SUBCOMMITTEE #3:
Health & Human Services

Chair, Senator Holly J. Mitchell

Senator Jeff Stone, Pharm. D.
Senator William W. Monning

March 26, 2015
9:30 a.m. or Upon Adjournment of Session
Room 4203

Consultant: Samantha Lui

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4185 California Senior Legislature

1. Trailer Bill: [606] Successor Fund Designation

Budget Issue. The Administration provides trailer bill language that establishes the California Senior Legislature Fund as the successor fund of the California Fund for Senior Citizens.

Background. SCR 44 (Mello), Chapter 87, Statutes of 1982, established the California Senior Legislature (CSL). The CSL is a nonpartisan, volunteer organization comprised of 40 senior senators and 80 senior assemblymembers, who are elected by their peers in elections supervised by the Advisory Councils in 33 Planning and Services Areas. The CSL's mission is to gather ideas for state and federal legislation and to present these proposals to members of the Legislature and/or Congress. Each October, the CSL convenes a model legislative session in Sacramento, participating in hearing up to 120 legislative proposals.

State law allows taxpayers to contribute money to voluntary contribution funds (VCFs) by checking a box on their state income tax returns. Contributions made through so-called "check-offs" to be made from tax-payers' own resources and not from their tax liabilities, as is possible on federal tax returns. Check-off amounts may be claimed as charitable contributions on taxpayers' tax returns in the subsequent year.

With a few exceptions, VCFs remain on the tax form until they are repealed by a sunset date or fail to generate a minimum contribution amount. For most VCFs, the minimum contribution amount is $250,000, beginning in the fund's second year. By September 1st of each year, the Franchise Tax Board (FTB) must determine the minimum contribution amount required for each VCF to remain on the form for the following calendar year, and estimate whether contributions to each VCF meet that amount. If FTB estimates that a VCF will fail to meet its minimum contribution amount, that VCF is repealed for the following calendar year.

The California Fund for Senior Citizens first appeared on the 1983 personal income tax return. Donations to the California Fund for Senior Citizens supports the ongoing work of the CSL. In 2014, the California Fund of Senior Citizens received $229,522 in voluntary contributions. Because it did not meet the minimum contribution amount of $250,000, it fell off the tax check-off for the 2014 tax return.

Justification. As of March 3, 2015, there is $343,000 in the Surplus Money Investment Fund. Below is a look-back of how many contributions were provided to CSL. CSL members felt that there may have been confusion amongst the senior population, as to which senior fund to donate, creating the decline in donations. The Administration proposes establishing and renaming the successor fund with a title that is identifiable with the organization's name.

FRANCHISE TAX BOARD

STATUS REPORT - VOLUNTARY CONTRIBUTION FUNDS

CALIFORNIA FUND FOR SENIOR CITIZENS

	2014 Minimum contribution requirement $250,000		2013 Minimum contribution requirement $250,000		2012 Minimum contribution requirement $250,000		2011 Minimum contribution requirement $250,000		2010 Minimum contribution requirement $250,000	
	Items Processed	Valid Contributions	Items Processed	Valid Contributions	Items Processed	Valid Contributions	Items Processed	Valid Contributions	Items Processed	Valid Contributions
Totals	20,912	$229,522	21,666	$234,247	24,042	$272,742	25,895	$308,763	25,442	$296,144
January	912	$6,307	541	$3,922	1,373	$10,751	956	$6,615	769	$5,941
February	3,704	$33,739	3,910	$34,664	4,078	$40,653	4,150	$42,922	4,367	$44,166
March	3,631	$42,135	4,098	$43,174	4,290	$45,448	4,410	$51,364	4,650	$54,204
April	6,310	$78,769	6,884	$86,422	6,913	$89,472	7,889	$104,763	6,564	$85,550
May	2,543	$24,850	2,557	$27,029	4881	$51,125	4,687	$46,915	3,684	$35,840
June	2,264	$23,437	2,125	$19,646	1000	$9,656	1,621	$21,553	3,753	$39,686
July	274	$2,282	262	$2,031	199	$3,396	591	$5,795	238	$2,138
August	159	$1,285	165	$1,446	204	$2,523	337	$4,113	198	$2,029
September	160	$2,313	165	$3,025	141	$1,283	188	$2,109	183	$3,418
October	482	$8,778	509	$7,606	471	$12,819	579	$10,416	469	$6,419
November	368	$5,030	378	$5,151	370	$3,781	441	$11,835	471	$16,196
December	105	$597	72	$131	122	$1,835	46	$363	96	$557

The table below shows the current funding level of the California Senior Legislature Fund.

	2015 No Minimum Requirement	
	Items Processed	Valid Contributions
Totals	**2,076**	**$9,658**
January	378	$1,446
February	1,698	$8,212
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

<u>Staff Comment & Recommendation</u>. Approve. Staff recommends adopting placeholder trailer bill language.

<u>Questions</u>

1. Please briefly summarize the trailer bill language and proposal.

5180 Department of Social Services, Adult Protective Services (APS)

1. Overview

Background. Each of California's 58 counties has an Adult Protective Services (APS) agency to help adults aged 65 years and older and dependent adults when adults are unable to meet their needs, or are victims of abuse, neglect, or exploitation. The APS program provides 24/7 emergency response to reports of abuse and neglect of elders and dependent who live in private homes, apartments, hotels or hospitals, and health clinics when the alleged abuser is not at staff member. APS social workers evaluate abuse cases and arranges for services such as advocacy, counseling, money management, out-of-home placement, or conservatorship. APS social workers conduct in-person investigations on complex cases, often coordinating with local law enforcement, and assist elder adults and their families navigate systems such as conservatorships and local aging programs for in-home services. These efforts often enable elder adults and dependent adults to remain safely in their homes and communities, avoiding costly institutional placements, like nursing homes.

Realignment. In 2011, Governor Brown and the Legislature realigned several programs, including child welfare and adult protective services, and shifted program and fiscal responsibility for non-federal costs to California's 58 counties.[1] The Department of Social Services, (DSS) retains program oversight and regulatory and policy making responsibilities for the program, including statewide training of APS workers to ensure consistency. DSS also serves as the agency for federal funding and administration.

Budget 2014. The 2014 Budget Act included $150,000 in funding for one staffing position within the Department of Social Services to assist with APS coordination and training.

Staff Comment. No action. Item included for information and discussion purposes.

Question.

1. Please briefly summarize the program and services. Please provide an update on the hiring of the one staff position.

[1] AB 118, (Budget Committee), Chapter 40, Statutes of 2011, and AB 16 x 1 (Budget Committee), Chapter 13, Statutes of 2011, First Extraordinary Session, realigns funding for Adoption Services, Foster Care, Child Welfare Services, and Adult Protective Services, and programs from the state to local governments and redirects specified tax revenues to fund this effort.

2. Proposal for Investment

Budget Issue. The California Commission on Aging, California Justice Coalition, and California Welfare Directors Association request an increase of $5 million General Fund to create a statewide Adult Protective Services (APS) training program for all new APS staff, for supervisor training, and for advance training related to new policy and emerging trends. Advocates note that the level of funding would ensure access to mandated training for mandated reporters, such as physicians and public safety personnel, and training coordination with public guardians, conservators, and administrators.

Background. DSS currently contracts with local universities to deliver training. Currently, $176,000 ($88,000 General Fund) is allocated to the Department of Social Services (DSS) for statewide APS training. According to the California Welfare Directors Association, APS funding levels have not been increased for the past 10 years, despite APS caseload increasing by 35 percent between 2001 and 2013 throughout California.

Staff Comment & Recommendation. Hold open. Staff recommends holding this issue open.

Question.

1. Please briefly summarize the proposal and request.

5180 Department of Social Services, Supplemental Security Income/State Supplemental Payment (SSI/SSP)

1. Overview

The SSI/SSP programs provide cash assistance to around 1.3 million Californians, who are aged 65 or older (28 percent), are blind (one percent), or have disabilities (71 percent), and meet federal income and resources limits. Grants under SSI are 100 percent federally funded. The state pays SSP, which augments the federal benefit.

Funding. The budget proposes $10.2 billion total funds ($2.8 billion General Fund) for SSI/SSP. The state pays administration costs for SSP, around $188 million for the budget year. From 2014-15 to budget year, the budget is projected to increase by $23.6 million GF due to a projected average monthly caseload growth and increase in the average grant.

Total spending for SSI/SSP grants—including General Fund and federal expenditures (which are not passed through the state budget)—has increased by about $1.1 billion— or 12 percent—between 2007–08 and 2015–16. As this spending is less than the rate of inflation over this time period (roughly 14 percent), total spending has decreased slightly in real terms. Costs for SSI/SSP include the California Veterans Case Benefit Program and the Cash Assistance Program for Immigrants (to be discussed below).

Cash Assistance Program for Immigrants (CAPI). In 1998, CAPI was established as a state-only program to serve some of those aged, blind, and disabled legal non-citizens. After 1996 federal law changes, most entering immigrants were ineligible for SSI. Refugees are limited to seven years of SSI. CAPI benefits are equivalent to SSI/SSP program benefits, less $10 per individual and $20 per couple. The CAPI recipients in the base program include immigrants who entered the United States prior to August 22, 1996, and are not eligible for SSI/SSP benefits solely due to their immigration status; and those who entered the U.S. on or after August 22, 1996, but meet special sponsor restrictions (have a sponsor who is disabled, deceased, or abusive). The extended CAPI caseload includes immigrants who entered the U.S. on or after August 22, 1996, who do not have a sponsor or have a sponsor who does not meet the sponsor restrictions of the base program. In 2014-15, the estimated monthly average caseload was 13,093 cases.

California Veterans Cash Benefit Program (CVCB) Program. The CVCB program is linked to the federal Special Veterans Benefit (SVB) Program, which was signed into law in 1999 and provides benefits for some World War II veterans. The SVB application also serves as the CVCB application, and both payments (issued by SSA) are combined. CVCB program benefits are specifically for certain Filipino veterans of World War II who were eligible for CA SSP in 1999, who are eligible for the SVB program, and who have returned to live in the Republic of the Philippines. The department estimates that the caseload is around 608 cases. Grant levels are identical as the SSP portion for individuals.

Caseload. In the period from 2007–08 to the budget proposed for 2015–16, the SSI/SSP caseload has grown from 1,235,932 individuals to an estimated 1,310,977 individuals, or an increase of 6.1 percent.

Cost-of-Living Adjustment (COLA). Under current law, both the federal and state grant payments for SSI/SSP recipients are adjusted for inflation each January through Cost-of-Living Adjustments (COLAs). Federal law provides an annual SSI COLA based on the Consumer Price Index, and state law provides an annual SSP COLA based on the California Necessities Index. A 2009 human services budget trailer bill (SB 6 X3) eliminated the statutory requirement to provide a state COLA for SSI/SSP grants.

Maximum and Average Grant Amounts. The federal government has established a maintenance-of-effort (MOE) for the amount of SSP paid by California. The current SSP grant for individuals and couples is the state's March 1983 payment level. Violating this MOE would risk all of the state's Medicaid funding. In addition, California's SSI/SSP beneficiaries are ineligible for CalFresh benefits, due to the state's "cash-out" policy.

Grant Levels. The chart below displays the maximum monthly SSI/SSP grant for individuals and couples in 2007–08, as compared to proposed grant levels for 2015–16. Reflecting SSP grant reductions and the suspension of the state COLA, the combined SSI/SSP maximum monthly grant for individuals and couples has declined as a percentage of FPL over the nine–year period.

SSI/SSP Maximum Monthly Grants Pre- and Post-Recession		
	2007-08	**2015-16 (as proposed)**
Maximum Grant—Individuals		
SSI	$637	$744
SSP	233	156
Totals	**$870**	**$900**
Percent of FPL	102.3%	91.8%
Maximum Grant—Couples		
SSI	$956	$1,116
SSP	568	396
Totals	**$1,524**	**$1,512**
Percent of FPL	133.6%	113.9%

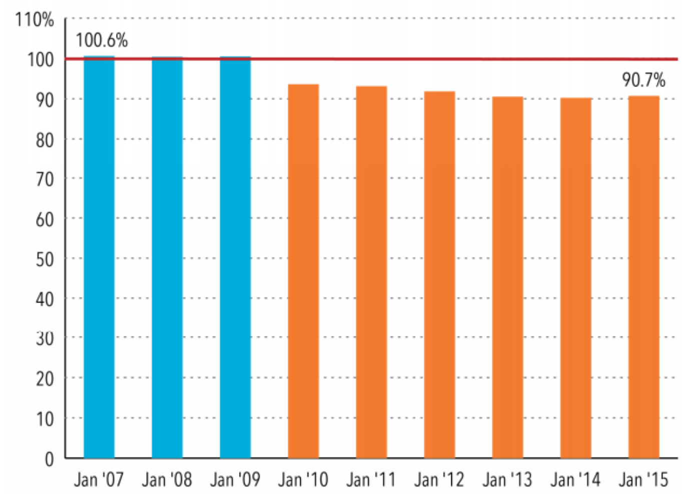
FPL = federal poverty level

According to the LAO, after adjusting for inflation, the maximum combined SSI/SSP grant proposed for 2015–16 (1) for individuals represents roughly $76 (8.7 percent) less purchasing power than was provided in 2007–08 and (2) for couples represents roughly $190 (12.4 percent) less purchasing power than was provided in 2007–08. According to the California Budget and Policy Center, fair market rent for a studio apartment exceeds one-half of the SSI/SSP grant for an individual in all 58 counties and is actually higher than the entire grant for 15 counties.[2] The charts below compares an individual's SSI maximum grant amount as a percentage of the federal poverty level and demonstrates its loss of purchasing power since 1989.

[2] http://calbudgetcenter.org/wp-content/uploads/Fact-Sheet-_3.11.15_Due-to-State-Cuts-SSI_SSP-Grants-Lose-Ground-to-Housing-Costs.pdf

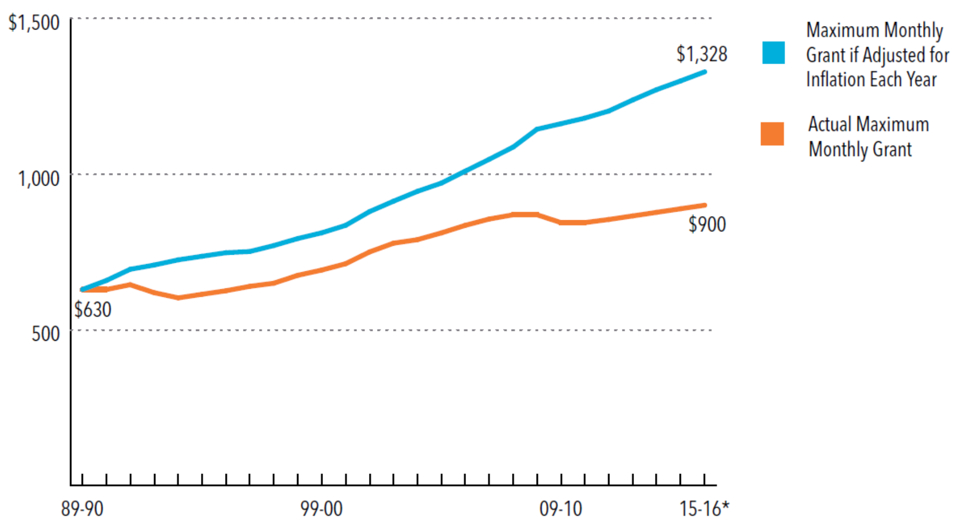
SSI/SSP Grants for Individuals No Longer Lift Seniors and People With Disabilities Out of Poverty

Maximum Monthly Grant for Individuals as a Percentage of the Federal Poverty Line



SSI/SSP Grants Have Lost Nearly One-Third of Their Purchasing Power Since 1989-90

Maximum Monthly SSI/SSP Grant for Individuals Who Are Elderly or Have Disabilities



Source: California Budget and Policy Center. "California Budget Perspective 2015-16." March 2015.
http://calbudgetcenter.org/wp-content/uploads/Budget-Perspective-2015_16-03.04.2015.pdf

Staff Comment & Recommendation. This is an informational item, and included for discussion. No action is required.

Question

1. Please briefly summarize the changes to SSI/SSP grant levels in recent years.

2. Proposal for Investment

<u>Budget Issue</u>. Advocates request restoration on the SSP grant cuts and the cost-of-living adjustment (COLA).

<u>Background</u>. Currently, the individual SSI/SSP grant is worth 90.2 percent of the federal poverty level. If grant cuts had not occurred, and the COLA were applied annually, the SSI/SSP grant level for individuals would be 106.7 percent of the FPL.

<u>Staff Comment & Recommendation</u>. Hold open. Staff recommends holding the item open.

5180 Department of Social Services, In-Home Supportive Services (IHSS)

1. Overview

The IHSS program provides personal care services to approximately 420,000 qualified low-income individuals who are aged (over 65), blind, or who have disabilities. Services include tasks like feeding, bathing, bowel and bladder care, meal preparation and clean-up, laundry, and paramedical care. These services frequently help program recipients to avoid or delay more expensive and less desirable institutional care settings. The average annual cost of services per IHSS client is estimated to be around $14,217 ($1,185 per client per month) for 2015-16.

Budget Issue. The budget proposes $8.2 billion ($2.4 billion GF) for services and administration. The budget also includes $300 million ($152 million GF) for IHSS Basic Services, an overall increase due to a 3.7 percent caseload growth, and higher cost per hour, due to the increase in the hourly minimum wage from $8 to $9, effective July 1, 2016. In addition, the budget includes a net increase of $307 million ($134 million GF) to reflect the annualized cost of complying with federal labor regulations. To offset the above increases, the budget assumes reduced funding for CMIPS II, specifically, $53 million ($27 million GF) due to completion of system enhancements for IHSS recipients who are blind or visually impaired; software upgrades and training; and one-time system changes related to the assumed implementation of federal labor regulations.

Service delivery. County social workers determine IHSS eligibility and perform case management after conducting a standardized in-home assessment of an individual's ability to perform activities of daily living. In general, most social workers reassess annually recipients' need for services. Based on authorized hours and services, IHSS recipients are responsible for hiring, firing, and directing their IHSS provider(s). If an IHSS recipient disagrees with the hours authorized by a social worker, the recipient can request a reassessment, or appeal their hour allotment by submitting a request for a state hearing to the Department of Social Services (DSS). According to DSS, around 73 percent of providers are relatives or "kith and kin."

As of March 2015, IHSS providers' combined hourly wages and health benefits vary by county, and range from $9.00 to $12.81 per hour. Prior to July 1, 2012, county public authorities or nonprofit consortia were designated as "employers of record" for collective bargaining purposes on a statewide basis, while the state administered payroll and benefits. Pursuant to 2012-13 trailer bill language, however, collective bargaining responsibilities in the counties participating in Coordinated Care Initiative (CCI) will shift to an IHSS Authority administered by the state.

Program Funding. The program is funded with federal, state, and county resources. Federal funding is provided by Title XIX of the Social Security Act. Prior to July 1, 2012, the state and counties split the non-federal share of IHSS funding at 65 and 35 percent, respectively. A 2012-13 budget trailer bill changed this structure as of July 1, 2012, to base county IHSS costs on a maintenance of effort (MOE) requirement. The change was related to enactment of the CCI, also called the Duals Demonstration project.

Recent policies. Several recent policies have impacted the IHSS program[3], including:

- **Reductions in IHSS recipient hours.** The federal court enjoined some proposed reductions to the IHSS program, including:

Policy	Lawsuit that enjoined policy from taking effect
Loss of eligibility for individuals with assessed needs below specified thresholds.	*Oster (V.L.) v. Lightbourne, et al. (Oster I)*
Across-the-board cut of 20% of authorized hours, with exceptions (impacts about 300,000 recipients).	*Oster (V.L.) v. Lightbourne, et al. (Oster II)*
Reduction in state participation in provider wages (from maximum of $12.10 to $10.10 per hour).	*Dominguez v. Schwarzenegger, et al.*

In March 2013, the Administration and plaintiffs (labor unions and disability rights advocates) announced their comprehensive settlement agreement from *Oster v. Lightbourne* and *Dominguez v. Schwarzenegger*-- an eight percent across-the-board reduction to authorized service hours, effective July 1, 2013, and a seven percent across-the-board reduction to service hours July 1, 2014. The settlement agreement includes a provision to "trigger off" the ongoing reduction of up to seven percent–in whole or in part–as a result of enhanced federal funding received pursuant to an "assessment" on home health care services, including IHSS. The Department of Health Care Services (DHCS) must submit a proposal for its implementation to the federal government by October 2014.

On August 28, 2014, the Administration sent a letter to the Legislature indicating that it had worked in good-faith to develop a federally-compliant proposal authorizing an assessment but, given the new federal guidance on health care related taxes, it would not be able to meet the October 1, 2014 deadline. The letter indicated that the Administration would work with all parties on viable legislation early in the 2015-16 Legislative Session. The Governor's budget includes a proposal to create a new managed care organization (MCO) tax, which is projected to raise an additional $215.6 million GF in revenues (to be matched with federal funds) to fully restore the seven percent reduction in IHSS hours.

- **Fair Labor Standards Act – Overtime Regulations.** In September 2013, the U.S. Department of Labor's Fair Labor Standards Act (FLSA) established a Final Rule, which requires overtime pay for domestic workers and payment for activities not previously eligible for compensation, such as travel time between multiple recipients, wait time associated with medical accompaniment, and time spent in mandatory provider training. Under the Final Rule, employers

3. Some policies, including the "share-of-cost," remain in effect. An individual pays a share-of-cost for IHSS services,if they have income above SSI/SSP grant level.

must pay at least the federal minimum wage ($7.25) and overtime pay at one and a half times the regular pay if a provider works over 40 hours per work week.

The Budget Act of 2014 recognized these new regulations, thought to be effective January 1, 2015, and provided $405.6 million ($183.6 million GF) to cover implementation of federal requirements, including the creation of a new workweek system, automation changes for the Case Management Information and Payrolling System II (CMIPS II), and payment for overtime, travel time between two clients, and medical accompaniment wait time. On December 31, 2014, a federal district court determined that a portion of the regulations exceeded the Department of Labor's authority and delayed implementation of the regulations. California's implementation of FLSA, such as limiting providers to a 61-hour workweek (66-hour workweek minus the current seven-percent reduction in service hours),, is delayed pending further action by the federal court.

The Administration notes that if the court blocks federal regulations, IHSS providers will be compensated the same way as in 2014. However, if the court allows all, or a portion of, new regulations to be implemented, the budget includes funding for these purposes, specifically, $712 million ($316.6 million GF). In addition, the budget assumes the following provisions related to the implementation of overtime:

- 87 percent of recipients will have a provider accompany them to medical visits, spending an estimated three hours per month waiting for recipients to complete appointments.
- 18 percent of providers service multiple recipients and may spend an average of ten hours per month traveling between recipients.
- To allow parent providers who provide services for multiple IHSS recipients within their home, the state is pursuing a 1915(i) option to allow them to exceed workweek limits without noncompliance violations.[4]

LAO Comments. The Legislative Analyst's Office (LAO) makes the following recommendations and comments related to FLSA:

- What happens to funding appropriated in 2014-15 Budget? The Legislature may wish to consider enacting legislation that reverts around $184 million GF to be made available for legislative priorities, or departments could spend some or all of these funds on other purposes. SB 855(Budget and Fiscal Review), Chapter 29, Statutes of 2014, language requires that funding appropriated for FLSA-related activities must remain within the IHSS budget.

- Report on the CMIPS II. The state has complete most of the CMIPS II system changes needed to process overtime compensation, provide wait and commute time payments, and to enforce overtime-related rules. The LAO recommends that DSS report on the following specific issues related to CMIPS II:

[4] DSS estimates around 740 cases in FY 2014-15 and 760 cases in budget year fall under the category of a provider providing services for multiple IHSS recipients in their home (e.g., adult caring for two parents; a person caring for sister and her father; provider caring for two or more minor dependent children). The budget assumes that the allowance for a provider to perform tasks in excess of the workweek restrictions, as in the aforementioned circumstances, is contingent upon federal approval of the 1915(i) option.

- Can CMIPS II changes lie dormant while the validity of the regulations is being challenged in courts?

- What is the fiscal impact to the CMIPS II budget if federal labor regulations were to remain invalidated upon resolution of the court case? What is the associated cost with reversing FLSA-related system changes?

- What is the anticipated fiscal impact to the CMIPS II budget if federal labor regulations are upheld? What additional changes in CMIPS II need to occur?

Staff Comment & Recommendation. Hold open. Last week, this subcommittee heard the MCO tax proposal, which would, in part, restore the seven percent cut to IHSS service hours. For that item, and for the state's policy on overtime, staff recommends keeping the item open for further discussion.

Questions

1. Please provide an overview for the IHSS program, including caseload and funding levels.

2. What is the current status of FLSA? When will opening arguments of the appeal be heard?

3. How is the Administration planning to use the current year's appropriation for implementing FLSA related activities? Can this amount be carried over?

4. Please summarize which policies and changes have been implemented (e.g., workweek agreements, CMIPS II), assuming the Jan. 1, 2015 effective date of FLSA. Are there overtime policies that were mid-implementation and were suspended following the December 2014 district court ruling?

5. Please respond to the questions raised by the LAO related to CMIPS II system changes and impacts.

2. BCP #1: IHSS CMIPS II and Overtime Implementation for FLSA

Budget Issue. To support the development of policies and requirements to implement the proposed workweek limitations for IHSS providers, as specified in SB 855, the department requests $1 million ($513,000 GF) for associated oeprating expenses and for four new positions, which include:

- One associate governmental program analyst (AGPA);
- Two research analysts; and,
- One attorney for the Legal Division.

The department is also seeking a two-year extension of the following four existing limited-term positions:

- One staff services manager;
- Two AGPAs; and,
- One attorney for the Legal Division.

These limited-term positions were assigned to support the Case Management, Information and Payrolling System II through the maintenance and operation phase.

Background. In January 2014, the CMIPS II project began its maintenance and operations (M&O) phase. According to the department, "it has become evident in the months since that the workload will continue to increase." Examples of increased workload include the new mandated program changes related to the Coordiante Care Initiative, quality assuranec of the Community First Choice Option, and the development and application of the Fair Labor Standards Act (FLSA) into CMIPS II. The department also notes that there is also a backlog of CMIPS II service requests from counties that require DSS to perform special system transactions. These backlogs and additional workload related to FLSA activites, such as incorporating workweek limitations and payment for providers who travel between two receipients in the CMIPS II system, have placed "some of the normal operational activites on hold and has resulted in time-consuming tasks for staff to research and identify the issues."

Justification. According to the department, the justification for the positions are as follows:

- One AGPA will work on policy development to maintain statutory and regulationr requirements, and to implement procedures that counties will use to adhere to the workweek limitation.
- One research analyst will conduct oversight of the 24-month study to evaluate the implementation of SB 855, including overtime restrictions, travel time and wait time allowances.
- One research analyst will develop voluntary in-class provider training pursuant to state law.
- One attorney will represent the department and work with the U.S. Department of Labor, California Department of Industrial Relations Wage and Hour Division, and Department of Human Reources.
- One attorney will draft legislation and provide legal analysis of the implementation of ovetime
- One attorney will conduct research, draft legal opinions, and provide legal advice.

- The extension of existing CMIPS II limited-term staff will address the existing backlog and ongoing workload, including stakeholder communication, county support, and data resource and analysis. In addition, these positions will produce guildines and instructions; conduct county outreach; and Timesheet Processing Facility oversight.

Staff Comment and Recommendation. Hold open. Given that the state is not currently implementing overtime, the request for staff to implement a policy will need futher discussion.

Questions

1. Given the uncertainty about the federal appeals process, what are the department's thoughts on the timing of the requested positions?

2. Will the request for the extension of four existing LT positions mean that these positions will be publicly noticed and go through the regular application/interview/hiring process? Or, will current staff in those positions simply be extended?

3. Will these positions be entirely dedicated to FLSA implementation, or will they also monitor the minimum wage system increases, recipient service hour adjustments, and CCI-related activities?

4. Please provide an update on the existing backlog of CMIPS II service requests.

5. What is the average length of time it takes to resolve a special transaction? Do these special transactions delay payment? If so, by how long?

5180 Department of Social Services - CalWORKs

1. Overview

California Work Opportunities and Responsibilities to Kids (CalWORKs), the state's version of the federal Temporary Assistance for Needy Families (TANF) program, provides cash assistance and welfare-to-work services to eligible low-income families with children. In the last several years, CalWORKs has sustained very significant reductions (summarized below), as well as programmatic restructuring. Total CalWORKs expenditures are $6.9 billion (all funds, State General Fund is $504 million) in 2014-15. The amount budgeted includes $5.3 billion for CalWORKs program expenditures (including grants, services, and child care) and $1.6 billion in non-CalWORKs programs. California receives an annual $3.7 billion TANF federal block grant. To receive TANF funds, California must provide an MOE of $2.9 billion annually. State-only programs funded with state General Fund are countable towards the MOE requirement.

Budget Issue. The budget includes $5.6 billion in federal, state, and local funds for the program, and estimates an average monthly caseload of 533,000 families. The budget reflects full year cost ($174.6 million) of the five-percent restoration to the Maximum Aid Payment (MAP) grant levels, effective April 1, 2015. These costs will be funded by 1991 Realignment growth funds in the Child Poverty and Family Supplemental Support Subaccount ($101.3 million) and a $73.3 million General Fund augmentation. Future grant increases will be based on subsequent revenue analysis and caseload estimates.

Demographics of CalWORKs Recipients[5]. Around three-quarters of all CalWORKs recipients are children. Nearly half of those children are under the age of six. 92 percent of heads of CalWORKs recipient households are women. Two-thirds are single and have never married. Nearly half have an 11th grade or less level of education, and ten to 28 percent are estimated to have learning disabilities. Around 80 percent of these adults report experiencing domestic abuse at some point.

Caseload and Spending Trends. Prior to federal welfare reform in the mid-1990s, California's welfare program aided more than 900,000 families. By 2000, the caseload had declined to 500,000 families. During the recent recession the caseload grew; but at an estimated 563,500 families in 2012-13, it is not anywhere close to the levels of the early 1990s. Most recently, the caseload declined 1.8 percent in 2011-12, and from there is expected to increase slightly in 2012-13 and 2013-14 (to a projected 572,000 families). According to the California Budget Project, welfare assistance represented 6.8 percent of the state's overall budget (including federal, state, and local resources) in 1996-97, compared with 2.9 percent in 2011-12.

According to the Department of Social Services (DSS), over one million children in 551,000 families are served. During federal fiscal year 2013, nearly 50 percent of the children living in poverty were served.

[5] Context information comes from sample data collected by the Department of Social Services (DSS) and from studies in single or multiple counties, as summarized in *Understanding CalWORKs: A Primer for Service Providers and Policymakers*, by Kate Karpilow and Diane Reed. Published in April 2010; available online.

Welfare-to-Work Program. Adults eligible for CalWORKs are subject to a lifetime limit of 48 months of assistance. Unless exempt for reasons such as disability or caregiving for an ill family member, adults must participate in work and other welfare-to-work (e.g., educational) activities. Depending on family composition, these activities are required for 20, 30, or 35 hours per week. The program also offers supportive services, such as childcare and housing support. Effective January 1, 2013, clients are under the WTW 24-month clock, which provides 24 months of additional flexibility around how to meet work requirements, but then after the initial 24-months, imposes stricter work requirements to receive assistance and a limit on the number who can.

Child-Only Caseload. In more than half of CalWORKs cases (called "child-only" cases), the state provides cash assistance on behalf of children only and does not provide adults with cash aid or welfare-to-work services. There is no time limit on aid for minors. In most child-only cases, a parent is in the household, but ineligible for assistance due to receipt of Supplemental Security Income, sanction for non-participation in welfare-to-work, time limits, or immigration status. In the remaining cases, no parent is present, and the child is residing with a relative or other adult with legal guardianship or custody.

CalWORKs child care. CalWORKs participants are eligible for child care if they are employed or participating in WTW activities. CalWORKs child care is administered in three stages:

- Stage 1. Provides care to CalWORKs families when first engaged in work or WTW activities, and is provided by the Department of Social Services (DSS).

- Stage 2. Once counties deem the family "stable," CalWORKs families move to this program. Families remain in Stage 2 until they have not received assistance for two years. The California Department of Education (CDE) administers this program.

- Stage 3. Families transition to this program after Stage 2. CDE also administers this program.

Stages 1 and 2's services are considered entitlements, whereas Stage 3's services are available based on funding levels. Families receiving CalWORKs assistance, those considered "safety net," or families who are sanctioned are not required to pay family fees.

Major program changes. SB 1041 (Budget and Fiscal Review Committee),Chapter 47, Statutes of 2012, made significant changes to CalWORKs' welfare-to-work rules, including:

- Creation of a 24-month time limit with more flexible welfare-to-work activities[6] before the time limit has been reached and stricter requirements afterward (up to 48 total months).

- A two-year phase-out of temporary exemptions from welfare-to-work requirements for parents of one child from 12 to 24 months old or 2 or more children under age 6, along with a new, once in a lifetime exemption for parents with children under 24 months.

[6] In the first 24 months, the flexible activities could include: employment, vocational education; job search; job readiness; job skills training; adult basic education; secondary school; or barrier removal activities.

- Changes to conform state law to the number of hours of work participation (20, 30, or 35, depending on family composition) required to comply with federal work requirements.

Counties may provide extensions of the more flexible rules for up to six months for up to 20 percent of participants. This 20 percent extender is not a cap, but a target. DSS estimates that approximately 6, 200 cases have some month used of their 24-month clock, and by the end of the budget year, around 1,000 cases may reach the end of the 24-month clock.

Early engagement. SB 1041 required DSS to convene stakeholder workgroups to inform the implementation of the above changes, as well three strategies intended to help recipients engage with the WTW component, particularly given the new time limits and rule changes, specifically:

1. Expansion of subsidized employment. Under subsidized employment, counties form partnerships with employers, non-profits, and public agencies. Wages are fully or partially subsidized. $134 million was allocated to 57 counties in FY 2014-15, and DSS projects that around 8,000 new jobs were anticipated for the same time period. From December 2013 to June 2014, around $14.7 million of the $39.3 million allocation was spent, or approximately 37.39 percent.

2. Online CalWORKs Appraisal Tool (OCAT). OCAT is a standardized statewide WTW appraisal tool that provides an in-depth assessment of a client's strengths and barriers, including: employment history, interests, and skills; educational history; housing status and stability; language barriers; child health and well-being; and, physical and behavioral health, including, but not limited to, mental health and substance abuse issues. The department estimated that OCAT would be available statewide September 2014 but roll-out has been delayed. OCAT is expected to reach all counties by the end of 2015.

3. Family stabilization (FS). FS is intended to increase client success during the flexible WTW 24-Month Time Clock period by ensuring a basic level of stability for clients who are especially in crisis, including: intensive case management and barrier removal services. Clients must have a "Stabilization Plan" with no minimum hourly participation requirements. Six months of clock-stopping is available, if good cause is determined. In September 2014, 1,398 individuals were served, and 40 percent of those receiving services were children. According to a joint Senate Human Services and Senate Budget Subcommittee #3 background paper[7], at least one county, Los Angeles, has interpreted the family stabilization statute and instruction letters to say that the program is triggered by the information on the OCAT tool. Although Los Angeles has deferred fully implementing the program until the tool comes online later this year, clients, who received an OCAT appraisal as part of the pilot, have received FS. The department acknowledges that there has been a delay in full program implementation for a number of counties. According to the department, "A variety of numerous large program changes for counties statewide in 2014 proved difficult for them to implement all concurrently." From March 2014 to June 2014, approximately $6 million of the $10.8 million allocation was spent, or approximately 55 percent.

Monitoring results and outcomes. RAND Corporation will evaluate the enacted changes and provide the Legislature a report by October 1, 2017. In the interim, the Department of Social Services (DSS)

[7] http://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/SUB3/03102015Sub3JtHearingSenateHHS.pdf

must annually update the Legislature regarding implementation of the enacted changes related to the 24-month clock.

Summary of Major CalWORKs Changes
2008-2015

2008-09

Suspend annual COLA

2009-10

- Suspend COLA.
- Eliminate statutory basis for future COLAs.
- 4% grant cut
- Establish “young child” WTW exemption.

2011-12

- Reduce adults' lifetime time limit from 60 to 48 months.
- 8% grant cut
- Suspend CalLearn intensive case management for teen parents.
- Decrease earned income disregard from $225 to $112.

2012-13

- Create 24-mo. time limit with early engagement but stricter requirements after 24-mo.
- Phase-in funding for CalLearn case management.
- End “young child” WTW exemption and established a different one
- Establish WTW 24-mo. clock.

2013-14

- 5% maximum grant restoration, effective March 1, 2014.
- Restore earned income disregard to $225.

2014-15

- WINS starts Jan. 1, 2014.
- Increase vehicle asset limit.
- 5% maximum grant restoration, effective April 1, 2015.
- Housing Support enacted.
- Expand eligibility to include former drug offenders.

<u>Federal Context and Work Participation Rate</u>. Federal funding for CalWORKs is part of the Temporary Assistance for Needy Families (TANF) block grant program. TANF currently requires states to meet a work participation rate (WPR) for all aided families, or face a penalty of a portion of their block grant. States can, however, reduce or eliminate penalties by disputing them, demonstrating reasonable cause or extraordinary circumstances, or planning for corrective compliance. It is also important to note that federal formulas for calculating a state's WPR have been the subject of much criticism. For example, they do not give credit for a significant number of families who are partially, but not fully, meeting hourly requirements.

California did not meet its federal WPR requirements for 2007, 2008, 2009, 2010, and 2011. The Administration for Children and Families accepted California's Corrective Compliance Plans to address the TANF WPR penalty for federal fiscal years 2008, 2009, and 2010. Penalty relief for all three years is contingent upon WPR compliance for FFY 2015. California has submitted a reasonable cause claim, which is currently pending, to address the $246.1 million WPR penalty for FFY 2011.

DSS estimates that the state's participation rate for FFY 2015 may be between 48.9 to 52.6 percent.[8] Below is a chart summarizing WPR requirements and associated penalties.

Summary of WPR Requirements and TANF Penalties

FFY:	**2008**	**2009**	**2010**	**2011**
Required Rate: All Families	50%	50%	50%	50%
Caseload Reduction Credit[1]	21%	21%	21%	21%
Adjusted WPR target	29%	29%	29%	29%
California Actual WPR	25.1%	26.8%	26.2%	27.8%
Potential Penalty Amount	$47.7 million	$113.6 million	$179.7 million	$246.1 million

[1/] Due to the American Recovery and Reinvestment Act, California received the 2008 Caseload Reduction Credit for FFYs 2009, 2010, and 2011.

At a joint Senate Human Services and Budget Subcommittee #3 hearing on March 10, 2014, an expert from the Center on Budget and Policy Priorities testified that no other state has ever been required to pay such penalties.

<u>Policy considerations</u>. The Legislature is also faced with other policy considerations in the CalWORKs programs:

- <u>Grant levels</u>. In 1996-97, a maximum grant for a family of 3 was $594, or 55 percent of federal poverty level (FPL). By comparison, in 2015-16, a maximum grant for a family of three is projected to be $704 or 42 percent of FPL. If maximum grant levels remained at 55 percent of

[8] The Work Incentive Nutritional Supplement (WINS) program, which provides a state-funded monthly benefit of $10 to families receiving CalFresh who are meeting TANF work requirement, began on June 1, 2014. Because those state funds are counted toward the TANF maintenance-of-effort requirement, the CalFresh/WINS cases are included in the WPR calculation, and is expected to help improve the state's FFY 2015 WPR.

FPL (using 1996-97 as the base year), the 2015-16 maximum grant level would be $920. Using 1996-97 as the base year, if grants had received no cuts or increases in the intervening years and received previously applicable cost-of-living adjustments (COLAs), the 2015-16 maximum grant level would be $1,050 or 63 percent of FPL.

- Earned income disregard. Since 1997, CalWORKs has allowed families to keep the first $225 of their pre-tax earnings, without an impact on reducing the CalWORKs grant amount. Advocates have noted that this amount has not been increase since its inception.

- Maximum family grant (MFG) stipulates that a family's maximum aid payment will not be increased for any child born into a family that has received CalWORKs for ten months prior to the birth of a child. There is proposed legislation in the current session seeking to amend the MFG.

- Impact of the 24-month clock. The Administration projects that no clients will time out in the current fiscal year, but that a small cohort clients will begin to see grant reductions in July 2015, which will continue to grow monthly for a total of 2,500 people who have exhausted their 24 month clock by the end of FY 2015-2016.

Budget 2014. Last year, SB 855 (Budget and Fiscal Review), Chapter 29, Statutes of 2014, enacted several changes to the program, including:

- Eligibility for individuals with previous felony drug convictions. This policy, which expands eligibility for adults who were previously ineligible for benefits due to a prior felony drug conviction, implements on April 1, 2015. The department estimates that approximately 400 persons with a prior felony drug conviction will be added to an existing CalFresh household, and approximately 1,100 households will become newly eligible for CalFresh. In addition, DSS estimates that around 3,900 CalWORKs child-only cases per month are anticipated to include an adult with a previous felony drug conviction that will become eligible for CalWORKs. The 2015-16 budget provides $23.4 million ($1 million General Fund) for this policy.

- Establish the CalWORKs Housing Support Program. $20 million ($12 million General Fund) was awarded to 20 counties to provide evidence-based interventions to families receiving CalWORKs who are at risk for homeless or are homeless. Services could include landlord outreach, housing search and placement, legal services, and housing barrier assessment.

Staff Comment. The Legislature may wish to consider the following:

- Impacts of recent reductions and program restructuring. The CalWORKs program sustained a volume of grant reductions and program restructuring—such as reduced time limits and different work participation rules—in a time of significantly high caseloads during the Great Recession. In the last two years, two maximum aid payment restorations[9] have been approved and will go into effect. As the economy recovers, the Legislature may wish to review how the CalWORKs

[9] A 10 percent MAP increase to a 12 percent grant cut.

restructure, which occurred during a period of economic distress, has impacted client outcomes, and to consider opportunities for future refinement.

- Evaluating the "work first" approach. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA, P.L. 104-193), signed on August 22, 1996, reshaped food and assistance programs, emphasizing a "work first" approach to welfare reform. Nearly twenty years after welfare reform, the Legislature may wish to evaluate whether the existing "work-first" approach successfully removes barriers and provides long-term, positive outcomes for recipients; or, if additional discussion regarding alternative approaches that include the blending of services, supports, and investment in human capital (e.g., skills based training, education) may also create long-term, high-wage employment and mobility out of poverty.

- Tackling poverty. In 2011, the U.S. Census Bureau and the Bureau of Labor Statistics released its estimates of poverty based on the Supplemental Poverty Measure (SPM), which takes into account the effects of government programs designed to assist low-income families, including refundable tax credits; Supplemental Nutrition Assistance Program (SNAP); necessary expenses that may affect family resources, such as commuting costs, out-of-pocket medical expenses, and childcare costs; and, geographic differences in housing costs.[10] According to the 2011 U.S. Census Bureau figure, California's current official poverty measure is 16.5 percent; under the SPM, its poverty rate over 2009-2011 averaged 23.8 percent – the highest of any state in the nation. The Legislature may wish to discuss how the CalWORKs program, including strategies for subsidized employment and integration with the federal Workforce Innovation and Opportunity Act (WIOA), can be better leveraged to reduce poverty.

Staff Recommendation. This item is informational, and no action is required at this time.

Question

1. Please briefly summarize the CalWORKs program, including average grant amounts, recent legislative and policy changes, and caseload trends.

2. How is the department working with other agencies to develop WIOA plans and encourage workforce development and participation?

[10] Kathleen Short. "The Research Supplemental Poverty Measure: 2011." *U.S. Census Bureau, Economics and Statistics Administration.* November 2012. <http://www.census.gov/hhes/povmeas/methodology/supplemental/research/Short_ResearchSPM2011.pdf>

2. Oversight: Cal-Learn

Budget Issue. Cal-Learn costs are 100 percent federally funded through TANF, except for grants and services for the sanctioned caseload and recent noncitizen entrant (RNE) caseload. Specifically, the budget includes $915,000 federal funds for Cal-Learn bonuses, $681,000 for grants for the sanctioned caseload; and $23.4 million ($628,000 GF) for intensive case management.

Background. In 1998, the Cal-Learn program, which is a statewide program for pregnant and parenting teens in the CalWORKs program, became permanent. The program provides intensive case management, supportive services (e.g, child care, transportation, school supplies); and financial incentives to eligible teen recipients who are pregnant or parenting. The department estimates that around 13 percent of the caseload will utilize transportation services, and 3.2 percent will utilize ancillary services.

In the 2011-12 budget, the Cal-Learn program was suspended, except for bonuses paid for satisfactory progress and high school graduation. The program was restored beginning July 1, 2012.

Key Dates

- ❖ **July 1, 2011:** Suspension of Cal-Learn begins.
- ❖ **June 30, 2012:** End of suspension of Cal-Learn.
- ❖ **April 1, 2013:** Cal-Learn fully restored.

Caseload. DSS estimates an average monthly caseload of 6,996 cases in FY 2014-15 and 6,347 cases for the budget year. There are around 106 RNE cases for FY 2014-15 and 96 cases for the budget year.

Trends. The department notes a declining trend in Cal-Learn caseload, and associates this decline with the corresponding downward trend in the state's teen birth rate and the overall CalWORKs caseload decline. Sanctions in 2013-14 were the lowest in four years at 1.9 percent Satisfactory progress bonuses increased to 5.2 percent compared to 4.2 percent in FY 2012-13. Graduation bonuses remained consistent as a percent of the caseload over the four-year period.

Cal-Learn Average Monthly Participation and Outcomes
2010-11 Through 2013-14

	2010-11	2011-12	2012-13	2013-14
Total Monthly Participants	11,018	10,324	9,315	7,756
Satisfactory Progress Bonuses	677[1]	471	393	405
Graduation Bonuses	158	144	129	106
Sanctions	343	226	307	149
Exemptions, Deferrals and Good Cause	38	119	52	38
Repeat Pregnancies	N/A	N/A	51[2]	48

Data Source: STAT 45 monthly reports
[1] FY 2010-11 Satisfactory Progress Bonuses total has been corrected from 648 as reported in 2014 reports.
[2] Data collected for FY 2012-13 Repeat Pregnancies included April through December 2013 only.

<u>Staff Comment & Recommendation</u>. Hold open. Although this item is included for discussion and informational purposes, staff recommends that this item remains open for further discussion and review.

<u>Question</u>

1. Please provide an overview of the program and services.

3. Oversight: Welfare to Work Program

As discussed in the overview section above, SB 1041 (Budget and Fiscal Review Committee), Chapter 47, Statutes of 2012, made significant changes to CalWORKs welfare-to-work rules and created a differentiation between welfare-to-work participation rules that apply before expiration of a 24-month time limit. SB 1041 also allows for extensions of up to six months, after a review at least every six months, of the more flexible rules for up to 20 percent of participants. Recognizing the significant program changes, AB 74 also established several early engagement strategies, such as subsidized employment, family stabilization, and online CalWORKs appraisal tool.

Budget 2014 Action. The Department of Social Services (DSS) requested eight positions and $980,000 to support the county peer review process, quality control reviews for the Temporary Assistance to Needy Families (TANF) program, and field monitoring visits to monitor the implementation of recent CalWORKs changes.. Specifically, the eight positions are as follows:

- Two staff services managers;
- Two research analysts; and,
- Four associate governmental program analysts in CalWORKs Employment Bureau.

Staff Comment & Recommendations. Hold open. During a March 10, 2014 hearing, the subcommittee considered several issues related to California's existing welfare-to-work plan, including its implementation of early engagement strategies. The subcommittee considered testimony related to housing support and family stabilizations. In addition, the subcommittee may wish to consider the following:

- Has the utilization of supportive services, like child care, increased? As more work-eligible individuals participate in re-engagement[11] and re-enter the workforce, there should be a corresponding increase in child care. However, we have not seen a significant impact driving utilization for any of CalWORKs child care stages. Instead, there has been decrease in Stage 1 and 2 slots from 2012-13 to 2013-14, with only slight upticks in Stages 1 and 3 in the last two years. The Legislature may wish to investigate why the utilization of supportive services appears to not have significantly increased.

- Has there been an anticipated increase in participation for education-related activities? Under the 24-month clock, the state removed the "core" and "non-core"[12] distinction in activities, assuming an increased participation in non-core activities during the flexible 24-month clock (e.g., vocational training, mental health treatment, or adult education). Also, as related to the 24-month clock, there may have been anticipated increases in the number of enrollments at community colleges or adult educations, given the new flexibility for educational pursuits. Instead, the number of clients receiving CalWORKs who are also participating in community colleges decreased by fourteen percent in the last three years. Further, the department indicates that

[11] Re-engagement refers to the process by which DSS re-engaged parents in approximately 15,000 families whose young-child exemptions ended over the last two years.
[12] "Core" activities mean that they can count toward any hours of work participation for an individual.

current data is unable to identify which activities a client participated in during their 24-month clock. This inability to longitudinally track activity pre-dates the establishment of the 24-month clock.

According to the LAO, based on DSS data, the data show a decline in the rate of participation in education activities from 2010 and 2012 to 2014, but also show that the rate of participation in education activities in 2014 was actually slightly higher than prior to the recession (in 2006 and 2007), with the rate of participation in education activities peaking during the recession.

Participation in Various CalWORKs Welfare-to-Work Activities						
	2010 Monthly Average		**2012 Monthly Average**		**2014 Monthly Average**	
	Number of Participants	**Share of Participants**	**Number of Participants**	**Share of Participants**	**Number of Participants**	**Share of Participants**
Unsubsidized employment	68,672	49%	58,588	49%	64,382	53%
Vocational education	27,455	20%	21,104	18%	19,322	16%
Adult basic education	7,552	5%	6,586	6%	5,565	5%
Job skills training directly related to employment	4,754	3%	5,660	5%	5,474	4%
Education directly related to employment	5,248	4%	4,429	4%	3,702	3%
On-the-job training	80	0%	88	0%	209	0%
Satisfactory progress in a secondary school	500	0%	455	0%	179	0%
Grant-based on-the-job training	42	0%	11	0%	5	0%
All education activities	**45,630**	**33%**	**38,334**	**32%**	**34,455**	**28%**

a. Some individuals may be participating in more than one education activity at any given point in time. As a result, the sum of participants in all education activities may be overstated.

Year	Estimated share of WTW Participants in Any Educational Activity
2006	26%
2007	26%
2008	29%
2009	33%
2010	33%
2011	34%
2012	32%
2013	30%
2014	28%

Questions.

1. Please provide an overview of the key changes enacted by SB 1041 and how the department is monitoring and implementing those changes.

2. What is the effect of the 24-month limit on families in WTW for budget year and BY +1?

3. What metrics or program elements may provide insight as to how the change in flexibility have impacted a client's experience on-the-ground?

4. How will the state ensure that students can pursue their desired WTW activities, education or otherwise, to maximize the flexibility of the 24-month clock?

4. Proposals for Investment

The subcommittee has received the following advocate requests related to the CalWORKs program.

4A. Maximum Family Grant

Budget Issue. Advocates request to repeal the Maximum Family Grant (MFG).

Background. AB 473 (Brulte), Chapter 196, Statutes of 1994, prohibits an increase in CalWORKs aid based on an increase in the number of needy persons in a family due to the birth of an additional child, if the family has received aid continuously for the ten months prior to the birth of the child, as specified, or for longer than the gestational period of the new baby. If the family is not receiving aid for two or more months during the ten-month period preceding the birth of the child, the new child becomes eligible for aid in the CalWORKs benefit calculation. Additionally, the MFG rule does not apply if a family returns to CalWORKs after a break of two or more years during which the family did not receive any aid, provided aided children are still younger than 18 years old.

Based on information provided by the Department of Social Services (DSS) from data collected from the county consortia, 13.3 percent of total children in CalWORKs families are currently subject to the MFG rule, or approximately 131,400 children. Approximately 58.2 percent of those children are under the age of six.

Staff Comment and Recommendation. **Hold open.** Staff recommends the item remain open for further discussion.

4B. Housing Support Program

Budget Issue. California Welfare Directors Association and Housing California request an increase the CalWORKs Housing Support Program by $30 million General Fund, noting that the augmentation would serve an additional 10,350 children in 4,500 families.

Background. SB 855 (Budget and Fiscal Review), Chapter 29, Statutes of 2014, allocated $20 million for a new Housing Support Program (HSP) for eligible CalWORKs recipients. Twenty counties were awarded HSP funds in September 2014, which must be used before June 30, 2015. Counties were given the flexibility to design their own county specific HSP plan to serve the needs of their community. Please see page 23 of the agenda for additional background on the Housing Support Program.

Staff Comment and Recommendation. **Hold open.** Staff recommends the item remain open for further discussion.

4C. California Partnership to End Domestic Violence

Budget Issue. Advocates request trailer bill language that includes the following provisions:

- Requires counties to waive any program requirement – except for income, resource, and deprivation requirements – for an applicant, relative caretaker, or recipient who has been identified as a past or present victim of abuse, as defined in state law, when the requirement would encourage the individual to return to the abuser, or would be detrimental to or penalize the individual, or his or her family.
- Requires a county to waive the welfare-to-work requirements for an applicant or participant when good cause has been determined.
- Requires that waivers be re-evaluated during annual and semi-annual county eligibility determinations.
- Requires the Department of Social Services (DSS), in consultation with specified individuals, to develop a standard, statewide notice to inform all CalWORKs applicants and recipients that victims of abuse have a right to request a waiver of program requirements.
- Sets forth information of what the notice to CalWORKs recipients should include.
- Prohibits DSS from approving a county's notice unless the notice contains specified information.
- Authorizes that an applicant, or recipient, is not required to disclose his or her status, or the status of another member in the assistance unit, as a victim of abuse.
- Prohibits a county from treating a recipient's request for a domestic violence waiver with prejudice, if the recipient does not immediately disclose abuse.

Background. Under the Social Security Act[13], a state may implement a special program, within its Temporary Assistance for Needy Families (TANF) program, to serve victims of domestic violence and to waive program requirements for such individuals. Federal regulations grant states broad flexibility to grant program waivers to victims of domestic violence. The 1996 federal welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), provided states with the option, commonly known as the Family Violence Option (FVO), to enact provisions to address barriers for victims of domestic violence. California elected to include the Family Violence Option (FVO) in the CalWORKs program in AB 1542 (Ducheny), Chapter 270, Statutes of 1997.

Staff Comment and Recommendation. **Hold open.** On January 8, 2015, plaintiffs filed a writ of mandate and complaint for declaratory relief in Alameda County against the Department of Social Services. The court case is pending. Staff recommends the item remain open for further discussion.

[13] Section 402(a)(7)

4D. Additional CalWORKs proposals

Budget Issue. Advocates have also raised the following CalWORKs issues:

- Increase CalWORKs grants;
- Restore the CalWORKs cost-of-living adjustment;
- Restore the value of the Earned Income Disregard and index it to inflation;
- Require Department of Social Services to develop options for reducing sanctions in consultation with stakeholders, with a report to the Legislature in 2016;
- Suspend all transfers to the TANF 24-month-clock; and,
- Require the Department of Social Services to develop alternatives to the TANF 24 month clock to result in fewer sanctions.

Staff Comment and Recommendation. **Hold open.** Staff recommends the above item remain open.