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Item 5180-101-0001—Provide One-Time CalWORKs COLA

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- Governor.** No proposal.
- Senate.** No proposal.
- Assembly.** Provided one-time cost-of-living adjustment (COLA) for California Work Opportunity and Responsibility to Kids (CalWORKs) cash grants beginning January 2016.
 - **2015-16 Cost.** \$46 million General Fund for a half-year of implementation.
 - **Ongoing Cost.** The cost of the COLA would roughly double to around \$95 million in 2016-17 and ongoing, reflecting a full year of implementation.

Effect of Proposed CalWORKs Grant COLA^a				
<i>Monthly CalWORKs Grant and CalFresh Benefit</i>				
	Before COLA	After COLA	Change	
			Amount	Percent
Grant	\$704	\$722	\$18	3%
CalFresh benefit	493	487	-\$6	-1%
Totals	\$1,197	\$1,209	\$12	1%
Grant as percent of FPL	42%	43%		
Grant and CalFresh benefit as percent of FPL	71%	72%		

^a For a family of three in a high-cost county with no other income.
COLA = cost-of-living adjustment and FPL = federal poverty level.



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- Statutory Annual CalWORKs COLA Eliminated in 2009.** Historically, CalWORKs grants were subject to an annual COLA pursuant to state law (although this COLA was suspended in many years through the annual budget process). As part of the 2009-10 budget package, this statutory annual COLA was eliminated on an ongoing basis.

- CalWORKs Grants Remain Below Pre-Recession Levels.** In 2007-08, a family of three with no other income received a CalWORKs grant of \$723 per month. Since that time, CalWORKs grants have been both reduced and increased. Specifically, grants were reduced by 4 percent in 2009 and by 8 percent in 2011. Grants were later increased by 5 percent in 2014 and again by 5 percent in April 2015. Under both Assembly and Senate proposals, the nominal CalWORKs grant would remain slightly lower than in 2007-08, prior to the recession.

- Current Law Provides for “Automatic” Grant Increases as Dedicated Funds Are Available.** As part of the 2013-14 budget package, a portion of realignment growth funds dedicated to local administration of health and social services programs was redirected to pay for the costs of future CalWORKs grant increases. Under a process described in state law, CalWORKs grants are increased by an amount commensurate with available funds, after the ongoing costs of all previous grant increases have been paid. In 2015-16, the cost of two recent grant increases exceed available funds, meaning that no automatic increase will be provided. However, we estimate that dedicated funds may be sufficient to provide a small automatic grant increase as early as 2016-17.