Senate Budget and Fiscal Review—Holly J. Mitchell, Chair

SUBCOMMITTEE NO. 3 Agenda

Senator Richard Pan, M.D., Chair
Senator Melissa Hurtado
Senator Jeff Stone

Thursday, April 11, 2019
9:30 a.m. or upon adjournment of session
State Capitol - Room 4203

Consultants: Renita Polk and Elisa Wynne

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5180 DEPARTMENT OF SOCIAL SERVICES (DSS) – IMMIGRATION SERVICES BRANCH

Issue 1: Overview

Budget Issue. The budget includes $45 million for Immigration Services funding, $10 million for services on behalf of recipients of temporary protected status (TPS), $17 million for other undocumented and immigration services, and $3 million for services for Unaccompanied Undocumented Minors (UUMs) in 2019-20 and annually thereafter for immigration-related services within the Department of Social Services. While the 2018 budget provided $17 million of that funding as one-time, the Governor's budget proposes to maintain 2018 funding levels on an ongoing basis.

Although not included in the department's budget, the Governor's proposed budget includes a one-time augmentation of $5 million General Fund in 2018-19, and $20 million General Fund in 2019-20, for an Immigration Rapid Response program to be set aside in a reserve until needed.

The table below provides an overview of funding for each of the programs within the Immigration Services Branch from 2015-16 to 2018-19.

Funding (in millions)	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
UUM	$3.0	$3.0	$3.0	$3.0
ISF	$15.0	$30.0	$45.0	$45.0
DACA			$20.0	
TPS/UUM				$10.0
CSU/CCCO				$17.0
Disaster Response			$3.0[3]	
Rapid Response Reserve				$2.2
Total Funding	**$18.0**	**$33.0**	**$71.0**	**$77.2**

Background. DSS funds qualified nonprofit organizations to provide legal services to immigrants who reside in California via the UUMs and Immigration Services Funding programs. Immigration Services Funding programs are divided into the following categories: 1) education and outreach, 2) legal training and technical assistance, and 3) legal services, including naturalization, DACA, removal defense, and other immigration remedies.

<u>Immigration Services Programs (also known as "One California").</u> In 2018-19, the department provided $55 million for Immigration Services program. A funding history for these programs is provided below.

Table 3. ISF Funding Overview			
Fiscal Year	**ISF Appropriation**	**Organizations Funded**	**Service Categories**
2015-16	$15 million	62	• Naturalization • Deferred Action for Childhood Arrivals (DACA) • Deferred Action for Parents of American Citizens and Residents (DAPA)
2016-17	$30 million	80	• Naturalization • DACA • Other Immigration Remedies • Removal Defense
2017-18	$45 million	92	• Naturalization • Other Immigration Remedies • Removal Defense
2018-19	$55 million[6]	101	• Naturalization • DACA • Other Immigration Remedies (including TPS/UUM) • Removal Defense (including TPS/UUM)

*The total appropriation for 2018-19 includes $45 million for legal services and $10 million to prioritize services to beneficiaries of TPS and minors.

The table below provides the number of cases served under these programs by service type and fiscal year.

	Number of Individuals Served by DSS Immigration Services							
Fiscal Year	DACA Services	Naturalization Services	Other Immigration Remedies	Removal Defense	Education and Outreach	TPS Other Immigration Remedies	TPS Removal Defense	UUM Removal Defense
2015-16	11,369	13,485	N/A	N/A	111,080	N/A	N/A	N/A
2016-17	6,070	31,249	5,399	N/A	163,510	N/A	N/A	N/A
2017-18	N/A	24,308	19,783	7,014	201,095	N/A	N/A	N/A
2018-19	7,469	23,875	20,086	6,021	204,660	2,763	183	889

Unaccompanied Undocumented Minors (UUM). DSS annually oversees $3 million legal services funding for the UUM program. In 2014, the United States experienced a surge of arrivals of UUMs fleeing violence from El Salvador, Guatemala, and Honduras. Since then, the number of arrivals has remained historically high, with 13% to 14% of UUM arrivals being placed in California. The department awards contracts to qualified nonprofit legal services organizations that will provide legal representation for UUMs in the filing of, preparation for and representation in administrative and/or judicial proceedings. The legal services include culturally and linguistically appropriate services provided by attorneys, paralegals, interpreters and other support staff for state court proceedings, federal immigration proceedings, and any appeals arising from those proceedings. Contractors submit quarterly reports to DSS that include information on services provided and case closure. Services began on

December 19, 2014. The UUM fee-per-case is currently $5,000 per case to adequately compensate legal services organizations for the contracted UUM services. As of August 31, 2018, DSS had allocated all $3 million to fund legal services for the 2018-19 fiscal year. As of 2017-18, the program has served a total of 3,045 clients.

Immigration Rapid Response. The Governor's budget includes funding for an Immigration Rapid Response program ($5 million General fund in 2018-19 and $20 million General Fund in 2019-20) to quickly address emergencies affecting immigration and human trafficking victims to protect children, families, and public health. The General Fund will be appropriated to a newly established Rapid Response Reserve. Once the Administration has determined there is a need to use the funds to address immigration or human trafficking emergency situations the Department of Finance (DOF) will adjust the appropriate department's budget authority. This funding will assist qualified community-based organizations and nonprofit entities in providing services during immigration or human trafficking emergency situations when federal funding is not available. These funds will also be available to support the redirection of state-level staff who directly assist in response efforts. Within 30 days of making any adjustments DOF will report the adjustments in writing to the Joint Legislative Budget Committee. The department has indicated that proposed budget language around the program is forthcoming.

$2.2 million of the $5 million provided for 2018-19 has already been authorized to provide shelter and other rapid response services at the California border with Mexico through June 2019. Many of the organizations in San Diego that provide emergency shelter and rapid response services indicate that they are at full capacity and need supplemental resources to continue serving this population.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an update on major accomplishments and challenges the Immigration Services branch has encountered in the last year.

2. Please discuss the effect of federal policy changes on immigration patterns and state responses in California.

3. Please provide an update on Rapid Response efforts and DSS's role in assisting with local efforts.

Issue 2: Human Services Technical BCP – Immigration Initiatives and Legal Services State Support

Each year, the departments within the Health and Human Services (HHS) Agency submit a number of proposals requesting various technical adjustments, largely related to workload adjustments and resources needed to implement new legislation. The proposal discussed in this item is included in that larger Agency BCP.

Governor's Proposal. The Governor's budget includes $885,000 for six positions to support the increase in capacity to provide immigration services and support interdepartmental immigrant integration efforts.

Background. Since program implementation in 2015, the Immigration Services Funding (ISF) has experienced significant program growth. DSS requests an increase in program resources and oversight to ensure the effective and continued development and implementation of programs and funding initiatives necessary to support legal services, outreach, community education, and other immigrant integration efforts in the state. The Immigration Services Unit (ISU) is required to report program outcomes and data to the Legislature annually, which is completed through the manual collection of individual service reports. The ISU expects to award approximately 175 contractors in 2018-19 and 200 in 2019-20. Contractors must report on each funded service category, which creates a high volume of administrative burden for the ISU.

The requested positions will form a new unit responsible for the immigrant integration efforts that require statewide leadership and coordination, increasing access to services, and improving the effectiveness of services. Requested positions include:

- **One Staff Services Manager (SSM) II.**
- **One SSM I.**
- **Three Associate Governmental Program Analysts (AGPA).**
- **One Information Technology Specialist.**

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the proposal.

Issue 3: TBL - California Newcomer Education & Well-Being Project (CalNEW)

Governor's Proposal. The Governor's budget includes trailer bill language to eliminate administrative barriers for school districts by clarifying the state's intention to provide funding for school programs for refugees and other populations currently served by the Office of Refugee Resettlement, including unaccompanied undocumented minors (UUM).

Background. In 2017, the Budget Act appropriated $10 million to fund school sites to provide supportive services to refugees and other populations currently served by the Office of Refugee Resettlement. The department currently administers a similar federal program known as the Refugee School Impact Grant (RSIG). UUMs are considered refugees and eligible for CalNEW services once they are granted asylum by the U.S. Citizenship and Immigration Services (USCIS). While their case is pending before USCIS, a UUM will not be eligible for CalNEW services.

The state appropriated funding with the intention of augmenting current services, expanding the scope of the services provided, and serving additional populations excluded from the RSIG. Current statute includes references to the existing federal program which limit the department's ability to adequately serve UUMs. The proposed language change would allow the department to serve those populations currently excluded from the RSIG.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the proposed language.

Issue 4: Proposal for Investment

The Subcommittee has received the following Immigration Services-related proposal.

1. California Immigrant Justice Fellowship

Budget Issue. A coalition of organizations, including the Northern California Rapid Response Network, the Justice and Diversity Center of the Bar Association of San Francisco, and the Northern California Collaborative for Immigrant Justice, request $4.7 million in 2019-20 and 2020-21 for the California Immigrant Justice Fellowship pilot. The program will provide funds for the following purposes:

- $2.3 million to host incubating agencies in rural communities that will house ten legal fellows for a 20-month period and develop a robust removal defense services program.
- $270,000 to Bay Area training agencies that will host ten legal fellows for a four month apprenticeship.
- $565,000 to a coordinating agency that will coordinate the fellowship initiative, recruit and hire legal fellows, provide non-profit training for host incubating agencies, and administer overall program monitoring and evaluation.
- $245,000 to a technical assistance agency to work the attorneys from lead mentor agencies in developing training materials.
- $670,000 to the lead mentor agency to house two expert senior immigration attorneys to provide training during the apprenticeship and fellowship periods.

Staff Comment and Recommendation. Hold open.

5180 DEPARTMENT OF SOCIAL SERVICES – MISCELLANEOUS

Issue 1: Proposals for Investment

The Subcommittee has received the following proposals for investment.

1. Youth and Family Civic Engagement Initiative

Budget Issue. The Dolores Huerta Foundation and the Martin Luther King Jr. Freedom Center request a one-time appropriation of $12 million over the next three fiscal years (through 2021-22) to support the Youth and Family Civic Engagement Initiative. The purpose of the initiative is to increase understanding of government and civic institutions, and increase civic participation among low-income, disenfranchised youth and their families in targeted regions throughout the state. The requested funding will allow program expansion in the Los Angeles, San Diego, Stockton, and Sacramento regions, as well as providing 200 students and their family members with meaningful civic engagement, public speaking, and cultural leadership encounters.

Staff Comment and Recommendation. Hold open. The 2018-19 budget appropriated $2 million General Fund (one-time) to support the program.

2. SupplyBank.Org Basic Needs and Disaster Relief Infrastructure

Budget Issue. SupplyBank.org, along with a coalition of partner organizations, request a one-time allocation of $4 million to support the organization's critical infrastructure costs. Mirroring the model of food banks and with a volume of more than $25 million worth of materials to more than 500,000 people, SupplyBank.Org centralizes procured and in-kind materials and distributes them across California through existing partnering agencies' programs. Collectively, this investment will enable SupplyBank.Org to provide hundreds of thousands of additional low-income children and families, and those displaced by natural disasters, with tens of millions of dollars' worth of vital basic need materials. These include toiletries, household items, diapers and wipes, school supplies, home displacement kits, feminine hygiene products and other crucial resources.

Staff Comment and Recommendation. Hold open.

5180 DEPARTMENT OF SOCIAL SERVICES - CALFRESH

Issue 1: Overview

Governor's Proposal. The Governor's budget includes $1.82 billion ($630.1 million General Fund) for CalFresh administration in 2019-20. The CalFresh program is projected to serve 2.1 million households (about four million people) in 2019-20. This is a 10.6 percent increase from 2018-19 projections of 1.9 million households.

Since 1997, California has also funded the California Food Assistance Program (CFAP), a corresponding program for legal permanent non-citizens, who are ineligible for federal nutrition assistance due to their immigration status. The proposed CFAP budget for 2019-20 includes $52.9 million General Fund for food benefits. CFAP is projected to serve 39,779 in 2019-20.

Background. CalFresh is California's name for the national Supplemental Nutrition Assistance Program (SNAP). As the largest food assistance program in the nation, SNAP aims to prevent hunger and to improve nutrition and health by helping low-income households buy the food they need for a nutritionally adequate diet. CalFresh food benefits are funded nearly exclusively by the federal government. CalFresh benefits are provided on electronic benefit transfer (EBT) cards, and participants may use them to purchase food at participating retailers, including most grocery stores, convenience stores, and farmers' markets. The current average monthly benefit per household is around $282 ($137 per person).

Eligibility and benefits. CalFresh households, except those with a member who is aged or has a disability, or where all members receive cash assistance, must meet gross and net income tests. Most CalFresh recipients must have gross incomes at or below 200 percent of the federal poverty level and net incomes of no more than 100 percent of the federal poverty level, after specified adjustments.

Efforts to improve participation. In federal fiscal year 2016, the most recent period for which official measures are available[1], the participation rate for the working low-income population was 75 percent nationally. California's participation rate for the working low-income population was the lowest in the nation at an estimated 61 percent. California's overall participation rate was the fourth lowest in the nation at an estimated 72 percent while the national rate was 85 percent.[2]

Efforts to increase participation include outreach to communities, particularly families served by other nutrition and anti-poverty programs (like the Women, Infants and Children (WIC) program) and streamlining customer service with more on-line and telephone access. In February 2016, California

[1] *Reaching Those in Need: Estimates of State Supplemental Nutrition Assistance Program Participation Rates in 2016,* USDA, March 2019 (https://fns-prod.azureedge.net/sites/default/files/ops/Reaching2016.pdf)

[2] DSS has noted that the federal government does not count the state's "cash-out" policy for SSI/SSP recipients (whereby those individuals receive a small food assistance benefit through SSP and are not eligible for additional CalFresh benefits) in its participation rate. The department estimates that the state's participation rate could be a few percentage points higher if many of those individuals who would otherwise be eligible for CalFresh were counted as participating. Beginning June 2019, SSI/SSP recipients will be eligible for CalFresh benefits.

was recognized for these efforts and won a most improved Program Access Index award from the USDA for FFY 2014[3].

The department has continued to work on improving participation, most recently focusing on outreach to seniors. California's senior population has historically been underserved by CalFresh. Seniors made up approximately eight percent of the caseload in 2016, despite the fact that individuals ages 65 and over make up 10 percent of the population in poverty in California. In October 2017, the department received a waiver to implement the "Elderly Simplified Application Project (ESAP)" which provides households with only elderly and/or disabled members with no earnings a three year-certification period; default to all electronic verification when possible; and no interview at recertification, unless requested. However, there is concern among advocates that the application used for these cases is still cumbersome.

At the same time, the state also implemented the "Standard Medical Deduction (SMD) demonstration project" which allows households with at least one elderly or disabled member to claim a standard medical deduction (or actual expenses if above the standard) based on verified expenses of $35 or more. The SMD is anticipated to result in increased benefits for many seniors while reducing the administrative burden of verifying and claiming actual expenses.

Several recently enacted program changes seek to improve CalFresh program participation. Some of those program changes include:

1. CalFresh Expansion (SSI Cash-out Reversal). The "SSI Cash-out" is a state policy that provides SSI/SSP recipients with an extra $10 payment in lieu of their being eligible to receive federal food benefits through the CalFresh program. AB 1811 (Committee on Budget), Chapter 35, Statutes of 2018, ended this policy. This expansion of CalFresh benefits is effective beginning June 1, 2019. It is estimated that the policy change will increase the CalFresh caseload by approximately 370,000 new households.

2. Elimination of fingerprint imaging requirement. AB 6 (Fuentes), Chapter 501, Statutes of 2011, eliminated the fingerprinting requirement, which was intended to prevent duplicate receipt of aid. However, fingerprint imaging created the perception of stigma and other measures were already in place to prevent duplicative receipt.

3. Semiannual reporting. Evidence suggest that a number of CalFresh households may leave the caseload after failing to correctly submit regular reports, only to reapply a few months later. AB 6 also amended the reporting requirement from three quarterly reports in a certification period to one report in a certification period.

4. Face-to-face interview waiver. All counties offer telephone interview in lieu of a face-to-face interview for intake and recertification appointments for CalFresh-only clients.

5. Drug and Fleeing Felon Eligibility. Effective April 1, 2015, the lifetime ban on CalFresh benefits for those convicted of certain drug felonies was lifted. In September 2015, the Food and Nutrition

[3] Program Access Index is the number of CalFresh participants divided by the estimated number of eligible people in California. The full USDA report, *Calculating the Supplemental Nutrition Assistance Program (SNAP) Program Access Index: A Step-by-Step Guide for 2014*, can be found at http://www.fns.usda.gov/sites/default/files/ops/PAI2014.pdf

Service of the United States Department of Agriculture published new rules on the definition of fleeing felon that allow a majority of previously ineligible adults to become eligible for CalFresh benefits and were implemented in California on December 1, 2015.

Expiration of Federal ABAWD Waiver. When Congress created the SNAP program, they also created a time limit for unemployed childless adults between the ages of 18 and 49 years old, referred to as ABAWDs (Able-Bodied Adult Without Dependents). For ABAWDs, the receipt of SNAP benefits is limited to three months in a 36-month period unless they are working at least 80 hours per month, participating in qualifying education and training activities at least 80 hours per month, or complying with a workfare program. A county, or an entire state, can be approved for a waiver of the ABAWD time limit if it meets federally established criteria for high unemployment or a lack of sufficient jobs. In 2008, California received a statewide waiver of the ABAWD time limits due to a high statewide unemployment rate. Waiver approvals are reviewed each year. While most of the state is still under the waiver, three counties (San Francisco, San Mateo, and Santa Clara counties) implemented the ABAWD time limit on September 1, 2018, as a result of improved economic conditions. While the statewide waiver is set to expire on August 31, 2019, DSS has submitted a request to the federal Federal Nutrition Services (FNS) that would implement the time-limit in only three additional counties (Alameda, Marin, and Contra Costa counties) in September 2019. However, that request is still pending and the department has indicated it will provide an updated estimate based on approval or denial with the May Revision.

In the lead up to implementation, the department is working extensively with stakeholders, including counties and client advocates, and has identified three implementation goals (1) maximize food benefits for eligible people, (2) ensure accuracy and timeliness when making benefit determinations, and (3) minimize administrative impact on clients and counties. DSS has also taken steps to ensure counties and other stakeholders are well aware of and preparing for the upcoming policy change. For example, DSS hosted a seven-part ABAWD policy webinar series, has provided on-site training at county's request for program staff, including eligibility workers, and released the ABAWD Policy Handbook Version.

Disaster CalFresh. The Disaster CalFresh Program provides temporary food assistance for households impacted by a natural or man-made disaster. The program provides temporary benefits to eligible disaster victims while also facilitating the issuance of supplemental CalFresh benefits for ongoing households. To be eligible, a household must have lived or worked in the identified disaster area at the time of the disaster, must have been affected by the disaster and must meet certain D-CalFresh eligibility criteria. Over the last year, California has had to implement Disaster CalFresh in five counties in response to wildfires and mudslides. An affected area must have received a Presidential Declaration with Individual Assistance in order to request this.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of recent major accomplishments and challenges within the program.

2. Please discuss the expiration of the federal ABAWD waiver, impacts it may have and efforts the department is making to mitigate any negative effects. What steps is the department taking to prepare in the event the federal FNS denies its submission for a waiver on the time limit?

Issue 2: BCP – CalFresh Employment and Training Program

Governor's Proposal. The Governor's budget includes $928,000 federal funds in 2019-20, and $820,000 federal funds every year thereafter, to form a new Employment and Training (E&T) unit with six new permanent positions.

Background. The CalFresh E&T program provides recipients with opportunities to gain skills, training, and/or experience that will improve their employment prospects and reduce their reliance on CalFresh benefits. DSS provides oversight, technical assistance, and program support to counties and to third-party partners that have opted into implementing an E&T program. The current single E&T Unit was formed in 2016 with 100 percent federal E&T funds. Since 2016, the number of CalFresh recipients it serves on an annual basis has grown from 57,000 to more than 100,000 in 2018. California's E&T program presently operates in 36 counties and with over 65 third-party partners.

The department has indicated that plans for program growth including making connections with other employment programs, the development of an E&T handbook, and diversifying offerings to including community college partnerships and apprenticeships. Federal work requirements for able bodied adults without dependents (ABAWDS) were waived during the recession; but, as of September 1, 2018, these work requirements have been re-imposed, beginning in the Bay Area, and are expected to be re-imposed further across the state each federal fiscal year. The California Workforce Development Board has included E&T as a strongly encouraged partner in regional workforce plans to increase the quantity, quality, and outcomes of E&T programs. E&T program services are intended to increase employment rates and wages among CalFresh recipients with the goal of eventually making households economically self-sufficient.

Current staffing includes one Staff Services Manager (SSM) I and four analysts, but an additional E&T unit would aid in expanding the program as mentioned above. The additional requested positions include:

- **One SSM II.**
- **One SSM I.**
- **Four Associate Governmental Program Analysts (AGPA).**

The requested staff would comprise one unit, with one SSMI and four analysts, along with a new section chief to oversee both the new and existing unit. The new section chief would report to the existing Policy Bureau Chief. The two E&T units would be responsible for County Programs, State Programs, and Managements Evaluations (ME).

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the proposal.

Issue 3: Human Services Technical BCP – California Fruit and Vegetable EBT Pilot

Each year, the departments within the Health and Human Services (HHS) Agency submit a number of proposals requesting various technical adjustments, largely related to workload adjustments and resources needed to implement new legislation. The proposal discussed in this item is included in that larger Agency BCP.

Governor's Proposal. The Governor's budget includes $311,000 in 2019-20 and 2020-21 for the implementation of the California Fruit and Vegetable EBT pilot. The 2018 Budget Act included $9 million to cover all costs of this pilot, of which $311,000 is being requested in both 2019-20 and 2020-21 to carry out state operations activities.

Background. Evidence indicates that increasing consumption of fruits and vegetables can help improve health outcomes, yet millions of low-income Californians report that they cannot consistently afford to purchase fruits and vegetables. In the past decade, programs providing supplemental benefits to CalFresh recipients piloted by numerous organizations in California and nationwide have demonstrated that when low-income families have additional money for fruits and vegetables, they buy and consume more fruits and vegetables.

AB 1811 (Committee on Budget), Chapter 35, Statutes of 2018, requires the establishment pilot projects aimed at producing an incentive program for CalFresh recipients to increase their consumption of California grown fruits and vegetables. Each of the pilot grantees will design and implement an incentive program that must be tracked and measured to determine its efficacy in producing the desired outcome. The department is requesting two Research Data Analyst (RDA) II positions, who will be responsible for the design and analysis of data produced from each of the pilots. The RDA IIs will also lead in the synthesis of that information, including any programmatic recommendations to be included in a report due to the Legislature no later than January 1, 2022.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the proposal.

Issue 4: Proposals for Investment

The Subcommittee has received the following proposals for investment.

1. CalFood Funding

Budget Issue. The California Association of Food Banks (CAFB) requests in increase in CalFood funding of $16.5 million General Fund, and an increase in the storage and transportation rate to 15 percent. CAFB emphasizes changes and proposed changes at the federal level, as well as natural disasters, has increased reliance on food banks. Food banks are a critical piece of our safety net, serving 650 million meals to more than two million Californians a year, yet California's missing meal gap is estimated at one billion annually. CalFood strengthens emergency food providers and our agricultural communities by enabling California food banks to purchase only California produced foods, especially expensive, healthy proteins and fresh produce.

Staff Comment and Recommendation. Hold open. The 2019-20 budget includes $8 million for the CalFood program.

2. Simplifying Senior Access to CalFresh

Budget Issue. California Food Policy Advocates and the CAFB, along with local food banks and other partners, request a one-time augmentation of $1 million General Fund for the department to design and automate a user-centered simplified CalFresh application for seniors and people with disabilities. DSS has been participating in a federal demonstration project to simplify access to CalFresh for seniors and people with disabilities since October 2017, when DSS received waivers to implement the CalFresh Elderly Simplified Application Project (ESAP). However, stakeholders state that the existing application for ESAP households that DSS has directed counties to use is a long, cumbersome application with many questions that are not relevant to ESAP cases. The requested funding would allow DSS to create a simpler application.

Staff Comment and Recommendation. Hold open.

3. Disaster CalFresh Automation

Budget Issue. The County Welfare Directors Association of California (CWDA) requests $1.8 million ($900,000 General Fund) to allow DSS to automate disaster CalFresh eligibility determinations, add related forms and notices in CalSAWS. Currently, the Disaster CalFresh process is largely not automated, and counties must manually track applications and outcomes. Automation would eliminate this workload and support faster issuance of mass replacement benefits and provide support for cross-county access to enable other counties to more readily assist those impacted by a disaster. As California has faced numerous recent disasters and will face more in the future, the need for automation improvements has become critical, as manual processes delay and divert county staff who could otherwise be providing direct services to disaster victims.

Staff Comment and Recommendation. Hold open.

4. ABAWDs and Comparable Workfare

Budget Issue. The California Coalition of Welfare Rights Organizations request the Subcommittee consider language that would allow voluntary work performed for employers, other than non-profit agencies, to meet the federal ABAWD work requirements as long as work verification is provided.

Staff Comment and Recommendation. Hold open.

5180 DEPARTMENT OF SOCIAL SERVICES - CALWORKS

Issue 1: Overview

Governor's Proposal. The revised 2018-19 budget includes $4.9 billion in total funds for the program, and estimates an average monthly caseload of 391,161 (a decline of 7.6 percent from the previous year). The 2019-20 budget includes $5.3 billion in total funds for the program, and estimates an average monthly caseload of 371,316. The table below provides a summary of the CalWORKs 2019-20 budget.

CalWORKs Budget Summary

All Funds (Dollars in Millions)

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

[a] Primarily includes various state-level contracts.

Of the funds in the 2018-19 revised budget, $2 billion are federal funds, $295 million are General Fund, and $2.6 billion are realignment and other county funds. Of the 2019-20 proposed funds, $3.1 billion are federal funds, $2.1 billion are state funds, and $100 million are county funds.

Background. 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.

CalWORKs is funded through a combination of the federal TANF block grant (to receive $3.7 billion in TANF funds, California must provide a maintenance-of-effort of $2.9 billion annually), the state General Fund, other various funding allocations from the state, realignment funds, and other county funds.

Single Allocation. Another important source of state funding is the Single Allocation. Within the Single Allocation, different categories of funding for various purposes such as employment services, eligibility and administration, and Stage 1 Child Care are included. Funding for each category within the Single Allocation is based on different methodologies that adjust funding from prior years based on caseload projections and assumed costs per case. There had been longstanding concerns by counties that the methodology behind the Single Allocation was problematic. When the program sees dramatic swings in caseload, it makes it difficult for counties to ramp up quickly in years when caseload and funding increases, as well as when they have to make rapid cuts when caseload and funding drops. In 2017, the Legislature directed the department and counties to work together to develop a new methodology. Last year, the Legislature adopted a new methodology for eligibility and administration operations. The Governor's budget provides approximately $1.7 billion in funding the Single Allocation in 2019-20. The 2019-20 budget includes a placeholder funding amount for employment services which will hold funding for employment services at 2018-19 levels ($93.6 million). The department has indicated that it is currently working on a new employment services methodology with counties and that a new methodology will be included in the Governor's May Revision of the budget.

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 around 500,000 families. During the recent recession, the caseload grew, peaking at 585,000, but this was not anywhere close to the levels of the early 1990s. The caseload has declined each year since 2010‑11. Over that time, the number of CalWORKs families has fallen to around 390,000 families in 2018-19, a decrease of 7.6 percent from the prior year. For 2019-20, the caseload is projected to decrease by 5.1 percent to 371,316 cases.

Federal Context and Work Participation Rate. Federal funding for CalWORKs is part of the 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, the federal government does not give credit for a significant number of families who are partially, but not fully, meeting hourly requirements.

California did not meet the WPR requirements in 2007-2015, and was assessed $1.8 billion in penalties. California has successfully completed corrective compliance plans (CCPs) that address the WPR shortfalls of 2008-2011, eliminating $587.1 million in penalties for those years. California did fail to meet the two-parent rate in 2015, which resulted in a penalty of $93 million, and in 2016, which resulted in a penalty of $8.8 million. The department disputed both penalties, which are still in the calculation dispute phase. Currently, through the CCP process, all original penalties have decreased to $780 million. It is predicted that penalties will fall further, to a final penalty for all years through federal fiscal year 2017 of $53.3 million. As of yet, California has not been required to pay these penalties. Since 2015, California has achieved compliance with the overall WPR.

Welfare-to-Work (WTW) Program and the 24-month clock. 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. For 24 months of aid support participants are given additional flexibility around how to meet work requirements, but after the initial 24 months, stricter work requirements are imposed. The 24-moth clock can be stopped under certain circumstances.

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 (including employment, vocational education; job search; job readiness; job skills training; adult basic education; secondary school; or barrier removal activities) 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 two or more children under age six, along with a new, once in a lifetime exemption for parents with children under 24 months.

- 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.

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

- Expansion of subsidized employment. Under subsidized employment, counties form partnerships with employers, non-profits, and public agencies to match recipients with jobs. Wages are fully or partially subsidized for six months to a year. In 2017-18, 7,582 new participants entered the program.

- Family stabilization. Family stabilization (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. $46.9 million was appropriated for the program in 2018-19.

- 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. Between July 1, 2017 and June 30, 2018, 83,846 appraisals were completed with recommendations for supportive services. Most of these recommendations were for mental health services.

Housing and homeless assistance. In the last several budgets, housing and homeless assistance has received more attention and funding as people have become more aware that the lack of affordable housing impacts many CalWORKs recipients and is a significant barrier to self-sufficiency.

- The CalWORKs Housing Support Program (HSP) was established in 2014 to provide evidence-based interventions (such as rapid-rehousing) to CalWORKs families that are homeless or at risk of homelessness. Other core components of HSP include housing identification, rent and moving assistance, and focused case management. As of July 2019, counties participating in the program will be required to follow a Housing First model. Total funding for the HSP was $70.8 million in 2018-19 and $95.3 million in 2019-20.

- The Homeless Assistance Program (HAP) provides payment to meet the reasonable costs of obtaining permanent housing, and/or temporary shelter while seeking permanent housing. A typical family is eligible to receive benefits of up to $85 per night for 16 consecutive days of temporary shelter while searching for permanent housing. Families may also be eligible to receive up to two months of rental assistance in order to obtain permanent housing or two months of rental arrearages to prevent eviction. The 2016-17 budget eliminated the HAP once-in-a-lifetime ban and allows a family to receive HAP assistance once in a 12-month period while maintaining existing exceptions for domestic violence and when existing housing becomes uninhabitable. In 2017-18, 69,174 requests for assistance were received and 63,890 families were approved to receive assistance. Total funding for the program was $9.7 million in 2018-19, and $16.6 million in 2019-20.

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:

- <u>Stage 1</u>. Provides care to CalWORKs families when first engaged in work or WTW activities, and is provided by DSS.

- <u>Stage 2</u>. 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.

- <u>Stage 3</u>. Families transition to this program after Stage 2. CDE also administers this program for former CalWORKs recipients.

Stages 1 and 2 services are considered entitlements, whereas Stage 3 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.

Maximum Family Grant (MFG) Repeal. The 2016-17 budget repealed the Maximum Family Grant rule, which stipulated that a family’s maximum aid payment would not be increased for any child born into a family that had received CalWORKs for ten months prior to the birth of a child. Now, cash grants will be increased to include any child who was not receiving cash assistance because of the MFG. The repeal of the MFG is funded both through revenues in the Child Poverty and Family Supplemental Support Subaccount, which also funds MAP increases, and the General Fund.

Application Hub. DSS is exploring electronic options to streamline and modernize the processes for obtaining required verifications for CalFresh and CalWORKs eligibility. DSS has awarded a contract to Social Interest Solutions (SIS) to assist in analyzing the current environment of eligibility verifications for CalWORKs and CalFresh, engage stakeholders, perform an alternative analysis of electronic verification systems being used in California and other states, and outline recommendations for moving forward in the short and long term. SIS released its analysis in November 2018, and recommended a mix of efforts including the development of a statewide client-centered vision of the eligibility experience, refine policy, create governance structures, improve operations and training, and enhance existing systems, to create a new state verification hub in a phased approach.

Monitoring results and outcomes. DSS prioritizes program oversight to strengthen CalWORKs. Currently, the department uses research funds to fund seven different research projects to study effectiveness of the CalWORKs program. SB 1041 requiredCDSS to contract with an independent institution to evaluate changes put into effect by the legislation. In July 2014, the RAND Corporation launched a multiyear evaluation to explore if CalWORKs programmatic reforms achieve desired objectives and report on any unintended consequences. Two preliminary reports were published in 2015 and 2016, and the second report found that while SB 1041 was beneficial to clients, implementation remained difficult and complex, particularly related to understanding the 24-month time clock. A third report published in April 2018 found that understanding of the 24-month time clock has improved over time but some difficulties remain.

CalWORKs Oversight and Accountability Review (Cal-OAR). SB 89 (Budget and Fiscal Review Committee), Chapter 24, Statutes of 2017, established a framework for a new performance measurement system for CalWORKs, to be known as Cal-OAR. Under Cal-OAR, data on various performance indicators will be collected and published, and counties will regularly undergo self-assessment and develop system improvement plans with targets for the performance indicators. A workgroup convened by DSS in the fall of 2017 kicked off the initial phase of the project. CalOAR will begin in July 2019 and continue indefinitely on a three-year cycle.

Safety Net Reserve. Assembly Bill 1830 (Committee on Budget), Chapter 42, Statutes of 2018, created the Safety Net Reserve within the state treasury. The fund includes two subaccounts: one for the CalWORKs program and another for Medi-Cal. These programs are often the most needed and heavily utilized during an economic downturn, yet often face severe cuts during those times. The Safety Net Reserve will provide additional resources in a recession to mitigate this effect and avoid cutting these programs when most needed. The 2019-20 Governor’s budget proposes a deposit of $700 million into the Safety Net Reserve, bringing the total funds to $900 million. The proposal also seeks to eliminate the CalWORKs and Medi-Cal subaccounts and the requirement to establish a caseload savings and cost per case contribution methodology.

Policy consideration. The Legislature may wish to examine the following issue related to CalWORKs programs:

- Earned Income Disregard (EID). The EID is the amount of a CalWORKs recipient's gross monthly earnings that is ignored when their grant levels are calculated. This allows recipients to continue to receive benefits while earning income. Currently, the first $225 of monthly earnings is ignored, then 50 percent of the remaining income. The greater the value of the disregard, the more families can earn before losing eligibility. The EID has not been changed in twenty years. A recent report[4] by the California Budget & Policy Center found that had the EID been adjusted for inflation it would have been $399 in 2019-20. As an example, the current monthly income limit for a family of three in a high-cost county is $1,981. Had the EID been adjusted for inflation that monthly income limit would be $2,155. The EID has also not kept pace with the rising minimum wage. In 2019-20, a parent working a minimum wage job year-round and full-time would have annual earnings of $27,040 (or $13/hour), higher than annual income limit of $23,772, and thus, be ineligible for assistance.

Staff Comment and Recommendation. Hold open. Staff recommends that caseload-related funding decisions be made after the May Revision.

Questions.

1. Please provide a brief update on the major accomplishments and challenges within the CalWORKs program, include a discussion of recent legislative and policy changes.

2. What are the reasons behind the declining CalWORKs caseload?

3. Please discuss ongoing conversations with county partners regarding the Single Allocation.

4. If the EID were increased, what does the Administration predict would be the effect on the state's WPR?

5. Please provide an update on the CalOAR process.

6. Please discuss the Application Hub endeavor and next steps.

7. Please provide an overview of the proposed changes to the Safety Net Reserve, and explain why the Administration chose to remove the requirement for a depositing methodology for the reserve.

4 Esi Hutchful, *The Earned-Income Disregard Falls Short of Supporting Working Families in CalWORKs* (California Budget & Policy Center: March 2019)

Issue 2: CalWORKs Stage 1 Participation

Background. CalWORKs child care seeks to help a family transition smoothly from the immediate, short-term child care needed as the parent starts work or work activities, to stable, long-term child care. CalWORKs Stage One is administered by the county welfare departments; Stages Two and Three are administered by Alternative Payment (AP) Program agencies under contract with CDE. The three stages of CalWORKs child care are defined as follows:

- **Stage One** begins with a family's entry into the CalWORKs program. Clients leave Stage One after six months or when their situation is “stable,” and when there is a slot available in Stage Two or Three. Former CalWORKs clients are also eligible to receive child care services in Stage One and/or Stage Two for a total of no more than 24 months after they leave cash aid.

- **Stage Two** begins after six months or after a recipient's work or work activity has stabilized, or when the family is transitioning off of aid. Clients may continue to receive child care in Stage Two up to two years after they are no longer eligible for cash aid.

- **Stage Three** begins when a funded space is available and when the client has acquired the 24 months of child care after transitioning off of cash aid (for former CalWORKs recipients). Families remain in Stage Three until the family’s income exceeds 85 percent of the state median income or until the children are over the eligibility age.

Historically, caseload projections have generally been funded for Stages One, Two, and Three in their entirety –although Stage Three is not technically an entitlement or caseload-driven program.

Funding rates and income eligibility for all stages of CalWORKs child care were reduced in the early part of the past decade as the state struggled to make cuts during the great Recession. As the state built back from the recession, funding has been increasing for the program and along with rate increases; in 2017-18 income eligibility for state subsidized child care programs was increased and families were provided with 12 months of eligibility regardless of change in need or income (for CalWORKs child care this applied to stages two and three).

CalWORKs Stage One Participation. Child care in Stage One is provided both to families working and those who are participating in Welfare-to-Work (WTW) activities. Participation in these programs decreased significantly during the recession as program policies shifted, and since this time enrollment has slowly increased, but is not back to pre-recession levels. See the below table for the most recent summary of the participation of families in Stage 1 child care. The increase in 2015-16 is partially due to a change in the way data is collected.

CalWORKs Stage 1 Child Care Participation Rates

Year	Cases Participating in a WTW Activity with an Age Eligible Child (under 13 years old)[1]	Stage One Families[2]	Stage One Participation Rate [3]	CDE TANF Families[4]	Child Care Participation Rate[5] (CDSS and CDE TANF Families)
FY 2013-14	78,711	17,303	22%	18,071	45%
FY 2014-15	80,865	17,555	22%	19,371	46%
FY 2015-16	75,310	20,526	27%	18,566	52%
FY 2016-17	62,751	18,041	29%	17,927	57%
FY 2017-18	55,339	16,618	30%	16,109	59%

1 Based on the Unduplicated Count from the WTW 25 report. Excludes cases exempt from WTW participation. These cases are participating in a WTW activity and have a need for Child Care (WTW 25A data not included). The number of adults participating in a WTW activity that have an age eligible child is calculated using the total number of cases participating in a WTW activity multiplied by the percentage of families with age eligible children based on FY 2016-17 MEDS data. This is adjusted to deduct cases of Two-Parent families in which the one parent is participating while the second parent is expected to provide care.

2 Stage One families: excludes Safety Net or No Longer Aided families and Two-Parent families (CW 115A data not included)

3 Participation Rate was calculated by taking total number of Stage One families divided by the number of adults participating in a WTW activity with an age eligible child. This is not adjusted for cases who do not need care, for example, school-aged children who do not need care due to school schedule. This is adjusted to deduct cases of Two-Parent families in which the one parent is participating while the second parent is expected to provide care. This methodology does not account for families participating across multiple child care programs.

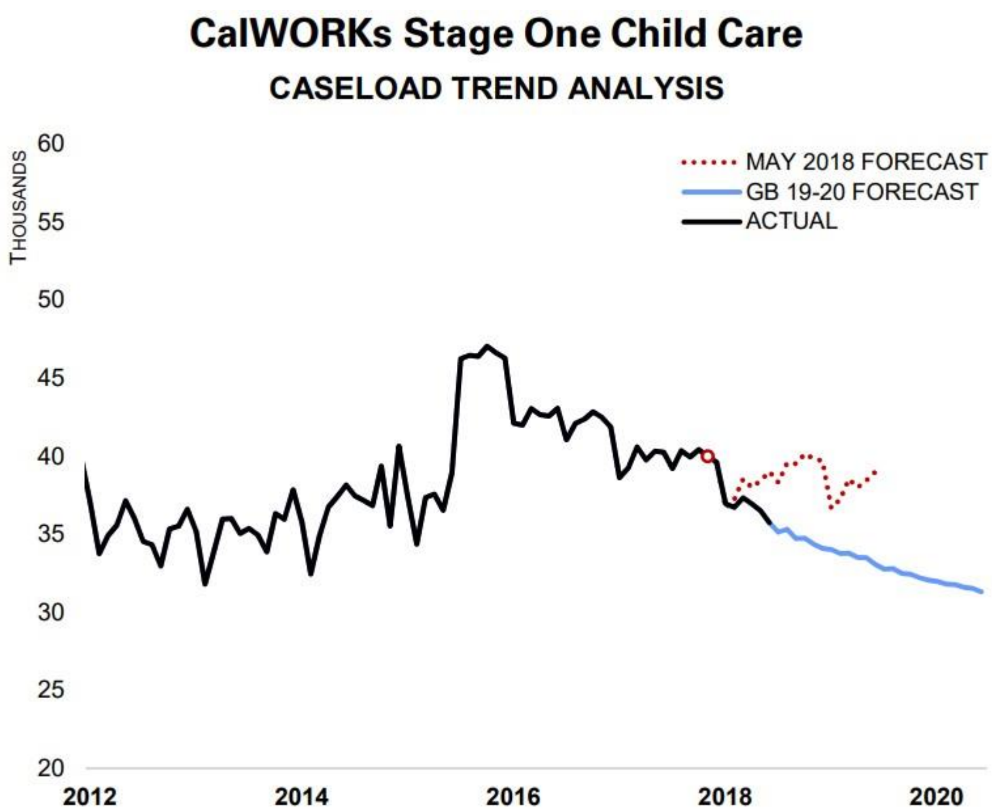
4 The specified monthly average of CDE Child Care program cases that are receiving TANF. This includes CalWORKs Stage 2, CalWORKs Stage 3, California Alternative Payment Program, California Resource and Referral Program, California Migrant Alternative Payment, California General Migrant Child Care, California Family Child Care Homes, California Severely Handicapped, California Center-Based Child Care, and California State Preschool Program. The percentage of TANF Two-Parent families is assumed to mirror the percentage of Stage One Two-Parent cases as the Two-Parent family breakdown is unavailable from CDE. The percentage calculated was deducted from the total TANF Child Care Families population to calculate the cases of TANF All Families cases.

5 Participation Rate was calculated by taking total number of Stage One families and CDE Child Care TANF families, divided by the number of adults participating in a WTW activity with an age eligible child. This is not adjusted for cases who do not need care, for example, school-aged children who do not need care due to school schedule. This is adjusted to deduct cases of Two-Parent families in which the one parent is participating while the second parent is expected to provide care. This methodology does not account for families participating across multiple child care programs.

NOTE: This table displays one methodology for determining the child care participation rate based on WTW cases with age eligible children, excluding Two Parent cases. The participation rates in the table may represent a different rate than what the counties are tracking. Additional child care programs, such as; Early Head Start & Head Start Programs, after school programs, locally funded subsidies, transitional kindergarten, are not included in the above chart.

Source: DSS

In response to ongoing concerns, DSS has been working to increase understanding of CalWORKs Stage One caseload and the processes of counties as they qualify families for Stage One child care and transition eligible families to Stage 2 child care. DSS updated their data system as of July 1, 2015, to collect information on the actual number of children receiving care, whereas the prior system collected payment information quarterly, which limited the ability of the department to track care provided accurately across the year.



Source: Department of Social Services
*Note: The spike in 2015 reflects a shift in data collection rather than an actual increase in caseload.

At the 2018-19 May Revision, DSS projected the average base monthly caseload for 2017-18 would decrease by 4.9 percent from the previous FY, and the caseload for 2018-19 would decrease by 0.5 percent from 2017-18. The most recent six months of actual data came in 1.6 percent lower than projected in 2018 May Revision. For the 2019-20 Governor's budget, DSS projects the base caseload for 2018-19 will decrease by 10.8 percent from the previous FY, and the caseload for 2019-20 will decrease by 6.2 percent from 2018-19.

Panel. In addition to DSS, DOF, and the LAO, the Subcommittee has requested the following panel to provide comment on Stage One child care.

- Patti Prunhuber, Senior Policy Attorney, Child Care Law Center
- Parent Representative

Staff Comment and Recommendation. This is an informational item and no action is necessary.

Questions.

1. Is the reduction in the uptake of Stage One child care (the total numbers) reflective of changes and trends in the CalWORKs program as a whole?
2. What challenges do families face when determining whether to take up Stage One child care benefits?

Issue 3: CalWORKs Grant Increases

Governor's Proposal. The Governor's budget includes $348 million General Fund in 2019-20 for a 13.1 percent across-the-board increase to CalWORKs grants. Full year costs are expected to be $455 million General Fund. The proposed grant increase would go into effect October 1, 2019.

Background. The FPL is an economic measure that is used to decide whether the income level of an individual or family qualifies them for certain benefits and programs. The FPL is the set amount of income that a family needs for food, clothing, transportation, shelter, and other necessities. Each year the U.S. Census Bureau releases a public report on the level of poverty in the county, which provides an estimate of the number of people living in poverty and below the poverty line and the poverty distribution by age, ethnicity, location, and other factors. The U.S. Department of Health and Human Services uses this report to set a poverty guideline. The FPL varies according to family size and location. Generally, families with income below 50 percent of the FPL are considered to be living in deep poverty.

Poverty in California. Nearly one in five Californians live at or near the poverty line – or close to eight million residents[5]. In 2017, the U.S. Census Bureau and the Bureau of Labor Statistics released 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 and other in-kind public benefit programs, necessary expenses that may affect family resources, such as out-of-pocket medical expenses and childcare costs, and geographic differences in housing costs.[6] According to 2017 U.S. Census Bureau figures, California's current official poverty measure is 13.4 percent; under the SPM, its poverty rate over 2015-2017 averaged 19 percent—the highest of any state in the nation except for the District of Columbia. Poverty rates vary significantly across California's counties, due to differences in the cost-of-living. In estimates from 2014-2016, Placer County had the lowest poverty rate (12.9 percent), and Los Angeles had the highest (24.3 percent)[7].

Research has shown evidence that childhood poverty can negatively alter brain development, lead to poor educational outcomes and behavioral challenges, among other negative results. Beyond the timing of poverty, extended exposure to poverty as a child is also associated with worse adolescent and adult outcomes. Poverty has negative consequences not only for those living in poverty but also for the state as a whole. By reducing poverty, safety net programs can also benefit the economy of the state. Children growing up in poverty are much more likely to have low earnings as adults, which negatively effects the workforce.[8] A report by the Center for American Progress found that nationally, each year, childhood poverty: 1) reduces productivity and economic output by about 1.3 percent of gross domestic products (GDP); 2) raises the costs of crime by 1.3 percent of GDP; and 3) raises health expenditures and reduces the value of health by 1.2 percent of GDP. The report emphasizes that these estimates likely underestimate the true costs of poverty to the economy.

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5 Public Policy Institute of California. "Just the Facts: Poverty in California." July 2018. https://www.ppic.org/publication/poverty-in-california/

6 Liana Fox. "The Supplemental Poverty Measure: 2017." *U.S. Census Bureau, Economics and Statistics Administration.* September 2015. https://www.census.gov/content/dam/Census/library/publications/2018/demo/p60-265.pdf

7 Public Policy Institute of California. "Just the Facts: Poverty in California." July 2018. http://www.ppic.org/wp-content/uploads/JTF_PovertyJTF.pdf

8 Center for American Progress. "The Economic Costs of Poverty in the United States." January 2007. https://cdn.americanprogress.org/wp-content/uploads/issues/2007/01/pdf/poverty_report.pdf

Legislature's Plan for Grant Increases. The 2018 budget increased the maximum aid payment (MAP) amounts for CalWORKs recipients by 10 percent effective April 1, 2019, and included $90 million in 2018-19 and $360 million annually thereafter for those purposes. Trailer bill language also stated the intent of the Legislature to provide future grant increases in 2019-20 and 2020-21 in order to increase grants to no less than 50 percent of the FPL.

The Legislature's plan for increasing grants to no less than 50 percent of the FPL differs from the Governor's proposal above. The plan consists of several steps – the first of which was included in the 2018 budget, a 10 percent across-the-board increase. The second step, subject to appropriation in the 2019-20 budget, would raise grants by varying amounts based on family size halfway to the final goal of 50 percent of FPL. The last step, also subject to appropriation in the 2020-21 budget, would raise those grants the rest of the way to meet the final goal of 50 percent of the FPL.

While the Governor's plan raises grant increases across-the-board, the Legislature chose to focus on increasing grant levels by family size for the next steps in its plan. The Legislature chose this approach to account for the fact that many AUs contain a family member that is ineligible and therefore not considered part of the AU. Under the Legislature's plan, an AU size of three would receive a maximum grant of 50 percent of the FPL for a family of four. Grants would be raised by varying percentages, since some grant amounts are further away from the target of 50 percent of the FPL. The smallest percentage increase would be 19 percent for an AU of four, and the largest would be 42 percent for an AU of one.

The table below compares current grants (step one of the Legislature's approach to raising grant levels) and the Governor's proposed grant increases to the 2019 federal poverty levels (FPL).

Assistance Unit Size[9]		Current MAP[10] (as of April 1, 2019)	Percent of 2019 FPL		Governor's Proposed MAP	Percent of 2019 FPL
1		$391	38%		$442	42%
2		$635	45%		$718	51%
3		$785	44%		$888	50%
4		$937	44%		$1060	49%
5		$1065	42%		$1205	48%

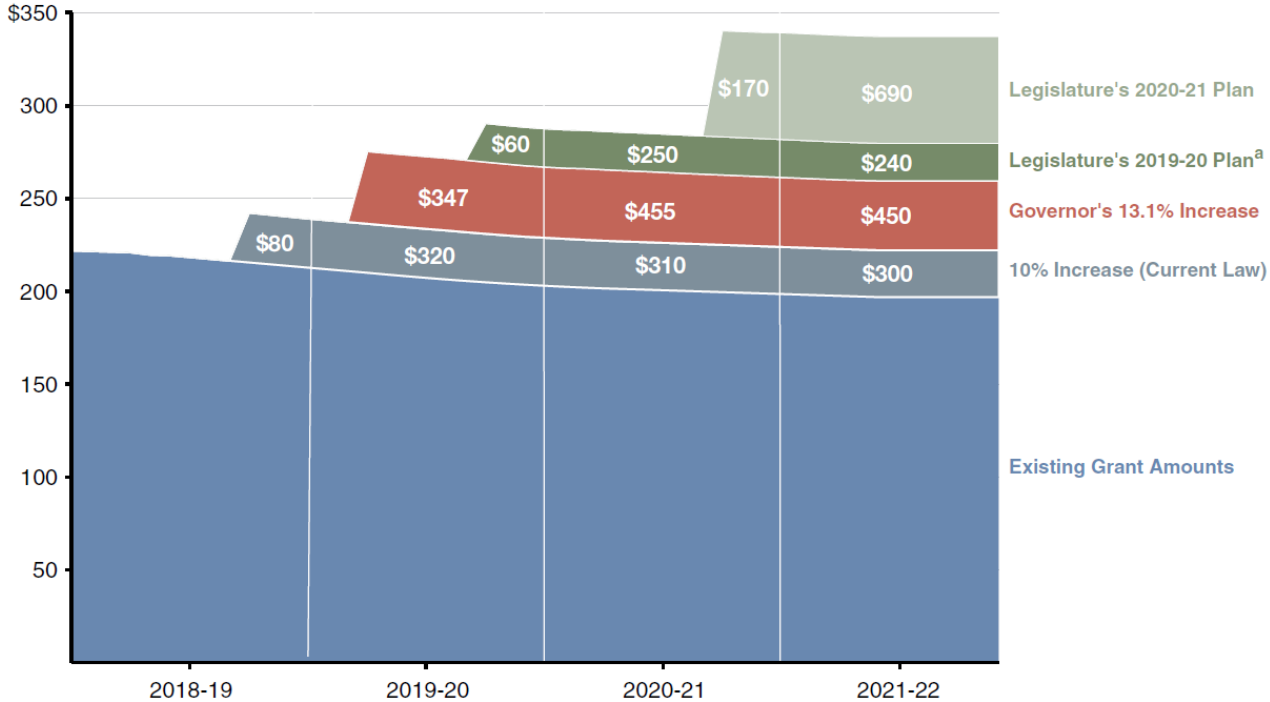
Note that the table above is only for high-cost counties. MAPs in other counties would be slightly less.

There are significant cost differences between the Legislature's plan and the Governor's plan. The Legislative Analyst's Office (LAO) estimates that the full-year cost under the Legislature's plan would be $250 million higher annually than the Governor's plan. However, note that the Legislature's plan is currently in statute, but subject to appropriation during the annual budget process. The higher cost under the Legislature's plan is mostly a result of the higher grant increases for smaller AUs. The figure below, provided by the LAO, displays the monthly cost of providing CalWORKs grants under current grant levels, the recent ten percent increase that went into effect April 1, 2019, the Governor's proposed 13.1 percent increase, and the next steps of the Legislature's approach. The dollar amounts in the figure show the estimated additional cost of each increase for each fiscal year. The Legislature's approach would require more than $900 million in annual ongoing spending above the Governor's current proposal.

9 Assistance unit – number of family members eligible for CalWORKs
10 MAP – maximum assistance payment

Visualizing Incremental CalWORKs Costs for Various Proposals

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



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

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

LAO

A notable difference between the two plans is the effect on AUs of different sizes. The Governor's plan maintains a difference in FPL percentage between different AU sizes. The Legislature aims to eliminate that difference so that all AU sizes are at 50 percent of the FPL. The Legislature's approach is most noteworthy for the smallest families. The grant amount for the smallest AU size is lower, relative to the FPL, than grants for other AU sizes. Thus, the Legislature's plan would increase grant amounts for those smaller AUs than grant amounts for AUs that are closer to 50 percent of the FPL.

LAO Comments. In its February analysis of the Governor's proposed budget for the Department of Social Services the LAO described some examples of different options the Legislature could choose.

The Legislature could choose to prioritize linking grant levels to the FPL, as it originally intended. The LAO describes two different options related to that approach.

1. Modify the Governor's proposal of an across-the-board increase and distribute that same amount of funding ($347 million in 2019-20) differently across various AU sizes. The largest increases could be given to AU sizes furthest away from that final goal of 50 percent of the FPL, and smaller increases to those AUs closer to that target. The LAO estimates that, with this approach, grant levels for all AU sizes could be raised to 48 percent of the FPL.

2. Reject the Governor's proposal and move ahead with the Legislature's original plan. As mentioned above, this plan includes multiple steps that would ultimately result in all AU sizes being at 50 percent of the FPL, or more.

Alternatively, the Legislature could prioritize an across-the-board increase by first adopting the Governor's proposal and providing other increases in subsequent years to reach the Legislature's final goal. The grant increases provided in later years would need to be of varying percentages. This option is very similar to the Legislature's current plan. Note that all of the options described are examples, and other approaches not described here could be taken.

Panel. The Subcommittee has requested Mike Herald, Director of Policy Advocacy, Western Center on Law and Poverty, in addition to DSS, DOF, and the LAO to provide comment on the proposed grant increases.

Staff Comment and Recommendation. Hold open. As mentioned above, California's poverty rate is the second highest in the nation, behind only Washington, D.C. Research has consistently shown that childhood poverty leads to poor physical, emotional, and behavioral outcomes for children. The Legislature recognizes these connections, and has made a commitment to lift all children out of deep poverty by implementing its plan to raise all CalWORKs AUs to at least 50 percent of the FPL in last year's budget. While the Governor's plan aligns with the Legislature's intent to raise all children out of deep poverty there are some differences between the two approaches. The Legislature may want to weigh the many different options, and how it can best meet its goal of raising all children out of deep poverty within those options. The Subcommittee may want to consider using the same funding amount provided in the Governor's budget but instead focus on providing larger grant increases to AUs with the greatest need.

Questions.

For DSS:

1. Please describe the Governor's proposal for raising CalWORKs grants.
2. What percentage of AUs include an ineligible or unaided family member?
3. What operational considerations should be kept in mind when considering the options provided by the LAO?

For LAO:

1. Please describe the different options the Legislature could consider in regards to this proposal.

Issue 4: BCP and Overview - CalWORKs Home Visiting Initiative (HVI)

Governor's Proposal. The Governor's budget includes $861,000 General Fund for six positions to ensure the timely and appropriate implementation of the CalWORKs HVI.

Additionally, the Governor's budget proposes ongoing funding for the program. A Home Visiting Reserve of $158.4 million was set aside to fund the HVI, from 2019 through 2021. In 2019-20, the budget provides a total of $79 million for the program. After implementation in 2018-19 and 2019-20, there will be $50.3 million remaining in the reserve. After 2020-21, funding for the program will be subject to annual appropriation during the budget process.

Background. Home visiting is an evidence-based, voluntary program model that pairs new parents with a nurse or other trained professional who makes regular visits to the participant's home to provide guidance, coaching, access to prenatal and postnatal care, and other health and social services.

Initial funding for the program was provided in the 2018 budget. DSS released a request for county plans on July 31, 2018. 44 counties submitted applications, and all 44 will receive funding for some or all of their proposed models. Many counties proposed using more than one home visiting model. Total funding awarded in 2018-19 is $26.9 million. The amount allocated to each county is based on the distribution of eligible cases per county with a minimum of $10,000 for counties with smaller caseloads.

Assembly Bill 1811 (Committee on Budget), Chapter 35, Statutes of 2018, laid out the requirements for the HVI. DSS is responsible for oversight in participating counties. This includes creating an allocation methodology, analyzing county plans, distributing funds, monitoring compliance, providing technical assistance, and legal support. AB 1811 also requires DSS to establish curriculum to train on cultural competence and implicit bias, work with a research-based institution on evaluation of the program, and to convene a stakeholder group to ensure quality improvement. An evaluation of program efficacy should be presented to the Legislature no later than January 10, 2022.

The department requests the following positions to aid in carrying out these responsibilities:

- **One Staff Services Manager I.** The manager will supervise the work of the analysts and convene with stakeholders to improve services strategies and outcomes.

- **Three Associate Governmental Program Analysts.** The analysts will serve as points of contact and subject matter experts for implementation and operation of the HVI. They will perform contract monitoring, and provide oversight of program implementation, research, and design.

- **One Research Analyst II.** The analyst will assist with analysis of caseload characteristics, as well as monitor and oversee county expenditures.

- **One Research Data Specialist I.** The data specialist will create a case management tracking system, develop data sharing agreements with other departments, and prepare research methodologies for responding to mandated reporting requirements.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide a brief overview of the BCP and an update on the HVI.

2. Please discuss the different metrics that will be tracked in the monitoring and evaluation of the program.

Issue 5: TBL – Application Fee Reimbursement for Child Care Providers in the Emergency Child Care Bridge Program

Governor's Proposal. The Governor's budget proposes language to allow for the reimbursement of the fees associated with registering as a Trustline child care provider in the Bridge Program. Currently, only license-exempt child care providers working with families in CalWORKs stages one, two, and three and Alternative Payment Programs can have their Trustline fees paid for at no cost to the provider. Total processing fees range from about $135 to $170.

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

Beginning January 1, 2018, counties participating in the Bridge Program may provide a time limited six-month child care voucher or payment to help pay for child care costs for foster children birth through age 12. Currently, Trustline fees can be paid at no cost to prospective license-exempt child care providers who plan to provide child care to families in CalWORKs stages one, two, and three and Alternative Payment Programs. However, prospective license-exempt child care providers caring for children in the Bridge Program do not have access to these resources. The proposed language would allow for child care providers in the Bridge Program to also have their Trustline fees be paid at no cost to them.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the proposal.

Issue 6: TBL - Work Incentive Nutritional Supplement (WINS) Two-parent Population

Governor's Proposal. The Governor's budget includes trailer bill language to align state law with current practice and the budget in regards to the payment of the two-parent portion of WINS benefits.

Background. WINS is a $10 food benefit for CalFresh recipients who are not on CalWORKs, but are working enough hours to meet Temporary Assistance for Needy Families (TANF) work requirements and count positively toward California's Work Participation Rate (WPR). By funding the $10 with MOE, this CalFresh population counts towards the WPR. As of October 1, 2017, WINS two-parent cases are funded with non-MOE General Fund, which conflicts with existing state law requiring funding to be claimed as MOE. DSS began funding this population with non-MOE General Fund to remove this population from WPR calculation and mitigate the risk of federal penalty exposure. California has failed to meet the 90 percent for the two-parent WPR from 2012 through 2015, with continued noncompliance expected. Fiscal analysis showed that funding the two-parent WINS population outside of the TANF program reduces the state's potential penalty exposure, while maintaining compliance with the All Families WPR requirement.

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

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the proposed language.

Issue 7: Proposals for Investment

The Subcommittee has received the following CalWORKs related proposals for investment.

1. Strengthen the Earned Income Disregard (EID)

Budget Issue. The California Welfare Director's Association (CWDA) requests the 2019-20 budget strengthen the EID. The EID is the amount subtracted from a CalWORKs recipient's income to determine initial eligibility for assistance and monthly grant amounts. By allowing a certain amount of income to be excluded, the EID is intended to facilitate and encourage paid employment. However, the EID has not been changed since it was first established in 1997.

Staff Comment and Recommendation. Hold open. Advocates are currently working with the department to determine a cost estimate. Full year costs will likely range from $80 - $120 million.

2. CalWORKs 2.0 Automation

Budget Issue. CWDA requests $5.1 million to support the automation of the CalWORKs 2.0 tools in the California Statewide Automated Welfare System (SAWS) and make them available to CalWORKs participants. Currently, the CalWORKs 2.0 tools are primarily paper based and there is no way to store the information they capture in the SAWS.

Staff Comment and Recommendation. Hold open.

3. Additional Funding for the Home Visiting Initiative

Budget Issue. The Western Center on Law and Poverty, Parents as Teachers, Head Start California, Children NOW, and the GOOD+ Foundation request an additional $25 million to extend the reach of the CalWORKs Home Visiting Initiative (HVI) to more CalWORKs families who are expecting or parenting a child under the age of two, regardless of whether they are a first-time parent or not.

Staff Comment and Recommendation. Hold open. The 2019-20 budget includes a total of $78.9 million for the CalWORKs HVI. The Administration expects 15,000 cases to be served on an annual basis beginning in 2020-21.

4. Restoration of 60-Month Time Clock

Budget Issue. The Western Center on Law and Poverty (WCL&P) and the Coalition of California Welfare Rights Organizations (CCWRO) request that the CalWORKs time limit be restored to the full 60 months. The time limit was reduced to 48 months in 2012-13. The organizations also propose to repeal the two 24-month periods but retain county flexibility to design welfare to work programs that fit the needs of families.

Staff Comment and Recommendation. Hold open.

5. Cal-OAR and CalWORKs 2.0 TBL

Budget Issue. The WCL&P and the CCWRO request the Legislature consider trailer bill language concerning both CalOAR and CalWORKs 2.0. As can be expected, during beginning conversations around CalOAR there were some differences on which performance measures to include in CalOAR. Based on these conversations the department increased the number of measurements beyond what was initially envisioned. However, stakeholders request that the Legislature provide continued oversight of CalOAR and the inclusion of additional performance measures as needed. In addition, advocates request the Legislature consider language to formally recognize CalWORKs 2.0 in statute, and consider impacts of CalWORKs 2.0 on various aspects of the CalWORKs program, including child care, housing assistance, barrier removal services, and welfare to work requirements.

Staff Comment and Recommendation. Hold open.

6. Homeless Assistance Program

Budget Issue. The WCL&P and the CCWRO request a change in statute so that a single time limited use of homeless assistance does not result in a family losing all 16 days of temporary shelter. Further, the organizations request that the limit on the use of homeless assistance payments to once a year be repealed. The organizations state that this provision is inconsistent with the realities of many families and it also makes it more difficult for counties to assist families struggling with housing.

Staff Comment and Recommendation. Hold open.

7. Repeal CalWORKs Asset Test

Budget Issue. The WCL&P, Prosperity Now, EARN, the California Association of Food Banks, the California Asset Building Coalition, and the California Coalition of Welfare Rights Advocates request the repeal of the CalWORKs Asset Test in the 2019-20 budget. Currently, families with total assets exceeding $2,250 or with a vehicle assessed at more than $9,500 cannot qualify for CalWORKs. Removing the asset test would allow more families to qualify for the CalWORKs program.

Staff Comment and Recommendation. Hold open.

8. Emergency Child Care Bridge Program for Foster Children

Budget Issue. A coalition of advocates, including the Alliance for Children’s Rights, the California Alliance of Caregivers, the California Alternative Payment Program, CWDA, the Child Care Resource Center, and the SEIU California, request $47 million General Fund to ensure additional access to early care and education services for children in foster care. This program helps to immediately stabilize traumatized children in the most appropriate foster care placement, and provides them with a bridge to long-term, high-quality early education programs to promote their educational success. Stakeholders estimate that the requested funding would draw down an additional $34.3 million in federal funds.

Staff Comment and Recommendation. Hold open.