AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER ELOISE GÓMEZ REYES, ACTING CHAIR

WEDNESDAY, APRIL 3, 2019
2:30 P.M. - STATE CAPITOL, ROOM 126
(PLEASE NOTE ROOM CHANGE.)

(PLEASE CONSULT THE DAILY FILE FOR ANY POSSIBLE CHANGES.)

ITEMS TO BE HEARD

NON-DISCUSSION ITEMS

LIST OF PANELISTS IN ORDER OF PRESENTATION

ITEMS TO BE HEARD

Please note that the approach for public comment
will be announced at the outset of the hearing.

All panelists are asked to maintain remarks to under three minutes please.

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: GOVERNOR'S PROPOSAL ON CALWORKS GRANT LEVELS, INCLUDING TRAILER BILL LANGUAGE, AND RELATED ADVOCACY PROPOSALS

- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Mike Herald, Director of Policy Advocacy, Western Center on Law and Poverty
- Kevin Aslanian, Advocate, California Coalition of Welfare Rights Organizations
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 2: UPDATE ON CALWORKS OUTCOMES AND ACCOUNTABILITY REVIEW, THE SINGLE ALLOCATION METHODOLOGY, AND GOVERNOR'S PROPOSAL ON SAFETY NET RESERVE FUND, INCLUDING TRAILER BILL LANGUAGE, WITH ASSOCIATED ADVOCACY PROPOSALS

- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Mike Herald, Director of Policy Advocacy, Western Center on Law and Poverty
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 3: CALWORKS HOME VISITING GOVERNOR'S PROPOSAL, WITH BUDGET CHANGE PROPOSAL, AND RELATED ADVOCACY PROPOSAL

- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Assemblymember Buffy Wicks
- Angela Rothermel, Associate Director of Early Childhood Policy, Children Now
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 4: CALWORKS ADVOCACY PROPOSAL REGARDING THE EARNED INCOME DISREGARD

- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 5: CALWORKS ADVOCACY PROPOSAL REGARDING THE CALWORKS TIME CLOCK

- Mike Herald, Director of Policy Advocacy, Western Center on Law and Poverty
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 6: CALWORKS ADVOCACY PROPOSAL REGARDING STAGE 1 CHILD CARE

- Jennifer Greppi, Statewide Lead Chapter Organizer, Parent Voices California
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 7: CALWORKS ADVOCACY PROPOSAL REGARDING THE ASSET TEST

- Jessica Bartholow, Legislative Advocate, Western Center on Law and Poverty
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 8: CALWORKS ADVOCACY PROPOSAL REGARDING THE HOMELESS ASSISTANCE PROGRAM

- Mike Herald, Director of Policy Advocacy, Western Center on Law and Poverty
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Ali Sutton, Housing, Homelessness, and Civil Rights Branch Chief, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 9: CALFRESH – ABLE-BODIED ADULTS WITHOUT DEPENDENTS, GOVERNOR'S BUDGET CHANGE PROPOSAL, AND ASSOCIATED ADVOCACY PROPOSALS

- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Kim McCoy Wade, CalFresh and Nutrition Branch Chief, California Department of Social Services
- Jessica Bartholow, Legislative Advocate, Western Center on Law and Poverty
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 10: CALFRESH ADVOCACY PROPOSAL REGARDING THE ELDERLY SIMPLIFIED APPLICATION PROJECT

- Tracey Patterson, Director of Engagement and Strategy, California Food Policy Advocates
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Kim McCoy Wade, CalFresh and Nutrition Branch Chief, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 11: GOVERNOR'S PROPOSAL ON EMERGENCY FOOD AND ASSOCIATED ADVOCACY PROPOSALS

- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Kim McCoy Wade, CalFresh and Nutrition Branch Chief, California Department of Social Services
- Andrew Cheyne, Director of Government Affairs, California Association of Food Banks
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 12: GOVERNOR'S PROPOSAL ON IMMIGRATION RAPID RESPONSE AND IMMIGRATION SERVICES PROGRAM, AND ASSOCIATED ADVOCACY PROPOSAL

- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Marcela Ruiz, Immigration Services Branch Chief, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 13: ADVOCACY PROPOSAL REGARDING THE CALIFORNIA IMMIGRANT JUSTICE FELLOWSHIP

- Jackie Gonzalez, Policy Director, The Justice & Diversity Center of The Bar Association of San Francisco (JDC), Northern California Rapid Response Network (NCRRIDN)/Northern California Collaborative for Immigrant Justice (NCCIJ)
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Marcela Ruiz, Immigration Services Branch Chief, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 14: ADVOCACY PROPOSAL REGARDING THE EMERGENCY CHILD CARE BRIDGE PROGRAM FOR FOSTER CHILDREN AND RELATED GOVERNOR'S TRAILER BILL LANGUAGE PROPOSAL

- Lodia Ruiz, Foster Care Bridge Manager, YMCA of San Diego County, Childcare Resource Service
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Justin Freitas, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 15: ADVOCACY PROPOSAL REGARDING YOUTH AND FAMILY CIVIC ENGAGEMENT INITIATIVE

- Spokesperson, Dolores Huerta Foundation or Martin Luther King Jr. Freedom Center
- Pat Leary, Acting Director and Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 16: ADVOCACY PROPOSAL REGARDING BASIC NEEDS AND DISASTER RELIEF INFRASTRUCTURE

- Assemblymember Rob Bonta
- Benito Delgado-Olson, Executive Director, SupplyBank.Org
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Kim McCoy Wade, CalFresh and Nutrition Branch Chief, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ISSUE 17: ADVOCACY PROPOSAL REGARDING PARENTS ANONYMOUS

- Dr. Lisa Pion-Berlin, President and CEO, Parents Anonymous
- Pat Leary, Acting Director and Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

NON-DISCUSSION ITEMS

There are no panels for non-discussion items, but the Chair will ask if there is any public comment for these items.

If a Member of the Subcommittee wishes for a fuller discussion on any of these issues, please inform the Subcommittee staff and the Chair's office as soon as possible. Thank you.

ITEMS TO BE HEARD

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: GOVERNOR'S PROPOSAL ON CALWORKS GRANT LEVELS, INCLUDING TRAILER BILL LANGUAGE, AND RELATED ADVOCACY PROPOSALS

PANEL

- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Mike Herald, Director of Policy Advocacy, Western Center on Law and Poverty
- Kevin Aslanian, Advocate, California Coalition of Welfare Rights Organizations
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

PROGRAM AND BUDGET 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 job services to low-income families. The program is administered locally by counties and overseen by the state Department of Social Services (DSS).

Cash Assistance. Grant amounts are adjusted for family size, income level, and other factors. As an example, a family of three in a high-cost county that has no other earned income currently receives $714 per month. In 2018-19, the average CalWORKs grant amount is estimated to be $568 monthly. Grant amounts are scheduled, under current law, to increase in April 2019; the 2018-19 average grant amount accounts for this increase.

Adults may receive cash assistance for up to 48 months, which is the lifetime limit in California, and can only receive the grant after the first 24 months if they are meeting federal work participation requirements, with some exceptions. Adults who exceed the time limit are no longer included as part of the CalWORKs case for purposes of determining the family's grant amount. Children and other eligible adults in these families continue to receive assistance. This has the effect of reducing the family's monthly grant amount, typically by $100 to $200 per month for each ineligible member. Families enrolled in CalWORKs are typically also eligible for CalFresh food assistance and Medi-Cal health coverage.

Work Requirement and Employment Services. As a condition of receiving aid, adults are generally required to be employed or to participate in job search and readiness training. People who are enrolled in these activities may also receive services to help them meet these requirements, including subsidized child care, reimbursement for transportation, and housing assistance. Housing assistance may include short-term vouchers, rental deposits, and long-term subsidized housing. Adults who do not meet the work participation requirements of the program may be sanctioned. Sanctioned adults are temporarily ineligible to receive cash assistance, meaning grants for these families are reduced by between $100 and $200 per month until the sanction is addressed.

Families With Unaided Adults. Monthly CalWORKs grant amounts are set according to the size of the assistance unit (AU). The size of the AU is the number of CalWORKs-eligible people in the household. Grant amounts are adjusted based on AU size—larger AUs are eligible to receive a larger grant amount—to account for the increased financial needs of larger families. In almost one-half of CalWORKs cases, everyone in the family is eligible for CalWORKs and therefore the AU size and the family size are the same. In about 55 percent of cases, though, one or more people in the family are not eligible for CalWORKs and therefore the AU size is smaller than the family size.

People may be ineligible for CalWORKs for a number of reasons. Most commonly, people are ineligible because they (1) have exceeded the 48-month time limit, (2) are currently sanctioned for not meeting the work participation requirements, or (3) are receiving Supplemental Security Income/State Supplementary Payment (SSI/SSP) benefits and therefore ineligible to receive both SSI/SSP and CalWORKs. Additionally, many individuals are ineligible due to their immigration status. Undocumented immigrants, as well as most immigrants with legal status who have lived in the United States for fewer than five years, are ineligible.

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 county general funds. To receive its annual TANF block grant, the state must spend a maintenance-of-effort (MOE) amount from state and local funds to provide services for families eligible for CalWORKs. This MOE amount is $2.9 billion. In addition to funding for cash grants, counties receive several other funding allocations from the state to administer and operate CalWORKs. The main funding allocation—known as the "single allocation"—funds employment services, eligibility determination and administrative costs, and child care subsidies.

The following two displays from the Legislative Analyst Office (LAO) present information on the current CalWORKs budget picture:

CalWORKs Funding Source

(Dollars in Millions)

	2018-19 Revised	2019-20 Proposed	Change From 2018-19	
			Amount	Percent
Federal TANF block grant funds	$1,958	$2,200	$242	12%
State General Fund	295	520	225	76
Realignment and other county funds[a]	2,609	2,532	-77	-3
Totals	**$4,862**	**$5,253**	**$391**	**8%**

[a]Primarily various realignment funds, but also includes county share of grant payments, about $60 million.

TANF = Temporary Assistance for Needy Families.

CalWORKs Budget Summary

All Funds (Dollars in Millions)

	2018-19 Revised	2019-20 Proposed	Change From 2018-19	
			Amount	Percent
Number of CalWORKs cases	**391,161**	**371,316**	**-19,845**	**-5%**
Cash Grants	**$2,685**	**$3,068**	**$384**	**14%**
Single Allocation				
Employment services	$841	$809	-$32	-4%
Cal-Learn case management	20	20	—	—
Eligibility determination and administration	602	579	-23	-4
Stage 1 child care	290	272	-17	-6
Subtotals, Single Allocation	**($1,753)**	**($1,680)**	**(-$72)**	**(-4%)**
Home Visiting Initiative	**$29**	**$79**	**$50**	**170%**
Other County Allocations	**383**	**405**	**22**	**6**
Other[a]	**12**	**21**	**—**	**—**
Totals	**$4,862**	**$5,253**	**$391**	**8%**

[a]Primarily includes various state-level contracts.

Caseload. For 2018-19, the projected overall CalWORKs caseload will decrease by 7.6 percent from the prior year to 391,161 cases. The Employment Service caseload will decrease by 8.5 percent to 156,681 cases. The Stage One Child Care caseload will decrease by 10.7 percent to 34,228 cases. The Cal-Learn caseload is held at 3,726 teens.

For 2019-20, the projected overall CalWORKs caseload will decrease from the 2018-19 Revised Budget projection by 5.1 percent to 371,316 cases. The Employment Service caseload will decrease by 4.3 percent to 149,974 adults. The Stage One Child Care caseload will decrease by 6.0 percent to 32,162 children. The Cal-Learn services caseload is held at 3,726 teens.

The CalWORKs caseload currently includes about 755,000 low-income children and their parents.

RECENT GRANT CHANGES TOWARD ENDING DEEP POVERTY FOR ALL CALWORKS CHILDREN AND FAMILIES

As part of the 2018-19 Budget Act, the Legislature set a goal to increase CalWORKs grants so that monthly grant levels are high enough such that CalWORKs families' incomes are above 50 percent of the federal poverty level (FPL). The U.S. Census Bureau designates families with cash resources below 50 percent of the FPL as living in "deep poverty." The goal of the Legislature's plan is to ensure that no children live in families who have monthly cash income that is below the threshold for deep poverty. To meet this objective, budget-related legislation included a three-year plan, subject to annual appropriation, to ultimately increase grants to 50 percent of the FPL for a family that is one person larger than the CalWORKs AU size. The Legislature chose this expanded family size as its target because, as discussed earlier, more than one-half of CalWORKs families include an ineligible family member—typically due to their immigration status, having reached the 48-month time limit, or not meeting the program's work requirements. Setting grants to 50 percent of the FPL for a larger family size has the effect of ensuring that families with an ineligible member also have monthly cash incomes above the deep poverty threshold.

The 2018-19 budget included a 10 percent across-the-board grant increase as the first step in meeting the Legislature's ultimate goal, commonly referred to as the "current-law" increase because it is scheduled, under current law, to go into effect April 1, 2019. The maximum grant for a family of three will increase from $714 per month to $785 per month. The administration estimates that the full-year cost of this increase will be $320 million in 2019-20.

If funded, the second step in the Legislature's plan would occur in 2019-20. This interim grant increase would raise grants for all families up to an amount that is halfway between the current-law grant level and the ultimate goal of 50 percent of poverty for a family that is one person larger than the CalWORKs AU size. The final step, to go into effect in 2020-21, if funded, would raise grants from the interim amount to the ultimate goal, with all grants being at minimum at 50 percent of the federal poverty level. After then, the plan is to tie the grants to a cost of living adjustment to maintain their value to at least at 50 percent of the federal poverty level going forward.

The FPL information below is from the U.S. Department of Health and Human Services.

2019 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

PERSONS IN FAMILY/HOUSEHOLD	POVERTY GUIDELINE/ ANNUAL INCOME	50% FPL = DEEP POVERTY
1	$12,490/year	$6,245/year
2	$16,910	$8,455
3	$21,330	$10,665
4	$25,750	$12,875
5	$30,170	$15,085
6	$34,590	$17,295
7	$39,010	$19,505
8*	$43,430	$21,715

*For families/households with more than 8 persons, add $4,420 for each additional person

The next section further discusses this approach to raising grants out of deep poverty, but vis-a-vis the Governor's proposal as included in the January budget.

GOVERNOR'S PROPOSAL

The Governor proposes a 13.1 percent increase to CalWORKs cash grants, to go into effect October 1, 2019. This increase would have the effect of raising monthly grants for an AU of three to 50 percent of the FPL for a family of three, but would not accomplish this for other AU sizes, and would not assure that all families with unaided adults are brought out of poverty.

Specifically, the Governor's proposal would increase the maximum grant for an AU of three in a high cost county from $785 per month (the amount scheduled to go into effect April 1, 2019 under current law) to $888 per month. The Governor's proposal assumes that the grant increase would cost an additional $348 million General Fund in 2019-20 (reflecting three-quarters of the fiscal year). Full-year costs are expected to be $455 million General Fund in 2020-21.

The proposal represents a step toward the Legislature's stated goal of raising grant amounts above deep poverty, but does not accomplish this for all CalWORKs children and families in its current form. The figure below from the LAO displays the changes in the grant, or Maximum Aid Payment (MAP), for a family in a high-cost county with no other income. The Governor's proposal is accompanied by corresponding trailer bill to effectuate the proposed grant increase.

	Current		Enacted (10% increase April 2019[c])		Governor's Proposal (13.1% increase October 2019)	
AU Size[a]	Amount	As a Share of FPL[b]	Amount	As a Share of FPL	Amount	As a Share of FPL
1	$355	34%	$391	38%	$442	43%
2	577	41	635	45	718	51
3	714	40	785	44	888	50
4	852	40	937	44	1060	49
5	968	38	1065	42	1205	48

[a]Assistance unit size is the number of family members who are eligible for CalWORKs.

[b]Share of 2019 federal poverty guideline for a family size equal to the AU size.

[c]The *2018-19 Budget Act* provided a 10 percent grant increase effective April 1, 2019.

AU = assistance unit.

COMPARING THE TWO STRATEGIES TO RAISE GRANTS OUT OF DEEP POVERTY

Instead of raising grants by the same percentage across-the-board, as the Governor proposes and as has been done in the past, the Legislature's plan, as outlined in current law as a statement of intent (that is subject to appropriation), takes a new approach. Specifically:

- First, the Legislature's plan would raise the grant level for each AU size by the amount necessary to reach its target of 50 percent of the FPL. This would have the effect of raising grant levels by varying amounts depending on the size of the AU.

- Second, in order to reach its stated target, the Legislature's plan would raise grants to a higher level overall than the Governor's proposal. The Legislature's target—50 percent of FPL for a family size one person larger than the AU size—is intended to ensure that no families with children have cash income below 50 percent of the FPL, even if a family member is ineligible to receive cash assistance.

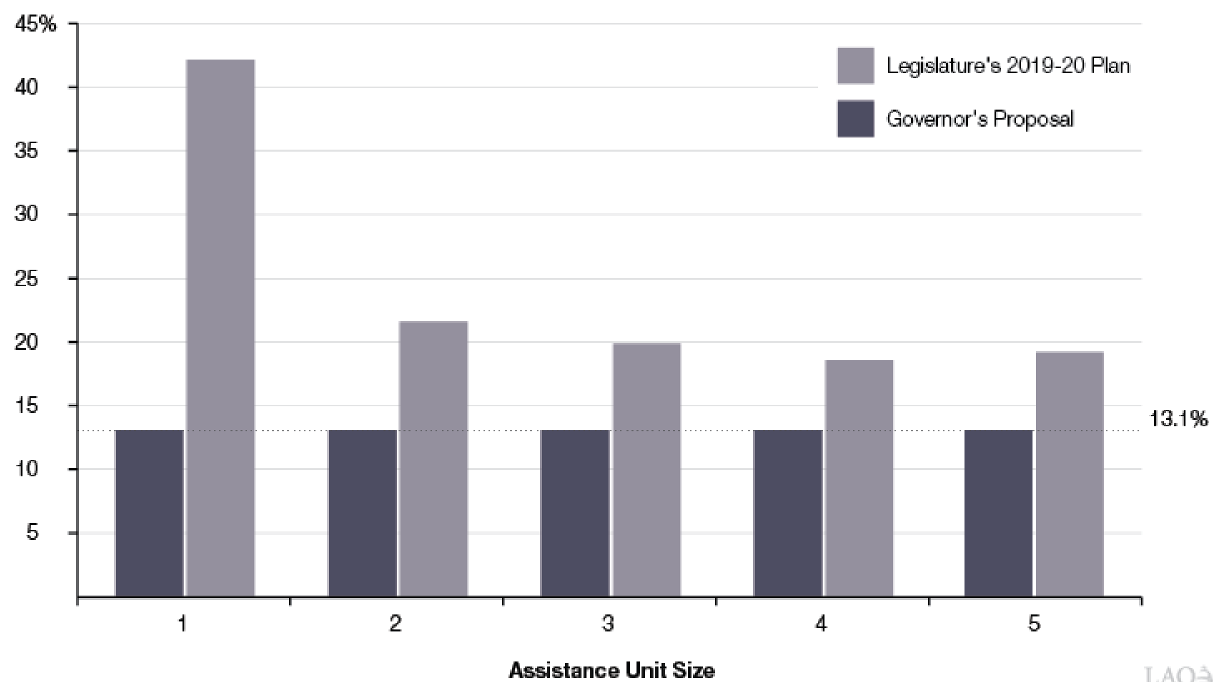
- Finally, the Governor has proposed a single grant increase, whereas the Legislature's plan calls for multiple grant increases—the next in 2019-20 and the final in 2020-21.

As a result of the higher grant amounts overall, the Legislature's plan would be somewhat more costly than the Governor's proposal in 2019-20 and significantly more costly in future years.

The next three displays from the LAO are helpful in comparing the two approaches on grants – how they change grants for different AUs, how they compare in terms of specific grants (for a household of one, where there is a covered child and an unaided adult, and a household of three, where there may be an unaided adult and three children), and what the cost margins are under the two plans over the course of the next few fiscal years:

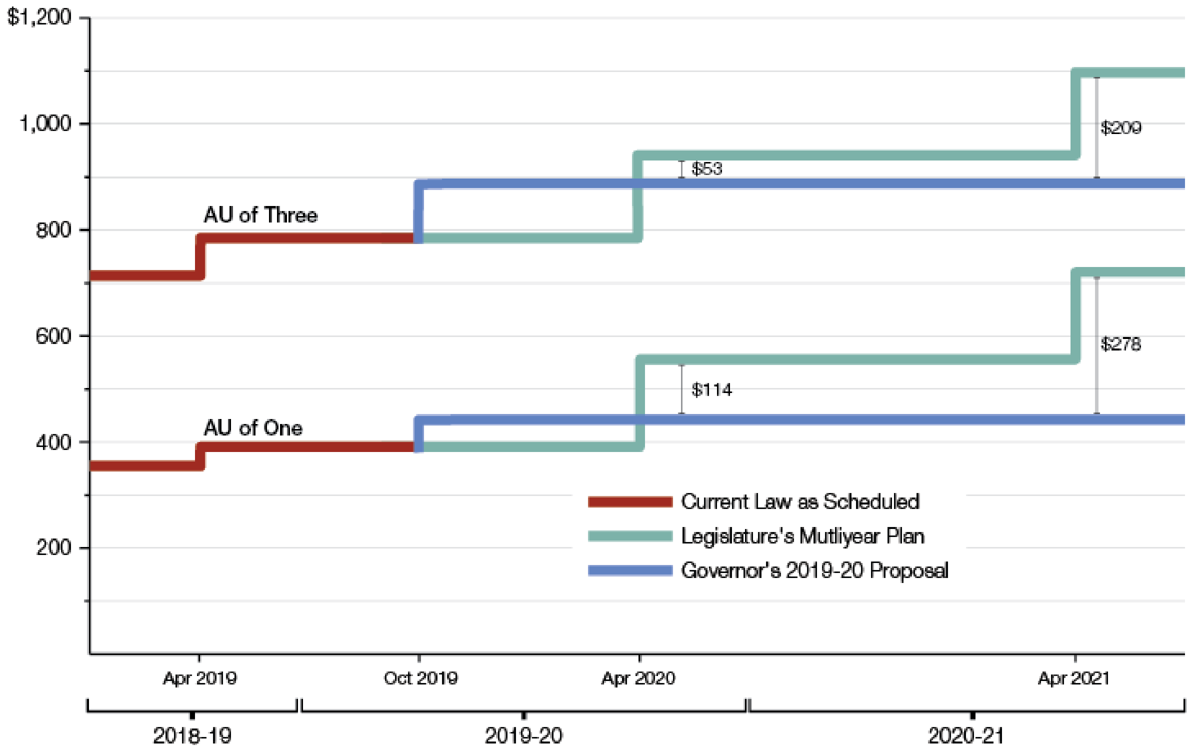
Legislature's Plan for 2019-20 Calls for Grant Increases of Varying Amounts

Percent Increase in Grant Levels Above Current Law



CalWORKs Grant Increases Under Different Approaches

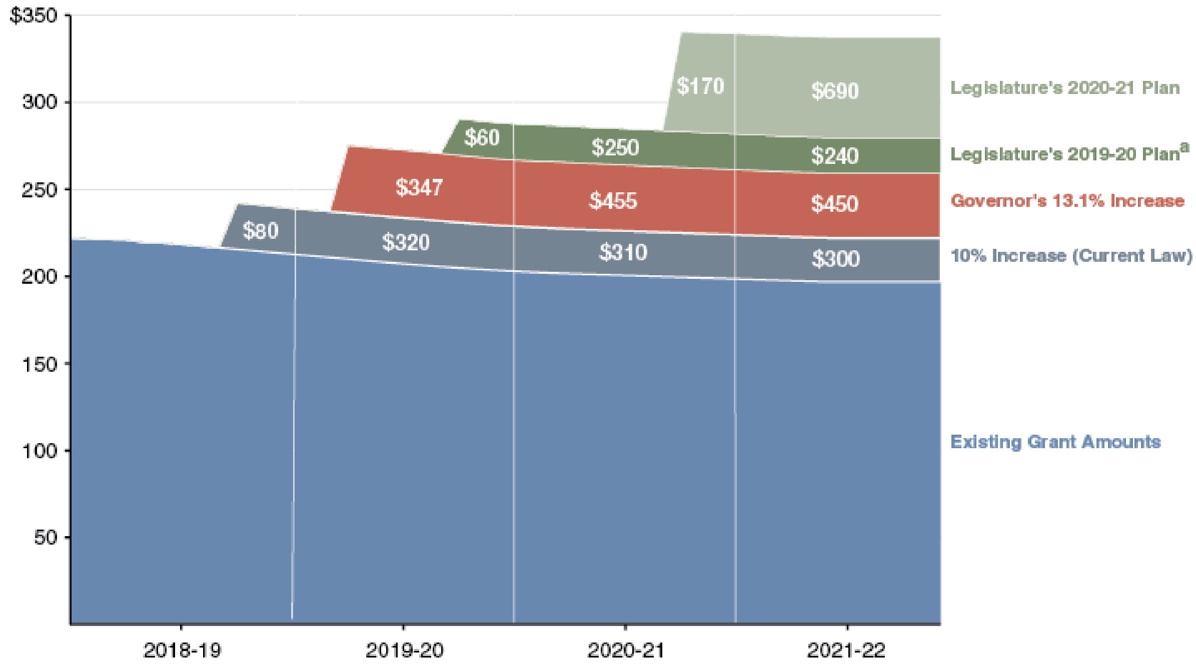
Scheduled Changes to Maximum Monthly CalWORKs Grant Amounts



AU = assistance unit.
Note: Under current law, grant levels will increase by 10 percent on April 1, 2019.

Visualizing Incremental CalWORKs Costs for Various Proposals

Estimated Monthly CalWORKs Grant Costs Under Various Scenarios (In Millions)



[a] Represents incremental costs in addition to the Governor's 2019-20 proposal.

Note: Dollar figures in chart reflect estimated annual cost, in millions, for that fiscal year.

LAO

LAO FEEDBACK

In assessing the Governor's proposal, the LAO recommends that the Legislature consider what it wants to accomplish first—distributing grant increases equally across all AU sizes, (similar to the Governor's approach) or concentrating grant increases among some AU sizes in pursuit of its aim to eventually get all AUs to the same percentage of the FPL (the Legislature's stated approach)—and how quickly it hopes to reach its final target. The Legislature could then adopt the Governor's proposal as is, or take a different action, based on what it wants to accomplish first, and how quickly it hopes to reach its final target.

Overall, the Governor's proposed increase would be somewhat smaller than the Legislature's approach, but occur six months earlier (in October 2019 instead of April 2020). The Legislature's approach differs conceptually from the Governor's proposal in two additional ways, which the LAO describes below:

Administration's Proposal Links AU Size to the FPL, Whereas Legislature Aims to Link Family Size to the FPL. Under the Governor's approach, which would increase grants by 13.1 percent across-the-board, a CalWORKs case with an AU of three would be eligible to receive a maximum grant equal to 50 percent of the FPL for a family of three. In this way, the Governor's proposal links the AU size to the FPL for that size.

The Legislature's plan takes a new approach. Under this approach, the Legislature would raise grants to 50 percent of the FPL for a family size that is one person larger than the AU size. In this way, the Legislature's plan attempts to account for the fact that the family size is larger than the AU size in cases where there is an ineligible member. For example, a CalWORKs family with an AU size of three would receive a maximum grant of 50 percent of the FPL for a family of four. As a result of this new approach, the grant increase that would occur in 2019-20 under the Legislature's approach is higher than the Governor's proposed increase for 2019-20.

Governor Proposes Across-the-Board Grant Increase, Whereas Legislature's Approach Raises Grants by Varying Amounts. As illustrated in the first of the three previous displays, the Governor's across-the-board approach would increase all grant levels by the same percentage. On the other hand, the Legislature's approach would raise grants by varying percentages. This is because the current grant amounts for some AU sizes are further from the Legislature's final target. Therefore, grant amounts for these AU sizes must increase by a larger percentage in order to reach the Legislature's target grant level for each AU size.

Difference Between Approaches Most Notable for Smallest CalWORKs Families. As previously shown, the current-law maximum grant for cases with one eligible family member is $391 per month, equal to 38 percent of the FPL for a family of one. However, current-law grants for other family sizes are higher, relative to the FPL—about 44 percent of the FPL on average. The key difference between the Governor's approach and the Legislature's plan to raise CalWORKs grants in 2019-20 relates to proposed grant increases for the smallest cases. This is because the grant amount for the smallest AU size is currently lower, relative to the FPL, than grants for other AU sizes. The Governor's proposal would increase all grants by 13.1 percent.

The Legislature's approach, which adjusts grants for each AU size, calls for varying increases in grants. The smallest percentage grant increase (for an AU of four) would be 19 percent. The largest percentage grant increase (for an AU of one) would be 42 percent. The second of the three displays illustrates this difference by comparing how the two proposals would impact grants for an AU of three and for an AU of one. In 2019-20, the Governor's proposal and the Legislature's approach would increase grants for a family of three by roughly similar amounts. Yet, for a family of one, the Legislature's approach would increase grants in 2019-20 by $114 more per month. The figure also shows that the grant increases occur at different times during the 2019-20 fiscal year.

Legislature's 2019-20 Plan Would Be More Costly Than Governor's Proposal. The LAO estimate is that the full-year cost of the grant increase to occur in 2019-20 under the Legislature's plan would be about $250 million higher annually than the Governor's proposal. (Added costs for 2019-20 would be a smaller amount, about $60 million above the Governor's proposal, due to differences in timing between the two approaches.) Overall, relative to the Governor's proposal, the Legislature's plan would require a much larger increase in 2019-20 for cases that have only one eligible family member. (By definition, these cases have at least one ineligible family member.) Higher expenditures under the Legislature's approach result primarily from the larger grant increases for these cases.

Out-Year Costs Likely Also Higher Under Legislature's Approach. It is difficult to compare the cost of the Legislature's plan to the Administration's proposal in the out years because the Governor has not discussed specific CalWORKs proposals for future years. (While the Administration has proposed a one-time increase in this case, that does not prevent it from proposing further grant increases in future years.) As a point of reference, however, the last of the three displays illustrates the estimated multiyear costs of each proposal. The figure displays the monthly total cost of providing CalWORKs grants under: (1) current grant levels; (2) the 10 percent increase scheduled to go into effect under current law; (3) the Governor's 13.1 percent increase; and, (4) the two additional steps proposed under the Legislature's multiyear plan. The dollar figures displayed in the chart show the estimated additional cost of each increase for that fiscal year.

LAO Recommendation. Because the Legislature's ultimate goal for CalWORKs grant levels requires more than a 13.1 percent increase for all AU sizes, one option to consider is adopting the Governor's proposal for 2019-20 and, in subsequent years, providing other increases to reach the Legislature's ultimate goal. This would be consistent with recent actions—for example, the Legislature took this approach when it enacted the first step of its multiyear plan, a 10 percent across-the-board grant increase included in the 2018-19 budget package.

If the Legislature takes this approach, the grant increases that are provided in later years will have to be of varying percentages rather than across-the-board. This is because grants for the smallest and the largest AUs have further to go than other AU sizes to reach the Legislature's final goal of all grant levels being at 50 percent of the FPL for a family that is one person larger than the AU.

Alternatively, the Legislature could first prioritize increasing grant levels for each AU by varying amounts—effectively bringing grants for all AUs to the same level of the FPL, as it proposed to do in its multiyear plan. Under this approach, grant levels for the smallest and largest AU sizes would increase by more, in percentage terms, than grant levels for AUs of two, three, and four. If the Legislature hopes to accomplish this first, it would have two options in approaching the Governor's proposal. First, it could modify the Governor's proposal of a 13.1 percent across-the-board increase and instead distribute the same funding amount (estimated to be $347 million over three-quarters of 2019-20) differently across the various AU sizes.

Under this approach, larger percentage increases could be given to the smallest and largest AUs (those that are currently the furthest away from the Legislature's goal), with more modest increases given to the AU sizes that are relatively closer to the Legislature's ultimate goal. For example, under this approach, the LAO estimates that the $347 million proposed by the Governor for 2019-20 could be used to increase grant levels for all AU sizes to about 48 percent of the FPL.

Alternatively, the Legislature could reject the Governor's proposal and instead move ahead with the second step of its multiyear plan. This approach, which would distribute increases differently across AU sizes, would do so by increasing grants halfway to the Legislature's final target of 50 percent of the FPL for a family size that is one person larger than the AU size. The LAO estimates that this approach would require an additional $60 million above the Governor's proposed amount in 2019-20 and $230 million (full year) above the Governor's proposal in 2020-21.

ADVOCACY PROPOSAL

The **Western Center on Law and Poverty** and **Coalition of California Welfare Rights Organizations** writes to support an alternative to the Governor's proposal.

They state, "The Governor's across-the-board 13.1 percent increase is the largest increase proposed by any Governor in recent memory. It has the merit of ensuring that all households get badly needed grant increases. It would, however, perpetuate inequities in the current grant structure that the Legislature has made it a priority to correct. It also provides less overall funding than the Legislature and the Governor's 2018-19 budget 'roadmap' provided.

Illustrative of the difference between the Governor's proposal and the Legislature's approach is the impact on CalWORKs families with one adult and one child. Under the Governor's plan, a two person CalWORKs family with an unaided adult will receive a grant of $442 a month while a two person CalWORKs family with no unaided adults receives $718 a month. The Legislature's plan would raise grants for all household sizes but increase grants more for households furthest from the federal poverty level.

As the recent report from the Legislative Analyst Office noted, the Legislature has options in how to proceed in light of the Governor's proposal. One option is to approve the across the board increase which would increase grants for all households and move grants for families of two and three above deep poverty. As we note above, adopting the Governor's approach would preserve grant funding inequities which harm smaller families the most. A second option is to take the estimated $347 million in funding proposed by the Governor and distribute it the way the Legislature proposed in which grant levels that were further from deep poverty would get a larger increase than those closer to 50 percent of the federal poverty level. According to the LAO, if the Legislature adopted this approach grants for all household sizes would rise to 48 percent of the federal poverty level. Finally, the LAO provides a third option that would meet the target established in the roadmap by increasing funding above the amount proposed by the Governor and distribute the funds the way proposed by the Legislature last year. This would bring all grants halfway to the goal of 50 percent of the poverty level plus one additional household member. This approach would increase 2019-20 costs by $60 million and $250 million over a full year.

On balance, while we appreciate the Governor's proposal, Western Center supports the third option provided by the LAO. We think it will do the most to address historical inequities in the CalWORKs grant structure and keep intact the 'roadmap' agreement reached in the 2018-19 Budget. While it will mean that California cannot claim that we are ending deep poverty for some children, it will mean that the families that need the largest grant increase get it this October and not have it delayed for yet another budget.

We urge you to modify the Governor's proposed increase for CalWORKs grants to be consistent with the roadmap so that California will be on the path to end childhood deep poverty in CalWORKs by July 2020."

STAFF COMMENT/QUESTIONS

Many of the children living in deep poverty are served through the CalWORKs program. According to the California Budget and Policy Center:

- Official child poverty and deep poverty rates have declined, but are higher than before the Great Recession – 20.3% is the child poverty rate and 8.7% is the deep poverty rate.

- Under the Supplemental Poverty Measure, California's child poverty and deep poverty rates are higher than the national rates.

- CalWORKs grants have been below the deep poverty line for 11 straight years (currently they are at 40% of FPL).

The Center presents the following as basic policy approaches to address child poverty:

- Increase families' incomes. Cash, housing, and early childhood education, along with strategies like home visiting, are all linked to improved long-term outcomes for children in poverty.

- Reduce the costs families face to meet basic needs.

- Build resilience in children to minimize the long-term consequences of growing up in poverty.

Understanding the neurotoxicity of deep poverty, the social determinants of health, and adverse childhood experiences for children living in deep poverty and growing up in destitution provides compelling and powerful context through which to evaluate these proposals. The goal of ending deep child poverty is a critical one for California and the generation of children currently battling the daily adverse effects of this condition that is beyond their control.

The Subcommittee may wish to ask the following questions of the Administration:

1. Can the LAO's third option be operationalized? What considerations should we be thinking about given this approach?

2. What is the reaction to the 55 percent of AUs where an adult is unaided and the construct of the Governor's proposal?

3. What is the concentration of cases without an aided adult across the AU sizes? What percentage of the caseload are in the AUs that are furthest away from 50 percent of FPL after the October 1, 2019 proposed increase?

Staff Recommendation:

Hold open.

ISSUE 2: UPDATE ON CALWORKS OUTCOMES AND ACCOUNTABILITY REVIEW, THE SINGLE ALLOCATION METHODOLOGY, AND GOVERNOR'S PROPOSAL ON SAFETY NET RESERVE FUND, INCLUDING TRAILER BILL LANGUAGE, WITH ASSOCIATED ADVOCACY PROPOSALS

PANEL

- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Mike Herald, Director of Policy Advocacy, Western Center on Law and Poverty
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

CALWORKS OUTCOMES AND ACCOUNTABILITY REVIEW

The purpose of the CalWORKs Outcomes and Accountability Review (Cal-OAR) is to establish a local, data-driven program management system that facilitates continuous improvement of county CalWORKs programs by collecting, analyzing, and disseminating outcomes and best practices. As required by Welfare and Institutions Code (WIC) 11523, approved as part of the 2017-18 Budget, Cal-OAR consists of three core components: performance indicators, a county CalWORKs self-assessment (CSA), and a CalWORKs system improvement plan (SIP). The Cal-OAR continuous quality improvement process (CSA and SIP) will take place over three-year cycles. Statute requires DSS to develop a Cal-OAR workplan by July 1, 2019.

DSS established a stakeholder workgroup to develop the Cal-OAR work plan. The workgroup convened six times between September 2017 and October 2018 to provide recommendations on the Cal-OAR components. Workgroup members included stakeholders specified by statute, including current and former CalWORKs clients, advocates, county staff, legislative staff, as well as a variety of other subject matter experts.

Additionally, smaller working stakeholder groups met regularly to develop specific components of Cal-OAR, including the Performance Measures and Outcomes, Continuous Quality Improvement (CQI), and Data Collection and Automation. A Cal-OAR steering committee (comprised of legislative staff, county staff, advocates, and researchers) convened monthly to provide DSS with recommendations on the project's direction. In addition to the workgroup processes, stakeholders were engaged, and input was solicited by DSS through other forums, including the California Community College CalWORKs Association Institute, the County Welfare Directors Association (CWDA) Conference, and the CalWORKs 2.0 All-County Convening.

Parent Voices, a parent-led, parent-run grassroots organization, provided support to clients and input throughout the workgroup process. Current and former clients were engaged in all workgroup and small working stakeholder meetings. Clients were compensated with a stipend, child care payments, and transportation. DSS also engaged Mathematica Policy Research to provide technical assistance and research expertise in the development of performance measures and analytical tools.

Data will be reported to DSS by counties, and obtained via data sharing agreements with state departments, including the Employment Development Department, California Department of Education, California Community College's Chancellors Office, and the California Department of Public Health. DSS will calculate county performance measures, including information by specific populations (for example, welfare-to-work participants, exempt volunteers, etc.) and demographic variables (age, language, race, ethnicity, national origin, sexual orientation, and gender identity). Performance measures will be publicly available via the DSS website.

Cal-OAR Metrics (Performance Measures and CSA)

Participant Engagement	**Participation**
• Engagement rate • Sanction rate • Sanction cure rate • OCAT/Appraisal completion timeliness • OCAT/Appraisal to next activity timeliness	• First activity attendance rate • Orientation attendance rate • Education and skills development access • Education and skills development utilization
Service Delivery	**Barrier Removal**
• Child Care access • Housing Assistance and Housing Support Program access • Ancillary services access • Transportation provision timeliness	• Mental Health services • Substance Abuse services • Domestic Abuse services • OCAT data, utilization, and access
Educational Attainment	**Employment**
• Improved literacy, basic skills, English language acquisition • Community College progress rate • Educational completion	• Employment rate of current CalWORKs clients • Wage progression • Post CalWORKs Employment rate • Subsidized to Unsubsidized employment
Program Exits and Reentries	**Family and Child Well-Being**
• Exits with earnings • Program reentries • Program reentries after exit with income	• Home Visiting transitions to WTW engagement • Family Stabilization transitions to WTW engagement • Intergenerational CalWORKs enrollment

The Cal-OAR requirements create added workload for county staff. County activities include data entry (for variables not currently collected or required in the automated data systems), completion of the CSA, and completion of the SIP. The peer review process also generates additional workload; however, the existing budget includes funding for Peer Reviews. DSS is working with CWDA to estimate the projected Cal-OAR workload costs.

Key Implementation Dates.

- Sept. 2017-Ongoing: Cal-OAR stakeholder workgroups
- April 2019: Release of performance measures and reporting requirements
- April-Aug. 2019: Cal-OAR trainings
- June 2019: Release of CQI county guidance (including CSA and SIP tools)
- July 2019: Cal-OAR Implementation
- Dec. 2019: Cal-OAR training series held at the CalWORKs Training Academy
- Jan.-March 2020: Regional Cal-OAR trainings
- Spring 2020: CSAs due to DSS
- Fall 2020: SIPs due to DSS
- Spring 2022: County Progress Reports due to DSS

SINGLE ALLOCATION

As part of the 2017-18 Budget, the Legislature requested that the Administration reevaluate the methodology used to determine how much funding counties receive to operate CalWORKs. Last year, the Legislature adopted a new methodology for eligibility and administration operations. The Administration is now revising the methodology for county employment services. In the meantime, the proposed budget includes placeholder funding amount for county employment services. This proposal has the effect of holding funding for employment services at the level provided in the 2018-19 Budget.

SAFETY NET RESERVE

In 2018-19, the Legislature created the Safety Net Reserve account and made an initial deposit of $200 million General Fund into the reserve. Funds in the Safety Net Reserve were to be available for two programs—CalWORKs and Medi-Cal. These programs are counter-cyclical—meaning program spending ramps up during economic downturns, as more people become eligible to receive benefits, and shrinks during periods of economic growth when the labor market is stronger. Reserves were to be available to address cost increases in these programs that occur during a recession. The 2018-19 Budget also directed the Administration to determine how to build additional reserves. Specifically, statute directs the Department of Finance to calculate CalWORKs and Medi-Cal savings that occur when the caseloads in these programs decline, and to propose a plan to deposit part of those savings into the reserve.

Governor's Budget. The 2019-20 Governor's Budget proposes to deposit $700 million General Fund into the Safety Net Reserve. In addition to the deposit, the Governor also proposes two structural changes to the Safety Net Reserve. First, the Governor proposes to change the statutory parameters for the reserve to allow the state to use the total amount of reserve funds for either CalWORKs or Medi-Cal. The 2018-19 Budget package established separate subaccounts for CalWORKs and Medi-Cal within the Safety Net Reserve. Secondly, the proposal would eliminate the current-law requirement that the Administration establish a methodology for calculating savings that occur in CalWORKs and Medi-Cal when the caseload declines, and depositing some portion of those savings each year into the reserve. The Administration is proposing corresponding trailer bill language to align to these adjustments.

LAO Feedback. "The Governor proposes to eliminate the CalWORKs and Medi-Cal subaccounts within the Safety Net Reserve, in effect creating one reserve account to be used for both programs. The Legislature may wish to consider the trade-offs between separate and combined accounts. On the one hand, separate accounts for these two programs may allow the Legislature to signal its priority for the use of reserve funds in one program or the other. Additionally, separate reserve subaccounts may make it easier to set target reserve amounts for each program, independently, and assess the Legislature's progress in meeting those targets. On the other hand, combined subaccounts for Medi-Cal and CalWORKs might provide some added flexibility in responding to a downturn. We would note, however, that combining the subaccounts may not practically increase the Legislature's budgetary flexibility. This is because the state could enact statutory changes at any time to allow funds from one subaccount to be transferred to the other subaccount (or, for that matter, elsewhere in the budget).

In addition to combining the subaccounts within the Safety Net Reserve, the Governor proposes to eliminate the requirement that the Department of Finance calculate annual caseload savings and propose a way to automatically deposit some of the Medi-Cal and CalWORKs caseload savings each year. We acknowledge that the proposed deposit of $700 million strengthens the reserve in the near term. As a result, automatic deposits may be less important in the near term than if the reserve were smaller. Even so, the Legislature should look beyond the next recession to consider what system it wants in place when the caseload begins to decline next time. As discussed earlier, a larger CalWORKs component of the reserve would exist today if a portion of recent caseload savings had been deposited each year since the end of the Great Recession. (Of course, these funds would not have been available for other uses.) The Legislature may wish to consider whether the proposal to eliminate the method to count and deposit caseload savings makes it less likely that the state builds sufficient reserves in the future.

In the case of CalWORKs, as an alternative to an automatic deposit, we recommend that the Legislature direct the Administration to calculate and publish the amount of caseload savings that it expects to materialize each year. The Administration would publish this forecast when it releases the Governor's Budget and the May Revision.

Under this alternative, the Legislature and the Administration would know how much funding had been freed-up for other uses. Then, they could decide whether some of that amount should be deposited into the reserve. Making this forecast more prominent could help ensure that the Legislature and the Governor consider a deposit each year during the budget process. In our view, highlighting the expected caseload savings will further the Legislature's goal to focus on reserve deposits when the caseload is declining. It would also allow the state to deposit more or less than what would occur under an automatic, formula-driven, deposit."

ADVOCACY PROPOSAL

The **Western Center on Law and Poverty** and **Coalition of California Welfare Rights Organizations** write with advocacy proposals related to the issues included under this item.

On Cal-OAR and CalWORKs 2.0. "Advocates are generally pleased with the efforts of the Department to involve a wide range of stakeholders, including current and former CalWORKs recipients, in work groups. There were, however, some differences on which measures to include, particularly issues related to delivery of barrier removal services, which have still not been finalized at this writing. Advocates believe that some recipients are not being provided the services they need to address family trauma and that Cal-OAR should focus attention on this issue. In the end, the department had the difficult task of narrowing dozens of proposed measurements down to a smaller list. To the department's credit they were flexible and increased the number of measurements beyond what was initially envisioned but as the Legislature provides oversight of Cal-OAR it will be important to revisit these decisions and adjust as needed.

At the same time the Department was developing Cal-OAR, the counties were developing their own re-working of the CalWORKs welfare to work program. Unlike the 1997 enactment of CalWORKs, this process drew on research and the social sciences about what worked to help families overcome their barriers and to 'work with families where they are at.' While advocates did not participate in the development of CalWORKs 2.0, there have been briefings on the proposal and meetings with recipients who have used the tools developed by the counties.

Advocates are hopeful that CalWORKs 2.0 will mark a turning point in a program that for too long has had only a single path, work first, for recipients even though only a small percentage of recipients benefited from this rigid approach. It is incumbent on the Legislature though to closely monitor CalWORKs 2.0 and to insure that it delivers on its' promises. Here are some of the issues that we believe should be considered:

- Should the Legislature formally recognize and provide encouragement for CalWORKs 2.0 in the Welfare and Institutions Code?
- Are the current welfare to work statutory requirements consistent with the CalWORKs 2.0 theory of working with families where they are at? Should the

Department be directed to work with stakeholders to identify statutory changes and report them back to the Legislature for consideration?

- Given the significant changes in how recipients are engaged under CalWORKs 2.0, should the state lift all sanctions in place so that recipients get a fresh start?
- How will CalWORKs 2.0 impact the need for child care, housing assistance, family stabilization, and barrier removal services?
- Are the Cal-OAR measures consistent with CalWORKs 2.0? How will the Legislature monitor the progress of CalWORKs 2.0 if they are not reflected in Cal-OAR measures?

Single Allocation Stakeholder Work Group. DSS was directed in the 2018-19 Budget to convene a work group and bring forth recommendations for changes to county funding for CalWORKs services that are provided by the Single Allocation Fund. To date, the Department has only convened one meeting though it is understood that additional sessions will be convened before the May Revision.

Advocates believe that the Legislature should be prepared to consider changes to the Single Allocation Fund beginning with its' name. The title of the Fund obscures the important role that CalWORKs services play in assisting CalWORKs families out of crisis and poverty. As a first step, we recommend the fund be renamed the CalWORKs Family Well Being Account. While this change will not improve the effectiveness of service delivery, it will bring home the important role this fund plays in CalWORKs family's lives for elected officials and other policymakers.

Second, we advocate for robust funding for CalWORKs services. This includes providing supportive services for timed out cases which are participating in welfare to work eligible activities. With the CalWORKs caseload declining to record lows, most of the families that can be rapidly assisted have exited the program and the families remaining are experiencing a higher level of need for services. It is particularly important in light of the implementation of Cal-OAR and CalWORKs 2.0 that the state is prepared to meet the demand for services to families.

Third, we urge the Legislature to make a fundamental change to state law and to make services an entitlement. Currently, if a family has a need for services such as child care, transportation, or mental health, the county has a duty to provide the service. There is no requirement about when the service must be provided. If the county cannot provide that service, the client is given good cause for not participating and the county cannot sanction the family for failure to meet work requirements. This long existing policy has two detrimental effects. First, families need these services and often need them immediately. By providing good cause the county has little immediate incentive to deliver the services. Second, while good cause will stop the state time clock, it does not stop the federal time clock. When recipients hit the 60-month limit of TANF assistance, the state can no longer use federal TANF block grant funds to provide grants or services. This then requires the state and counties to fund the entire cost of CalWORKs for these families.

Safety Net Reserve. Advocates were encouraged by the inclusion in the 2018-19 budget of the Safety Net Preserve. This fund was established to be a complement to the Rainy Day Fund and to have a separate source of funds to maintain the CalWORKs and Medi-Cal programs in a time of budget shortfalls. They applaud the Administration for increasing funding in the Reserve from $200 million to $900 million, but urge the Legislature to maintain the original intent of the Reserve and to resist attempts to expand the reserve to additional programs."

STAFF COMMENT/QUESTIONS

The Subcommittee may wish to pose the following questions to the Administration, in addition to asking for its feedback to the advocates' proposals:

1. Can and should the intent of the 2.0, and increased emphasis on case management in the CalWORKs program, be codified to guide the continuing work in the Cal-OAR?

2. Can the Subcommittee hear about the major policy considerations being contemplated that will drive the formulation of the employment services portion of this pending, revised component of the Single Allocation?

3. The Safety Net Reserve was very intentionally designed and adopted as part of the 2018 Budget, recognizing the need for countercyclical programs to be resourced when Californians falling on hard times rely on them the most. What motivates the structural changes being proposed, when ultimately there would be discretion for the spending of these reserve funds in the event of a downturn?

Staff Recommendation:

Hold open.

ISSUE 3: CALWORKS HOME VISITING GOVERNOR'S PROPOSAL, WITH BUDGET CHANGE PROPOSAL, AND RELATED ADVOCACY PROPOSAL

PANEL

- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Assemblymember Buffy Wicks
- Angela Rothermel, Associate Director of Early Childhood Policy, Children Now
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

BACKGROUND

The 2018 Budget included $158 million in federal TANF funds to begin a home visitation program within CalWORKs. Under the new program, CalWORKs families with a child under two years old could be eligible to receive regular visits from a nurse, parent educator, or early childhood specialist who works with the family to improve maternal health, parenting skills, and child cognitive development.

DSS released a Request for County Plans for voluntary participation in the CalWORKs Home Visiting Initiative on July 31, 2018. DSS received 44 county applications. All 44 counties will be awarded funding for some or all of their proposed Home Visiting models. Many counties proposed utilizing more than one home visiting model within their county. The total funding awarded for 2018-19 totals $26,850,000. The county allocations are based on the distribution of eligible cases per county with a minimum floor of $10,000 for counties with a smaller caseload. DSS anticipates approximately 24,000 CalWORKs families eligible to participate in 2018-19 (half-year implementation).

The following criteria were utilized in making final award recommendations:

- Evidence-based model or evidence-informed model with evaluation.
- Capacity, staffing, training, experience and ability to serve target population.
- Outreach and implementation strategies, including frequency of outreach and attrition planning.
- Community resource connections.
- Collaboration, case management, and co-location between the Social Service agency and the home visiting agency.
- Data collection, assessment tools and security.
- Program sustainability.

GOVERNOR'S PROPOSAL

The Governor's budget proposes on-going funding for the home visiting program. Funds provided in the 2018 Budget include $79 million proposed to be used in 2019-20, and would support this program for the next two years.

Counties have expressed concerns about fully expending funding allocations for 2018-2019 and have inquired about roll over authority. Specifically, counties have discussed implementation delays related to local Board of Supervisor approval, hiring and training of home visitors, and local contracting. However, the Governor's budget funds the program on an on-going basis, so rollover authority will not be an issue as counties will continue to receive annual allocations based on the amount of eligible cases served.

GOVERNOR'S BUDGET CHANGE PROPOSAL

The Governor's Budget Change Proposal (BCP) requests funding of $861,000 General Fund for 2019-20 ($804,000 General Fund in 2020-21 and ongoing) and a total of six positions: one Staff Services Manager 1 (SSM 1), three Associate Governmental Program Analyst (AGPA), one Research Analyst II (RA II), and one Research Program Specialist I (RPS I) to implement the CalWORKs home visiting program. This BCP is consistent with statutory mandates that charge DSS with serving in the primary implementation role for this initiative. No additional state staff resources were provided when the CalWORKs home visiting program was authorized as part of the 2018 Budget.

The CalWORKs home visiting program will require staff to perform policy and regulation development, contract development, guidance, and supervision on the program outcome and evaluation process. Ongoing contract and program oversight will be conducted by staff to ensure successful outcomes for children and families.

The manager and three analysts for the CalWORKs and Child Care Branch will provide program monitoring and oversight through technical assistance and annual site reviews; supervise, monitor, and support program implementation for each contracted county; facilitate stakeholder input and engagement; offer technical assistance, guidance, and support for data collection; oversight and tracking of the data and program evaluation; and convene meetings and collaborate with state and local agencies to maximize resources. To establish consistency among counties, staff will research, collect, and share best practices regarding the home visiting approach, developmental screening, and early learning programs.

The Research Analyst II (RA II) and Research Program Specialist I (RPS I) positions will be housed in the Fiscal Forecasting and Research Services Branches respectively. The Research Analyst II will provide analysis of the actual caseload increase and its characteristics, use of county dollars, as well as to ensure expenditure monitoring and oversight of the funding distributed through the participating counties while the Research Program Specialist I will manage the creation of a case management tracking system that will be collecting client level data, developing data sharing agreements with other departments, running data matches, and conducting subsequent analysis. This position will also develop a review system that measures the outcomes indicators, and will work closely with an independent evaluator to develop a report to the Legislature.

As required by statute, and in collaboration with a research-based institution, an evaluation of the efficacy of the HVI will be presented as a report to the Legislature no later than January 10, 2022. DSS will consult with stakeholders in the development of outcome measures for this evaluation. The evaluation shall include program outcomes for the parents and children served in the program, models utilized, and measures specific to CalWORKs objectives.

Collaboration with the Department of Public Health. In the past year, since the program was proposed, DSS states that it has worked closely with the Department of Public Health to coordinate home visiting efforts. This collaboration includes planning around evaluation, data collection, home visiting model requirements, and the home visiting program county application. Currently, DSS co-leads the State Interagency Team (SIT) Home Visiting Workgroup, a workgroup that reports to the larger State Interagency Team on Children, Youth, and Families. The goal of the SIT Home Visiting Workgroup is to support the coordination, effectiveness and alignment of high-quality, evidence-based and culturally competent home visiting services to California families. Both departments have also worked together to ensure accurate and responsive information and resource sharing to MCAH directors, County Social Service agencies, and other stakeholders. DSS states that the departments are committed to ongoing coordination of efforts with the new proposed investments in both departments. The work of the SIT Home Visiting workgroup is just an example of that coordination.

ADVOCACY PROPOSAL

Children Now, Western Center on Law and Poverty, Parents as Teachers, Head Start California, and Good+ Foundation write with an advocacy request for to build upon the Administration's proposed $78.9 million funding for the CalWORKs home visiting program in 2019-20 by allocating an additional $25 million ongoing to the Program. **Assemblymember Buffy Wicks** has written to the Subcommittee in support of this proposal. The following information about the proposal has been submitted to the Subcommittee.

"Although unmet basic needs, adverse experiences, and circumstances of economic hardship can undermine families' health and well-being, voluntary evidence-based home visiting programs are backed by decades of research demonstrating that they improve outcomes for both parents and children in myriad ways. When implemented with fidelity to their model standards, these programs can generate public savings by increasing healthy births, boosting positive parenting practices, reducing child maltreatment, and increasing family self-sufficiency in the forms of adult educational attainment, career training and employment.

The CalWORKs home visiting program, as currently structured, allows County Health or Human Services Agencies to partner with other public agencies and community providers to offer evidence-based home visiting programs on a voluntary basis to families participating in CalWORKs, who are pregnant or parenting a child under two years of age, with priority given to first-time parents. Current funding levels reach only an estimated 8 percent of the eligible population.

The advocates proposed to build upon the Administration's proposed $78.9 million funding for the CalWORKs home visiting program in 2019-20 by allocating an additional $25 million ongoing General Fund to the Program. These additional resources would support the following:

- $1.5 million annually through 2022-23, decreasing to $750,000 thereafter, to support DSS around implementation of the CalWORKs home visiting program, including ensuring effective interagency collaboration, high-quality data for continuous quality improvement, a robust third-party evaluation of the program, and ongoing technical assistance to counties.

- $11 million annually through 2022-23, decreasing to $5.5 million thereafter, to support local agencies around implementation of the CalWORKs home visiting program including establishing effective interagency partnerships to reach and serve families and maximize local funding streams across entities, respond to locally specific workforce development and training needs, and refine local data collection systems, processes, and quality.

- $11 million annually through 2022-23, increasing to $18 million thereafter, to be available via CalWORKs home visiting program county allocations for counties to serve a greater number of CalWORKs families who are expecting or parenting a child under age 2, regardless of whether they are a first-time parent or not, as counties are ready to increase direct service capacity.

These advocates additionally propose the following technical amendments to state law in order to strengthen the CalWORKs home visiting program:

1. Clarify that all families participating in CalWORKs, who are pregnant or parenting a child under age 2, are eligible for home visiting services.

2. Clarify that individuals determined to be presumptively eligible for CalWORKs are eligible to receive home visiting services. This is critical in order for pregnant individuals to begin receiving home visiting as early in their pregnancy as possible, which research shows can improve birth outcomes for both mother and baby.

3. Clarify that programs can serve non-custodial parents through home visiting (at the discretion of the primary custodial parent and the home visiting program) so

that split custody families have the choice to participate jointly in home visiting if that is their desire and preference.

4. Change the name of the program from "CalWORKs Home Visiting Initiative" to "CalWORKs Home Visiting Program" to mirror the naming of other, similar CalWORKs programs and reflect that the program is permanent and ongoing.

The advocates state that voluntary, evidence-based home visiting programs are one of the best investments California can make to ensure children and families living in poverty have the opportunity to succeed. California can and should continue to expand the statewide availability of voluntary, evidence-based home visiting programs to strengthen and support children and families."

STAFF COMMENT/QUESTIONS

The changes being sought by the advocates seem to be consistent with the intent in the Governor's proposal to recognize the on-going nature of the CalWORKs home visiting program.

The expansion to make home visiting program services available to all families with babies and toddlers in the CalWORKs program, a program that serves families living in deep poverty, is in line with the early childhood development and school readiness goals articulated by the Governor and the new Administration.

The Subcommittee may wish to ask the following questions of the Administration:

1. What is your thinking about the specific points in the advocates' proposal on funding?

2. Is the Administration amenable to the language changes being sought by the advocates?

3. What has been the client and county response to the beginning implementation of the home visiting program?

Staff Recommendation:

Hold open.

ISSUE 4: CALWORKS ADVOCACY PROPOSAL REGARDING THE EARNED INCOME DISREGARD

PANEL

- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

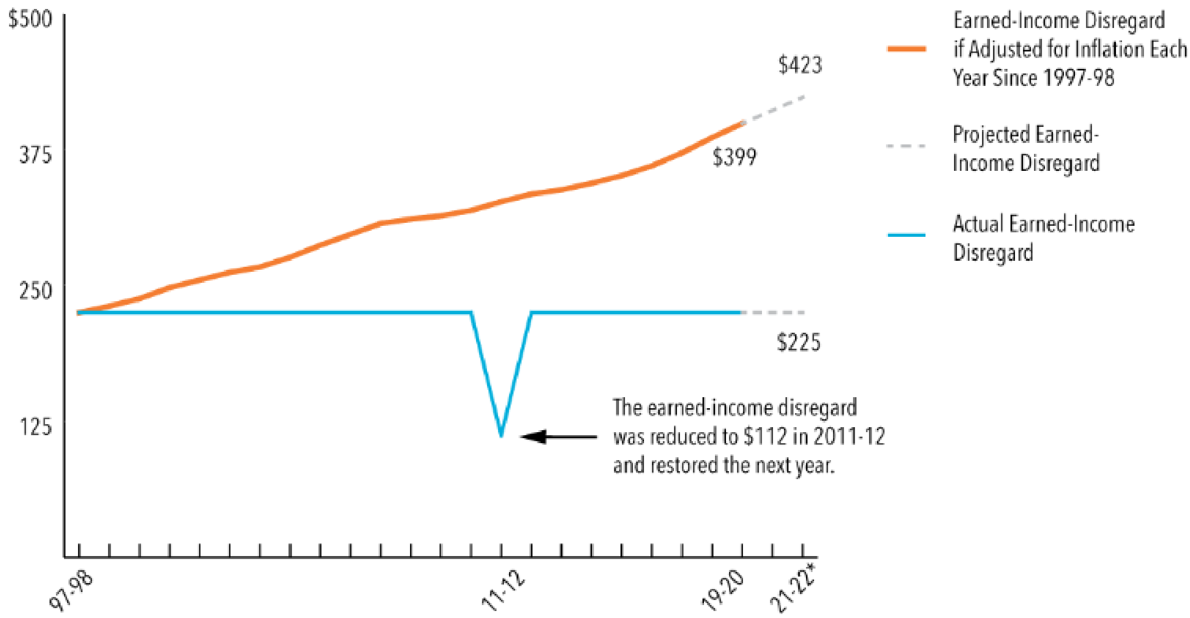
BACKGROUND

As parents who are participating in CalWORKs enter the workforce, the earned-income disregard allows families to continue to receive benefits while earning a paycheck, up to a certain limit. Specifically, the EID is the amount of a recipient's gross monthly earnings that is overlooked when their grant levels are calculated. Since CalWORKs' implementation in 1997-98, state law has exempted the first $225 of monthly earnings, then 50% of the remainder. As a family's earnings increase, their grant amount decreases until they reach the CalWORKs income limit. The income limit (also called the "exit point"), which is partly based on the maximum monthly grant and the earned-income disregard, determines when a family is no longer eligible for CalWORKs cash assistance. The greater the value of the disregard, the smaller the reduction in the monthly grant and the more parents can earn before losing eligibility. This allows for a smoother transition out of the CalWORKs program.

Although Governor Newsom proposed new funding for CalWORKs grants in his 2019-20 budget proposal, the declining value of the earned-income disregard (EID) would reduce the economic impact of these investments, especially in the face of a rising state minimum wage. The value of the EID has not changed in more than 20 years, leaving families with fewer resources. With the current $225 disregard, the annualized income limit in 2019-20 will be $23,772 (or $1,981 a month) for a family of three in a high-cost county. If the EID had increased each year to account for inflation, the EID would have been $399 in 2019-20. Families would have had up to $25,858 in annual income (or $2,155 a month) before reaching the income limit. This would have meant an additional retained income of $174 per month for a family while receiving the CalWORKs benefit.

The following charts were provided by the California Budget and Policy Center.

The CalWORKs Earned-Income Disregard Would Be Much Greater if It Had Been Adjusted for Inflation Since 1997-98



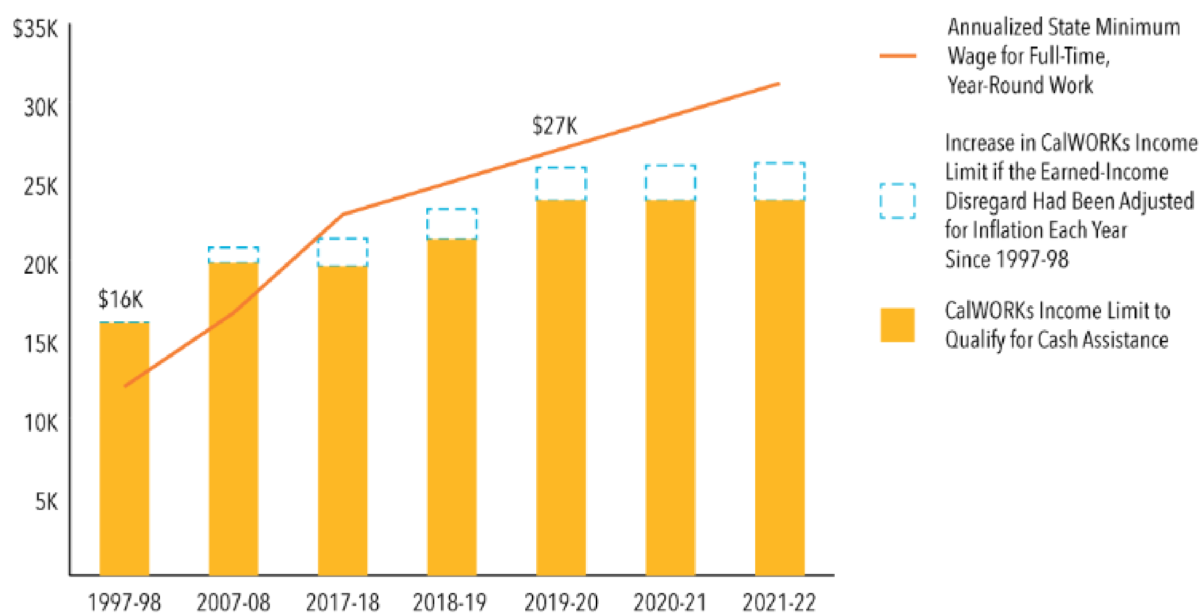
* 2020-21 and 2021-22 are projected.
Note: Current law exempts from the CalWORKs grant calculation the first $225 of a recipient's gross monthly earnings (the "earned-income disregard"), then 50% of the remainder. The earned-income disregard was implemented in 1997-98.
Source: Budget Center analysis of Department of Finance data

California Budget & Policy Center
Independent Analysis. Shared Prosperity.

When CalWORKs was first implemented in 1997-98, a parent working a minimum wage job full-time and year-round earned $11,960 a year (or $5.75 an hour), well-below the annualized income limit of $16,020 (or $7.70 an hour). In 2019-20, that same parent would be ineligible for assistance because the annualized income limit of $23,772 (or $11.43 an hour) would be below minimum wage earnings of $27,040 (or $13.00 an hour). Even if the disregard had been adjusted for inflation, the annualized income limit would still fall short. The gap between minimum wage earnings and the CalWORKs income limit is only projected to grow in the coming years. By 2021-22, when the minimum wage hits $15.00 an hour, working more than the required 30 hours a week at minimum wage could mean a single-parent family automatically loses support.

Even If Adjusted for Inflation, the CalWORKs Income Limit Would Not Keep Pace With a Rising State Minimum Wage

Annual Minimum Wage Earnings v. CalWORKs Income Limit for a Family of 3 in a High-Cost County



Note: The income limit is based in part on the earned-income disregard, which is equal to the first $225 of gross monthly earnings. Projected income limits for 2020-21 and 2021-22 assume the Governor's proposed grant increases take effect in 2019-20, with no further increases thereafter. The minimum wage is for employers with 26 or more employees.
Source: Budget Center analysis of Department of Social Services and Department of Finance data

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ADVOCACY PROPOSAL

The **County Welfare Directors Association of California (CWDA)** proposes strengthening the Earned Income Disregard (EID) for the CalWORKs program. As described earlier, the EID is the amount subtracted from a CalWORKs recipient's income to determine initial eligibility for assistance and, once on the program, monthly grant amounts. A different EID amount is used at the time of application and for purposes of determining ongoing eligibility. By allowing a certain amount of income to be excluded from grant calculations, the EID is intended to facilitate and encourage paid employment. However, the EID has not been changed since it was first established when the CalWORKs program was created in 1997. At that time the state minimum wage was $5 per hour. As of January 1, 2019, the state minimum wage is $12 per hour and is scheduled to increase to $15 per hour (three times the original amount) by January 1, 2022. CWDA proposed to recalibrate both the applicant EID and the recipient EID to catch up and keep pace with increases in the state minimum wage increases.

Many working poor families already live on the cusp of needing social services and safety net resources. However, the amount of earned income that is excluded to determine CalWORKs eligibility is so low that parents must choose between reducing their work hours or working at all in order to access CalWORKs benefits. Moreover, for new CalWORKs applicants, the EID is even less generous than that for families already on the program. The policy rationale for that difference seems to have been to establish a barrier to entry to the program to keep the numbers of recipients down. However, the result of the current applicant EID is that families are forced to deepen their already precarious financial circumstances, abandoning employment and jeopardizing stable housing if they want to access the vital services and supports that CalWORKs provides.

As the state minimum wage has gone up over time, the value of the fixed EID has declined. Even though poor working families' incomes have gone up as a result of increases in the state minimum wage, proportionally less of that income is disregarded by the EID and more of it counts as an offset to the CalWORKs grant or in determining overall CalWORKs eligibility. The result is a "cliff effect" where fewer working poor families are able to get on the CalWORKs program and increasing numbers of working poor CalWORKs recipients are losing eligibility for CalWORKs benefits, which include access to services and benefits such as child care, transportation, etc., that help them achieve self-sufficiency. Due to the cliff effect resulting from the increasing state minimum wage and the fixed EID, the current CalWORKs EID is a disincentive to work and has negative consequences for both CalWORKs families and the state.

Encouraging people to get poorer in order to obtain and maintain services is counterproductive to the work incentive of the CalWORKs program and is detrimental to families in their path to self-sufficiency. CalWORKs recipients who are forced to reduce working hours to maintain benefits or who lose eligibility because of the income increases associated with the state minimum wage often lose housing, as even working families struggle to afford high rental costs in California. On the other hand, families who chose to maintain their employment not only lose access to the additional income support provided by CalWORKs, they lose access to the other supportive services that make employment possible in the first place. The result is a catch 22 for families that jeopardizes employment, which is ultimately the surest path to self-sufficiency.

Additionally, the current EID makes it more difficult for the state to achieve the required Federal work participation rate (WPR). Due to the imbalance between the current fixed EID and the increasing state minimum wage, many families who are working sufficient hours to meet the federal WPR are forced off the program due to their minimum wage income. Removing vulnerable Californians from the CalWORKs program is not only risky for the families, but also subjects California to tens of millions of dollars in potential annual WPR penalties.

CWDA states that it is working to develop its specific proposal and cost estimate for updating both the applicant and recipient EIDs and linking them to future minimum wage increases and will have those details available soon. In the meantime, they ask for support for strengthening the outdated EID for the CalWORKs program. By ensuring that the income limits keep pace with increases to the state minimum wage, we will maintain access to critical CalWORKs benefits and services for poor working families, promote self-sufficiency and housing stability by ensuring continued and increasing participation in the labor market for CalWORKs participants, and improve the state's WPR.

STAFF COMMENT/QUESTIONS

Many areas of government expenses and payments are updated to align to the changes in the state minimum wage; however, the Earned Income Disregard has not been increased over time to correlate to the increases. Therefore, it is not a surprise that in order to create better alignment now, as with the grants conversations, it may require a significant investment.

Creating this change for the EID, based on earnings, would allow for working people to earn enough, in tandem with their grant, to support their families at a modestly higher level of subsistence, still living below the federal poverty level.

CWDA has indicated that the estimate for this proposal is forthcoming from the Administration, which is providing technical assistance. The outside bounds of what the General Fund estimate might be are $80-120 million annually to make these adjustments.

The Subcommittee may wish to ask the following questions of the Administration:

1. What is your thinking about the philosophy and design of this EID proposal?

2. How does this proposal work with the Governor's proposal on grants?

3. What effect would this proposal, if implemented, have on California's Work Participation Rate for the CalWORKs program?

4. How does this proposal related to the Cal-OAR and CalWORKs 2.0?

Staff Recommendation:

Hold open.

ISSUE 5: CALWORKS ADVOCACY PROPOSAL REGARDING THE CALWORKS TIME CLOCK

PANEL

- Mike Herald, Director of Policy Advocacy, Western Center on Law and Poverty
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

BACKGROUND

State law provides for a cumulative 48-month lifetime limit on cash aid for adults. Children of adults who exhaust the 48-month time limit may continue to receive cash aid, if otherwise eligible, up to age 18. There are effectively three categories of "time clocks" associated with the CalWORKs program:

- The TANF 60-month time limit refers to the cumulative lifetime 60-month federal cash aid time limit for adult recipients of aid. This is what is allowed by federal law. California has a reduced time limit of 48 months.

- The CalWORKs 48-month time limit refers to the cumulative lifetime 48-month cash aid time limitation for adult CalWORKs recipients in California.

- The Welfare-to-Work 24-Month Time Clock (24MTC) refers to a cumulative 24-month period in a Welfare-to-Work participant's lifetime, during which he or she may participate in any approved activity, optimally to address barriers such as educational needs (e.g. obtaining a high school diploma, GED, community college, vocational education, college, etc.), domestic violence, mental health and substance abuse, so long as participation is consistent with his or her assessment and addresses the need for barrier removal activities, education, or career goals of the participant.

ADVOCACY PROPOSAL

The **Western Center on Law and Poverty** and **Coalition of California Welfare Rights Organizations** write with a proposal to restore the 60-month lifetime time limit, also known as the "CalWORKs Time Clock." They write with the following information.

California is in a minority of states that do not allow TANF recipients the full 60 months on assistance as provided by federal law. 30 states allow for families the full 60 months and 20 states establish a shorter time period. Among the states that allow for the full 60 months provided under federal law are: Mississippi, Alabama, Oklahoma, Texas, Nebraska, and Kentucky.

This was not always the case in California. Through the end of 2012, CalWORKs adults were permitted the full 60 months provided by federal law. In the 2012-13 budget, under the duress of a severe budget crisis, the Legislature passed SB 1041. The bill made a number of significant changes to the CalWORKs program including:

- Limiting total time on CalWORKs for adults to 48 months instead of the 60-month period permitted under federal law.
- Establishing two 24-month welfare to work time periods with different work activities, with the recipient having access to Welfare to Work and barrier removal services in the first 24 months.
- Allowing parents with young children to be exempt from welfare to work for up to 12 months.
- Allowing for extensions of the 24-month clock under specific circumstances.
- Requiring DSS to do a comprehensive evaluation of the changes to the CalWORKs and their impacts on families.

Since the law went into effect in early 2013, advocates have repeatedly heard from recipients that they do not understand the SB 1041 changes and for the most part recipients are being enrolled in the same work first approach that was in effect before SB 1041. These observations are confirmed by a 2016 RAND report on SB 1041 that reported that it resulted in "very small changes and suggest that the initial effects of the SB 1041 reforms have been modest and that much of the observed trends are likely the result of favorable economic and demographic trends." A major concern about SB 1041 was that its complexity would be hard for recipients to navigate and not result in the outcomes sought by the Brown Administration.

The same RAND report confirmed this in finding that "caseworkers said that while it was difficult for them to understand the changes brought about under the legislation, an even greater challenge was explaining it to participants." Data from the ACS reinforces this finding – that 93 percent of counties reported that explaining the complexity of SB 1041 to participants was a barrier.

Advocates state that these findings are consistent with their direct communication with recipients in the years since SB 1041 went into effect. By creating two different clocks and having different rules for work requirements under the two clocks, most workers and recipients did not understand how to take advantage of the "flexibility." The rules for tracking months on assistance were subject to more than 40 time clock stoppers, welfare to work exemptions, state time clocks and federal time clocks.

Advocates propose restoring the full 60 months on assistance for adults in the CalWORKs program. They propose to repeal the two 24-month periods, but to retain the county flexibility to design welfare to work programs that fit the needs of families.

STAFF COMMENT/QUESTIONS

Staff suggests that the Subcommittee consider posing the following questions to the Administration:

- How does this proposal relate to the innovative work being done in CalWORKs 2.0 and through the Cal-OAR?
- What do we know about the current caseload and their barriers? Do we know how effective we have been in addressing barriers under the reduced time clock?
- What has the RAND report told us about the 24 and 48-month clocks? What has the experience of implementing them been like for the clients and the counties?
- What do we know about people who cycle off from aid or who are in sanction status?
- What is the cost of this proposal?

Staff Recommendation:

Hold open.

ISSUE 6: CALWORKS ADVOCACY PROPOSAL REGARDING STAGE 1 CHILD CARE

PANEL

- Jennifer Greppi, Statewide Lead Chapter Organizer, Parent Voices California
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ADVOCACY PROPOSAL

Parent Voices California and the **Child Care Law Center** write with an advocacy request to bring 12 month eligibility into the Stage One child care program. The following information is from their proposal.

"Stable early care and education gives families more options to improve their future and gives children a strong start, closing gaps before inequities widen, particularly for low-income children of color. We are asking that you prioritize funding to streamline Stage One child care eligibility rules so that CalWORKs families benefit from the same stable, reliable and consistent child care that all other families enrolled in California subsidized child care programs currently enjoy.

Specifically, we recommend prioritizing funding and trailer bill language to:

- Establish continuous, stable Stage One child care by authorizing care for 12 months or until transfer to Stage Two, whichever occurs first;
- Make sure families have the reliable child care services they need to set them up for early success and stability;
- Reduce the number of families that are sanctioned, causing a downward spiral into deeper poverty and homelessness; and
- Ensure that families experience no disruption in child care services during the transition from Stage One to Stage Two child care services by creating a limited, read-only summary screen with the needed data elements for a seamless transfer.

CalWORKs child care is supposed to be offered and available for parents to engage in Welfare-to-Work (WTW) activities or work. Yet less than 30% of CalWORKs eligible families are getting the child care that they need, and for which they are currently entitled. There is great variation in participation rates by county.

Stage One Child Care Participation Rate by County (2016-17)

Contra Costa	21%		Orange	21%
Fresno	25%		Sacramento	10%
Los Angeles	24%		Tulare	76%
Marin	78%		San Diego	18%
Statewide Average				29%

Parents receiving CalWORKs are often unaware that they are eligible for child care. If they do know about it, they face difficulties navigating the burdensome process of obtaining an authorization that is often short-term, sporadic and constantly disrupted. Currently, child care is authorized for a single activity; each time a parent starts a new activity, or has a school or work schedule change, she must begin the lengthy child care authorization process anew. This burdens both parents and county workers, and results in high levels of administrative churn.

The lack of initial, stable child care holds families back, and threatens their ability to fully benefit from the safety net supports of the CalWORKs program. Families often need initial child care so that they can address issues that are barriers to their success. Parents are hampered in their ability to attend domestic violence counseling or court proceedings, address mental health, or substance abuse issues without safe, stable child care options for their child(ren). Parents can be sanctioned for failing to participate in mandated activities, leading to benefit reductions that drive families into deeper poverty and homelessness. Statewide, an average of 42% of families mandated to participate in WTW are being sanctioned. It is unacceptable that almost half of all WTW registrants are being sanctioned, and the lack of child care availability is a significant contributor.

Stable child care is critical to strengthen parent’s ability to work, improve their prospects in the job market and increase their earning potential. With the exception of the Stage One program, the benefits of 12 month eligibility have already been realized in all of California’s subsidized child care programs -- including CalWORKs Stages Two and Three. This budget request would align Stage One child care rules to all other subsidized child care programs in California. Twelve month eligibility rules have resulted in continuous care for children, reducing overburdensome reporting requirements, promoting better job opportunities for parents, and increasing administrative efficiencies for child care agencies and providers.

It is now time to bring these benefits to the families that need that stability the most; families entering the CalWORKs program. As one Executive Director of a community based agency that administers the Stage 1 child care subsidy program remarked, ‘This would be the best thing to happen to families since welfare reform changed the program in 1997, child care for these families will no longer be disrupted due to burdensome program requirements. For our case managers, they could focus on supporting the parent, rather than micromanaging them.'

Several counties have benefitted from 'county child care pilots' which enable them to innovate and adapt their programs to meet their community needs. Recently in the San Francisco pilot, the county welfare department has proactively initiated 12 month eligibility for their Stage 1 caseload. Key findings have shown that approximately 30% more families are utilizing Stage 1 child care, and that with a 12 month authorization, more families are able to access licensed child care providers. Other benefits include that county workers better understand the importance of child care as a two generation anti-poverty strategy, and children are not missing out on early learning opportunities.

We are working with the Department of Finance, Legislative Analyst's Office and the Department of Social Services to determine potential costs to this bill. We know that if more families utilize child care, and that child care is stable, there will be increased short-term costs. However, the current system is not working for CalWORKs families, a disproportionate number of whom are single mothers of color and their children, as they are held back in their efforts to create success for themselves and their children. Instead, they are left on their own to figure out the child care maze. We can no longer afford to ignore the race, class, and gender disparities in our child care and CalWORKs system. With 12 month eligibility, we already have a tested, successful solution that should be adopted for the Stage One child care program.

In order to arrive at a more precise cost estimate and impact, we ask the Committee to request data on the following for fiscal year 2016, and if available FY 2017:

- The number and percentage of currently aided CalWORKs families who are receiving either Stage 1 or Stage 2 child care, by county;
- The average number of hours/week of care being authorized; and duration of authorization;
- The number and percentage of CalWORKs sanctioned families, and the length of time these families stay in sanctioned status by county and statewide;
- A breakdown the age, race, and number of children currently receiving stage 1 and/or Stage 2 CalWORKs child care for currently aided CalWORKs families, and include sanctioned families as a sub group; and
- The methodology for determining, and current cost per child, and if available, per case, for CalWORKs stage 1 annually.

When California enacted the CalWORKs program in 1997, it made a promise to families that affordable child care would be available to keep their children safe and learning as parents got their families stabilized and (re-)entered the workforce. In the 20 years since the CalWORKs program was created, we have learned that uninterrupted and consistent child care is the prerequisite for family economic security. Stable affordable child care increases the likelihood that low-income parents are able to focus on their families' prospects, assured that their children are learning, cared for and safe."

STAFF COMMENT/QUESTIONS

Staff suggests that the Subcommittee consider posing the following questions to the Administration:

- Has DSS and DOF provided the information requested by the advocates?
- What feedback does the Administration have on what implementation of this proposal would mean in the CalWORKs program?
- How does this proposal relate to the innovative work being done in CalWORKs 2.0 and through the Cal-OAR?

Staff Recommendation:

Hold open.

ISSUE 7: CALWORKS ADVOCACY PROPOSAL REGARDING THE ASSET TEST

PANEL

- Jessica Bartholow, Legislative Advocate, Western Center on Law and Poverty
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ADVOCACY PROPOSAL

The **Western Center on Law and Poverty, Prosperity Now, EARN, the California Association of Food Banks and the California Coalition of Welfare Rights Advocates** write to propose repealing the CalWORKs Asset Test in the 2019-20 Budget Act. They state that this will improve access achieve financial security for low-income Californians who turn to the CalWORKs program for help. **Senator Scott Wiener** has written to the Subcommittee in support of this proposal. The following information was provided by the advocates for this proposal.

"One of the primary goals of the CalWORKs program is to move families out of poverty and towards self-sufficiency. Currently, families with total assets exceeding $2,250 or with a vehicle assessed at more than $9,500 cannot qualify for CalWORKs, California's Temporary Aid to Needy Families (TANF) Program. These limits undermine the purported purpose of the program.

The asset test proves to be a barrier to families trying to prevent entrenched poverty when they fall on hard times because it makes them chose between disposing of their savings or foregoing needed cash assistance. The cost associated with a slight increase in CalWORKs caseloads as a result of removing the asset test would be negligible and may even turn into savings because families with modest savings are more successful at securing and retaining employment, remaining stably housed and, ultimately, leaving the public benefit caseload permanently.

Many modern safety net programs were designed to limit assets and discourage asset building. Decades of research have shown that these types of policies are difficult to administer, limit economic mobility and undermine family stability by preventing families from building emergency savings while not on aid.

Removing the CalWORKs asset test will have administrative efficiencies too. Studies by Pew Charitable Trust, the Center for Law and Social Policy (CLASP), and Appalachian State University demonstrate that relaxed asset limits do not affect the number of monthly TANF applicants. Further, states that increase their asset limits see a decrease in their TANF administrative costs. According to the Pew Study, 6 out of 7 states that eliminated TANF asset limits altogether actually noticed a decline in caseloads before and after the threshold changes. We can assume this means: (a) that the number of TANF applicants has more to do with unemployment and economic well-being than the design of the TANF program; and, (b) that allowing families to build wealth makes them less likely to need TANF long-term.

Thirty-eight percent of households in California are living in liquid asset poverty – they do not have enough liquid assets ($6,275) to subsist at the poverty level for three months given a disruption in income. This essentially means that any disruption of income can cause households to cycle on and off CalWORKs, which in turn leads to greater administrative costs for the state. Supporting families in their savings goals should be a priority for the state and asset limits create perverse incentives that discourage savings and financial independence. Studies show that low asset limits are associated with lower savings rates for all low-income families, not just those receiving CalWORKs. As California law currently stands, saving even $2,251 would render a family ineligible for assistance and essentially incapable of weathering the smallest financial setback.

Red States like Alabama and Louisiana, that have eliminated asset limits report that the administrative cost savings outweigh any real or potential increases in caseload. This is because very few, (0.1%) of applicants for public assistance, are found to exceed the vehicle asset limit, but caseworkers must verify the assets owned by all applicants. This is why removing the requirement would be expected to save the state significant administrative time, allowing caseworkers to redirect their time to helping families secure employment, prevent homelessness and attain financial independence. While removing the asset limit in CalWORKs would be expected to result in a slight increase in CalWORKs caseloads, they would be negligible and may even turn into savings because families with automobiles are more successful at securing and retaining employment.

While CalWORKs retains a prequalifying asset rule, California's Medi-Cal program does not have an asset test for families with children and CalFresh has no asset test for families within incomes under 200% of poverty. So removing the CalWORKs Asset Test would also align program rules. As a result, ending the CalWORKs Asset Test would create administrative efficiencies by allowing county social services agencies to forgo the burden of assessing an asset test and simplifying the public benefit programs of California to the extent permitted by federal law. After years of cuts to the administrative funding for the CalWORKs program, and the compounded changes to eligibility rules enacted by recent budget decisions, program administrators are seeking these types of win-win efficiencies so that they can direct much-needed resources to helping families get back to work.

What's more, the CalWORKs asset test sends a message to low-income communities that runs counter to the work that California has been doing to encourage savings. Just this year, California launched the CalSavers program, which allows workers without an employer-sponsored retirement savings program to save through the portable program.

And California's cities have been leading the country in establishing college savings programs. Public benefit asset tests send confusing messages to low-income communities who, on the one hand, are being encouraged to save, but on the other hand have learned that savings have to be spent down before a person is allowed to receive help with health care or CalWORKs cash aid, eviction assistance, child care or educational supports. Current law carves out certain savings programs from counting under the rule, but this kind of nuanced policies are difficult to communicate to whole communities of people."

STAFF COMMENT/QUESTIONS

Staff suggests that the Subcommittee consider posing the following questions on this proposal:

- What feedback does the Administration have on what implementation of this proposal would mean in the CalWORKs program?

- How does this proposal relate to the innovative work being done in CalWORKs 2.0 and through the Cal-OAR?

- What is the cost of the proposal?

Staff Recommendation:

Hold open.

ISSUE 8: CALWORKS ADVOCACY PROPOSAL REGARDING THE HOMELESS ASSISTANCE PROGRAM

PANEL

- Mike Herald, Director of Policy Advocacy, Western Center on Law and Poverty
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Ali Sutton, Housing, Homelessness, and Civil Rights Branch Chief, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

BACKGROUND

The CalWORKs Homeless Assistance Program (HAP) was established to help CalWORKs families meet the reasonable costs of securing housing. Homeless Assistance (HA) includes temporary HA, which helps families pay the costs of temporary shelter, and permanent HA, which helps families secure housing or prevent eviction. Homeless CalWORKs families may receive either temporary or permanent HA, or both. As of January 1, 2017, HA is available once every 12 months; previously, HA was a once-in-a-lifetime benefit.

Temporary HA provides a payment of $65 per day for a family of four or fewer, and an additional $15 for each additional family member, not to exceed $125 per day. Temporary HA is provided for up to 16 consecutive calendar days. While receiving temporary HA, the family must provide proof that they are actively searching for permanent housing. Following the 16-day period, even if the family did not receive all 16 days, the temporary shelter benefit is considered exhausted. In 2016-17, the expenditure for these services was $36.8 million and aided 46,073 families.

Permanent HA helps families secure housing by providing security deposit costs, including last month's rent, or helps families maintain housing by providing up to two months of rent arrearages. A permanent HA payment may not exceed two times the total rent amount and the monthly rent cannot exceed 80 percent of the total monthly household income. In 2016-17, the expenditure for these services was $6.5 million and aided 4,445 families.

If the family meets the criteria for an exception, a family may receive a second HA payment within a 12-month period. Exceptions to HA include cases of domestic violence, medically verified physical or mental illness (excluding substance abuse), or a fire or other natural catastrophe beyond the family's control. Cases based on an exception are limited to one payment of temporary, permanent, or both in a 12-month period.

ADVOCACY PROPOSAL

The **Western Center on Law and Poverty** and **Coalition of California Welfare Rights Organizations** write with a proposal regarding HAP. "We applaud the proposals by the Governor to increase the supply of housing and to do more to provide housing for homeless persons. These proposals, however, will take years before the state begins to increase the availability of housing, particularly for the lowest income families. In recent years the Legislature has taken significant steps to address the continuing housing problems of CalWORKs families. The Legislature adopted the Family Stabilization Program, created the Housing Support Program and enhanced the effectiveness of the Homeless Assistance Program. Yet even with these efforts, far too many recipients are still struggling to find and keep affordable housing.

Advocates again are requesting that state law be changed so that a single time limited use of homeless assistance does not result in the family losing all 16 days of temporary shelter. Further, we propose that the limit on the use of Homeless Assistance payments to once a year be repealed. This money saving provision is inconsistent with the reality that families face and makes it harder for counties to assist families struggling with housing."

STAFF COMMENT/QUESTIONS

Staff suggests that the Subcommittee consider posing the following questions on this proposal:

- What feedback does the Administration have on what implementation of this proposal would mean in the CalWORKs program?
- How does this proposal relate to the innovative work being done in CalWORKs 2.0 and through the Cal-OAR?
- What is the cost of the proposal?

Staff Recommendation:

Hold open.

ISSUE 9: CALFRESH – ABLE-BODIED ADULTS WITHOUT DEPENDENTS, GOVERNOR'S BUDGET CHANGE PROPOSAL, AND ASSOCIATED ADVOCACY PROPOSALS

PANEL

- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Kim McCoy Wade, CalFresh and Nutrition Branch Chief, California Department of Social Services
- Jessica Bartholow, Legislative Advocate, Western Center on Law and Poverty
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ABLE-BODIED ADULTS WITHOUT DEPENDENTS (ABAWDS)

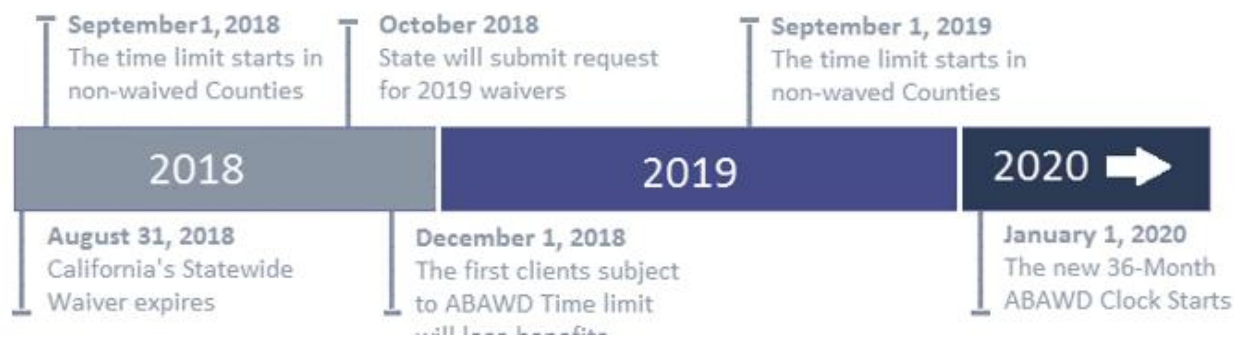
CalFresh recipients between the ages of 18 and 49 who do not reside with a child under 18 are deemed to be able-bodied adults without dependents (ABAWD) and may be subject to a three-month time limit in aid. Unless exempt due to disability or pregnancy, these recipients are limited to receiving federal food benefits for just three months each 36-month period unless they satisfy the 20 hours-per-week work requirement associated with this time limit.

California's statewide waiver of the CalFresh ABAWD time limit expired on August 31, 2018. Federally mandated time-limits for ABAWDs working part-time or less went into effect September 2018 in three counties: San Francisco, San Mateo, and Santa Clara. All other counties received an area waiver until August 31, 2019. Area waiver approvals are reviewed each year and the state has submitted a request for counties that remain eligible for a waiver after August 31, 2019.

The current estimate for 2019-20 anticipates that 33 percent of the State will implement the federally mandated time-limits in September 2019, and additional counties will follow each year thereafter. DSS has submitted a waiver request with FNS which would implement the time-limit in only three additional counties (Alameda, Marin, and Contra Costa), which would represent about five percent of the State. However, this request remains pending. The estimate will be updated in the 2019 May Revision to reflect the anticipated FNS approval.

The 2018-19 Revised Budget includes $859,000 total funds ($306,000 GF) for administrative activity and costs associated with increasing ABAWD engagement in work opportunities. The 2019-20 Governor's Budget includes $6.7 million total funds ($2.4 million GF).

California ABAWD Time Limit – Waiver Request and Expiration Timeline



The time limit denies food aid to people who cannot prove that they have worked the requisite number of hours per week. This includes individuals with undiagnosed impairments. States are not obliged to help these individuals find medical providers who can diagnose or treat their impairments. The time limit denies food aid to individuals without impairments who are actively looking for work and but unable to find an employer who will hire them or a job that will give them enough hours to comply with the 20-hour per week requirement. Unlike work requirements in other public assistance programs, states have absolutely no obligation under the SNAP time limit rules to offer skills training, employment services or any transportation assistance to individuals before cutting them off food assistance. As a result, most of these individuals are denied food help and go hungry, making it more difficult to find work, not less. The ABAWD population often faces the most significant barriers to work and could benefit from a county-administered employment and training placement and barrier removal support services. According to the Center on Budget and Policy Priorities (CBPP), only about half of ABAWDs nationally have a high school diploma or the equivalent.

GOVERNOR'S BUDGET CHANGE PROPOSAL

The CalFresh and Nutrition Branch, Policy Bureau, requests federal funds authority for $928,000 in 2019-20 and $820,000 thereafter and on-going and six position resources to form a new Employment and Training (E&T) unit with an E&T Section Chief to oversee the new and existing E&T unit, to meet federal compliance and performance goals for current programs and to serve CalFresh clients' needs for quality employment and training opportunities. Additionally, federal work requirements for able-bodied adults without dependents (ABAWDs) have been re-imposed in several counties and are anticipated to be re-imposed in additional counties in the near future, and expansion of E&T unit will allow the state to serve the needs of ABAWDS subjected to these requirements.

There are two sources of federal funds for CalFresh Employment & Training Services:

1. 100% Funds: FNS provides State agencies with grant money to fund the costs of a CalFresh E&T program. These grant funds are allocated to states based upon the number of work registrants in each state. This funding is then divided amongst

participating counties in California based upon the CalFresh caseload to administer the CalFresh E&T program. These grants are called 100 percent funds, because it is 100 percent federal funding. 100 percent funds cannot be used for any participant reimbursements.

2. 50% or 50/50 Reimbursement Funds: There are two kinds of 50/50 reimbursements that a county can claim. 50/50 Reimbursement Funds for Additional Administrative Costs and Direct Program Expenses for the planning, implementation and operation of a CalFresh E&T program, by the county or its third party partner. Counties can claim 50 percent reimbursement on those costs if the original funds used to support those costs are from a non-federal source. The second kind of 50/50 reimbursement a county can claim is funds for Participant Reimbursements. Counties will be reimbursed 50 percent of its payments for allowable participant reimbursement expenses.

To fund state operations for the oversight and operations of CalFresh Employment & Training, DSS currently sets aside a portion of the 100% grant funds before allocating the balance to counties. As the program has grown, DSS, in consultation with CWDA, is assessing two options to fund the additional state operations needs in FFY 2020: (1) set aside more of the 100% grant funds; and/or, (2) begin holding back a small percentage of the 50% reimbursement funds. Also under consideration is guidance to counties to allow an appropriate hold back by counties of 50% reimbursement funds when overseeing a third party program that generated the 50% reimbursement.

ADVOCACY PROPOSAL

The **Western Center on Law and Poverty (WCLP)** writes asking for the state to prevent harm potentially caused by the ABAWD time limit. They write with the following information.

“The ABAWD time limit is one of the most hardhearted and backward thinking of the policy changes implemented during federal welfare reform. The time limit denies food aid to both individuals with undiagnosed impairments who struggle to find work. States are not obliged to help these individuals find medical providers who can diagnose or treat their impairments. The time limit denies food aid to individuals without impairments who are actively looking for work and willing to accept any appropriate job or work program slot offered if they can get to the job and if an employer will hire them. Unlike work requirements in other public assistance programs, states have absolutely no obligation under the SNAP time limit rules to offer skills training, employment services or any transportation assistance to individuals before cutting them off food assistance. As a result, most of these individuals are denied food help and go hungry, making it more difficult to find work, not less.

Under SNAP regulations, a state can qualify for a 12-month statewide ABAWD waiver if the Department of Labor (DOL)’s Unemployment Insurance Service determines that it meets the criteria for extended unemployment benefits (EB) due to insufficient jobs.

Using this criterion, the United States Department of Agriculture's Secretary has approved California's request for a waiver of the ABAWD time-limit until September of this year for all counties except Santa Clara, San Mateo and San Francisco Counties, which are no longer eligible pursuant to these provisions. Area waiver approvals come up for review each year. The state has requested and, according to criteria set forth in the Code of Federal Regulations, should receive a waiver for all areas except these counties and Alameda, Marin and Contra Costa Counties. However, the Trump Administration has proposed dangerous new draft regulations, which would likely result in no waivers for any portion of the state. We expect the United States Department of Agriculture (USDA) to issue final regulations before January of 2020.

We are asking that State budget leaders consider both the financial, jobs and human impact to the nearly 700,000 people who are considered ABAWDs and the uneven impact that this rule has on people with unique barriers to work, like former foster youth, the re-entry community, farmworkers, and people who face workplace discrimination. Our specific request is that investments be made so as to prevent a cut in food benefits to the people who are considered ABAWDs but who are not exempt and are unable to meet the work requirement associated with the rule."

WCLP has additionally written, "While California's anti-hunger community is unified in our opposition to the time limit, we are also committed to ensure that, in regions implementing the time limit, people are protected from the harm of prolonged hunger. This includes supporting a robust screening of ABAWD time limited CalFresh recipients to ensure that they are exempted from the rule when appropriate. It also means working to increase work and work training opportunities for CalFresh recipients so that they have a meaningful path toward complying with the work requirement of the ABAWD time limit and to, eventually, succeed in exiting poverty through employment. Our state's anti-hunger community is achieving this by working with state and county administrators and legislators, up and down the state, in supporting the expansion of the CalFresh Employment and Training (CFET) program and developing an expanded opportunity for recipients to participate in workfare, should CFET or non-volunteer work not be an option for any given recipient."

STAFF COMMENT/QUESTIONS

Staff suggests that the Subcommittee consider posing the following questions on this proposal:

- How many people in California are at risk of reduced food benefits?

- What are the concrete alternatives for the state to respond to the possible food crisis in this population of vulnerable adults?

Staff Recommendation:

Hold open.

ISSUE 10: CALFRESH ADVOCACY PROPOSAL REGARDING THE ELDERLY SIMPLIFIED APPLICATION PROJECT

PANEL

- Tracey Patterson, Director of Engagement and Strategy, California Food Policy Advocates
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Kim McCoy Wade, CalFresh and Nutrition Branch Chief, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ADVOCACY PROPOSAL

California Food Policy Advocates, AARP California, the California Association of Food Banks write to request a one-time General Fund investment of $1 million to improve senior access to CalFresh in the 2019-20 Budget Act. The following information was provided by the advocates.

"California has persistently lagged behind the rest of the nation when it comes to connecting low-income seniors with CalFresh. Only 20 percent of eligible low-income seniors participate in CalFresh—the lowest senior SNAP participation rate of any state. This low rate of access does not include the SSI population that has been ineligible for CalFresh—it is a measure of our reach among seniors who are currently eligible. In order to maximize the timely and pressing opportunity to enroll SSI recipients into CalFresh starting in June 2019, and to reduce stigma and improve access among all low-income seniors, it is critical that we simplify senior access to CalFresh concurrent with the reversal of SSI 'cashout' policy.

The California Department of Social Services (DSS) has been participating in a federal demonstration project to simplify access to CalFresh for seniors and people with disabilities since October 2017, when DSS received waivers to implement the CalFresh Elderly Simplified Application Project (ESAP). On April 25, 2017, DSS issued ACL guidance to outline that ESAP would do three things for elderly (age 60 or older) and/or disabled households:

1. Waive the recertification interview requirement for elderly and/or disabled households with no earned income.

2. Use data matching to reduce client-provided verifications for elderly and/or disabled households with no earned income.

3. Extend the certification period to 36 months for elderly and/or disabled households with no earned income.

In the first year of the ESAP project, 188,807 households containing seniors and/or people with disabilities were newly identified as ESAP households. Beyond those identified at that time, all newly applying households with a senior and/or disabled member and no earned income would benefit from this federal option to better facilitate CalFresh enrollment and retention.

One element of the federal ESAP demonstration project that DSS has not implemented is a simplified senior application. DSS does not need further waiver approval to implement a simplified application—this is entirely a state decision. ESAP demonstration projects in other states often make use of a simplified ESAP application. This stands in contrast with DSS's guidance for counties to utilize the existing CF 285 'Application for CalFresh Benefits' for ESAP households, which is a cumbersome, 18 page application with many questions that are irrelevant to ESAP cases, such as those about household earned income.

We therefore respectfully request a one-time, $1 million investment for DSS to design and automate a user-centered, simplified CalFresh application for seniors and people with disabilities as an additional element of the ESAP demonstration project in order to facilitate easier CalFresh enrollment. The cost estimate for this user-centered, simplified senior application is based upon the ongoing projects currently being led by DSS, with the support of an expert consultant and stakeholder engagement, to redesign other CalFresh applications and recertification forms using behavioral economics and user-centered design principles. This senior application is intended to build upon the scope of work underway in those similar efforts.

With the expansion of CalFresh to include SSI recipients—along with a larger, growing aging population that can benefit greatly from improved CalFresh access—this is a small investment that can have great benefit, and complement the projects underway at DSS and CHHS to utilize user-centered design principles to reduce enrollment burdens and streamline safety net program access. Other states that have fully implemented the ESAP and simplified application have seen a cost-savings over time due to the increased efficiency of a simplified process.

The ESAP and a simplified, user-centered senior application is not a panacea to improve senior CalFresh enrollment. Yet, with the number of seniors facing poverty and hunger likely to rise in California over the next two decades, we will need effective and efficient strategies to ensure seniors can meet their basic needs and age in place with dignity. ESAP combined with a simplified CalFresh application is a promising strategy to accomplish that goal through policy and process changes that, taken together, can dramatically streamline CalFresh enrollment processes for households with no earned income that contain only senior and/or disabled individuals."

STAFF COMMENT/QUESTIONS

Staff suggests that the Subcommittee consider posing the following questions on this proposal:

1. What is the Administration's take on the proposal, given the nearness to the June 1st expansion of CalFresh to SSI recipients?

2. What is the DSS/DOF/Office of Systems Integration (OSI) perspective on the one-time $1 million cost that the advocates are forwarding with this request?

Staff Recommendation:

Hold open.

ISSUE 11: GOVERNOR'S PROPOSAL ON EMERGENCY FOOD AND ASSOCIATED ADVOCACY PROPOSALS

PANEL

- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Kim McCoy Wade, CalFresh and Nutrition Branch Chief, California Department of Social Services
- Andrew Cheyne, Director of Government Affairs, California Association of Food Banks
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

GOVERNOR'S PROPOSAL

The 2019-20 Governor's Budget proposes a $2 million General Fund increase in the CalFood program and one-time $20 million General Fund increase for Food Bank Capacity.

ADVOCACY PROPOSAL

The **California Association of Food Banks** write with a request to increase CalFood funding by $16.5 million General Fund and raise the storage and transportation rate to 15%. The following information is provided by the advocates on this proposal.

"The California Association of Food Banks represents 41 food banks that partner with 6,000 agencies across the state; our mission is to end hunger in California. We write to you regarding the urgent need for CalFood funding in the 2019-20 Budget Act. We request an increase in CalFood program by $16.5 million, above the Governor's January 10 proposal of $8 million, for a total of $24.5 million. We are extremely grateful for the Governor's January 10 budget proposal of $8 million for CalFood. For several reasons, the need for emergency food is higher than ever, driving our request for an additional $16.5 million.

Despite our great wealth, 1 in 8 Californians unfortunately faces hunger, a crisis that demands the state develop a proportionate response. When including the state's high cost of living, we have the nation's highest poverty rate of 20.6%. California's world-leading agricultural regions are ironically home to two of our nation's hungriest cities – Bakersfield (#1) and Fresno (#5).

Our network of advanced food banks has also responded to a variety of disasters. Food banks have worked with state and local entities to meet food needs exacerbated by drought in the Central Valley, devastating fires that break records every year, the unrelenting cost of housing and other catastrophes that lead Californians with ever-higher incomes to need food relief. The state is a vital partner in much of this work.

Just this month (February 2019), food banks elevated service for more than 300,000 furloughed federal workers and contractors. Now, 3.8 million low-income Californians who need CalFresh to eat face an unprecedented 'SNAP gap' until March benefits are issued. Even in an average month, nearly one-third of CalFresh clients rely on food banks as benefits are inadequate to last the month. Some providers reported a doubling in demand, likening it to a natural disaster, and many are still gathering data given the dynamic situation.

Finally, access to emergency food resources from trusted partners such as food banks and food pantries is particularly urgent given the climate of fear affecting so many California communities. Food banks across the state continue to report that families are afraid to enroll in CalFresh, and some even ask to come off of the program due to safety concerns. Our food banks and local agency partners are the only place where our neighbors in need can access food with no questions asked.

Food banks are a critical piece of our safety net, serving 650 million meals to more than 2 million Californians a year, yet California's missing meal gap is estimated at 1 billion annually. CalFood strengthens emergency food providers & our agricultural communities by enabling California food banks to purchase only California produced foods, especially expensive, healthy proteins and fresh produce.

In recent budget years, we have requested $20.6 million, equivalent to the 2016-17 budget's total response to the hunger crisis: $2M for CalFood & $18.6M for the Drought Food Assistance Program, on the basis that the budget could absorb this amount and food banks had sufficient capacity. Our 2019-20 ask of $24.5 million reflects a completely rebuilt, data-driven request grounded in the estimated missing meal gap in California, and the current capacity of the emergency food network to close that gap:

Estimated number of missing meals in California, annually[1]	427,000,000
Statewide average number of meals provided per $1 by CA Food Banks	4
Estimated cost of meals, at food bank cost of food, to close meal gap	$106,750,000
Storage and transportation cost to provide these meals[2]	$ 16,012,500
Estimated total cost to close missing meal gap at food bank cost of food	$122,762,500
Amount requested based on current food bank network capacity	**$24,552,500**

Again, we acknowledge and appreciate the recognition of ongoing need for emergency food in the Governor's January 10 proposal of $8 million for CalFood, and therefore request that the Legislature increase support CalFood by $16.5 million in the 2019-20 Budget. At a total of $24.5 million, this would enable food banks to deliver approximately 100 million meals – a significant step toward ending hunger in California.

We further request that the storage and distribution rate be raised to 15%. While AB 152 (Fuentes 2011) caps the storage and distribution rate at 10%, that is far less than food bank's actual costs to acquire, store and distribute the meals. This is particularly true as food banks prioritize the fresh produce and protein items that are expensive but rarely donated with CalFood funds. These are healthy but highly perishable, requiring strict controls to maintain freshness and food safety. Actual costs frequently exceed 15%, but that rate would far better reflect the reality of providing that service.

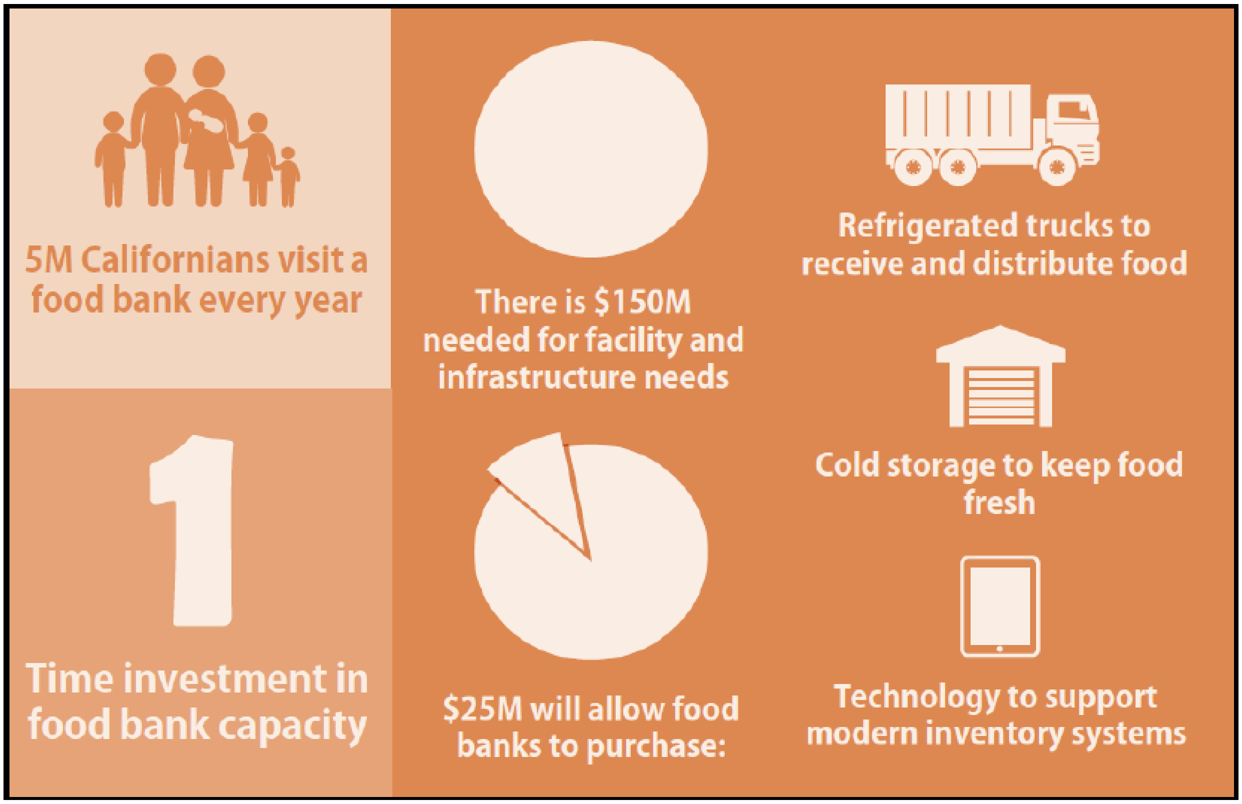
A failure to support CalFood at this level would be costly and harmful to the state. Hunger is linked with chronic diseases like diabetes that costs California $25 billion a year. Reducing hunger prevents costly hospitalizations that spike the 4th week of the month when families exhaust food budgets. Even one incident of hunger during childhood can have lifelong consequences.

Supporting CalFood at this level provides numerous benefits to the state:

- CalFood is incredibly efficient: Food banks leverage incredible economies of scale –each $1 appropriated enables California food banks to provide 4 to 5 meals.
- CalFood has greater reach and flexibility than DFAP – CalFood reaches all 58 counties, and enables each county to purchase foods according to their needs, rather than pre-made food boxes.
- CalFood supports our agricultural communities, as funds must be used on California grown foods.

…We write to you requesting a one-time investment in the long-term health of the state's emergency food safety net by providing $20 million to bolster the physical infrastructure of food banks. We are extremely grateful for the Governor's January 10 budget proposal of $20 million in food bank capacity, and underscore the importance of this funding remaining in the final Budget Act.

A survey of California food banks conducted last year revealed that the statewide need for one-time capacity improvements – e.g., refrigerated trucks – are approximately $42 million. Facility upgrades – e.g., cold storage – are an additional $115 million. Food banks' total capacity needs thus approach $150 million. The 2018-19 budget provided $5.5 million, and Governor Newsom's January 10 budget proposes $20 million. This would complete our request for the state's share of these one-time investments that would provide critical resources to sustain the state's emergency food safety net.



STAFF COMMENT/QUESTIONS

Staff suggests that the Subcommittee consider posing the following question on this proposal:

- What is the Administration's assessment of the outstanding need for emergency food banks, as attested in the advocates' calculation about the remaining meal gap?

Staff Recommendation:

Hold open.

ISSUE 12: GOVERNOR'S PROPOSAL ON IMMIGRATION RAPID RESPONSE AND IMMIGRATION SERVICES PROGRAM, AND ASSOCIATED ADVOCACY PROPOSAL

PANEL

- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Marcela Ruiz, Immigration Services Branch Chief, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Chas Alamo, Legislative Analyst's Office

GOVERNOR'S PROPOSAL

DSS funds qualified nonprofit organizations to provide legal services to immigrants who reside in California via the Unaccompanied Undocumented Minors and Immigration Services Funding programs. Local assistance funding for Unaccompanied Undocumented Minors remains at $2.9 million in 2018-19 and 2019-20. Immigration Services funding is $60.7 million in both fiscal years, including the $17 million augmentation that was added in the 2018 enacted Budget.

While the 2018 enacted Budget provided the Immigration Services augmentation as one-time, the 2019-20 Governor's Budget proposes maintaining total funding at $60.7 million for subsequent years.

Although not included in the DSS budget, the overall state budget proposes $5 million in 2018-19 and $20 million in 2019-20 for the Immigration Rapid Response Program. This funding would be set aside to assist qualified community-based organizations and nonprofit entities in providing services during immigration or human trafficking emergency situations when federal funding is not available. These funds will also be available to support the redirection of state-level staff who directly assist in response efforts. This funding would be set aside in a reserve account to be allocated by Executive Order for use by DSS or the California Office of Emergency Services (CalOES).

ADVOCATE RESPONSE

The Subcommittee is in receipt of a letter from the **One California Coalition**, expressing enthusiastic and unequivocal support for Governor Newsom's proposal to allocate a combined $75 million towards immigration services in the 2019-20 state budget. Given the Administration's continued focus against the most vulnerable migrant population—children who have fled to the U.S. unaccompanied by a parent or guardian—they also support the continued $3 million investment in providing services for unaccompanied undocumented minors (UUM).

They state, "Immigrants and their families make up 42% of California's population, and immigrant workers compose over one-third of our labor force. Given the importance of immigrant communities to California, the state cannot ignore its responsibility and the significant economic benefits of investing in the family stability, economic mobility, and protection of all Californians. In a political moment rife with hateful anti-immigrant rhetoric at the national level, California must continue its leadership on inclusive immigrant integration by supporting access to life changing opportunities through affirmative immigration remedies or citizenship. Access to immigration relief and citizenship is critical not just to uplift the prosperity of immigrant communities, but of our state."

STAFF COMMENT/QUESTIONS

Staff is in receipt of updated implementation information on funding in this area, which will continue to undergo review. Staff suggests that the Subcommittee consider posing the following questions on issues under this topic:

- What are the needs in the Deferred Action for Childhood Arrivals (DACA) area? Are additional application assistance funds needed and at what level for 2019-20?

- Should the $20 million for Rapid Response flow through DSS, versus DOF? The practice of appropriating funds for program or contract purposes through DOF is unusual, and the expertise cultivated within the Administration on these issues resides solidly at DSS. Could DSS work with CalOES through interdepartmental coordination if needed?

Staff Recommendation:

Hold open.

ISSUE 13: ADVOCACY PROPOSAL REGARDING THE CALIFORNIA IMMIGRANT JUSTICE FELLOWSHIP

PANEL

- Jackie Gonzalez, Policy Director, The Justice & Diversity Center of The Bar Association of San Francisco (JDC), Northern California Rapid Response Network (NCRRIDN)/Northern California Collaborative for Immigrant Justice (NCCIJ)
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Marcela Ruiz, Immigration Services Branch Chief, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ADVOCACY PROPOSAL

The Justice & Diversity Center of The Bar Association of San Francisco (JDC), Northern California Rapid Response Network (NCRRIDN)/Northern California Collaborative for Immigrant Justice (NCCIJ) requests $4.7 million one-time General Fund to create the California Immigrant Justice Fellowship. The following information was provided by the advocates.

"The state of California is facing many challenges with regards to equity and access to justice. There is no community that is more vulnerable at this time in our state than immigrants living in rural regions. One of the most poignant examples is the San Joaquin Valley, home to an estimated 885,700 immigrants as well as more than 500,000 children with at least one immigrant parent, but severely lacking immigration services. A 2017 mapping initiative found that of the 400 nonprofits providing immigration services in the state, only 28 were located in the San Joaquin Valley and of those only a handful were qualified to provide representation in deportation proceedings. This dearth of removal defense services plagues rural communities across the state from the Central Coast to the Inland Empire.

California has a backlog of nearly 150,000 immigration cases in court, with some individuals waiting more than three years before their hearings are scheduled. The number of deportation cases in California has increased 48% since 2017, and will likely continue to rise as a reflection of the demographic realities of the state. Because deportation is a civil proceeding, immigrants have no right to government appointed counsel, despite the fact that highly trained attorneys represent the government in proceedings to remove them from the United States. Given the highly complex nature of immigration law, it is nearly impossible for individuals to represent themselves before the court. This lack of due process is particularly egregious given that deportation most often results in family separation, or in the worst cases, torture or death.

The lack of legal support and infrastructure in these regions reinforces the belief that ICE can violate due process with impunity. The solution to this justice gap is the development of community based legal infrastructure that is accessible for residents and sustainable in the long term. In recognition of this need, California lawmakers have approved nearly $50 million in funding for legal services in our state, but the largest challenge has been developing organizational and training capacity for removal defense to take advantage of these funds. We simply do not have enough organizations that qualify to receive this funding for deportation defense, particularly in regions where the need is high, but resources are low.

We need to make a strategic and needed investment this budget year to address the inequities in our legal services system. California must invest in a legal fellow program that leverages the legal expertise of established service providers as a training ground for new attorneys before they are placed with organizations in the most underserved regions of our state, with ongoing mentorship and technical assistance. There are examples where this is already taking place, including a partnership between Centro Legal de la Raza in Oakland, one of the premier deportation defense non-profits in the state, with the United Farm Workers Foundation immigration office in Kern County. The challenge of capacity building, mentorship and technical assistance cannot be shouldered by one single organization. Therefore, a collaborative structure is the most sustainable and structured approach to begin to address the challenges outlined above.

This model allows recent law graduates to apprentice at, and be trained by, experienced organizations before taking on direct work in places like Bakersfield. For individuals who have grown up in these communities the ability to train among the best nonprofits before returning to their homes in rural communities to fight for justice is an ideal opportunity, and for the state of California it is a roadmap to sustainability, solidarity and justice. The proposal would also directly contribute to workforce development in the region. Bringing an attorney on staff at organizations that are partially accredited by the U.S. Department of Justice would help facilitate their move to full accreditation, enabling them to hire and train more legal services staff that could provide full scope representation, and in turn serve more residents. At the heart of this fellowship is guaranteeing that residents of our state - irrespective of income or zip code - have access to due process and quality removal defense services.

This partnership also solves the significant challenges facing service providers. Bay Area based organizations are able to coordinate remote detention visits and rural assistance through organizations based in the regions of need, while fledgling removal defense programs obtain the technical assistance and mentorship they need to grow and serve their community. This partnership ensures sustainability and structure to address the collective needs of our region, and also allows a continuum of services to be established between organizations located near courts, organizations located near detention facilities and organizations removed from both but whose communities are suffering from unfettered immigration enforcement.

A 2014 Stanford Immigrant Rights Clinic report focusing specifically on legal representation in the Bay Area highlighted the critical impact access to counsel can have on immigration proceedings. The report showed that only 11% of detained and unrepresented immigrants were successful in challenging their deportation in the San Francisco Immigration Court jurisdiction. By contrast, the detained individuals who were represented were successful 83% of the time. Despite this glaring need the report also noted that two-thirds of detained individuals had no legal assistance during their proceedings. The detention or deportation of an individual has an immediate as well as lasting impact on the family and community they leave behind. The removal of what are primarily earners for a family pushes families into poverty and homelessness, and often leaves children without parents to care for them.

While this proposal would begin as a pilot in Northern California and the San Francisco Immigration Court, it is noteworthy that the jurisdiction of that court extends as far north as the Oregon border and as far south as Bakersfield. A recent data collection study led by the San Francisco Bar Association's, Justice and Diversity Center found that of the detained unrepresented individuals served through their Attorney of the Day program, approximately 20% were recently arrived asylum seekers from the border, and over 25% were originally residents from Southern California counties. As immigration enforcement authorities senselessly and arbitrarily shuffle individuals to and from detention centers across our state, which immigration court a California resident eventually appears before increasingly has little correlation to where they are from or where they may have community ties. Because of this, an investment in this pilot will grow regional legal capacity for removal defense services while at the same time necessarily provide legal services to residents from across our entire state.

For these reasons, we request an investment of $4.7 million in the California Immigrant Justice Fellowship for a 2-year pilot program, in the following manner:

- $2.3 million to Host Incubating Agencies in Rural Communities that will house 10 legal fellows for a 20-month period as well as develop a robust removal defense services program. Over the course of their fellowship each attorney will provide representation in 28 deportation cases for a total of 280 cases. In addition, they will each provide hundreds of consultations through detention center visits as well as serving as volunteer Attorney of the Day before the San Francisco Immigration Court.
- $270,000 to Bay Area Training Agencies that will host 10 legal fellows for a 4-month apprenticeship before they are placed with their permanent host organization.
- $565,00 to Coordinating Agency that will coordinate the fellowship initiative, recruitment and hiring of legal fellows, provide non-profit training for the host incubating agencies on how to establish a removal defense program and sustainably fundraise to maintain it; administer overall program monitoring and evaluation, and host an annual fellows conference.

- $245,000 to Technical Assistance Agency to work with Lead Mentor Agency attorneys in developing Boot Camp Training Materials as well as provide ongoing trainings in best practices and emerging trends in immigration law throughout the course of the fellowship.
- $670,000 to the Lead Mentor Agency which will house two expert senior immigration attorneys that will run a Boot Camp Training during the course of the 4 month apprenticeship in the Bay Area and subsequently serve as the primary supervisors to the 10 fellows during the course of the 20 month fellowship.

The agency that hosts the Lead Mentor Attorneys will also serve as fiscal lead to the entire project and will receive a 10% administrative fee of the overall project budget."

STAFF COMMENT/QUESTIONS

Staff suggests that the Subcommittee ask the Administration's perspective on this proposal and if this program could be administered, if funded, through the Immigration Services Funding program at DSS.

Staff Recommendation:

Hold open.

ISSUE 14: ADVOCACY PROPOSAL REGARDING THE EMERGENCY CHILD CARE BRIDGE PROGRAM FOR FOSTER CHILDREN AND RELATED GOVERNOR'S TRAILER BILL LANGUAGE PROPOSAL

PANEL

- Lodia Ruiz, Foster Care Bridge Manager, YMCA of San Diego County, Childcare Resource Service
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Natasha Nicolai, CalWORKs and Child Care Branch Chief, California Department of Social Services
- Justin Freitas, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ADVOCACY PROPOSAL

The **Alliance for Children's Rights,** jointed by a coalition of organizations, requests $47 million on-going General Fund to expand the Emergency Child Care Bridge Program for Foster Children (Bridge Program). The following information was provided by the advocates.

"Our broad coalition seeks a $47 million State General Fund (SGF) budget increase to ensure additional access to early care and education services for abused and neglected children across the State. This program helps to immediately stabilize traumatized children in the most appropriate foster care placement, and provides them with a bridge to long-term, high-quality early education programs to promote their educational success.

County child welfare agencies rely on the commitment of resource families to provide safe and loving homes for children who have been abused and neglected. Unfortunately, many willing resource parents cannot provide homes for foster children because they lack access to child care. Although foster children are eligible for state child care subsidies, one of the main barriers to accessing child care is a 'timing gap.' When children are removed, they are in crisis and prospective resource parents – often relatives – instantly need to access child care in order to care for their new family member and keep their jobs. Yet, state-subsidized child care programs typically operate at full capacity, with short enrollment windows that rarely align with a child's placement into foster care. This makes it nearly impossible for caregivers who work to take in young children. The Emergency Child Care Bridge was designed to address this 'timing gap' so that children can be promptly placed and stabilized with loving relatives or with the right resource family.

We greatly appreciate the Legislature and Administration's initial investment of $31 million state funds for the Bridge Program. As a result, California has been able to leverage additional federal Title IV-E funding to match the State's investment. This budget proposal seeks an additional $47 million SGF for the many foster children and resource families who have been unable to access this important support. The proposal includes:

- $38 million to expand the amount of funding available to counties to be able to provide additional vouchers to children in care,
- $5 million to support additional navigators who are working to find child care for foster children, and,
- $4 million to deliver additional trauma-informed training for child care providers as they care for foster children in their local early childhood programs.

With the additional SGF, we estimate that the program can draw down nearly $29 million in federal Title IV-E match for the vouchers and approximately $5.3 million in federal Title IV-E match for the training. As such, we think the program has the potential to serve just over 19,000 foster children. We would be supportive of an additional staff member to be added to the Department of Social Services (DSS) to support the increased workload and technical assistance needed to draw down the additional federal funds, and we are supportive of DSS's proposed trailer bill language on the Trustline issue. Our broad coalition also supports eliminating the statutory hard stop of six months (or twelve months, when funding permits) for children to receive the voucher, as each child and county have varying needs and program availability. By infusing additional resources into the Bridge Program, local agencies can quickly serve more foster children and remain up-to-date with the changes to the regional market rates.

The Bridge Program supports the success of the Continuum of Care Reform (CCR) and the child welfare system in its mission to provide loving foster homes for our most vulnerable children. Counties continue to need additional resource parents to provide loving care for foster children, and access to child care is a key strategy in recruiting and retaining resource families who can help mitigate the impacts of trauma on children's lives. The benefits of high-quality child care for young children can make a significant impact on their social, emotional and academic development, especially for children who have suffered abuse, neglect and exploitation and other adverse childhood experiences."

RELATED GOVERNOR'S TRAILER BILL REQUEST

DSS proposes trailer bill language to allow for the reimbursement of the fees associated with registering as a Trustline child care provider in the Bridge Program.

Existing law provides that non-relative, prospective license-exempt child care providers, who are planning to provide child care to families receiving child care subsidies, are required to become Trustline registered. Trustline is California's registry of in-home child care providers who have been cleared through a fingerprint check of records and criminal background screening. This process includes a search of the California

Criminal History system, the Child Abuse Central Index and conducting a Federal Bureau of Investigation background check.

Currently, Trustline fees can be paid at no cost to prospective license-exempt child care providers who plan to provide child care to families in CalWORKs Stages One, Two, and Three and Alternative Payment Programs. However, prospective license-exempt child care providers caring for children in the Bridge Program do not have access to these resources. The cost associated with registering as a Trustline license-exempt child care provider in the Bridge Program can be covered within existing resources. Without this change there would be a limited number of child care providers participating in Bridge Program due to the cost associated with Trustline, thus continuing the instability of foster placements.

The Trustline Application fees for CalWORKs subsidized child care, are subsidized under a current contract between Community Care Licensing Division and the Department of Justice. Total processing fees range from about $135 to $170. Fees also vary depending on how fingerprints are submitted.

STAFF COMMENT/QUESTIONS

Staff suggests that the Subcommittee ask the Administration's perspective on this proposal, and how the Bridge implementation thus far informs that assessment.

Staff Recommendation:

Hold open.

ISSUE 15: ADVOCACY PROPOSAL REGARDING YOUTH AND FAMILY CIVIC ENGAGEMENT INITIATIVE

PANEL

- Spokesperson, Dolores Huerta Foundation or Martin Luther King Jr. Freedom Center
- Pat Leary, Acting Director and Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ADVOCACY PROPOSAL

The **Dolores Huerta Foundation and the Martin Luther King Jr. Freedom Center** together request $12 million one-time General Fund, to be disbursed over the course of three years, July 1, 2019 through June 30, 2022, to provide sustaining support for the Youth and Family Civic Engagement Initiative. The following information was provided by the advocates.

"The Youth and Family Civic Engagement Initiative increases understanding of government and civic institutions and increases civic participation among low-income, disenfranchised youth and their families in targeted regions throughout the state for the purpose of reducing racial and socio-economic disparities.

The Youth and Family Civic Engagement Initiative is a statewide project of the Dolores Huerta Foundation, Bakersfield, and the Martin Luther King Jr. Freedom Center, Oakland, that increases and enhances civic engagement among youth and families to improve community development in Alameda, Kern, and Fresno counties. Through research-informed best practices, our organizations train youth and family civic engagement leadership cohorts to, in turn, engage their community in culturally informed civic campaigns.

Low-income rural and urban communities share a lower level of trust in government and are less willing to engage. More specifically, Latino and African American youth, who make up 59 percent of California's K-12 students, receive fewer high quality civic learning opportunities than other peer groups. Students from lower income families have less access to high-quality civic learning opportunities. A participation gap in the absolute level of participation, and the inequality of participation, are both linked to the quality of democratic governance required for meaningful community-based problem solving. Lack of citizen engagement directly fuels recidivism, truancy, alienation in foster care, unemployment rates, food deserts, health and mental health gaps, homelessness, transience, violent crimes, disruptive social affiliations, and decaying streets and infrastructure. These indices propel mistrust in government and disenfranchisement from relationships and mechanisms for constructive community engagement.

Outcomes of quality civic learning can be grouped in three major categories: civic knowledge, civic skills and civic values. High-quality civic learning helps teach children skills they need for the 21st century workplace, such as critical thinking, problem solving, communication, collaboration, creativity, initiative and innovation. In addition, civic learning done right engages students by making what they learn at school more relevant to real life. It promotes academic achievement, and prevents some students from dropping out. Those who are civically engaged have reduced recidivism rates, and higher employment rates with favorable mental and physical health status benefits. They tend to have stronger social connections, leading to a greater quality of life and longevity.

For students at the Martin Luther King Jr. Freedom Center and the Dolores Huerta Foundation, collectively, 95% African American, Latino, immigrant and second language English speaking students and 86% low income, severe racial and socio-economic disparities confound these critical gaps in educational outcomes and civic participation.

We are seeking funding for the Youth and Family Civic Engagement Initiative to prepare low-income, disenfranchised youth and families for sustained civic engagement. Middle and high school aged students attend civics classes and leadership encounters, participate in civic engagement projects in collaboration with community-based organizations and local agencies, do public speaking, and promote personal change as an avenue for social transformation. This citizenship and social change effort assists schools, communities, and community stakeholders in assuring meaningful roles for our young people in the advancement of civility and democracy.

With support from this budget request, we will engage 200 middle and high school students in the initiative's leadership cohort. Cohort members participate in civics classes and trainings: out-of-school civic engagement leadership classes, on-going school and home visits, participation in civic projects in collaboration with community-based organizations and local agencies. Participants simultaneously select to be a part of civic engagement activities.

Funding from the California General Fund achieves the following:

- 200 low-income, representationally diverse young people acquire leadership and academic skills required for academic excellence
- 200 students and their family members participate in meaningful civic engagement, public speaking and cultural leadership encounters
- Expansion of the Initiative in four regions of the state: Los Angeles, San Diego, Sacramento and Stockton, 200 youth and families in classes, trainings and public speaking.
- Twenty community events feature youth speakers on themes relating to civic engagement, voter enfranchisement and other issues of social and community concern in respective regions

- Urban and rural diverse youth of California featured as key-note speakers in six statewide events accessing media, blogs and public news avenues for dissemination of the initiative
- Leadership pathway for young people to secure internships and employment opportunities in the public and private sectors."

STAFF COMMENT/QUESTIONS

Staff suggests that the Subcommittee ask the Administration's perspective on this proposal, and how the Initiative implementation from the 2018 appropriation thus far informs that assessment.

Staff Recommendation:

Hold open.

ISSUE 16: ADVOCACY PROPOSAL REGARDING BASIC NEEDS AND DISASTER RELIEF INFRASTRUCTURE

PANEL

- Assemblymember Rob Bonta
- Benito Delgado-Olson, Executive Director, SupplyBank.Org
- Pat Leary, Acting Director, Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, and Kim McCoy Wade, CalFresh and Nutrition Branch Chief, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ADVOCACY PROPOSAL

SupplyBank.Org requests $4 million one-time General Fund for infrastructure costs. The proposal is for $3 million for the organization's distribution center located in Oakland, California, and $1 million for fire resistant, commercial grade storage sheds and related improvements for SupplyBank.Org's 450 partnering local agencies throughout the state. Assemblymember Rob Bonta has written to the Subcommittee in support of this proposal. The following information was provided by the advocates.

"Collectively this investment will enable SupplyBank.Org to provide hundreds of thousands of additional low-income children and families, and those displaced by natural disasters, with tens of millions of dollars' worth of vital basic need materials. These include toiletries, household items, diapers and wipes, school supplies, home displacement kits, feminine hygiene products and other crucial resources. We also believe this model, once brought to scale, has the potential to repeat the history of the food banks and be replicated across the nation.

Prior to 1967, hunger in the United States was addressed by a large patchwork of uncoordinated and often unsustainable soup kitchens, food pantries and churches. Without any central hub or warehousing facility, there was no ability to generate economies of scale, provide easy access to in-kind gifts from farmers and food producers, or establish key partnerships with corporate donors, foundations and volunteers. This changed when the first modern food bank was founded in Phoenix, Arizona in 1967 by John Van Hangel. Distributing more than 275,000 pounds of food in its first year, the success of this model quickly spread. By 1977, there were 18 food banks across America.

Noting the similarities between the gap in services to address hunger 50 years ago and the current struggle to provide basic material needs to low-income people today, SupplyBank.Org is building the nation's first brick and mortar supply banking system to address the disparities that a lack of material needs has on families' overall well-being.

These include economic stability, physical and mental health, education, job opportunities and many other roadblocks to achieving self-sufficiency.

Mirroring the model of food banks and with a volume of more than $25M worth of materials to more than 500,000 people, SupplyBank.Org centralizes procured and in-kind materials and distributes them across California through existing partnering agencies' programs. Like food pantries, churches and soup kitchens, these organizations serve as the front line organizations for SupplyBank.Org. The Organization has consistently demonstrated the efficiency of its model through its diverse portfolio of programs, which also like food banks can provide resources for pennies on the dollar when compared to in-store costs. Their partnering organizations include Women, Infants and Children (WIC) sites, local First 5 Commissions and family resource centers, local education agencies, domestic violence shelters, community colleges, homeless shelters and several others.

SupplyBank.Org will also follow the example of several food banks to incentivize pathways to self-sufficiency through this project and our programmatic work, as nearly all of the 450 partnering agencies provide resources through programs that provide pathways out of times of crisis and poverty. The distribution center will have a job training program for traditionally hard to employ individuals such as those receiving TANF benefits and the reentry populations. The site is in East Oakland and is a census designated "Opportunity Zone." It is also the jewel of the anticipated "Oakport Street Project," which will also provide below market office space to nonprofits serving communities throughout California, several other job training programs for local residents and other potential improvements to the historic Martin Luther King Jr. Shoreline Park and Bay Trail.

This new intervention to help families struggling to meet their basic needs is also timely. According to a 2018 study by United Ways of California on the real costs of living in California, more than 3.3 million California families, including those with incomes well above the Federal Poverty Level, struggle every month to meet basic needs. For families in the lowest income quintile, these materials can account for up to 25% of a monthly budget. A lack of access to basic needs can also have significant health consequences for low-income families. For example, according to California's Office of Statewide Health Planning and Development, diaper need alone is responsible for an average of nearly 40,000 inpatient and emergency room hospital visits annually. In addition, diapers are often a requirement for childcare, making diaper need a barrier to employment, as parents without childcare cannot go to work. Other unmet material needs can have similar consequences.

As was the critical step in Phoenix, Arizona some 50 years ago, a centralized facility with a network of secure hubs for distribution will likewise be the catalyst to make the model that transformed how our nation fights hunger come to fruition to ensure struggling families' basic material needs are met. A one-time state budget allocation of $4 million to match $3 million in private contributions for the distribution center and $1 million for storage improvements at 450 partnering agencies will enable

SupplyBank.Org to reach its full potential and more importantly – provide tens of millions worth of critical resources to hundreds of thousands people in crisis throughout our state."

STAFF COMMENT/QUESTIONS

Staff suggests that the Subcommittee ask the Administration's perspective on this proposal.

Staff Recommendation:

Hold open.

ISSUE 17: ADVOCACY PROPOSAL REGARDING PARENTS ANONYMOUS

PANEL

- Dr. Lisa Pion-Berlin, President and CEO, Parents Anonymous
- Pat Leary, Acting Director and Kim Johnson, Deputy Director, Family Engagement & Empowerment Division, California Department of Social Services
- Tyler Woods, Department of Finance
- Chas Alamo, Legislative Analyst's Office

ADVOCACY PROPOSAL

Parents Anonymous requests $4 million one-time General for use over the course of three fiscal years ($2 million in the first year and $1 million for 2020-21 and 2021-22 each) to expand Parents Anonymous® programs and services statewide, including its 24-hour California Parent Helpline. The following information was provided by the advocates.

"Parents Anonymous® Inc., an organization founded in California and celebrating its 50th year of existence, implements evidence-based prevention and treatment programs that strengthens families involved in the child welfare system or at-risk of becoming involved in the system, have behavioral health challenges, or face other family issues or crises. The program is open to any parent or caregiver in a parenting role who is seeking support, positive nurturing, and parenting strategies regardless of the age or special challenges of their children, including severe emotional problems.

Parents Anonymous® services include weekly support groups, parent partner services (e.g., advocacy, kinship navigator services, in-home parenting, and supportive services such as linkages to a variety of community resources), and 24-hour helpline services. The goal of the Parents Anonymous® program is to mitigate the impact of Adverse Childhood Experiences (ACEs) on parents and caregivers and prevent the occurrence of ACEs for their children. In short, Parents Anonymous® strives to build on the strengths of all family members and enhance family well-being by increasing protective factors through trauma-informed practices.

Parents Anonymous® is the only Evidence-Based Parent Partner Program in California and the nation, according to the California Evidence-Based Clearinghouse for Child Welfare.

The requested funding, to be expended over a three-year period, would enable Parents Anonymous® to expand its California Parent Helpline and Weekly Evidence-Based Groups statewide. The Helpline provides important and comprehensive emotional support, has translation services, database tracking of calls and results, and is linked to a network of evidence-based programs that are community-based, culturally responsive, and serve parents and caregivers. The programs help parents and their children build upon their strengths, enhance protective factors, mitigate the impact of ACEs, and ensure parent and shared leadership to support the positive growth and development of California.

Parents Anonymous® helps troubled families address myriad problems and enhance family functioning, by ensuring access to evidence-based emotional support (including weekly support groups), providing resources and referrals, and helping families fully utilize these services to help create resilient and thriving communities. Parents Anonymous® helps prevent and treat child abuse and neglect, saves lives and builds social capital for parents and their children and youth.

Parents Anonymous® is making this extraordinary request because circumstances dictate that we address the fact that demand for our services far outstrips available resources. Waiting lists continue to grow and our limited resources preclude us from hiring sufficient staff to meet the expressed need from families, many of whom are already in crisis. Indeed, our meager budget of approximately $700,000 falls far short of what is required to adequately meet the needs of those individuals and families seeking Parents Anonymous services and support. The requested $2 million appropriation [in the first year] will immediately enable Parents Anonymous® to expand our outreach and respond to requests for assistance from a diverse pool of families that are facing the very real possibility of disintegration, if they cannot secure the support and services necessary to help them identify strengths and build upon them.

Rest assured that the requested funds will be well spent and help broaden Parents Anonymous®' ability to connect with vulnerable families throughout California. Currently, we have only volunteers and no dedicated resources to serve our vast state, though the demand for the Parent Helpline and other Parents Anonymous® services is, at times, overwhelming. Our funding is largely limited to support from the Los Angeles County Department of Children's Services in the Antelope Valley and Pomona Area, while First 5 San Bernardino funds Parents Anonymous® prevention services for 127 families. Waiting lists are quite long. Additional funding would enable Parents Anonymous® to serve more families within our current geographical scope of operations as well as other areas of the state.

Your January budget proposal calls for $100 million for developmental screening, effectively making families one of your priorities recognizing how your mother help and you were not diagnosed with dyslexia until 5th grade. Parents Anonymous® has made families a priority for 50 years and has achieved positive results throughout those 50 years. Parents Anonymous® knows how to save lives and families. For example, just two weeks ago (letter was received at the end of March 2019) a mother was contacted by her son's elementary school because he was looking at websites to find ways to kill himself. The school sent him home with a safety plan. However, the mother was still worried because her son said he wanted to kill himself. The mother called the Parent Helpline and was connected to the support she and her son needed, preventing the suicide of an 11 year old. The mother and her family received the assistance also in the Parents Anonymous® Group they so urgently needed, at a very crucial point in time.

The child's medication for ADHD was changed while he was hospitalized for a week and the family continues to attend Parents Anonymous® meetings."

STAFF COMMENT/QUESTIONS

Staff suggests that the Subcommittee ask the Administration's perspective on this proposal.

Staff Recommendation:

Hold open.

NON-DISCUSSION ITEMS

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 18: GOVERNOR'S TRAILER BILL LANGUAGE PROPOSAL RELATED TO THE WORK INCENTIVE NUTRITIONAL SUPPLEMENT (WINS) TWO-PARENT POPULATION AS NON-MAINTENANCE OF EFFORT

GOVERNOR'S TBL PROPOSAL

In order to minimize penalty liabilities, DSS currently pays the two-parent portion of WINS benefits with non-MOE General Fund. The Administration states that this trailer bill is technical and would align state law with current practice and the budget.

WINS is a $10 food benefit for CalFresh recipients who are not on CalWORKs, but are working enough hours to meet Temporary Assistance for Needy Families (TANF) work requirements and count positively toward California's Work Participation Rate (WPR). By funding the $10 with MOE, this CalFresh population counts towards the WPR.

As of October 1, 2017, WINS two-parent cases are funded with non-MOE General Fund (GF), which conflicts with existing state law requiring funding to be claimed as MOE. DSS began funding this population with non-MOE GF to remove this population from WPR calculation and mitigate the risk of federal penalty exposure. California has failed to meet the 90 percent for the two-parent WPR from 2012 through 2015, with continued noncompliance expected.

Fiscal analysis showed that funding the two-parent WINS population outside of the TANF program reduces the state's potential penalty exposure, while maintaining compliance with the All Families WPR requirement. The TANF penalty, based on the number of cases counted in the WPR, is based on CalWORKs two-parent cases only as a result of the funding change.

In order to include the two-parent population with the non-MOE CFAP population, a change in statutory language is needed to provide less specificity with regard to the WINS funding source. This change will allow administrative flexibility to use appropriate funding to mitigate or avoid federal fiscal penalties.

There is no BCP associated with this premise and no additional GF costs are expected. The WINS program is funded in total by GF, irrespective of which case types are MOE or Non-MOE eligible.

Staff Recommendation:

Hold open.

ISSUE 19: GOVERNOR'S TRAILER BILL LANGUAGE PROPOSAL RELATED TO THE CALIFORNIA NEWCOMER EDUCATION AND WELL-BEING PROJECT (CALNEW)

GOVERNOR'S TBL PROPOSAL

DSS proposes to eliminate administrative barriers for school districts by clarifying the state's intention to provide funding for school programs for refugees and other populations currently served by the Office of Refugee Resettlement, including unaccompanied undocumented minors (UUM).

In 2017, the Budget Act appropriated $10 millionto fund school sites to provide supportive services to refugees and other populations currently served by the Office of Refugee Resettlement. The Department currently administers a similar federal program known as the Refugee School Impact Grant (RSIG). The state appropriated funding with the intention of augmenting current services, expanding the scope of the services provided, and serving additional populations excluded from the RSIG. The current language includes references to the existing federal program which limit the Department's ability to adequately serve UUMs.

The TBL is proposed in order to remove administrative barriers for school districts serving refugee populations by eliminating restrictive references to the RSIG federal program parameters and to clarify the state's intention to serve UUMs in alignment with California's immigrant integration policy goals.

UUMs are considered refugees and are eligible for CalNEW services once they are granted asylum by the U.S. Citizenship and Immigration Services (USCIS). While their case is pending before USCIS, a UUM will not be eligible for CalNEW services. School districts with a high concentration of UUMs have to create a system to identify enrolled UUMs and monitor progress on an immigration matter so the student may be enrolled in services as soon as their case is adjudicated and they become eligible for CalNEW.

The $10 million in funding for schools with high refugee enrollment was provided in Fiscal Year (FY) 2017-18 (2018 May Revision, in line 135 of the DSS Local Assistance Estimates Tables). This is one-time funding appropriated in FY 2017-18 that must be encumbered by FY 2019-20. There is no additional cost associated with this TBL clarification to statute.

Beginning in 2013, the State has made an annual appropriation of $3 million to provide pro bono legal services to UUMs. School districts with refugee populations often also have a significant UUM population and the populations have similar needs. RSIG funding does not encompass services for UUMs. Allowing school districts to serve refugee and UUM populations with funding from the same sources will improve the efficiency and effectiveness of the programs.

Staff Recommendation:

Hold open.