) see poverty as a big problem in our society. And most believe that government policies and programs can do some (31%) or a lot (46%) to reduce poverty.

THE SOCIAL SAFETY NET MODERATES POVERTY

![Graph showing poverty rates with and without safety net programs](image-url)


NOTES: Figure shows estimates for all persons; the bars show poverty with and without resources from CalWORKs (California’s welfare program), General Assistance (GA), Supplemental Security Income (SSI), CalFresh, the Earned Income Tax Credit (EITC), and the Child Tax Credit (CTC), housing subsidies, and school meals on California Poverty Measure (CPM) poverty rates for 2012. Unlike official poverty rates, CPM rates factor large-scale safety net programs into family resources and incorporate a regionally varying cost of living adjustment. “Poverty” denotes combined resources that fall short of the CPM threshold and “deep poverty” denotes combined resources that are less than half of the CPM threshold.
THE SOCIAL SAFETY NET IS A PARTNERSHIP ACROSS ALL LEVELS OF GOVERNMENT

Major programs provide cash grants (CalWORKs and General Assistance), tax credits (the Earned Income Tax Credit and the Child Tax Credit), nutritional support (CalFresh, school meals, and the Special Supplemental Nutrition Assistance Program for Women, Infants, and Children), and housing assistance (Section 8). These programs have different eligibility requirements, funding mechanisms, and oversight structures.

- **Federal funds are essential to California’s safety net.**
  There is federal involvement in nearly all programs, and some are entirely underwritten by the federal government—for example, tax credits for working families. CalFresh benefits are mostly covered by federal funds and the allocation is not capped. In contrast, federal funding for CalWORKs covers only about half of total program costs and the amount is fixed. However, the state has a great deal of decisionmaking authority in spending these dollars—far more latitude than it has with CalFresh expenditures.

- **The state and counties play key roles.**
  The state covers a share of costs, which varies by program. It also provides oversight and shapes program rules to the extent allowed by federal law. State legislators have extended benefits to legal immigrants who are ineligible for federally supported CalWORKs and CalFresh benefits; the state also augments school meal payments by a small amount. The counties underwrite benefits for General Assistance and for a portion of CalWORKs and cover some administrative costs.

- **Other local agencies and nonprofits also contribute, adding to the complexity of the social safety net.**
  Schools and school districts enroll students in free or low-cost meal programs, local WIC agencies provide pregnant women and mothers with nutrition education and vouchers to purchase specified foods for themselves as well as their infants and young children, and nonprofits connect families with subsidized child care. Each of California’s 58 counties has a First 5 program, dedicated to improving the lives of children age 5 and under—often with a focus on disadvantaged children—and funded with Proposition 10 tobacco revenues.

<table>
<thead>
<tr>
<th>Program</th>
<th>Recipients (millions)</th>
<th>Expenditures on benefits (billions)</th>
<th>Federal ($)</th>
<th>State ($)</th>
<th>County ($)</th>
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<tbody>
<tr>
<td>CalFresh</td>
<td>4.16</td>
<td></td>
<td>7.56</td>
<td>0.07</td>
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<tr>
<td>Earned Income Tax Credit (EITC)</td>
<td>3.21 (filers)</td>
<td></td>
<td>7.29</td>
<td>–</td>
<td>–</td>
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<tr>
<td>Child Tax Credit (CTC)</td>
<td>2.74 (filers)</td>
<td></td>
<td>3.14</td>
<td>–</td>
<td>–</td>
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<tr>
<td>School breakfast and lunch (free and reduced price)</td>
<td>2.32</td>
<td></td>
<td>1.96</td>
<td>0.16</td>
<td>–</td>
</tr>
<tr>
<td>WIC</td>
<td>1.35</td>
<td></td>
<td>0.63</td>
<td>–</td>
<td>–</td>
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<td>CalWORKs</td>
<td>1.32</td>
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<td>0.95</td>
<td>0.86</td>
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<tr>
<td>Supplemental Security Income (SSI)</td>
<td>1.30</td>
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<td>9.74</td>
<td>2.46</td>
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<tr>
<td>Section 8 housing subsidies</td>
<td>0.48 (housing units)</td>
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<td>3.60</td>
<td>–</td>
<td>–</td>
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<td>General Assistance</td>
<td>0.15</td>
<td></td>
<td>–</td>
<td>–</td>
<td>0.33</td>
</tr>
</tbody>
</table>

**SOURCES:** California Department of Education; California Department of Social Services; Center on Budget and Policy Priorities; Food and Nutrition Service, U.S. Department of Agriculture; Internal Revenue Service; Office of Management and Budget; Social Security Administration.

**NOTES:** CalWORKs and General Assistance statistics for state fiscal year 2013–14; CalFresh, school meals, WIC, and housing subsidies statistics for federal fiscal year 2013; EITC and CTC (refundable portion only) statistics for the 2012 tax year; SSI statistics include State Supplementary Payment (SSP) and are annualized from December 2013 data. Except where otherwise noted, the table shows average recipients and total expenditures. County CalWORKs expenditures shown include the Special Fund amount provided to counties by the state. School breakfast and lunch expenditures include reimbursements for free, reduced price, and paid meals.
HEALTH INSURANCE EXPANSION COULD FURTHER INTEGRATE THE SOCIAL SAFETY NET

The federal Affordable Care Act (ACA) expands health insurance in California in two ways. All low-income working-age adults are now eligible for Medi-Cal. Through Covered California, many others who lack insurance can obtain federally subsidized coverage.

- **Annual insurance enrollment can help low-income Californians learn about their eligibility for multiple programs.**
  While low-income populations are typically eligible for multiple programs, they may have difficulty navigating a fragmented system. To the extent that individuals and families now enroll annually for health insurance, there will be opportunities to inform them about their potential eligibility for other means-tested programs.

- **As a result, enrollment in CalFresh may increase.**
  California’s commitment to expanding health insurance coverage may be changing the dynamic of enrollment in CalFresh and could also have implications for CalWORKs. These programs serve populations that overlap with those eligible for Medi-Cal. Recent legislation has partially coordinated eligibility for Medi-Cal and CalFresh, simplifying the safety net for those enrolling in health insurance.

THE STATE’S ECONOMIC OUTLOOK IS IMPROVING, BUT MANY STILL STRUGGLE

- **The demand for the social safety net persists.**
  Safety net programs tend to have fewer participants when the economy picks up—and today, California’s unemployment rate is on the decline. Still, family incomes have lagged behind the recovery and need remains high. The CalWORKs caseload grew by 1 percent in 2013, while CalFresh grew by 6 percent.

- **The 2014–15 state budget modestly expanded safety net programs.**
  General Fund expenditures in health and human services will increase by 2.8 percent in 2014–15. The budget increased CalWORKs grants by 5 percent and eliminated a rule that prohibited anyone convicted of a drug felony from receiving CalWORKs and CalFresh benefits. It also added $250 million to the state’s child care programs, largely focused on three- and four-year-olds.

LOOKING AHEAD

Program coordination. As the ACA rollout continues, program administrators will need sophisticated information management systems to help them manage enrollment and eligibility for multiple programs across state and county governments. California has several initiatives to update data systems and has created a new system to support the Covered California health insurance web portal. Increased coordination among systems will continue to be an important policy goal.

**Help with child care.** Child care is a major expense for families with infants and preschool-age children. Concern that subsidized child care and preschool are available to only a fraction of children whose family incomes make them eligible has prompted discussion of expanding the number of child care "slots." Balancing the program goals of supporting parents’ work and child development has also been a topic of policymaker discussion.

**Supporting work.** In addition to federal tax credits, 26 states have launched tax credits tied to low- and moderate-wage work. California has not adopted a state Earned Income Tax Credit, although proposals came under discussion in 2013–14. The state has launched a different type of work incentive: a $10-per-month supplement for CalFresh recipients who work for at least 20–35 hours a week (depending on family structure and children’s ages).

**Immigration reform.** California is home to a substantial number of low-income citizen children whose access to the safety net is complicated by their parents’ immigration status. Reaching this group could become less challenging if the federal government enacts comprehensive immigration reform. Unauthorized-immigrant parents could become eligible for CalWORKs employment services and families could receive somewhat higher CalWORKs and CalFresh benefits. Parents might also obtain Social Security numbers, which would allow those who file a tax return to claim the Earned Income Tax Credit for themselves and their children. President Obama’s recent executive order gives some unauthorized-immigrant parents of citizen children access to work permits, but these parents remain ineligible for safety net benefits.