

Fact Sheet:

AB 1058 (Beall) CA Workforce Mobility and Saving Initiative **2009 State Legislative Session**

Summary: AB 1058 the CA Workforce Mobility and Savings Initiative, reforms the asset limit in California Work Opportunity and Responsibility to Kids (CalWORKs) program, to encourage low-income families to build the savings they need to permanently exit welfare.

What AB 1058 Does: AB 1058 repeals the \$2,000 asset limit in CalWORKs for current recipients and eliminates the \$4,650 vehicle limit from CalWORKs eligibility rules. By reforming the asset limit, this measure restores the stated goal of the CalWORKs program by assisting families in achieving economic self-sufficiency through work.

Need: For families making the difficult transition from welfare to work, developing assets is critical to achieving true economic security. In order to prevent a complete backslide to public assistance, low-income working families must begin to develop their own safety net through personal savings for use in the event of an unexpected income shock due to illness or temporary unemployment.

The stated goal of the CalWORKs program is to assist families in achieving economic self-sufficiency through work, thus creating social and fiscal responsibility. At present, families on CalWORKs find their progress restricted by an asset limit which confines families to not more than \$2,000 in savings (excluding some retirement and higher education savings) and one car (with a value of no more than \$4,650). The asset limit forces individuals who are working their way off of public assistance to not save—or worse, to hide their savings. In addition, the asset limit penalizes those who *do* save with a loss of benefits. By inhibiting low-income families from accumulating and maintaining assets, California is preventing families from achieving economic self-sufficiency.

California is currently tied with Texas and Idaho in having the most restrictive asset test for vehicles of any state in the country. Twelve states exclude all vehicles owned by the household; another 15 exclude at least one vehicle per household. California, however, continues to employ an overly restrictive vehicle asset test—one that undermines a worker's ability to gain and maintain employment, thereby encouraging continued reliance on public assistance.

Fiscal Impact: AB 1058 is a cost effective way to strengthen families and streamline the CalWORKs application process. By no longer requiring county eligibility workers to determine the assets of recipients or the worth of an applicant's vehicle, the state could save millions by reducing county administrative eligibility activities.

Support: New America Foundation (Sponsor), Catholic Charities of California (co-sponsor), California Catholic Conference of Bishops, State of California, Commission on the Status of Women, California Welfare Directors Association, Western Center on Law and Poverty, Insight Center, California State Association of Counties

Opposition: There is no opposition to AB 1058

For more information, visit:

www.newamerica.net/programs/asset_building/california_asset_building

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