

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES****ASSEMBLYMEMBER TONY THURMOND, CHAIR****WEDNESDAY, MARCH 30, 2016
3:00 P.M. - STATE CAPITOL, ROOM 444**

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LIST OF PANELISTS IN ORDER OF PRESENTATION

ISSUE 1: POVERTY AND HOMELESSNESS IN CALIFORNIA – STATE STRATEGIES

- Alissa Anderson, Senior Policy Analyst, California Budget & Policy Center
- Will Lightbourne, Director, California Department of Social Services

ISSUE 2: CALWORKS: PROGRAM AND BUDGET OVERVIEW, SUFFICIENCY OF GRANTS, AND MAXIMUM FAMILY GRANT POLICY

- Will Lightbourne, Director, and Todd Bland, Deputy Director, Welfare-to-Work Division, California Department of Social Services
- Jessica Bartholow, Advocate, Western Center on Law and Poverty
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Kevin Aslanian, Advocate, Coalition of California Welfare Rights Organizations
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 3: CALWORKS: EARLY ENGAGEMENT STRATEGIES AND TIMECLOCK OVERSIGHT

- Will Lightbourne, Director, and Todd Bland, Deputy Director, Welfare-to-Work Division, California Department of Social Services
- Mike Herald, Advocate, Western Center on Law and Poverty
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 4: CALWORKS: HOUSING SUPPORT PROGRAM AND HOMELESS ASSISTANCE PROGRAM

- Will Lightbourne, Director, and Todd Bland, Deputy Director, Welfare-to-Work Division, California Department of Social Services
- John Bauters, Californians for Safety and Justice
- Kevin Aslanian, Advocate, Coalition of California Welfare Rights Organizations
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office

- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 5: CALWORKS: ADDITIONAL ANTI-POVERTY STRATEGIES AND ADVOCATES' REQUESTS

- Advocacy Testimony will be taken first as Public Comment
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Welfare-to-Work Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance

ISSUE 6: CALWORKS: GOVERNOR'S TRAILER BILL PROPOSALS FOR 2016-17

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

ISSUE 7: CALFRESH AND FOOD ASSISTANCE: PROGRAM AND BUDGET REVIEW AND GOVERNOR'S PROPOSALS FOR 2016-17

- Will Lightbourne, Director, and Kim McCoy Wade, Chief, CalFresh Branch, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 8: CALFRESH AND FOOD ASSISTANCE: ADVOCACY REQUEST FOR STATE EMERGENCY FOOD ASSISTANCE PROGRAM

- Andrew Cheyne, Policy Director, California Association of Food Banks
- Kevin Aslanian, Advocate, Coalition of California Welfare Rights Organizations
- Will Lightbourne, Director, and Kim McCoy Wade, Chief, CalFresh Branch, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance

- Public Comment

ISSUE 9: IMMIGRATION SERVICES: IMPLEMENTATION UPDATE AND ADVOCACY REQUEST

- Will Lightbourne, Director, and Dan Torres, Chief, Immigration Branch, California Department of Social Services
- Gina Da Silva, Policy Advocate, California Immigrant Policy Center
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Chi Lee, Finance Budget Analyst, Department of Finance
- Public Comment

ISSUE 10: CHILD SUPPORT SERVICES: PROGRAM AND BUDGET REVIEW AND GOVERNOR'S PROPOSALS FOR 2016-17

- Alisha Griffin, Director, and Mark Beckley, Chief Deputy Director, California Department of Child Support Services
- Ginni Bella, Fiscal and Policy Analyst, Legislative Analyst's Office
- Justin Freitas, Finance Budget Analyst, Department of Finance
- Public Comment

ITEMS TO BE HEARD

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: POVERTY AND HOMELESSNESS IN CALIFORNIA – STATE STRATEGIES

PANEL

Panelists have been invited by the Subcommittee to make presentations on state strategies to consider that would reduce California's highest-in-the-nation poverty rate. They include:

- Alissa Anderson, Senior Policy Analyst, California Budget & Policy Center
 - Ms. Anderson has been asked to speak on the subject of Poverty and Homelessness in California and will provide a presentation to the Subcommittee.
- Will Lightbourne, Director, California Department of Social Services
 - Director Lightbourne will speak from the Administration's perspective on these subjects.

BACKGROUND

Subcommittee No. 1 on Health and Human Services has heard the issues around poverty in California in many hearings over the past several years, as the state's economy went through and then experienced the recovery from the Great Recession. The Subcommittee reviews California's safety net programs against this contextual backdrop. This discussion may touch on specific program areas further addressed in this agenda and those that will be considered as part of the Subcommittee's deliberations throughout the spring process.

Poverty in California. The following points are taken from a December 2015 fact sheet from the Public Policy Institute of California:

- **Despite strong economic growth, the official poverty rate remains high.** According to official poverty statistics, 16.4% of Californians lacked enough resources - about \$24,000 per year for a family of four - to meet basic needs in 2014. The rate has declined a little from 16.8% in 2013, but it is well above the recent low of 12.4% reached in 2007. Moreover, the official poverty line does not account for California's housing costs - or other key family needs and resources.
- **When family resources and needs are more fully accounted for, poverty in California is even higher.** The California Poverty Measure (CPM) [a version of the Supplemental Poverty Measure, referred to elsewhere in this agenda as the

SPM], a joint research effort by PPIC and the Stanford Center on Poverty and Inequality, is a more comprehensive approach to gauging poverty in California. It accounts for the cost of living and a range of family resources - including social safety net benefits - and needs. In 2013, 21.0% of Californians were living in poverty - a slightly smaller share than in 2011 and 2012. Poverty was highest among children (23.9%) and lower among older adults (19.1%) and adults age 18–64 (20.3%).

- **Overall, about 4 in 10 California residents are living in or near poverty.** About one in five (19.8%) Californians were not in poverty but lived fairly close to the poverty line. All told, 40.8% of state residents were poor or near poor in 2013. But the share of Californians in families with less than half the resources needed to meet basic needs was 5.9%, a deep poverty rate that is smaller than official poverty statistics indicate.
- **Without social safety net programs, more Californians would live in poverty.** The largest social safety net and low-income tax programs - CalFresh (California's food stamp program), CalWORKs (cash assistance for families with children), the federal Earned Income Tax Credit (EITC) and Child Tax Credit (CTC), Supplemental Security Income (SSI/SSP), federal housing subsidies, the Supplemental Nutrition Program for Women, Infants, and Children (WIC), and free or low-cost school meals - together kept an estimated 8.4% of Californians out of poverty in 2013. CalFresh lowered the poverty rate most, by 2.4 percentage points, followed by the EITC (2.3 percentage points). CalWORKs, SSI/SSP, CTC, and housing subsidies each lowered the rate 1.1 to 1.3 points. These differing effects reflect program scale and scope, as well as participation rates among eligible families. In some cases, program effects are not additive but overlapping.
- **Minorities and less-educated Californians have higher poverty rates.** Latinos (29.6%) and African Americans (21.7%) had much higher poverty rates than whites (14.1%) in 2013. Asians (17.2%) fell in between. More education is generally associated with lower poverty rates: the rate for adults age 25–64 with college degrees was 8.5%, compared with 38.2% for those without high school diplomas.
- **Most poor families in California are working.** In 2013, 78% of poor Californians lived in families with at least one adult working, excluding families made up only of adults age 65 and older. For 53.8% of those in poverty, at least one family member reported working full time. For another 24.2%, at least one adult was working part time.

Child Poverty in California. The following points are taken from a December 2015 fact sheet from the Public Policy Institute of California:

- **Child poverty rates remain substantially higher than before the recession.** According to official poverty statistics, 22.7% of children in California did not have enough resources to make ends meet in 2014. This is down from 2013 (23.5%) but well above the recent low in 2007 (17.3%). The official poverty measure is a long-standing yardstick that does not account for differences in the cost of living across the US or within California, a range of other family needs, or the boost that safety net benefits give to many families, especially those with children.
- **Without the social safety net, child poverty would be much higher.** Using the CPM, the child poverty rate in 2013 was 23.9%, down slightly from 2011 and 2012. Without safety net resources, 38.1% of children would live in poverty. Because many safety net programs focus specifically on helping children, social safety net programs keep a larger share of children than adults from falling into poverty.
- **CalFresh and the EITC help the most children to avoid poverty.** The largest social safety net programs are CalFresh (California's food stamps program), CalWORKs (cash assistance for families with children), the federal Earned Income Tax Credit (EITC), the federal Child Tax Credit (CTC), Supplemental Security Income (SSI/SSP), federal housing subsidies, the Supplemental Nutrition Program for Women, Infants, and Children (WIC), and school breakfast and lunch. CalFresh lowered the child poverty rate by the largest amount (4.5 percentage points), followed by the EITC (3.9 points), and the CTC, CalWORKs, housing subsidies, and school meals (each by 1.3 to 2.3 points). These differing effects are overlapping and reflect, in part, the scale and scope of each program as well as participation rates among eligible families.
- **In total, about half of California's children are living in or near poverty.** In 2013, 5.0% of California's children were in deep poverty (living in families with less than half of the resources needed to make ends meet). This rate is a small decrease from the deep poverty rate among children in 2012 (5.1%). At the same time, 24.9% of children lived above, but fairly close to, the poverty line. All told, 48.8% of children in the state were poor or near poor in 2013.
- **Child poverty varies substantially across California counties and regions.** From 2011 through 2013, Monterey and San Benito Counties combined had the highest child poverty rate in California: 31.0% of the counties' children were poor. Rates in Los Angeles (29.5%), Santa Barbara (29.1%), and Orange Counties (27.0%) were similarly high. El Dorado County had the lowest poverty rate for children (14.2%).
- **Poverty rates are higher among Latino and African American children than among white and Asian children.** The poverty rate for Latino children (32.6%)

was more than double that of Asian (15.1%) and white (12.4%) children in California in 2013. The poverty rate among African American children was also high (24.0%). Children under five had somewhat higher poverty rates than older children (25.3% vs. 23.4%).

- **Most poor children are in working families.** In 2013, 81.4% percent of poor children in California lived in families with at least one adult working. The majority of poor children (59.6%) lived in families with at least one full-time worker, and an additional 21.8% had at least one parent or other adult in the family working part time.

CHILD POVERTY RATES VARY WIDELY ACROSS CALIFORNIA'S COUNTIES

County	Child poverty	County	Child poverty	County	Child poverty
Alameda	19.9%	Madera	21.3%	San Mateo	20.1%
Alpine, Amador, Calaveras, Inyo, Mariposa, Mono, Tuolumne	17.7	Marin	18.9	Santa Barbara	29.1
Butte	18.4	Merced	25.7	Santa Clara	20.1
Colusa, Glenn, Tehama, Trinity	15.3	Monterey, San Benito	31.0	Santa Cruz	23.9
Contra Costa	19.2	Napa	20.0	Shasta	17.8
Del Norte, Lassen, Modoc, Siskiyou, Plumas, Nevada, Sierra	19.4	Orange	27.0	Solano	20.0
El Dorado	14.2	Placer	14.3	Sonoma	19.7
Fresno	24.9	Riverside	23.1	Stanislaus	25.1
Humboldt	20.4	Sacramento	19.2	Sutter/Yuba	19.0
Imperial	16.0	San Bernardino	21.4	Tulare	24.2
Kern	20.6	San Diego	25.3	Ventura	25.5
Kings	19.9	San Francisco	23.9	Yolo	20.3
Lake, Mendocino	24.5	San Joaquin	20.2		
Los Angeles	29.5	San Luis Obispo	18.4		

Homelessness in California. California is known to have the nation's largest homeless population. The approximately 114,000 total homeless people who live in California make up 22 percent of the nation's homeless. Los Angeles alone has approximately 42,000 homeless residents.

California has a serious housing shortage. California's housing costs, consequently, have been rising rapidly for decades. These high housing costs make it difficult for many Californians to find housing that is affordable and that meets their needs, forcing them to make serious trade-offs in order to live in California.

According to the Legislative Analyst's Office, the number of low-income Californians in need of assistance far exceeds the resources of existing federal, state, and local

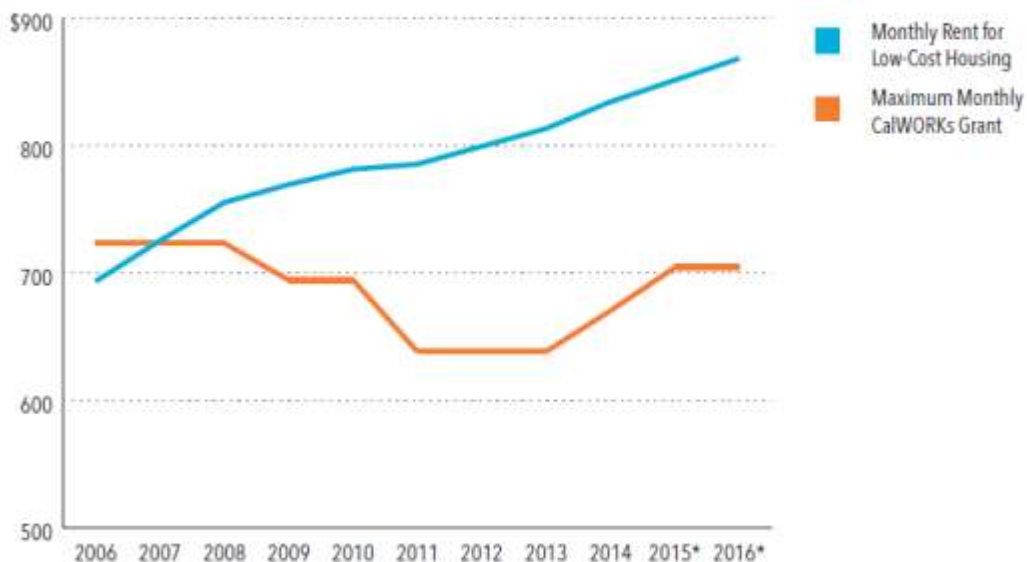
affordable housing programs. Currently, about 3.3 million low-income households (who earn 80 percent or less of the median income where they live) rent housing in California, including 2.3 million very-low-income households (who earn 50 percent or less of the median income where they live). Around one-quarter (roughly 800,000) of low-income households live in subsidized affordable housing or receive housing vouchers. Most households receive no help from these programs. Those that do often find that it takes several years to get assistance. Roughly 700,000 households occupy waiting lists for housing vouchers, almost twice the number of vouchers available.

Around 1.7 million low-income renter households in California report spending more than half of their income on housing. This is about 14 percent of all California households, a considerably higher proportion than in the rest of the country (about 8 percent).

More specifically focused on the relationship between CalWORKs, a major subject of this hearing for the Subcommittee, and housing costs, the California Budget and Policy Center states that the current maximum CalWORKs grant for a family of three in a high-cost county is more than \$160 short of the amount needed to afford low-cost housing in 2016.

CalWORKs Grants Provide Less Support Than in 2006 Even As Rents for Low-Cost Housing Have Risen

Maximum Monthly CalWORKs Grant Compared to 25th Percentile Monthly Rent



* Rents are estimated based on the compound annual growth rate between 2011 and 2014.

Note: CalWORKs grant is for a family of three in "high-cost" counties. The Governor's proposed budget assumes that there will be no increase to CalWORKs grants in the 2016-17 fiscal year, which begins July 1. Rent excludes utilities and reflects all unit sizes.

Source: Department of Social Services and US Census Bureau, American Community Survey



The Center states that insufficient cash assistance may be putting more families with children at risk of becoming homeless. For example, in Los Angeles County the number of CalWORKs families who reported lacking a stable place to live more than tripled between 2006 and 2015, far outpacing the roughly 7 percent increase in all families served by the program during that period. "These figures are alarming given that housing challenges can put children at risk of physical and mental health problems and hinder their school performance. In addition, lack of affordable housing could undermine one of the chief goals of CalWORKs: helping parents find stable employment. People who do not have a permanent address or phone number to put on job applications cannot be easily reached by prospective employers, and homeless parents may not be in a position to attend job interviews if they lack consistent access to showers or interview-appropriate clothing. Employers may also be reluctant to hire people who lack stable homes."

STAFF COMMENT

The Subcommittee considered state strategies to address poverty in its February 2015 hearing, where there was a special feature of the State Earned Income Tax Credit (EITC) proposal. The State EITC was ultimately included in the Governor's May Revision and adopted as part of the 2015 Budget as a major anti-poverty strategy. Oversight and advocacy issues regarding the State EITC as it is administered by the Franchise Tax Board (FTB) are being considered now under the purview of Subcommittee No. 4.

This Subcommittee's informational hearing on February 22, 2016 focused on Housing and Homelessness in California. Proposals shared then and in this hearing will be taken into serious consideration as the Assembly develops its actions on anti-poverty and homelessness abatement and solutions to be incorporated into the ultimate 2016 Budget.

Staff Recommendation:

This item included as an overview, context-setting issue to frame the other issues and program budgets and policies discussed in this agenda.

ISSUE 2: CALWORKS – PROGRAM AND BUDGET OVERVIEW, SUFFICIENCY OF GRANTS, AND MAXIMUM FAMILY GRANT POLICY**PANEL**

- Will Lightbourne, Director, and Todd Bland, Deputy Director, Welfare-to-Work Division, California Department of Social Services
 - Please provide an overview of the CalWORKs program and the budget for the program as proposed by the Governor for 2016-17.
 - Please speak to the current status of the grants and feedback from the Administration on the future of the grants for families reliant on CalWORKs for basic income support.
- Jessica Bartholow, Advocate, Western Center on Law and Poverty
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Kevin Aslanian, Advocate, Coalition of California Welfare Rights Organizations
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

PROGRAM BACKGROUND

The CalWORKs program was created in 1997 in response to 1996 federal welfare reform legislation that created the federal Temporary Assistance for Needy Families (TANF) program. CalWORKs provides cash grants and employment services to families whose income is inadequate to meet their basic needs.

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

WTW 24-Month Time Clock Determines Allowable Activities. As of 2013, state law defines two sets of rules for which allowable WTW activities may be used to meet the work requirement. The first set of rules, referred to as “federal” rules because they closely mirror federal TANF law, place greater emphasis on employment over some

other activities including education, training, and mental health and/or substance abuse treatment. The second set of rules, referred to as “CalWORKs” rules, allow relatively greater flexibility to choose activities that may help adult recipients address barriers to employment. Adult recipients may meet the work requirement under federal rules at any time, but may meet the work requirement under CalWORKs rules only for up to a cumulative, but not necessarily consecutive, 24 months. Once 24 months of participation under CalWORKs rules have been exhausted, recipients must participate under federal rules. This policy is referred to as the “WTW 24-month time clock.” The time clock is discussed further in Issue 4.

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

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

Funding. CalWORKs is funded through a combination of California’s federal TANF block grant allocation, the state General Fund, and county funds, including significant amounts spent by counties as a result of state-local realignment. In order to receive its annual TANF allocation, the state is required to spend an MOE amount from state and local funds to provide services to families eligible for CalWORKs. In recent years, this MOE amount has been \$2.9 billion. While the CalWORKs program makes up the majority of TANF and MOE spending, it is important to note that the TANF block grant is used to fund a variety of programs in addition to CalWORKs, and some state and local expenditures outside CalWORKs are counted toward the MOE requirement.

BUDGET OVERVIEW

The Administration’s budget for CalWORKs is largely a workload budget, with no major policy changes proposed.

As shown in the figure below, the Governor’s budget proposes \$5.3 billion in total funding for the CalWORKs program in 2016–17, a net decrease of \$187 million (3 percent) relative to estimated current-year funding. This decrease primarily reflects savings from a declining caseload, slightly offset by a small increase in other spending (specifically, an increase in state support for Tribal TANF programs). Within the total funding amount, the budget proposes \$741 million in General Fund support for CalWORKs, an increase of \$43 million (6 percent) over estimated current-year levels. This increase in General Fund support primarily reflects a net decrease in the amount of

funding budgeted from non-General Fund sources, thereby increasing the requirement for General Fund.

CalWORKs Budget Summary

All Funds (Dollars in Millions)

	2015–16 Estimated	2016–17 Proposed	Change From 2015–16	
			Amount	Percent
Cash grants	\$3,051	\$2,963	–\$88	–3%
Employment services	1,468	1,390	–78	–5
Stage 1 child care	410	394	–16	–4
Administration	494	482	–12	–2
Othera	95	102	7	7
Totals	\$5,518	\$5,331	–\$187	–3%

aExcludes transfer of federal Temporary Assistance for Needy Families block grant funds to the Cal Grant program and funding for the Kinship Guardianship Assistance Payment Program.

The budget estimates that the total funding required to operate CalWORKs consistent with current law and policy will decrease in 2016–17 relative to the prior year.

Declining Caseload. The number of families receiving CalWORKs assistance each month has generally declined since 2011–12, due in part to an improving labor market. The budget estimates that the average monthly number of CalWORKs cases in 2015–16 will be 507,615—a 5 percent decrease from the prior year. The average monthly number of cases is projected to further decline by 2 percent in 2016–17 to 496,558. Consistent with these caseload declines, the budget reflects savings from a declining caseload of about \$165 million (all funds) in 2016–17 relative to the prior year.

Ongoing Implementation of the WTW 24–Month Time Clock. Adult recipients who exhaust 24 months of participation under CalWORKs rules may continue to receive assistance by meeting the work requirement under federal rules. However, some recipients who exhaust the 24 months are anticipated to fail (for a variety of reasons) to meet the work requirement under federal rules, resulting in reduced cash assistance. The first individuals to exhaust the 24 months, fail to meet the work requirement under federal rules, and have their assistance reduced, are beginning to do so during 2015–16, with the number expected to grow over the next several years before leveling off. Specifically, the administration estimates that 1,790 cases (0.4 percent of the total caseload) will have reduced cash assistance by the end of 2015–16 with an estimated savings of \$1 million (all funds), growing to 11,650 cases (2.4 percent of the total caseload) and savings of roughly \$11 million (all funds) by the end of 2016–17.

Shifts in Program Funding Sources. Within the estimated total funding requirement of the program in 2016–17, the Governor’s budget reflects some shifting of total CalWORKs costs among the program’s major funding sources, displayed in the figure on the next page.

CalWORKs Funding Sources
(Dollars in Millions)

	2015–16 Estimated	2016–17 Proposed	Change From 2015–16	
			Amount	Percent
Federal TANF block grant funds ^a	\$2,574	\$2,684	\$110	4%
General Fund ^b	698	741	43	6
Realignment funds from local indigent health savings	742	413	–329	–44
Realignment funds dedicated to grant increases	311	302	–9	–3
Other county/realignment funds	1,193	1,191	–2	–c
Totals	\$5,518	\$5,331	–\$187	–3%

^aExcludes transfer of federal Temporary Assistance for Needy Families (TANF) block grant funds to the Cal Grant program.

^bExcludes funding for the Kinship Guardianship Assistance Payment Program.

^cRounds to zero.

Reduced Realignment Funding From Local Indigent Health Savings. Current law directs certain realignment funds previously dedicated to local indigent health programs to instead be used each year to pay for an increased county share of CalWORKs grant costs, in an amount equal to the estimated savings that counties will realize in their indigent health programs due to the expansion of Medi-Cal. This redirection of funds reduces the amount of state and federal funds needed to support the CalWORKs program.

Current law also provides that the state “true up” the amount of redirected savings three years after the fact to reflect actual county savings amounts. For 2016–17, the budget estimates that the amount of CalWORKs grant costs paid with realignment funds from local health savings will be \$413 million, which is \$329 million (44 percent) less than estimated for 2015–16. The main reasons for the significant reduction in estimated savings are (1) data from counties show that the state’s estimated savings in 2013–14 were likely overstated, requiring the state to return an estimated \$151 million to counties through the true-up process during 2016–17, and (2) the administration now has lower expectations for the amount of annual ongoing savings. Decreased realignment funding from local health savings increases the need for funding from other sources.

Realignment Funds Dedicated to Grant Increases Insufficient for New Increase.

Current law dedicates certain other realignment funds to pay the costs of new CalWORKs grant increases and outlines an annual process through which these grant increases are provided. Unlike realignment funds from local health savings, discussed above, these dedicated funds are not intended to offset the funding needed from other sources. Rather, dedicated funds are intended to cover increase to total program costs resulting from new grant increases. Specifically, each year the Department of Finance (DOF) estimates the combined cost of all past increases provided from the dedicated funds (two separate 5 percent increases have been provided to date, in March 2014

and April 2015, at a total annual cost of \$319 million during 2016–17) and the total amount of available dedicated funds (\$302 million in 2016–17). When the estimated amount of dedicated funds exceeds the estimated cost of previously provided increases, DOF further determines the percentage increase in CalWORKs grants that could be sustained by the excess dedicated funds. A grant increase of this amount would then be provided during the budget year. When the estimated cost of previous grant increases exceeds the estimated amount of dedicated funds, as is the case for 2016–17, the General Fund covers the difference and no additional grant increase is provided. The amount of General Fund support needed to make up for insufficient dedicated funds in 2016–17 is \$17 million.

Increased General Fund Needed to Backfill Reduced Realignment Funding and Meet MOE Requirement. As noted above, the state must pay a minimum MOE amount from state and local funds (including realignment) to receive the annual TANF block grant. The reduction in the estimated current-law funding requirement and the estimated decrease in available realignment funds from local health savings mean that General Fund spending in CalWORKs must increase for the state to meet the required MOE in 2016–17. Specifically, General Fund support for CalWORKs increases by \$43 million (6 percent) in 2016–17 over the prior year.

Increased Federal TANF Support From Carry-In. The budget estimates that the amount of unused TANF funding available for use in 2016–17 increased by roughly \$400 million over the prior year, largely from funds allocated to counties in prior years that were not spent. After accounting for the increased General Fund support needed to meet the state's MOE requirement, only \$110 million of these additional TANF funds are needed to meet the estimated current-law funding requirement of the program. The budget increases TANF support for CalWORKs by this amount and increases the amount of TANF funds used to support financial aid for low-income college students through the Cal Grant program by \$304 million, directly offsetting what otherwise would be General Fund Cal Grant costs of the same amount.

State Has Likely Reached WPR Compliance. California has failed to meet the WPR requirement every year since federal fiscal year (FFY) 2006–07 and has been assessed cumulative penalties of about \$1.3 billion, that would ultimately take the form of a one-time reduction to the state's TANF block grant allocation. To date, the state has not faced any reductions to the TANF block grant as the state pursues various administrative avenues to reduce or eliminate the penalties.

Federal law provides that penalties may be eliminated if a state enters into a "corrective compliance plan" that results in the state meeting the WPR requirement in a later year. To date, the state has submitted two corrective compliance plans. Under the first, \$342 million in penalties for 2007–08, 2008–09, and 2009–10, would be eliminated if the state meets the WPR requirement during FFY 2014–15 (which ended in October 2015). Under the second, \$558 million in penalties for 2010–11 and 2011–12 may be eliminated if the state meets the WPR requirement during FFY 2015–16. The state has not yet submitted a corrective compliance plan for the 2012–13 penalties. With the

release of the Governor's budget, the administration announced that it appears to have achieved a WPR of 55 percent - sufficient for compliance - during FFY 2014–15. If compliance is verified by the federal government, \$342 million of the state's penalties will be eliminated. If compliance is maintained in 2015–16, most of the penalties assessed for 2010–11 and 2011–12 will be eliminated. The state failed to meet the WPR requirement in 2013–14, but penalties for that year have not yet been assessed.

LAO Assessment. The LAO states that the Governor's 2016–17 CalWORKs budget proposal is consistent with current law and policy and makes adjustments to total funding only to reflect costs and savings associated with changes in caseload and ongoing implementation of previously enacted policy changes. The CalWORKs budget is largely driven by assumptions made by the administration about the number of families that will receive assistance and what services they will need. In examining the Governor's proposal, the LAO reviewed the administration's caseload estimates against the most recent actuals available and our expectations for how caseloads may change in the future. The administration's estimate of the number of families that will receive cash assistance and the families that will utilize child care subsidies appear reasonable. LAO notes that the estimated need for other employment services may be overstated (implying that savings on services may be greater than assumed in the Governor's budget). However, the LAO recommends leaving caseload-related funding decisions until after the May Revision.

For more information on the CalWORKs program, please see the new Annual Summary created pursuant to Supplemental Report Language in 2014. This new resource developed by DSS can be found at:

http://www.cdss.ca.gov/cdssweb/entres/pdf/CW_AnnualSummary2016.pdf.

CALWORKS GRANTS

Cash Assistance. Grant amounts vary across the state and are adjusted for family size, income, and other factors. For example, a family of three that has no other income and lives in a high-cost county currently receives a cash grant of \$704 per month (equivalent to 42 percent of the federal poverty level). A family in these circumstances would generally also be eligible for food assistance through the CalFresh program in the amount of \$497 per month and health coverage through Medi-Cal.

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

History. Due to regular grant increases, the maximum grant remained above 50 percent of the FPL until the mid-2000s. Beginning in the mid-2000s, annual COLAs

were frequently suspended, and during the last recession the maximum grant was reduced. Grants were partially restored following the recession, but remain below pre-recession levels. Under the proposed budget, the maximum grant will be about 42 percent of the FPL in 2016.

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

CalWORKs Grant Relative to SPM Threshold. SPM thresholds are adjusted for regional cost of living, and are higher than the FPL in most parts of the state. SPM resource definition is more comprehensive, and includes most major public benefits in family resources, including CalFresh food assistance and refundable tax credits. SPM thresholds have been issued only since 2011, making them less useful for comparisons over time.

For a family of three, the maximum CalWORKs grant proposed for 2016-17 is equal to roughly 31 percent of an average SPM threshold from 2014 (the most recent year for which SPM thresholds have been calculated) for high-cost counties, and 37 percent in low-cost counties. The combined maximum CalWORKs grant and CalFresh food assistance for the same family is equal to roughly 53 percent of the average SPM threshold in high-cost counties, and 65 percent in low-cost counties.

2016-17 Proposed Monthly CalWORKs Grant Relative to Poverty Thresholds

	Region 1 - High Cost Counties	Region 2 - Low Cost Counties
Monthly CalWORKs grant ^a	\$704	\$670
Percent of FPL ^b	42.0%	40.0%
Percent of SPM threshold ^c	33.2%	31.6%

a. For a family of three with no other income.

b. Based on 2016 federal poverty guidelines.

c. Based on a weighted average of 2014 SPM thresholds for renters in California.

FPL = federal poverty level and SPM = Research Supplemental Poverty Measure

Current Law Provides for Automatic Grant Increases When Dedicated Funds Are Available. Current law dedicates a portion of the growth in certain county realignment revenues to support the ongoing costs of grant increases. The costs of both the March 2014 and April 2015 grant increases are largely paid for from the dedicated funds. Each year, if any dedicated funds remain after paying the costs of previous grant increases, current law provides that grants be increased by an amount that can be supported by the dedicated funds. Dedicated funds estimated to be available in 2016-17 do not fully cover the cost of the previous two grant increases. As a result, no automatic grant increase will be provided in 2016-17 and the General Fund will cover the shortfall.

Repeal of CalWORKs Maximum Family Grant Rule. Currently, a child born into a family receiving CalWORKs already does not receive a benefit unless the circumstance of the pregnancy is attested to be the result of rape, incest, or a failure in contraception. This policy is called the “Maximum Family Grant” or “MFG” rule and effectively suppresses the grant for a household with multiple children despite the demonstrated need for basic aid and living assistance required for CalWORKs eligibility. Children in households affected by MFG are therefore likely to be living in the condition of deepest poverty.

Repeal of the MFG would provide for the increased benefit payment starting now and into the future years for the current and incoming caseload. The Department of Social Services (DSS) provided the following estimates for the MFG repeal in 2015:

Low Cost Estimate:

- Average per child increase in the grant on a monthly basis=\$116
- Average monthly number of MFG Children is 134,906
- Annual Cost Estimate: 134,906 Children X \$116 Average per Child Grant Increase X 12 Months=\$187.8 million

High Cost Estimate:

- Average per child increase in the grant on a monthly basis=\$136
- Average monthly number of MFG Children is 134,906
- Annual Cost Estimate: 134,906 Children X \$136 Average per Child Grant Increase X 12 Months=\$220.2 million

The high and low fiscal estimates are provided for perspective because the cost will vary depending on the actual distribution of MFG children and Assistance Unit (AU) or household size. The average per child increase in the grant on a monthly basis is between \$116 and \$136. The lower grant increase represents adding one child to the Maximum Aid Payment (MAP) MAP for an MFG family based on the average AU size in the CalWIN consortia. The higher grant increase represents the difference between the MAP for an AU of three and four, assuming one MFG child will be added to the AU for the grant calculation. These are two different assumptions for estimating purposes, as DSS does not have the data to see the true distribution of MFG children in all counties.

An updated DSS estimate provided to the Subcommittee on March 24, 2016 includes consideration of additional variables:

Repealing the MFG policy would provide benefits to approximately 130,000 children in 95,000 families that began receiving CalWORKs assistance payments prior to the birth of the MFG child(ren). Due to the range in age of the youngest aided child and MFG child(ren) in families with an MFG child, the full impact of the policy will not be seen in the initial years of implementation. The estimated equilibrium represents the anticipated ongoing cost once the full caseload impact is realized. An additional \$136 per MFG child is included in this estimate. This is based on the assumption that current MFG cases have an aided parent and two aided children, and the repeal of MFG would increase the Assistance Unit (AU) size from an AU of three to an AU of four. As family composition for this population varies, so will costs. (An MFG child in an AU of one would cost an additional \$209, while an MFG child in an AU of five would cost an additional \$118.)

High Estimate	FY 2016-17	FY 2017-18	Estimated Equilibrium
MFG Repeal	\$106,488,869	\$211,774,352	\$211,774,352
Cases Staying on Aid Longer	\$1,648,047	\$12,328,783	\$102,454,578
One-Time Administration	\$963,001		
One-Time Automation	\$466,500		
Total Cost	\$109,566,418	\$224,103,135	\$314,228,930

Low Estimate	FY 2016-17	FY 2017-18	Estimated Equilibrium
MFG Repeal	\$106,488,869	\$211,774,352	\$211,774,352
Cases Staying on Aid Longer	\$1,648,047	\$11,543,998	\$52,072,391
One-Time Administration	\$963,001		
One-Time Automation	\$466,500		
Total Cost	\$109,566,418	\$223,318,350	\$263,846,743

If the MFG policy is repealed, families could remain eligible for continued assistance until the last MFG child reaches 18 years of age. After their current youngest aided child reaches the age of 18, the MFG child will become the only aided person in the AU and require a higher grant for the base AU of one than the incremental cost to add the individual to an existing AU. To account for the extended time on aid, an additional \$214 is applied to the case (\$350 for an AU of one less \$136 per MFG child accounted for under 'MFG Repeal' costs).

The "high estimate" assumes that families will remain on aid until the youngest MFG child reaches age 18. The "low estimate" assumes that once the last aided child becomes 18 years old and eligibility for cash assistance is based on the MFG child, the

family will remain on aid for an additional 14 months. This is based on the difference in the average time on aid for a family with and without an MFG child.

This estimate assumes CalWORKs eligibility workers will need ten minutes per MFG case to identify and recalculate the new monthly grant amount of CalWORKs families with an MFG child. Additionally, \$0.51 per family with an MFG child is included to notify recipients of the change in policy via a mailing notice. Caseload and cost factors are consistent with the 2016-17 Governor's Budget. Families with an MFG child currently receiving reasonably anticipated child support will be subject to assigning these payments to the state, with a \$50 pass through to the families. The fiscal impact of reduced CalFresh benefits, resulting from the increased CalWORKs grant, is not accounted for in this estimate.

The Western Center on Law and Poverty notes that MFG children are among other classes of a substantial number of cases where a family is receiving minimal support, placing them further below 50 percent of the poverty line, or deepest poverty.

STAFF COMMENT

There is no current voice defending the policy basis for the Maximum Family Grant rule. The racially charged stereotypes that have stigmatized welfare recipients have been exposed as myth, and there is broad understanding today that the MFG rule is very harmful to poor children and their families, as well as a violation of mothers' privacy. Senator Holly Mitchell's efforts to eliminate the MFG rule have received bipartisan support in both the Senate and Assembly. The only remaining argument against eliminating the MFG rule is the ongoing cost.

In 2013, the Legislature created the "Child Poverty Subaccount" as part of ancillary changes to the 1991 Realignment law. The Child Poverty and Family Supplemental Support Subaccount grows naturally each year, and was fashioned to automatically increase CalWORKs grants. However, the account only grows modestly each year, so the increases would normally be slightly incremental. Therefore, twice in recent history, the budget has provided 5 percent grant increases, with the General Fund fronting the costs, and the General Fund commitment decreasing over time until the Child Poverty Subaccount can cover the full costs. Over the next several years, the Subaccount is expected to continue to grow, so it could be a source to fund the repeal of the MFG and the cost of an additional grant increase in CalWORKs over a multi-year period, diminishing General Fund support until the costs are fully covered by the Subaccount, helping to address the insufficiency of the grants for families and children living in deep poverty in California.

The Subcommittee is in receipt of over 70 letters advocating for the repeal of the MFG from distinct organizations. It is not the usual practice of the Subcommittee to list letters received (mostly due to administrative workload and lack of capacity), but for this proposal of high priority, the Subcommittee is choosing to recognize the extensive support to repeal the MFG rule and ameliorate child poverty. These advocacy support letters are listed on the next page.

Support for the Repeal of the MFG Rule

Cs of Alameda County	Crenshaw Subway Coalition
ACCESS Women's Health Justice	Ella Baker Center for Human Rights
Act for Women and Girls	Equal Rights Advocates
African American Cultural Center (Us)	First 5 Contra Costa County
Alameda County Community Food Bank	Forward Together
Alameda County Social Services Agency	Friends Committee on Legislation of California
American Civil Liberties Union of California	Having Our Say Coalition
BANANAS	Hunger Action Los Angeles
Bay Area Legal Aid	Jewish Family Service of Los Angeles (JFSLA)
Black Community, Clergy and Labor Alliance (BCCLA)	Korean Community Center of the East Bay
Black Women for Wellness	LIUNA Local 777
California Association of Food Banks	LIUNA Local 792
California Catholic Conference, Inc.	Law Foundation of Silicon Valley
California Child Care Resource & Referral Network	Legal Aid Association of California (LAAC)
California Federation of Teachers (CFT)	Legal Aid Foundation of Los Angeles (LAFLA)
California Food Policy Advocates (CFPA)	Los Angeles Community Action Network (LA CAN)
California Immigrant Policy Center	Mental Health Advocacy Project
California Latinas for Reproductive Justice (CLRJ)	Mexican American Legal Defense and Educational Fund (MALDEF)
California Pan-Ethnic Health Network (CPEHN)	Mexican American Opportunity Foundation
California Partnership	National Association of Social Workers – California Chapter (NASW)
California Partnership to End Domestic Violence (the Partnership)	National Council of Jewish Women (NCJW)
California WIC Association	Nile Sisters Development Initiative (Niles Sisters)
Center for Law and Social Policy (CLASP)	Older Women's League of San Francisco
Center on Reproductive Rights and Justice, UC Berkeley	Our Family Coalition
Child Care Law Center	Parent Voices California
Child Development Resources of Ventura County, Inc.	Physicians for Reproductive Health
Children's Defense Fund-California (CDF-CA)	Public Interest Law Project
Coalition of California Welfare Rights Organizations, Inc.	Raising California Together
Community Child Care Council of Alameda County	River to Coast Children's Services
Community Child Care Council of Sonoma County	St. Anthony Foundation
Community Works	SEIU California
Contra Costa Child Care Council	Services, Immigrant Rights & Education Network (SIREN)
Contra Costa's Family Economic Security Partnership (FESP)	Stronger California Advocates Network
County Welfare Directors Association of California	United Ways of California
Courage Campaign	Ventura County Board of Supervisors
	Voices for Progress (V4P)
	Western Center on Law and Poverty
	Women's Foundation of California

Staff Recommendation:

The following action is recommended to the Subcommittee on CalWORKs Grants and the Maximum Family Grant (MFG) Rule:

- **Repeal MFG and Provide Grant Increase.** Repeal the MFG rule, with the adoption of placeholder trailer bill language to accomplish this, and provide a 4 percent increase to the CalWORKs Maximum Aid Payment, all effective January 1, 2017.
- **No Permanent General Fund Costs.** Fund the two actions above with growth dollars that are currently appropriated into the Child Poverty and Family Supplemental Support Subaccount, with the General Fund providing the backstop funding in the intervening years until the two actions are entirely supported with these funds.
- **Fiscal Estimates.** The total ongoing costs of the two actions will be about \$360 million. Based on an LAO forecast, which was conducted at the request of the Subcommittee in a technical assistance capacity, through 2019-20, and staff extrapolations for 2020-21 and 2021-22, General Funds costs could only be as high as about \$250 million for one year and go down to zero after five years. The following chart reflects these estimates. (It should be noted that DSS has recently provided the updated MFG repeal estimates as included in the agenda, which will be evaluated as the spring process proceeds.)

(in millions)	16/17	17/18	18/19	19/20	20/21	21/22
4% Grant Increase (1/1/17)	\$72	\$138	\$136	\$134	\$133	\$131
Repeal MFG (1/1/17)	\$114	\$226	\$226	\$226	\$226	\$226
Total Cost	\$186	\$363	\$361	\$360	\$359	\$357
Available Child Poverty Acct Funds	\$36	\$114	\$152	\$218	\$288	\$358
Remaining General Fund Costs	\$150	\$250	\$209	\$142	\$71	\$0

ISSUE 3: CALWORKS: EARLY ENGAGEMENT STRATEGIES AND TIMECLOCK OVERSIGHT**PANEL**

- Will Lightbourne, Director, and Todd Bland, Deputy Director, Welfare-to-Work Division, California Department of Social Services
 - The administration has been asked to provide a more current update on the implementation status and efforts as part of their hearing testimony.
- Mike Herald, Adocate, Western Center on Law and Poverty
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

CONTEXT

CalWORKs Still Living Out Recessionary Reductions and Major Program Changes. The CalWORKs program has undergone complicated, continuous change over the past seven years. The changed program has a (1) shorter lifetime clock of 48 (versus the federally allowed 60) months, (2) flexibility within a new 24-Month Welfare-to-Work services clock, (3) Early Engagement programs that are intended to improve the experiences for families facing severe and multiple barriers to employment, such as homelessness and mental illness, and (4) grants that, despite some increases, remain at historic lows. One million California children rely on the program and two-thirds of the CalWORKs caseload are Latino and Black families, most of whom are headed by a single female head of household. More children are expected to be the primary recipients of CalWORKs, receiving a child-only grant, as the 24 month clock implements more fully in the current year. This will happen if the adult recipient is no longer eligible for their portion of the grant due to lack of meeting higher work standards after the 24th month.

OVERSIGHT OVER RECENT CHANGES

AB 74 (Chapter 21, Statutes of 2013) enacted several provisions meant to engage CalWORKs families earlier and more extensively, and by doing so to eliminate some of the obstacles to long term self-sufficiency. Specifically, AB 74 enacted Expanded Subsidized Employment (ESE), the Online CalWORKs Appraisal Tool (OCAT), and Family Stabilization (FS). These Early Engagement strategies were intended to align with implementation of the 24-month new time limit (January 1, 2013), but instead were operationalized to implement a year or longer after the 24-month policy went into effect.

**Summary of Implementation of Early Engagement Components
As Provided by DSS**

Early Engagement Component	Status Update	FY 2014-15 Actual Expenditures	FY 2015-16 Revised Budget	FY 2016-17 Governor's Budget
Online CalWORKs Appraisal Tool (OCAT) – Standardized statewide welfare-to-work appraisal tool that provides in-depth appraisals of client strengths and barriers to employment and self-sufficiency	<ul style="list-style-type: none"> OCAT statewide implementation achieved October 2015. As of March 11, 2016, 47,959 total appraisals have been completed. 		\$13.6 M	\$16.6 M
Family Stabilization (FS) Program – Intensive case management services designed to ensure a basic level of stability within a family prior to, or concurrently with, WTW activities	<p>In December 2015, Family Stabilization served:</p> <ul style="list-style-type: none"> Over 2,400 cases; Over 2,900 individuals; <ul style="list-style-type: none"> 35 percent (1,037) of the individuals served were children; and 31 percent of cases with Homeless Assistance services. 	\$22.9 M	\$29.8 M	\$29.8 M
Expanded Subsidized Employment – Counties were given additional resources to create additional subsidized employment positions	<ul style="list-style-type: none"> Post Subsidized Employment quarterly earnings are \$3,240. <ul style="list-style-type: none"> As compared to \$1,114 prior to entering into a subsidized employment program. Subsidized employment program averages 4,500 participants per month (8,250 participants annually). 50 counties operate a subsidized employment program. 	<p><u>Grants</u> actual grant savings cannot be separately identified from recipients' grant levels, which are reduced due to wages from subsidized employment.</p> <p><u>Services</u> \$72.9M</p>	<p><u>Grants</u> -\$38.4M</p> <p><u>Services</u> \$134.1M</p>	<p><u>Grants</u> -\$38.4M</p> <p><u>Services</u> \$134.1M</p>

Expanded Subsidized Employment (ESE). Under subsidized employment, counties form partnerships with employers, non-profits, and public agencies to match recipients with jobs. Wages are fully or partially subsidized for six months to a year. While in an ESE placement, the CalWORKs recipient obtains specific skills and experience with the goal of obtaining permanent unsubsidized employment with the participating employer. Wages average \$1000 per month, and average between \$9.00 and \$13.00 per hour.

The monthly cost-per-slot is estimated at \$1,355 and includes subsidized wages and benefits, non-wage employer costs such as worker's compensation. Grant savings resulting from employment earnings are reinvested into the Expanded Subsidized Employment Program. \$134 million was allocated to 57 counties in 2014-15, and DSS projects that around 8,000 new jobs were anticipated for the same time period. Proposed funding for this program in 2015-16 and 2016-17 remains the same. As of August 2015, 47 counties are participating in the program. In 2013-14, counties reported 714 out of 1,771 (40 percent) of recipients found unsubsidized employment after their time on Expanded Subsidized Employment. 2014-15 saw the participation of 7,798 new participants, and over 1,000 new recipients found unsubsidized employment after their time on Expanded Subsidized Employment in the first three quarters of 2014-15.

Counties Propose ESE Streamlining. CWDA is proposing trailer bill language to streamline the two CalWORKs subsidized employment programs, AB 98 and ESE, to reduce the administrative burden of two separate programs and to help maximize utilization of the programs.

Online CalWORKs Appraisal Tool (OCAT). OCAT is a standardized statewide WTW appraisal tool that provides an in-depth assessment of a client's strengths and barriers, including: employment history, interests, and skills; educational history; housing status and stability; language barriers; child health and well-being; and, physical and behavioral health, including, but not limited to, mental health and substance abuse issues.

As of January 31, 2016, 37,642 OCAT appraisals had been completed with recommendations for supportive services:

- 24,185 recommendations for mental health services.
- 16,687 recommendations related to domestic abuse, human trafficking, or sexual exploitation.
- 28,085 clients indicated they were not working at the time of appraisal.
- 5,586 clients were enrolled in education or training programs at the time of appraisal.

The majority of counties are now fully utilizing OCAT, while a small number (less than five) are still in the process of implementing the tool. As more data is provided by OCAT through continued use and enhanced reports, DSS anticipates that additional programs that are used by CalWORKs clients may benefit from the recommendation data, and that the data may be used to determine how to address unmet needs for services statewide and at the local level.

Family Stabilization (FS). FS is intended to increase client success during the flexible WTW 24-Month Time Clock period by ensuring a basic level of stability for clients who are especially in crisis, including: intensive case management and barrier removal services for both adults and children. Clients must have a "Stabilization Plan" with no minimum hourly participation requirements. Six months of clock-stopping is available, if

good cause is determined. Family Stabilization is a voluntary program, and counties were given flexibility to determine the services that are provided and individual program components. All 58 counties had fully implemented their FS programs as of June 2015.

Cases have increased four-fold from 600 to 2,400 in December 2015. A similar increase in the number of adults receiving FS services was seen over this time period, and the amount of children receiving FS services grew seven-fold from 140 to over a thousand. The average length of time for a recipient on FS is between three and six months. Nearly 2,000 individuals successfully transitioned from an FS plan back to Welfare-to-Work between July 2014 and December 2015.

OVERSIGHT OVER TIME CLOCKS

Currently, a participant receives 24 months of welfare to work (WTW) services and then, generally, must meet higher work standards to receive additional months after this, not to exceed 48 months of services in total. The federal TANF law that created CalWORKs allows for 60 months in a lifetime benefit. Bringing California's clocks back into alignment with the federal maximum is an area of policy inquiry raised by advocates and Legislators, as the case can be made that additional time for participants is needed to address barriers including educational and training needs, counseling, and mental health/substance abuse/domestic violence intervention services. This ties back to the OCAT results on barrier identification discussed earlier.

DSS notes that extending the WTW 24-Month Time Clock to 36 or 48 months would have various cost considerations. "The savings included in the 2016-17 Governor's Budget (\$11.4 million) would be eroded or delayed (please refer to the page 33 of the Estimate Methodologies section of the Local Assistance binder), depending on the particular option being considered. There would also be county administrative costs to implement the change and potential costs to undo the extensive automation and noticing changes put in place for the WTW 24-Month Time Clock. In addition, California's WPR would be adversely impacted since clients would no longer need to meet CalWORKs federal standards, or would not have to meet these standards until a later period. Finally, undoing or changing the WTW 24-Month Time Clock will likely lead to significant county and client confusion as requirements change for existing CalWORKs clients and as counties implement changes."

STAFF COMMENT

The results of the OCAT in determining multiple barriers and conditions that may require the involvement of other safety net programs, including SSI/SSP and disability determinations, merit serious condition. To avoid a further reduced grant for families where the adult is sanctioned or times off of the clock, and the adverse consequences for the children involved, perhaps more can be achieved through Family Stabilization to support vulnerable families. SSI Advocacy has been raised as a program component in certain counties that can be expanded and bolstered, connecting more families that might

qualify with income support where sustainable employment may be more difficult for the adult.

Counties ability to fairly administer the complex time clock structure that was implemented as part of the 2012 program changes continues to be an issue. The preliminary findings of the RAND researchers, who are contracted to study the effects of the changes, point to the time clocks as an area of concern that warrants careful scrutiny. In a recent study overview and update, RAND cites both county caseworker and client confusion regarding the 24-month time clock. The 24 and 48 month clocks make California more restrictive in this policy than most other states.

Staff Recommendation:

Staff recommends the following for the Subcommittee. These actions do not require a vote.

- To direct staff to continue to review advocacy proposals that utilize the OCAT data and potentially create better avenues to lift families out of deep poverty, including expansion of the Family Stabilization program and SSI Advocacy within CalWORKs.
- Request an update on any trailer bill changes being sought regarding Subsidized Employment as soon as possible prior to the May Revision.
- Request the fiscal estimate on extending the clock to 60 months from DSS by May 2nd to the Subcommittee, to allow for time for review and discussion prior to the May Revision.

ISSUE 4: CALWORKS: HOUSING SUPPORT PROGRAM AND HOMELESS ASSISTANCE PROGRAM

- Will Lightbourne, Director, and Todd Bland, Deputy Director, Welfare-to-Work Division, California Department of Social Services
- John Bauters, Californians for Safety and Justice
- Kevin Aslanian, Advocate, Coalition of California Welfare Rights Organizations
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

BACKGROUND

Homeless Assistance Program. The CalWORKs Homeless Assistance Program (HAP) was established in 1987 and provides a once-in-a-lifetime payment to meet the reasonable costs of obtaining permanent housing, and/or temporary shelter while seeking permanent housing. A typical family is eligible to receive benefits of up to \$65 per night for 16 consecutive days of temporary shelter while searching for permanent housing. Families may also be eligible to receive up to two months of rental assistance in order to obtain permanent housing or two months of rental arrearages to prevent eviction. An average of 3,248 requests for temporary and permanent assistance are approved every month. For 2014-15, there were a total of 38,987 cases approved at a cost of \$30.2 million.

Housing Support Program (HSP). Senate Bill (SB) 855 (Chapter 29, Statutes of 2014) allocated \$20 million for a new HSP for homeless CalWORKs recipients which provided funding for 20 counties. For fiscal year 2015-2016, the allocation increased to \$35 million which provided funding to 44 counties. In following core components of a Rapid Re-Housing program, HSP assists families in quickly obtaining permanent housing by offering financial assistance and several wrap-around supportive services to foster housing retention. The Administration proposes \$35 million for 2016-17.

After 16 months of implementation (September 2014-December 2015), DSS reports that nearly 8,000 families have been approved for HSP and have received or are receiving case management services and/or financial assistance. Over 3,000 families have moved to permanent housing. In 2014-15, counties maximized the HSP allocation, spending over 60% on direct financial assistance, in addition to an estimated 15% on direct case management services.

DSS provides continued oversight, technical assistance, and training opportunities to ensure utilization of Rapid Re-Housing best practices. Key focus areas include:

- Strengthening collaboration with the local Continuum of Care to integrate HSP within the local homeless services system,

- Building Rapid Re-Housing capacity by developing landlord relationships and increasing housing stock;
- Incorporating HSP into the overall CalWORKs program including Family Stabilization and Expanded Subsidized Employment, while leveraging funding to maximize the HSP allocation.

ADVOCATES' REQUESTS

Housing Support Program Augmentation. The County Welfare Directors Association (CWDA) and Californians for Safety and Justice request consideration of a budget augmentation of \$15 million for the CalWORKs Housing Support Program (HSP). Funded at \$20 million in 2014-15, HSP served 5,569 children in 2,020 families. Currently funded at \$35 million, HSP is expected to serve over 4,500 families which will include 9,000 children in 44 counties. A \$15 million funding augmentation will enable the program to serve an additional 1,900 families with 3,800 children in counties with existing programs and new counties wishing to participate.

CWDA and Californians for Safety and Justice argue that the need and demand for HSP is high. County Human Service Agencies receive, on average, an estimated 4,000 requests for Homeless Assistance each month. While not all families who request assistance will meet HSP criteria, CWDA and Californians for Safety and Justice believe this estimate is a useful proxy for unmet need throughout the state. Both organizations believe the 44 counties currently operating HSP have not received enough funding to serve all the homeless families potentially eligible for the program. HSP is a proven and successful solution to the problem of family homelessness.

The Western Center on Law and Poverty is proposing various changes to the Housing Support Program including adding several requirements for counties, prioritizing families experiencing domestic abuse, and giving counties discretion to extend rental assistance beyond six months.

STAFF COMMENT

HSP was created under the Assembly's leadership in 2014. Staff notes that the HSP was augmented in the previous budget cycle, from \$20 million to the current \$35 million. Also, the Senate "No Place Like Home" plan to address homelessness in the state includes an unknown augmentation of the Housing Support Program.

Advocates have promoted changes in the HAP program to make it a more viable supportive service for those facing homelessness in CalWORKs. They advocate for a repeal of the once-in-a-lifetime limitation, as well as a change to the requirement for the consecutive use of assistance. Proposals for changes have been contemplated in the past to lift the once-in-a-lifetime ban to enable a family to use the assistance after a certain number of years, acknowledging the changes in the economy that might make homelessness a reality for a family again even if they were able to find stable housing before. These ideas warrant consideration in this current discussion of how California

can help meet the needs of the homeless and those facing housing instability in the larger community, including those families with children receiving CalWORKs benefits.

Staff Recommendation:

Staff recommends that these issues be held open. The Subcommittee may consider (1) requesting that advocates meet to discuss if there is common ground on how to improve the Housing Support Program while maintaining the basic model and (2) asking staff to continue working with advocates on developing a set of changes to the Homeless Assistance Program, and evaluating the associated costs of those changes, for future consideration by the Subcommittee.

ISSUE 5: CALWORKS: ADDITIONAL ANTI-POVERTY STRATEGIES AND ADVOCATES' REQUESTS

- Advocacy Testimony will be taken first as Public Comment
- Will Lightbourne, Director, and Todd Bland, Deputy Director, Welfare-to-Work Division, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance

ANTI-POVERTY STRATEGIES IN CALWORKS

The Subcommittee is in receipt of multiple proposals in the CalWORKs area. These have largely been submitted by the Western Center on Law and Poverty (WCLP) and the Coalition of California Welfare Rights Organizations (CCWRO). Their recommendations include:

1. **Increase the Earned Income Disregard (EID).** Families are currently allowed to keep the first \$225 they earn without seeing a reduction in their grant check, considered an effective work support. This proposal is to increase the EID and allow families to keep more of their earnings from work (\$700), allowing them to meet basic needs and spend more in the marketplace. Advocates point out that the current amount has not increased since the inception of the program in 1997. Currently CalWORKs families are allowed to keep a certain percentage of their earned income until their income grows too high (still below the Federal Poverty Level), and they “income out” or earn too much to qualify for the program. Proposals have been made in the past to increase the EID, incenting work and allowing recipients to maintain more of their resources while they remain on the program. This strategy ensures that families don’t “income out” of the program too early to meaningfully give them an opportunity to pull themselves out of deep poverty.
2. **Reduce the use of sanctions.** Advocates cite that the rates of sanction in the program continue to rise, from 17 percent in 2008 to 24.3 percent in 2014. While the total number of sanctions has leveled off, there continues to be more than 60,000 cases in sanction, nearly one out of every five cases actively participating in welfare to work. The Western Center on Law and Poverty (WCLP) notes that an additional 12,000 cases are in long-term sanction status and have been moved to the Safety Net non-MOE program. WCLP suggests various ways to leverage the OCAT and Family Stabilization program components to assist more families in sanction to either move to an exemption status that would enable them to retain their full grant or toward a path of case management and more intensive assistance to help them to, over time, overcome multiple barriers. Research has demonstrated that two or more barriers, such as Limited English Proficiency, lack of a high school diploma, lack of transportation, and lack of child care, to name a few, create challenges on a

personal level for recipients that make it extremely difficult to comply with basic program rules.

3. **Eliminate 100 Hour/Child Deprivation Rule.** The Coalition of California Welfare Rights Organizations (CCWRO) and WCLP also urge the Legislature to eliminate the antiquated pre-TANF rule that bars eligibility for aid if a parent in a two parent family applying for aid is working more than 100 hours in a month. They state that the sole purpose of this arbitrary rule is to reduce caseload. It assumes that because an adult in the caseload is working 100 hours that there is no “child” deprivation. A family working 100 hours a month at the minimum wage of \$10 an hour would have an income of just \$1,000 a month or \$12,000 a year, less than half of the federal poverty level for a family of poor. Providing CalWORKs cash assistance to these families will ensure that the family has income above deep poverty and allows the family to get key supportive services like child care and education so they can increase the family income even more.

Staff Recommendation:

Staff recommends holding these issues open and directing staff to continue to evaluate the costs of these anti-poverty approaches.

ISSUE 6: CALWORKS: GOVERNOR'S TRAILER BILL PROPOSALS FOR 2016-17**PANEL**

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

TRAILER BILL PROPOSALS

1. **County Share Ratios Trailer Bill Language (TBL).** The Administration proposes trailer bill language that seeks to align the county sharing ratio for specified populations. The department notes that this is clean-up language and there is no cost associated with this trailer bill language.

The CalWORKs program allows children to continue to receive assistance under certain conditions if the adult in their household does not qualify for CalWORKs cash aid. This population includes cases identified as Safety Net, Fleeing Felon or Long-Term Sanction, where adults have timed out of CalWORKs, are prohibited from CalWORKs assistance because they are identified as a fleeing felon, or have been in a sanction status for longer than 12 consecutive months. Because the Safety Net, Fleeing Felon or Long-Term Sanctions populations include those whose cash aid under their former aid payment included federal funds, their funding ratios were established to reflect a lower county share of funding of 2.5 percent with a state share of funding of 97.5 percent. This alleviated the cost to counties for adults transitioning from being aided to unaided. However, Welfare and Institutions Code (WIC) section 15200 requires that the county's share of funding is five percent for programs after deducting any available federal funding. There is an inconsistency between WIC and current practice.

2. **TAP TBL.** The Administration proposes to eliminate the Temporary Assistance Program (TAP). The department notes that this language results in cost avoidance associated with the elimination of the program in FY 2016-17 and beyond. Background. AB 1808 (Chapter 75, Statutes of 2006) required DSS to establish a voluntary TAP with state-only funds providing cash aid and other benefits to certain current and future CalWORKs recipients who are exempt from state work participation requirements. These recipients must be provided the same benefits as the CalWORKs program with no adverse impact by April 1, 2007. The TAP program was intended to increase the federal Temporary Assistance for Needy Families (TANF) work participation rate (WPR).

Implementation was suspended due to obstacles associated with the federal child support distribution rules, and concerns that these issues would result in a potential negative effect on TAP recipients. Due to these concerns, implementation of the TAP has been repeatedly postponed, with the current implementation date as October 1, 2016, as established in SB 855 (Chapter 29, Statutes of 2014). DSS claims that TAP is no longer necessary as they have adopted an alternate move-out strategy for removing safety net and long-term sanctioned cases from being included in the determination of the state's TANF WPR calculation.

STAFF COMMENT

Stakeholders have been consulted on the county sharing proposal and no issues have been raised.

In the past, the Legislature has made the decision to keep the TAP program as an option if it should become necessary in the future, and extend the implementation date. A change could be made to the language to remove the date and make the statute effective contingent on some future action by the Legislature.

Staff Recommendation:

Staff recommends the following actions on the administration's trailer bill proposals related to CalWORKs:

- For the County Sharing Ratio TBL, staff recommends approval of the TBL as placeholder, with any technical adjustments that may be necessary to be made in the trailer bill process.
- For the TAP TBL, staff recommends approval of language as placeholder that would change current statute to remove the date for implementation of TAP and make the implementation contingent upon further action of the Legislature in any given year.

ISSUE 7: CALFRESH AND FOOD ASSISTANCE: PROGRAM AND BUDGET REVIEW AND GOVERNOR'S PROPOSALS FOR 2016-17**PANEL**

- Will Lightbourne, Director, and Kim McCoy Wade, Chief, CalFresh Branch, California Department of Social Services
 - DSS to provide an overview narrative summary highlighting recent program dynamics, accomplishments, goals, etc.
 - Please present on the Governor's Budget proposals for 2016-17.
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

BACKGROUND

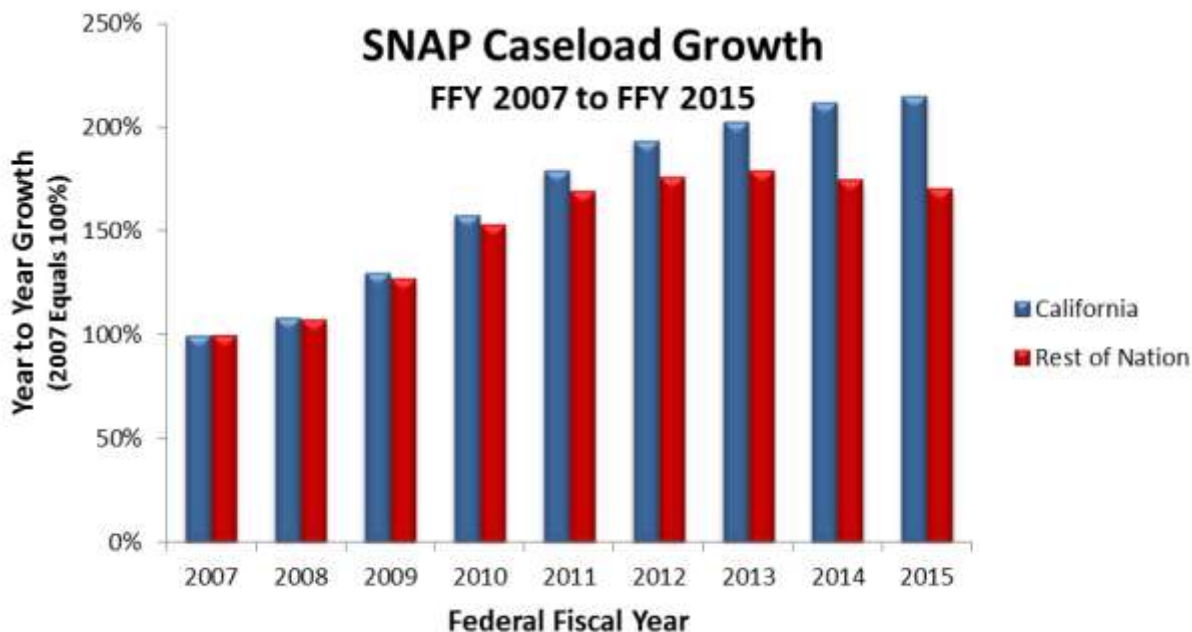
The following information has been provided by DSS.

CalFresh (formerly known as Food Stamps) is a federal entitlement program that provides monthly benefits to assist low-income households in purchasing the food they need to maintain adequate nutritional levels. Households are eligible with incomes at or below 200% of the federal poverty level for gross income and 100% net (after deductions). Participation is currently 2.2 million households, representing 4.4 million individuals, per month. Of the 2.2 million households, 285,000 are also participating in CalWORKS, while 1.9 million are not.

Benefits are 100 percent federally funded. The average benefit in California is \$144 per person per month. Total annual benefits received in California are approximately \$ 8.0 billion and generate an economic impact of \$ 14.3 billion. Administrative costs are shared between the federal, state and county governments. The total cost in 2015-2016 for administration is \$2.0 billion, with \$700 million from the General Fund. Eligibility standards and benefit levels are nationally set by Congress and the President and administered by the United States Department of Agriculture. The program is called the Supplemental Nutrition Assistance Program (SNAP) at the federal level.

The California Food Assistant Program (CFAP) provides CalFresh food benefits to certain legal non-citizens who are eligible for SNAP except for their immigration status. The CFAP benefits and administrative costs are funded by \$77 million in General Fund.

CalFresh benefits are issued through an Electronic Benefit Transfer (EBT) card. By using the EBT card, cardholders can access food benefits at the point-of-sale (POS) terminals of retailers, including grocery stores and farmers' markets, authorized by USDA to accept CalFresh benefits.



California was recognized by USDA for “Most Improved” Program Access Index for the 2014 calendar year.

Disaster Response. During the Butte and Valley Fires, a Presidential declaration of disaster was issued to both Calaveras and Lake Counties. CalFresh was able to provide new and expanded food assistance to over 1,100 households:

- Disaster-CalFresh benefits = \$474,000
- Mass replacement benefits = \$297,000

Cost and Caseload Dynamics. The 2016-17 Governor’s Budget includes \$2.0 billion (\$715.3 million General Fund) for CalFresh administration in 2016-17, which represents a \$38.8 million (\$22.9 million General Fund) increase from the 2015-16 enacted budget. The non-assistance CalFresh caseload is projected to increase 6.6 percent in 2016-17 after accounting for all policy impacts on the base caseload projection. The CalFresh program is projected to reach an average of 2.2 million total households in 2015-16 and 2.3 million total households in 2016-17. The 2016-17 Governor’s Budget largely represents a current-law, workload adjusted budget for CalFresh and the California Food Assistance Program (CFAP).

CURRENT FOOD NEEDS

Hunger in California. Hunger remains a serious issue in California. California’s underperformance on enrollment of eligible cases onto the CalFresh program has been a topic of scrutiny in recent years, with 57 percent of those eligible and 44 percent of working poor eligible participating, some of the lowest numbers in the nation (California ranks 50th). However, recent policy implementations such as the Affordable Care Act,

the State Utility Assistance Subsidy, Modified Categorical Eligibility and School Lunch have bolstered caseload growth. The Legislature will be interested in how these changes have altered the participation landscape for CalFresh and if there are further innovative, near-term efforts that can be undertaken to ensure that more eligible families are receiving food benefits. Over 2.5 million households are projected to receive CalFresh benefits in 2015-16.

According to data from the UCLA Center for Health Policy Research's California Health Interview Survey (CHIS), at least 4 million low-income Californians struggled with food insecurity during 2011-12. Food-insecurity is the inability to consistently afford enough food. Researchers find that food-insecure adults face higher risks of chronic diseases (like diabetes and hypertension) as well as depression and poor mental health. For children, food insecurity is also linked to poor academic outcomes.

GOVERNOR'S PROPOSALS FOR 2016-17

- 1. Drought Food Assistance Program (DFAP).** The Governor's Budget includes \$18.4 million General Fund in local assistance funding to operate the Drought Food Assistance Program (DFAP) through 2016-17 based on the current level of need. The Governor's Budget states that although the DFAP is considered to be a temporary program, there continues to be a demonstrated need for these services in many parts of the State. The DFAP has \$14.1 million budgeted in remaining provisional General Fund authority for 2015-16, which will fully fund the program through the end of the fiscal year.

As of June 1, 2015 the Drought Food Assistance (DFAP) program has received \$33 million and has been funded through June 2016. The Administration is requesting \$18.4 million General Fund to continue the program at current demand levels through the end of 2016-17. Background. The CalFresh program is intended to help families prevent hunger, with emergency food programs as a safety net resource. To be eligible for food programs, a recipient must have income below 150 percent of federal poverty level, be a local resident, and use the food received in their personal home. DFAP is the temporary program developed in response to the Governor's Drought Emergency Declaration, and seeks to provide food assistance to drought-affected communities with high levels of unemployment.

DFAP food is provided by the California Emergency Foodlink, the non-profit DSS contractor which normally purchases and distributes USDA food statewide. Counties that will receive DFAP are those with unemployment rates that were above the state-wide average in 2013, and which have a higher share of agricultural workers than California as a whole. Receiving counties include Amador, Butte, Colusa, Fresno, Glenn, Imperial, Kern, Kings, Lake, Lassen, Madera, Merced, Modoc, Monterey, Riverside (Coachella Valley), San Benito, San Joaquin, San Luis Obispo, Santa Barbara, Santa Cruz, Sierra, Siskiyou, Stanislaus, Sutter, Tehama, Tulare, Ventura,

Yolo, and Yuba. As of February 12, 2016, DFAP has provided over one million boxes to food banks that have distributed boxes to over 540,000 households.

Household DFAP eligibility is based on a self-certification process, whereby recipients identify themselves as the head of a household in an affected community where the household's unemployment or underemployment is directly related to the drought. DFAP food boxes are prepackaged, weigh approximately 25 pounds, and designed to provide food for a household of four people for about five days. Contents include, among others, spaghetti, pinto beans, apple sauce, green beans, corn, and tomato sauce. Participating food banks inform affected households of the location and availability of DFAP food distributions. Food banks are expected to collaborate with other local community organizations that may be engaged with these families. Eligible households with longer-term needs also will be offered information and assistance in applying for CalFresh.

2. **Raising CalFresh Children Enrollment Budget Change Proposal (BCP).** The Governor's Budget includes \$804,000 (\$261,000 General Fund) and five positions for DSS to provide technical assistance and training to the 19 largest counties on effective business processes for enrolling and retaining families in CalFresh. The Governor states that this work will be coordinated with Medi-Cal and the Department of Public Health's Women, Infants, and Children program to provide appropriate nutrition assistance for young children, with the goal of increasing the total number of children enrolled in CalFresh by 400,000 by June 30, 2018.

The Administration requests the establishment of five Staff Services Manager (SSM) Specialist positions as a dedicated traveling team of experts to provide data-informed assistance and direction to counties in CalFresh outreach and administrative business practices in order to increase the total number of children enrolled in CalFresh by 400,000 in two years. When fully realized, the Children's Nutrition Initiative would provide:

- \$900 million in food benefits to 200,000 families (with 400,000 children)
- \$1.6 billion in economic benefit to California
- \$18 million in annual sales tax revenues (assuming every \$1.00 of food benefits frees up \$0.45 for spending on taxable goods)

3. **Trailer Bill on CalFresh Outreach Cooperative Agreements.** The Administration proposes trailer bill language to restore the ability of CalFresh Outreach (CFO) contracts to be deemed as Cooperative Agreements and also deem the CalFresh Nutrition and Obesity Prevention Grant (known as SNAP-Ed) program contracts as Cooperative Agreements in order to align the programs with federal oversight agency expectations. The department notes that there is no General Fund impact associated with this issue, and that this language allows the \$125 million federal dollars already in the budget to be used as intended. Background. The CFO and SNAP-Ed programs are 100 percent federally funded, and operate under guidance from the United States Department of Agriculture Food and Nutrition Service (USDA-FNS). DSS is designated as the state oversight agency for these programs.

The CFO program was transferred from the California Department of Public Health (DPH) beginning in 2013. While at DPH, the CFO program awarded Cooperative Agreement contracts to Community Based Organizations (CBOs) under the Health and Safety Code to implement the statewide Outreach Plan. Cooperative Agreements allow for limited line-item budget adjustments without formal contract amendment. At the time of transfer, DSS did not know that Cooperative Agreements are not allowed under the Welfare and Institutions Code. The department states that, absent this language and the flexibility it provides, federal funding may not be maximized. Two CFO contractors, the Catholic Charities and the California Association of Food Banks, have asked DSS to provide this flexibility so they can continue to run their programs.

STAFF COMMENT

No issues or concerns have been raised to subcommittee staff at this time on any of the Governor's proposals for CalFresh.

Staff Recommendation:

Staff recommends the following:

- Approval of the Drought Food Assistance Program Governor's Budget proposal.
- Approval of the CalFresh Budget Change Proposal, with a request for a written update to be provided in the annual budget process to the Subcommittee on the progress of enrollment for each year that the initiative is in effect.
- Approval of the Cooperative Agreements CalFresh trailer bill language as placeholder, subject to technical adjustments in the trailer bill process. Stakeholders have been consulted and no issues have been raised.

ISSUE 8: CALFRESH AND FOOD ASSISTANCE: ADVOCACY REQUEST FOR STATE EMERGENCY FOOD ASSISTANCE PROGRAM

- Andrew Cheyne, Policy Director, California Association of Food Banks
- Kevin Aslanian, Advocate, Coalition of California Welfare Rights Organizations
- Will Lightbourne, Director, and Kim McCoy Wade, Chief, CalFresh Branch, California Department of Social Services
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Tyler Woods, Finance Budget Analyst, Department of Finance
- Public Comment

ADVOCATES' REQUESTS

The Subcommittee is in receipt of the following proposals in the CalFresh and Emergency Food Assistance areas. These are:

1. **State Emergency Food Assistance.** The California Association of Food Banks (CAFB) requests a \$10 million General Fund appropriation for the State Emergency Food Assistance Program (SEFAP). Currently, there is no on-going General Fund dedicated for this use. In the 2013-14 fiscal year, the State Assembly donated \$1 million of its own funds for this purpose for one-time use.

The \$10 million SEFAP request would be distributed to all counties based on the established formula for the distribution of EFAP, currently funded with federal dollars. The advocates state that there would not be prioritization for any particular region of the state, as there is unmet need in all areas. CAFB states that with respect to network capacity, food banks and EFAP distributors can effectively utilize all of the funds. The \$10 million would be divided among all counties, based on the established allocation formula, to meet hunger needs among the general population. The SEFAP funds provide additional flexibility to food banks, as they can purchase the items that they need to complement the types of foods that are currently available to them.

When asked about the interaction with recent funds made available for emergency food assistance through the drought package, advocates responded to say that the funds contained provided for drought are completely separate and are available only to those communities that can document increased need due to drought, and only to serve those people who are identified as drought impacted. Food banks are required to document drought impact and need so as not to utilize drought funds to serve the general population. Additionally, drought aid will not be distributed as flexible dollars, but rather food will be purchased centrally, and disaster boxes will be assembled in Sacramento and then distributed to qualifying food banks.

2. **Maximize CalFresh Recertification Period.** The Coalition of California Welfare Rights Organizations (CCWRO) requests action to ensure that CalFresh certification periods are expanded to the maximum period allowable under federal law. Each recertification of the CalFresh program means that the CalFresh recipient must complete the entire application process when the certification period ends. Federal law provides states with the option of designation of the length of the certification periods, such as monthly, quarterly, every six months, or annually. Intent language was adopted as part of the 2015 Budget that called for counties to adopt the maximum number of months allowable under federal law, but this lacks the force of law. Advocates are asking for a strengthening of this to require the adoption of the maximum recertification period.

Staff Recommendation:

Staff recommends holding these issues open.

ISSUE 9: IMMIGRATION SERVICES: IMPLEMENTATION REVIEW AND ADVOCACY REQUEST

- Will Lightbourne, Director, and Dan Torres, Chief, Immigration Branch, California Department of Social Services
- Gina Da Silva, Policy Advocate, California Immigrant Policy Center
- Ryan Woolsey, Fiscal and Policy Analyst, Legislative Analyst's Office
- Chi Lee, Finance Budget Analyst, Department of Finance
- Public Comment

BACKGROUND AND IMPLEMENTATION UPDATES

Immigration Services Program. DSS provided the following update on the implementation of the Immigration Services Program, a new initiative funded with \$15 million General Fund in the 2015 Budget Act. DSS awarded 61 contracts to qualified nonprofit organizations that will provide services under one or more of the following service categories: (1) Services to Assist Applicants seeking Deferred Action for Childhood Arrivals (DACA) or other immigration remedies; (2) Services to Assist Applicants seeking Deferred Action for Parents of Americans and Lawful Permanent Residents (DAPA) or other immigration remedies; (3) Services to Assist Applicants seeking Naturalization; (4) Legal Training and Technical Assistance Services; and (5) Education and Outreach Activities. Services began under an 18-month contract on January 1, 2016.

Implementation Timeline

ACTIVITY	DATE		
Request for Applications (RFA) Overview Conference Call	October 09, 2015		
Application Due Date	October 30, 2015,		
Application Review Period	November 02 - 17, 2015		
Tentative Award Notification	November 18, 2015		
Standard Agreements Released	December 14, 2015		
Service Implementation	January 01, 2016		
Invoices Due	Period Covered	Due to CDSS	Funding
	01/01/2016 – 06/30/2016	01/29/2016	40%
	07/01/2016 – 12/31/2016	07/29/2016	25%
	01/01/2017 – 06/30/2017	01/31/2017	25%
	06/2017- Closeout	07/31/2017	10%

Reports Due	Period Covered	Due to CDSS
	01/01/2016 – 03/30/2016	04/15/2016
	04/01/2016 – 06/30/2016	07/15/2016
	07/01/2016 – 09/30/2016	10/14/2016
	10/01/2016 – 12/31/2016	01/13/2017
	01/01/2017 – 03/30/2017	04/14/2017
	04/01/2017 – 06/30/2017	07/14/2017
End of Contract	June 30, 2017	

Regions Served:

- Statewide (Serving multiple regions)
- Central Valley (Butte, Colusa, Fresno, Glenn, Kern, Kings, Madera, Merced, Placer, San Joaquin, Sacramento, Shasta, Stanislaus, Sutter, Tehama, Tulare, Yolo, Yuba)
- Bay Area (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma)
- Central Coast (Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz)
- Inland Empire (Riverside, San Bernardino, Inyo)
- Los Angeles (Los Angeles)
- Orange County (Orange, Ventura)
- San Diego (Imperial, San Diego)

Total Funding Per Service Category:

SERVICE CATEGORY	REQUESTED	AWARDED
Application Assistance - DACA <i>(Other Immigration Remedies)</i>	\$7,327,600 \$4,754,000	\$5,762,400 \$2,804,000
Application Assistance - DAPA <i>(Other Immigration Remedies)</i>	\$2,230,500 \$6,872,000	\$255,150 \$522,000
Application Assistance - Naturalization	\$9,321,900	\$2,434,500
Legal Training and Technical Assistance	\$1,823,000	\$443,450
Education and Outreach	\$8,632,480	\$2,238,500
TOTAL	\$40,961,480	\$14,460,000

The total amount requested from awarded organizations is \$40,961,480. The total amount requested from all organizations, including denied organizations, is \$47,453,496.

Immigration Services Clients and Costs:

Application Assistance - DACA

- 16,438 individuals to be served
- Workshops: 11,704 individuals to be served @ \$350 per case
- Direct Representation: 3,332 individuals to be served @ \$500 per case
- Other Immigration Remedies: 1,402 individuals to be served @ \$2,000 per case

Application Assistance - DAPA

- 1,962 individuals to be served
- Workshops: 1,701 individuals to be served @ \$150 per case
- Other Immigration Remedies: 261 individuals to be served @ \$2,000 per case

Application Assistance - Naturalization

- 7,254 individuals to be served
- Workshop: 5,532 individuals to be served @ \$300 per case
- Direct Representation: 1,722 individuals to be served @ \$450 per case

Legal Training and Technical Assistance

- 472 activities to be delivered
- In-Person Community Trainings: 31 activities to be delivered @ \$5,000 per activity
- Webinar Activities: 43 activities to be delivered @ \$2,500 per activity
- Consultations from Contractor (in hours): 373 hours to be provided @ \$150 per hour
- Practice Advisories: 25 practice advisories to be created @ \$5,000 per activity

Education and Outreach

- 111,925 individuals to be reached
- Education and Outreach: 111,925 individuals to be reached @ \$20 per person reached

Reporting Outcomes: The first reporting period ends on March 31, 2016 and reports are due on April 15, 2016. On-site monitoring visits will begin in the spring of 2016 and continue throughout the contract period. Quarterly conference calls, regional meetings, and ongoing technical assistance have been occurring, and will continue, since program implementation and throughout the contract period.

Unaccompanied Undocumented Minors. DSS provided an update on the Unaccompanied Undocumented Minors (UUMs) Legal Services Funding, a \$3 million program that began as part of the 2014-15 Budget. DSS awarded contracts to 21 qualified nonprofit legal services organizations that will provide legal representation for UUMs in the filing of, preparation for and representation in administrative and/or judicial proceedings for the following immigration statuses: asylum, T-Visa, U-Visa, and/or Special Immigrant Juvenile Status (SIJS). The legal services include culturally and linguistically appropriate services provided by attorneys, paralegals, interpreters and

other support staff for state court proceedings, federal immigration proceedings, and any appeals arising from those proceedings. Services began on December 19, 2014.

Regions Served:

- Northern Region (Counties Listed in Alphabetical Order):
Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Inyo, Lake, Lassen, Marin, Mendocino, Modoc, Mono, Napa, Nevada, Placer, Plumas, Sacramento, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, Yuba
- Central Region (Counties Listed in Alphabetical Order):
Fresno, Kern, Kings, Madera, Mariposa, Merced, Monterey, San Benito, Stanislaus, Tulare, Tuolumne
- Southern Region (Counties Listed in Alphabetical Order):
Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Ventura

Total Funding:

Fiscal Year 2014-15

Funding:	\$2,900,000
Cost-per-Case:	\$4,000
Clients Served:	725

Fiscal Year 2015-16

Funding:	\$2,900,000
Cost-per-Case:	\$5,000
Clients Served:	580

The UUM fee-per-case was increased in 2015-16 from \$4,000 per case to \$5,000 per case to adequately compensate legal services organizations for the UUM services they have contracted for. A departmental survey and research of costs associated with providing UUM legal services ranged from \$2,000 to \$12,000 depending on the case type. Invoicing records show that the majority of cases that contractors are handling involve Asylum and Special Immigrant Juvenile Status, which have the greatest expense. The average wait time to secure a court decision for a UUM client is 1,071 days (2.9 years). All UUM contractors have until June 30, 2021 to close out all active cases and submit final invoices.

Clients Served:

Fiscal Year 2014-15

Clients Served:	680
Clients Completed (Adjudicated):	147

Fiscal Year 2015-16

Clients Served: 185

Clients Completed (Adjudicated): 8

Outcomes: There have been a total 155 adjudicated cases. Below are outcomes for 125 of those cases, which successfully resulted in the following immigration remedies. The remaining 30 cases, not reported below, are awaiting outcome details from the reporting contractors.

<i>Fiscal Year</i>	<i>2014-15</i>	<i>2015-16</i>
Clients Completed (Adjudicated)	117	8
Final Case Outcomes:		
Asylum	83	7
T-Visa	0	0
U-Visa	0	0
SIJS	32	1
Other (Citizenship)	2	0

ADVOCATES' REQUEST

A coalition of organizations, joined by the Latino Legislative Caucus and the Asian Pacific Islander Legislative Caucus, request consideration of an expansion proposal for the Immigration Services Program, also commonly referred to as "One California." The lead organizations include:

- California Immigrant Policy Center
- California API Budget Partnership
- Catholic Charities of California
- California Catholic Conference
- California Immigrant Policy Center (CIPC)
- California Rural Legal Assistance Foundation (CRLAF)
- Coalition for Humane Immigrant Rights of Los Angeles (CHIRLA)
- Mexican American Legal Defense & Educational Fund (MALDEF)
- Services, Immigrant Rights, and Education Network (SIREN)
- Southeast Asia Resource Action Center (SEARAC)

These advocates write to request support for an expanded investment in the 2016-17 allocation for the "One California" Immigration Services Program. They request \$40 million for FY 2016-17, an increase of \$25 million from the Governor's budget, stating that the current level of investment does not reflect the critical needs for services in our state nor does it reflect the demonstrated qualified capacity to meet those needs.

In accordance with SB 79 (Statutes of 2015, Chapter 5.6), California established the Immigration Services Funding in 2015. Through this historic new state program, qualified nonprofits, who meet specific criteria and guidelines, may apply for grants to

provide education, outreach, and application assistance to immigrant community members eligible for either deferred action programs or naturalized citizenship. The first grant cycle of the program has yielded a regional model with 61 nonprofit organizations and an intended reach of over 137,000 immigrants across the state. The total requested amount by the awarded grantees totaled \$40 million. Though DSS has established the opportunity to support immigration services for our richly diverse immigrant communities, more is needed.

Under the existing \$15 million investment, California is reaching less than 1% of the immigrant community that is eligible to apply for naturalized citizenship. The state-funded assistance provided by qualified community partners ensures that applicants have access to culturally appropriate services and are not deterred by the complex and costly process that includes a twenty-page application and a \$680 application fee. One California grantees can help eligible applicants overcome these barriers through a fee waiver or connecting them with helpful financial resources. However, the limited level of funding leaves a significant gap of services given the 2.44 million residents in California currently eligible to become naturalized citizens. While the federal government continues to grapple with the disproportionate exclusion of the working poor from citizenship, our state has the model and the potential to ensure those exclusions do not exist in California. Expanding the reach of naturalization services for our eligible immigrant population and empowering them to seek citizenship increases their spending power, deepens their ability to invest in their neighborhoods, and strengthens their identification with our country's institutions, civic networks and cultural life.

In addition to the funding gaps related to naturalization, the ongoing needs for deferred action similarly expose a need and opportunity for stronger investment. The first grant cycle of this program focused a majority of the investment for DACA services. Despite this emphasis, the funding will only reach 2.8% of the total eligible population in our state. One California DACA assistance supports young residents to access deportation relief while empowering them to continue their education and improving their access to housing, as well as increased employment opportunities in the career of their choice through work authorization. These are powerful opportunities for immigrants that can uplift families and build shared prosperity in entire communities.

The immigration process is complicated, expensive, and can have dire consequences related to navigating the complex eligibility for these different categories. In addition to the overwhelming process and financial barriers, there are unscrupulous actors that prey on the dreams of immigrants and falsely allege they are skilled to provide services for these individuals. Supporting the reach of One California partners to assist immigrants is the most effective model to deter the reach of bad actors, prevent immigration scams, and streamline the road to opportunity for immigrant communities.

Expanding the investment in qualified services has particular urgency for the millions of families that will require immigration services pending a decision this June by the US Supreme Court. On January 19th, the US Supreme Court declared it would review the Texas initiated injunction that has delayed the deportation relief programs President

Obama announced in November 2014: the expansion of the Deferred Action for Childhood Arrivals (DACA+) program, and the Parents of Americans and Lawful Permanent Residents (DAPA). A decision by the Supreme Court, expected by the end of June, could result in over one million families seeking services for relief that will provide work authorization and refuge from deportation. Under the full implementation of the DAPA program, eligible families in California could see their total earnings increase by \$1.7 billion, enough to lift over 40,000 children out of poverty.

In California, immigrants and their children make up over 42% of our population and contribute tremendously to our economy across industries and regions. When we support immigrants with what they need to contribute, participate in the civic process, and further succeed, we build a shared prosperity for all Californians. Our state's continued economic growth depends on strategic investments that capitalize on opportunities to lift up our diverse communities. California must expand funding to maintain vital assistance for DACA and naturalized citizenship, while ensuring our state does not fail the over one million immigrant families potentially eligible for immigration relief this summer.

STAFF COMMENT

Implementation of the 2015-16 investment for immigration services has been carefully monitored and the Administration has taken pains to be as transparent as possible with decision-making regarding the program. Advocates raise the question of how DSS will address concerns and work with stakeholders from hard to reach and underserved communities regarding the grant reimbursement amount/model for education and outreach services.

Staff Recommendation:

Staff recommends that this proposal be held open pending decisions at the May Revision.

DEPARTMENT OF CHILD SUPPORT SERVICES**ISSUE 10: CHILD SUPPORT SERVICES: PROGRAM AND BUDGET REVIEW AND GOVERNOR'S PROPOSALS FOR 2016-17**

- Alisha Griffin, Director, and Mark Beckley, Chief Deputy Director, California Department of Child Support Service
- Ginni Bella, Fiscal and Policy Analyst, Legislative Analyst's Office
- Justin Freitas, Finance Budget Analyst, Department of Finance
- Public Comment

PROGRAM AND BUDGET REVIEW

The Department of Child Support Services (DCSS) provides professional services to locate parents, establish paternity, and establish and enforce order for financial and medical support. The Governor's budget proposes total spending of \$1.004 billion (\$314.2 million General Fund) for the Department of Child Support Services for 2016-17, an increase of .1 percent from the current year.

DCSS is the single state agency designated to administer the federal Title IV-D state plan. The Department is responsible for providing statewide leadership to the Local Child Support Agencies (LCSAs) to ensure that all functions necessary to establish, collect, distribute and enforce child support in California, including securing child and spousal support, medical support, and determining paternity, are effective and efficient. The objective of the Child Support Program is to provide an effective system for encouraging and, when necessary, enforcing parental responsibilities by establishing paternity for children, establishing court orders for financial and medical support, and enforcing those orders. DCSS and the LCSAs utilize a statewide automation system called the Child Support Enforcement (CSE) system to provide for the case and financial management of child support cases consistent with federal law. All child support collections are collected and disbursed through a central State Disbursement Unit (SDU).

DCSS and the 50 LCSAs serve California's children and families. As of federal fiscal year (FFY) 2015, there are 1.2 million active cases, or 8 percent, of the total federal support caseload, serving over 3 million families and children.

Collections. Total child support distributed collections are estimated to increase from \$2.3 billion in 2014-15 to \$2.4 billion (\$2.0 billion non-assistance payments and \$408 million assistance payments) in 2016-17. Wage withholding continues to be the most effective way to collect child support, constituting 68 percent (\$1.6 billion) of the total collections received.

Child Support Collections	SFY 2012-13	SFY 2013-14	SFY 2014-15	SFY 2015-16	SFY 2016-17	Change from 2014-15 actuals to 2016-17 estimated
Non-Assistance Collections	\$1,816,141	\$1,858,798	\$1,906,042	\$1,958,926	\$1,999,683	5%
Assistance Collections	\$471,982	\$439,273	\$427,186	\$408,273	\$408,100	-4%
Total Collections	\$2,288,123	\$2,298,071	\$2,333,228	\$2,367,199	\$2,407,783	3%

Total Collections Received, by source (FY 2014-15)	
Wage Withholding	\$1.6 billion
IRS federal income tax refund	\$144 million
FTB state income tax refund	\$34 million
Unemployment Insurance Benefits	\$43 million
Collections from other IV-D states	\$96 million
Non-custodial parents regular payments	\$321 million
Other sources* (Liens, workers' compensation, disability insurance benefits offset, California insurance intercepts, and full collections program without wage levies)	\$96 million
Total	\$2.3 billion

The proposed 2016-17 budget totals \$1.0 billion (\$314 million General Fund [GF], \$690 million Federal Funds [FF]) and position authority totaling 658 positions. Approximately 73 percent of the department's budget is directly allocated to California's 50 LCSAs to fund 6,400 county staff and local operational costs. The remaining 27 percent is expended at the state level to support the CSE system, the SDU, child support court commissioners and family law facilitators, central print and mail of child support forms and notices and costs for state staff and administration. The department is funded 34% state GF and 66% FF.

	FY 2015-16 Budget Act	FY 2016-17 Governor's Budget
General Fund	\$314M	\$314M
Federal Fund	\$687M	\$690M
State Operations	\$166M	\$173M
Local Assistance	\$835M	\$831M
Total	\$1.0B	\$1.0B

The 2016-17 Budget includes an increase of \$2.4 million for increased employee compensation and benefit rates, and a realignment of \$3.6 million from local assistance to state operations to convert CSE vendor staff positions to state civil service positions

consistent with the Legislatively approved 2014-15 budget change proposal: Information Technology Contract Staff Reduction.

Revenue Stabilization Funding. Since July 1, 2009, the state provides \$18.7 million (\$6.4 million GF) for the 50 LCSAs to stabilize caseworker staffing, and to avoid a loss in child support collections. To receive an allocation of revenue stabilization funds, Family Code requires that revenue stabilization funds are distributed to counties based on their performance on two key federal performance measures— 1) collections on current support and 2) cases with collections on arrears. DCSS reported that revenue stabilization funds in 2014-15 continue to produce positive effects on maintaining statewide child support collections. Specifically, the stabilization funds have assisted in retaining:

- 226 child support caseworkers
- \$143.6 million in total distributed collections
- \$17 million in net total assistance collections
- \$8.1 million General Fund recoupment of assistance collections
- \$126.6 million in total non-assistance collections

Federal Performance Measures. DCSS implemented the incentive funding system based on program performance as required by The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). The Child Support Performance and Incentive Act of 1998 enacted significant changes in the way federal incentives are paid to states. The methodology changed from being based on cost-effectiveness only, to five federal performance measures implemented over a three year period, beginning October 1, 1999. The federal Office of Child Support Enforcement's (OCSE) Action Transmittal 01-01, dated January 3, 2001 contains the federal regulations that govern the system. Since Federal Fiscal Year (FFY) 2000, states have been evaluated for federal incentive funds based on five performance measures.

Performance Measure	Federal Minimum Performance Level	FFY 2011 California Performance Level	FFY 2012 California Performance Level	FFY 2013 California Performance Level	FFY 2014 California Performance Level	FFY 2015 California Performance Level	Change from 2014-15 to 2015-16
Paternity establishment percentage (IV-D caseload) or	50.0%	92.2%	98.4%	100.5%	101.2%	102.0%	0.8%
Paternity establishment percentage (statewide PEP)	50.0%	107.0%	101.6%	98.6%	98.2%	98.0%	-0.2%
Percent of cases with orders	50.0%	85.8%	87.9%	89.0%	89.2%	89.4%	0.2%
Percent of current support collected	40.0%	58.6%	61.4%	63.3%	64.9%	66.5%	2.5%
Percent of cases with arrearage collections	40.0%	61.6%	63.5%	65.1%	65.8%	66.2%	0.6%
Cost-effectiveness	\$2.00	\$2.29	\$2.47	\$2.54	\$2.43	\$2.51	\$0.08

**GOVERNOR'S PROPOSALS FOR
2016-17**

Approved Relative Caregiver TBL. The Administration proposes to clarify that children participating in the Approved Relative Caregiver Program (ARC) should receive a \$50 child support disregard. The department notes that this language will create consistency between Welfare and Institutions Code (WIC) and Family Code (FC).

WIC Section 11475.3 and FC Section 17504 both require that the first \$50 of child support collected to be passed-through or “disregarded” to CalWORKs recipients before any money is distributed to federal, state, and county governments for child support recoupment. This rule does not apply to foster care recipients. The ARC program provides an augmentation to the rate paid for non-federally eligible foster children who are placed with relatives in order to bring the total payment to relative caregivers up to the same amount as the foster family home rate paid for federally-eligible children. WIC Section 11253.4 as added by SB 79 (Committee on Budget and Fiscal Review, Chapter 20, Statutes of 2015) provides that a child in ARC is not subject to the provisions of Chapter 2 of Part 3 of Division the Welfare and Institutions Code that relate to CalWORKs.

The purpose of this change was to waive certain CalWORKs statutes in relation to the availability of CalWORKs funding for the ARC program. Although WIC Section 11475.3 is contained in Chapter 2, DSS has concluded that the section relates to child support enforcement, rather than a CalWORKs rule subject to the statutory waiver. However, the Department of Child Support Services (DCSS) is concerned that the change in SB 79 suggests that, for ARC participants, a disregard should not be distributed. DSS and DCSS have both agreed to clarify this point in statute.

STAFF COMMENT

Stakeholders have been consulted on the Approved Relative Caregiver language, informing the recommendation below.

Staff Recommendation:

Staff recommends approval of the proposed trailer bill language as placeholder, removing the language that reads that this statutory clarification is declarative of existing law, as this is unnecessary. Refinements to the language may be made consistent with this action in the trailer bill process if any technical issues are raised.