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California's MFG Rule: Penny-Wise, Pound- Foolish, and Flat-Out Wrong

EVERY CHILD DESERVES A FAIR CHANCE

California has the highest rate of child poverty in the nationⁱ and more children in poverty than any other state.ⁱⁱ It is one of only three states that had a growth in poverty rates from 2011 to 2012.ⁱⁱⁱ Understandably, the California State Legislature and Governor Jerry Brown are looking for ways to reduce child poverty.

One policy option embraced by economic justice, privacy rights, religious and reproductive justice communities alike is the repeal of the child exclusion rule in the California Work Opportunity and Responsibility to Kids (CalWORKs) program. This rule, referred to as the Maximum Family Grant (MFG) rule, denies aid to children if they are born to a family that is already aided through the program.

Though the repeal of the MFG rule is estimated to cost the state about \$200 million in General Funds, it could substantially reduce childhood poverty rates (by an estimated 7.4) and deep poverty (by an estimated 13.1%).^{iv} Impoverished children suffer increased hardship and require a heightened level of service from social safety-net programs. Repealing the MFG rule, by reducing toxic stress and trauma experienced by poor children, would thus additionally remove cost pressures on these programs. This policy brief focuses on how repealing the MFG rule will ultimately benefit the state's bottom line, despite a significant up-front cost. To be clear, however, the many organizations that are part of the Invest in

California Families campaign are calling for a repeal of the MFG rule for reasons that go well beyond whether it will save the state money. Decades of research and analysis reveal child exclusion policies, like the MFG rule, as failed social experiments^v that increase child poverty and deep poverty and violate the basic principles of international human and reproductive rights.^{vi}



BACKGROUND

The CalWORKs program provides basic-needs cash grants to low-income families with children, to alleviate the impact of poverty on children and to keep families together. Federal funding for the program comes from the Temporary Aid to Needy Families (TANF) block grant. The average CalWORKs family grant is \$464/month, putting a family of three at about 29% of the federal poverty level (FPL), while the maximum benefit puts families at about 41% of the FPL.

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The CalWORKs child exclusion policy, referred to as the MFG rule, denies children born into a family receiving CalWORKs their portion of assistance. It has exemptions, but only in the event of rape, incest, or the failure of certain highly invasive contraceptive methods specified by law. The rule applies regardless of the parent's, or partner's, personal or religious objections to the use of contraception, whether the types of contraception required by the statute are available and affordable to the parent or recommended by their health practitioner, and whether or not the parent's choice is to have a child. A repeal of the MFG rule will provide most households an additional \$122 per month, hardly enough to pay for the newborn child's basic needs. Without it, these children face increased risk of homelessness and other hardships associated with extreme poverty. For the approximately 25% of CalWORKs families who have earnings,^{vii} the amount received will be less, but it could be the amount necessary to lift a family above the federal poverty line.

FAST FACTS

7.4% "Repeal of the MFG rule could reduce childhood poverty rates by an estimated 7.4% and deep poverty by an estimated 13.1%"

According to the federal Health and Human Services Agency, 5.9% of all CalWORKs households, or approximately 34,000 families, were impacted by the MFG rule in 2010. According to data received by the Senate Appropriations committee from county consortia, approximately 13.4% of all children in CalWORKs households (143,300 children) are currently impacted by the MFG rule. The percentage of CalWORKs families affected by the rule has ebbed and flowed over the years, often following the patterns in average birth rates, estimated by the California Department of Finance to dramatically decline over the next several years.

When the MFG rule was passed in 1994, the analysis in the State Assembly suggested an annual savings of \$64 million in General Funds annually. Last year, the Senate Appropriations committee's analysis estimated that removing the ban on assistance for poor infants and children born into poverty will cost an estimated additional \$220 million per year. This analysis also estimated that some of these costs would be deflected because child support paid to children currently excluded by the MFG rule would now be countable as income for the household, and because of fewer administrative hearings.



The MFG Rule Hurts Children and Families and Places Cost Pressure on the State General Fund

Though the costs to repealing the MFG rule are not insignificant, neither are the costs to keeping the rule. When children live in deep poverty (defined as below 50% of the federal poverty level), they endure hardships that will impair their ability to enjoy life and thrive^{viii} and impact their capacity to learn and develop. ix One recently released report found that growing up in deep poverty more negatively impacts a child's life chances than neonatal exposure to cocaine. x Childhood deep poverty not only has a short-term impact on educational success and classroom environments at schools with a high-density

of very poor children, it also reduces the strength of our future workforce and increases the likelihood that childhood impairments will result in adult dependency on safety-net services. xi

Deep poverty is so dangerous for children, in part, because they live in households where basic needs go unmet. Children living in these conditions not only experience deprivation, they are also deeply impacted by the toxic stress that results from chronically unmet needs. xii

"The harmful impact of the MFG policy doesn't just affect infants. By denying assistance to children for as long as their family is served by the program, it reduces the life chances of their siblings and parents too."

Families whose infants are denied aid as a result of the MFG rule have reported an inability to diaper their children, resulting in prolonged exposure to urine and fecal matter that breaks down the natural defenses of the infant's skin and causes painful diaper rashes that sometimes lead to more severe conditions. Unmet diaper needs affect not only the physical health of a child, but also their mental health and future potential. This is because parents who are unable to adequately diaper their children are more likely to experience maternal (parental) depression, xiii a condition associated with reduced maternal-child interaction, which is known to undermine school readiness among poor children. xiv Additionally, lack of adequate diaper supply can interrupt or prevent participation in early-learning settings. Most early-learning childcare settings require families to bring their own diapers. So even when the price of childcare is subsidized, poor infants and toddlers may be kept from reaping the many benefits of participating in an early-learning setting because their parents are unable to afford the number of diapers required by the center. xv

The harmful impact of the MFG policy doesn't just affect infants. By denying assistance to children for as long as their family is served by the program, xvi it reduces the life chances of their siblings and parents too. Research has shown that deep poverty is the number one reason for foster care placement. A report recently published by

the California Attorney General cited poverty as one of the most significant contributors to poor school attendance. xvii Another study tied increases in hospitalizations directly back to the child exclusion of the MFG rule. It showed that infants and toddlers in families that face grant reductions experience a 30% increase in hospitalizations and are at 90% higher risk of hospitalization when they visit the emergency room than are children in families receiving full grants. xviii

Families impacted by the MFG rule are more likely to be among the growing number of families with children who are homeless. Families with children are one of the fastest growing groups of homeless people in the country, representing over 40% of the nation's homeless in 2009 according to the National Coalition for the Homeless. Of these families who are homeless, the federal Department of Housing and Urban Development estimates that 41% are TANF recipients and almost all have incomes that would qualify them for TANF. xix California's child homelessness rate is close to the highest in the nation. The National Center on Family Homelessness has given California a rank of 49th worst in the number of homeless children and 48th worst in the percentage of children who are homeless. xx According to data collected by the McKinney-Vento Educational Programs, more than 292,624 California children experience homelessness each year. Of the 2,200,000 children living in poverty in California, 13% are homeless. xxi

"One recently released report found that growing up in deep poverty more negatively impacts a child's life chances than neonatal exposure to cocaine."

The consequences of poverty for people who lack housing are significant. Homeless families are twice as likely as middle-income families to report that their children have moderate or severe health problems such as asthma, dental problems, and emotional difficulties. xxii Many of these families and children have experienced trauma prior to becoming homeless, and homelessness can exacerbate the consequences of trauma or re-traumatize a child. xxiii Homeless children are sick four times as often as middle-class children, and they have high rates of acute and chronic illnesses. In addition, they suffer from emotional or behavioral problems that interfere with learning at almost three times

the rate of other children.^{xxiv} Homeless children between the ages of 6 and 17 struggle with high rates of mental health problems: 47% experience anxiety, depression, or withdrawal, as compared to 18% of other school-age children. Repealing the MFG rule will not move most families out of poverty or even deep poverty, but the modest increase in financial assistance could reduce the incidence of child homelessness.

Because California's General Fund bears the increased health costs for children reeling from the consequences of homelessness, reducing childhood homelessness is not only the right thing to do, it brings economic returns. This is true in the education context as well: research has shown that boosting TANF benefits by \$1,000 annually can boost child educational achievement by 5-6%,^{xxv} leading to a brighter economic future for their family and for our state. Simply put, if we fail to limit very real traumatic experiences of children living in poverty by moving them up the poverty scale, we will pay the price down the line.

Now Is the Time to Repeal the MFG Rule

The child exclusion policy is a disrespectful and dangerous governmental intrusion into the privacy of families based wholly on the belief that this intrusion is justified because it will prevent children from being born into poverty. Decades of research have not substantiated that child exclusion policies have any impact on birthrates among low-income women or the number of children born into poverty. Instead, combined with very significant reductions in grant size and lifetime limits on aid, policies like California's MFG rule have resulted in deep poverty and increased suffering among our poorest infants, children, and families. Ending California's child exclusion policy by repealing the MFG rule will not only restore the reproductive privacy of CalWORKs recipients, it will also restore equality for all infants born into poverty. It will ensure that each child—regardless of their birth order, family size or the circumstances of their conception—is eligible to receive a basic-needs grant meant to protect them from the long-lasting, corrosive impact of childhood poverty.

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Endnotes

- ⁱ United States Census Bureau, <http://www.census.gov/prod/2013pubs/p60-247.pdf>
- ⁱⁱ According to the Public Policy Institute of California, 530,000 children live in deep poverty and 2.3 million in poverty as defined by the US Census Bureau Supplemental Poverty Rate. Source: http://www.ppic.org/content/pubs/report/R_1013SBR.pdf
- ⁱⁱⁱ United States Census Bureau, <https://www.census.gov/prod/2013pubs/acsbr12-01.pdf>
- ^{iv} According to an Urban Institute study published by McKernan & Ratcliffe in 2006, family caps (another term policies like the MFG rule) increase childhood poverty rates by 7.4% and rates of deep poverty among children by 13.1%. We can assume a repeal of the MFG rule would reduce poverty rates by approximate percentages. Source: http://www.urban.org/uploadedpdf/411334_welfare_policies.pdf
- ^v According to the General Accounting Office, years of research shows that the child exclusion (family cap) policies had no impact on birthrates of poor families: <http://www.gpo.gov/fdsys/pkg/GAOREPORTS-GAO-01-924/content-detail.html>
- ^{vi} TANF family cap policies have been determined to violate as eight international human and reproductive rights agreements, several of which the US is a signatory. Source: <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2775139/>
- ^{vii} California Department of Social Services, Quarterly Wage Earnings Report: <http://www.cdss.ca.gov/research/Pg287.htm>
- ^{viii} “Family Poverty, Welfare Reform, and Child Development” Greg J. Duncan and Jeanne Brooks-Gunn Source: Child Development, Vol. 71, No. 1 (Jan. - Feb., 2000), pp. 188-196 Published by: Blackwell Publishing on behalf of the Society for Research in Child Development <http://www.jstor.org/stable/1132232>
- ^{ix} The Long Reach of Childhood Poverty, http://www.stanford.edu/group/scspi/_media/pdf/pathways/winter_2011/PathwaysWinter11_Duncan.pdf
- ^x http://articles.philly.com/2013-07-22/news/40709969_1_hallam-hurt-so-called-crack-babies-funded-study
- ^{xi} Barton, Paul E, and Richard J Coley. *The Family: America's Smallest School*. Policy Information Report, Princeton: Educational Testing Service, 2007, and Berliner, David C. *Poverty and Potential: Out-of-School Factors and School Success*. Boulder and Tempe: Education and the Public Interest Center & Education Policy Research Unit, 2009.
- ^{xii} Evans, G. W. and English, K. (2002), The Environment of Poverty: Multiple Stressor Exposure, Psychophysiological Stress, and Socioemotional Adjustment. Child Development, 73: 1238–1248. doi: 10.1111/1467-8624.00469
- ^{xiii} <http://news.yale.edu/2013/07/29/no-money-diapers-depressing-reality-poor-mothers>
- ^{xiv} <http://www.urban.org/UploadedPDF/412199-infants-of-depressed.pdf>
- ^{xv} For a good summary of research on the benefits of early child education, see: <http://raisingcaliforniatogether.org/research-reports/>
- ^{xvi} The child becomes eligible again only if the family leaves the program for 24 consecutive months.
- ^{xvii} oag.ca.gov/truancy
- ^{xviii} Joyce, Ted, Robert Kaestner, Sanders Korenman, and Stanley Henshaw. 2004. “Family Cap Provisions and Changes in Births and Abortions.” *Population Research and Policy Review* 23, no. 5-6: 475–511. <http://link.springer.com/article/10.1007%2Fs11113-004-3461-7#page-1>
- ^{xix} *The Impact of Housing and Services Interventions on Homeless Families* shows that the annual median income of homeless families is under \$7,500, and nearly a third of these families report annual incomes below \$5,000. The study indicates that 41 percent of families receive TANF cash assistance. Many others may be income-eligible, but are not receiving TANF support.
- ^{xx} *America's Outcast: State Report Card on Homelessness*, National Center on family Homelessness, found at: http://www.homelesschildrenamerica.org/pdf/report_cards/long/ca_long.pdf
- ^{xxi} Education for Homeless Children and Youth Program, Title VII-B of the McKinney-Vento Homeless Assistance Act as Amended by the No Child Left Behind Act of 2001, *Analysis of 2005–2006 Federal Data Collection and Three-Year Comparison*, National Center for Homeless Education, June 2007. Number of children includes the estimated number of children ages 0–5 who are not yet enrolled in school. American Community Survey. (2006).
- ^{xxii} National Survey of Children's Health available at: <http://www.cdc.gov/nchs/slait.htm>
- ^{xxiii} *Facts on Trauma and Homeless Children*, National Traumatic Stress Network Homeless and Extreme Poverty Workgroup, http://www.nctsn.org/nctsn_assets/pdfs/promising_practices/Facts_on_Trauma_and_Homeless_Children.pdf
- ^{xxiv} *Ibid.*
- ^{xxv} http://www.gse.uci.edu/person/duncan_g/docs/1doesmoneymatter.pdf

