

# AGENDA

## ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER DR. JOAQUIN ARAMBULA, CHAIR

WEDNESDAY, MARCH 8, 2023

1:30 P.M. – STATE CAPITOL, ROOM 444

*We encourage the public to provide written testimony before the hearing. Please send your written testimony to [BudgetSub1@asm.ca.gov](mailto:BudgetSub1@asm.ca.gov). Please note that any written testimony submitted to the committee is considered public comment and may be read into the record or reprinted.*

*The Capitol will be open for public attendance at this hearing. The public may attend in person or participate by phone. This hearing can be viewed via live stream on the Assembly’s website at <https://assembly.ca.gov/todayevents>.*

*A moderated telephone line will be available to assist with public participation. After all witnesses on all panels and issues have concluded, and after the conclusion of member questions, the public may provide public comment by calling the following toll-free number: **1-877-692-8957 / Access Code: 131 54 44.***

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## LIST OF PANELISTS IN ORDER OF PRESENTATION

All panelists are asked to please be succinct and brief in their presentations **(5 minutes maximum per speaker please)** in order to facilitate the timely hearing of all issues. Thank you.

### **ISSUE 1. CALWORKS BUDGET REVIEW AND OVERSIGHT - REIMAGINING CALWORKS TO ALLEVIATE POVERTY FOR CALIFORNIA FAMILIES WITH CHILDREN AND PREVENT CHILD WELFARE INVOLVEMENT**

1. Kim Johnson, Director, California Department of Social Services
2. Linda Nguy, Senior Policy Advocate, Western Center on Law and Poverty
3. Glenda Brownell, Current CalWORKs Parent
4. Ted Lempert, President, Children Now
5. Sara Kimberlin, Senior Policy Fellow, California Budget & Policy Center
6. Devon Gray, President, End Poverty in California (EPIC)
7. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California
8. Sanja Bugay, Director, Fresno County Department of Social Services.
9. Jenean Docter, Finance Budget Analyst, Department of Finance
10. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

### **ISSUE 2. NUTRITION PROGRAMS BUDGET REVIEW AND OVERSIGHT – CALFRESH, EMERGENCY FOOD, AND CALIFORNIA FOOD ASSISTANCE PROGRAM EXPANSION AGAINST HUNGER AND FOOD NEEDS IN CALIFORNIA TODAY**

1. Kim Johnson, Director, California Department of Social Services
2. Becky Silva, Government Relations Director, California Association of Food Banks
3. Keva Dean, Community Advocate with the Food Bank of Contra Costa and Solano
4. Jared Call, Senior Advocate, Nourish California
5. Jenean Docter, Finance Budget Analyst, Department of Finance
6. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

### **ISSUE 3. CHILD SUPPORT PROGRAM BUDGET REVIEW AND OVERSIGHT REGARDING PASS-THROUGH POLICIES FOR FORMER AND CURRENT CALWORKS FAMILIES**

1. David Kilgore, Director, Department of Child Support Services
2. Omar Sanchez, Finance Budget Analyst, Department of Finance
3. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

**ISSUE 4. GOVERNOR’S PROPOSAL FOR CALWORKS – HOMELESS ASSISTANCE PROGRAM (HAP) BUDGET CHANGE PROPOSAL AND HOMELESSNESS IN THE CALWORKS POPULATION**

1. Hanna Azemati, Housing and Homelessness Division Deputy Director, California Department of Social Services
2. Jenean Docter, Finance Budget Analyst, Department of Finance
3. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

**ISSUE 5. GOVERNOR’S PROPOSAL FOR CALWORKS – GRANT INCREASE AND THE STATUS OF GRANTS AGAINST FEDERAL POVERTY AND “DEEP POVERTY”**

1. Jennifer Troia, Chief Deputy Director, California Department of Social Services
2. Jenean Docter, Finance Budget Analyst, Department of Finance
3. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

**ISSUE 6. GOVERNOR’S PROPOSAL FOR CALWORKS – SINGLE ALLOCATION**

1. Jennifer Troia, Chief Deputy Director, California Department of Social Services
2. Jenean Docter, Finance Budget Analyst, Department of Finance
3. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

**ISSUE 7. GOVERNOR’S PROPOSAL FOR CALWORKS – TRAILER BILL PROPOSAL ON UNRELATED ADULT DISCLOSURE**

1. Jennifer Troia, Chief Deputy Director, California Department of Social Services
2. Jenean Docter, Finance Budget Analyst, Department of Finance
3. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

**ISSUE 8. GOVERNOR’S PROPOSAL FOR CALWORKS AND CALFRESH – ELECTRONIC BENEFITS TRANSFER (EBT) CARD SECURITY**

1. Ryan Gillette, Chief Data Officer, California Department of Social Services
2. Jenean Docter, Finance Budget Analyst, Department of Finance
3. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

**ISSUE 9. GOVERNOR’S PROPOSAL FOR CALFRESH – CALFRESH FOR COLLEGE STUDENTS BUDGET CHANGE PROPOSAL**

1. Jennifer Troia, Chief Deputy Director, California Department of Social Services
2. Jenean Docter, Finance Budget Analyst, Department of Finance
3. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

**ISSUE 10. FAMILY HOUSING AND HOMELESSNESS PROGRAMS – GOVERNOR’S BUDGET CHANGE PROPOSAL AND OVERSIGHT FOR FUNDS PREVIOUSLY APPROPRIATED**

1. Hanna Azemati, Housing and Homelessness Division Deputy Director, California Department of Social Services
2. Emily Marshall, Finance Budget Analyst, Department of Finance
3. Ginni Bella Navarre, Deputy Legislative Analyst: Human Services and Governance, Legislative Analyst’s Office

There are no panels for the Non-Presentation Items on this agenda.

Public Comment will be taken after the completion of all panels and any discussion from the Members of the Subcommittee.

## ITEMS TO BE HEARD

### **5180 DEPARTMENT OF SOCIAL SERVICES (DSS)**

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<b>ISSUE 1. CALWORKS BUDGET REVIEW AND OVERSIGHT - REIMAGINING CALWORKS TO ALLEVIATE POVERTY FOR CALIFORNIA FAMILIES WITH CHILDREN AND PREVENT CHILD WELFARE INVOLVEMENT</b>
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This issue includes an introduction to the California Department of Social Services (CDSS), a CalWORKs program and budget overview, and then background and context for this issue, which is a higher-level oversight item around the current situation and goals for reimagining CalWORKs to enable its effectiveness as an anti-poverty program promoting family, parental, and child well-being.

CalWORKs is the state's primary cash support and basic needs program for families with children living in poverty. CalWORKs serves approximately 360,000 families, with 750,000 children included in those families. The adult caseload is largely single women of color, more than half of whom are not receiving an adult portion of the grant. The caseload is 60% Latino(a)/Latinx, 17% Black, with approximately 90% women, and the average age for a participant is 38. The adult in the family may be ineligible themselves for CalWORKs because they: (1) exceeded the lifetime limit (recently restored to 60 months in May 2022) on aid for adults; (2) currently are sanctioned for not meeting some program requirements; or, (3) receive Supplemental Security Income/State Supplementary Payment (SSI/SSP) benefits (state law prohibits individuals from receiving both SSI/SSP and CalWORKs). Additionally, many individuals are ineligible due to their immigration status. Undocumented immigrants, as well as most immigrants with legal status who have lived in the United States for fewer than five years, are ineligible for CalWORKs. Parents in CalWORKs typically face multiple barriers including lack of a high school diploma or equivalent, lack of car, lack of child care, housing instability and homelessness, mental health issues, substance abuse disorders, and domestic violence.

**The questions for the panelists for this issue are:**

- Who is served by this program?
- What are the challenges facing parents who participate in CalWORKs? What barriers are they facing and is the program supporting them to overcome these or not?
- What are the historical underpinnings of the program and how should the culture of the program change?
- What do we know about deep child poverty in California, e.g. data, trends, impacts, etc.?
- What is the role of core safety net programs, namely CalWORKs, in the lives and futures of children living and growing up in poverty?
- What are the ways that CalWORKs can and should improve or change to help more parents and children break the cycle of poverty in California?
- What are the effects for children of not meeting families' basic needs?

**PANELISTS**

1. Kim Johnson, Director, California Department of Social Services
2. Linda Nguy, Senior Policy Advocate, Western Center on Law and Poverty
3. Glenda Brownell, Current CalWORKs Parent
4. Ted Lempert, President, Children Now
5. Sara Kimberlin, Senior Policy Fellow, California Budget & Policy Center
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7. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California
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**CDSS OVERVIEW**

The California Department of Social Services (CDSS) serves, aids, and protects children and adults in California who are experiencing need or vulnerability through a variety of state supervised, locally administered programs and services. Under the Health and Human Services Agency, the Department has approximately 5,800 employees located in 65 offices throughout the state. Program services are provided through the 58 county welfare departments, probation departments, child care and development contractors, and other service providers and community-based organizations.

**Local Assistance Summary.** The CDSS local assistance budget provides funding for a wide variety of social services and income assistance programs that are administered through the 58 counties and local service providers. In Fiscal Year (FY) 2023-24, CDSS will be involved in the delivery of over \$51.3 billion total funds (TF) in local assistance programs and services, which include \$18.2 billion General Fund (GF), \$8.7 billion County Funds and Realignment dollars, and \$13.5 billion in reimbursements.

The FY 2022-23 CDSS local assistance budget tables reflect a net increase of \$459.3 million TF, and a decrease of \$601.1 million GF, from the Budget Act of 2022. The TF increase reflects a higher Cost of Living Adjustment (COLA) in 2023 for the Supplemental Security Income/State Supplementary Payment (SSI/SSP) program. The increase also reflects additional funding for Refugee Programs due to the Afghan and Ukrainian Supplemental Appropriation and an increase in CalFresh Administration driven by faster caseload growth than previously projected. The GF decrease reflects the assumed extension of the enhanced Federal Medical Assistance Percentage for the In-Home Supportive Services (IHSS) program and other programs receiving eligible federal funding to June 30, 2023. The decrease also reflects slower CalWORKs caseload growth than previously projected.

<b>Program<sup>1</sup></b> <b>(Dollars in millions)</b>	<b>FY 2022-23</b> <b>Total</b>	<b>FY 2022-23</b> <b>GF</b>	<b>FY 2023-24</b> <b>Total</b>	<b>FY 2023-24</b> <b>GF</b>
<b>IHSS</b>	\$18,514.5	\$5,867.0	\$20,499.7	\$7,759.7
<b>SSI/SSP<sup>2</sup></b>	10,742.3	3,272.2	11,359.6	3,533.4
<b>CalWORKs<sup>3</sup></b>	6,402.4	2,342.3	6,687.4	2,778.5
<b>CalFresh and Nutrition<sup>2</sup></b>	21,353.5	1,053.4	10,988.4	929.1
<b>Foster Care</b>	3,819.6	299.0	3,873.1	319.6
<b>Child Welfare Services</b>	5,527.6	855.9	5,276.9	513.3
<b>Housing &amp; Homelessness</b>	700.0	517.3	122.9	61.5
<b>Refugees and TCVAP</b>	288.7	25.0	154.9	25.0
<b>Immigrant Integration</b>	258.6	248.6	73.6	63.6
<b>Child Care and Development</b>	6,422.8	2,543.4	5,894.7	2,711.9

<sup>1</sup> Reflects expenditures for major CDSS programs.

<sup>2</sup> Includes federal benefits outside the CDSS budget.

<sup>3</sup> Represents funding needed before fund shifts and Realignment Subaccounts. California Work Opportunity and Responsibility to Kids (CalWORKs) Stage One Child Care funding is under Child Care Development and CalWORKs Housing Support Program and CalWORKs Domestic Abuse Homeless Assistance Program funding is under Housing and Homelessness.

### CDSS CASELOAD PROJECTIONS

<b>Program</b>	<b>2022</b> <b>Budget Act</b>	<b>FY 2022-23</b> <b>Caseload</b>	<b>FY 2023-24</b> <b>Caseload</b>	<b>CY to BY</b> <b>% Change</b>
<b>IHSS</b>	600,627	615,607	642,289	4.3
<b>SSI/SSP</b>	1,121,398	1,124,520	1,103,661	-1.9
<b>CAPI</b>	14,643	14,520	14,511	-0.1
<b>CalWORKs</b>	370,311	347,868	360,307	3.6
<b>CalFresh</b>	2,655,779	2,768,807	2,773,007	0.2
<b>CFAP</b>	38,552	37,014	38,174	3.1
<b>CWS</b>	117,254	119,561	118,841	-0.6
<b>FC</b>	53,963	51,477	51,206	-0.5
<b>Adoption</b>	85,885	85,517	85,218	-0.3
<b>Kin-GAP</b>	18,154	17,841	18,102	1.5

These local assistance programs currently provide services and benefits in the programs noted above to over 7.4 million people in California's most vulnerable populations. The Department also provides program funding allocations and contract funding for many other critical services, such as Housing and Homelessness programs, Disaster Assistance, Child Care and Development programs, and Immigration Legal Services, which are not captured in the caseload projections above.



**CALWORKS PROGRAM AND BUDGET  
OVERVIEW**

The following background is based on a recent analysis provided by the Legislative Analyst's Office (LAO).

The CalWORKs program was created in 1997 in response to the 1996 federal welfare reform legislation that created the federal Temporary Assistance for Needy Families (TANF) program. CalWORKs provides cash grants and job services to low-income families. The program is administered locally by counties and overseen by the CDSS.

**CalWORKs Provides Cash Assistance to Low-Income Families.** Grant amounts generally are adjusted for family size, income level, and region. Recipients in high-cost counties receive grants that are 4.9 percent higher than recipients in lower-cost counties. As an example, a family of three in a high-cost county that has no other earned income currently receives \$925 per month, whereas a similar family in a lower-cost county receives \$878 per month. In 2022-23, the administration estimates the average CalWORKs grant amount to be \$960 per month across all family sizes and income levels. These grants are funded through a combination of federal TANF block grant funding, state General Fund, and county dollars. Families enrolled in CalWORKs typically are also eligible for CalFresh food assistance and Medi-Cal health coverage. CalWORKs benefits are deposited into Electronic Benefit Transfer (EBT) cards, which operate similar to debit cards and also handle benefits for CalFresh and some other, smaller programs. Unless otherwise exempt, parents who receive CalWORKs benefits are generally required to work or participate in qualified training or job-search activities.

**Family Size Differs From CalWORKs Assistance Unit (AU) Size.** Monthly CalWORKs grant amounts are set according to the size of the AU. The size of the AU is the number of CalWORKs-eligible people in the household. Grant amounts are adjusted based on AU size—larger AUs are eligible to receive a larger grant amount—to account for the increased financial needs of larger families. As of October 2021 (when the most recent analysis was conducted), about 40 percent of CalWORKs cases included everyone in the family (and thus the AU size and the family size were the same). In the remaining 60 percent of cases, though, one or more people in the family were not eligible for CalWORKs and therefore the AU size was smaller than the family size. The LAO expects that the share of families containing at least one ineligible member will decrease when updated data are made available due to recent policy changes which have extended lifetime assistance limits for adults and reduced the likelihood that adults will be sanctioned for failing to meet work requirements.

This dynamic of recognizing that a large share of households are larger than the “assistance unit” by at least one person has contributed toward the recognition of the “AU+1” in thinking realistically about families’ reliance on cash aid, i.e. that if an AU of 1 is only accounting for a child, then that family of at least two people is relying on a grant that is smaller than the number of individuals it is in actuality supporting due to the real life realities of a parent caring for a child, or two people total in the household. Thus AU+1 (a child plus a parent) better reflects what people are actually living on to survive. This issue is discussed further under Issue 5 regarding CalWORKs grants.

**Family Members May Be Ineligible for CalWORKs for Several Reasons.** As stated before, most commonly, people are ineligible for CalWORKs because they: (1) exceeded the lifetime limit on aid for adults; (2) currently are sanctioned, described further below, for not meeting some program requirements; or, (3) receive Supplemental Security Income/State Supplementary Payment (SSI/SSP) benefits (state law prohibits individuals from receiving both SSI/SSP and CalWORKs). Additionally, many individuals are ineligible due to their immigration status. Undocumented immigrants, as well as most immigrants with legal status who have lived in the United States for fewer than five years, are ineligible for CalWORKs.

**Current Sanction Policy in CalWORKs.** The following was provided by CDSS. Currently, a CalWORKs Welfare-to-Work (WTW) sanction occurs when a nonexempt adult recipient is removed from the assistance unit (AU) for failing or refusing, without good cause, to comply with WTW participation requirements. The adult portion of the grant is approximately \$120 for an AU size of three and this amount is reduced from the monthly grant when a sanction occurs. To stop, also called “cure,” a sanction, an individual needs to sign a plan to cure the sanction and perform the activity or activities he/she/they previously refused to perform (or another appropriate activity) for 30 days or the length of the activity, whichever is less. Once the sanction is cured, an individual’s cash aid is restored on the first day of the month following the date the individual contacted the county about curing the sanction.

**Federal, State, and County Governments Share CalWORKs Costs.** Federal law allows for a degree of state flexibility in the use of federal TANF funds. The state receives \$3.7 billion annually for its TANF block grant, about \$2 billion of which goes to CalWORKs (an additional \$1 billion helps fund aid for some low-income college students and the remainder helps fund a variety of smaller human services programs). To receive its annual TANF block grant, the state must spend a maintenance-of-effort (MOE) amount from state and local funds to provide services for families eligible for CalWORKs. This MOE amount is \$2.9 billion. State and federal CalWORKs funding generally is allocated to the counties, all of whom directly serve eligible families. In addition to funding for cash grants, counties receive several other funding allocations to administer and operate CalWORKs. The main funding allocation—known as the “single allocation”—currently funds employment services, eligibility determination, and administrative costs. Funds within the single allocation are fungible, meaning counties are not required to spend, for example, the employment services portion of the single allocation exclusively on employment services but can instead use some of those funds on administrative costs at their discretion.

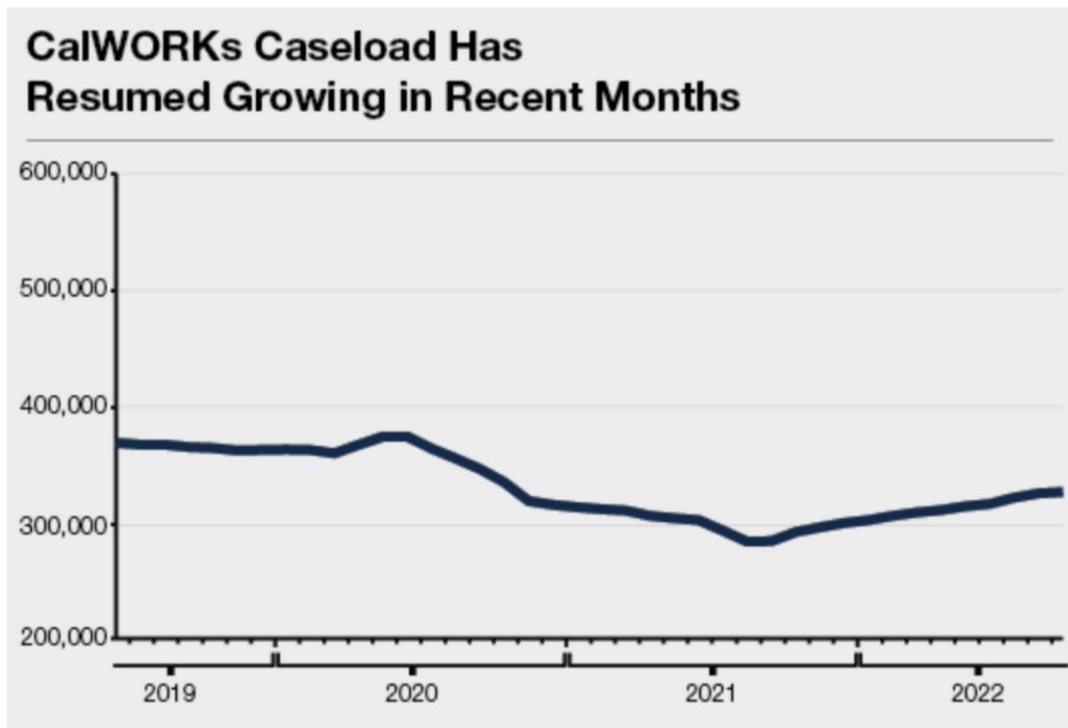
**State Has Recently Made Major Augmentations/Restorations to CalWORKs.** Among the most notable changes made to CalWORKs in the past three budgets were:

- Providing a temporary 10 percent grant increase funded by General Fund and extending from October 1, 2022 to September 30, 2024.
- Increasing the lifetime limit for adults receiving aid from 48 months to 60 months beginning May 1, 2022. (The lifetime limit had previously been reduced from 60 months to 48 months in 2011.)
- Increasing the earned income disregard for applicants (or the amount CalWORKs applicants can earn before further income effects their eligibility for the program) from

\$90 to \$450 per month. (The 2022-23 budget includes \$79.5 million General Fund to implement this change starting in March 2023.)

- Effective January 1, 2022, increasing the amount of child support that could be “passed through” to CalWORKs families from \$50 to \$100 a month for one child families, and from \$50 to \$200 for larger families (those with two or more children). (Under state and federal law, additional child support payments made beyond this pass-through level are retained by the state as reimbursement for the state and federal costs of CalWORKs.)
- Increasing the additional monthly stipend provided to pregnant women on CalWORKs from \$47 to \$100, and allowing women to become immediately eligible upon verification of their pregnancies (as opposed to waiting until the second trimester). The eligibility change occurred on July 1, 2021, and the enhanced stipend began May 1, 2022.

**Caseload Has Resumed Growing After Extended Period of Decline.** The figure below shows how CalWORKs caseload has changed since 2019-20. Following the onset of the COVID-19 pandemic in spring 2020, CalWORKs caseload began what was a historically anomalous decrease given high unemployment. This decline continued until September 2021, the month during which a federal bonus for Unemployment Insurance benefits expired. Caseload has increased each month since September 2021, although it still remains about 40,000 families below pre-pandemic levels in the most recent data.



**Total CalWORKs Spending Projected to Increase Alongside Growing Caseload.** As shown in the figure from the LAO below, the Governor’s budget proposes \$7.3 billion in total funding for the CalWORKs program in 2022-23, a net increase of \$108 million (1 percent) relative to the most recent estimate of current-year spending. This increase is the net effect of higher underlying costs due to growing caseload partially offset by the expiration of a one-time

augmentation to the Housing Support Program and a proposed decrease in county administrative funding.

## CalWORKs Budget Summary

All Funds (Dollars in Millions)

	2022-23 Revised	2023-24 Proposed	Change From 2022-23	
			Amount	Percent
<b>Number of CalWORKs cases</b>	<b>347,868</b>	<b>360,307</b>	<b>12,439</b>	<b>4%</b>
<b>Cash grants<sup>a</sup></b>	<b>\$4,050</b>	<b>\$4,358</b>	<b>\$308</b>	<b>8%</b>
<b>Single Allocation</b>				
Employment services	\$1,268	\$1,301	\$34	3%
Cal-Learn case management	12	12	—	3
Eligibility determination and administration	626	578	-47	-8
<b>Subtotals</b>	<b>(\$1,905)</b>	<b>(\$1,892)</b>	<b>(\$13)</b>	<b>(-1%)</b>
<b>Stage 1 child care</b>	<b>\$518</b>	<b>\$524</b>	<b>\$6</b>	<b>1%</b>
<b>Other allocations</b>				
Home Visiting Program	\$103	\$100	-\$3	-3%
Housing Support Program	285	95	-190	-67
Other	316	320	4	1
<b>Subtotals</b>	<b>(\$704)</b>	<b>(\$515)</b>	<b>(\$190)</b>	<b>(-27%)</b>
<b>Other<sup>b</sup></b>	<b>\$28</b>	<b>\$24</b>	<b>-\$4</b>	<b>-13%</b>
<b>Totals</b>	<b>\$7,206</b>	<b>\$7,314</b>	<b>\$108</b>	<b>1%</b>

<sup>a</sup>Does not include the cost of an estimated 2.9 percent grant increase funded by certain realignment revenues, which the Governor's budget projects beginning in October 2023. We roughly estimate this would increase cash grants by about \$95 million in 2023-24.

<sup>b</sup>Primarily includes various state-level contracts.

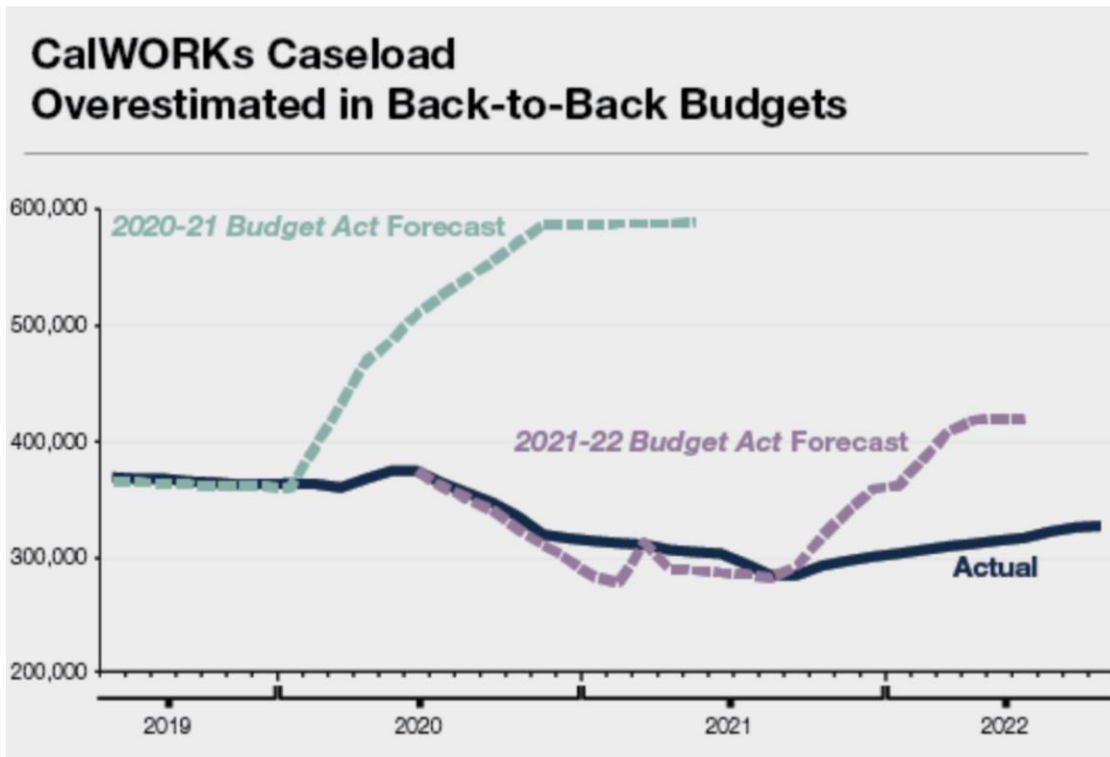
**General Fund Costs Projected to Grow Notably in 2023-24.** The figure from the LAO shows how CalWORKs costs are shared between federal, state, and local revenue sources. The budget proposes an almost \$1.2 billion increase in the amount of General Fund going towards CalWORKs (213 percent, discussed below), although the state still accounts for a relatively small share of overall program costs (23 percent).

## CalWORKs Funding Sources

(Dollars in Millions)

	2022-23 Revised	2023-24 Proposed	Change From 2022-23	
			Amount	Percent
Federal Temporary Assistance for Needy Families block grant funds	\$3,621	\$2,610	-\$1,011	-28%
General Fund	546	1,712	1,166	213
Realignment funds from local indigent health savings	909	738	-171	-19
Realignment funds dedicated to grant increases	924	1,045	121	13
Other county/realignment funds	1,205	1,208	3	—
<b>Totals</b>	<b>\$7,206</b>	<b>\$7,314</b>	<b>\$108</b>	<b>1%</b>

**During Pandemic, Caseload Declines Reduced General Fund Costs.** The figure below from the LAO shows how the 2020-21 and 2021-22 spending plans both notably overestimated CalWORKs caseload. (As discussed above, these projections were based on historical experience in which caseload has grown during times of high unemployment. Contrary to this established pattern, caseload during the pandemic decreased.) Consequently, in both years, the state appropriated hundreds of millions of dollars for CalWORKs which could not be immediately spent. Because federal law requires a minimum amount of General Fund spending on CalWORKs and related programs, much of these unexpected savings materialized as unspent federal funds, or “TANF carryforward” (because not enough General Fund was spent to use those funds). The Governor’s budget proposes applying nearly \$1 billion in TANF carryforward to CalWORKs in 2022-23. However, the combination of resumed caseload growth and recent programmatic expansions has exhausted this temporary supply of TANF carryforward. Consequently, General Fund must be used to cover the costs of the program that were more recently covered with federal TANF carryforward funds. The net cost of this change is nearly \$1 billion in the budget year.



**Budget Estimates 2.9 Percent Grant Increase Triggered by Local Revenue Growth.** The Governor’s budget includes a budget-year cost of \$95 million (annual cost of \$125 million) to fund a 2.9 percent increase to cash grants starting in October 2023. This increase was triggered and will be funded by revenue growth in the Child Poverty and Family Supplemental Subaccount. As part of the 2018-19 Budget Act, the Legislature set a goal to increase CalWORKs grants to 50 percent of the federal poverty level (FPL) for a family that is one person larger than the AU size. This issue is discussed further under Issue 5 of this agenda.

The 2.9 percent increase would raise grants for all AU sizes in high-cost counties to between 44 percent and 49 percent of the FPL for a family one person larger than the AU size, and to slightly lower levels for families in lower-cost counties. The administration has emphasized that this is their current estimate of the size of the grant increase that could be afforded by the subaccount, but that they will be updating the estimated size of the grant increase at the May Revision.

**CURRENT SITUATION IN CALWORKS**

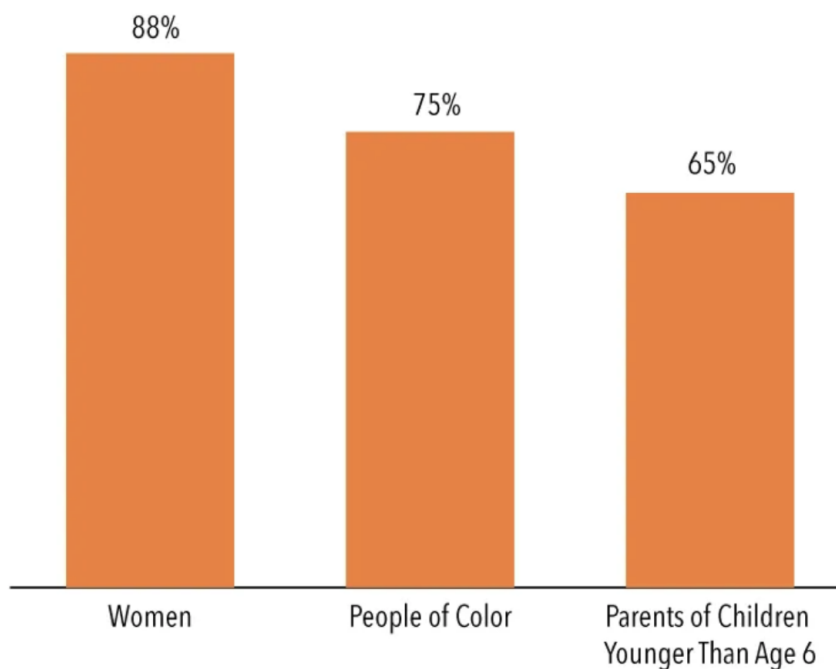
The California Budget & Policy Center recently published a report titled “Harmful Obstacles: CalWORKs Work Participation Rate (WPR) Penalty” focused on the CalWORKs work penalty focus and the condition of families in the CalWORKs caseload. This publication follows up on a previous Budget Center report examining CalWORKs that was published last year, titled, “Undercutting the Needs of California Families: The Harm of Racist, Sexist Work Requirements & Penalties in CalWORKs.” The latter-mentioned 2022 report was featured in the Subcommittee agenda on these topics last year, which also includes additional information about the CalWORKs Outcomes and Accountability Review (Cal-OAR) initiative and other

statewide efforts to end poverty in California. Please see that agenda – February, 23, 2022 – Anti-Poverty and Safety Net Programs – available at <https://abgt.assembly.ca.gov/sub1hearingagendas>.

In Harmful Obstacles: CalWORKs Work Participation Rate (WPR) Penalty, the Budget Center discusses the following current realities for the CalWORKs population. According to the report, CalWORKs parents face a labor market in which gender- and race-based discrimination are ongoing, as well as workplace expectations and practices that make it difficult for parents to balance work with caregiving responsibilities. These dynamics significantly affect CalWORKs parents, who are predominantly women, people of color, and parents of young children.

## CalWORKs Clients Are Particularly Exposed to an Economy That Discriminates Against Women, People of Color, and Parents

CalWORKs Clients with Welfare-to-Work Participation Requirements, Federal Fiscal Year 2020



Note: Data reflect Welfare-to-Work Participants and Welfare-to-Work Sanction cases.  
Source: Budget Center analysis of Department of Social Services data

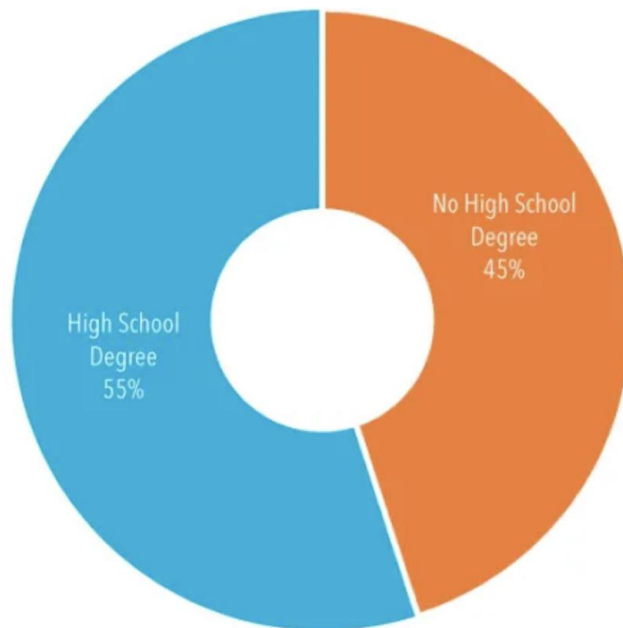


California Budget  
& Policy Center

CalWORKs parents also face an economy where a postsecondary credential is increasingly required to access all but the lowest-paying jobs. Yet nearly half of CalWORKs household heads do not have a high school degree or equivalent, reflecting structural barriers to education that many have encountered, again pointing to the effects of racism and sexism embodied by past and ongoing policies and practices across a variety of domains.

## Nearly Half of CalWORKs Household Heads Have Not Completed High School

CalWORKs Clients with Welfare-to-Work Participation Requirements, Federal Fiscal Year 2020



Note: Data reflect Welfare-to-Work Participants and Welfare-to-Work Sanction cases.  
Source: Budget Center analysis of Department of Social Services data



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### **Barrier Identification and the Provision of Supportive Services to Address Barriers.**

Many CalWORKs parents experience significant health challenges. Among parents completing appraisals of strengths and barriers at program entry, 28% faced mental health challenges, 5% struggled with substance abuse, and 18% had faced domestic abuse. These additional barriers can negatively affect both parents' employment prospects and their families' broader well-being. Challenges related to limited education and mental health, substance use, and domestic abuse barriers limit parents' capacity to work at all and limit the quality of jobs parents can secure. Addressing these barriers improves parents' likelihood of success in securing and retaining jobs and improves parents' access to jobs with higher pay and more job security over the short-term and the long-term.

Addressing these challenges also promotes child well-being and family stability. Parental struggles with mental health, substance use, and domestic abuse are risk factors linked to child neglect leading to child welfare involvement. Supporting parents to address these challenges can help families stabilize and safely remain intact, facilitating prevention of child maltreatment and the need for child removal and foster care placement.



**Focusing CalWORKs Away from WPR and Toward Supporting Families.** Recognizing the significant challenges facing CalWORKs families – and the importance of respectfully addressing these challenges to enable families to secure long-term stability – in recent years state policymakers have made several changes to CalWORKs policy intended to improve support for participants. Through Senate Bill 1041 of 2012, California established its own CalWORKs participation standards that are distinct from federal standards. These state standards include no rigid time limits on activities to address barriers or advance education, treating these activities as equal to employment activities for demonstrating engaged program participation. The state has also adopted an evidence-based behavioral approach to guide families in setting goals (CalWORKs 2.0) and created more holistic outcome measures to evaluate the program, namely the previously-mentioned California CalWORKs Outcome and Accountability Review or Cal-OAR. Cal-OAR California also implemented a voluntary home visiting program to support family health and engaged parenting.

The following excerpt is from the recent December 2022 report from CDSS, titled “Report Regarding CalWORKs Modernization and the Racial Equity and Implicit Bias Statewide Initiative.”

**CalWORKs Outcomes and Accountability Review.** The California Health and Human Services Agency (CalHHS), the oversight agency for the California Department of Social Services (CDSS), created Guiding Principles & Strategic Priorities that include a vision of a “Healthy California for All” and outlines strategic ways to operationalize this vision. One principle includes a whole person approach where “the whole person will be seen and where programs and services address the social, cultural and linguistic needs of the individuals they serve.” The CalHHS Guiding Principles also identify the use of data to better understand the current conditions in our communities, the impact of our existing programs, and the opportunities to improve service delivery.

Aligning with the many tenets of the CalHHS’ Guiding Principles & Strategic Priorities, Cal-OAR takes an outcome-driven approach that facilitates continuous improvement of county CalWORKs programs by collecting, analyzing, and disseminating outcomes and best practices for participant achievement. The Cal-OAR Review Act of 2017 requires Cal-OAR to focus on three core components: performance measures, a county CalWORKs self-assessment, and a county CalWORKs system improvement plan. This program makes staff and participant collaboration central to the improvement efforts undertaken by County Welfare Departments, with the intent to incorporate policy changes for more equitable outcomes for all participants. Cal-OAR uses performance data to measure the impact of continuous quality improvement (CQI) efforts within the space of equitable, participant-centered, improvement strategies.

**CalWORKs 2.0.** CalWORKs 2.0 is an initiative led by counties and the County Welfare Directors Association of California (CWDA) to encourage counties to develop and utilize a goal-achievement service delivery framework and an intentional service selection approach within CalWORKs. CalWORKs 2.0 focuses on helping people set and achieve their goals, requiring a flexible environment that shifts from compliance-oriented to a more participant-led focus. This approach will assist families in creating goals that align with program requirements and keeps the family at the center of the decision-making process. The design of CalWORKs

2.0 is based on research that shows the benefits of prioritizing the goals of family stability and individualized success. Core considerations for CalWORKs 2.0 include:

- **Focus on adult capabilities:** Long-term exposure to the stresses of poverty affects adults' core capabilities (such as organizing, planning, and monitoring). Core adult capabilities are best improved through supportive relationships that empower people to make choices that are meaningful to them. Thus, adults are more likely to make changes in their life when staff engage in supportive (rather than directive) relationships.
- **Goal achievement:** Working on goal achievement can have a positive effect on self-sufficiency. Adults are more likely to achieve goals when: (1) they set goals that are meaningful to themselves; (2) the goals are specific, short-term, and within their reach; and (3) plans are in place to address roadblocks before they occur.
- **Behavioral science:** Being forced to prioritize numerous survival concerns can limit an individual living in poverty's capacity to address multi-step or long-term goals and requirements. Programs can increase success by streamlining requirements, removing unnecessary hassles, and ensuring that communications focus only on the most essential information.

**The WPR Influence Undermines Cal-OAR and the Refocused Mission of the Program.**

These recent constructive CalWORKs reforms are hindered from full implementation, however, because state policy continues to threaten counties with potential financial penalties linked to the Workforce Participation Rate (WPR) as defined by federal TANF rules.

The federal government defines success for state TANF programs not based on how well the programs meet families' needs, but only based on whether programs meet specific WPR targets, determined by the percentage of parents receiving assistance that are engaged in a narrowly-defined set of welfare-to-work activities. These federal activities focus on getting parents into paid employment as quickly as possible, despite the fact that such work requirements have racist and sexist roots and research suggests they do not lead to meaningful long-term improvements in employment and are linked to increases in deep poverty. Like many other states, California has sometimes struggled to meet its federal WPR targets. The state has at times been required to submit appeals and corrective plans, but has never had to pay a WPR penalty in the history of the CalWORKs program, which was created in 1997.

Current state policy would require counties that miss federal WPR targets to pay half of any financial penalty the state received for not meeting targets. This policy incentivizes counties and caseworkers to direct CalWORKs participants into the narrowly-defined activities that count toward meeting the federal WPR. However, the federal WPR does not acknowledge the value of fully supporting parents to address education and health barriers. Many activities to

address barriers faced by large shares of CalWORKs participants – that the state approves without time limits for participants to meet state CalWORKs participation expectations – do not fully count toward meeting the federal WPR.

## The Federal WPR Does Not Fully Count Activities That Address Barriers Faced by Many CalWORKs Participants

State-Approved Barrier Removal That Does Not Fully Count for Federal WPR	Share of CalWORKs Participants Assessed With Need for Barrier Removal
Adult basic education or secondary education (e.g., high school or GED), for participants without a high school or equivalent degree	Nearly 1 in 2 heads of household lack a high school or equivalent degree
Mental health services	More than 1 in 4 participants recommended for mental health services
Substance abuse services	About 1 in 20 participants recommended for substance abuse services
Domestic abuse services	More than 1 in 6 participants recommended for domestic abuse services

### REIMAGINING CALWORKS

A coalition of advocates, including GRACE/End Child Poverty California, Western Center on Law and Poverty, California Coalition of Welfare Rights Organizations, Parent Voices, and John Burton Advocates for Youth are forwarding a package of proposals in reaction to the realities of the CalWORKs program and the needs of disadvantaged families with children living in poverty. Their proposals include the following.

#### Reimagining CalWORKs Welfare to Work Policy Priorities:

1. Remove the pejorative, racist language from the statutory scheme and insert family-centered, empowering, anti-racist language in its place.
2. Revise the sanction policy to reflect anti-racist and family-centered values and ensure that California’s anti-poverty programs are focused on family well-being.

- Ensure that families struggling with truancy or immunization requirements do not face financial penalties but are referred to and assisted by the family-stabilization program or a similar community program; and,
  - Lower the welfare-to-work sanction to not more than 5% of the adult's portion of the grant.
3. Revise the welfare-to-work scheme to: (a) enable counties to quickly provide the services and supports families need; (b) reflect anti-racist values; (c) move from a penalty-focused program to one which empowers families and respects their choices; and, (d) provide supportive and employment services tailored to family's individual circumstances and needs by doing the following:
- Prioritizing families' anti-poverty needs at application by offering support services, including housing, family stabilization, mental health services, substance use services, and work support services, when aid is approved or on an emergency basis;
  - Develop a process to allow families to access these services at any time while on aid without developing a new work plan;
  - Change the welfare-to-work sequence from a rigid set of sequenced activities to a simple shared-planning opportunity for families with case worker support if desired, or by the family and another employment specialist chosen by the family;
  - Move from requiring a mandated welfare-to-work plan to a planning process that allows counties to partner with families to develop a plan to meet their needs and achieve their goals;
  - Expanding work activities to include a wide variety of anti-poverty related activities that meet the needs of families in crisis;
  - Reducing and changing work-activity documentation to a minimum;
  - Eliminating the weekly hours requirements;
  - Changing the definition of work to one that focuses on family well-being and not the work participation rate; and,
  - Divorcing the federal work participation rate from California's definition of work.
4. Eliminating the county work penalty pass-through, with repeal of Welfare and Institutions Code (WIC) Section 10544.

<b>OVERSIGHT ISSUE</b>
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**2022 Budget Act Requires Administration to Consult Workgroup on Federal Penalty Passthrough.** Stakeholders contend that the pass-on penalty to the counties creates an implicit edict that counties must manage to the work participation rules, which may lead to cutting adults off of aid, or applying sanctions, and not engaging with adults who need supportive services, as fostered by the recent Cal-OAR and CalWORKs 2.0 initiatives. Advocates contend that this WPR influence counters and works against the goals of the Cal-OAR and hurts families.

Trailer bill language adopted as part of the 2022 Budget requires the Administration to review the county pass-on policy included in WIC 10544 alongside an existing CalWORKs workgroup effort and report back to the Legislature on options that will allow Cal-OAR to fully implement without the contradictory influence of federal work participation penalties. The report is due back on April 15, 2023 and the Subcommittee has asked the Administration to return at its April 26, 2023 hearing to present on the report and discuss recommendations.

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**Staff Recommendation:** In addition to the request for the Administration to return to the Subcommittee at its April 26, 2022 hearing, the Subcommittee may wish to inquire about the pending estimate for a rebranding of the CalWORKs name to “CalFamilies.” Sub. 1 will also hear more about how CalWORKs can play a better role as part of the “community prevention pathway” to mitigate and avoid child welfare involvement for low-income families at its March 22, 2023 hearing. The Subcommittee may also wish to revisit statute that created the Guaranteed Income Pilot Program to make explicit that information and findings yielded from that effort will be utilized to improve CalWORKs, as the state’s main basic benefits program for families with children. There may be other requests made by the Chair as part of this hearing. All issues here will be held open.

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**ISSUE 2. NUTRITION PROGRAMS BUDGET REVIEW AND OVERSIGHT – CALFRESH, EMERGENCY FOOD, AND CALIFORNIA FOOD ASSISTANCE PROGRAM EXPANSION AGAINST HUNGER AND FOOD NEEDS IN CALIFORNIA TODAY**

**The questions for the panelists for this issue are:**

- What can we expect in the next few months in terms of nutrition and safety net needs for our poorest fellow Californians given the end of CalFresh Emergency Allotments, federally-funded food boxes, and Pandemic EBT benefits?
- How much will each CalFresh recipient lose from the ceasing of Emergency Allotments starting April 1, how much will be lost on average for each household, and what amount of support will be lost on a monthly basis for the whole state?
- What can the state do to address this hunger cliff?
- What is the Administration’s proposal for the California Food Assistance Program (CFAP) Expansion to Those Eligible Age 55 and Older?
- What are the stakeholder reactions and requests regarding this proposal?

**PANELISTS**

1. Kim Johnson, Director, California Department of Social Services
2. Becky Silva, Government Relations Director, California Association of Food Banks
3. Keva Dean, Community Advocate with the Food Bank of Contra Costa and Solano
4. Jared Call, Senior Advocate, Nourish California
5. Jenean Docter, Finance Budget Analyst, Department of Finance
6. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

**PROGRAM AND BUDGET OVERVIEW OF NUTRITION PROGRAMS**

**Background on Primary Nutrition Programs.** CalFresh is California’s version of the federal Supplemental Nutrition Assistance Program (SNAP). SNAP is an entitlement program that provides federally funded monthly benefits to eligible households with low-income individuals and families to purchase food and maintain adequate nutrition, as well as providing economic benefits to communities. CalFresh is the largest state-supervised and county-operated food program and provides an essential hunger safety net. The program is administered at the federal level by the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS). This includes the determination of eligibility standards and benefit levels. CDSS is the designated state agency responsible for program oversight in California and each county is responsible for local administration and benefit delivery. In addition, California provides state-funded food benefits through the California Food Assistance Program (CFAP) for qualified non-citizens who do not qualify for federal benefits.

CalFresh food benefits are 100 percent federally funded. CalFresh administration costs are funded with fifty percent federal funds, thirty-five percent General Fund, and fifteen percent

county funds, except for state-mandated program changes. Administrative costs for state-mandated program changes are funded with fifty percent federal funds and fifty percent General Fund. CFAP is funded 100 percent General Fund for both benefits and administrative costs.

CalFresh food benefits are issued through an EBT card which cardholders can use at point-of-sale terminals authorized by FNS. Grocers and other retailers are paid directly by the federal government for the dollar value of purchases made with CalFresh food benefits.

Emergency food, also called CalFood, is distributed in California through a network of 50 food banks and over 6,000 food pantries.

**Governor's Proposal on CalFresh and Food Assistance.** Federal benefits, which include a 12.5 percent COLA increase for Maximum Allotments beginning October 1, 2022, are expected to be approximately \$19.1 billion in FY 2022-23 and \$8.9 billion in FY 2023-24. The estimated impact of the COLA is \$713.9 million in FY 2022-23 and \$973.7 million in FY 2023-24. The year-over-year decrease in estimated benefits reflects the end of emergency allotments, Pandemic Electronic Benefit Transfer (P-EBT), and CalFresh Temporary Student Eligibility Expansion.

The Revised Budget in FY 2022-23 for CalFresh Administration, including P-EBT, reflects \$2.1 billion TF (\$760.3 million GF), which represents an increase of \$201.4 million TF (\$29.1 million GF) from the Budget Act of 2022. In FY 2023-24, CalFresh Administration includes \$2.0 billion TF (\$734.7 million GF), which represents a projected decrease of \$130.2 million TF (\$25.6 million GF) from the revised FY 2022-23 budget. The decrease reflects the ramp down in funding for the CalFood Augmentation, the end of P-EBT, funding for special food programs, the sunset of the CalFresh Temporary Student Eligibility Expansion, and the completion of initial cross training for CalFresh Simplifications. The average monthly CalFresh caseload is expected to grow 6.4 percent in FY 2022-23 and 0.2 percent in FY 2023-24.

**County Administration Rebase Update.** As described above, CalFresh provides federally funded nutrition assistance to low-income Californians. Although the benefits are federally funded, related administrative costs are split between the federal, state, and county governments. State administrative funding generally increases or decreases in line with projected caseload changes but does not automatically increase alongside the cost of doing business.

Existing statute requires a forthcoming revision to this funding formula, with 2022-23 budget-related legislation requiring the revised formula to be in place beginning in 2023-24. The Administration has reported that the new formula will be forthcoming with the 2023 May Revision in a few months. The spending plan also provided a temporary augmentation of \$95 million total funds (\$35 million General Fund) to CalFresh administrative funding.

**Temporarily Augmentation for Food Banks.** The 2022-23 spending plan provides a total of \$112 million General Fund in 2022-23 (and \$52 million in 2023-24) to augment the CalFood program (base funding is \$8 million General Fund per year), which provides funding to a

network of food banks throughout the state. Food banks are a primary source for additional food for households when monthly CalFresh or CFAP benefits run out, or for families that may not be enrolled in public benefit programs for a multitude of reasons and who are facing food insecurity and hunger.

The 2023-24 Governor's Budget includes \$86.7 million in FY 2022-23 and \$34.7 million in FY 2023-24 for Federal Food Bank Programs, and \$148.9 million in FY 2022-23 and \$65.8 million in FY 2023-24 for State Food Bank Programs. The decrease in FY 2023-24 reflects the planned reduction of the CalFood Augmentation. The decrease also reflects the one-time nature of the federal The Emergency Food Assistance Program (TEFAP) Local Food Purchase Assistance, the federal TEFAP Additional Administrative Funds, the federal TEFAP Reach and Resiliency Grant, the federal United States Department of Agriculture Farm to Food Bank program, and the state-funded Drought Food Assistance in FY 2022-23.

**Creates Nutrition Assistance Grant Program for Tribal Communities.** The 2022-23 spending plan allocated \$5 million General Fund ongoing to create the Tribal Nutrition Assistance Program, through which the CDSS will award grants to tribal organizations to address food insecurity in their communities.

**California Food Assistance Program (CFAP) Expansion to All Immigrants Age 55 or Older.** CFAP benefits, which include the 12.5 percent COLA increase, are expected to be approximately \$100.4 million GF in FY 2022-23 and \$75.8 million GF in FY 2023-24. The estimated impact of the COLA is \$5.9 million in FY 2022-23 and \$8.1 million in FY 2023-24. The year-over-year decrease in estimated benefits reflects the end of emergency allotments and CalFresh Temporary Student Eligibility Expansion.

Under prior law, CFAP provides state-funded nutrition benefits to low-income legal permanent residents who have resided in the U.S. for less than five years. (These individuals would otherwise be eligible for CalFresh benefits, but were rendered ineligible by a federal welfare reform bill passed in 1996.) The 2021-22 budget included funding to begin an "age-based" expansion of CFAP to otherwise ineligible immigrants. The 2022-23 spending plan further defined this expansion—opening this program to all individuals aged 55 or older who are ineligible for CalFresh due solely to their immigration status. The 2022-23 spending plan included \$35.2 million General Fund in 2022-23 for necessary planning and automation changes, with this amount projected to increase to \$113.4 million General Fund by the time benefits are fully implemented in 2025-26.

#### **BUDGET ISSUE FOR CFAP**

The 2023-24 Governor's Budget proposes an updated timeline for the CFAP expansion to all noncitizens 55 years of age or older. CDSS states that automation is estimated to begin in July 2024 instead of late 2022-23 and benefits will start on January 1, 2027, as opposed to January 1, 2025. The adjustment in the timeline will allow for additional considerations related to implementation and operations, including EBT data infrastructure and protection, federal data reporting, and other concurrent complex automation efforts, such as the proposed EBT card security modernization and California Statewide Automated Welfare System (CalSAWS)



system migration and stabilization. CDSS asserts that while there is not a delay to CalSAWS system migration or the automation programming necessary for CFAP expansion, all of these considerations in totality have a bearing on planning, when the programming can begin, and the overall timeline for the CFAP expansion and benefits. Providing needed nutrition through CalFresh/CFAP expansion to all low-income older adults, regardless of status, remains an Administration priority. Below are details on these considerations as provided by the Administration.

**EBT Considerations.** As the EBT system is federally funded, personally individual identifying information such as social security numbers, or lack thereof, is visible and accessible for federal review by USDA and through reconciliation of fiscal data. Currently the EBT system cannot limit access or mask personally identifying information based on program benefit type (i.e., CFAP benefit). CDSS and OSI are exploring alternatives for more secure or limited USDA data review, such as only providing USDA access to data for cases sampled for audit purposes, to strengthen privacy protections for a population potentially vulnerable to changes in federal policy.

The expected timing of EBT card security modernization implementation is 2025-26. This timeline is dependent on federal approval and careful coordination with retailers to replace point-of-sale devices to accept new EBT cards with chip/tap technology. The sequencing of CFAP expansion is a consideration to streamline deployment of EBT cards to minimize possible confusion for newly eligible participants associated with issuing two cards over a short period of time.

**SAWS Considerations.** The CalWIN migration will be completed in October 2023. A shift of the CFAP expansion timeline to begin automation in FY 2024-25 will allow for system stabilization and reduce automation risk. Overall, the proposed timeline adjustment reflects a preliminary and cautious approach around these considerations to anticipate unknowns and prepare for better implementation. CDSS states that it is committed to working together with CWDA, counties, CalSAWS, the Legislature, as well as stakeholders representing immigrant, older adult, and nutrition communities, to help inform May Revision updates as more information becomes available and if conversations yield a different feasible timeline.

Currently, CDSS is planning to hold a stakeholder meeting on Wednesday, March 15, 2023 to discuss this proposal.

#### **RELATED CFAP BUDGET CHANGE PROPOSAL (BCP)**

CDSS proposed a Budget Change Proposal (BCP) requesting eighteen (18.0) permanent positions to support the CFAP expansion as detailed below (the following information is provided by the Administration). The cost of this proposal is \$3.3 million General Fund ongoing.

- Family Engagement and Empowerment Division (FEED): One (1.0) Staff Services Manager III (SSM III); one (1.0) SSM II; three (3.0) SSM I; nine (9.0) Associate

## Governmental Program Analyst/Staff Services Analyst (AGPA/SSA)

- Information Services Division (ISD): One (1.0) Information Technology Specialist II (ITS II)
- State Hearings Division (SHD): One (1.0) Administrative Law Judge I (ALJ I)
- Research, Automation, and Data Division (RADD): One (1.0) Research Data Specialist I (RDS I)
- Finance and Accounting Division (FAD): One (1.0) Associate Accounting Analyst

CFAP benefits are issued through the same case-based eligibility process as federal food benefits. Furthermore, the passage of Assembly Bill (AB) 135 (Chapter 85, Statutes of 2021) expanded CFAP eligibility by making additional non-citizens eligible for CFAP, regardless of their immigration status. The specific age criteria for CFAP eligibility was outlined in Senate Bill (SB) 187 (Chapter 50, Statutes of 2021), and will expand first to the 55 and older population, per an appropriation of the Budget Act of 2022. This program expansion is expected to result in 75,000 Californians becoming eligible for CFAP.

Presently, the administration of CalFresh and CFAP are inextricably linked. Generally, CFAP operates under the same program rules as CalFresh unless otherwise specified by state law, and federal rules prohibit many groups of non-citizens from participating in CFAP. To remove immigration eligibility conditions for CFAP, the creation of a new state-funded nutrition assistance program must be developed. The new state-funded program will maintain the CFAP name, but it must be disconnected from CalFresh. This will result in significant changes to the operational structure of CFAP and removing the use of advanced federal dollars to issue CFAP benefits.

The CFAP expansion will require California to instead use state dollars upfront to issue CFAP benefits. Senate Bill (SB) 129 (Chapter 69, Statutes of 2021) appropriated \$5 million to begin making necessary automation changes for the CFAP expansion. SB 129 included provisional language that authorized the CDSS to transfer \$999,000 from Local Assistance to State Operations to fund 26.0 FEED staff resources and begin the CFAP Expansion hiring ramp up. However, funding for these resources is limited term and set to expire on June 30, 2026, while the workload will be ongoing. Implementation of the CFAP expansion will require a significant administrative effort to coordinate with existing and new partners, and the proposed resources for this expansion will be instrumental in managing this new body of work.

The requested Research Data Specialist I (RDS I) in the Research, Automation, and Data Division (RADD) will engage with counties, the Statewide Automated Welfare System (SAWS), and stakeholders in automation design and implementation. More specifically, the SAWS will need to create a new program within the state eligibility system to better capture the CFAP participants. In addition, the RADD resource will determine data collection and reporting requirements, analyze and validate the data, and provide technical assistance to counties.

As policy, procedures, and automation roll out, the FEED resources will develop a training

curriculum to support CFAP expansion implementation at the local level. Training curriculum will include eligibility policy, as well as ancillary functions such as reporting and accounting. The requested FEED resources will design and implement a statewide CFAP expansion outreach campaign, which will launch ahead of initial implementation of the CFAP expansion and will focus on getting the word out to the hardest-to-reach CFAP expansion-eligible populations. The outreach campaign will be developed in partnership with immigrant-serving Community Based Organizations statewide and will involve significant stakeholder engagement through development and roll out.

As discussed above, the exact CFAP expansion implementation date is yet to be defined, however, various planning activities for outreach are underway. Currently, there are two Request for Proposals in development for application assistance and marketing and media contractors. Appropriate outreach contractors will be selected to provide application assistance in all counties statewide, especially in areas with high concentration of the target CFAP expansion eligible population. In addition, the marketing and media contractor will conduct targeted outreach and collaborate with trusted partners within the targeted communities to connect the newly eligible population to CFAP. The media and marketing contractor will also develop culturally competent messaging and outreach materials to reduce misconceptions about CFAP participation, which will enable potentially eligible individuals to make informed decisions to participate in CFAP. Therefore, FEED resources will be required to provide the oversight and management of the expected outreach contractors and associated deliverables.

In addition, administrative support staff within various divisions across the Department will be crucial in the planning and ongoing oversight of the CFAP expansion. The CFAP expansion will contribute to an increased caseload of state hearings requests, which requires adequate State Hearings Division resources to address hearings in a timely manner, avoid backlog, and reduce further risk of litigation. Information Services Division resources are needed to provide updated public facing CFAP expansion updates and materials via the CDSS webpage. ISD resources are also needed to directly support FEED staffing resources on all IT-related issues such as technical network, software, hardware, or applications. Accounting resources are needed to assist with opening and monitoring the new bank account.

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**Staff Recommendation:** Stakeholders have raised significant questions with the Governor's proposed change to the timeframe for the CFAP Expansion. The Subcommittee could request that the Administration provide an update after the pending stakeholder meeting describing the concerns being shared from community leaders and the public on this issue, and how the timeline may be shortened from what is currently being proposed. This issue will be held open.

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## 5175 DEPARTMENT OF CHILD SUPPORT SERVICES

### ISSUE 3. CHILD SUPPORT PROGRAM BUDGET REVIEW AND OVERSIGHT REGARDING PASS-THROUGH POLICIES FOR FORMER AND CURRENT CALWORKS FAMILIES

#### The focus questions for the panelists for this issue are:

- Will the pass-through for formerly assisted families implement on July 1, 2023 and what considerations are influencing that operative date?
- Can DCSS share any information that might be pending in the May 1, 2023 report on any potential adverse impacts associated with the full pass-through for formerly-assisted families?
- What planning is occurring for the pass-through for currently-assisted families? What is the timeline for the stakeholder consultation process that is prescribed to occur before the implementation date for this policy, which is understood to be subject to the May 2024 trigger that was part of the 2022 Budget?

#### PANELISTS

1. David Kilgore, Director, Department of Child Support Services
2. Omar Sanchez, Finance Budget Analyst, Department of Finance
3. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

#### DEPARTMENT OVERVIEW

The mission of the Department of Child Support Services (DCSS) is to promote parental responsibility to enhance the well-being of children by providing child support services to establish parentage and collect child support. The proposed Fiscal Year (FY) 2023-24 budget is \$1.213 billion (\$378.6 million State General Fund (SGF), \$834.8 million other funds).

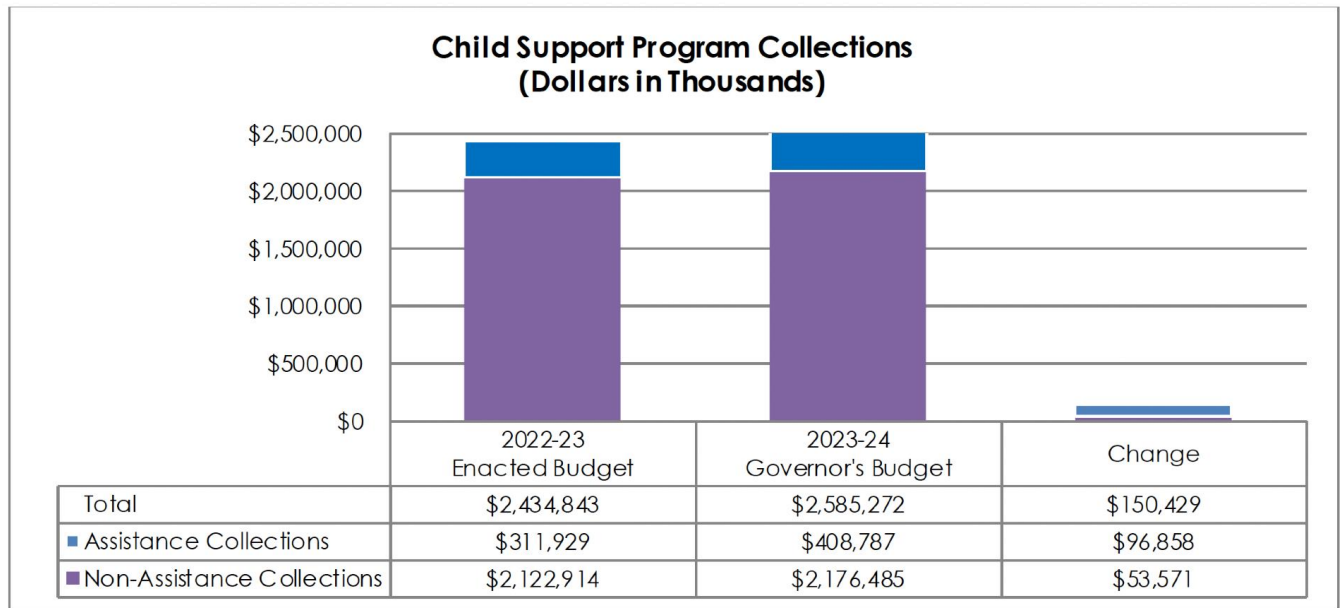
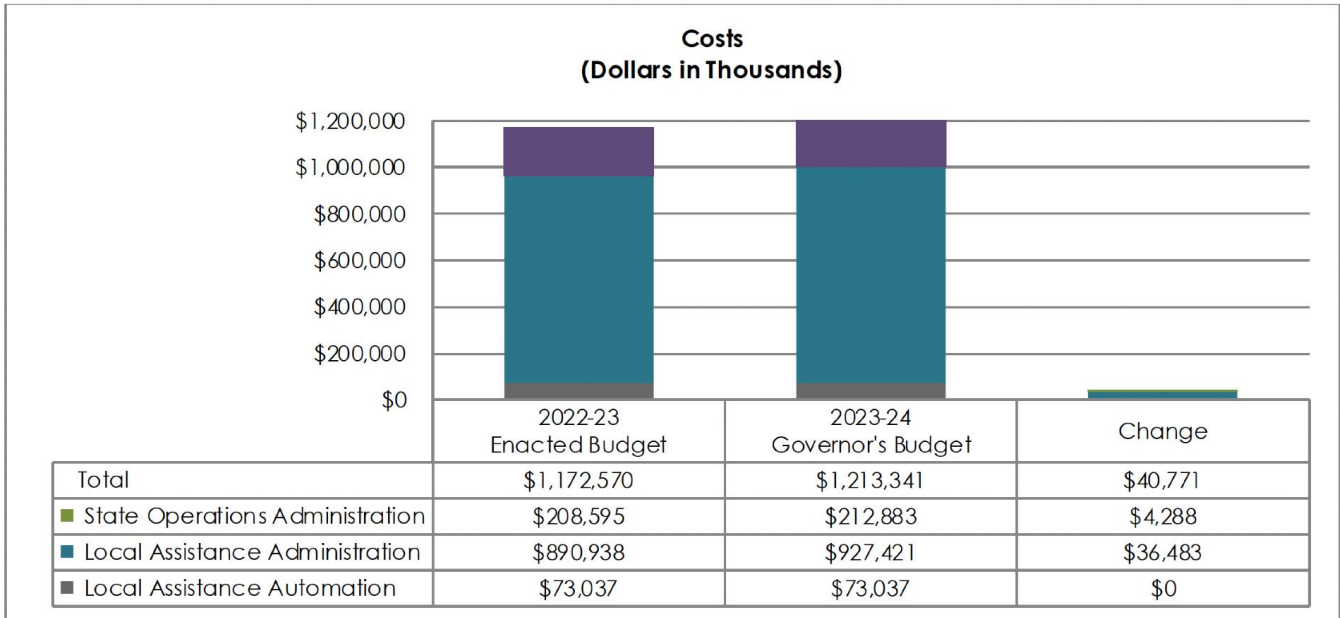
#### Summary of State Operations Adjustments:

- \$2.711 million (\$923,000 SGF) increase for Employee Compensation adjustments.
- \$1.745 million (\$593,000 SGF) increase for employee retirement benefits.
- \$1.059 million (\$360,000 SGF) increase for the Cyber Security safeguard positions.
- \$852,000 (\$100% Federal Funds (FF)) decrease for Statewide Cost Allocation Plan.
- \$375,000 (\$128,000 SGF) decrease for removal of one-time funding for Child Support Payment Methodology K-Factor contract services.

#### Summary of Local Assistance Administration Adjustments:

- \$35.8 million (\$12.2 million SGF) increase for underfunded local child support agencies.
- \$562,000 (\$191,000 SGF) increase for Internal Revenue Service Intercept Fees.
- \$339,000 (100% FF) increase in federal performance basic incentives.
- \$281,000 (100% SGF) decrease for Deficit Reduction Act Mandatory Fees.
- \$63,000 (100% FF) increase for the Section 1115 Grant - Charting a Course for Economic Mobility and Responsible Parenting.

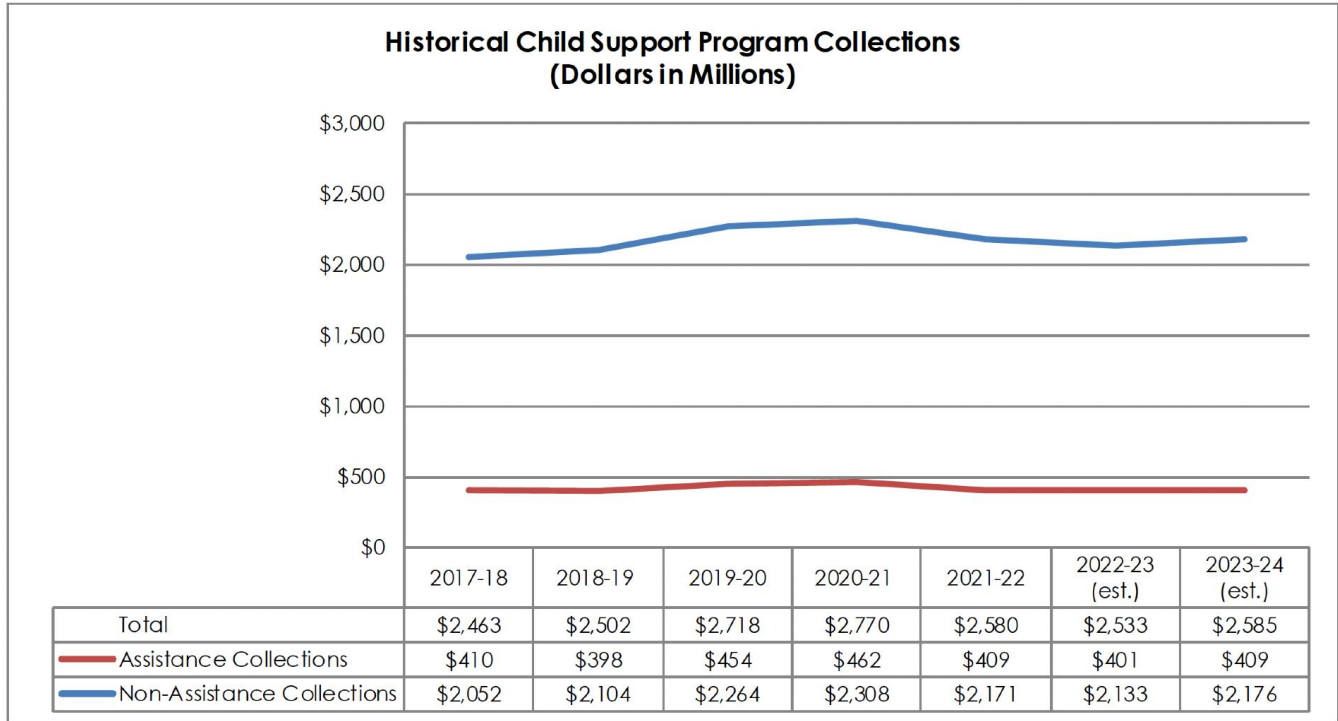
**2023-24 Governor’s Budget for DCSS.**



The FY 2023-24 Child Support Assistance and Non-Assistance Collections estimate for the budget year is based on the latest data and trends. Based on the analysis, DCSS anticipates an increase of \$96.9 million (31.1%) in assistance collections and an increase of \$53.6 million (2.5%) in non-assistance collections.

Beginning in July 2023, annual child support recoupment revenues are estimated to decrease by \$187 million (\$83.3 million federal and \$103.6 million SGF) due to the implementation of

passthrough of arrears collections for formerly assisted cases. Included in the state share is \$4.7 million to offset county revenue losses. Implementation of full pass-through on currently assisted cases is subject to a determination in the spring of 2024 that the General Fund can support the revenue impact over a multi-year forecast. These issues are discussed in more detail below.



**LOCAL CHILD SUPPORT AGENCIES BUDGET REQUEST**

Pursuant to Family Code 17306.1, the DCSS, in collaboration with the Child Support Directors Association (CSDA), developed a Local Child Support Agency (LCSA) funding methodology that represents a balanced approach to address cumulative cost pressures that led to multiple years of program staff reductions for LCSAs in a relatively flat-funded program. The pressures included the rising cost of staff salaries from locally negotiated union contracts, rising health benefit and retirement contribution costs, and a general increase in the cost of program administration. This is the background to the proposal in the Governor’s Budget to provide an on-going augmentation of \$35.8 million (\$12.172 million General Fund) to LCSAs.

Fundamentally, the methodology encompasses two major components: base level of staffing for casework operations (which include caseload and staff costs), and call center operations.

**Casework Operations.** Casework is the primary component of LCSA operations. The methodology funds each LCSA based on a Case-to-FTE ratio predetermined by a Level of Effort Study (LOE) conducted by 15 sample LCSAs ranging from very large in size (i.e., Los Angeles) to very small (i.e. Marin).

The LOE study surveyed program experts at each LCSA to provide the amount of time/effort on average it takes LCSA staff to complete a wide array of mandatory casework tasks, such as open cases, establish orders, enforce orders, review, and adjust existing cases, casework financials, legal proceedings, and administrative support. The result of the LOE study yielded the estimated time to complete mandatory tasks. The estimated time was factored into an aggregate Case-to-FTE ratio, then applied to the total child support caseload, resulting in the calculated Case-to-FTE ratio of 187.738. The ratio is not a reflection of how the LCSAs operate today due to a shortage of funding, but rather the necessary level of resources to address the entire volume of mandatory tasks and thus improving outcomes to all families.

FTEs for each LCSA are funded at the average cost of staffing for their respective county to address cost-of-living differences across California. A complement of 20.9% of personnel costs is applied to cover non-employee operating expenses & equipment (OE&E) such as contracts, facility leases, maintenance, utilities, office supplies and equipment.

**Call Center Operations.** The Call Center methodology focuses on establishing an average number of calls a call center FTE can answer. DCSS utilizes Calls-per-FTE which best allows the methodology to fund LCSAs for costs relative to their cost of living, but also establishes an efficiency expectation of 6030 Calls-per-FTE. This is the statewide average, and many LCSAs (some large ones) fall below this threshold. The methodology finds a fair balance of an expected level of performance and efficiency while allowing LCSAs flexibility to manage their calls to best meet the needs of their county.

In 2019, the Legislature approved additional funding to aid local child support agencies. The 2019 Budget Act included \$19.1 million SGF in 2019-20, growing to an expected \$57.2 million SGF in 2021-22.

	<b>Total Request</b>	<b>SFY 2019-20</b>	<b>SFY 2020-21</b>	<b>SFY 2021-22</b>
State General Fund	57,159,000	19,053,000	19,053,000	19,053,000
Federal Fund	110,958,000	36,986,000	36,986,000	36,986,000
Total	168,117,000	56,039,000	56,039,000	56,039,000

Due to economic impacts from the COVID-19 pandemic, the 2020 Budget Act reversed the approved funding augmentation for LCSA administration and temporarily reverted LCSA funding to 2018-19 levels. The 2021 Budget Act restored the funding augmentation of \$56 million (\$19 million SGF) for LCSA administration. In 2022, DCSS was approved for an increase of \$59.1 million (\$20.1 million SGF) based on updated calculations of the LCSA funding methodology.

For the 2023-24 Governor’s Budget, the methodology calculated the underfunded LCSAs would need \$78.3 million to reach parity. However, given the state’s fiscal situation, a lower amount of \$35.8 million is proposed in the Governor’s Budget to help mitigate increased staffing costs, caseload and call volumes. This augmentation would allow LCSAs to maintain

current service levels and avoid a de facto budget reduction because LCSAs would otherwise need to achieve salary savings to absorb the cost increases.

	<b>Total Request</b>	<b>SFY 2021-22</b>	<b>SFY 2022-23</b>	<b>SFY 2023-24</b>
State General Fund	51,330,000	19,053,000	20,105,000	12,172,000
Federal Fund	99,641,000	36,986,000	39,027,000	23,628,000
Total	150,971,000	56,039,000	59,132,000	35,800,000

Table 1 below displays LCSAs identified as underfunded, based on SFY 2021-22 funding levels. These LCSAs each received a portion of the additional funding included in the SFY 2021 Budget Act. DCSS fiscal guidance requires underfunded LCSAs to utilize the additional funding to increase and retain staffing to lower their case-to-staff ratio. The target calculated case-to-staff ratio for SFY 2021-22 is 185.4.

LCSA staffing levels in underfunded counties increased by 2.2% (88.6 FTEs) in the second quarter of SFY 2022-23. Specifically, Fresno, Kern, Sacramento, and San Bernardino contributed largely to this increase as their staffing levels increased by 12 FTEs or more by the end of the second quarter. Statewide, counties have been implementing aggressive recruitment practices such as creating continuous recruitments for high attrition positions, negotiating higher starting pay within the classification range, offering modified telework schedules and streamlining the recruitment process to complete the process in less time.



**Table 1 - LCSAs Receiving Additional Funding**

	Quarter 4 SFY 2021-22			Quarter 2 SFY 2022-23			Target Case:Staff Ratio
	Actual Caseload as of 06/30/22	Actual FTEs as of 06/30/22	Actual Case:Staff Ratio 06/30/22	Actual Caseload as of 12/30/22	Actual FTEs as of 12/30/22	Actual Case:Staff Ratio 12/30/22	
<b>TOTAL</b>	<b>855,073</b>	<b>4,024.30</b>	<b>212.5</b>	<b>863,186</b>	<b>4,112.9</b>	<b>209.9</b>	<b>185.4</b>
Alameda	29,460	116.8	252.2	29,171	110.0	265.2	189.1
Colusa/Sutter/Yolo	10,535	59.2	178.0	10,515	59.0	178.2	169.9
Contra Costa	24,116	119.0	202.7	24,357	123.0	198.0	185.9
Eastern Sierra	1,019	7.6	134.1	986	6.6	149.4	115.3
Fresno	56,970	220.1	258.8	57,270	238.0	240.6	187.9
Glenn	1,591	6.7	237.5	1,549	6.5	238.3	143.3
Imperial	9,304	45.0	206.8	9,310	49.0	190.0	181.1
Kern	50,022	183.2	273.0	50,936	222.7	228.8	183.8
Kings	8,440	44.0	191.8	8,544	50.0	170.9	182.2
Lassen	1,419	7.0	202.7	1,435	6.0	239.2	140.2
Los Angeles	216,804	1,225.0	177.0	224,824	1,206.0	186.4	187.9
Madera	6,388	26.9	237.5	6,445	27.9	231.0	171.4
Mariposa	634	3.0	211.3	616	5.0	123.2	106.5
Merced	14,606	60.6	241.0	14,669	60.8	241.3	182.9
Monterey	13,092	77.7	168.5	12,979	72.2	179.8	183.2
Placer	6,296	30.9	203.8	6,162	31.9	193.2	176.2
Riverside	74,858	340.0	220.2	75,892	356.0	213.2	189.6
Sacramento	67,714	269.0	251.7	66,848	281.0	237.9	190.1
San Bernardino	89,809	363.0	247.4	88,492	384.0	230.4	186.4
San Diego	59,998	263.7	227.5	60,661	268.2	226.2	183.9
San Francisco	9,129	48.7	187.5	8,901	47.2	188.8	184.9
San Joaquin	32,904	132.4	248.5	33,555	141.7	236.9	188.8
Santa Barbara	10,888	61.8	176.2	10,714	59.5	180.1	182.8
Solano	13,829	80.0	172.9	13,677	72.0	190.0	183.0
Stanislaus	23,682	116.0	204.2	23,319	116.1	200.9	185.9
Tehama	3,220	17.4	185.1	3,256	15.0	217.1	179.2
Trinity	632	4.4	143.6	616	5.6	110.0	113.2
Ventura	17,714	95.2	186.1	17,487	92.1	189.8	186.8

LCSAs continue to experience significant challenges in recruiting and maintaining qualified staff. These recruitment challenges include a tight labor market resulting in fewer candidates accepting employment interviews, candidates not showing up to interviews, and candidates declining job offers. Further impacting the LCSAs' ability to increase staffing levels, is a higher-than-expected attrition rate as more employees leave for higher paying jobs or retirement. Thus, offsetting new hires and negatively impacting an LCSA's ability to increase net staffing levels.

Table 2 below on Adequately Funded LCSAs, shows the LCSAs identified based on SFY 2021-22 funding levels. The staffing levels for these counties has dropped by 1.54% (16 FTEs) since the second quarter of SFY 2022-23, as LCSAs bring staffing levels into alignment with the targeted case-to-staff ratios.

**Table 2 - Adequately Funded LCSAs**

	Quarter 4 SFY 2021-22			Quarter 2 SFY 2022-23			Target Case:Staff Ratio 06/30/24
	Actual Caseload as of 06/30/22	Actual FTEs as of 06/30/22	Actual Case:Staff Ratio 06/30/22	Actual Caseload as of 12/30/22	Actual FTEs as of 12/30/22	Actual Case:Staff Ratio 12/30/22	
<b>TOTAL</b>	<b>189,697</b>	<b>1,035.7</b>	<b>183.2</b>	<b>189,113</b>	<b>1,019.7</b>	<b>185.5</b>	<b>185.4</b>
Butte	8,993	51.0	176.3	8,749	48.0	182.3	187.7
Central Sierra <sup>1/</sup>	4,521	25.6	176.6	4,442	24.6	180.6	174.1
Del Norte	2,057	12.5	164.6	2,098	11.5	182.4	155.3
El Dorado	4,987	29.0	172.0	4,930	25.5	193.3	178.8
Humboldt <sup>1/</sup>	4,960	25.0	198.4	4,941	23.4	211.2	178.4
Lake	2,570	18.0	142.8	2,562	17.0	150.7	165.5
Marin	3,421	13.7	249.7	3,163	16.4	193.3	153.0
Mendocino	3,022	19.0	159.1	3,017	17.9	168.5	167.7
Napa	2,846	26.9	105.8	2,798	21.9	127.8	160.8
Orange	56,677	289.9	195.5	56,317	302.8	186.0	140.2
Plumas	716	4.0	179.0	693	4.0	173.3	187.9
San Luis Obispo	3,978	24.8	160.4	4,077	26.8	152.4	174.2
San Mateo	7,860	48.1	163.4	7,773	46.9	165.9	106.5
Santa Clara	26,468	149.4	177.2	26,334	141.4	186.2	188.7
Santa Cruz/San Benito <sup>1/</sup>	6,428	37.8	170.1	6,367	32.8	194.1	177.2
Shasta	9,366	43.9	213.3	9,350	51.6	181.3	187.4
Sierra/Nevada <sup>1/</sup>	2,518	18.0	139.9	2,485	17.0	146.2	157.9
Siskiyou/Modoc <sup>1/</sup>	2,513	15.3	164.2	2,450	13.3	184.2	159.3
Sonoma	9,921	57.5	172.5	9,741	55.9	174.3	183.3
Tulare	22,265	106.3	209.5	23,149	103.2	224.4	189.2
Yuba	3,610	20.0	180.5	3,677	18.0	204.3	166.7

1/ The following LCSAs combined resources to form regionalized LCSAs:

- \* Central Sierra: Amador, Calaveras, Modoc, Tuolumne
- \* Humboldt, Trinity
- \* Santa Cruz, San Benito
- \* Sierra, Nevada
- \* Siskiyou, Modoc

**BCP FOR CYBERSECURITY**

DCSS requests a budget augmentation of \$1,059,000 (\$360,000 General Fund) and 6.0 positions, for fiscal year 2023-24 and ongoing to comply with recent requirements in IRS Publication 1075. This funding enables DCSS to respond to the increasing sophistication in cybersecurity attacks by creating various programs, as required. This request also allows DCSS to comply with the goals of the Governor’s Cal-Secure Multi-Year Information Security Maturity Roadmap to achieve compliance with state information security policies, as well as address information security and privacy risks.

**OVERSIGHT ISSUES**

**Full Pass-Through of Child Support Payments to Former CalWORKs Families as Early as July 1, 2023.** Under federal law, when a parent applies for CalWORKs cash aid (and is not living with the other parent), they generally are required to open a child support case and sign over a portion of their child support payments to the state. This is because a portion, up to the monthly amount of CalWORKs cash aid provided to the family, is retained by the state as a

way to pay back the total government costs for the cash aid the family received under the CalWORKs program.

This process of retaining the child support as reimbursement for CalWORKs is referred to as CalWORKs recoupment. The CalWORKs recoupment payments are roughly split between the state (45 percent), counties (5 percent), and federal government (50 percent). To the extent the current child support order for a CalWORKs family is not fully paid in any given month, the state tracks the amount of unpaid child support as government-owed debt or past-due CalWORKs recoupment payments, up to the amount of cash aid paid. The state continues to seek payment of past-due CalWORKs recoupment payments even after a family exits the CalWORKs program. Past-due CalWORKs recoupment payments are retained by the state and split across the federal government, state, and counties.

The spending plan adopts legislation that will allow low-income families who formerly received CalWORKs cash aid to keep child support payments that, absent this legislation, would be used to pay back the government for past-due CalWORKs recoupment payments. The 2022-23 spending plan assumes the policy change will take effect on July 1, 2023 (or whenever the necessary automation changes are completed), resulting in an estimated \$187 million going to former CalWORKs families annually. This amount reflects the estimated total support payments that otherwise would have gone to pay off the state, county, and federal governments' shares of past-due CalWORKs recoupment payments. The federal government will not require the state to pay back, or backfill, the \$82 million loss in annual federal revenue resulting from past-due CalWORKs recoupment payments being directed to families instead of the federal government. As a result, the state only will experience an estimated \$95 million annual decrease in General Fund revenue.

Additionally, the spending plan includes an additional \$10 million General Fund cost to backfill the county loss in past-due CalWORKs recoupment payments, resulting in an estimated total General Fund impact of \$105 million annually. Finally, the CDSS, in consultation with DCSS, shall submit a report to the Legislature no later than May 1, 2023 on the impact this policy change may have on an individual or family's eligibility for other need-based assistance programs and potential solutions to address any identified unintended impacts, including whether an opt out is necessary in order to avoid negative impact to families.

DCSS recently indicated that after consideration of the pending work and the complexities and time necessary to make changes to the foundational system code involving most aspects of financial functionality in child support enforcement, a revised implementation date of April 2024 has been identified.

**Full Pass-Through of Child Support Payments to Current CalWORKs Families, Subject to Spring 2024 Trigger Determination.** As previously mentioned, a family who currently receives CalWORKs cash aid is required to sign over their right to child support payments to the state. However, up to \$100 of the current support payment is directed or "passed through" to families with one child every month (increasing to \$200 for families with two or more children). The state could choose to pass through a greater amount of payments (up to the full amount of the child support payment); however, the federal government would require the

state to backfill the amount of the pass-through payment that would have otherwise gone to reimburse the federal share of CalWORKs recoupment. (The federal government does not require repayment of its share of the \$100/\$200 pass through.)

The spending plan includes [language](#) that will prioritize passing through the full amount of child support payments to current CalWORKs families as a part of the 2024-25 budget subject to certain conditions. In particular, in spring 2024, a determination as to whether there are sufficient General Fund revenues over the multiyear forecast available to support this policy change must be made (as well as other changes subject to this language). The administration estimates the General Fund impact associated with this policy change totals roughly \$150 million (reflecting the loss in state General Fund revenue and federal and county backfill costs), but the actual General Fund impact will depend on collections and caseload at the time of implementation. Moreover, the spending plan adopts [language](#) that requires DSS to convene a workgroup to discuss the potential unintended consequences of enacting a full pass-through of child support payments to current CalWORKs families. The workgroup shall consist of representatives from the Legislature, DCSS, County Welfare Directors Association of California, and advocates for low-income families with children and noncustodial parents.

Additionally, DSS shall submit a report to the Legislature on or before April 1, 2024 that: (1) summarizes the workgroup conversations; (2) identifies potential strategies to prevent unintended consequences and any estimates of implementing these recommended strategies; (3) estimates the impact of federal funding levels and any changes to eligibility and benefit determination in other need-based assistance programs; and, (4) projects changes in child support payment compliance and associated changes to income levels of parents receiving payments.

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**Staff Recommendation:** These issues will be held open.

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**ISSUE 4. GOVERNOR'S PROPOSAL FOR CALWORKS – HOMELESS ASSISTANCE PROGRAM (HAP)  
BUDGET CHANGE PROPOSAL AND HOMELESSNESS IN THE CALWORKS POPULATION****The questions for the panelists for this issue are:**

- What are the trends in Housing and Homelessness for the CalWORKs population?
- What approximate percentage/proportion of the CalWORKs population needs housing and homelessness services (e.g. one in six families) and what do these services typically look like?
- Are there upstream supports that can be strengthened for CalWORKs families that would prevent homelessness? What are these and how much will this BCP support that kind of programmatic leverage/change/development?
- What is known about the effects of homelessness on children?

**PANELISTS**

1. Hanna Azemati, Housing and Homelessness Division Deputy Director, California Department of Social Services
2. Jenean Docter, Finance Budget Analyst, Department of Finance
3. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

**BUDGET REQUEST**

CDSS requests resources to effectively implement the policy changes associated with Senate Bill (SB) 1083 (Chapter 715, Statutes of 2022) which requires development of guidance, regulations, coordination on automation and ongoing, high-quality technical assistance and oversight to counties through the CalWORKs Homeless Assistance (HA) Program, also called HAP. CDSS requests two (2.0) Associate Governmental Program Analysts (AGPAs) and one (1.0) Staff Services Manager I (SSM I) at a cost of \$524,000 General Fund ongoing. The following information is provided by the Administration.

Since 2016, eight bills have passed that have significantly expanded the eligibility and utilization of the HA program. Each of these bills requires complex policy development and ongoing policy analysis workload for the CDSS. SB 1083 requires updated and new guidance regarding the multiple policy changes including the development of All County Letters (ACLs), revising the associated forms and notices, drafting and revising state regulations, working with the automated systems for the timely and accurate automation of these changes, ongoing collaboration with programs newly required to coordinate with HA services, and ongoing oversight and technical assistance for accurate statewide implementation.

The full cycle from analyzing legislation to complete implementation of a policy change is a lengthy process, and each of these changes builds upon previous changes. Complex policy interpretation associated with SB 1083, in conjunction with recent statutory changes, is ongoing. Throughout and beyond the initial implementation, HA policy changes lead to an

increase in county questions, public inquiries, and the ongoing need for the development of training, briefing, and guidance materials as well as increased participation in regular and ongoing stakeholder meetings. This increase is due to new complexities to HA resulting from the annual policy changes, now inclusive of SB 1083, as well as increased utilization of the program.

HA utilization continues to recover from a dip in utilization during COVID and it is anticipated to continue to increase due to the loss of other state homelessness prevention resources including the Emergency Rental Assistance Program (ERAP). SB 1083 streamlines processes for all families in the CalWORKs program experiencing or at-risk of experiencing homelessness and seeks to enhance available sources in alignment with housing best practices. It does this by expanding eligibility to include families in receipt of any notice that could lead to an eviction, regardless of the circumstances cited in the eviction notice. The legislation states that County Welfare Departments (CWDs) opting to require a homelessness avoidance plan as a condition of receiving HA twice in a 24-month period may do so only if the CWD has also provided a caseworker who can assist with securing permanent housing. Lastly, the bill requires CWDs to refer all pregnant CalWORKs recipients to perinatal home visiting services administered by the county public health agency, county human services agency, or applicable county home visiting provider.

<b>Fiscal Year</b>	<b>Families Served</b>	<b>Expenditures</b>
FY 2015 - 2016	34,968	\$30,201,101
FY 2016-2017	50,518	\$43,323,428
FY 2017-2018	63,890	\$54,096,667
FY 2018-2019	64,094	\$62,279,210
FY 2019- 2020	52,441	\$59,232,215
FY 2020-2021	32,828	\$38,972,495
FY 2021-2022	47,716	\$58,935,389

The HA Program expends an average of \$60,148,938 annually to support an average of 54,750 CalWORKs families that are experiencing homelessness or are at-risk of experiencing homelessness. California has invested considerable resources into this program to continue to meet the urgent housing needs for CalWORKs families seeking shelter. Additionally, the provision of housing resources is critical to the success of all other areas of social services including the potential outcomes of any employment services, including those delivered by CalWORKs. CDSS resources are needed to provide oversight and technical assistance to counties administering the legislative changes of SB 1083 to HA to support families who are entitled to these benefits can sufficiently access them.

As mentioned previously, CWDs will be required to refer all pregnant CalWORKs recipients to perinatal home visiting services administered by the county public health agency, county human services agency, or applicable county home visiting provider; clarifying that under the domestic violence exception, where the perpetrator was a roommate, that a roommate may include a parent or child with whom they were living; and aligning with current law for other CalWORKs applicants to allow apparently eligible pregnant CalWORKs applicants to provide initial verification of pregnancy via sworn statement/verbal attestation, followed by medical verification within 30 days.

Without these resources, CDSS will not be able to implement these statutory changes effectively and timely. The requested resources will be responsible for, but not limited to, writing All County Letters (ACLs) and All County Information Notices (ACINs) to formally advise counties on how to implement changes in the HA program. ACINs are used to inform counties of current policies and best practices, inform counties that forms have been revised or regulations have been adopted, or otherwise relay general policy reminders and guidance. In addition, these resources will provide program oversight by reviewing the submitted ACLs and ACINs and revising emergency HA regulations every time there is a change in law. The implementation of new legislation requires deep analysis of the legislation, intentional coordination with other impacted programming, and research and consultation with housing best practices to determine the most efficient and effective manner of implementing statutory changes to the greatest effect possible. These tasks are necessary for the HA program. The implementation of the policy changes will require complex and ongoing workload at CDSS, beyond the initial implementing guidance.

CDSS estimates a timely, accurate implementation of SB 1083 will require a minimum of three initial statewide county letters, regulation updates, and revisions to a minimum of three program forms in addition to various automation changes across multiple systems requiring meetings, research, and implementation. An increase in meetings and development of briefing and hearing materials will be required to adequately communicate these changes and ongoing impacts to internal and external stakeholders. Additionally, due to the cross intersection of programs in this bill, as well as newly required housing case management and navigation services, these policy changes will lead to an ongoing increase in required oversight by CDSS, resulting in higher levels of ongoing county technical assistance and stakeholder involvement. CDSS anticipates a sustained, ongoing increase in public inquiries and advocate questions and an increase in county questions regarding policy implementation and administration. Due to ongoing questions, CDSS will also continue to reaffirm or adjust policy guidance via county letters, estimating an additional three to five HA letters, inclusive of ACLs, ACINs, and other instructional materials ongoing per year. Additionally, there is a need for ongoing data collection and analysis that will continue to support administration of the HA program. CDSS is dedicated to guaranteeing these critical benefits are available and issued in accordance with the law and will need to work closely with local entities to address barriers to the greatest level of success.

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**Staff Recommendation:** The Subcommittee could consider a reporting requirement to be added either in statute or in Budget Bill Language, regarding the trends of housing and homelessness for the CalWORKs population, with regular meetings with legislative staff at set intervals to brief on what the data is telling us about housing needs for this vulnerable population, how the policy changes are implementing and if they align with housing best practices, and strategies to reduce incidences of homelessness for families with children. This effort may correspond to creation of a CalWORKs Housing Stability Report Card that could assist with tracking both statewide information and per county information on this critical subject. This issue will be held open.

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**ISSUE 5. GOVERNOR’S PROPOSAL FOR CALWORKS – GRANT INCREASE AND THE STATUS OF GRANTS AGAINST FEDERAL POVERTY AND “DEEP POVERTY”****The questions for the panelists for this issue are:**

- What are the Administration’s primary goals around child poverty specifically related to CalWORKs?
- What are the condition of the grants in the CalWORKs program against federal poverty level and the California (or Supplemental) Poverty Measure (CPM)?
- What feedback does DSS hear from clients about the grant levels? What has the research from Rescue Agency revealed about families’ views and perspectives on this subject and for CalWORKs more generally?
- How does the sufficiency of grants tie to efforts around No Child In Deep Poverty, Racial Equity and Implicit Bias (REIB), the Guaranteed Income Pilot Program (GIPP), and Reparations work being undertaken by the state?

**PANELISTS**

1. Jennifer Troia, Chief Deputy Director, California Department of Social Services
2. Jenean Docter, Finance Budget Analyst, Department of Finance
3. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

**BUDGET ISSUE**

The following background is based on a recent analysis provided by the LAO.

**Under State Law, Local Revenue Growth Automatically Triggers CalWORKs Grant Increases.** Following a major realignment of state and local responsibilities in 1991, some funds generated by the state sales tax and vehicle license fee accrue to a special fund with a series of subaccounts which pay for a variety of health and human services programs. Under state law, sufficient revenue growth in the Child Poverty and Family Supplemental Support Subaccount triggers an increase in CalWORKs cash grant amounts. In the past, this account funded grant increases of 5 percent in 2013-14 and 2014-15, of 1.43 percent in 2016-17, 5.3 percent in 2021-22, and 11 percent in 2022-23. In addition, this account has funded the repeal of the maximum family grant policy starting in 2016-17.

**CalWORKs Grants in the 2023-24 Governor’s Budget.** Below is collected information on the way California currently provides for grants (using Assistance Unit or AU), how this format for grants does not fully assess for family size given the high number of unaided adults in the program, and how this relates to the goal of ending deep child poverty.

**Federal Poverty Levels (FPL) Are Based on Family Size.** Federal poverty guidelines increase as family size increases—larger families can earn more money and still be regarded



as impoverished. Below is the latest information on annual amounts defining federal poverty from the U.S. Department of Health and Human Services.

2023 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA	
Persons in family/household	Poverty guideline
1	\$14,580
2	\$19,720
3	\$24,860
4	\$30,000
5	\$35,140
6	\$40,280
7	\$45,420
8	\$50,560
For families/households with more than 8 persons, add \$5,140 for each additional person.	

**California Work Opportunity and Responsibility to Kids (CalWORKs) Grant Levels Are Set Based on the Size of the Assistance Unit (AU) and Definitions of Eligibility.** In CalWORKs, the amount of the grant is set based on the number of people in the household who have been determined to be eligible for CalWORKs. This is referred to as the AU, and CalWORKs grants increase as the AU increases. One or more members of a CalWORKs eligible family may not be included in the family’s AU if they are determined to be ineligible for CalWORKs. Family members may be determined to be ineligible because they are an undocumented immigrant, receive Supplemental Security Income, have been sanctioned due to not following program requirements, have reached their lifetime time limit, or for other reasons.

**In More Than One-Half of Cases, Family Size Differs From CalWORKs AU Size.** According to the LAO, in about 40 percent of CalWORKs cases, everyone in the family is eligible for CalWORKs and therefore the AU size and the family size are the same. In the remaining 60 percent of cases, though, one or more people in the family are not eligible for CalWORKs and therefore the AU size is smaller than the family size.

**Legislature Set a Target for CalWORKs Grants Which Assumes Most Families Have an Ineligible Member.** The Legislature has set a goal to raise CalWORKs grant levels to at least a “deep poverty” level, or 50 percent of the FPL. Recognizing that most CalWORKs families contain at least one ineligible member, the Legislature set target grant levels based on a family size one person larger than their AU size. This dynamic of recognizing that a large share of households are larger than the “assistance unit” by at least one person has contributed toward the recognition of the “AU+1” in thinking realistically about families’ reliance on cash aid, i.e. that if an AU of 1 is only accounting for a child, then that family of at least two people is relying on a grant that is smaller than the number of individuals it is in actuality intended to support, or two people, thus AU+1, a parent and the child.

**Clarifying Distortion of Grant Amounts Against FPL.** Stakeholders championing a Reimagining of CalWORKs have provided the following chart to show the additional amounts needed to bring AUs+1 at or above deep poverty, which is 50% of FPL. Note that for a family of two, which may be supporting three actual people, the current grant of \$895 is annualized to (\$895 x 12 months) \$10,740. FPL for a family of two is \$19,720 per year, and for a family of three it is \$24,860. Half of \$24,860 is \$12,430, defining deep poverty. Under the AU+1 lens, the grant for two people should be \$12,430 and not \$10,740 per year, which, while reaching the 50 percent threshold of deep poverty, remains only half of the FPL. It should be noted that FPL is widely recognized as an antiquated and inadequate measure of what it actually does cost to live in California and raise a family.

Assistance Unit Size	Current Award	Current award as % of FPL*	Gov proposal (+2.9%)	Gov proposal as % of FPL*	Add'l award amount to reach 50% FPL*
1	\$707	43%	\$728	44%	\$94
2	\$895	43%	\$921	44%	\$115
3	\$1,130	45%	\$1,163	47%	\$87
4	\$1,363	47%	\$1,403	48%	\$62
5	\$1,597	48%	\$1,643	49%	\$35

\* Share of 2023 federal poverty guidelines for a family size that is one person larger than assistance unit (AU+1)

**2022 Budget Increased Grants in October 2022.** This increase was the cumulative effect of two separate increases, each with different fund sources and lasting for different durations. The first was an 11 percent increase funded and triggered by growth in Child Poverty and Family Supplemental Support Subaccount revenues, and will be a permanent increase to grant amounts. The second was an additional 10 percentage point increase funded by a discretionary augmentation in General Fund spending, and is scheduled to expire in October 2024 absent future legislative action. Budget-related legislation includes CalWORKs grant increases as a legislative priority in 2024-25 subject to a potential “trigger” if certain revenue conditions are met. The figure below shows how grant levels, estimated to increase by 2.9 percent in the Governor's budget, compare to the Legislature's target. This estimated increase was triggered and will be funded by revenue growth in the Child Poverty and Family Supplemental Subaccount. The administration will revisit this estimate in May.

### Governor’s Budget Includes Estimated 2.9 Percent Increase to CalWORKs Grants



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**Staff Recommendation:** The Subcommittee could consider requesting that staff work with the Legislative Analyst’s Office and the Administration regarding a more straightforward public display regarding the goal of No Child In Deep Poverty and the status of CalWORKs grants against that goal, incorporating the approach of AU+1. Amendments to statute adopted as part of the 2022 Budget may be necessary to achieve this display and solidify the goal for the state of No Child In Deep Poverty. This issue will be held open.

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**ISSUE 6. GOVERNOR'S PROPOSAL FOR CALWORKS – SINGLE ALLOCATION****The questions for the panelists for this issue are:**

- What is the Governor's proposal for the Single Allocation?
- Why is the eligibility portion of the Single Allocation decreasing as caseloads are projected to increase?
- How does this conversation relate to the shared goals and values for the CalWORKs program that have been a primary subject of this hearing?

**PANELISTS**

1. Jennifer Troia, Chief Deputy Director, California Department of Social Services
2. Jenean Docter, Finance Budget Analyst, Department of Finance
3. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

**BUDGET ISSUE**

The following background is based on a recent analysis provided by the LAO.

Starting in 2018-19, the state (in conjunction with counties) developed a new funding formula which increases (or decreases) administrative funding in increments of \$28 million based on caseload changes. This formula recognizes that most administrative services are provided by full-time county employees, and counties cannot rapidly change their staffing levels in response to changing caseload. Administrative funding changes occur when there is a caseload change of about 20,000 families.

During the pandemic, caseload decreased by about 60,000 families, which normally would trigger three consecutive years of funding decreases. However, in recognition of the high level of uncertainty surrounding caseload projections at the time, these decreases were suspended the last three years, and the state in fact provided both ongoing (\$40.8 million starting in 2021-22) and temporary (\$55 million for both 2022-23 and 2023-24) augmentations to the base level of administrative funding.

Under the Governor's budget, the administration proposes to reduce county administrative funding by one increment (\$28 million) to align funding with recent caseload declines (the budget also assumes an additional decrease in administrative funding related to cost-sharing agreements with other county-administered programs). Although the proposal is consistent with the design of the funding formula, projected caseload increases create complications. Both the LAO and the administration's caseload forecasts anticipate rising caseload next year. Under the LAO projections of out-year caseload, if funding is reduced in the 2023-24, counties would be eligible for an increase in administrative funding next year (in 2024-25). Consequently, decreasing county administrative funding this year could introduce unnecessary disruption to county services. Additionally, the 2022-23 budget include budget-related

legislation that recognized the need to reevaluate the current funding methodology in light of increasing inflation and service costs.

**Counties have raised concerns about the eligibility component as proposed in the Governor's Budget for the CalWORKs Single Allocation, including:**

The amount provided for the eligibility component is proposed to be cut by \$84.1 million for 2023-24, a 13 percent decrease, at the same time that CalWORKs caseload is projected to increase by about four percent in 2023-24. Counties state that the eligibility component is already chronically underfunded, as evidenced by the actual costs to perform the mandated work, which were \$58 million higher (nine percent) than the funding provided by the state in 2021-22. Counties report being on track to similarly overspend the eligibility funding provided for the current year, even including the one-time \$55 million augmentation provided by the Legislature for 2022-23.

Underfunding of the eligibility component means that counties will be forced to use funding provided for employment services to make up the shortfall. The employment services component of the Single Allocation is proposed to be increased by \$194 million in 2023-24 due to the overall caseload increase and the expected increase in existing CalWORKs families participating in welfare-to-work activities. Counties report that they are actively trying to re-engage families as the pandemic emergency ends and are being strongly encouraged by the state to assess and address families' barriers to participation. With the proposed cut to the eligibility component, which was already underfunded, counties state that they will have to use the majority of the new funding provided for employment services to fund mandated eligibility workload.

The budget methodology for the eligibility component has a flaw that has come to light that was not contemplated when the budget methodology was revised about five years ago. Counties describe the problem as a "mismatch" in the calculation. The base funding for eligibility is calculated based on the agreed-upon revised methodology. While the Administration has applied the methodology consistently, counties assert that it has limitations because it does not take into account actual cost information. That is leading to \$27.5 million of the total reduction, even though caseload is projected to grow. The new flaw that counties identify is a calculation that happens after the base funding is determined. This calculation reduces funding for CalWORKs eligibility and moves it to cover eligibility costs in CalFresh and Medi-Cal. That calculation does take into account caseload growth and actual costs. Because costs and caseload are growing, the amount that calculation takes from CalWORKs is growing; but it is being taken from a base amount that does not factor in actual costs or caseload growth and is proposed to be reduced. What counties characterize as this mismatch is leading to \$56.9 million, the majority, of the reduction to the eligibility component.

Although caseload estimates and funding for the Single Allocation will be updated at the May Revision, counties state that these underlying methodology limitations will continue to result in negative fiscal impacts on funding for the eligibility component, and the continued need to use funding provided for employment services for eligibility work, if not addressed.

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**Staff Recommendation:** Taking into consideration the concerns being raised by the counties, the Subcommittee could consider requesting that a conversation be convened with the Administration, legislative staff in both houses, LAO, and counties to discuss the issues, impacts of the proposed reduction, and approaches to resolve the shortfall and report back to the Subcommittee at the April 26, 2023 hearing. The Subcommittee will be returning to other issues in CalWORKs at this time as well. This issue will be held open.

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**ISSUE 7. GOVERNOR’S PROPOSAL FOR CALWORKS – TRAILER BILL PROPOSAL ON UNRELATED ADULT DISCLOSURE****The questions for the panelists for this issue are:**

- What is the origin of this statute and why?
- What would be the effect of striking this statute entirely instead of amending it to achieve gender-neutrality? Would there be a fiscal impact?
- How might this policy influence housing arrangements for CalWORKs families?

**PANELISTS**

1. Jennifer Troia, Chief Deputy Director, California Department of Social Services
2. Jenean Docter, Finance Budget Analyst, Department of Finance
3. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

**BUDGET ISSUE**

The Governor proposes this trailer bill language and the Administration has provided the following information.

This trailer bill language updates statute to apply gender neutrality to the household composition and family reporting requirements that currently only apply to unrelated adult males. Existing CalWORKs law has requirements specific to “unrelated adult males” who reside with a family consisting of a mother and her child(ren) applying for or receiving CalWORKs. Unrelated adult males are required to cooperate and contribute financially to the CalWORKs family at least what it would cost that individual to support an independent living arrangement. This policy currently only applies to situations involving a mother and an unrelated adult male, but not to arrangements such as a CalWORKs father with an unrelated adult female residing in the home, or some other scenario involving an unrelated adult.

The current unrelated adult policy imposes the following requirements on CalWORKs families:

- Requires a CalWORKs applicant/recipient to disclose their public assistance status to a non-mandatorily included assistance unit member as a condition of eligibility.
- Requires an unaided individual to make a financial or in-kind contribution to the assistance unit or risk potential referral for a fraud determination related to misuse of aid.
- Establishes that refusal of cooperation by an unaided individual may result in referral to a District Attorney.

These requirements would not change by making the unrelated adult policy gender-neutral, but would rather apply to a broader array of household arrangements involving unrelated adults. The financial contribution cooperation requirement is currently disparate between genders. The requirement only applies to unrelated adult males living with a mother and her children,



but not other unrelated adult persons living with a parent or caretaker relative and their child(ren). This requirement should be revised to be gender neutral. The Administration has not associated any fiscal effect to this trailer bill proposal.

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**Staff Recommendation:** The Subcommittee could request a fiscal estimate, on a technical assistance basis, of repealing this statute entirely instead of amending it, as proposed by the Governor. This issue will be held open.

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**ISSUE 8. GOVERNOR’S PROPOSAL FOR CALWORKS AND CALFRESH – ELECTRONIC BENEFITS TRANSFER (EBT) CARD SECURITY****The questions for the panelists for this issue are:**

- How will this change affect existing cardholders, and will there be a “grace period” as cards are being replaced (to prevent loss of benefits)?
- What are the total cost of the improvements, both to complete the transition and to maintain the improvements going forward?
- How do these improvements affect the timeline for expanding the California Food Assistance Program to some previously ineligible immigrants

**PANELISTS**

1. Ryan Gillette, Chief Data Officer, California Department of Social Services
2. Jenean Docter, Finance Budget Analyst, Department of Finance
3. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

**BUDGET ISSUE**

The Governor proposes this major new premise regarding Enhancing Electronic Benefit Transfer (EBT) Card Security and the Administration has provided the following information.

**Reimbursement of Benefit Theft.** The 2023-24 Governor’s Budget includes funding for the reimbursement of cash and food benefit theft. Beginning October 2021, California has seen a significant increase in EBT theft via electronic means. Cash benefit theft has increased from less than one percent of total cash benefits distributed in 2019-20 to a projected 1.7 percent in 2022-23. CDSS has implemented a variety of theft mitigation strategies and is actively collaborating with federal, state, and local law enforcement on the investigation of criminal activity related to EBT theft. Full implementation of additional theft mitigation strategies and new EBT security features is expected in FY 2025-26.

The appropriation for cash and food benefit theft reimbursements in FY 2022-23 was \$12.0 million GF. Increasing rates of electronic theft resulted in updated projections of \$84.1 million GF for FY 2022-23 and \$114.1 million GF for FY 2023-24. Increasing theft rates have also affected county administration costs. New funding for food benefit theft administration was requested at \$5.6 million GF for FY 2022-23 and \$7.9 million GF for FY 2023-24, bringing the new total for these costs in 2023-24 to \$121 million. Further, to fully implement procedures for reimbursement of food benefits, pursuant to the ruling in *Ortega v. Johnson*, \$0.9 million GF was requested for food benefit theft automation in FY 2022-23. Most of this theft is believed to be accomplished through creating “clones” of EBT cards, a process made relatively easy due to the absence of some security features now common to debit and credit cards, such as security chips.

**EBT Security – Card Technology Improvements.** The 2023-24 Governor’s Budget includes \$50.0 million TF (\$22.4 million TANF/GF) to modernize EBT cards to include Chip/Tap technologies to improve card security and reduce benefit theft. Implementation will take 30 months with a total estimated cost of \$76.5 million (\$34.3 million TANF/GF) over three fiscal years.

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**Staff Recommendation:** The Subcommittee may choose to request answers to the questions listed in the agenda in writing before the end of March. This issue will be held open.

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**ISSUE 9. GOVERNOR'S PROPOSAL FOR CALFRESH – CALFRESH FOR COLLEGE STUDENTS BUDGET CHANGE PROPOSAL****The questions for the panelists for this issue are:**

- What percentage of college students are estimated to be eligible for CalFresh and how many are receiving benefits? What are the main challenges inhibiting access?
- Why are the resources requested ongoing when the report is due April 1, 2023?
- What will the BCP be supporting ongoing? What tangible deliverables will these resources support and how will those be shared with the Legislature?
- Is there “low-hanging fruit” on ways to facilitate CalFresh access for college students that you can preview for the Subcommittee?
- What has the collaboration with the California Student Aid Commission been like given their prior work in this area? Are there areas of mutual priority between CDSS and CSAC?

**PANELISTS**

1. Jennifer Troia, Chief Deputy Director, California Department of Social Services
2. Jenean Docter, Finance Budget Analyst, Department of Finance
3. Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

**BUDGET REQUEST**

The Governor proposes this BCP and the Administration has provided the following information.

CDSS requests limited-term resources to fulfill the reporting requirements set forth by the passage of Senate Bill 641 (Skinner, Chapter 874, Statutes of 2022) related to submitting information on the necessary steps to increase CalFresh student participation and the estimated costs associated with implementing those respective steps.

CDSS requests one (1.0) full-time, limited term Staff Services Analyst/Associate Governmental Program Analyst (SSA/AGPA) to support the planning and writing of the report required by SB 641, at a cost of \$174,000 first year (\$87,000 General Fund), and \$170,000 ongoing (\$85,000 General Fund). The Department must submit a report to the Legislature on or before April 1, 2023, about how to increase student CalFresh participation and associated costs.

SB 641 requires CDSS to:

1. Post on its internet website the list of state-or locally-funded programs that satisfy the federal student work rule and instructions for county human services agencies that maximize CalFresh eligibility and minimize the burden for applicants and recipients to verify exemptions to the CalFresh student eligibility rule for students. The instructions

provided are required to include specific guidance for processing applications, reporting, and recertification for students who may meet the student work rule or qualify for an exemption of that rule. The requirements to post information on programs that satisfy the federal student work rule may be met through the Local Programs that Increase Employability list which includes state-and locally funded programs and is updated on a quarterly basis. The requirements to post instructions related to student processing may be met through the Student Handbook; a second iteration of the Student Handbook is forthcoming.

2. Convene a work group comprised of the University of California, the California State University, the California Community Colleges, the Student Aid Commission, representatives from student organizations from all three sectors of public postsecondary educational institutions, the County Welfare Directors Association of California, and representatives from CalFresh eligibility workers and CalFresh advocates. Workgroup objectives include the identification of application processes providing capacity for increased submissions in counties with postsecondary institutions of 10,000 students or more. The work group would be allowed to be convened as part of an existing work group that is comprised of the same members specified in this subdivision.
3. On or before April 1, 2023, submit a report to the Legislature on the necessary steps to increase student participation in CalFresh and any estimates of costs associated with implementing them. This is a new mandate. The BCP states that this third requirement is the impetus for this request.

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**Staff Recommendation:** The Subcommittee may consider Budget Bill Language to formalize expectations on reporting and deliverables for this important conversation going forward, given the on-going nature of the resources for development of options to facilitate increased access to CalFresh for college students. This issue will be held open.

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**ISSUE 10. FAMILY HOUSING AND HOMELESSNESS PROGRAMS – GOVERNOR’S BUDGET CHANGE PROPOSAL AND OVERSIGHT FOR FUNDS PREVIOUSLY APPROPRIATED****The questions for the panelists for this issue are:**

- How would CDSS characterize the implementation so far of the large investments from an analytical perspective, focusing for this hearing on the CalWORKs Housing Support Program (HSP)? (Other programs will be discussed in more detail at future hearings.)
- What do we know about the outcomes for recipients and the achievement of housing stability for families that received services in HSP?
- What tools will this BCP specifically provide that will enable accountability and oversight for the Legislature?
- To what degree does the work in Housing and Homelessness help to define upstream supports in CalWORKs and other programs, e.g. increased grant levels or eviction avoidance supports?

**PANELISTS**

1. Hanna Azemati, Housing and Homelessness Division Deputy Director, California Department of Social Services
2. Emily Marshall, Finance Budget Analyst, Department of Finance
3. Ginni Bella Navarre, Deputy Legislative Analyst: Human Services and Governance, Legislative Analyst’s Office

**BACKGROUND**

The CDSS housing programs provide housing support to assist families experiencing homelessness (or those at risk of being homeless) who are receiving CalWORKs, children and families served by the child welfare system, individuals involved in Adult Protective Services, older adults, and individuals with disabilities. Specific programs include the CalWORKs Housing Support Program (HSP), Homeless Assistance and Permanent Housing Assistance Programs, Bringing Families Home (BFH), Housing and Disability Income Assistance Program (HDAP), Home Safe, Project Roomkey, and Community Care Expansion Program.

The Revised Budget for FY 2022-23 includes \$700.0 million TF (\$517.3 million GF), which reflects no change from the Budget Act of 2022. The 2023-24 Governor’s Budget includes \$122.9 million TF (\$61.5 million GF) for housing and homelessness programs in FY 2023-24. This represents a net decrease of \$577.1 million TF (\$455.8 million GF) from the 2022-23 Revised Budget. The decrease reflects the one-time funding display of \$525.0 million TF (\$525.0 million GF) for items with multi-year spending authority including HSP, BFH, Home Safe, and HDAP. This decrease also reflects the one-time funding for Operating Subsidies for Senior Care Facilities included in the Budget Act of 2022. This is slightly offset by an increase of \$2.0 million TF (\$2.0 million GF) for funds drawn from the tax contributions dedicated to School Supplies for Homeless Children.

**BUDGET REQUEST**

The Governor proposes this BCP on Housing and Homelessness Expanded Programs and Permanent Position Funding and the Administration has provided the following information.

CDSS requests the conversion of 17.0 limited-term positions previously approved in the 2021-22 Budget to permanent resources, at a cost of \$3.5 million General Fund ongoing, to fulfill CDSS’ legislative mandates as well as provide critical services to individuals experiencing homelessness and prevent the worsening of an urgent statewide crisis. The positions requested are detailed in the chart below.

Limited-Term Classifications	Number of Positions
C.E.A.	2.0
Staff Services Manager III	3.0
Staff Services Manager II	3.0
Staff Services Manager I	9.0
<b>Total Positions</b>	<b>17.0</b>

The CDSS oversees seven housing and homelessness programs implemented by counties and tribal governments statewide. The Fiscal Year (FY) 2021-22 budget expanded the statewide budget for these programs significantly, increasing from less than \$300 million annually to over \$2 billion over two budget cycles and encumbrance periods spanning multiple years, ranging from 2025 through 2027.

Chapter 85, Statutes of 2021(Assembly Bill (AB) 135) expanded the eligible use of program funds, including the incorporation of homelessness prevention components for the California Work Opportunity and Responsibility to Kids (CalWORKs) Housing Support Program (HSP), Bringing Families Home Program (BFH), and the Housing and Disability Advocacy Program (HDAP), as well as various other policy changes for these programs as well as Home Safe and allowed the ability for the Department to contract for technical assistance, data collection, and formal program evaluation.

The program expansions in FY 2021-22 build upon an ongoing workload associated with operating housing and homelessness programming that has expanded over the years. To meet this expanded ongoing need, the Housing and Homelessness Branch has grown into the Housing and Homelessness Division effective July 1, 2022. The newly developed Division continues to carry an ongoing workload that has consistently exceeded available resources. While this transition is essential to the ongoing delivery of statewide housing and homelessness programming including effectively serving housing and homelessness grantees meeting new programmatic and legislative requirements, and increasing coordination with Departmental partners, inter-agency partners, and local providers, with this growth comes the need for sufficient leadership to oversee increased level and complexity of workloads.

The number of Housing and Homelessness grantees has increased from 257 grantees in FY 2020-21, to 328 grantees in FY 2021-22 and growing, and this increased number of grantees participating in all programs has created workload including but not limited to; significant scaling of programs at the local level, leading to significantly more policy interpretation and questions, requests for technical assistance, and data reporting/quality checks provided by the Department; fiscal monitoring, including the eligible use and statewide impact of these historic state fund investments; significant increase in contracting efforts to support expansion; updated written guidance; program funding notices; stakeholder engagement; updates to the Legislature and the initiation of statutorily mandated regulations development for HDAP, HSP, and BFH.

The historic workload increase is coupled with many legal mandates, including independent evaluation requirements for the Home Safe program pursuant to Welfare and Institutions Code (WIC) section 15771(g); the development and adoption of regulations for the HSP pursuant to WIC section 11330.5(i)(2); the development and adoption of regulations for the HDAP pursuant to WIC section 18999.1(d)(2); the development and adoption of regulations for the BFH pursuant to WIC section 16523.2(b); the development and adoption of regulations for the Housing Assistance program (HA) pursuant to WIC section 11450(m)(2) and (3); and the creation of an entirely new infrastructure grant program, the Community Care Expansion (CCE) program, along with reporting requirements for this program pursuant to WIC section 18999.97(c)(2)(C).

Chapter 696, Statutes of 2021(AB 172) established CCE and \$805 million was appropriated to fund the acquisition, construction, and rehabilitation of residential care settings, including licensed adult and senior care facilities as well as permanent supportive housing and medical respite and recuperative care sites serving people receiving or applying for Supplemental Security Income (SSI)/State Supplementary Payment (SSP) or Cash Assistance Program for Immigrants (CAPI). The CCE is a brand new body of work, both within the Department and broadly within the State, requiring the CDSS to serve as the administrative and monitoring lead of the program. The Department must undergo significant process and policy development for this new program, while simultaneously ensuring appropriate monitoring of recipients' compliance, verifying sub-recipients' use funds as intended, and providing data to the public on how the funds are used, including achieved outcomes.

The Department is already operating with a high number of limited-term resources and needs to reevaluate the ability to sustain support for these programs, many of which have ongoing needs. The CDSS received three-year, limited-term funding to recruit for 73.5 positions across multiple programs in FY 2021-22 per a budget revision. The limited-term position funding will expire on June 30, 2024, while the workload associated with the program mandates are ongoing as far as at least June 30, 2029. Given the unprecedented size of the program expansions and mandated requirements, the Department requires extensive advanced preparation to recruit, train and develop new staff. The CDSS will not be able to comply with state law and federal funding requirements if the resources are not provided beyond June 2024, and if positions cannot be recruited for as permanent well in advance of the funding expiration.



CDSS articulates what it will be able to do with these requested resources:

- Enhance ability to develop and update robust regulations, as required by AB 135
- Meet federal reporting requirements for use of the State Fiscal Recovery Fund (SFRF) in the Community Care Expansion program
- Increase technical assistance provided to counties statewide
- Increase support and resources provided to tribal communities
- Mitigate legal/litigation risk associated with failure to adequately provide services
- Expedite review and release of funding notices
- Provide timely and detailed reporting to the Legislature and Department of Finance
- Increase and enhance inter-agency and inter-state coordination to maximize delivery of client services
- Increase support of communities by leveraging multiple funding streams
- Address gaps in housing and homelessness services provided to historically underserved populations
- Enhance the impact of CDSS programs in reducing/addressing systemic inequalities

The CDSS will need permanent positions and continued funding to address the new and increased workload as stated above. Thus, the Department proposes to convert limited-term position funding to extend beyond June 2024 and become permanent. These positions and funding will allow the Department to hire adequate staff to address the new and increased workload to ensure the CDSS complies with current state law. The solution is optimal because the program mandates extend beyond the limited-term position allocations; the size and subsequent time required for the large-scale recruitment necessitates advanced approval; and because the Department has been unable to successfully recruit for limited-term positions.

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**Staff Recommendation:** The Subcommittee could consider requesting the help of the LAO to evaluate the degree to which the DSS Housing and Homelessness one-time investments in the 2021 Budget have been implemented effectively and what the trends in all of the DSS programs are telling us about the status of housing stability and homelessness for DSS-served families and individuals. The Subcommittee could ask for a memo from the LAO on this subject to come back by early May. This effort may lead to either trailer bill or Budget Bill Language to sharpen oversight and accountability for DSS Housing and Homelessness programs as they continue to implement. All issues here will be held open.

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## NON-PRESENTATION ITEMS

There are no panels for non-presentation items.

### 5180 DEPARTMENT OF SOCIAL SERVICES

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<b>ISSUE 11. ADDITIONAL GOVERNOR'S PROPOSALS FOR DSS PROGRAMS THAT ARE THE SUBJECT OF THIS AGENDA NOT OTHERWISE AGENDIZED FOR DISCUSSION</b>
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#### **Governor's Budget Proposals for DSS.**

#### **Major Initiatives and Premise Items Not Otherwise Discussed in the Agenda:**

**1. CalFresh Military Housing Allowance Disregard (Senate Bill [SB] 950)**

The 2023-24 Governor's Budget includes \$500,000 TF (\$250,000 GF) in automation costs associated with implementation of SB 950 (Chapter 877, Statutes of 2022) which seeks a federal waiver to exclude the basic allowance for housing provided to specified uniformed service members from countable income in the determination of eligibility and benefit level for CalFresh benefits. Automation is expected to be complete in FY 2023-24, allowing an estimated 13,000 military families to be newly eligible for CalFresh benefits.

**2. Child and Adult Care Food Program (CACFP)**

The 2023-24 Governor's Budget includes \$692.0 million TF (\$18.0 million GF) in FY 2022-23 and \$693.5 million TF (\$19.5 million GF) in FY 2023-24 for CACFP based on expected claims and COLA increases, which represents an increase of \$150.4 million TF (\$1.8 million GF) from the Budget Act of 2022. The FY 2022-23 COLA increase was 6.56 percent and the FY 2023-24 COLA increase is 8.13 percent.

**3. Contract Funds for Physical Accessibility Review of County Welfare Department (CWD) Offices**

The 2023-24 Governor's Budget includes \$600,000 GF ongoing to support vendor contracts with providers with suitable expertise to conduct facilities assessment. This funding will ensure that CDSS is able to achieve and maintain compliance with the Food and Nutrition Service-mandated County civil rights review schedule. This proposal aligns with CDSS' equity priorities and will ensure the accessibility of CWDs for people with disabilities and supports the vision of a healthy California for all where older and disabled individuals are supported and valued.

**4. Victims of Abuse Waiver (AB 2277)**

The 2023-24 Governor's Budget includes \$1.9 million GF in FY 2023-24 to implement Assembly Bill (AB) 2277 (Chapter 693, Statutes of 2022). This enacted legislation mandates counties to waive a program requirement for a recipient who has been identified as a past or present victim of abuse when it has been determined that a good cause exists.

**Budget Change Proposals (BCPs) Not Otherwise Discussed in the Agenda:****5. BCP – CalFresh Employment & Training (CalFresh E&T) Increased Engagement and Technical Performance**

DSS requests two (2.0) Staff Services Manager Is (SSM I), five (5.0) Associate Governmental Program Analyst (AGPA)/Staff Services Analysts (SSA), one (1.0) Research Data Analyst I/II (RDAI/II) to sustain the Department's oversight of the CalFresh Employment and Training (CalFresh E&T) program and fundamentally expand program access in compliance with federal law. The costs of this proposal is \$1.387 million (all federal funds) for 2023-24 and \$1.351 million (all federal funds) in 2024-25 and ongoing. These eight new positions will be added to the current 12 positions staffing this workload. DSS states that the size and diversity of the CalFresh E&T program requires additional staff to conduct program oversight, known as management evaluations/audits, provide technical assistance for program administrators, and data fluency to deliver improved employment and wage outcomes in partnership with counties and workforce providers.

**6. BCP – CalFresh Federally Mandated Workloads**

DSS requests permanent resources for the CalFresh and Nutrition Branch (CFNB) as follows: two (2.0) Staff Services Managers (SSM I) for the CalFresh Operations Bureau (COB), two (2.0) Associate Governmental Program Analysts (AGPA) for the CalFresh and Nutrition Programs Bureau, and one (1.0) Associate Governmental Program Analyst (AGPA) for the CalFresh Employment and Policy Bureau. The costs of this proposal is \$883,000 total funds (\$266,000 General Fund) in 2023-24 and \$859,000 total funds (\$259,000) in 2024-25 and ongoing. The Administration states that these positions are needed to provide counties with the necessary Quality Control (QC) training, much-needed technical assistance, and to facilitate a continuous flow of information between the state and counties. This will result in a lower error rate and more efficient program administration. Increasing resources as requested will enable the CFNB to adhere to federal mandates, adequately train staff to perform accurate reviews, mitigate the risk associated with Worker's Compensation claims, prioritize staff health and wellness, and help ensure that the payment accuracy rate falls below the national threshold and eliminates or reduces California's fiscal liability.

**7. BCP – CalWORKs Federal Compliance and New Policy Support for Domestic Abuse Survivors**

CDSS requests four (4.0) permanent positions and \$689,000 General Fund 2023-24 and \$671,000 General Fund annually thereafter to support the California Work Opportunity and Responsibility to Kids (CalWORKs) Program to address new workload associated with implementing new federal rules pertaining to domestic abuse survivors. To comply with the new ACF guidelines, CDSS will need staff to oversee and ensure implementation of updates to rules and policies that contain definitions regarding the various types of abuse beyond current definitions used in California. Besides making updates to policies, CDSS will have to provide additional technical assistance to counties along with clear programmatic direction and planning regarding how the State will address the needs of this population. The staff resources being requested will support the planning and implementation of these new federally required changes along with the development of the

regulation review and overhaul initiative, addressing all changes to the CalWORKs program that have occurred in recent years.

#### **8. BCP - Equity Programs Workload Rightsizing**

CDSS requests seven (7) permanent, ongoing positions: one (1.0) Staff Services Manager I Specialist (SSM I) for the Office of Foster Care Ombudsperson, one (1.0) Staff Services Manager I (SSM I) and three (3.0) Associate Governmental Program Analysts (AGPAs) for the administration of the California Newcomer Education and WellBeing (CalNEW) program, and position authority (but not funding) for one (1.0) Staff Services Manager I (SSM I), and one (1.0) Associate Governmental Program Analysts to administer the Tribal Nutrition Assistance Program (TNAP). The cost of this proposal is \$893,000 (\$718,000 General Fund) in 2023-24 and \$853,000 (\$678,000 General Fund) annually thereafter. The additional staffing will support program implementation and expansion. These positions will ensure more intentional collaboration with stakeholders and Tribal governments, high-quality and expeditious handling of data analysis research, Technical Assistance (TA), funding disbursement, mandated reporting, external engagement, and training as outlined in statute.

#### **Trailer Bill Proposal (TBL) Pieces Not Otherwise Discussed in the Agenda:**

#### **9. TBL - Reminder Notice for CalWORKs Redetermination**

This trailer bill language amends current law to require a county to provide an additional reminder notice to a CalWORKs recipient to complete their annual redetermination certificate for CalWORKs eligibility. The annual redetermination is the process by which County Welfare Departments (CWDs) determine continuing eligibility for all CalWORKs assistance units (AUs) prior to the end of their payment period. The redetermination process ensures that the correct payment amount is made only to eligible AUs. The annual redetermination process must be completed in the 12th month of the payment period for both Semi-Annual Reporting (SAR) and Annual Reporting Child Only (AR/CO) cases. The annual redetermination is when many families are inadvertently discontinued, resulting in disruptions to their assistance and in a churn of cases when they are later restored to the program. This will provide not only noticing parity for both semi-annual reporting and redeterminations, but will also provide recipients the opportunity to contact the CWD before discontinuance and reduce the burden experienced by the family and CWD for restoring benefits.

#### **10. TBL – Flexibility in Allocation and Award of Federal Refugee Resettlement Funds**

This trailer bill language would align state statute with federal statute for awarding federal Office of Refugee Resettlement (ORR) funds to provide services to refugees. While federal regulations permit funding a broad array of service providers, under current state law the State can only award federal Refugee Social Services funds to counties and nonprofit organizations. This proposal eliminates the sunset date of the existing exception and would also allow for greater flexibility to sole source and expedite contracting processes for all available federal funding for refugee resettlement to ensure the state can respond quickly to surges in arrivals. Broadening the authority to award federal funds will allow the

state to respond expediently to the state of emergency and reduce pressure on the General Fund to support needed services that CDSS is not currently able to directly procure.

### **11. TBL – Home Visiting Program (HVP) Pregnancy Eligibility Alignment**

AB 135 (Committee on Budget, Chapter 185, Statutes of 2021) expanded eligibility for CalWORKs aid for pregnant person only (PPO) applicants. Effective July 1, 2022, pregnant adults age 19 or older, with no other eligible children in the home, will be eligible at any stage during their pregnancy and will no longer be required to wait until their second trimester to be eligible for CalWORKs. This clean-up trailer bill language removes the now unnecessary CalWORKs Home Visiting Program (HVP) eligibility criteria that currently allows a pregnant CalWORKs applicant to receive HVP if they would have been eligible for aid other than not having reached the second trimester of pregnancy. With this change, PPOs now meet the CalWORKs HVP eligibility criteria of being a member of a CalWORKs assistance unit and/or being an individual who is apparently eligible for CalWORKs aid. This proposal will make corresponding clean-up changes to remove HVP-related eligibility criteria that is now obsolete.

### **12. TBL – Immigration Legal Services**

This trailer bill language amends current law to: (1) expand the types of reimbursements the CDSS may fund a qualified nonprofit legal services organizations for immigration related legal services; (2) clarifies the definition of "immigration benefits" related to legal services grants that may be awarded under this program; and, (3) makes non-substantive technical changes to strike outdated language from statute. Current statute provides CDSS authority to develop, implement, administer programs and provide funding to support immigration legal services, outreach, community education, and other immigrant integration efforts. The current WIC authority should be expanded to clearly authorize the Department to fund immigration services and benefits that are reflective of the changing needs of immigrant populations, and to allow organizations to build their capacity to provide services. There are three components to this proposal:

- Proposal to expand funding methodologies: This proposal would allow CDSS to determine the most efficient funding methodology for providing reimbursement of immigration legal services, programs, initiatives, and flexibility to implement the programs. Various funding methodologies beyond a "fee-per-case" would address additional barriers nonprofit organizations are challenged with providing qualitative services. As the demand for immigration services continues to increase, the CDSS needs the ability to implement sustainable programs that address the demand and service gaps.
- Proposal to clarify funding for other immigration services for available remedies and benefits and organize the statutory language: As a result of the changes to immigration policies and regulations, and new populations arriving in California, CDSS has received an increasing request for reimbursement of additional immigration benefits and services that are not clearly identified in the current statutory authority. Changes to federal policies and programs are unpredictable and to be responsive to the increasing need for additional services beyond the legal services, the CDSS proposes to expand services to cover other immigration benefits to enhance the current legal services funded.

- Provide additional clean-up language for outdated statute, such as the FY 17-18 funding statute language.

### **13.TBL – Grant Option for Deaf Access Program**

This trailer bill language amends current law to add grants (in addition to the existing language allowing for contracts) as an option for awarding Deaf Access Program funds to public agencies or private nonprofit corporations. The Deaf Access Program contracts with nonprofit service providers to ensure access to social services and other supports for people who are Deaf and Hard of Hearing. The proposed language would allow CDSS the option to award funds as grants, in addition to the existing language allowing for contracts with service providers. Over the past several years, the Department has gained increased experience in the administration of grants for similar types of service arrangements (e.g. Immigration Services Funding and Rapid Response), and programs have benefited from the flexibility of having both contracts and grants as potential mechanisms for awarding funds to service providers. Similar flexibility would be beneficial to the Deaf Access Program, allowing the Department to work with existing and potential service providers to identify the funding mechanism that best meets the program's needs, and allowing the program to adapt as conditions change. CDSS' proposal would maintain the existing requirement for competitive bidding of Deaf Access Program awards regardless of which mechanism (contracts or grants) is used.

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**Staff Recommendation:** These issues will be held open.

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**PUBLIC COMMENT  
(PUBLIC COMMENT WILL BE TAKEN ON ALL ITEMS)**

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