

CalWORKs Benefit Model

Background

The CalWORKs benefit model shows the benefit package available to CalWORKs families. We display three models to give a comparison of different benefit packages: (A) a model a family of three, a parent with two minor children, (B) a family of 3 in which the parent has timed off of CalWORKs and (C) a family of 4 (two parents with 2 minor children). The benefits displayed in the model are from the following programs:

- California Work Opportunity and Responsibility to Kids (CalWORKs)
- Food Stamps
- Medi-Cal
- Stage 1 Child Care
- Federal Earned Income Tax Credit (EITC)

Earned income changes the benefits of these programs. The model displays the amount of the cash equivalent for each of the programs based on \$100 increments of monthly earnings ending at a maximum amount of \$2,000.

The model consists of the following:

- Bar charts displaying the values of the various benefits based on escalating increments of \$100 in the family's gross earned income; and
- Matrixes displaying the numeric values of these same benefits.

Assumptions

In constructing this model we have used the following data:

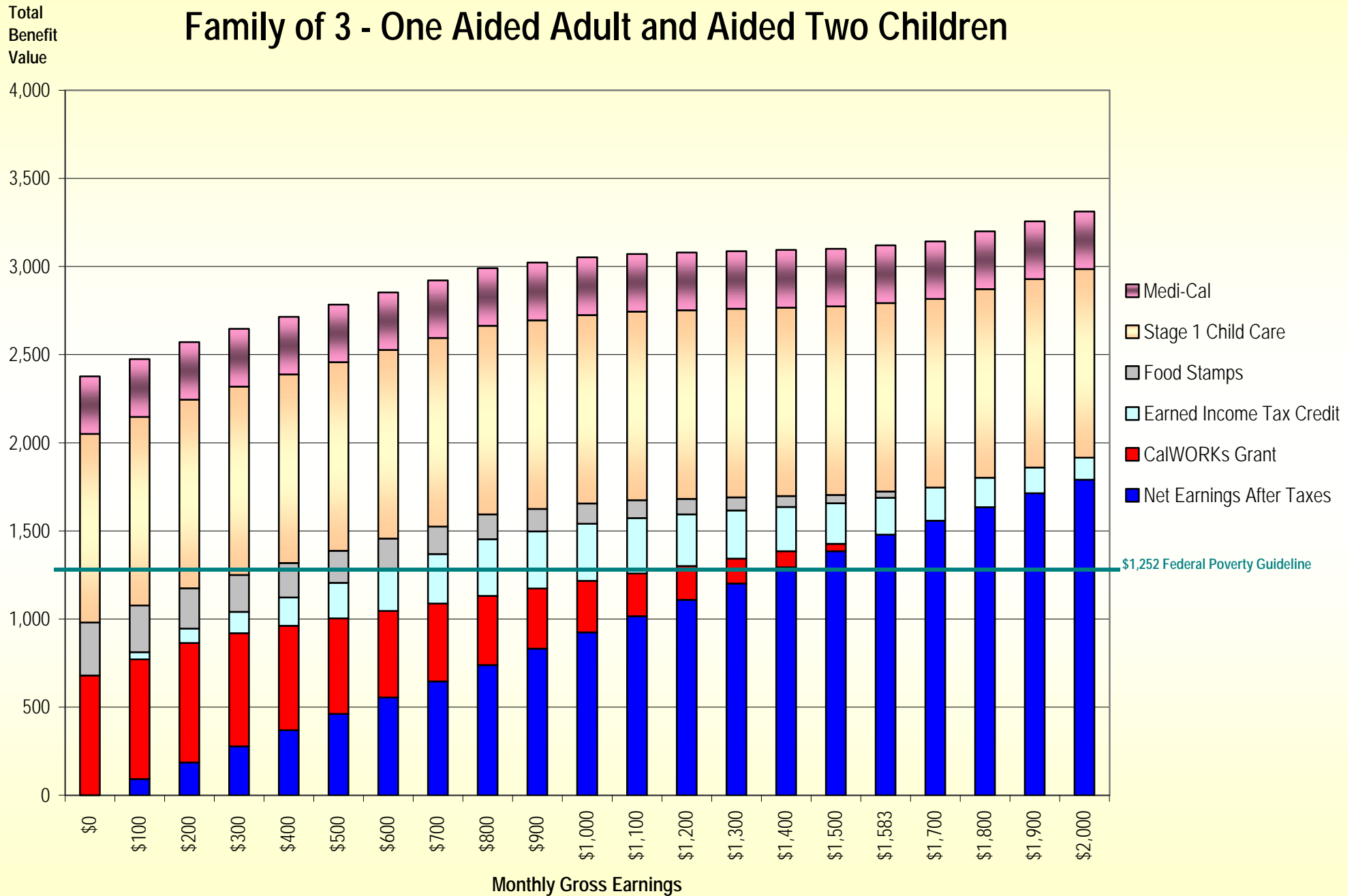
- The CalWORKs grant is based upon the maximum aid payment (MAP) for a family in Region 1 of California for state fiscal year 2002-2003.
- The value for Medi-Cal coverage (\$109 per person) is based upon values developed by the Fiscal Forecasting Bureau of the Department of Health Services for the Governor's Budget released in January 2003.
- The value of subsidized child care of \$1,070 for two children per month is based upon cost estimates developed by the Estimates Branch of the Department of Social Services for the Governor's Budget released in January 2003.

- EITC is displayed as a monthly amount. However, most families that receive EITC receive it once a year as a lump sum payment.
- Net earnings are earnings after Social Security, Medicare, and Federal income tax deductions.

Highlights

- A CalWORKs family of 3 with monthly earnings of \$500 or more is eligible for more in benefits from EITC than from the Food Stamp program.
- **CalWORKs families become income ineligible for a CalWORKs grant at the following earnings levels:**
 - ⊕ **Model A - Family of 3 with 1 aided adult and 2 aided children** becomes ineligible for a CalWORKs grant at a gross earnings level of \$1,583 per month. At this level of earnings, the net earned income of \$1,478 (after taxes) is more than the federal poverty guideline of \$1,252.
 - ⊕ **Model B - Family of 3 with 1 unaided (CalWORKs timed out) adult and 2 aided children** becomes ineligible for a CalWORKs grant at a gross earnings level of \$1,321 per month. At this level of earnings, the net earned income (after taxes) of \$1,201 is slightly less than the federal poverty guideline of \$1,252.
 - ⊕ **Model C - Family of 4 with 2 aided adults and 2 aided children** becomes ineligible for a CalWORKs grant at a gross earnings level of \$1,843 per month. At this level of earnings, the net earned income of \$1,635 (after taxes) is more than the federal poverty guideline of \$1,508.
- Although the computation of the Federal Poverty Level does not include non cash public assistance benefits, the sum of the values of the various benefits and earnings exceed the Federal Poverty Level at every earnings increment used in the model.
- In these models, the CalWORKs family's total benefits plateau at approximately \$1,100 in earned income. For example, for Model A the plateau in total value of the benefits begins from the earnings level of \$1,100 (\$3,071 total benefits) to the earnings level of \$1,583 (\$3,120 total benefits). This plateau effect is the result of the declining values in CalWORKs benefits, Food Stamp benefits and EITC benefits.

Model A - 2003 CalWORKs Benefit Model for a Family of 3 - One Aided Adult and Aided Two Children



Model A - Benefit Values for a CalWORKs Family of 3 1 Aided Adult and 2 Aided Children

	GROSS EARNED INCOME IN \$100 INCREMENTS																				
	\$0	\$100	\$200	\$300	\$400	\$500	\$600	\$700	\$800	\$900	\$1,000	\$1,100	\$1,200	\$1,300	\$1,400	\$1,500	\$1,583	\$1,700	\$1,800	\$1,900	\$2,000
Net Earnings After Taxes	0	92	185	277	369	462	554	646	739	831	924	1,016	1,108	1,201	1,293	1,385	1,478	1,558	1,635	1,713	1,790
CalWORKs Grant	679	679	679	642	592	542	492	442	392	342	292	242	192	142	92	42	0	0	0	0	0
Earned Income Tax Credit	0	41	81	121	161	201	241	281	321	324	324	315	294	273	251	230	209	188	167	146	125
Food Stamps	301	265	229	209	196	182	169	155	142	128	115	101	88	74	61	47	36	0	0	0	0
Stage 1 Child Care	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070
Medi-Cal	327	327	327	327	327	327	327	327	327	327	327	327	327	327	327	327	327	327	327	327	327
Total Benefits	2,377	2,474	2,571	2,646	2,715	2,784	2,853	2,921	2,991	3,022	3,052	3,071	3,079	3,087	3,094	3,101	3,120	3,143	3,199	3,256	3,312
Increase / Decrease	N/A	97	97	75	69	69	69	68	70	31	30	19	8	8	7	7	19	23	56	57	56

Model B - 2003 CalWORKs Benefit Model for a Family of Three One Unaided (CalWORKs timed out) Adult and Two Aided Children

Total
Benefit
Value

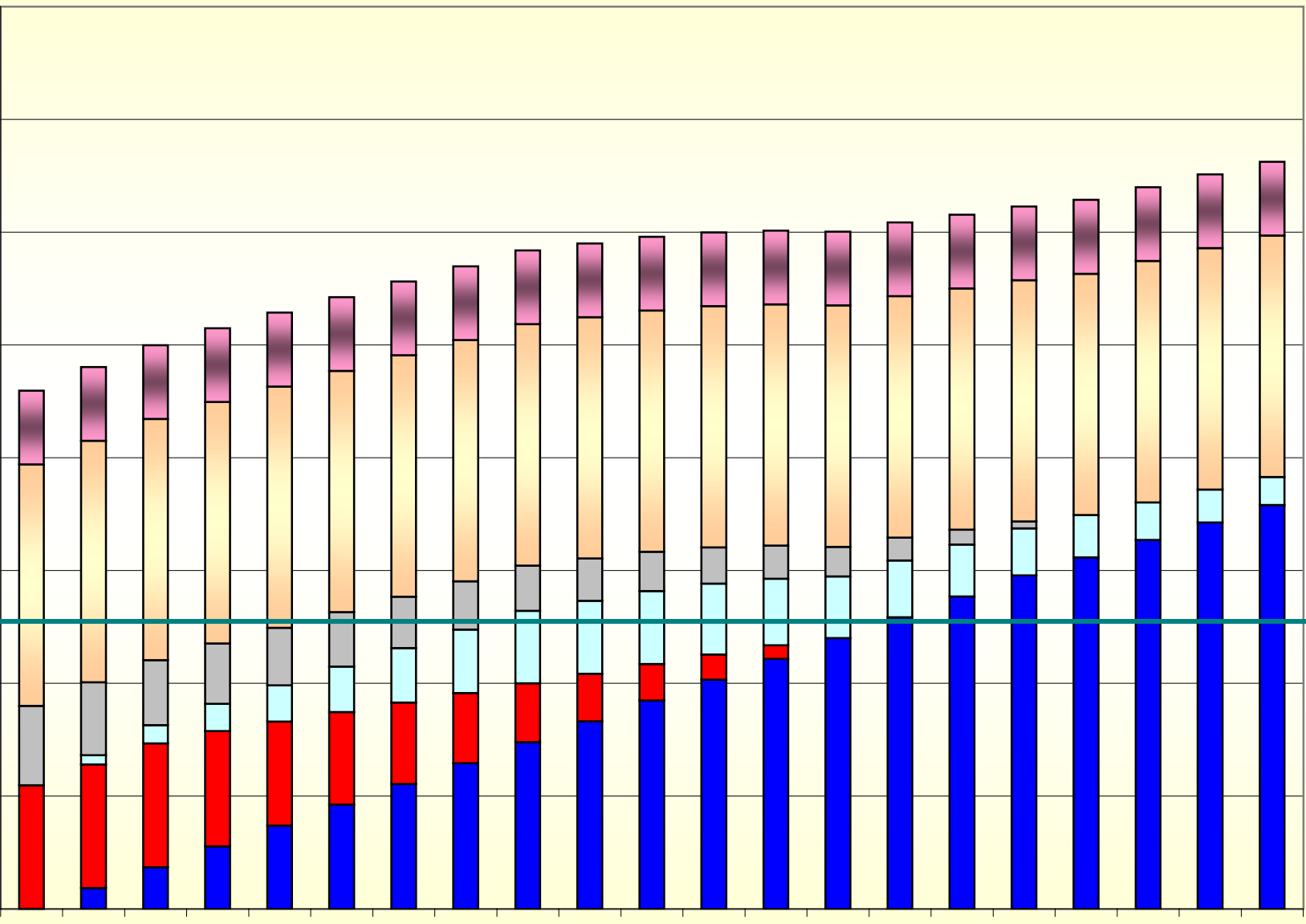
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0

\$0 \$100 \$200 \$300 \$400 \$500 \$600 \$700 \$800 \$900 \$1,000 \$1,100 \$1,200 \$1,321 \$1,400 \$1,500 \$1,600 \$1,700 \$1,800 \$1,900 \$2,000

Monthly Gross Earnings

- Medi-Cal
- Stage 1 Child Care
- Food Stamps
- Earned Income Tax Credit
- CalWORKs Grant
- Net Earnings After Taxes

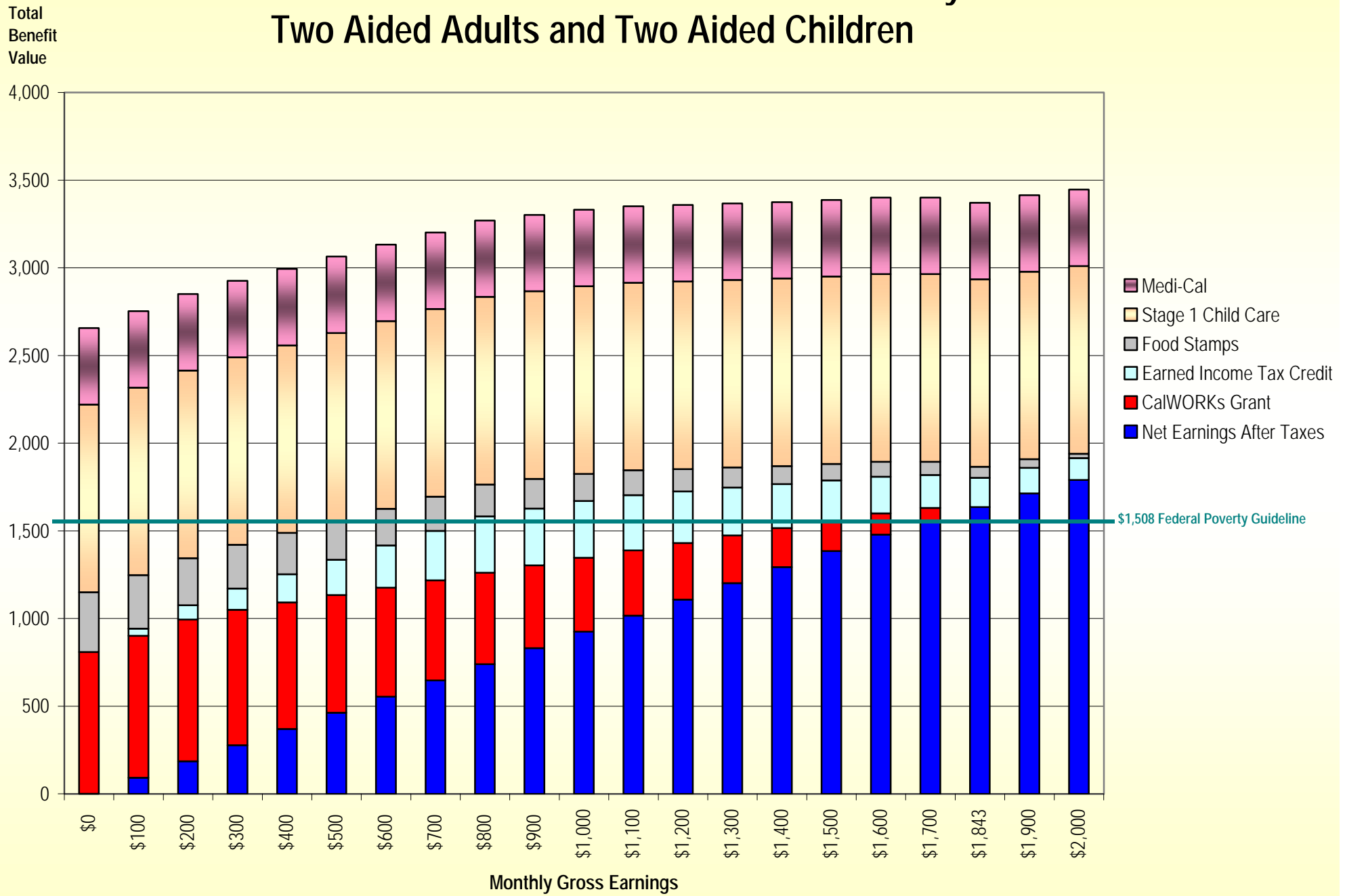
\$1,252 Federal Poverty Guideline



Model B - Benefit Values for a CalWORKs Family of 3 1 Unaided (timed out) Adult and 2 Aided Children

	GROSS EARNED INCOME IN \$100 INCREMENTS																				
	\$0	\$100	\$200	\$300	\$400	\$500	\$600	\$700	\$800	\$900	\$1,000	\$1,100	\$1,200	\$1,321	\$1,400	\$1,500	\$1,600	\$1,700	\$1,800	\$1,900	\$2,000
Net Earnings After Taxes	0	92	185	277	369	462	554	646	739	831	924	1,016	1,108	1,201	1,293	1,385	1,478	1,558	1,635	1,713	1,790
CalWORKs Grant	548	548	548	511	461	411	361	311	261	211	161	111	61	0	0	0	0	0	0	0	0
Earned Income Tax Credit	0	41	81	121	161	201	241	281	321	324	324	315	294	273	251	230	209	188	167	146	125
Food Stamps	352	324	288	268	255	241	228	214	201	187	174	160	147	131	102	66	30	0	0	0	0
Stage 1 Child Care	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070
Medi-Cal	327	327	327	327	327	327	327	327	327	327	327	327	327	327	327	327	327	327	327	327	327
Total Benefits	2,297	2,402	2,499	2,574	2,643	2,712	2,781	2,849	2,919	2,950	2,980	2,999	3,007	3,002	3,043	3,078	3,114	3,143	3,199	3,256	3,312
Increase / Decrease	N/A	105	97	75	69	69	69	68	70	31	30	19	8	-5	41	35	36	29	56	57	56

Model C - 2003 CalWORKs Benefit Model for a Family of 4 Two Aided Adults and Two Aided Children



Model C - Benefit Values for a CalWORKs Family of 4 2 Aided Adults and 2 Aided Children

	GROSS EARNED INCOME IN \$100 INCREMENTS																				
	\$0	\$100	\$200	\$300	\$400	\$500	\$600	\$700	\$800	\$900	\$1,000	\$1,100	\$1,200	\$1,300	\$1,400	\$1,500	\$1,600	\$1,700	\$1,843	\$1,900	\$2,000
Net Earnings After Taxes	0	92	185	277	369	462	554	646	739	831	924	1,016	1,108	1,201	1,293	1,385	1,478	1,558	1,635	1,713	1,790
CalWORKs Grant	809	809	809	772	722	672	622	572	522	472	422	372	322	272	222	172	122	72	0	0	0
Earned Income Tax Credit	0	41	81	121	161	201	241	281	321	324	324	315	294	273	251	230	209	188	167	146	125
Food Stamps	341	305	269	250	236	223	209	196	182	169	155	142	128	115	103	94	85	76	63	49	25
Stage 1 Child Care	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070
Medi-Cal	436	436	436	436	436	436	436	436	436	436	436	436	436	436	436	436	436	436	436	436	436
Total Benefits	2,656	2,753	2,850	2,926	2,994	3,064	3,132	3,201	3,270	3,302	3,331	3,351	3,358	3,367	3,375	3,387	3,400	3,400	3,371	3,414	3,446
Increase / Decrease	N/A	97	97	76	68	70	68	69	69	32	29	20	7	9	8	12	13	0	-29	43	32