AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER DR. JOAQUIN ARAMBULA, CHAIR

WEDNESDAY, MAY 3, 2017
2:30 P.M. - STATE CAPITOL, ROOM 444

ITEMS TO BE HEARD

LIST OF PANELISTS IN ORDER OF PRESENTATION

ISSUE 1: POVERTY, HUNGER, AND INCOME INEQUALITY IN CALIFORNIA

- Sasha Abramsky, Special Guest Speaker

ISSUE 2: CALWORKS: PROGRAM AND BUDGET REVIEW, SUFFICIENCY OF GRANTS, AND TIME LIMIT POLICY OVERSIGHT

- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Mike Herald and Jessica Bartholow, Advocates, Western Center on Law and Poverty
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Michele Stillwell-Parvensky, Senior Policy and Government Affairs Manager, Children's Defense Fund – California
- Malcolm Brudigam, J.D. Candidate, UC Davis School of Law
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 3: CALWORKS: SINGLE ALLOCATION AND RELATED ADVOCACY PROPOSALS

- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Mike Herald, Advocate, Western Center on Law and Poverty
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 4: CALWORKS: HOME VISITING PROGRAM ADVOCACY PROPOSAL

- Michele Stillwell-Parvensky, Senior Policy and Government Affairs Manager, Children's Defense Fund – California

- Recipient Parent of Home Visiting or Home Visiting Service Provider
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 5: CALWORKS: HOMELESS ASSISTANCE PROGRAM ADVOCACY PROPOSAL

- Assemblymember Miguel Santiago and Assemblymember Brian Maienschein
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 6: CALWORKS: EDUCATIONAL INCENTIVE GRANT ADVOCACY PROPOSAL

- Assemblymember Chad Mayes
- Jessica Bartholow, Advocate, Western Center on Law and Poverty
- Breanne Hollanm, President Elect, California Community Colleges CalWORKs Association and the Coordinator for CalWORKs at American River College
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 7: CALWORKS: PROVISION OF DIAPERS AS ANCILLARY EXPENSE ADVOCACY PROPOSAL

- Assemblymember Lorena Gonzalez-Fletcher
- Jessica Bartholow, Advocate, Western Center on Law and Poverty
- CalWORKs Client

- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 8: CALWORKS: MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES ADVOCACY PROPOSAL

- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 9: CALWORKS: EDUCATION AND TRAINING, TIME LIMIT CHANGE, AND SANCTION POLICY ADVOCACY PROPOSALS

- Kevin Aslanian, Advocate, Coalition of California Welfare Rights Organizations
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 10: CALWORKS: ON-LINE CLIENT ASSESSMENT TOOL (OCAT) AND WELFARE TO WORK REPORTING AND ADVOCACY PROPOSAL

- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 11: CALWORKS: GOVERNOR'S TRAILER BILL PROPOSAL #626 ON EXPANDING USE OF LOCAL FAMILY SUPPORT ACCOUNT FUNDS

- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 12: IMMIGRATION SERVICES: PROGRAM AND BUDGET REVIEW

- Will Lightbourne, Director, and Marcela Ruiz, Branch Chief, Immigration Services, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Iliana Ramos, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 13: IMMIGRATION SERVICES: ADVOCACY PROPOSALS

One California

- Assemblymember Lorena Gonzalez-Fletcher
- Assemblymember David Chiu
- Representative, Asian Pacific Islander Legislative Caucus
- Gina Da Silva, Senior Policy Advocate, California Immigrant Policy Center
- Noe Paramo, Co-Director, Sustainable Rural Communities Project, Legislative Advocate, California Rural Legal Assistance Foundation

Due Process Removal Defense Services

- Assemblymember Lorena Gonzalez-Fletcher
- Ronald Coleman, Director of Government Affairs, California Immigrant Policy Center
- Caitlin Bellis, Attorney , Yale Liman Fellow - Immigrants' Rights, Public Counsel

Legal Services Funding for Deported Veterans

- Assemblymember Lorena Gonzalez-Fletcher
- Maya Ingram, American Civil Liberties Union

Immigration Counsel Project

- Representative, Asian Pacific Islander Legislative Caucus
- Maya Ingram, American Civil Liberties Union
- Angie Junck, Supervising Attorney, Immigrant Legal Resource Center

Reaction/Feedback

- Will Lightbourne, Director, and Marcela Ruiz, Branch Chief, Immigration Services, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Iliana Ramos, Finance Budget Analyst, Department of Finance
- Public Comment

ITEMS TO BE HEARD

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: POVERTY, HUNGER, AND INCOME INEQUALITY IN CALIFORNIA

PANEL

- Sasha Abramsky, Special Guest Speaker

Sasha Ambramsky was born in England, grew up in London, and attended Balliol College, Oxford, where he studied politics, philosophy, and economics. Abramsky is a journalist and author whose work has appeared in *The Nation*, *The American Prospect*, *The New Yorker* online, and many other publications. One of his most recent books, *The American Way of Poverty: How The Other Half Still Lives*, was listed by *The New York Times* as among the one hundred notable books of 2013. He is a Senior Fellow at Demos think tank, and teaches writing at the University of California, Davis.

BACKGROUND

Poverty in California. California remains challenged by the highest rates of poverty (including senior and child poverty) in the nation, vast income inequality, limited economic mobility, and alarming trends of homelessness and hunger.

According to the California Budget and Policy Center in October 2016, the federal Supplemental Poverty Measure (SPM), which improves on the official poverty measure, reveals that:

- 1 in 5 Californians (20.6%) struggle to afford basic necessities and live in poverty.
- Nearly one-quarter of children (23.8%) live in families struggling to get by, a larger share than for adults. One-third of Latino children (33.2%) live in poverty. Over one-quarter of black children (25.7%) live in poverty. Latino and black children are more than twice as likely as white children to live in families that are struggling to get by.
- Seniors are nearly twice as likely to lack adequate resources and seniors of color are more likely than white seniors to live in poverty. Nearly one-third of Latino seniors (32.4%) and nearly one-quarter of other seniors of color (23.7%) struggle financially.

California's working poor continue to struggle with making ends meet given high housing, transportation, and child care costs. The enactment of the State Earned Income Tax Credit (EITC) in 2015 and the adoption of paced increases to the minimum wage both make important strides in providing families with the resources they need to live above the poverty line with a full-time job. Poverty among California's children and seniors remain critical issues for the vitality of the state's current and future condition for people. Grants for those most marginalized reliant on safety net programs remain at historic lows, providing insufficient means for families to meet the demands of daily life, most notably high housing costs.

According to a February 2017 report from the Public Policy Institute of California (PPIC), Los Angeles County had the highest poverty rate in California at 25.6% (2012–2014 average). Rates in Santa Barbara (25.4%) and Lake/Mendocino (combined, 23.9%) Counties were also among the highest. Placer and El Dorado Counties had the lowest rates at 13.2% and 13.9%, respectively. Safety net programs reduce poverty much more in inland parts of the state: if we subtract these resources from family budgets, 14.1% more people in the Central Valley and Sierra region would be poor, compared with 4.3% more in the Bay Area.

POVERTY RATES VARY WIDELY ACROSS CALIFORNIA'S COUNTIES

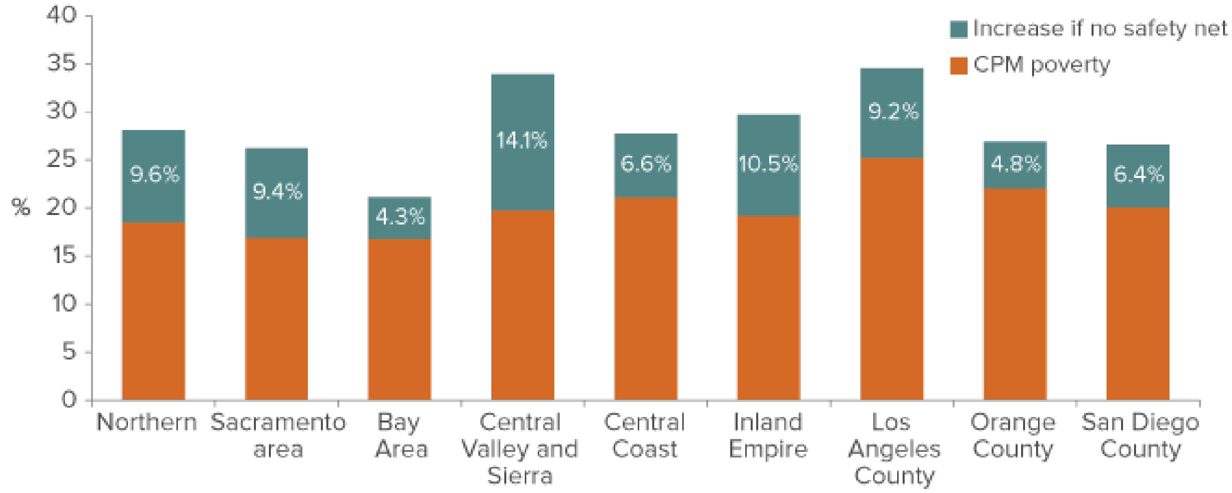
County	Poverty rate (%)	County	Poverty rate (%)	County	Poverty rate (%)
Alameda	17.6	Madera	22.0	San Luis Obispo	18.1
Alpine, Amador, Calaveras, Inyo, Mariposa, Mono, Tuolumne	14.8	Marin	14.9	San Mateo	16.5
Butte	22.3	Merced	21.0	Santa Barbara	25.4
Colusa, Glenn, Tehama, Trinity	16.2	Monterey, San Benito	22.9	Santa Clara	16.9
Contra Costa	16.1	Napa	16.2	Santa Cruz	23.5
Del Norte, Lassen, Modoc, Plumas, Siskiyou	18.9	Nevada, Sierra	16.4	Shasta	16.8
El Dorado	13.9	Orange	21.5	Solano	16.8
Fresno	21.3	Placer	13.2	Sonoma	17.9
Humboldt	20.0	Riverside	19.7	Stanislaus	19.6
Imperial	17.2	Sacramento	18.5	Sutter, Yuba	16.3
Kern	19.5	San Bernardino	19.4	Tulare	23.7
Kings	18.9	San Diego	20.8	Ventura	19.3
Lake, Mendocino	23.9	San Francisco	21.9	Yolo	21.1
Los Angeles	25.6	San Joaquin	18.3		

CHILD POVERTY RATES VARY WIDELY ACROSS CALIFORNIA'S COUNTIES

County	Child poverty (%)	County	Child poverty (%)	County	Child poverty (%)
Alameda	19.4	Madera	23.4	San Luis Obispo	19.3
Alpine, Amador, Calaveras, Inyo, Mariposa, Mono, Tuolumne	14.3	Marin	16.5	San Mateo	19.7
Butte	19.3	Merced	26.7	Santa Barbara	30.8
Colusa, Glenn, Tehama, Trinity	17.2	Monterey, San Benito	30.2	Santa Clara	18.5
Contra Costa	18.2	Napa	17.2	Santa Cruz	27.4
Del Norte, Lassen, Modoc, Plumas, Siskiyou	18.0	Nevada, Sierra	17.8	Shasta	15.9
El Dorado	13.0	Orange	25.5	Solano	19.5
Fresno	24.4	Placer	13.1	Sonoma	21.2
Humboldt	19.4	Riverside	22.4	Stanislaus	21.8
Imperial	16.3	Sacramento	19.1	Sutter, Yuba	16.0
Kern	22.1	San Bernardino	21.4	Tulare	26.2
Kings	20.7	San Diego	23.5	Ventura	24.8
Lake, Mendocino	25.5	San Francisco	21.6	Yolo	16.8
Los Angeles	29.1	San Joaquin	19.8		

Safety Net Programs. The PPIC also reports that without social safety net programs, more Californians would live in poverty. The largest safety net programs—CalFresh (California's food stamp program), CalWORKs (cash assistance for families with children), General Assistance (GA), the federal Earned Income Tax Credit (EITC) and Child Tax Credit, Supplemental Security Income (SSI/SSP), federal housing subsidies, the Supplemental Nutrition Program for Women, Infants, and Children (WIC), and free or low-cost school meals—together kept an estimated 8.2% of Californians out of poverty in 2014. CalFresh and the federal EITC lowered the poverty rate most, by 2.2 percentage points each. SSI/SSP, CalWORKs, the Child Tax Credit, and housing subsidies lowered the rate by 1.0 to 1.3 points each. These differing effects reflect program scale and scope, as well as participation rates among eligible families. In some cases, program effects are not additive but overlapping.

POVERTY IS HIGH BUT WOULD BE EVEN HIGHER WITHOUT THE SOCIAL SAFETY NET



SOURCE: Estimates from the 2014 California Poverty Measure.

NOTE: "No safety net" bars show the estimated increment to the poverty rate if resources from safety net programs are not counted. Northern counties: Butte, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Nevada, Plumas, Shasta, Sierra, Siskiyou, Tehama, and Trinity. Sacramento area counties: El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba. Bay Area counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma. Central Sierra counties: Alpine, Amador, Calaveras, Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, Mono, San Joaquin, Stanislaus, Tulare, and Tuolumne. Central Coast counties: Monterey, San Benito, San Luis Obispo, Santa Barbara, and Ventura Counties. Inland Empire counties: Imperial, Riverside, and San Bernardino.

STAFF COMMENTS

The Subcommittee may wish to consider an action to charge the Health and Human Services Agency to create a long-term Child Poverty Reduction Strategy, with collaboraton with stakeholders and a report back in the course of the 2018 spring hearing process to the Subcommittee on tenets and short, mid, and longer-term recommendations to reduce child poverty in California.

Staff Recommendation:

This item was included as an overview issue to frame the program budgets and policies discussed in this agenda and that have been reviewed over the course of the Subcommittee's spring hearing process.

ISSUE 2: CALWORKS: PROGRAM AND BUDGET REVIEW, SUFFICIENCY OF GRANTS, AND TIME LIMIT POLICY OVERSIGHT

PANEL

- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
  - Please provide an overview of the CalWORKs program and the budget for the program as proposed by the Governor for 2017-18.
  - Please speak to the current status of the grants and feedback from the Administration on the future of the grants for families reliant on CalWORKs for basic income support.
- Mike Herald and Jessica Bartholow, Advocates, Western Center on Law and Poverty
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Michele Stillwell-Parvensky, Senior Policy and Government Affairs Manager, Children's Defense Fund – California
- Malcolm Brudigam, J.D. Candidate, UC Davis School of Law
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

PROGRAM BACKGROUND

The California Work Opportunity and Responsibility to Kids (CalWORKs) program was created in 1997 in response to the 1996 federal welfare reform legislation that created the federal Temporary Assistance for Needy Families (TANF) program. CalWORKs provides cash grants and employment services to families whose income is inadequate to meet their basic needs. The CalWORKs program is administered locally by counties and overseen by the state Department of Social Services (CDSS).

The CalWORKs program, nearing its 20th anniversary since being created in response to federal welfare reform, has undergone complicated, continuous change over the past seven years. The changed program has a (1) shorter lifetime clock of 48 (versus the federally allowed 60) months for aid for adults, (2) flexibility within a shortened 24-Month Welfare-to-Work services clock, (3) Early Engagement programs that are intended to improve the experiences for families facing severe and multiple barriers to employment, such as homelessness and mental illness, and (4) grants that, despite some increases, remain below half of the federal poverty level.

Cash Assistance. Grant amounts vary across the state and are adjusted for family size, income, and other factors. For example, a family of three in a high-cost county that has no other income currently receives a cash grant of $714 per month. After accounting for the variety of individual family circumstances, families enrolled in CalWORKs are estimated to receive an average grant of $534 per month during 2016-17. Families enrolled in CalWORKs are generally also eligible for food assistance through the CalFresh program and health coverage through Medi-Cal.

Work Requirement and Employment Services. As a condition of receiving aid, able–bodied adults are generally subject to a work requirement, meaning that they must be employed or participate in specified activities -- known as "welfare–to–work (WTW) activities" -- intended to lead to employment. CalWORKs cases that include an adult who is subject to the work requirement are entitled to receive services to help meet this requirement, including subsidized child care and reimbursement for transportation and certain other expenses. Individuals who fail to meet the work requirement without good cause are subject to a sanction by being removed from the calculation of their family's monthly grant, resulting in reduction in cash assistance (of roughly $140 dollars).

WTW 24–Month Time Clock Determines Allowable Activities. As of 2013, state law defines two sets of rules for which allowable WTW activities may be used to meet the work requirement. The first set of rules, referred to as "federal" rules because they closely mirror federal TANF law, place greater emphasis on employment over some other activities including education, training, and mental health and/or substance abuse treatment. The second set of rules, referred to as "CalWORKs" rules, allow relatively greater flexibility to choose activities that may help adult recipients address barriers to employment. Adult recipients may meet the work requirement under federal rules at any time, but may meet the work requirement under CalWORKs rules only for up to a cumulative, but not necessarily consecutive, 24 months. Once 24 months of participation under CalWORKs rules have been exhausted, recipients must participate under federal rules. This policy is referred to as the "WTW 24–month time clock."

Federal Work Participation Rate (WPR) Requirement. As noted above, federal law lays out rules governing how recipients may meet the work requirement. Federal law requires the state to track the percentage of assisted families that meet the work requirement under federal rules, also known as the WPR. Federal law further requires the state to maintain a WPR of at least 50 percent or face financial penalties.

Adult Time Limit on Aid. In California, adult recipients are also generally limited to a cumulative lifetime maximum of 48 months of assistance in CalWORKs. Adults who exhaust 48 months of cash assistance are removed from the calculation of their family's monthly grant, resulting in decreased cash assistance. (The family would continue to receive a reduced grant for children who remain eligible.)

BUDGET OVERVIEW

Funding. CalWORKs is funded through a combination of California's federal TANF block grant allocation ($3.7 billion annually), the state General Fund, realignment funds, and other county funds. In order to receive its annual TANF allocation, the state is required to spend a maintenance of effort (MOE) amount from state and local funds (including realignment and other county funds) to provide services for families eligible for CalWORKs. In recent years, this MOE amount has been $2.9 billion. Aside from funding for cash grants, counties receive various funding allocations from the state to administer CalWORKs. As will be discussed in greater detail below, the largest of these—referred to as the "single allocation"—provides funding for employment services, eligibility determination and other administrative costs, and child care subsidies.

Trends in Total Funding. As shown in the figure below, the Governor's budget proposes $5.1 billion in total funding for the CalWORKs program in 2017-18, a net decrease of $127 million (2 percent) relative to estimated current-year funding. This decrease reflects the net effect of two main adjustments. First, funding for cash assistance, services, and program administration is reduced to reflect a projected decline in caseload. Second, this reduction is partially offset by an increase in grant costs due to a full year of implementing the repeal of the maximum family grant (MFG) rule and a 1.43 percent grant increase provided effective October 2016. The net effect of these adjustments is an increase in grant costs of $76 million and a reduction of $198 million in the county single allocation.

CalWORKs Budget Summary
All Funds (Dollars in Millions)

	2016-17 Revised	2017-18 Proposed	Change From 2016-17	
			Amount	Percent
Cash grants	$2,969	$3,045	$76	3%
Single Allocation				
Employment services	968	882	-86	-9
Eligibility determination and administration	458	379	-79	-17
Stage 1 child care	416	384	-32	-8
Cal-Learn case management	20	19	-1	-5
Subtotals, Single Allocation	($1,862)	($1,664)	(-$198)	(-11%)
Other County Allocations				
Mental health/substance abuse services	$127	$127	—	—
Expanded subsidized employment	138	134	-$4	-3%
Housing Support Program	47	47	—	—
Family Stabilization Program	40	40	—	—
Subtotals, Other County Allocations	($352)	($348)	(-$4)	(-1%)
Othera	$20	$19	-$1	-5%
Totals	$5,203	$5,076	-$127	-2%

a Primarily includes various state-level contracts.

Caseload Expected to Continue to Decline. The Governor's budget updates previous caseload projections and assumes that an average of 463,540 families will receive CalWORKs assistance each month during 2016-17. This updated projection reflects a roughly 7 percent decline relative to the prior year and a nearly 5 percent decline from previous projections for 2016-17. The Governor's budget further projects that an average of 459,173 families will receive CalWORKs assistance each month during 2017-18, a decline of 1 percent relative to updated projections for 2016-17.

Shifts in Funding Sources. As shown in the figure below, within the total funding amount for CalWORKs, the budget proposes $450 million from the General Fund, a decrease of $232 million (34 percent) relative to current-year levels. Federal TANF funding proposed to be spent in CalWORKs is also down by $131 million. The decrease in General Fund and federal TANF support budgeted in CalWORKs primarily reflects (1) lower total funding requirements due to declining caseloads and (2) the availability of additional funding from other sources—specifically a one-time increase in realignment funds. With the expansion of Medi-Cal under the Patient Protection and Affordable Care Act, some individuals who previously received care in realignment-funded county indigent health programs instead are enrolled in state and federally funded Medi-Cal, reducing county costs and increasing state costs. Each year, realignment funds in the amount of estimated county savings are redirected to be spent in CalWORKs, to offset General Fund spending. The one-time funds in the Governor's budget reflect a true-up to account for higher-than-estimated county savings in 2014-15.

CalWORKs Funding Sources
(Dollars in Millions)

	2016-17 Revised	2017-18 Proposed	Change From 2016-17	
			Amount	Percent
Federal TANF block grant funds	$2,428	$2,297	-$131	-5%
General Fund	682	450	-232	-34
Realignment funds from local indigent health savings	586	812	226	39
Realignment funds dedicated to grant increases	319	331	12	4
Other county/realignment funds	1,188	1,186	-2	—a
Totals	$5,203	$5,076	-$127	-2%

aNegligible amount.

TANF = Temporary Assistance for Needy Families.

TANF Funding in the State Budget

State Has Significant Flexibility in the Allocation of TANF Block Grant Funds. As shown in the figure below, a majority of the state's available TANF block grant funds (about 58 percent in 2017-18) is used to support the CalWORKs program. These funds, however, are also used to support a variety of other programs in the state budget, such as student financial aid, Child Welfare Services, and community-based services for individuals with developmental disabilities. Federal law provides states significant flexibility in how TANF block grant funds may be spent. First, TANF block grant funds may be used to meet any of the four purposes of the TANF program defined in federal law, displayed below. Second, TANF block grant funds may be used to support activities that were allowable under TANF's predecessor program, Aid to Dependent Families with Children. For example, "emergency assistance" expenditures in Child Welfare Services fit this criterion. Finally, the state may transfer a portion of the TANF block grant funds received each year to certain other federal block grants, such as the Title XX Social Services Block Grant, to be expended according to the rules of the block grant receiving the transfer. (In the case of Title XX, funds may be used for a variety of purposes, including community-based services provided through the Department of Developmental Services for individuals with developmental disabilities.)

TANF Block Grant Spending *
(In Millions)

	2016-17 Revised	2017-18 Proposed	Change From 2016-17
CalWORKs program	$2,428	$2,297	-$131
Cal Grants student financial aid	926	926	—
Child Welfare Services	359	366	7
CDE Stage 2 child care	10	130	120
Transfer to Tribal TANF programs	84	86	2
DDS regional centers	77	77	—
Automation projects	63	53	-10
State administration costs	31	31	—
CDE and CCC contracts for services to CalWORKs recipients	18	18	—
Total Proposed TANF Expenditures	$3,996	$3,984	-$12
Annual TANF block grant allocation	$3,734	$3,734	—
Unspent funds carried in from prior years	512	250	-$262
Total TANF Funding Available	$4,246	$3,984	-$262
Unspent Funds Available for Later Years	$250	—	-$250

* Includes TANF funding transferred to Title XX Social Services Block Grant.
TANF = Temporary Assistance for Needy Families; CDE = California Department of Education; DDS = Department of Developmental Services; and CCC = California Community Colleges.

The Four Purposes of TANF:

- ✓ Provide assistance to needy families so that children can be cared for in their own homes.
- ✓ Reduce the dependence of needy parents by promoting job preparation, work, and marriage.
- ✓ Prevent and reduce the incidence of out-of-wedlock pregnancies.
- ✓ Encourage the formation and maintenance of two-parent families.

TANF = Temporary Assistance for Needy Families.

TANF Block Grant Funds Are Used to Offset What Otherwise Would Be General Fund Spending. Because the state has significant flexibility in how it may spend TANF block grant funds, TANF funding can be used to support programs and activities that otherwise would be supported by the General Fund, thereby freeing up General Fund dollars for other purposes. For example, prior to 2012-13, student financial aid in the Cal Grants program was supported almost entirely by the General Fund. In 2012-13, TANF funds were used to replace a significant amount of General Fund spending in Cal Grants, pursuant to the second and third federal TANF purposes. The amount of TANF funding provided to support Cal Grants has both increased and decreased in subsequent years. The 2017-18 Governor's budget proposes to provide $926 million for Cal Grants—roughly 47 percent of the program's total funding. Similarly, TANF funding has historically been used to pay for a portion of costs in Stage 2 child care, which provides subsidized child care vouchers for current and former CalWORKs recipients. In recent years, Stage 2 has received $10 million of TANF funding. The Governor's 2017-18 budget proposal proposes to increase TANF funding for Stage 2 child care to $130 million, freeing up for other purposes $120 million in the General Fund that otherwise would be spent in Stage 2 child care.

Certain Factors Lead to TANF Spending Outside CalWORKs. In recent years, the amount of TANF funding spent outside the CalWORKs program has increased, from roughly $1 billion in 2014-15 to nearly $1.7 billion proposed in 2017-18. Certain factors contribute to the shift of TANF funding from CalWORKs to other budget items:

Decreasing CalWORKs Program Costs. In 2017-18, total funding for CalWORKs from all funding sources will have decreased by more than $400 million relative to 2014-15, largely due to declining caseloads. This means that less funding is required from the program's various funding sources to meet the program's funding requirements under current law, allowing these funds to be spent elsewhere. However, for the reasons described below, when less total funding is needed to fund CalWORKs due to declining costs, it is the TANF funding that is more likely to be reduced than funding from the General Fund, realignment, or other county funds.

Increasing Use of Realignment Funding in CalWORKs Budget. Since 2014-15, the amount of realignment funding directed by current law to be spent in CalWORKs has increased. The increase in realignment funds available to support CalWORKs means that less General Fund and federal TANF funds are required. Furthermore, when total program funding requirements decrease due to declining caseloads as described above, General Fund and TANF funding are reduced but realignment funding is not, since current law specifies that the realignment funds must be spent on CalWORKs costs.

MOE Requirement Limits Reductions to General Fund and Local Funding Support for CalWORKs. As described earlier, the State is required to spend a certain amount of state and local funds (including realignment and other county funds) each year in order to receive the TANF block grant. Under the Governor's proposed 2017-18 budget, state and local spending will be at the minimum allowed by the MOE. As a result, when total program funding requirements decrease due to declining caseloads, TANF funding is reduced and reallocated elsewhere in the state budget, rather than General Fund or local funds.

TANF Funding Could Be Used to Augment CalWORKs Program, at a Cost to the General Fund. The factors described above contribute to an increasing amount of TANF funding being spent outside the CalWORKs program as the CalWORKs caseload declines and the total funding requirements of the program under current law decrease. We note that federal TANF block grant funds could be redirected back to the CalWORKs program to pay for augmentations, such as higher grants or increased funding for county services and administration. Redirecting TANF funding from programs other than CalWORKs that are proposed to receive it would require backfilling lost TANF funding in those other programs with General Fund dollars.

For more information on the CalWORKs program, please see the Annual Summary created pursuant to Supplemental Report Language in 2014. This resource developed by CDSS can be found at:
http://www.cdss.ca.gov/calworks/res/pdf/CW_AnnualSummary2017.pdf.

LAO ASSESSMENT

CalWORKs Budget Consistent With Current Law and Practice. The LAO states that, in its view, the Governor's 2017-18 CalWORKs budget proposal is consistent with current law and budgetary practice. The CalWORKs budget is largely driven by assumptions made by the administration about the number of families that will receive assistance and what services they will need. Based on information about current caseload levels available at this time, the administration's caseload projections appear reasonable.

Will Revisit Caseload and Other Assumptions at May Revision. LAO notes that, due to data conversion issues associated with the rollout of Los Angeles County's new eligibility determination and case management system, actual caseload numbers for Los Angeles County for certain aspects of the CalWORKs program are not available for most of 2015-16 or any of 2016-17. Because roughly one-third of the state's CalWORKs caseload resides in Los Angeles County, these missing data introduce additional uncertainty into projections for 2017-18. The Department has indicated that the missing data is currently being validated and will be released in the near future. Additionally, we anticipate that additional months of actual caseload data for the rest of the state, along with more information on actual county spending from the 2016-17 single allocation, will be available in advance of the May Revision. The LAO will revisit caseload assumptions at the time of the May Revision to determine whether they would recommend any changes to the administration's projections and what affect these changes would have on the CalWORKs budget, including the proposed reduction to the county single allocation, discussed at greater length in Issue 3 of this agenda.

CALWORKS GRANTS

Cash Assistance. Grant amounts vary across the state and are adjusted for family size, income, and other factors. For example, a family of three that has no other income and lives in a high–cost county currently receives a cash grant of $714 per month (equivalent to 42 percent of the federal poverty level). A family in these circumstances would generally also be eligible for food assistance through the CalFresh program in the amount of $497 per month and health coverage through Medi–Cal.

Larger families are generally eligible for a higher maximum grant than smaller families. A family's monthly grant is reduced by the amount of the family's earnings, such that families with no income receive the maximum CalWORKs grant. A portion of earnings is disregarded when calculating the family's grant so that the reduction in the grant is less than the amount of the earnings. This means that a family combining earnings with CalWORKs assistance will have greater total resources (grant plus earnings) than if the family has no earnings.

History. Due to regular grant increases, the maximum grant remained above 50 percent of the FPL until the mid-2000s. Beginning in the mid-2000s, annual COLAs were frequently suspended, and during the last recession the maximum grant was reduced. Grants were partially restored following the recession, but remain below pre-recession levels. Under the proposed budget, the maximum grant will be about 42 percent of the FPL in 2017.

Grants were reduced by four percent and the statutory COLA was eliminated in 2009. Grants were further reduced by eight percent in 2010, then partially restored. Grants were increased by five percent in March 2014 and by an additional five percent in April 2015. After adjusting for inflation, the CalWORKs grant proposed in the Governor's budget will have lost roughly $114 (16 percent) of its purchasing power since before the recession (2007-08).

CalWORKs Grant Costs, including MFG Repeal. The Governor's Budget reflects an accelerated decline in the CalWORKs caseload projection and a lower average cost per case, accounting for decreases in the "assistance" or grants' costs. According to the Administration, actual expenditures from 2015-16 indicate that the cost per case has declined for all families cases from $462.97 to $459.72 and two-parent cases from $563.32 to $558.70. The major changes in 2017-18 reflect continued caseload decline, which is offset by costs associated with the full year implementation of the MFG Repeal. The 2017-18 budget includes $224.5 million ($198.2 million General Fund), primarily grant costs, for the MFG Repeal. Effective January 1, 2017, CalWORKs grant computations no longer exclude the needs of children born into families who already have been aided for more than ten months. The Child Poverty and Family Supplemental Support Realignment Subaccount incrementally supports the costs of the MFG Repeal in future years and, as the fiscal forecast was adopted in the 2016 Budget, was planned to ultimately displace General Fund spending.

ADVOCACY ON INCREASING GRANTS

CalWORKs grants have long been a subject of legislative and budget attention due to their depressed nature and lack of ability to meet basic living expenses in California for families with children. Grants do not keep pace with inflation due in part to a 2009 statutory change that relinquished the annual Cost of Living Adjustment (COLA). The maximum monthly grant for a family of three (one parent, two children) is $714 in a high-cost county (e.g. Los Angeles, San Francisco, and Ventura) and $680 in a lower-cost county (e.g. Fresno, Sacramento, and Riverside), summing to $8,568 or $8,160 (respectively for type of county) per year to meet basic living expenses including housing, utilities, and clothing.

Anti-poverty advocates are requesting that strategies be adopted to improve the condition of the CalWORKs grants, provide a COLA, and incorporate a longer-term strategy that increases grant levels to more than 50 percent so that they don't maintain families with children in deep poverty (less than 50 percent of the federal poverty level).

REFLECTIONS ON TIME LIMITS

CDSS retains a contract with RAND to report on the effects of SB 1041, which altered program rules and reduced the timeframe on welfare to work services. The multiyear evaluation runs from 2013-14 through 2017-18 with a total allocation of nearly $9 million. RAND is assessing SB 1041's implementation process at the state and county level, whether key indicators for CalWORKs participants changed between the pre- and post-SB 1041 period, and analyses of outcomes for families and children and their associations with SB 1041. Some key findings from the November 2016 report are included below:

Delay of state-level guidance resulted in implementation and training issues for county-level staff. CDSS implemented a state-level workgroup process, which was praised as inclusive and thorough. However, the workgroup was slow to release guidance to counties and sent a trickle of piecemeal updates. As a result, one-fifth (21%) of counties found the timing of guidance a moderate to major hindrance, with a greater effect on smaller counties. It also led to inconsistent, disjointed, and inadequate trainings for caseworkers, especially on the new WTW 24-month time clock (hereinafter “24-month clock”).

The sheer complexity of SB 1041 hinders some counties in implementation. While half (52%) of counties reported that complexity was not a barrier to implementation, nearly one-fifth (18%) described caseworkers as only slightly or not at all understanding the 24-month clock. Similarly, 15 percent of caseworkers did not understand at all or only slightly understood the new averaging method to determine if a participant had met the minimum weekly hours. In the six focal counties, caseworkers characterized the 24-month clock as “the most challenging aspect of the legislation,” especially knowing when a participant’s clock should “tick” or “untick.” The new 24-month clock regime is also time-intensive. Caseworkers reported that time ordinarily spent on counseling services and direct communication to participants had been supplanted with tracking a participants’ time clock. In fact, many caseworkers felt their job had fundamentally shifted from counseling to data entry.

CalWORKs participants struggle to understand SB 1041’s changes. Despite significant outreach through the required reengagement process, counties report that many participants still do not understand the SB 1041 changes. This also affects implementation: four-fifths (79%) of counties reported explaining SB 1041 to participants was a moderate or major hindrance (a product of its complexity); nearly all counties (93%) identified complexity as a barrier of some kind. RAND conducted focus groups with CalWORKs participants that also showed participants do not fully understand the SB 1041 changes. This makes it difficult for participants to best use the CalWORKs program to regain self-sufficiency.

The inherent tension between the federal WPR and SB 1041 implementation was a concern for some state-level and many focal county staff. The perception is that the WPR and SB 1041 represent competing agendas. Many caseworkers complained of the lack of alignment between the state and federal requirements. Similarly, they found it difficult to determine which goals to prioritize when advising CalWORKs participants. State-level stakeholders were also concerned about the lack of guidance on this conflict. On the one hand the state is penalized for not meeting it’s WPR, but on the other hand the state created this new 24-month clock not requiring core activities. The plethora of exemption further indicate to caseworkers that the state seems reluctant to “tick” participants’ WTW months.

It is premature to measure any changes in CalWORKs WTW participants’ outcomes or impacts from SB 1041 because full implementation has not been reached. This report demonstrated the feasibility to collect and measure state administrative data and compare it to external data, like the Current Population Survey (CPS). However, with only one to two years of post-SB 1041 data and the slow pace of implementation only very early impacts may be detected. RAND makes no recommendation based on the findings and anticipates more robust evaluation in the subsequent reports on outcomes. The authors tentatively conclude that SB 1041’s outcomes cannot be fully assessed until the Early Engagement programs are completely implemented so that participants get the full SB 1041 “treatment.”

Implementation of the WTW 24-month time clock has been extremely challenging for everyone involved. Here are the major problems identified by the report regarding the 24-month time clock:

- The time clock may not be applied uniformly to all participants. In the six focal counties, there was significant confusion and concern about how to consistently apply the 24-month clock. Determining which activities constitute a "tick" is a judgment call made by caseworkers. In fact, one administrator noted that full automation of the 24-month clock is not possible because of this required human element. Given this confusion and essential human element, it is almost certain that implementation of the 24-month clock rules is not uniform across counties, or even caseworkers in the same county. Thus, two participants with similar circumstances and backgrounds may be receiving unequal treatment via a different accounting of their 24-month clock status.

- Caseworkers are concerned the 24-month clock is not sufficiently long to address barriers. Many caseworkers welcomed the flexibility of the WTW clock, but were concerned it was not long enough. The report does not provide data supporting this assertion, but future reports should shed light on this important question. Nevertheless, caseworker feedback included requests to scrap the 24-month clock, extend it to the 48-month mark, or at the very least, state guidance on how to apply it correctly.

- SB 1041 and the 24-month clock's success depend on the Early Engagement programs (AB 74). Though nearly complete now, rollout of the OCAT program only began in late summer of 2015. The OCAT was emphasized as the most important tool to realize SB 1041's objectives. The FS and ESE programs are fully implemented in 86 and 69 percent of counties respectively. It follows that since the 24-month clock began on January 1, 2013, WTW participants lost time on their 24-month clock without the full bundle of services intended. As such, the 24-month clock cannot be properly assessed until the Early Engagement programs are fully implemented.

STAFF COMMENT

The Governor's Budget proposes no major initiatives to the program starting in 2017-18 beyond what is required in the workload budget. Grants do not increase further and there are no structural changes to the time limit policy or service provision beyond what has been included as part of legislation and prior budgets.

Grants that don't advance and grow gradually to correspond to inflation materialize into a grant cut. The Subcommittee may wish to ask CDSS and DOF about the longer-term strategy to ensure that grants remain sustainable for families living at the lowest levels of poverty and reliant on CalWORKs to meet daily living needs.

Additionally, the Subcommittee may wish to ask to be continually updated on the findings from the RAND research and study effort on the implementation and effects of time limits on CalWORKs families and their ability to successfully overcome barriers as participants in the program.

Staff Recommendation:

Staff recommends holding these proposals and issues open.

ISSUE 3: CALWORKS: SINGLE ALLOCATION AND ADVOCACY PROPOSALS REGARDING OUTCOMES AND ACCOUNTABILITY REVIEW SYSTEM

PANEL

- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Mike Herald, Advocate, Western Center on Law and Poverty
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

BACKGROUND

The CalWORKs Single Allocation. As noted under Issue 1, the Governor's budget provides nearly $1.7 billion in funding for the county single allocation in 2017-18. The single allocation encompasses different categories of funding for various purposes connected to administering the CalWORKs program:

- **Employment Services.** Employment services funding is used to provide case management, welfare-to-work activities like job search and job readiness assistance or education and training, and other services intended to help CalWORKs recipients obtain employment and increase earnings.

- **Eligibility and Administration.** Eligibility and administration funding is used to pay for the costs of determining initial and ongoing eligibility for CalWORKs, as well as other general overhead costs, such as those related to budget preparation, program oversight, and personnel functions.

- **Stage 1 Child Care.** Child care funding is used to provide child care vouchers that enable CalWORKs recipients to work or participate in activities intended to lead to employment. (CalWORKs families initially receive child care vouchers through the Stage 1 CalWORKs child care program, funded from the county single allocation, until their employment or participation in welfare-to-work activities is deemed stable by the county. Once a family is deemed stable, child care vouchers are provided through the Stage 2 CalWORKs child care program, which is funded separately through the California Department of Education's budget and is not part of the CalWORKs single allocation.)

- **Cal-Learn Case Management.** Cal-Learn funding is used to provide intensive case management for individuals enrolled in Cal-Learn, a component of the CalWORKs program that encourages pregnant and parenting teens to complete high school or an equivalent.

Budgeting Methodology for Single Allocation. As part of the annual budget process, the Administration proposes statewide funding amounts for each category in the single allocation separately, based on established methodologies that adjust funding from prior years based on caseload projections, assumed costs per case, and adjustments for policy changes that are expected to affect program costs.

Generally, when caseloads increase, the single allocation increases and when caseloads decline, so does the single allocation. The single allocation also increases or decreases due to changes in assumed costs per case. Cost per case assumptions are typically updated to reflect policy changes that affect county workload, such as new activities required by state legislation or new efficiencies due to simplified administrative requirements. However, the budget historically has not made regular adjustments to reflect changes in baseline county costs to administer the program, such as changes in the cost of labor or facilities, sometimes referred to as the “cost of doing business.”

After the statewide amounts are determined through the budget process, funds for each category are allocated to individual counties according to a schedule developed jointly by CDSS and the County Welfare Directors Association. Single allocation funds generally must be spent by counties within the fiscal year. Unspent funds revert to the state.

County Use of Single Allocation and Other Program Funds. Although single allocation categories are budgeted and allocated to counties separately, counties can, and do, spend their total single allocation funds flexibly across the categories. As a result, actual spending on the individual single allocation categories often differs from the amounts determined in the state budget. This flexibility is intended to allow counties to adapt to local circumstances or differences in county costs that may not be well reflected in the process used to determine the statewide single allocation amount or the process used to allocate that statewide amount to individual counties.

In addition to the single allocation, counties receive several other allocations to operate CalWORKs that total $348 million in the proposed 2017-18 budget. These include $127 million for mental health and substance abuse services; $134 million for Expanded Subsidized Employment, which provides dedicated funding for counties to support subsidized positions for CalWORKs recipients; $47 million for the CalWORKs Housing Support Program, which assists homeless CalWORKs families to obtain permanent housing; and $40 million for the Family Stabilization Program, which provides intensive case management and other services beyond those provided from the single allocation for CalWORKs families experiencing a destabilizing situation that prevents them from participating in welfare-to-work activities. Like the single allocation, these allocations generally must be spent within the fiscal year and unspent funds revert to the state.

Unlike the single allocation, these funds are not flexible and must be spent on the purposes specified in each individual allocation.

GOVERNOR'S BUDGET PROPOSAL

Funding Decrease of $200 Million Proposed for 2017-18. After increasing from 2013-14 through 2015-16, the budget decreased funding for the single allocation in 2016-17 by $160 million to reflect a projected decline in the number of cases requiring services and child care subsidies. Once Recession-era exemptions described in Issue 1 were fully phased out, the number of cases requiring services and child care began to decline with the number of total families receiving cash assistance, due to the improving economy. As described previously under Issue 2, the Governor's budget reduces funding for the CalWORKs single allocation in 2017-18 by an additional $200 million relative to 2016-17. The proposed 2017-18 reduction is also related to a projected decline in caseload. The effect of these two consecutive reductions to the single allocation on actual county spending is likely to be different in practice.

Counties did not fully expend the budgeted single allocation in 2015-16. Preliminary administrative data indicate that, as of this January, counties collectively spent $1.9 billion from the 2015-16 single allocation, roughly $160 million less than was budgeted for 2015-16 and roughly equal to the amount budgeted for 2016-17. This means that, despite a decline in the amount *budgeted* for the single allocation in 2016-17, counties could spend the same amount or nearly the same amount in 2016-17 as they did in 2015-16 by spending the entire amount budgeted for the single allocation in 2016-17. In other words, if counties collectively spend the entire 2016-17 single allocation, only limited actions will be required, if any, to align spending with the lower budgeted amount.

The proposed 2017-18 single allocation, about $1.7 billion, is less than both the amount spent in 2015-16 and the amount likely to be spent in 2016-17. Thus, counties would likely need to take additional actions in 2017-18 to align spending with the additional caseload-driven reductions in the Governor's budget.

LAO ANALYSIS AND QUESTIONS

The LAO notes that the number of families served in CalWORKs changes from year to year depending on various factors, most importantly the state of the economy. It is reasonable to expect that county costs will increase or decrease depending on the number of families served. The administration's budgeting methodology, and the single allocation reduction proposed in the Governor's budget, are consistent with that expectation. However, the LAO also notes that while a caseload-driven approach to budgeting single allocation funds makes sense in general, there are instances in which the outcome of this approach may present challenges for counties. In particular, counties may have difficulty quickly adjusting to more significant changes in funding levels, as appears to have been the case from 2013-14 through 2015-16, when counties underspent the budgeted single allocation as it grew. Similarly, some counties may have more difficulty quickly adjusting to the reduction in single allocation proposed in the 2017-18 budget.

Key Questions for Legislative Consideration. The actual effect of the proposed reduction on county service levels is unclear for a variety of reasons. The LAO outlines the following key questions for the Legislature to consider as it evaluates the proposed CalWORKs budget:

- **What Steps Will Counties Take to Adjust to Reduced Caseloads and Funding?** Due to variation in how counties approach CalWORKs administration, counties are likely to respond to reduced caseloads and the reduction in the single allocation in different ways. For example, counties might take steps to reduce spending in light of lower caseloads that could include reducing contract costs, reducing staffing levels, reallocating staff to other health and human services programs, or a combination of all three. As part of the budget subcommittee review of the proposed budget, the Legislature may wish to ask CDSS and counties to report on how counties would reduce spending to reflect lower caseloads and how services might change.

- **Have Changes in Base County Costs Affected Services Levels?** As noted above, the single allocation budgeting methodology generally does not make adjustments to reflect changes in county cost of doing business. Changes in cost of doing business will vary by county, but, over time, growth in county costs would lead to pressure on the amount of single allocation funding that is provided for a given number of cases. The Legislature may wish to ask CDSS and counties to report on how changes in county costs may have affected the services provided through the single allocation.

- **Does the Proposed Budget Reflect Changes in Services Needs of the Caseload?** Since 2012-13, the CalWORKs program has been more focused on addressing the needs of cases with significant barriers to employment. As the state's economy improves and the CalWORKs caseload continues to decline, it may be that cases that remain in the program despite an improving economy have more significant barriers to employment, on average, than when the state of the economy is poor and CalWORKs caseloads are larger. The Legislature may wish to ask CDSS to report on how its budgeting methodology accounts for changes in the services needs of the CalWORKs caseload.

- **How Might Other CalWORKs Allocations Be Affected?** As described above, counties receive several other allocations to provide services in CalWORKs in addition to the single allocation. Most of these allocations, including Expanded Subsidized Employment, the Housing Support Program, and the Family Stabilization Program, were created recently (since 2013-14). These new allocations are intended to build on, not replace, the single allocation and cannot be mingled with single allocation funds. However, some of the services provided from these allocations can be similar to services provided from the single allocation and may have affected to some degree what services counties provide from the single allocation. Changes in funding levels for the single allocation may also affect how counties use other allocations. The Legislature may wish to ask CDSS and counties to report on how the various CalWORKs allocations interrelate and how the proposed reduction in the single allocation might affect the services from all allocations.

ADVOCACY PROPOSAL

Advocates have submitted the following proposals related to these issues.

1. **Proposal to Restore the Single Allocation.** The County Welfare Directors Association of California (CWDA) urges restoration of the $198 million proposed to be cut from the CalWORKs Single Allocation in the Governor's 2017-18 budget proposal. CWDA writes the following, "In recent fiscal years, particularly when funding for the Single Allocation rapidly increased and for reasons explained below, counties have collectively underspent the Single Allocation. More recently, however, spending has increased, such that with the significant reduction to the Single Allocation in the current year, we anticipate that expenditures statewide will roughly equal the funding provided in 2016-17. This means that the additional $198 million reduction proposed for 2017-18 will require counties to cut spending well below their current expenditure levels. This will force counties to eliminate positions and lay off existing staff, along with enacting service reductions. In addition to the immediate harm of not being able to provide needed services, there are potential ripple effects of those reductions. For example, some counties report that they will have to cut spending on subsidized employment to the point that they will be unable to meet the base spending requirements to tap into funding for Expanded Subsidized Employment. The result in those counties will be the elimination of subsidized employment as a service option altogether.

   Service reductions prolong families' need for public assistance, and have negative impacts on children. When parents have to wait longer for, or entirely lose access to, the welfare-to-work services and supports that would otherwise enable them to gain the skills and education necessary to be competitive in the labor market, they are less able to leave CalWORKs for living-wage jobs. Overwhelming evidence has shown that living in poverty causes changes in brain functioning both adults and children, directly impacting decision-making capacity, self-regulation ability, and a myriad of health and psychological processes. Research further shows that these negative effects have lifetime impacts that compound the longer one remains impoverished.

   To avoid these otherwise inevitable service and staffing reductions, CWDA proposes that the $198 million be restored and targeted toward investments in specific services. These target areas, established in trailer bill language, could include, for example: sanction outreach, enhanced engagement, home visiting efforts, and/or subsidized employment, with supportive services to stabilize families. [CWDA recommends] that all counties have an opportunity to access these funds, provided they submit expenditure plans describing how they would spend their funds on the targeted activities. After the fiscal year, counties would be required to report on how they actually spent the funding."

2. **Proposal to Address and Revise the Single Allocation Budgeting Methodology.** "CWDA believes that it is time to revisit the two-decade-old caseload-driven budget methodology used for the CalWORKs Single Allocation, which funds eligibility activities, employment services, and child care. [CWDA requests] adoption of placeholder trailer bill language requiring CDSS to, in consultation with CWDA, develop recommendations for revising the current budget methodology. The CalWORKs caseload is closely tied to the performance of the economy and can grow quickly when the economy declines while dropping equally as fast when the economy improves. The result is huge swings in funding levels for the Single Allocation, with the most recent examples being in the current fiscal year and proposed for next fiscal year. In the current year, the Single Allocation was reduced by $156 million (7.9 percent) and in the budget year is proposed to be reduced by $198 million (10.6 percent), an 18.5 percent reduction over two years. In contrast, in 2013-14 and 2015-16, the Single Allocation was increased by $209 million (12.0 percent) and another $77 million (4.0 percent), respectively. It is difficult for counties to ramp up quickly in years when funding increases dramatically, and equally difficult for counties to make rapid cuts in years when funding drops.

   An additional challenge created by these swings in funding is related to the fact that the Single Allocation funds both fixed and flexible work. Eligibility determinations, processing of paperwork and household changes, and ensuring that the correct benefits are provided are tasks that counties are mandated to complete, many of them within statutory timeframes. While there are some increases and decreases to these administrative activities that correspond to caseload increases and decreases, a greater amount of operational costs are fixed and will exist irrespective of caseload changes. In addition, applications to CalWORKs have not declined in recent years, so that administrative workload has remained consistent even with the recent caseload drops. Quickly hiring or laying off staff (or even redeploying staff) is difficult with human resources requirements. Compounding these challenges to quick changes to administrative spending is the fact that the funding provided in the Single Allocation for those activities has been significantly underfunded for many years, since the Administration stopped providing any cost adjustments to the budget in 2001-02.

   In contrast, many welfare-to-work services are quickly scalable when funding increases or decreases. Because counties often contract for these services, the contracts can more quickly be increased or decreased, leading to fluctuation in available services depending on funding. This works well in years when caseloads and funding increases and more families require services. But in years when the economy is good and more families can enter the workforce and exit CalWORKs, those who remain on the caseload have greater service needs to move them to greater self-sufficiency. These families require increased investment at the precise time that services funding is being proposed for cuts. Such service reductions exacerbate the grinding effects of poverty on families and children."

CWDA believes it is time to reexamine how the CalWORKs Single Allocation budget is built. CWDA states that caseload should remain a factor, but funding should also be budgeted to support ongoing administrative workload, as well as the programmatic goals and outcomes that are desired. Consideration in the budgeting methodology must also be given to account for the service needs of various cases and the resources required to ensure those needs are met.

3. **Proposal to Enact a CalWORKs Outcomes and Accountability Review System.** CWDA, the Western Center on Law and Poverty, and the Children's Defense Fund propose the establishment of performance measures and continuing evaluation of defined metrics in the CalWORKs program. CWDA's description of the proposal is as follows: "County human services departments provide a broad spectrum of welfare-to-work services and supports for low-income parents through the CalWORKs program. These services include not only job search and employment placement assistance, but also crisis resolution, mental health treatment, housing, child care, and educational opportunities, among others. Unfortunately, the only official measure of "success" in CalWORKs today is the federal work participation rate (WPR), which looks only at whether an individual was present in a "countable activity" for the required number of hours each month. This measure tells us nothing about broader measures of success – poor families finding and keeping living-wage work and/or obtaining the education and training they need to be competitive in the labor market, children who are thriving, and county operations that facilitate effective, efficient welfare-to-work service delivery.

   While the WPR has flaws, it remains a federal mandate. However, California can and should take a more nuanced approach to measuring success in the CalWORKs program, while counties undertake new ways to better serve families using evidence-based tools. To that end, CWDA is partnering with thought leaders Mathematica Policy Research and the Center on Budget and Policy Priorities to create a forward-thinking approach to service delivery in CalWORKs that draws upon national evidence and cutting edge research on the impact of poverty on adult functioning. Grounded in a goal-achievement framework, the tools and resources being developed for county welfare-to-work staff through this project will help to frame service delivery around setting and achieving meaningful, realistic goals and will create routines that reinforce a systematic process for helping families holistically. This approach can also be implemented at an organizational level, through the identification of explicit programmatic and operational goals, assessment of county performance toward those goals, and use of the information to identify areas for improvement and investment.

To support these efforts and encourage broader thinking about how “success” is defined in the program, CWDA recommends the adoption of placeholder trailer bill language to establish a CalWORKs outcomes and accountability review system, along with the creation of a working group led by the CDSS and including county representatives, legislative staff, and other stakeholders to develop that system and the estimates for the administrative funding needed for the state and counties to implement the process. Consisting of agreed-upon performance measures, a county self-assessment, and the development of system improvement plans, developed and rolled out over the course of several years, this outcomes and accountability review system will standardize a process of collaborative self-examination, goal-setting, and state and local accountability for CalWORKs, while instituting a process of continuous quality improvement in the program. Additionally, this review process will give the state, counties, and stakeholders more useful program information, and will enable CDSS to provide enhanced oversight, targeted technical assistance to counties, and a more robust process for the collection and dissemination of best practices in welfare-to-work.

An outcomes and accountability review process in CalWORKs can be expected to transform the program in much the same way that the California Child and Family Service Review, established by AB 636 (Chapter 678, Statutes of 2001), did for Child Welfare. In fact, [CWDA’s] proposal is very closely tailored to reflect the legislatively-enacted reform to how we evaluate and improve outcomes in the Child Welfare program. The process of clarifying the outcomes of highest importance in CalWORKs and implementing a system of data-driven self-inquiry will lead to programs with greater transparency. Furthermore, it will hold the state and counties accountable for performance through the establishment and tracking of progress measures, and will help drive the program to a more family-focused, efficient, and responsive system of service-delivery.”

STAFF COMMENT

As a primary anti-poverty program for the State, it is timely to establish a program improvement and effectiveness strategy for the CalWORKs program. With persistently high poverty, and acknowledging that CalWORKs families, including their children, live in the deepest of poverty experienced in our state, asking what more can be done to break the cycle of poverty is a valuable and needed question.

Creating an effort like what is being proposed by the anti-poverty advocates would be landmark for CalWORKs and would align it with other efforts at the state-level to lead programs toward beneficial system change. This new way to consider outcomes and change in the program could improve the program in a way that allows it to live up to be the life-changing program that it seeks to be to not only stabilize families, but to provide them with the services and supports truly necessary to empower their lives and create real socio-economic mobility for their children.

Staff Recommendation: Staff recommends that these proposals be held open.

ISSUE 4: CALWORKS: HOME VISITING PROGRAM ADVOCACY PROPOSAL

PANEL

- Michele Stillwell-Parvensky, Senior Policy and Government Affairs Manager, Children's Defense Fund – California
- Recipient Parent of Home Visiting or Home Visiting Service Provider
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ADVOCACY PROPOSAL

The Western Center on Law and Poverty, California Latinas for Reproductive Justice, Black Women for Wellness, In Our Own Voice: The National Black Women's, Reproductive Justice Agenda, County Welfare Directors Association of Californi, and Children's Defense Fund – California collectively propose to create a CalWORKs Home Visiting Program at a cost of $100 million General Fund. This investment would fund voluntary early home visiting programs for pregnant women and parents with young children served in the program. This budget allocation would allow County Human Services Agencies to partner with local programs providing voluntary home visiting services to all pregnant women and families with children under 3-years of age who are CalWORKs recipients, whereby improving the economic and health outcomes for both parents and children through adulthood.

The advocates state that home visiting has a robust evidence base, backed by rigorous research that supports models' effectiveness at promoting children's health and development and strong parenting skills while leading to fewer children in the social welfare, mental health, and juvenile corrections systems, with considerable cost savings for states, including the following:

1. ***Home visiting programs effectively support healthy child development, beginning in the prenatal period.*** Pregnant women who receive home visiting have better birth outcomes, and home visiting programs have a positive impact on breast feeding, immunization rates, infant hospitalizations, and maternal depression and stress.

2. ***Home visiting programs increase children's school readiness.*** Studies of various home visiting programs have shown positive impacts on children's cognitive development and behavior, higher grade point averages and

achievement scores at age 9, and higher high school graduation rates from high school.

3. ***Home visiting programs enhance parenting skills.*** Research shows that home visiting programs help parents increase positive parenting actions and reduce negative ones, have more responsive interactions, create more developmentally stimulating home environments, engage in activities that promote early language and literacy, and know more about child development.

4. ***Home visiting programs can improve family economic self-sufficiency.*** By helping parents enroll in educational and training programs and pursue employment, home visiting programs can help counteract the negative consequences of economic insecurity. Studies have found that compared with a control group, more parents participating in home visiting programs work, are enrolled in education or training, and have higher monthly incomes.

5. ***Home Visiting is An Important Tool to Address Black Infant Death Crisis.*** Black women born in the U.S. have greater risks of infant mortality than foreign-born counterparts. The most recent data shows that black infants in California die at a rate of 10.4%, over twice that of their white counterparts (4.3%). Home visiting programs have been shown to reduce infant mortality by increasing access to high-quality primary care prior to pregnancy; high-quality and timely prenatal and well-baby preventive care; specialty care for preterm infants and those with health conditions; breastfeeding support; immunizations; and safe, healthy environments.

STAFF COMMENT

No home visiting program exists in CalWORKs today like what is being proposed by the Members and advocates. This would be a unique new effort in the program, serving mothers with very young children. Of the statewide caseload, 16 percent are children between 0-24 months of age. 49 percent are between 2-5 years of age and 35 percent are 6 years of age and older.

Staff Recommendation:

Staff recommends that this proposal be held open.

ISSUE 5: CALWORKS: HOMELESS ASSISTANCE PROGRAM ADVOCACY PROPOSAL

PANEL

- Assemblymember Miguel Santiago and Assemblymember Brian Maienschein
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ADVOCACY PROPOSAL

The Subcommittee is in receipt of a letter from Assemblymembers Miguel Santiago and Brian Maienschein, as well as a proposal from the County Welfare Directors Association of California (CWDA), that together seeks to eliminate a requirement that days of homeless assistance must be taken consecutively, increase the daily per diem rate, and clarify eligibility for CalWORKs families impacted by the dependency system to ensure that homeless families in the CalWORKs program can access safe, temporary housing. The components of this proposal are further explained below:

1. **Allowing Flexibility in Use of the Emergency Benefit for Non-Consecutive Days.** Homelessness is a critical barrier to self-sufficiency and to the health and well-being of children, families, and society. The CalWORKs Homeless Assistance Program (HAP) provides temporary, as well as permanent, homeless assistance to families who are receiving or are eligible to receive CalWORKs. Temporary homeless assistance can provide payments for a shelter or hotel/motel for families who are homeless and actively searching for permanent housing for up to 16 days, but current statute mandates that these days be consecutive. This means that any break in assistance, even if only for a single day, renders the family ineligible for any remaining days of shelter for which they are otherwise eligible. This requirement can have the unintended consequence of forcing a family to choose between having a roof over their heads or, for example, traveling for a job, seeking alternative arrangements with friends or family, or even vacating the hotel due to its unsuitability for children. By simply removing the requirement that the 16 days be consecutive, families will no longer be disincentivized from making decisions that, under any other circumstance would be positive, but in this situation, could result in their return to the street.

2. **Increasing the Daily Homeless Assistance Rate.** In addition to removing the requirement that days of homeless assistance be taken consecutively or forfeited,

the proposal requests an increase to the daily per diem rate to $85 per day for a family of four or fewer and provide an additional $15 per day for each additional family member up to a maximum of $145 daily. The current statutory per diem rate is $65 for a family of four or fewer, with an additional $15 per day for each additional family member up to a maximum of $125 daily. This daily rate was last increased over ten years ago. Since then the average daily hotel/motel rate has increased each year, such that the $65 per diem is not sufficient to meet the actual shelter costs for staying in a hotel/motel in California today. This is especially evident in metropolitan areas, but is true throughout the state. Where affordable hotel/motel options may exist, the lodging is located in areas that may not ensure a safe environment for children to stay.

3. **Clarify Eligibility for Families in the Dependency System.** Lastly, the advocates request clarification of eligibility for HAP for CalWORKs recipients whose child or children are in out-of-home placement pursuant to an order of the dependency court. Under current law, these families are not eligible for a CalWORKs grant until the child or children are returned home, but the adults remain eligible for CalWORKs services for a limited time pending reunification of the family. However, once these families lose their grant, they are even more vulnerable to homelessness, and once homeless they are unable to be reunified with their children. Clarifying that these families are eligible for homeless assistance if that assistance is necessary for reunification to occur will serve the dual goals of stabilizing the housing situation of the family and allowing the children to return home.

Assemblymembers Santiago and Maienschein and CWDA state that homelessness remains one of the most difficult barriers for families in CalWORKs. While the program's caseload has begun to decrease due to the improving economy, requests for homeless assistance remain steady. Further, the numbers of homeless families have risen by as much as 200 percent between 2006 and 2015 (Los Angeles County data.) The CalWORKs HAP is an important tool counties use to assist families who are homeless, and modernizing rules about how days may be used, daily per diem rates, and eligibility for CalWORKs families impacted by the dependency system is a key piece of enhancing the program's efficacy.

STAFF COMMENT

Last year, the once-in-a-lifetime restriction on the use of HAP benefits was eliminated as part of the adoption of the 2016 Budget and associated trailer bill, with a conversion to the use of benefits on an annual basis per family. The fiscal estimate for the proposals presented here range from $14 to $16 million annually (General Fund). The Subcommittee may wish to request that CDSS and DOF be formally asked to provide a more precise estimate on this proposal for consideration moving forward.

Staff Recommendation: Staff recommends that this proposal be held open and that the Administration be asked to provide additional technicial assistance on the funding and resources necessary to manifest this proposal for HAP.

ISSUE 6: CALWORKS: EDUCATIONAL INCENTIVE GRANT ADVOCACY PROPOSAL

PANEL

- Assemblymember Chad Mayes
- Jessica Bartholow, Advocate, Western Center on Law and Poverty
- Breanne Hollanm, President Elect, California Community Colleges CalWORKs Association and the Coordinator for CalWORKs at American River College
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

BACKGROUND

The Subcommittee is in receipt of the following proposal from Assemblymember Chad Mayes:

> "I respectfully request Budget Subcommittee No. 1 on Health and Human Services hear a proposal to appropriate an estimated $23 million (per the Legislative Analyst's Office) to establish the Educational Opportunity and Attainment Program, which would provide a supplemental education incentive grant when a CalWORKs recipient reaches an educational milestone. Specifically, a recipient would receive an additional $100 per month for completion of a high school diploma or equivalent, or an award up to $2,400 in an annual stipend at the outset of each term to complete an Associate's Degree, Career Technical Education certificate, or a Bachelor's Degree. This stipend would be decreased by a pro-rated amount if coursework is not satisfactorily completed as defined by the educational institution. Furthermore, the Educational Opportunity and Attainment Program would set aside $10 million to the California Community College CalWORKs program to serving and supporting CalWORKs recipients in obtaining and high school education, and $10 million to the California Community College CalWORKs program to partially restore funding for education and career counseling services, employment development services, job development staff positions, and work-study positions.
>
> In California's high skill economy a high school or college degree is needed to enter into a middle class job. This has unfortunately created a major obstacle for those striving to enter into a those jobs without a college degree, let alone a high school diploma, and ultimately landing them into poverty. According to a 2017 PPIC report (*Just the Facts*), in 2014, the poverty rate among families headed by an adult lacking a high school diploma was 37.8%.

At the other extreme, in families headed by a college degree holder, the poverty rate was only 8.6%. According to studies published by the Brookings Institution and Pew Charitable Trusts, postsecondary education boosts social mobility, particularly among low-income individuals. Including this funding for CalWORKs does not add any new requirements to the existing CalWORKs program, nor would it reduce benefits. It would simply provide CalWORKs recipients with support to reach educational goals and, in doing so, will improve the well-being of low-income California families and help them exit poverty."

Staff Recommendation:

Staff recommends that this proposal be held open.

ISSUE 7: CALWORKS: PROVISION OF DIAPERS AS ANCILLARY EXPENSE ADVOCACY PROPOSAL

PANEL

- Assemblymember Lorena Gonzalez-Fletcher
- Jessica Bartholow, Advocate, Western Center on Law and Poverty
- CalWORKs Client
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

BACKGROUND

Pursuant to the Supplemental Report of the 2016-17 Budget Act, CDSS reviewed various options for the provision of diaper assistance to low-income families. CDSS collaborated with the Office of Systems Integration (OSI), California Department of Public Health (CDPH), the County Welfare Directors Association of California (CWDA), legislative staff, and other stakeholders and have assembled options for the Legislature's consideration regarding the provision of diaper assistance to low-income families. The full summary report, available from CDSS, also provides (1) caseload information on various CalWORKs subpopulations and (2) the estimated cost of diapers. This information may be used to estimate the cost of the diaper benefit itself, as distinct from the delivery method, which is the primary focus of this document.

Supplemental Reporting Language

Options for the Provision of Diaper Assistance to Low-Income Families. The Department of Social Services, with the Office of Systems Integration and the Department of Public Health, in collaboration with stakeholders, including the County Welfare Directors Association of California and legislative staff, shall consider and inform the Legislature of options to provide diaper purchase assistance to low-income families.

Approaches for consideration shall include, but not be limited to, the following:

(1) options for delivering the benefit by way of a paper voucher system or other distribution approach for the larger CalWORKs population

(2) ways to provide this as a supportive service to the CalWORKs welfare-to-work caseload, potentially using a voucher or ancillary expense benefit approach, and

(3) the feasibility of providing this as an automated benefit long-term, to include a range of potential options based upon functionality for the commodity-based delivery of a CalWORKs benefit.

The involved state agencies shall provide the Legislature with a summary of the various approaches and automation options, and, to the extent available, their initial estimated costs by February 1, 2017.

Overview of Options. Pursuant to this language, CDSS convened three stakeholder meetings in October through December of 2016. The workgroup discussed seven potential delivery methods and summaries of those methods are provided. It was found that two delivery methods, delivery through Medi-Cal and adding a diaper benefit to the forthcoming Electronic Benefit Transfer (EBT) for the Special Supplemental Nutrition Program for Women, Infants, and Children program (WIC), are nonviable due to current restrictions detailed further in summaries provided later in this report. These methods were removed from further evaluation. The remaining five delivery methods include a Welfare-to-Work supportive service, CalWORKs special need, delivery that is restricted by automation (diaper-only benefit through EBT), county welfare department (CWD) diaper bank partnership, and a supplement to child care providers.

Overarching Considerations. CDSS notes that the cost estimates provided in its summary are rough orders of magnitude. Some of these cost estimates are dependent on the size of the caseload and would vary depending on the design of the program, as directed by the Legislature and the Governor. The Legislature and the Governor could establish varying levels of state and county reporting requirements. Generally, the costs of such reporting have not been included in the cost estimates. Also, costs shown typically represent total costs from all fund sources. If implemented, CDSS would assume the typical sharing ratios, when applicable, between the federal government, state, and county apply to all the options. Assumptions had to be made for many of the more innovative delivery methods (e.g., CWD diaper bank partnership). One such assumption made for all the potential delivery options is that the diaper benefit would be a statewide mandate and not an optional program.

Electronic Benefit Transfer (EBT) is the automated issuance, delivery, redemption, settlement, and reconciliation of California's food and cash assistance program benefits. On a monthly basis, the California EBT system provides over two million recipients with electronic access to food and cash assistance benefits through the use of magnetic-stripe cards at point-of-sale (POS) terminals and automated teller machines (ATMs). The food and cash assistance programs issuing benefits via EBT include, but are not limited to, CalFresh and CalWORKs.

Program integrity concerns were taken into consideration for all of the delivery methods. Generally, when a commodity is distributed in lieu of cash there is the potential that the commodity (in this case diapers) may be resold. In the case of a cash benefit, there are ways it could be restricted to its intended purpose; however, such methods of restriction are either potentially burdensome on the client or are extremely expensive with long implementation timelines.

Summary of Potential Delivery Methods

- **Diaper Benefit as a Welfare-to-Work Supportive Service.** Under California Work Opportunity and Responsibility to Kids (CalWORKs), Welfare-to-Work (WTW) participants are entitled to receive necessary supportive services in order to participate in the program activity to which they are assigned or to accept or retain employment. Current CalWORKs regulations list supportive services as transportation, child care, and ancillary expenses (e.g., books, tools, clothing required for work, and fees). Under this option, diapers would become an additional supportive service. At the option of the county, these services are issued via electronic benefit transfer (EBT), check, or direct provision from the county to participant. Generally, supportive services require participants to purchase the most reasonably priced item and/or provide receipts. The diaper benefit as a supportive service could include an advanced payment for eligible WTW participants to cover the cost of diapers. Participants may then be required to provide receipts showing that they used that money to purchase diapers. (We note that capping or establishing a limit on the amount the county will pay for a participant's necessary supportive services is prohibited so long as the cost of the service does not exceed the regional market rate.)

- **Diaper Benefit as a CalWORKs Special Need.** Special needs benefits are available to CalWORKs clients who demonstrate their eligibility for a recognized need. Current special needs are granted to accommodate additional expenses of recipients who are homeless, pregnant, have costly dietary restrictions, etc. Under this option, diapers would become a special need for CalWORKs families with an age-appropriate child(ren). Special needs are usually added to the maximum aid payment amount (which is distributed as a cash benefit via EBT) for eligible families. Unlike supportive services, receipts or other verification of diaper purchase would not be required. Therefore, CalWORKs would be unable to track or restrict the use of the benefit.

- **Restricted by Automation (Diaper-Only benefit through EBT).** This delivery method would offer a restricted benefit via EBT that could only be spent on diapers (some refer to this as an electronic voucher) and would be modeled after other similar restricted benefits like EBT for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (projected to be implemented in 2020). Currently, the technology does not exist in any of our systems (i.e., SAWS or EBT) to restrict purchasing in the method that EBT for WIC program will in the future. This technology will need to be developed, and it is difficult to estimate the time or cost needed for such a highly complex and innovative program. This method does have the potential to be expanded beyond the scope of CalWORKs; with costs commensurate to the size of the population to be served.

- **New Diaper Benefit on EBT for WIC.** It has been suggested that the diaper benefit for CalWORKs recipients be delivered through WIC's new EBT card; however, federal regulations prohibit adding another program to the WIC EBT card. Furthermore, federal regulations state that no external entities (including local or state CalWORKs offices) can access WIC's Management Information Systems (MIS), which tracks client's eligibility, benefits, UPC information, and vendor management. Due to these restrictions, this delivery method was not explored further.

- **County Welfare Department (CWD) Diaper Bank Partnership.** This proposed delivery method is inspired by San Francisco County's partnership with their local diaper bank. Under this proposal, counties would partner with local diaper banks or other community-based organizations to purchase, store, and distribute diapers. If this is mandated by legislation and a county cannot ascertain any organizations to partner with, then the county may have to take on the responsibility of purchasing, storing, and distributing the diapers. Under this delivery method, counties would be responsible for maintaining monthly distribution and expenditure reporting to the state.

- **Diaper Supplement to Child Care Providers.** Under this delivery method, a supplemental payment would be issued to licensed and license-exempt child care providers that care for children participating in the CalWORKs Child Care program. The child care providers would use this payment to purchase diapers. Funding could be modeled after federal Child and Adult Care Food Program currently offered to child care providers where the child care provider would be reimbursed each month for the number of diapers purchased for the CalWORKs children in their care.

- **Medi-Cal.** California currently allows for diapers to be prescribed and funded under Medi-Cal for children five and older when a doctor has verified a medically necessary reason for the diaper. Many other states allow for children three and older to receive this benefit funded (mostly) by federal Medicaid dollars. While it may be possible for the state to lower the age restriction, this delivery option would only benefit children with a medically-based need for diapers and not infants. Given this limitation, this method was not further evaluated.

ADVOCACY PROPOSAL

The Subcommittee is in receipt of the following proposal from Assemblymember Lorena Gonzalez-Fletcher:

Every year, our budget strikes a difficult balance between funding restoration, new spending, and necessary saving. However, there are tens of thousands of families in the California Work Opportunity and Responsibility to Kids program (CalWORKs) who struggle with that same balance every day. While we face an uncertain future in the realm of health and human services funding, these families experience the uncertainty of everyday needs such as housing, transportation, and high-cost items such as diapers.

An insufficient supply of clean diapers, known as "diaper need," is experienced by one in three families nationwide. It is documented that an insufficient supply of diapers puts parents in the position of changing diapers less often than needed. This can cause painful rashes, bacterial skin infections, and urinary tract infections. These preventable and stressful ailments cause additional expenses for families and the health care system. A study by Yale researchers published in the journal *Pediatrics* also directly linked diaper need to the emotional health of caregivers. Despite how important diapers are to the health of young children and their parents, they are not available for purchase through programs such as CalFresh or the Women Infant and Children program (WIC).

Diaper need also creates a barrier between parents and gainful employment. CalWORKs does recognize that access to childcare is essential for a parent's ability to work, but childcare providers often require a full day's supply of diapers from the parent. When diaper need is a barrier to childcare, it is a barrier to work itself. CalWORKs is intended to help families become financially self-sufficient, so it is in our best interest to help parents avoid needless pitfalls such as diaper need.

Fortunately, California has begun to explore how the state can assist with diaper need. After a thorough and collaborative process, the California Department of Social Services released a report on Options for the Provision of Diaper Assistance to Low-Income Families this February.

Given the everyday urgency of diaper need and the significance of this new information, I respectfully request the Assembly Budget Subcommittee on Health and Human Services add a concise review of the report to the upcoming hearing on May 3, 2017. I would also like to request this review include a brief discussion about a proposed budget allocation for one specific policy option in the report, which would assist Welfare-to-Work participants with the cost of diapers by making them an ancillary expense or supportive service.

The CDSS report includes preliminary implementation details, and found that including diapers necessary for childcare as an ancillary expense would require minimal automation for computer systems. At the time the report was completed, CDSS estimated a one-time statewide set up cost of no more than $800,000. This option was also found to have a "relatively quick implementation timeframe" of less than one year and would lead to a" minimal increase" in workload for county and state staff. The report anticipates that the ongoing cost to the state after the first year is likely to be minor and absorbable.

Additionally, the report included caseload data and estimates for county staff time. Provided that counties are only required to reimburse participants for an amount that correlates with a quantity of diapers that is reasonably necessary for the hours their infant or toddler spends in childcare, which may vary, the diapers themselves are estimated to cost $8.1 million in year one. The state will be required to reimburse counties for additional administrative costs to process these ancillary expense requests, however this cost is yet to be determined.

Staff Recommendation:

Staff recommends that this proposal be held open.

ISSUE 8: CALWORKS: MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES ADVOCACY PROPOSAL

PANEL

- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ADVOCACY PROPOSAL

The County Welfare Directors Association of California (CWDA) proposes to allow counties to offer mental health and substance abuse services to children in the program. CWDA also proposes to align statutory language on CalWORKs mental health services in the Welfare and Institutions Code with related statute on CalWORKs substance abuse services that permits county human services to contract with community-based providers for assessments when the county department is unable to do so.

County human services departments are responsible for providing CalWORKs welfare-to-work services, which in California include mental health and substance abuse treatment for the welfare-to-work eligible adult(s) in the household. There is funding specifically provided for these services separate from the funding provided for other welfare-to-work services in the CalWORKs Single Allocation. Since the CalWORKs Family Stabilization Program was implemented three years ago, experience has shown that the barriers to family stability and the ability for the adult in the household to obtain and maintain employment include the behavioral health issues of the children. Furthermore, in recent years, the federal Administration for Children and Families, with an eye towards expanding evidence-based practices in TANF, provided guidance that states may use TANF block grant funds for two-generation approaches. Allowing county human service departments to use their mental health and substance abuse funds to also serve children in CalWORKs cases is both in keeping with a two-generation approach and promotes the overall goal of family self-sufficiency by supporting the family system in achieving stability and well-being.

CWDA is seeking statutory clarification change that would allow county human services departments to contract with community-based providers of mental health services to provide timely assessment for CalWORKs clients when the county behavioral health department is unable to do so. County human services departments already have this authority with regard to providing mental health services, but not for the assessments. Current statute also permits contracting with community-based providers for substance abuse services and assessments, as necessary. CWDA would like to align the ability to contract with community-based providers when necessary for assessments and services across mental health and substance abuse programs.

County human services departments value our partnerships and work closely with county behavioral health departments to coordinate services for CalWORKs recipients. Yet capacity issues in county behavioral health programs can make getting timely assessments challenging. The flexibility to contract with community-based providers for mental health assessments is particularly important in light of the shortening of the time limit for welfare-to-work services to 24 months that was enacted SB 1041 (Chapter 47, Statutes of 2012). The shorter time limits in CalWORKs make quickly addressing mental health needs all the more critical for CalWORKs recipients. When an urgent mental health crisis goes unaddressed, participants are less able and therefore less likely to engage in other welfare-to-work services, which directly undermines the well-being of the individual and places unnecessary roadblocks on their path to self-sufficiency.

STAFF COMMENT

The Subcommittee may wish to inquire as to the Administration's view on the proposal and if there are any considerations that would complicate adoption of the proposed language to effectuate the changes that CWDA outlines.

Staff Recommendation:

Staff recommends that this proposal be held open.

ISSUE 9: CALWORKS: EDUCATION AND TRAINING, TIME LIMIT CHANGE, AND SANCTION POLICY ADVOCACY PROPOSALS

PANEL

- Kevin Aslanian, Advocate, Coalition of California Welfare Rights Organizations
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ADVOCACY PROPOSALS

The Coalition of California Welfare Rights Organizations (CCWRO) has forwarded the following proposals to the Subcommittee:

1. **Simplify postsecondary educational participation for WTW.** The CCWRO requests that (1) parents enrolled in a publicly funded educational or postsecondary educational activity be deemed to be meeting their WTW participation requirements as it does for WIOA participation, (2) such educational participation shall be deemed to be an extension of the 24-month clock, (3) provide an allowance of ancillary services, and (4) simplify access to childcare. CCWRO estimates that this could save approximately $100,000 General Fund annually and would require trailer bill language. After the passage of SB 1041, it was expected that there would be an increase in referrals to education, given the flexibility in activities afforded by the bill. However, this has not occurred. One of the reasons for this may be that education only meets the federal WPR for one year.

2. **Restore the federal 60-month clock for CalWORKs.** The majority of states, including many red states, have a 60-month clock. California has a 48-month clock. CCWRO proposes a restoration of the 60-month time clock by placing families not meeting the federal work participation rates (WPR) in the TANF timed out category. This would be limited to families that hit the 48-month clock upon the effective date of this proposal. Families meeting the WPR would be placed in the regular CalWORKs caseload. CCWRO has a working estimate on this proposal that remains under review by the Subcomittee.

3. **Unsanction CalWORKs recipients who meet the federal WPR.** The CCWRO requests that CalWORKs recipients who meet the federal WPR be unsanctioned and provided with supportive services. The estimate for this proposal is $4 million General Fund and would require trailer bill language. Current law provides that if a CalWORKs recipient has been sanctioned, and the only way that sanction can be set aside is if the participant performs the activity that they failed were sanctioned

for. The major reason for sanctions is generally failure to attend orientation and appraisal, and this is usually because recipients do not have transportation or child care at that point. However, many recipients who are sanctioned find a job on their own, and start working to meet the federal WPR. To cure the sanction and be able to receive supportive services, the CalWORKs recipient would now have to take a day off from their new job to go through orientation or appraisal, and perhaps jeopardize their employment.

Staff Recommendation:

Staff recommends that this proposal be held open.

ISSUE 10: CALWORKS: ON-LINE CLIENT ASSESSMENT TOOL (OCAT) AND WELFARE TO WORK REPORTING

PANEL

- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

BACKGROUND

Reduction Impacting Online CalWORKs Appraisal Tool (OCAT). The Budget Act of 2016 included a total of $13.5 million for various aspects of OCAT automation, including development and implementation of the tool, interview costs, and Statewide Automated Welfare System (SAWS) automation costs. OCAT is a client and family assessment and case management tool that was implemented as part of an effort to bolster early engagement in the CalWORKs program, corresponding to the reduced time limits adopted in the 2012 Budget.

The Governor's proposal ceases efforts to integrate OCAT with the SAWS, which was a planned next step, scoring savings of $2.6 million General Fund in 2016-17 and $8.8 million General Fund in 2017-18. The Administration states that embedding OCAT functionality within SAWS as a shared service remains a CDSS strategic automation goal. The current OCAT contract with ICF International is set to expire on June 30, 2018 and currently includes the online hosting of the tool, hosting of an online learning center, learning center updates and support, maintenance, technical support, tool development and modification for data reporting or other CDSS requested changes. The budget proposes to further extend this contract in light of the investment delay to integrate OCAT with SAWS.

Delay Adoption of CalWORKs Welfare-to-Work (WTW) 25/25A Report. Additionally, the Governor's Budget took savings of $5.9 million General Fund in 2017-18 from an indefinite delay affecting the WTW 25/25A report, which would have identified new data points related to WTW client status in the CalWORKs program.

ADVOCACY PROPOSAL

The County Welfare Directors Association of California (CWDA) proposes trailer bill language (TBL) and funding to integrate the Online CalWORKs Appraisal Tool (OCAT) as a service within the SAWS, which is the system of record for CalWORKs in California, as part of the 2017-18 budget. Currently, OCAT is a standalone system that requires county staff to do duplicate data entry, and the lack of integration with SAWS impedes outcome tracking.

Over the past year, the SAWS worked with CDSS, the Office of Systems Integration (OSI), and CWDA to evaluate costs and options for OCAT-SAWS integration. These efforts were complicated when the OCAT vendor claimed that intellectual property rights to OCAT required a license to integrate it into the SAWS system. However, the OCAT vendor has also expressed significant concerns about their ability to interface the OCAT system with the SAWS. The OCAT database does not appear to adhere to standard database design parameters, which makes interfacing a significant challenge, and likely impossible without changing the database.

This makes a rebuild of OCAT, using a standard database design, the only option that will support integration into the SAWS case management system. Integration in this manner will provide a single OCAT service that can interface with SAWS to share data, eliminating the need for duplicative entry, which creates the risk of data entry errors, as well as challenges with keeping data synchronized between systems. Rebuilding OCAT as a SAWS service also lays the groundwork to track CalWORKs Welfare-to-Work program outcomes over time. Without this necessary first step, counties will never be able to provide the Legislature with comprehensive data about the efficacy of OCAT, nor can we use the OCAT data to help identify needs and plan for necessary services at the local level.

The CDSS and OSI had previously selected one of the SAWS to rebuild OCAT as a service. The Governor's January proposal indicated a multi-year contract extension with the existing vendor. This only defers this necessary change, since it will not address the challenges outlined above. This will also force county staff to continue to perform duplicate data entry for at least the next several years, which is inefficient and compounds the amount of data that may need to be corrected and/or synchronized when integration does occur. It also increases the total costs over time, since IT costs tend to increase in out years, and further delays efforts to link OCAT and SAWS data to track Welfare to Work outcomes. The state has determined a competitive procurement is necessary for this work, which also makes it important to move forward expeditiously in 2017-18 on the process to rebuild and integrate OCAT with the SAWS.

The full cost to rebuild and integrate OCAT cannot be known until the procurement is completed. Based on estimates gathered in OSI's earlier research, it is anticipated that this cost will be in the range of $8 to $12 million in total costs for an effort that is likely to stretch over two fiscal years, although competition may result in lower costs. CWDA is committed to working closely with the Legislature and Administration to develop more refined estimates. For the budget year, restoration of the $3.7 million previously budgeted for integration should be sufficient to support the procurement and begin the work. While these costs are significant, they are only likely to increase by deferring integration, as IT costs tend to increase over time.

CWDA is also proposing trailer bill language to codify the requirement to integrate OCAT with SAWS. The trailer bill language would require:

- The CDSS to obtain any necessary licenses from the existing vendor that are required to address their intellection property claim and allow the rebuild of OCAT as a service in SAWS.

- An interface be established between OCAT and SAWS to prevent the need for duplicate data entry, and support the ability to transmit OCAT results to SAWS to support CalWORKs Welfare-to-Work case management and outcome reporting.

The integration of OCAT with SAWS will enable counties to realize the full potential of OCAT data in providing effective services to assist CalWORKs Welfare-to-Work participants, and to provide the Legislature with comprehensive data about OCAT's efficacy. It is important to codify the approach to making these changes to ensure consistent and successful support for this work into the future.

Staff Recommendation:

Staff recommends that the Subcommittee take action consistent with others it has taken previously to reject the cuts (also called "constrain spending growth" efforts) associated with the OCAT and WTW 25 improvement delays that were included in the Governor's Janaury budget. This action is intended to provide the resources for these activities to occur as soon as possible.

The Subcommittee may wish to hold open the trailer bill language request related to the OCAT as proposed by CWDA.

ISSUE 11: CALWORKS: GOVERNOR'S TRAILER BILL PROPOSAL #626 ON EXPANDING USE OF LOCAL FAMILY SUPPORT ACCOUNT FUNDS

PANEL

- Will Lightbourne, Director, and Todd Bland, Deputy Director, Family Engagement and Empowerment Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

BACKGROUND

Assembly Bill 85 (Committee on Budget, Chapter 24, Statutes of 2013) requires counties to establish a family support account in their local health and welfare trust accounts. This account receives 1991 Realignment revenues (sales tax and vehicle license fees) from the state-level Family Support Subaccounts. Monies distributed to a county's family support account are used to fund an increased county contribution towards CalWORKs grants.

TRAILER BILL PROPOSAL

Currently, 1991 Realignment revenues deposited into a county's local family support account can only be used to fund CalWORKs grant costs. CDSS proposes to allow funds in a county's family support account to also be used to fund a portion of the CalWORKs Single Allocation in lieu of using General Fund (GF). Final expenditure data reported by counties indicates 13 counties realized additional indigent health care savings in 2014-15 ($265.9 million) compared to initial estimates. This proposal will allow counties to redirect these savings to partially fund their CalWORKs Single Allocation.

Actual expenditure data reported by counties indicates 13 counties realized additional combined indigent health savings $265.9 million in 2014-15 above the previously estimated savings level determined by the Department of Health Care Services. Pursuant to AB 85, these county savings must be redirected to the CalWORKs program to offset General Fund costs. Under current law, this realignment funding can only be used for CalWORKs grant costs. Given the state has maximized the amount of 1991 realignment funds that can be used to offset GF costs for CalWORKs grant, this proposal allows counties to use this realignment funding for the CalWORKs Single Allocation.

This trailer bill proposal would result in a one-time cost shift of $265.9 million from GF to county for CalWORKs Single Allocation costs, which include administration, employment services and child care.

STAFF COMMENT

No issues have been raised with this proposal.

Staff Recommendation:

Hold open pending a vote-only action at the May Revision hearings.

ISSUE 12: IMMIGRATION SERVICES: PROGRAM AND BUDGET REVIEW

PANEL

- Will Lightbourne, Director, and Marcela Ruiz, Branch Chief, Immigration Services, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Iliana Ramos, Finance Budget Analyst, Department of Finance
- Public Comment

BACKGROUND

Immigration Services Funding (also called "One California") Implementation Update.

CDSS has provided the following update on the implementation of the Immigration Services Funding, a $30 million program in 2016-17. CDSS awarded 80 contracts to qualified nonprofit organizations that will provide services under one or more of the following service categories:

1. Services to Assist Applicants seeking Deferred Action for Childhood Arrivals (DACA);
2. Services to Assist Applicants seeking Deferred Action for Parents of Americans and Lawful Permanent Residents (DAPA);
3. Services to Assist Applicants seeking Naturalization;
4. Services to Assist Applicants seeking Other Immigration Remedies;
5. Legal Training and Technical Assistance Services; and
6. Education and Outreach Activities.

Services began on January 1, 2016. The final 2016-17 funding allocation includes:

Service	Amount	% of Total
DACA	$1,081,200.00	4%
DAPA	0	0%
Other Immigration Remedies	$11,006,000.00	37%
Naturalization	$11,412,000.00	38%
Education and Outreach	$3,269,800.00	11%

LTTA	$976,000.00	3%
Capacity Award	$1,250,000.00	4%
AAPI	$250,000.00	1%
State Operations	$755,000	3%

CONTRACT TERMS AND SERVICES AWARDED: FY 2015-16 AND FY 2016-17

	FY 2015-16		FY 2016-17		
SERVICE CATEGORY	**AWARDED DELIVERABLES** [1]	**REPORTED DELIVERABLES (Q1-4)** [2]	**FUNDING AMOUNT**	**AWARDED DELIVERABLES**	**FUNDING AMOUNT**
Contract Term	January 1, 2016 – June 30, 2017		January 1, 2017 – December 31, 2017		
Application Assistance – DACA					
Simple Case	8,673	9,080	$3,035,550	2,332	$816,200
Complex Case/Direct Representation	1,745	1,664	$872,500	530	$265,000
Other Immigration Remedies	951	668	$1,902,000	N/A	N/A
Application Assistance – DAPA					
Simple Case	1,775	2,494	$266,250	N/A	N/A
Other Immigration Remedies	467	467	$1,296,000	N/A	N/A
Application Assistance – Naturalization					
Simple Case	10,971	8,630	$3,291,300	28,938	$8,681,400
Complex Case/Direct Representation	2,514	1,684	$1,131,300	6,068	$2,730,600
Application Assistance – Other Immigration Remedies					
Complex Case/Direct Representation	N/A	N/A	N/A	5,503	$11,006,000
Legal Training and Technical Assistance					
In-Person Community Trainings	28	40	$140,000	74	$370,000
Webinar	53	45	$132,500	99	$247,500
Consultations	340	290	$51,000	690	$103,500
Materials or Practice Advisories	24	31	$120,000	51	$255,000
Education and Outreach					
Education and Outreach	111,085	120,628	$2,221,700	163,490	$3,269,800
TOTAL		°	**$14,460,000**	°	**$27,745,000**

APPLICATIONS SUBMITTED

- In 2015-16, 78 applications were received and 61 organizations were awarded funding.
- In 2016-17, 96 applications were received and 80 organizations were awarded funding.

ETHNIC COMMUNITIES SERVED BY SERVICE CATEGORY FY 2015-16

DACA	
Hispanic or Latino (any other race)	55.4%
White (Hispanic or Latino)	39.7%
Filipino, American Indian or Alaska Native, Korean, Indigenous - Latin America, Other Asian, White (non-Hispanic or Latino), Hmong, Chinese, Black or African	<1%

American (non-Hispanic or Latino), Black or African American (Hispanic or Latino)	
DAPA	
Hispanic or Latino (any other race)	56.5%
White (Hispanic or Latino)	37.7%
White (non-Hispanic or Latino)	1.9%
Filipino, Other Asian, Chinese, Black or African American (non-Hispanic or Latino), American Indian or Alaska Native, Samoan, Indigenous - Latin America, Korean, Black or African American (Hispanic or Latino), Vietnamese, White Laotian	<1%
Naturalization	
White (Hispanic or Latino)	37.8%
Hispanic or Latino (any other race)	35.0%
Other	8.7%
White (non-Hispanic or Latino)	3.6%
Filipino	3.0%
Chinese	2.7%
Other Asian	1.6%
Cambodian	1.3%
Black or African American (non-Hispanic or Latino)	1.2%
Hmong	1.0%
Korean, Vietnamese, Asian Indian, White Laotian, Samoan, Black or African American (Hispanic or Latino), Native Hawaiian, Indigenous - Latin America, Japanese, Guamanian	<1%
Education and Outreach	
Hispanic or Latino (any other race)	55.7%
White (Hispanic or Latino)	20.1%
Vietnamese	10.8%
Other	2.6%
Chinese	2.6%
White (non-Hispanic or Latino)	2.0%
Other Asian	1.6%
Indigenous - Latin America	1.5%
Filipino	1.1%
Black or African American (non-Hispanic or Latino), Korean, Asian Indian, More than one of the above, Black or African American (Hispanic or Latino), Cambodian, Hmong, Samoan, Japanese	<1%

LANGUAGE SERVICES PROVIDED IN BY SERVICE CATEGORY FY 2015-16

DACA	

English	66.7%
Spanish	32.9%
Tagalog, Mixteco, Korean, Samoan	<1%
DAPA	
Spanish	90.2%
English	9.1%
Other Non-English, Mandarin, Portuguese, Tagalog, Cantonese, Lao	<1%
Naturalization	
Spanish	59.5%
English	30.5%
Cantonese	1.6%
Cambodian	1.2%
Pashtu	1.1%
Hmong	1.0%
Mandarin, Korean, Arabic, Tagalog, Vietnamese, Russian, Farsi, Thai, Other Non-English, Lao, Hindi, Punjabi, Amharic, Armenian	<1%
Education and Outreach	
Spanish	79.6%
English	13.7%
Indigenous Latin American	3.9%
Other	1.6%
API Language	1.2%

QUALITATIVE AND QUANTITATIVE HIGHLIGHTS: 2015-16 ISF AWARD

- The CDSS conducts site visits of contractors and reviews service performance on a quarterly basis. The site visits are used to assess performance, provide technical assistance, and collect information to improve service delivery.
- Shifts in federal immigration policy have impacted demand and need.
- The department has adjusted contract deliverables with individual contractors to reflect capacity, demand, need and other factors.

REGIONAL ALLOCATIONS AND REGIONS SERVED

Regional Allocations

REGION	FY 2015-16 AWARD	FY 2016-17 AWARD
Statewide	$2,862,150	$8,134,830
Northern California	Included in Central Valley Region	$356,900
Central Valley	$2,508,100	$3,022,570
Bay Area	$2,695,550	$4,138,740

REGION	FY 2015-16 AWARD	FY 2016-17 AWARD
Central Coast	$382,590	$603,280
Los Angeles	$3,696,940	$8,447,270
Orange County	$869,660	$1,082,500
San Diego	$708,310	$706,860
Inland Empire	$736,700	$1,252,050

- The greater Los Angeles area has the greatest concentration of immigrants.
- Organizations in the greater Los Angeles area and Bay Area have the most capacity and can serve greater numbers of immigrants with a broader array of legal issues.
- The following areas appear to have limited capacity and thus potentially could benefit from more tailored capacity-building investments:
  - Inland Empire
  - Central Valley
  - Central Coast
  - Northern California
  - Imperial County

GENERAL OBSERVATIONS

- Oversight, compliance monitoring, and technical assistance from the CDSS are a critical component of the immigration program.
- Outcomes for education and outreach are the most difficult to track.

SERVICE NEEDS

The California immigrant populations eligible for services funded by ISF are estimated to be as follows:

- DACA: 561,000 total eligible
  - 231,000 eligible for renewals
  - 330,000 eligible for initial applications
- DAPA: 1,087,000 (if federal injunction is lifted)
- Naturalization: 2,198,216

Unaccompanied Undocumented Minors (UUM) Legal Services Funding Implementation Update.

INTRODUCTION

This provides an update on the Unaccompanied Undocumented Minors (UUMs) Legal Services Funding, a $3 million program. CDSS awards contracts to qualified nonprofit legal services organizations that will provide legal representation for UUMs in the filing of, preparation for and representation in administrative and/or judicial proceedings for the following immigration statuses: asylum, T-Visa, U-Visa, and/or Special Immigrant Juvenile Status (SIJS). The legal services include culturally and linguistically appropriate services provided by attorneys, paralegals, interpreters and other support staff for state court proceedings, federal immigration proceedings, and any appeals arising from those proceedings. Services began on December 19, 2014. All funds are available for a multi-year period due to the length of legal proceedings.

FUNDING AWARDED

The CDSS has awarded $8.7 million in funding through June 30, 2017 to non-profit legal services providers to provide legal services to 1,885 UUMs. The UUM program has funded an average of 20 non-profit organizations during each of its three cycles.

REGIONS SERVED (Counties Listed in Alphabetical Order)

- **NORTHERN REGION**
  Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Inyo, Lake, Lassen, Mendocino, Modoc, Mono, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Yolo, and Yuba

- **BAY AREA REGION**
  Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma

- **CENTRAL REGION**
  Fresno, Kern, Kings, Madera, Mariposa, Merced, Monterey, San Benito, Stanislaus, Tulare, and Tuolumne

- **SOUTHERN REGION**
  Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Ventura

CLIENTS SERVED TO DATE WITH UUM PROGRAM FUNDING

Fiscal Year	2014-15	2015-16	2016-17[1]
Clients to be Served	725	580*	580
Clients Completed (Adjudicated)	254	83	2
Final Case Outcomes			
Asylum	183	76	2

[1] Contracts were executed in November 2016 and invoices were submitted beginning January 2017. 184 have been served through January. The contract end date is June, 2017.

T-Visa	2	0	0
U-Visa	2	0	0
SIJS	65	7	0
Other (Citizenship)	2	0	0

*The UUM fee-per-case was increased in FY 2015-16 from $4,000 per case to $5,000 per case to adequately compensate legal services organizations for the UUM services they provide. A departmental survey and research of costs associated with providing UUM legal services ranged from $2,000 to $12,000 depending on the case type.

The average wait time to secure a court decision for a UUM client is 1,071 days.[2] All UUM contractors have several years to close out all active cases and submit final invoices.

SELECTION OF CONTRACTORS

The CDSS releases a request for proposals to identify the capacity of qualified non-profits to provide legal representation for UUMs. Applicants are required to identify the potential number of UUMs they plan to serve, their service regions, and additional documentation to demonstrate that they meet the statutory requirements of a contractor (i.e. proof of 501(c)(3) status, Legal Business Status from the California Secretary of State, proof of recognition and accreditation through Executive Office for Immigration Review, insurance certificates, etc.). The CDSS then evaluates all applications for completeness, verifies the information submitted (as applicable), reviews prior year's performance (if applicable), and determines the awards for the funding cycle.

Once awards are issued, CDSS monitors the performance of contractors on a regular basis to ensure they meet their targets. Monitoring includes periodic site visits. The CDSS also provides technical assistance on an ongoing basis, including an opportunity for contractors to identify any challenges they are experiencing.

Contractors identify the types of legal remedies obtained by each client served via the invoicing and reporting processes. Contractors are also required to a submit a copy of

the Office of Refugee Resettlement's Verification of Release Form with the initial representation agreement along with closing documentation confirming the final outcome for each client. Contractors are successfully providing remedies to well over 98% of clients served.

SERVICE NEED

The need for services varies depending on the influx of minors. The federal government reports the number of UUMs released to sponsors[3] in California as follows:

[2] Pierce, Sarah. "Unaccompanied Child Migrants in U.S. Communities, Immigration Courts, and Schools." Migration Policy Institute (October 2015):13. Web. 04 Dec. 2015

- Oct 2013 – Sept 2014: 5,831
- Oct 2014 – Sept 2015: 3,629
- Oct 2015 – Sept 2016: 7,381
- Oct 2016 – Dec 2016: 2,852

ADVOCACY PROPOSALS

Some of the advocacy proposals presented in Issue 13 below build off of the existing programs discussed here. Therefore, the oversight on this item might inform understanding and evaluation of the intentions and potential impact of the investments being pursued by the advocates under the next item.

Staff Recommendation:

This item is an informational, oversight item only. No action is needed.

ISSUE 13: IMMIGRATION SERVICES: ADVOCACY PROPOSALS

PANEL

1. **One California**
   - Assemblymember Lorena Gonzalez-Fletcher
   - Assemblymember David Chiu
   - Representative, Asian Pacific Islander Legislative Caucus
   - Gina Da Silva, Senior Policy Advocate, California Immigrant Policy Center
   - Noe Paramo, Co-Director, Sustainable Rural Communities Project, Legislative Advocate, California Rural Legal Assistance Foundation

2. **Due Process Removal Defense Services**
   - Assemblymember Lorena Gonzalez-Fletcher
   - Ronald Coleman, Director of Government Affairs, California Immigrant Policy Center
   - Caitlin Bellis, Attorney , Yale Liman Fellow - Immigrants' Rights, Public Counsel

3. **Legal Services Funding for Deported Veterans**
   - Assemblymember Lorena Gonzalez-Fletcher
   - Maya Ingram, American Civil Liberties Union

4. **Immigration Counsel Project**
   - Representative, Asian Pacific Islander Legislative Caucus
   - Maya Ingram, American Civil Liberties Union
   - Angie Junck, Supervising Attorney, Immigrant Legal Resource Center

Reaction/Feedback

- Will Lightbourne, Director, and Marcela Ruiz, Branch Chief, Immigration Services, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Iliana Ramos, Finance Budget Analyst, Department of Finance
- Public Comment

ADVOCACY PROPOSALS

The Subcommittee is in receipt of the following proposals under this issue. Speakers for each will present on these proposals.

1. **"One California" Immigration Services Funding – Augmentation of $15 million General Fund (On-Going).** Letters on this proposal have been received by the Latino Legislative Caucus, the Asian Pacific Islander Legislative Caucus, Assemblymember David Chiu, and a host of organizations led by the California Immigrant Policy Center, California Asian & Pacific Islander Budget Partnership, California Rural Legal Assistance Foundation, California Catholic Conference, Catholic Charities of California United, Coalition for Humane Immigrant Rights, Mexican American Legal Defense & Educational Fund, Services, Immigrant Rights, and Education Network, and Southeast Asia Resource Action Center.

   These legislative leaders and organizations propose an additional investment in 2017-18 of $15 million for the "One California" program, added to the base funding that currently exists for this program within CDSS. The program was established in the 2015-16 budget to provide critical services for California's immigrant communities that may be eligible for citizenship or affirmative immigration remedies, including the Deferred Action for Childhood Arrivals (DACA) program. They state that there are over 216,060 Californians who are DACA recipients and that efforts must continue to advance integration and protect from deportation through naturalization services for over two million eligible Californians. "As immigrant communities face increased detentions and deportations under the federal government, California must support qualified services that inform immigrants of their rights and connect them to affirmative immigration relief and citizenship."

   The 2016-17 funding for One CA included a one-time augmentation of $15 million, providing $30 million to support community-based education, outreach, and legal services. The increased funding expands the reach of legal services, strengthens efforts to build capacity in underserved regions and collaboration between community partners and experts to directly address the unique barriers facing our undocumented community. "Reducing last year's investment at this critical juncture sets back the tremendous opportunity provided by these efforts and ignores the immense need for qualified immigration services across California… Continuing the $30 million funding, in coordination with the proposed statute changes providing discretion to the [CDSS], would expand qualified legal services in regions of the state where there are little to no immigration services available."

2. **Due Process: Removal Defense Services – Proposed Investment of $30 million General Fund (On-Going).** Letters on this proposal have been received by the Latino Legislative Caucus and a host of organizations led by the American Civil Liberties Union of California, California Immigrant Policy Center, California Immigrant Youth Justice Alliance, California Rural Legal Assistance Foundation, Centro Legal De La Raza, Coalition for Humane Immigrant Rights of Los Angeles,

Human Rights Watch, Immigrant Legal Resouce Center, Mexican American Legal Defense and Educational Fund, Public Counsel, and Southeast Asia Resource Action Center.

Supporters argue that California has one of the largest detained populations in the country, second only to Texas. Each year in California, more than 7,400 detained men and women appear in immigration court to face deportation without an attorney. Immigrants who are held in detention without an attorney have little hope of winning their case: detained immigrants who have lawyers succeed more than five times as often in challenging their deportation as those without. In California, 68% of detained immigrants are not represented by legal counsel. This proposal would provide attorneys to individuals in removal proceedings and in addition to funding for direct legal services, these funds would cover technical assistance for complex removal defense cases and coordination of provision of services at the local level during raids.

"The number of people held in detention and subsequently deported each year in California has devastating consequences for families and the state economy. The detention or deportation of a parent often means the loss of the family's breadwinner: immigration-related arrests cause household income to fall by half on average and leave many households without a wage-earner. Children end up in foster care [and many] members suffer long-term health consequences, poorer educational and health outcomes, and lower lifetime earnings. Local businesses bear the costs related to unnecessary employee turnover."

3. **Legal Services Funding for Deported Veterans – Proposed Investment of $1 million General Fund.** Letters on this proposal have been received by the Latino Legislative Caucus and the American Civil Liberties Union. The proposal is to provide funding for legal services for deported veterans who have been honorably discharged and have ties to California, facilitating their possible reentry to the United States and their ability to receive health care benefits under the Veterans Administration if these are needed. The proposal, according to the proponents, would ensure deported veterans, in the event that they are pardoned of their underlying deportable offense or otherwise experience a change in legal circumstances, are given a second chance to return to the United States by establishing a state funded program as a way to connect them with valuable legal services.

   "On April 15, 2017, Governor Jerry Brown granted 72 pardons, which included three veterans that were deported from the United States. This ia life changing pardon because their underlying deportable offenses will no longer become a major barrier. This funding proposal will ensure [that] these veterans are given the opportunity to successfully complete the necessary steps required to return home to their loved ones. The Department of Defense has continuously failed to property inform active members of the military and honorably discharged veterans about their ability to become naturalized citizens of the United States. This issue leads to harsh consequences if a veteran commits a crime since it may result in deportation on top of fulfilling their time in jail. In some instances, a deportation could have been prevented if they were naturalized during their active military service or upon being honorably discharged after fulfilling their duty to protect our county."

4. **Immigration Counsel Project – Proposed Investment of $14 million General Fund (One-Time).** Letters on this proposal have been received by Assemblymember Rob Bonta and organizations including the American Civil Liberties Union, California Immigrant Policy Center, California Public Defenders Association, and the Immigrant Legal Resource Center. These advocates state that under current immigration law, even a single misdemeanor conviction can result in a non-citizen's permanent, automatic deportation regardless of their time in the United States, community ties, dependent citizen children, rehabilitation, and/or military service. Increasingly, immigration enforcement has prioritized persons with criminal convictions, including for minor offenses.

   Under the federal Constitution and California Penal Code Section 1016.3, criminal defenders have an affirmative obligation to provide competent legal advice to noncitizen clients about the immigration consequences of their criminalcases. Penal Code Section 1473.7 permits immigrants who were not properly advised of these consequences to vacate their plea. When public defenders have access to training and resources regarding these consequences, they can often carefully craft disposition that lessen or avoid immigration consequences, while still satisfying the prosecutor and court.

   This proposal requests $14 million in state funding to ensure non-citizen clients are provided competent and effective legal counsel that incorporates immigration consequences of their case, as required by the constitution and state law. This funding, administered by CDSS, will be used for: training and mentoring in-house immigration law experts in public defender offices; developing written training materials; providing legal trainings; and providing technical assistance to frontline public defenders.

Staff Recommendation:

Staff recommends that these proposals be held open.