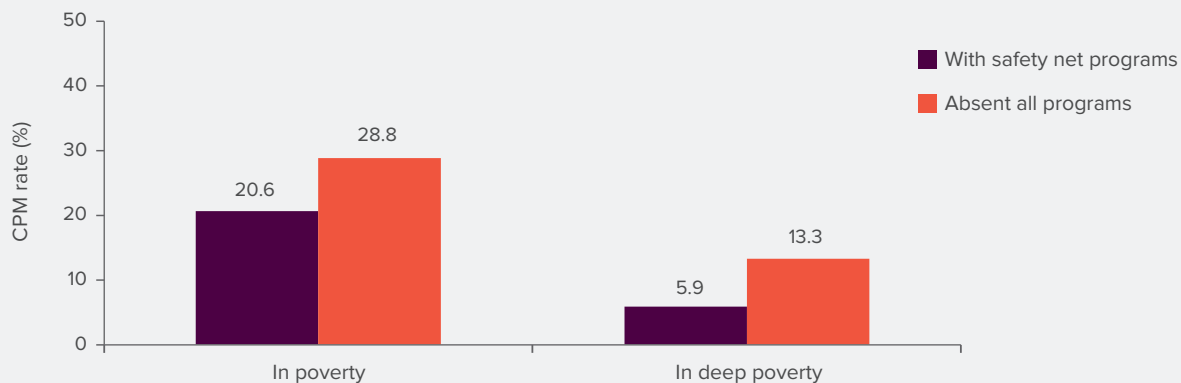


## The social safety net assists millions of Californians

California's social safety net is designed to help people in economic need. It has several other short- and long-term goals, such as increasing employment, safeguarding adequate access to food, and improving children's well-being. Safety net assistance takes a number of forms, including cash grants, nutritional support, housing assistance, and tax credits. The largest programs help millions of Californians each year. For example, in 2015–16, an average of 1.29 million state residents received monthly support from CalWORKs, California's cash assistance program for families with children. And an average of 4.35 million Californians received a monthly food benefit from CalFresh, popularly known as food stamps or EBT. These and other safety net programs substantially moderate poverty, particularly among children. PPIC research finds that while 23 percent of California children lived in poverty in 2014, 37 percent would have been poor had it not been for safety net programs.

In 2016, California implemented a state Earned Income Tax Credit, available to tax filers with very low earnings—under about \$14,000 a year for those with two children and about \$6,500 for those without children. The state has also made a commitment to raise the statewide minimum wage from \$10 to \$15 an hour by 2022. The first incremental increase—to \$10.50—took effect in January 2017. Since most families have at least some income from employment, these changes promise to ease economic need—assuming California's economy continues to expand.

### THE SOCIAL SAFETY NET MODERATES POVERTY



SOURCE: [2014 California Poverty Measure estimates](#).

NOTES: Figure shows estimates for all persons. The bars show 2014 California Poverty Measure (CPM) poverty rates and poverty rates without safety net resources including CalFresh, school meals, Special Supplemental Nutrition Program for Women, Infants, and Children, the Earned Income Tax Credit, the Child Tax Credit, CalWORKs, General Assistance, Supplemental Security Income, and federal rental assistance. Unlike official poverty rates, CPM rates factor large-scale safety net programs into family resources and incorporate regionally varying cost of living adjustments. Poverty denotes combined resources that fall short of the CPM threshold. Deep poverty denotes combined resources that are less than half of the CPM threshold.

## State, local, and federal governments work together to deliver major safety net programs

Major safety net programs come in several different forms. CalWORKs and General Assistance provide cash grants. The Earned Income Tax Credit and the Child Tax Credit reduce tax obligations and typically mean tax refunds. CalFresh, school meals, and the Special Supplemental Nutrition Assistance Program for Women, Infants, and Children (commonly referred to as WIC) offer nutritional support. Public housing and voucher programs help people afford housing. These programs have different eligibility requirements, funding mechanisms, and oversight structures.

- **Federal funds are essential to California’s safety net.**

The federal government is involved in nearly all safety net programs. Some are underwritten mainly at the federal level. For example, 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. At the same time, the state has considerable decision-making authority in spending CalWORKs 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. The state has long extended benefits to legal immigrants who are ineligible for federally supported CalWORKs and CalFresh benefits and has augmented Supplemental Security Income (SSI) amounts. The state also augments school meal payments by a small amount. The counties administer programs but also underwrite benefits for General Assistance and a portion of CalWORKs and cover some administrative costs.

- **Other local agencies and nonprofits also contribute, adding to the social safety net’s complexity.**

Local housing authorities obtain federal grants to administer subsidized housing schemes. 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 and for their infants and young children. Nonprofits help families find subsidized child care. And each of California’s 58 counties has a First 5 program, funded with Proposition 10 tobacco revenues, dedicated to improving the lives of children age 5 and under.

## PROGRAMS ARE SUPPORTED BY A MIX OF FEDERAL, STATE, AND COUNTY FUNDS

Program	Recipients (millions)	Expenditures on benefits		
		Federal (\$ billions)	State (\$ billions)	County (\$ billions)
CalFresh	4.35	7.41	0.07	–
Federal Earned Income Tax Credit (EITC)	3.10 (filers)	7.40	–	–
Child Tax Credit (CTC)	2.70 (filers)	3.11	–	–
School breakfast and lunch (free and reduced price)	2.38	2.07	0.17	–
WIC	1.19	0.44	–	–
CalWORKs	1.29	0.99	0.07	2.20
Supplemental Security Income (SSI)	1.30	7.30	2.80	–
Housing vouchers and public housing	0.81 (housing units)	3.87	–	–
State EITC	0.36	–	0.19	–
General Assistance	0.14	–	–	0.33

SOURCES: California Department of Education; California Department of Social Services; Center on Budget and Policy Priorities; Food and Nutrition Service, US Department of Agriculture; Internal Revenue Service; Office of Management and Budget; US Department of Housing and Urban Development.

NOTES: CalFresh, CalWORKs, SSI-SSP (Supplemental Security Income–State Supplementary Payment), and General Assistance statistics for state fiscal year 2015–16; school meals and WIC statistics for federal fiscal year 2015; housing subsidies statistics for 2015; EITC and CTC (refundable portion only) statistics for the 2014 tax year. Except where otherwise noted, the table shows average recipients and total expenditures. County CalWORKs expenditures 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.

## California's 2016–17 budget includes modest increases for several safety net programs

- **Much of the additional funding benefits children.**

Starting in 2017, funding for child care and preschool will increase by \$145 million, creating roughly 3,000 new preschool slots. The 2016–17 budget also dedicates \$95 million to repeal California's policy of excluding children from the policy of not providing CalWORKs benefits to children who are born while their families are enrolled in the program, expanding its reach to approximately 130,000 additional children. CalWORKs grants are being modestly increased (by roughly \$10 more per month per family), which is costing the state \$35.4 million in 2016–17.

- **State assistance to disabled and elderly Californians has also increased.**

The State Supplementary Payment to the federal cash assistance program for disabled, elderly, and blind residents (Supplemental Security Income) has seen its first cost of living adjustment—a modest increase of 2.75 percent—since 2005.

### Looking ahead

Safety net programs in their current state do mitigate poverty in California. The November 2016 election introduced uncertainty about the federal role in most safety net programs. But, to the extent that these programs—or a future reshaping of the social safety net—support work and offer assistance when and where it is needed the most, they have the potential not just to lessen poverty but also to improve economic mobility.

**Supporting work.** In addition to the new state Earned Income Tax Credit that taxpayers could claim on their 2015 tax returns, California's minimum wage is slated to continue to increase over the next several years. Several cities and counties, including San Francisco and Los Angeles, have adopted local minimum wage increases. These recent policy changes are having varying effects on family budgets and work opportunities. An assessment of their combined impact can help policymakers build on emerging efforts to support employment.

**Helping with child care.** Child care is a major expense for families with infants and preschool-age children. Only a fraction of families with incomes that make them eligible are receiving subsidies for child care or preschool. This has prompted state officials to consider expanding or restructuring state-funded child care programs. Policymakers are also exploring ways to balance the program goals of supporting working parents and promoting child development. The 2014 federal reauthorization of the Child Care and Development Block Grant, a key source of funds for CalWORKs child care, is focusing additional attention on the quality and continuity of care.

**Staying in sync with the economy.** Because jobs are a key source of income for families in and out of poverty, current economic growth is reducing the need for assistance among vulnerable Californians. In 2015, the CalWORKs caseload fell modestly (1.2%) and CalFresh grew by 1.9 percent (a much smaller increase than in recent years). But these programs need to have the budgetary and administrative capacity to grow when unemployment ticks up so they can provide a buffer against extreme economic need.

**Coping with California's cost of living.** The state's high cost of living, especially in urban and coastal areas, means that the bar for meeting basic needs is higher for most Californians than it is in many other states. Because housing drives the cost of living, increasing the supply of affordable housing substantially would help more families make ends meet.

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