

# SUBCOMMITTEE NO. 3

# Agenda

Senator Caroline Menjivar, Chair  
Senator Susan Talamantes Eggman, Ph.D.  
Senator Shannon Grove  
Senator Richard D. Roth



Thursday, April 11, 2024  
9:30 am, or upon adjournment of session  
1021 O Street – Room 1200

Consultant: Elizabeth Schmitt

<u>Item</u>	<u>Department</u>	<u>Page</u>
<b>5175 DEPARTMENT OF CHILD SUPPORT SERVICES</b> .....		3
ISSUE 1: DEPARTMENT OF CHILD SUPPORT SERVICES OVERVIEW .....		3
ISSUE 2: CHILD SUPPORT TRUST FUND OVERPAYMENT .....		7
<b>PUBLIC COMMENT ON ISSUES 1-2</b> .....		8
<b>5180 DEPARTMENT OF SOCIAL SERVICES</b> .....		9
ISSUE 1: GOVERNOR’S PROPOSED CUTS TO CALWORKS PROGRAMS .....		9
ISSUE 2: FEDERAL CALWORKS PILOT PROGRAM .....		19
ISSUE 3: GOVERNOR’S PROPOSED CUTS TO CDSS PROGRAMS SERVING IMMIGRANTS.....		25
ISSUE 4: EBT THEFT .....		29
<b>PUBLIC COMMENT ON ISSUES 1-4</b> .....		30
ISSUE 5: CALFRESH AND FOOD PROGRAMS OVERVIEW .....		31
ISSUE 6: STATEWIDE AUTOMATED WELFARE SYSTEM (CALSAWS) UPDATE .....		35
ISSUE 7: SECURITY ARCHITECTURE COMPLIANCE ASSESSMENT .....		40
ISSUE 8: CALFRESH EMPLOYMENT AND TRAINING – CALFRESH CONFIRM .....		42
ISSUE 9: CALFRESH HEALTHY LIVING PROGRAM SECTION ALIGNMENT .....		44
ISSUE 10: CALFRESH OUTREACH UNIT EXPANSION .....		46
ISSUE 11: CFAP OVERPAYMENTS.....		47
ISSUE 12: GUARANTEED INCOME PILOT EXTENSION.....		49
ISSUE 13: IMPROVING OPERATIONS TO SUPPORT IMMIGRANT AND REFUGEE CHILDREN .....		50
ISSUE 14: REFUGEE RESETTLEMENT INCREASED STAFFING.....		52

ISSUE 15: PROPOSALS FOR INVESTMENT ..... 54  
**PUBLIC COMMENT ON ISSUES 5-15** ..... 55

---

*Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.*

**5175 DEPARTMENT OF CHILD SUPPORT SERVICES**

**Issue 1: Department of Child Support Services Overview**

**Department of Child Support Services (DCSS).** The child support program is a federal-state program that establishes, collects, and distributes child support payments to participating parents with children. These tasks include: locating difficult to find parents; certifying paternity; establishing, enforcing, and modifying child support orders; and collecting and distributing payments. In California, the child support program is administered by 47 county and regional local child support agencies (LCSAs), in partnership with local courts. Local program operations are overseen by DCSS.<sup>1</sup> The following chart, provided by the Legislative Analyst’s Office (LAO), summarizes child support program costs and collections:

**Summary of Child Support Program Costs and Collections**

(In Millions)

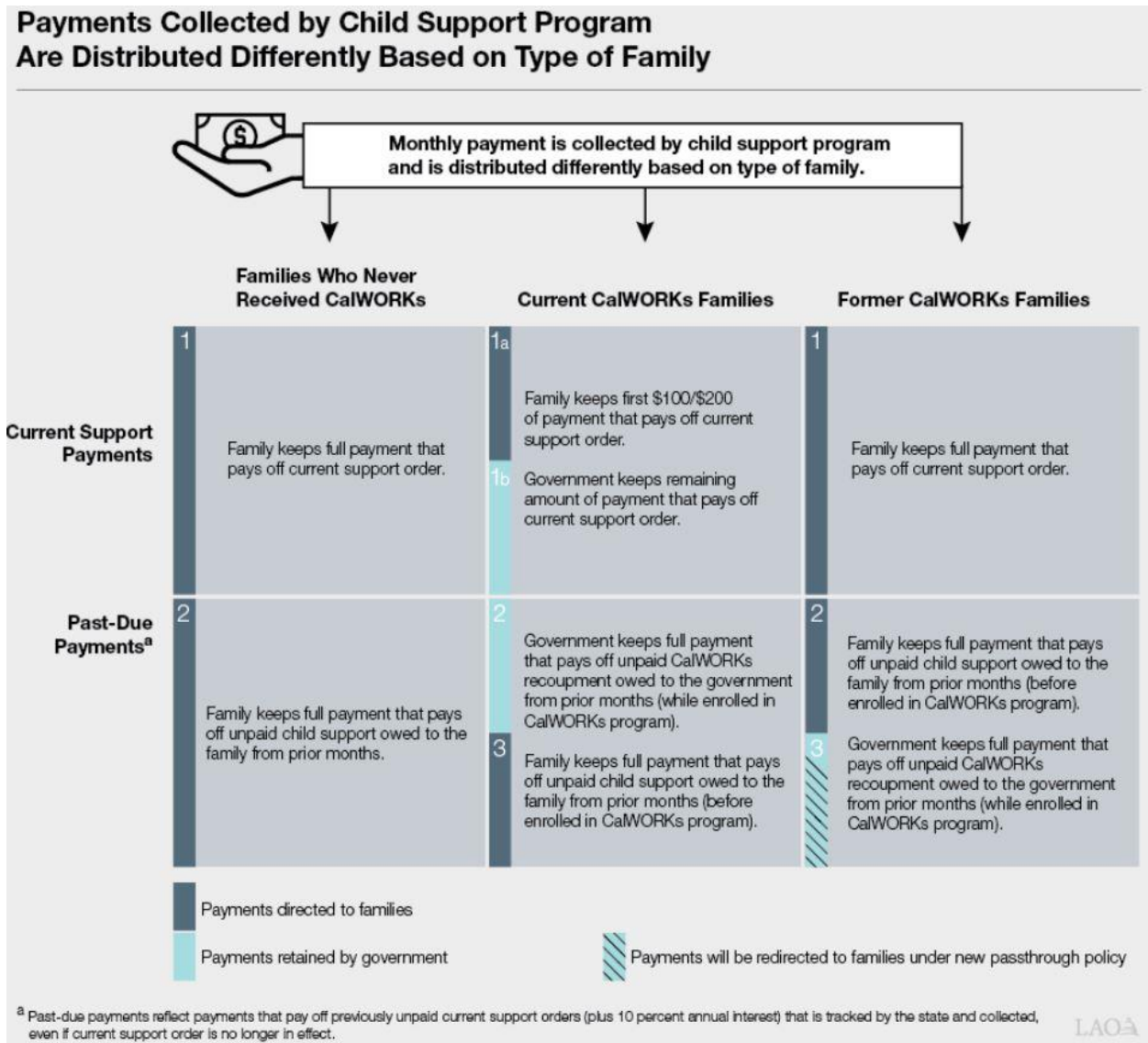
	Total	Federal	General Fund	County	Reimbursement/ Other <sup>a</sup>
<b>2024-25 Governor’s Budget</b>					
Child Support Program Costs	\$1,214.6	\$821.0	\$379.9	\$13.6	\$0.1
State operations	\$215.8	\$148.5	\$67.2	—	\$0.1
Local assistance	998.8	672.5	312.7	\$13.6	—
Collections	\$2,549.9	\$62.3	\$78.0	\$9.5	\$2,400.1
<b>2023-24 Revised Estimates</b>					
Child Support Program Costs	\$1,217.6	\$823.8	\$380.0	\$13.6	\$0.1
State operations	\$217.1	\$150.0	\$66.9	—	\$0.1
Local assistance	1,000.5	673.8	313.1	\$13.6	—
Collections	\$2,528.6	\$129.8	\$154.6	\$13.4	\$2,230.8
<b>Change from 2023-24 to 2024-25</b>					
Child Support Program Costs	-\$3.0	-\$2.9	-\$0.1	—	—
State operations	-\$1.3	-1.6	\$0.2	—	—
Local assistance	-1.6	-1.3	-0.3	—	—
Collections <sup>b</sup>	\$21.3	-\$67.5	-\$76.6	-\$3.9	\$169.3

<sup>a</sup>“Other” reflects collections that are paid to families and collections received in California on behalf of other states.

<sup>b</sup>Changes in collections distribution reflect implementation of full passthrough to formerly assisted California Work Opportunity and Responsibility to Kids families, effective May 1, 2024.

<sup>1</sup> Legislative Analyst’s Office, “The 2024-25 Budget: Child Support,” February 27, 2024.

**Background on Child Support System.** Around 75 percent of child support cases are comprised of families who receive or formerly received cash aid from the CalWORKs program. Under federal law, when a parent applies for CalWORKs cash aid (and is not living with the other parent), they generally are required to open a child support case and sign over a portion of their child support payments to the state. The state retains this portion as reimbursement toward the total government costs for the cash aid the family received under the CalWORKs program. This process of retaining child support payments to offset CalWORKs costs is referred to as CalWORKs recoupment. The CalWORKs recoupment payments are generally split between the state (roughly 50 percent), counties (roughly five percent), and federal government (roughly 45 percent). The state’s share of CalWORKs recoupment is accounted for as General Fund revenue.<sup>2</sup> The following figure, provided by the Legislative Analyst’s Office (LAO), illustrates how current support and past-due payments are directed to the family or government, depending on whether the family is currently receiving, or has ever received, CalWORKs cash aid:



<sup>2</sup> LAO

**Implementation of the Full CalWORKs Pass-Through.** The Legislature has moved in recent years to end the practice of intercepting child support payments from low-income families on CalWORKs.

- **Formerly assisted families:** As part of the 2022 Budget Act, the state ended the practice of intercepting child support payments from families who were formerly enrolled in CalWORKs. The 2022 Budget Act included \$187 million ongoing to waive the state’s share of recoupment of child support payments for formerly assisted families (the 2024-25 Governor’s budget revises the estimate to \$160.7 million annually, of which \$85 million would be from lost General Fund revenues, and another \$4 million would be General Fund revenues reimbursing the counties’ lost share of recoupment, for a total of \$89 million General Fund). Trailer bill language in the 2022 Budget Act allows the pass-through for formerly assisted families to begin on July 1, 2023. This was delayed in 2023 due to automation issues and is scheduled to take effect April/May 2024.
- **Currently assisted families:** In addition to ending the interception of child support payments for formerly assisted CalWORKs families, the 2022 Budget Act includes trigger language to implement a full pass-through of child support payments to families currently receiving CalWORKs assistance. This is subject to an evaluation of General Fund availability by the Department of Finance (DOF) in spring 2024 (May Revision). Without an appropriation in the 2024-25 budget, the state will continue to intercept child support payments from families currently receiving CalWORKs.

The “trigger” for the pass-through to currently assisted families becomes inoperative July 1, 2024, and would need to be extended if the full pass-through is not included in the 2024-25 budget. Additionally, time for automation by the California Department of Social Services (CDSS) and DCSS would be necessary to implement the pass-through for currently assisted families, meaning that additional delays would occur even after the “trigger” is pulled.

The 2022 Budget Act also requires CDSS, in conjunction with the DCSS, to convene a workgroup to evaluate unintended consequences of enacting a full pass through of child support payments to custodial families currently receiving CalWORKs benefits, and submit a report to the Legislature by April 1, 2024.

**Uncollectible Debt.** The 2021 Budget Act included trailer bill language to cease enforcement of state-owed child support arrearages determined to be uncollectible. DCSS reports that they have already implemented some sections of the statute regarding case participants that are solely on CAPI/SSI/SSP/SSDI/Veteran Disability Compensation. DCSS has contracted with UC San Diego to conduct a collectability study comprised of child support data of current case participants. The collectability study was expected to be completed and shared by DCSS by March 2024.

**2023 Budget Act included Funding Increase for LCSAs.** The 2023 Budget Act included 35.8 million (\$12.2 million General Fund) to increase support for local child support agencies.

**LAO Comment on LCSA Funding.** The LAO notes that “the funding methodology is likely to result in increased General Fund support in the future if the Legislature wishes to maintain a standard staffing ratio as well as account for locally bargained wage and benefit increases. In recent years, however, LCSAs have not spent their full allocations. Given the likelihood of continued budget problems in the future, the

Legislature may wish to examine what funding level—accounting for recent policy changes—would be warranted.”<sup>3</sup> The LAO also notes that as a result of implementing the state’s new policy around foster care case referrals to LCSAs, DCSS estimates that LCSAs should receive far fewer new foster care referrals going forward. Ultimately, this could contribute to overall lower caseloads, meaning LCSAs would need fewer staff to reach the target staffing ratios.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests DCSS respond to the following:

1. Please provide an update on the implementation of the child support pass-through to formerly assisted CalWORKs families. Is the department on track to implement the policy April/May 2024?
2. Please provide an update on the Administration’s evaluation of the “trigger” for currently assisted CalWORKs cases in 2024-25.
3. Please provide an update on the findings and the department’s plans to implement recommendations relating to uncollectible debt. When will the UCSD study, which was expected in March, be available?
4. The 2023 Budget Act included \$35.8 million (\$12.2 million General Fund) ongoing to increase support for LCSAs. How much of this total has been spent in 2023-24? How much is projected to be spent in 2024-25?

---

<sup>3</sup> LAO

**Issue 2: Child Support Trust Fund Overpayment**

**Trailer Bill Language – Governor’s Budget.** DCSS requests statutory authority to implement overpayment recovery procedures that would allow the department to offset overpayments with future collections and offset unrecoverable overpayments.

**Background on Child Support Payment Trust Fund.** Family Code section 17311 establishes the Child Support Payment Trust Fund to deposit child support payments received by DCSS for processing and providing child support payments to the parent receiving support. The collections are received from various sources for court-ordered child support obligations, most notably: wage assignments, direct payments from persons ordered to pay support, and intercepts of IRS refunds. To perform these functions, the Child Support Payment Trust Fund must maintain an adequate balance of funds to disburse collections within the federally mandated two-day disbursement timeframe.

**Overpayments.** As part of child support casework and payment processing, situations arise that can result in overpayments of support to case participants. These circumstances include, but are not limited to: IRS negative adjustments due to amended tax returns; payments inadvertently applied to the wrong case; payments collected and disbursed in excess of the child support order; credit card chargebacks received after disbursement of funds, collections dishonored by a bank resulting in unfunded collections; and other types of errors.

According to DCSS, since the transition to a single statewide payment processor and Child Support Enforcement (CSE) in 2008, the lack of a recovery mechanism has resulted in a growing balance of overpayments each year. This situation poses a risk to DCSS’s ability to meet existing service levels and the federally mandated two-day disbursement timeframes under Federal Title IV-D of the Social Security Act (Sec. 454B. [42 U.S.C. 654b]). Failure to maintain these minimum federal standards provided in Federal Title IV-D of the Social Security Act (Sec. 455. [42 U.S.C. §655]) jeopardizes the continued receipt of federal funding for the program.

**Proposed Statutory Authority to Offset Payments with Future Collections.** DCSS proposes statutory authority to implement procedures to offset overpayments with future collections. The proposed statutory authority would allow DCSS to recover overpayments in a similar manner to other departments that disburse payments. For example, Welfare and Institutions Code (WIC) 11004 provides the California Department of Social Services (CDSS) authority to recover overpayments of CalWORKs benefits and set relevant thresholds for recovery based on its determinations of cost effectiveness.

DCSS proposes to implement the recovery process by sending up to three letters providing standardized repayment options, entering elected repayment terms in the child support enforcement system for automated recovery, and establishing terms by default consent when no response is received. According to DCSS, establishing default repayment terms will ensure that child support overpayments are recovered.

According to DCSS, each letter would formally notify the issue of overpayment and communicate the intent to recover child support overpayments to the parent receiving support and provide standardized repayment options. According to DCSS, by allowing the parent receiving support to elect repayment terms, and DCSS the ability to enter elections into the child support enforcement system, DCSS can

automate the recovery process to make sure that child support overpayments are collected timely while mitigating the financial impact to the parent. The parent would also be given the option to elect that they do not wish to repay the overpayment, in which case DCSS would flag the overpayment as unrecoverable.

**Fiscal Impact.** DCSS states the department would absorb costs associated with recovering overpayments. The estimated annual noticing cost to send three letters is around \$4,482, based on an average of 1,800 new overpayments per year.

**Subcommittee Staff Comment and Recommendation – Hold Open.** Subcommittee staff notes there is no funding in the Governor’s budget associated with this proposal.

**Questions.** The Subcommittee requests DCSS respond to the following questions:

1. Please provide an overview of this trailer bill language proposal.

<b>PUBLIC COMMENT ON ISSUES 1-2</b>
-------------------------------------



**5180 DEPARTMENT OF SOCIAL SERVICES****Issue 1: Governor's Proposed Cuts to CalWORKs Programs**

**Panel Discussion.** The Subcommittee has invited the following individuals to participate in this discussion:

- Kim Johnson, Director, Department of Social Services and Emily Marshall, Finance Budget Analyst, Department of Finance
- Monica Saucedo, Senior Policy Fellow, California Budget & Policy Center
- Eileen Cubanski, Interim Executive Director, County Welfare Directors Association
- Briana Burks, Parent Leader, Parent Voices Contra Costa County
- Barri Dommer, Santa Cruz County Family Stabilization, SEIU 521
- Rebecca Gonzales, Policy Advocate, Western Center on Law & Poverty
- Sonia Schragger Russo, Fiscal & Policy Analyst, Legislative Analyst's Office

**Governor's Budget Proposes Five Cuts to CalWORKs Totaling \$293 Million Ongoing.** California Work Opportunity and Responsibilities to Kids (CalWORKs), the state's version of the federal Temporary Assistance for Needy Families (TANF) program, provides cash assistance and job services to eligible low-income families with children. CalWORKs is funded through a combination of the federal TANF block grant, the state General Fund, realignment funds, and other county funds. The program is administered locally by counties and overseen by the Department of Social Services (CDSS). The Governor's budget proposes five budget solutions to CalWORKs programs, including reversions, reductions, and permanent full program eliminations. The five cuts to CalWORKs include:

- 1. Permanent Elimination of the CalWORKs Family Stabilization Program.** The Governor's budget proposes to cut \$55 million in 2023-24 and \$71 million in 2024-25 and ongoing to eliminate the CalWORKs Family Stabilization Program. This program provides stabilizing services such as intensive case management, transitional housing, emergency shelter, and counseling to CalWORKs families experiencing domestic violence or other crisis situation. In 2022-23, these services supported approximately 44,000 CalWORKs families.
- 2. Permanent Elimination of the CalWORKs Subsidized Employment Program.** The Governor's budget proposes to cut \$134.1 million in 2023-24 and ongoing to eliminate the Subsidized Employment Program, which provides wage subsidies to help CalWORKs participants obtain employment. This program serves approximately 8,250 CalWORKs participants each month.
- 3. Permanent Elimination of the Eligibility Administration Supplement (CalWORKs Single Allocation).** The Governor's budget proposes a cut of \$40.8 million to eliminate the augmentation to the eligibility and administration component of the single allocation, which has been provided annually since 2021-22, beginning in 2023-24.
- 4. Permanent Freeze of Employment Services Intensive Case Management Hours (CalWORKs Single Allocation).** The Governor proposes to freeze hours dedicated to intensive case

management for employment services under the CalWORKs Single Allocation, holding time allotted per intensive case to 8.75 hours instead of increasing to 10 hours in 2024-25 as scheduled, and reducing costs by \$47 million.

- 5. Reversion of Unspent Funds from the 2022-23 CalWORKs Single Allocation.** The Governor proposes to revert \$336.6 million from the 2022-23 CalWORKs Single Allocation that is projected to be unspent. This is an early reversion of funds that would otherwise naturally revert to the General Fund, without any impact to programs.

**Governor’s Budget Includes \$900 million Withdrawal of Safety Net Reserve Meant to Protect CalWORKs.** While making the above-described cuts to CalWORKs programs, the Governor’s budget also withdraws the entire balance (\$900 million) of the Safety Net Reserve to solve the budget problem. The Legislature created the Safety Net Reserve in 2018 to cover the costs of Medi-Cal and CalWORKs caseload increases in the event of an economic downturn.

As noted by the LAO, “although caseloads under the Governor’s budget are higher than anticipated in June, economic conditions likely do not yet match what the Legislature envisioned when it created the reserve. Moreover, the administration proposes the ongoing reductions mentioned above despite withdrawing these reserves. Withdrawing the entirety of this reserve, while simultaneously proposing reductions, may not be consistent with its original design.”<sup>4</sup>

**Governor’s Budget Includes 0.8 Percent Increase to CalWORKs Grants funded by Local Revenues.** In addition to the cuts to CalWORKs programs and the withdrawal of the Safety Net Reserve, the Governor’s budget also proposes a grant increase of approximately 0.8 percent, effective October 2024. This increase is triggered and will be funded by revenue growth in the Child Poverty and Family Supplemental Subaccount (which is realignment funding, not General Fund). The cost of this 0.8 percent grant increase is \$26.7 million ongoing from the Subaccount.

**Background on CalWORKs Family Stabilization Program.** Since 2014, CalWORKs Family Stabilization has supported CalWORKs participants experiencing a crisis or destabilizing situation that would interfere with their ability to participate in welfare-to-work activities. Destabilizing situations include domestic violence, substance use, mental health issues, and risk of homelessness. Family Stabilization services can include intensive case management, transitional housing, emergency shelter, rehabilitative services, counseling, and other supportive services. In 2022-23, these services supported approximately 44,000 CalWORKs families.

Family Stabilization is fully utilized, and in seven out of the last eight years, counties overspent the allocation and used county funds to make up the difference, as shown in the chart below.

---

<sup>4</sup> Legislative Analyst’s Office, “The 2024-25 Budget: CalWORKs,” March 4, 2024.

CalWORKs Family Stabilization – Total Program Costs				
Fiscal Year	Allocation	Expenditures	County Allocation Remaining Balance*	% Spent
2013-14	\$10,836,000	\$6,030,650	\$4,805,350	55.65%
2014-15	\$29,654,004	\$22,322,081	\$7,331,923	75.28%
2015-16	\$29,840,000	\$38,143,076	(\$8,303,076)	127.83%
2016-17	\$39,913,000	\$47,108,226	(\$7,195,226)	118.03%
2017-18	\$46,920,000	\$47,793,111	(\$873,111)	101.86%
2018-19	\$44,525,101	\$46,462,846	(\$1,937,745)	104.35%
2019-20	\$46,920,000	\$47,581,212	(\$661,212)	101.41%
2020-21	\$48,518,000	\$48,321,910	\$196,090	99.60%
2021-22	\$47,272,000	\$51,836,854	(\$4,564,854)	109.66%
2022-23	\$51,597,000	\$60,408,905	(\$8,811,905)	117.08%

*Expenditures for FY 2021-22 and FY 2022-23 are pending fiscal year end close out process which takes place approximately two years after the end of the expenditure period.*

*\*Negative amounts displayed here reflect funds paid by Counties.*

Source: CDSS

**LAO Comment on Proposed Elimination of Family Stabilization.** The LAO notes that eliminating the CalWORKs Family Stabilization program may disproportionately and negatively impact families in crisis. “Because counties have some flexibility in the administration of local FS programs, limited data exist on statewide program outcomes. However, anecdotal evidence suggests some counties’ FS services have helped recipient families exit unsafe situations, secure stable housing, avoid welfare to work sanctions, and address barriers to work. In the absence of identifying alternative resources, eliminating the FS program would likely limit the amount of support and types of services counties can provide to their highest-need CalWORKs clients.”<sup>5</sup>

**Background on CalWORKs Expanded Subsidized Employment (ESE) Program.** Known as the “Expanded Subsidized Employment Program,” this program encompasses all subsidized employment in the CalWORKs program, outside of the general employment services funding included in the CalWORKs Single Allocation. CalWORKs parents participating in “welfare to work” (WTW) must take part in a number of different activities such as employment activities (subsidized and unsubsidized employment), vocational education, job search, job readiness activities, work experience, community service, job skills training, adult basic education, secondary school, or barrier removal activities. ESE is an optional county program to subsidize wages of CalWORKs recipients, usually for six months. Participants may be placed with a private, non-profit, or public agency with the goal of building skills that lead to higher wages and long-term employment. About 1,240 individuals participated in ESE each month in 2022-23, roughly one percent of all CalWORKs recipients with welfare to work requirements.

<sup>5</sup> LAO.

The ESE program has shown to be successful in increasing earnings, with 2019-20 program data showing the median quarterly income among a group of ESE participants began at \$2,630 and ended at \$5,348 post-ESE participation.

Unlike Family Stabilization, the ESE program has not been fully utilized in recent years, which is attributable to the COVID-19 pandemic and associated workplace restrictions, however the caseload has began rebounding in 2021-22. The chart below demonstrates historical spending on the ESE program.

CalWORKs Expanded Subsidized Employment				
Fiscal Year	Allocation	Expenditures	County Allocation Remaining Balance	% Spent
2013-14	\$39,295,000	\$17,703,649	\$21,591,351	45.05%
2014-15	\$134,145,000	\$72,948,254	\$61,196,746	54.38%
2015-16	\$134,145,000	\$108,577,168	\$25,567,832	80.94%
2016-17	\$138,308,000	\$130,331,255	\$7,976,745	94.23%
2017-18	\$134,145,000	\$129,795,187	\$4,349,813	96.76%
2018-19	\$134,145,000	\$116,594,720	\$17,550,280	86.92%
2019-20	\$134,145,000	\$110,510,035	\$23,634,965	82.38%
2020-21	\$134,145,000	\$75,288,501	\$58,856,499	56.12%
2021-22	\$134,145,000	\$83,873,101	\$50,271,899	62.52%
2022-23	\$134,145,000	\$90,527,370	\$43,617,630	67.48%

Expenditures for FY 2021-22 and FY 2022-23 are pending fiscal year end close out process which takes place approximately two years after the end of the expenditure period.

Source: CDSS

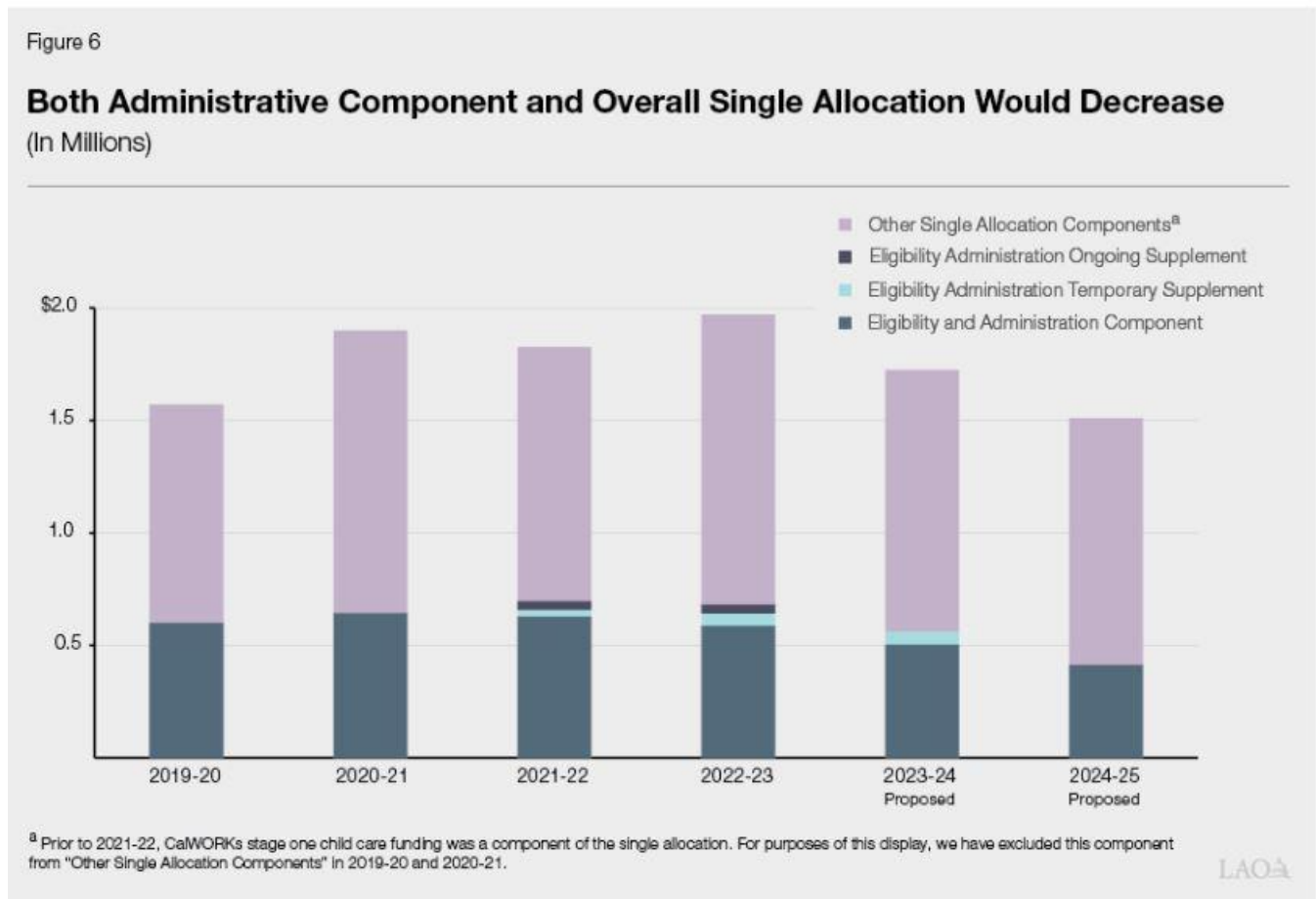
**Background on CalWORKs Intensive Services Case Management.** Counties receive additional employment services funding (separate from the ESE program) through the Single Allocation for “intensive cases,” or families requiring exceptional support to overcome barriers to employment. According to the administration, in recent years, about 10 percent of CalWORKs cases have been considered intensive. The 2021 Budget Act provided additional funding to expand the availability of intensive case management and defined intensive case management as consisting of at least ten hours of county staff time per month. The funding and minimum time requirement were designed to ramp up over four years, with the time requirement beginning at 6.25 hours in 2021-22 and increasing by 1.25 hours annually until 2024-25. In 2023-24, the minimum time requirement for intensive cases was 8.75 hours and was scheduled to increase to ten hours in 2024-25. The Governor’s budget proposes an ongoing hold on this increase. The administration projects holding the time requirement at 8.75 hours for 2024-25 and ongoing will result in annual savings of about \$47 million General Fund (as compared to what would have been spent with the increase). Counties would continue to receive \$411 million for the 8.75 hours of intensive case management through the employment services component of the Single Allocation.<sup>6</sup>

**Background on CalWORKs Single Allocation.** The CalWORKs Single Allocation is funding for counties to administer the CalWORKs program and is a combination of federal TANF funds and state

<sup>6</sup> LAO

General Fund. The Single Allocation combines funding for Eligibility Administration, Employment Services, and Cal-Learn county functions into one allocation that may be used interchangeably. The Governor’s revised budget for 2023-24 CalWORKs Single Allocation is \$1.7 billion total funds, of which approximately \$1.2 billion is allocated for Employment Services and \$506 million is allocated for eligibility determination and administration.

The Governor’s proposed \$40.8 million ongoing cut is a cut to the eligibility determination and administration portion of the Single Allocation. The Governor’s proposed \$47 million reduction to freeze intensive services case management hours at 8.75 hours is a cut to the Employment Services component of the Single Allocation. At the county level, counties may use these portions of the single allocation interchangeably. In 2024-25, temporary supplements to the single allocation will also expire; all of these proposed changes would result in an overall 30 percent decrease to the Single Allocation, as noted by the LAO in the chart below.



Source: LAO

**Underspend of the CalWORKs Single Allocation.** For many years, the full CalWORKs Single Allocation has been underspent, with funds reverting to the General Fund after final closeout. In the last five years, over \$300 million in TANF and General Funds in the CalWORKs Single Allocation have reverted to the General Fund every year. The 2023 Budget Act included an early reversion of \$288 million General Fund from the 2021-22 CalWORKs Single Allocation based on projections of underspending.

Similarly, the Governor’s budget proposes an early reversion of 2022-23 projected unspent funds from the Single Allocation at \$336.6 million. The underspend of the Single Allocation is largely driven by an underspend of the Employment Services component. According to CDSS, about 59 percent of Employment Services was spent in 2020-21, 63 percent in 2021-22, and 73 percent in 2022-23.

**LAO Comments on Single Allocation.** The LAO notes that in recent years, funding for the Single Allocation eligibility and administration component increased despite decreasing caseload. “Between 2020-21 and 2022-23, the CalWORKs caseload decreased by over 60,000 families, which normally would trigger three consecutive years of \$27.5 million in funding decreases to the single allocation’s eligibility and administration component. However, in recognition of the high level of uncertainty surrounding caseload projections during the COVID-19 pandemic, the state did not decrease funding and instead provided both ongoing (\$40.8 million starting in 2021-22) and temporary (\$27.5 million for 2021-22 and \$55 million for both 2022-23 and 2023-24) augmentations to the base level of administrative funding.”<sup>7</sup>

The LAO further notes that “the funding augmentations to the administrative component in 2021-22, 2022-23, and 2023-24 offset the caseload-driven reductions that would normally have occurred each year (under the existing funding methodology). Therefore, eliminating these augmentations would bring current and budget-year funding into alignment with normal levels under the existing methodology. (However, county representatives indicated without the augmentations mentioned above, the administrative component’s methodology likely would not have kept up with growing local costs.) Additionally, since the methodology is scheduled to be reassessed at the May revision, the normal funding level for 2024-25 may change.”<sup>8</sup>

Lastly, the LAO notes that the overall effect of the cuts to the Single Allocation are unclear. “From 2021-22 to 2023-24, over \$300 million in unspent single allocation funds naturally reverted to the General Fund each year. The Governor’s budget proposes the early reversion of \$336 million General Fund in unspent single allocation funds from the 2022-23 Budget Act. (The total 2022-23 single allocation appropriation was about \$1.9 billion.) These unspent funds would naturally revert to the General Fund in 2025-26. The 2023-24 spending plan also included the early reversion of \$288 million in unspent single allocation funds. Given counties consistently underspent total single allocation funds in recent years, along with the fungibility of single allocation funds between the components, counties may be able to fully fund current activities under the Governor’s proposal. However, county representatives report the proposed administrative component funding amount (\$414 million in 2024-25 and ongoing) may be insufficient to cover administrative costs in some counties. Many administrative activities are statutorily required, so some counties may need to leverage other single allocation funds, especially from the employment services component, to cover necessary administrative costs. Some counties report shifting funds in this way likely would adversely affect the employment services they are able to provide to CalWORKs participants.”

**CalWORKs Budget and Caseload.** The Governor’s budget projects CalWORKs caseload will be 348,599 households in 2023-24 and 354,117 households in 2024-25. Funding for 2024-25 includes \$6.2 billion (\$2.8 billion General Fund) for CalWORKs programs, resulting in a net decrease of \$227.1 million from the Budget Act of 2023, reflecting the Governor’s proposed cuts to CalWORKs. The CalWORKs

---

<sup>7</sup> LAO

<sup>8</sup> LAO



caseload is expected to be 2.3 percent higher than previously projected for 2023-24 and 3.9 percent higher for 2024-25, compared to the 2023 Budget Act. The total CalWORKs budget is summarized below:

### CalWORKs Budget Summary

All Funds (Dollars in Millions)

	2022-23	2023-24 Proposed	2024-25 Proposed	Change From 2022-23 to 2023-24 Proposed		Change From 2023-24 Proposed to 2024-25 Proposed	
				Amount	Percent	Amount	Percent
<b>Number of CalWORKs Cases</b>	331,161	348,599	354,117	17,438	5%	5,518	2%
<b>Cash Grants<sup>a</sup></b>	\$3,868	\$4,302	\$4,413	\$434	11%	\$112	3%
<b>Single Allocation</b>							
Employment Services	\$1,278	\$1,153	\$1,086	-\$125	-10%	-\$67	-6%
Cal-Learn Case Management	11	11	11	—	-1	—	1
Eligibility Determination and Administration	628	506	414	-122	-19	-\$92	-18
<b>Subtotals</b>	<b>(\$1,917)</b>	<b>(\$1,670)</b>	<b>(\$1,511)</b>	<b>(\$247)</b>	<b>(-13%)</b>	<b>(\$160)</b>	<b>(-10%)</b>
<b>Stage 1 Child Care</b>	\$532	\$648	\$709	\$116	22%	\$61	9%
<b>Other Allocations</b>							
Home Visiting Program	\$101	\$105	\$106	\$4	4%	\$1	1%
Housing Support Program <sup>b</sup>	285	95	95	-190	-67	—	—
Expanded Subsidized Employment	134	—	—	-134	-100	—	—
Family Stabilization	52	—	—	-52	-100	—	—
Mental Health and Substance Abuse Services	130	130	130	—	—	—	—
<b>Subtotals</b>	<b>(\$702)</b>	<b>(330)</b>	<b>(331)</b>	<b>(\$372)</b>	<b>(-53%)</b>	<b>(\$1)</b>	<b>(—)</b>
<b>Other<sup>c</sup></b>	\$18	\$20	\$19	\$2	12%	-\$1	-6%
<b>Totals</b>	<b>\$7,037</b>	<b>\$6,971</b>	<b>\$6,983</b>	<b>-\$66</b>	<b>-1%</b>	<b>\$12</b>	<b>0.2%</b>

<sup>a</sup>Does not include the cost of an estimated 0.8 percent grant increase funded by certain realignment revenues, which the Governor’s budget projects beginning in October 2024. We roughly estimate this would increase cash grants by about \$27 million in 2024-25.

<sup>b</sup>The 2022-23 to 2023-24 decrease in Housing Support Program funding is due to the expiration of one-time funding.

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

Source: LAO

The Governor’s budget maintains the transfer of TANF funding to the California Student Aid Commission at \$400 million and continues to utilize \$18.4 million in TANF at California Community Colleges and California Department of Education for educational and work activities for CalWORKs clients.

The chart on the next page displays total CalWORKs funds sources, including federal TANF funds.

### CalWORKs Funding Sources

(Dollars in Millions)

	2022-23	2023-24 Proposed	2024-25 Proposed	Change From 2022-23 to 2023-24 Proposed		Change From 2023-24 Proposed to 2024-25 Proposed	
				Amount	Percent	Amount	Percent
Federal TANF block grant funds	\$3,394	\$3,516	\$2,618	\$122	4%	-\$898	-26%
• TANF carryforward <sup>a</sup>	767	902	—	135	18	-902	-100
General Fund	612	307	1,296	-305	-50	989	322
Realignment funds from local indigent health savings	909	786	671	-123	-14	-115	-15
Realignment funds dedicated to grant increases	909	1,143	1,197	235	26	54	5
Other county/realignment funds	1,213	1,219	1,201	5	—	-18	-1
<b>Totals</b>	<b>\$7,037</b>	<b>\$6,971</b>	<b>\$6,983</b>	<b>-\$66</b>	<b>-1%</b>	<b>\$12</b>	<b>0.2%</b>

<sup>a</sup>TANF carryforward is a non-add line item for display purposes only. This amount is included in federal TANF block grant funds.

TANF = Temporary Assistance for Needy Families.

**CalWORKs Grants.** The 0.8 percent grant increase scheduled for October 1, 2024, based on the projection of available revenues in the Child Poverty and Family Supplemental Support Subaccount, would bring the non-exempt maximum grant level from \$1,171 to \$1,180 per month for an assistance unit of three residing in a high-cost county, which is a \$9 increase from the current level and equates to 57 percent of the 2023 Federal Poverty Level.

Monthly CalWORKs grant amounts are set according to the size of the assistance unit (AU). The size of the AU is the number of CalWORKs-eligible people in the household. Grant amounts are adjusted based on AU size—larger AUs are eligible to receive a larger grant amount—to account for the increased financial needs of larger families. As of December 2023 (when the most recent analysis was conducted), about 40 percent of CalWORKs cases included everyone in the family (and thus the AU size and the family size were the same). In the remaining 60 percent of cases, though, one or more people in the family were not eligible for CalWORKs and therefore the AU size was smaller than the family size.<sup>9</sup>

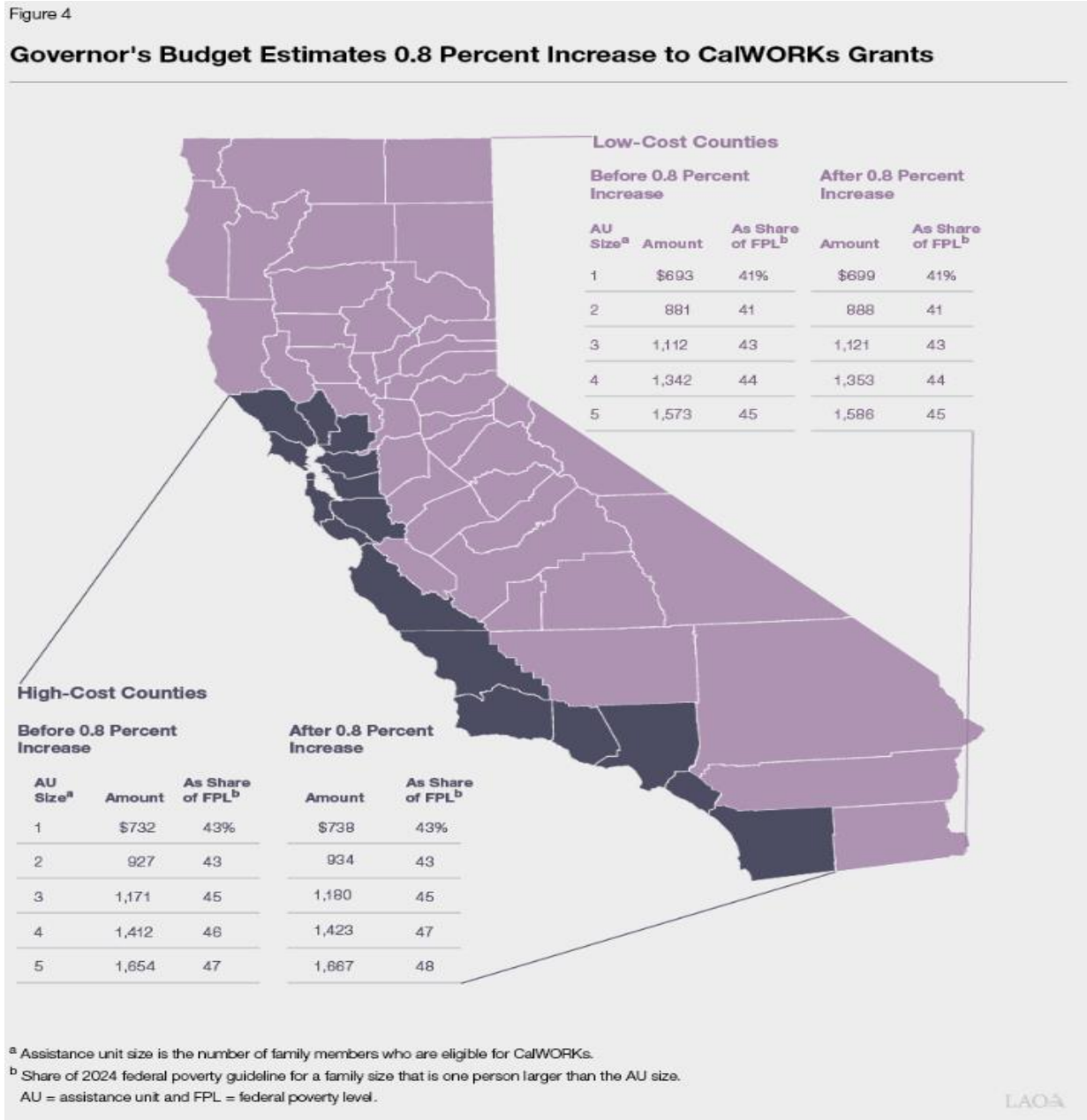
According to the LAO, family members may be ineligible for CalWORKs for several reasons. Most commonly, people are ineligible for CalWORKs because they (1) exceeded the lifetime limit on aid for adults (currently 60 months), (2) currently are sanctioned for not meeting some program requirements, or (3) receive Supplemental Security Income/State Supplementary Payment (SSI/SSP) benefits (state law prohibits individuals from receiving both SSI/SSP and CalWORKs). Additionally, individuals may be ineligible due to their immigration status.<sup>10</sup>

<sup>9</sup> LAO

<sup>10</sup> LAO



**Majority of CalWORKs Families Live in Deep Poverty.** Because about 60 percent of the CalWORKs caseload does not include the full family size in the AU, the Legislature set a goal in the 2018 Budget Act to increase CalWORKs grants to 50 percent of the federal poverty level (FPL) for a family that is one person larger than the AU size (to account for CalWORKs households in which the actual family size is larger than the CalWORKs AU). 50 percent of FPL is used as a measure of deep poverty. Despite significant grant increases in recent years, including a 10 percent grant increase which was made permanent in the 2023 Budget Act, current grant levels (including the 0.8 percent grant increase) still leave most CalWORKs families living in deep poverty, as shown in the LAO figure below.



**Widespread Opposition to Governor’s Proposed Cuts to CalWORKs.** A broad coalition of organizations representing CalWORKs stakeholders including advocates, county human services agencies, social workers, and parents are opposed to the Governor’s proposed cuts to CalWORKs, noting that these programs will take away vital services for children living in deep poverty.

**Subcommittee Staff Recommendation and Comment – Hold Open.** As noted by the LAO, some of the Governor’s proposed cuts to CalWORKs programs, such as Family Stabilization and Subsidized Employment, begin in 2023-24 and are unlikely to materialize in full as these programs are serving people presently. Therefore the savings scored for 2023-24 are likely not accurate.

Subcommittee staff notes that while the Governor’s budget proposes many solutions to address the budget shortfall, the several proposed cuts to CalWORKs programs amount to full and permanent eliminations of long-term programs that by their nature serve the poorest families in the state. The majority of CalWORKs families include children living below 50 percent of the poverty line. The CalWORKs Family Stabilization Program specifically serves a subset of those CalWORKs families who are in a crisis, due to housing instability, domestic violence, or other circumstances. Eliminating services for these families could drive children and families deeper into poverty and crisis.

Finally, Subcommittee staff notes that the statutory purpose of the Safety Net Reserve is to cover the costs of increases in CalWORKs and Medi-Cal caseloads during economic downturns. It is not a general purpose reserve. As the LAO has pointed out, while the Administration has proposed withdrawing half of the state’s general-purpose Budget Stabilization Account, the withdrawal of the Safety Net Reserve would fully deplete this reserve. The Legislature rejected a partial withdrawal of \$450 million from this reserve in 2023.

**Questions.** The Subcommittee requests DOF and CDSS respond to the following:

1. Please explain the Administration’s rationale for each of the following CalWORKs cuts: elimination of Family Stabilization Program; elimination of Subsidized Employment Program; freeze of Intensive Case Management hours; and reduction of the Eligibility Component of the Single Allocation. Why were these programs selected for cuts? Why are the cuts ongoing? What effect does the Administration anticipate these cuts will have on families and children who receive CalWORKs?
2. Please describe the proposed reversion of 2022-23 funds for CalWORKs Single Allocation. Why have significant amounts (over \$300 million) in Single Allocation funds been underspent in recent years?
3. Please describe how the withdrawal of the full \$900 million Safety Net Reserve meets the statutorily defined purpose of the Safety Net Reserve. How is this supporting the CalWORKs caseload? How would the Administration handle an increase in CalWORKs caseload in the near future with no reserve to draw down? Does the Administration have plans to replenish the Safety Net Reserve?

**Issue 2: Federal CalWORKs Pilot Program**

**Panel Discussion.** The Subcommittee has invited the following individuals to participate in this discussion:

- Kim Johnson, Director, CDSS and Emily Marshall, Finance Budget Analyst, Department of Finance
- Sonia Schrager Russo, Fiscal & Policy Analyst, Legislative Analyst’s Office
- Joy Perrin, Parent Advocate, Student Parents Are Reimagining CalWORKs (SPARC) and CalWORKs Association
- Andrew Cheyne, Managing Director of Public Policy, GRACE/End Child Poverty California

**New Federal TANF Pilot Program – Governor’s Budget.** The federal Fiscal Responsibility Act of 2023 (FRA) allows up to five states to participate in a pilot to promote accountability and test alternative benchmarks for work and family outcomes in lieu of the Temporary Assistance for Needy Families (TANF) Work Participation Rate (WPR). States will be held accountable for their performance on employment and earnings outcomes and, at the option of the Health and Human Services Secretary, measures of family well-being. Pilot projects could last for up to six years, including the time needed to establish the performance benchmarks. States in the pilot will not have to meet the WPR during implementation of the pilot and will have more flexibility to design programs and services to address families’ individual circumstances and improve outcomes.

As recommended in the Report Regarding WPR and California Work Opportunity and Responsibility to Kids (CalWORKs) Outcomes and Accountability Review (Cal-OAR) Optimization, submitted to the Legislature in September 2023, California plans to apply as a pilot state to reform CalWORKs accountability tools and improve outcomes for families.

In November 2023, the federal Administration for Children and Families (ACF) released a Request for Information (RFI) seeking input on the FRA pilot design and selection criteria, as well as implementation considerations for the work outcome measures. CDSS convened a group of interested partners in December 2023 to discuss the FRA pilot opportunity and work outcome measures, as well as to gather input in response to the RFI. CDSS responded to the RFI, providing input on the pilot design and work outcome measures drawing from experience implementing Cal-OAR.

CDSS anticipates ACF will release guidance on the pilot design and application requirements in spring 2024. Once further guidance is received, CDSS will again convene interested partners for a generative conversation to inform California’s FRA pilot proposal. Key dates for the pilot include:

- Spring 2024: Administration for Children and Families will release guidance and pilot application
- Summer 2024: states will be selected to participate in the pilot
- October 1, 2024: Pilot launch and baseline data collection begins
- 2026-2030: Pilot operates
- 2031-2032: Final pilot data reported

**Background on Work Participation Rate (WPR).** 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.

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 has sometimes struggled to meet its federal WPR target, and has been required to submit appeals and corrective action plans at times, but has never had to pay a WPR penalty in the history of the CalWORKs program. Current state law requires counties that miss federal WPR rates to pay half of any financial penalty the state may receive for not meeting the federal WPR.

**California Budget and Policy Center Report on the WPR.** A recent report by the California Budget and Policy Center, "Harmful Obstacles: CalWORKs Work Participation Rate (WPR) Penalty," found that the CalWORKs WPR penalty undercuts state reforms focused on supporting families.<sup>11</sup> According to this report, "state CalWORKs policy continues to threaten counties with financial penalties tied to the federally defined WPR, incentivizing counties and caseworkers to direct CalWORKs participants away from supportive activities to address barriers that do not fully count toward meeting the federal WPR." Some findings from this report are included below:

- CalWORKs parents are predominantly women, people of color, and parents of young children. CalWORKs parents face a labor market in which gender- and race-based discrimination are ongoing, as well as workplace expectations and practices that make it difficult for parents to balance work with caregiving responsibilities. Nearly half of CalWORKs households have not completed high school, and many CalWORKs parents are negatively affected by mental health issues, substance use, and domestic abuse, which all impact employment prospects and family well-being.
- California has made many changes focused on supporting families in the CalWORKs program. Some of these changes include establishing broader CalWORKs participation standards that are distinct from federal standards, which include no rigid time limits on activities to address barriers to employment or advance education. The state has also adopted an evidence-based behavioral approach to guide families in setting goals (CalWORKs 2.0); created more holistic outcome measures to evaluate the program (the California CalWORKs Outcome and Accountability Review or Cal-OAR); and implemented a voluntary home visiting program to support family health. However the continued threat of county penalties associated with the WPR hinders full implementation of these family-focused reforms.
- Under the WPR, the federal government defines success for state TANF programs not based on how well the programs meet families' needs, but only based on whether programs meet specific WPR targets, determined by the percentage of parents receiving assistance that are engaged in a narrowly defined set of welfare-to-work activities. These federal activities focus on getting parents into paid employment as quickly as possible, despite the fact that such work requirements have racist and sexist roots and research suggests they do not lead to meaningful long-term

---

<sup>11</sup> Sara Kimberlin, "Harmful Obstacles: CalWORKs Work Participation Rate Penalty," California Budget and Policy Center, February 2023.

improvements in employment and are linked to increases in deep poverty. The federal WPR does not acknowledge the value of fully supporting parents to address education and health barriers. Many activities to address barriers faced by large shares of CalWORKs participants – that the state approves without time limits for participants to meet state CalWORKs participation expectations – do not fully count toward meeting the federal WPR.

- Threatening to penalize counties financially for not meeting federal WPR targets creates an incentive for counties to direct parents away from activities to address barriers that may be their best investments to improve stability and long-term employment prospects – and toward more narrowly-defined “work-first” activities that may not be in families’ best long-term interests but will meet rigid federal WPR criteria. This financial penalty policy therefore works at cross-purposes with extensive recent CalWORKs reform efforts. Repealing this policy could better align state policy with the CalWORKs program’s current focus, facilitating full implementation of strategies designed to effectively support parents and families in securing long-term stability and well-being.
- Additional state changes to CalWORKs program rules could extend recent reforms to further bolster support for parents and children. Examples include:
  - Continuing to increase the size of cash grants to enable families to cover their costs to meet basic needs,
  - Expanding policies and practices that help parents avoid and quickly resolve sanctions that reduce access to cash grants,
  - Reducing sanction penalties in order to minimize negative impacts on child and parent basic needs and well-being, and
  - Recognizing county performance that demonstrates strong participant engagement and effectively identifies and addresses participant barriers.

**California Budget and Policy Center Report on the Effect of CalWORKs Sanctions.** In April 2023, the California Budget and Policy Center released an additional report on the effect of sanctions in the CalWORKs program. This report found that sanctions, which penalize CalWORKs parents who are not meeting program requirements by reducing their monthly grants, have the effect of pushing about 60,000 children per month deeper into poverty.<sup>12</sup> This report found:

- On average, the families of 60,000 children are affected by sanctions each month.
- For typical CalWORKs single-parent families, sanctions can cut monthly grants by about \$120, and a single-parent family with two children can lose up to \$235 each month. If a family’s grant is reduced for an entire year, they can lose up to \$2,820 annually – or about one-fifth of the total income they would otherwise receive from CalWORKs to pay for their basic needs.
- Research shows that sanctioned recipients are often those who face the most barriers to employment and do not fully understand the sanctions process due to limited education, learning disabilities, or mental health problems.

---

<sup>12</sup> Sara Kimberlin and Monica Saucedo, “Reforming CalWORKs Sanctions Can Better Support Children and Families,” California Budget and Policy Center, April 2023.

This report recommends that as California moves to reimagine the CalWORKs program to better support participants, building on recent state reforms including CalWORKs 2.0 and Cal-OAR, and reconsidering the WPR penalty pass-on structure, it must also consider the negative impact of sanctions on families.

**Background on CalWORKs 2.0.** CalWORKs 2.0 is an initiative led by counties and the County Welfare Directors Association of California (CWDA) to encourage counties to develop and utilize a goal-achievement service delivery framework and an intentional service selection approach within CalWORKs. CalWORKs 2.0 focuses on helping people set and achieve their goals, requiring a flexible environment that shifts from compliance-oriented to a more participant-led focus. The design of CalWORKs 2.0 is based on research that shows the benefits of prioritizing the goals of family stability and individualized success.

**Background on CalWORKs Outcomes and Accountability Review (Cal-OAR).** Initiated in 2017 and implemented in 2021, Cal-OAR takes an outcome-driven approach that facilitates continuous improvement of county CalWORKs programs by collecting, analyzing, and disseminating outcomes and best practices for participant achievement. This program makes staff and participant collaboration central to the improvement efforts undertaken by county welfare departments, with the intent to incorporate policy changes for more equitable outcomes for all participants.

Cal-OAR consists of three core components: 26 performance measures, a county CalWORKs self-assessment, and a county CalWORKs system improvement plan. The Cal-OAR Continuous Quality Improvement (CQI) cycles take place over a five-year period. The Cal-OAR performance measures follow the clients' experiences during their time in CalWORKs through one year post aid, assessing a wide variety of process and outcome data points, including client access to supportive services, educational completion, and engagement in activities, like work, education, and other activities that support the client's goals and lead towards self-sufficiency. The performance measures evaluate the effectiveness of the interventions in improving service delivery and client outcomes. The 26 measures provide a comprehensive look at the client experience throughout their time receiving CalWORKs. Presently, 12 of the 26 performance measures are hosted publicly on the Cal-OAR Data Dashboard for each of the 58 counties and statewide, and the remaining performance measures are still in development and will be available in mid-2026.

**Background on WPR Workgroup.** The 2022 Budget Act requires CDSS to consult with a stakeholder workgroup to develop recommendations to address the state's emphasis on the federal WPR and penalty pass-on structure, while optimizing implementation of the first cycle of the Cal-OAR process. This report was due on April 15, 2023 and was submitted in September 2023. According to this report, major takeaways from the workgroup members included:

- A strong desire from the workgroup for a full repeal of the WPR penalty pass-on.
- Accountability in the form of Cal-OAR performance measures or other metrics to be further explored and established.
- Reducing the harm caused by sanctions, with workgroup members noting that any repeal of the penalty pass-on structure and/or changes in county accountability should be equitably paired with

a revision of the sanction policy in recognition that reducing a family's income does not support its economic stability.

- Reducing the financial impact and duration of sanctions for families.

***LAO Comment on FRA Impacts to CalWORKs.*** The LAO has released a comprehensive analysis on the FRA's impacts to CalWORKs, which is available on the LAO's website. Among other things, the LAO finds that because California's CalWORKs caseload has declined by almost 40 percent since 2014, the federal structure of TANF provides a "caseload reduction credit" that has the effect of lowering the state's WPR requirements. The caseload reduction credits are anticipated to lower California's WPR to zero or near-zero. "In recent years, California has broadened its CalWORKs goals to include program outcomes focused on long-term employment and family well-being, which do not always align with core WTW activities. However, as mentioned, the WPR requirements include potential financial penalties. While DSS and counties are required to collect and submit WPR-related data to the federal government regardless of where California's WPR targets fall, the reduction credit rebase may lessen the pressure on the state and counties to meet higher WPR targets. In doing so, it may present an opportunity to shift some of the state's focus towards other desired outcome measures or goals for the CalWORKs program."<sup>13</sup>

**Stakeholder Proposal to Use Federal TANF Pilot as Foundation for Broader CalWORKs Reform.**

A coalition including the CalWORKs Association/Student Parents Are Reimagining CalWORKs (SPARC), Coalition of California Welfare Rights Organizations, GRACE/End Child Poverty California, Parent Voices, and Western Center on Law and Poverty, proposes trailer bill language to expand on the Governor's proposal to apply for the new federal opportunity to pilot alternatives to the WPR in CalWORKs by making program changes proven to achieve progress in family outcomes, including: (1) limit family sanctions to federal requirements; (2) empower families to self-determine their goals and participation activities; (3) ensure access to child care and all supportive services; and (4) permanently repeal the county WPR penalty pass-through. According to this coalition, "In setting aside the WPR and adopting real benchmarks for family outcomes, the pilot aligns with Reimagine objectives to support rather than punish families facing the greatest barriers and provide meaningful pathways out of poverty... if embraced, the pilot presents a critical opportunity to refocus CalWORKs away from financial sanctions on counties and participants that fuel a punitive, compliance orientation. This aligns with the goals of Cal-OAR and CalWORKs 2.0 and improving government service delivery. The pilot can rebuild community trust by empowering parents to make the best decisions for their families and allowing administrators to center CalWORKs on meeting the needs of families, making them healthier, stronger, and more resilient."

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests CDSS/DOF respond to the following questions:

1. Please describe the opportunity to apply for a pilot program to test alternative measures to work and family outcomes in TANF. What makes California a good candidate to be one of the five states chosen to participate in the WPR Alternatives pilot program?

---

<sup>13</sup> LAO

2. What alternatives is CDSS considering as measures of work and family outcomes? Once alternative measures are selected, how would the Administration ensure progress is being made in those areas being measured?
3. What were the key findings and recommendations of the 2022 WPR Workgroup to address the state's emphasis on the WPR?
4. If the Governor's budget proposals to eliminate CalWORKs Family Stabilization and Subsidized Employment programs were approved, how would the state make progress on the measures of family well-being and long-term stability that the state intends to measure, under both Cal-OAR and the federal WPR Alternatives pilot program?



**Issue 3: Governor’s Proposed Cuts to CDSS Programs Serving Immigrants**

**Panel Discussion.** The Subcommittee has invited the following individuals to participate in this discussion:

- Eliana Kaimowitz, Acting Office of Equity Director, CDSS and Thomas Locke, Finance Budget Analyst, Department of Finance
- Juwan Trotter, Fiscal and Policy Analyst, Legislative Analyst’s Office
- Jackie Gonzalez, Policy Director, Immigrant Defense Advocates
- Kate Clark, Senior Director of Immigration Services, Jewish Family Service of San Diego

**Cuts to CDSS-Administered Programs Serving Immigrants – Governor’s Budget.** The Governor’s budget proposes cuts and eliminations to two immigration programs administered by CDSS. These cuts include:

- **Elimination of funding for Temporary Protected Status (TPS) Services Program.** The Governor’s budget proposes to eliminate \$10 million for the TPS Services Program, which provides supportive services for TPS individuals and unaccompanied minors. The Governor’s budget begins this cut in 2023-24 and ongoing.
- **Reduction to California State University (CSU) Legal Services.** The Governor’s budget proposes to significantly reduce funding for CSU Immigration Legal Services by \$5.2 million, leaving \$1.8 million for this program, beginning in 2023-24.

In addition to new cuts, the Governor’s budget also does not fund programs which have been funded in previous budgets with one-time funding. This includes:

- **Rapid Response Program.** The Rapid Response program is operated through grants or contracts to entities that provide critical assistance to immigrants, primarily for humanitarian response at the southern border and for natural disaster response. This program has been funded with one-time funding in the 2021, 2022, and 2023 Budget Acts, however no funding for Rapid Response is included in the Governor’s 2024-25 budget.
- **Children Holistic Immigration Representation Project (CHIRP).** CHIRP provides holistic legal advocacy for unaccompanied children, with an emphasis on trauma-informed intervention to ensure that unaccompanied minors have both legal services and appropriate care. Each youth is assigned a fully integrated team that includes an attorney and a social services staff member (either a social worker or a case manager) to accompany them throughout the case. CHIRP was funded in the 2021 Budget Act.

**Background on CDSS Immigration Services.** The state has funded some level of immigration services at CDSS since 2015-16. According to the LAO, “although the state has provided some level of funding for immigration services since 2015-16, ongoing General Fund support of \$45 million has been provided since 2017-18. By providing funding to a statewide network of nonprofits (93 organizations funded in 2022-23), the Immigration Services Funding (ISF) program provides free services to immigrants under three broad categories: (1) legal services, (2) education and outreach, and (3) legal training and technical

assistance. In addition to this base funding, the department has received one-time, temporary funding for other immigration and equity programs detailed in Figure 1. As shown in the figure, many previously state funded programs designed to support immigrant populations are set to expire in the budget year. Additionally, the Governor’s budget proposes a few reductions to immigration and equity programs.”<sup>14</sup> The LAO chart below provides a summary of major immigration and equity programs under the 2024-25 Governor’s budget.

Figure 1

**Major Immigration and Equity Programs Under 2024-25 Governor's Budget**

General Fund (in Millions)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Ongoing
Immigration Services	\$45	\$45	\$45	\$45	\$45	\$45	\$45
Temporary Protected Status Immigration Services <sup>a</sup>	10	10	10	10	—	—	—
CSU Immigration Legal Services <sup>b</sup>	7	7	7	7	1.8	1.8	1.8
Rapid Response	24.3	37.1	105	175	150	—	—
Stop the Hate	—	—	30	40	80	—	—
Legal Services for Unaccompanied Undocumented Minors	3	3	3	3	3	3	3
Opportunities for Youth	5	—	4.7	—	5	—	—
Storm Assistance for Immigrants	—	—	—	—	11.7	—	—

<sup>a</sup>Reflects the 2024-25 budget proposal to reduce funding by \$10 million in 2023-24 and on-going.  
<sup>b</sup>Reflects the 2024-25 budget proposal to reduce funding by \$5.2 million in 2023-24 and on-going.

Source: LAO

**Background on Temporary Protected Status (TPS) Services Program.** Since 2018-19, the state has provided an annual allocation of \$10 million General Fund to supplement ISF services and specifically support hard-to-reach populations through the TPS immigration services program. This program provides services beyond those for TPS individuals, including funding to increase the capacity to support Black immigrants, Asian American and Pacific Islander (AAPI) immigrants, and those facing deportation proceedings. TPS immigration services provides legal training and technical assistance to county public defender offices, removal defense services, and legal services for deported veterans.<sup>15</sup>

As noted by the LAO, the individuals who qualify for funding under the TPS program could be supported through the base ISF program, however overall capacity to serve immigrants across the ISF program would be limited given the elimination of TPS funding.

**Background on CSU Immigration Legal Services.** As noted by the LAO, since 2018-19, the state has provided an annual allocation of \$7 million General Fund to provide immigration legal services at all 23 CSU campuses through the California State University Immigration Services Project. These funds are

<sup>14</sup> Legislative Analyst’s Office, “The 2024-25 Budget: Department of Social Services Immigration and Equity Programs,” March 15, 2024.

<sup>15</sup> LAO.

allocated to CDSS, who contracts with legal service organizations to provide these services generally free of charge to students, staff, and faculty, as well as, immediate family members, alumni within two years of graduation, and students intending to enroll. Services include legal consultations and representation in court and administrative proceedings.<sup>16</sup>

The Governor’s budget proposes a reduction of \$5.2 million to CSU Immigration Legal Services in 2023-24 and ongoing, leaving \$1.8 million in ongoing funding for this program. Since 2018-19, this program has awarded over \$27 million to six nonprofit organizations that have provided direct legal services to over 19,000 individuals, as well as education and outreach services to over 20,000 individuals. The proposed reduction in funding will reduce the number of individuals served. The department has stated that they will work together with the CSU Chancellors office and partnered legal service providers to assess the program design and determine the most effective service delivery model moving forward.<sup>17</sup>

**Background on Rapid Response Funding.** Since 2019, California Welfare and Institutions Code (WIC) 13400-13409 authorize CDSS to administer a rapid response program to award grants or contracts to entities that provide critical assistance to immigrants during times of need. CDSS has used the funding to address immigrant needs arising from changes in federal immigration policies, increased migrant arrivals at the Southwest border, as well as reoccurring natural disasters impacting California immigrants ineligible for federal assistance. The chart below, provided by the LAO, provides examples of recent programs funded under the Rapid Response program.

### Examples of Recent Rapid Response Funded Programs

(Dollars in Millions)

Program	Total Awarded Funding	Services	Population Served	Dates Served
Border Shelter Services for Immigrants project	\$186.1	Shelter, medical, and other wrap-around services	Over 500,000 migrants	Between April 1, 2021 and December 31, 2023
Ukrainian Support Services project	2.0	Temporary housing and case management services	662 Ukrainian new comers	Between August 1, 2022 and September 31, 2023
Haitian Integration Support Services project	2.6	Case management services	1,175 Haitian immigrants	DSS estimate of those to be served by June 30, 2025
Storm Assistance for Immigrants project <sup>a</sup>	88.2	General support	55,000 individuals (35,000 households) impacted by the winter storms	Between June 2023 and February 2024

<sup>a</sup>Rapid Response Funding includes \$80 million in addition to \$11.7 million allocated in 2023-24 budget.

DSS = Department of Social Services.

Source: LAO

<sup>16</sup> LAO

<sup>17</sup> LAO

The chart below provides a summary of appropriations in the 2021, 2022, and 2023 Budget acts for the Rapid Response program:

### RAPID RESPONSE BUDGET SUMMARY

State Fiscal Year	Budget Allocation	Total Awarded Funding
2021-22 (to date)	\$105,200,000	\$105,200,000
2022-23 (to date)	\$175,000,000	\$167,626,304
2023-24 (to date)	\$150,000,000	\$150,000,000
<b>TOTAL</b>	<b>\$430,200,000</b>	<b>\$422,826,304</b>

Source: CDSS

Without additional funding in the 2024-25 budget, Rapid Response Program services would be discontinued.

**Stakeholder Opposition to Governor’s Proposed Cuts to Immigration Services.** Many stakeholders, including the Cal State Student Association, the California Immigrant Policy Center, and a coalition of over 70 immigrant rights advocates, legal and social services providers, and community-based organizations are opposed to the Governor’s proposed cuts to immigration programs. The coalition notes that “immigration legal services are critical for the prosperity of our immigrant community and the future of our state. Immigration legal services provide immigrants a pathway to family unity, community integration and economic success. It can mean the difference between losing a parent to deportation or having a young person attain higher education.”

### Subcommittee Staff Comment and Recommendation – Hold Open.

**Questions.** The Subcommittee requests CDSS/DOF respond to the following:

1. Please explain the Administration’s rationale for cutting the TPS Services and CSU Legal Services Programs. Why were these programs selected for elimination and reduction?
2. How would these cuts affect the overall capacity of the state-supported immigration legal services network, in terms of individuals directly served? Could these reductions result in individuals with current cases losing access to their attorneys?
3. Please provide an update on the CHIRP. What is the impact of the program ending without additional funding?
4. The Governor’s budget does not include funding for Rapid Response, despite one-time funding in the 2021, 2022, and 2023 Budget Acts. What is the anticipated effect of not providing Rapid Response funding in 2024-25? How will this affect humanitarian assistance at the southern border?

**Issue 4: EBT Theft**

**Panel Discussion.** The Subcommittee has invited the following individuals to participate in this discussion:

- Ryan Gillette, Deputy Director of Research, Automation, and Data Division, CDSS and Emily Marshall, Finance Budget Analyst, Department of Finance
- Sonia Schragger Russo, Fiscal & Policy Analyst, Legislative Analyst’s Office
- Gilbert Ramos, Human Services Deputy Executive Officer, San Bernadino County
- Kevin Aslanian, Coalition of California Welfare Rights Organizations
- Carniece Woodson, Parent Advocate, Student Parents Are Reimagining CalWORKs (SPARC) and CalWORKs Student Association

**EBT Theft Continues to Impact Public Benefits Recipients.** Since October 2021, California has seen a significant increase in EBT theft, which is a nationwide problem. CDSS has implemented a variety of theft mitigation strategies and is actively collaborating with federal, state, and local law enforcement on the investigation of criminal activity related to EBT theft. One of the key causes of this theft is that EBT cards have outdated technology and are not chip-enabled, making CalFresh, CalWORKs, and CAPI recipients particularly vulnerable to skimming theft relative to other cardholders.

**Fiscal Impact of EBT Theft.** When benefits are stolen, recipients are entitled to replacement benefits, which are funded by a combination of state and federal funds. The administration projects this theft will cost the state over \$260 million total funds (\$196 million General Fund) to provide and administer reimbursements in 2023-24.<sup>18</sup> Counties are required to issue replacement benefits within 10 days of the request. The federal authority to restore benefits expires on September 30, 2024.

**Efforts to Improve EBT Card Technology.** The 2023 Budget Act includes \$50 million (\$17.1 million General Fund) in 2023-24, \$23 million (\$7.9 million General Fund) in 2024-25, and \$3.5 million (\$1.2 million General Fund) in 2024-25 for EBT upgrades to safeguard CalWORKs and CalFresh clients’ access to benefits, including card technology enhancements.

The Governor’s budget for 2024-25 includes \$65.8 million (\$20.4 million General Fund) in 2023-24 and \$10.7 million (\$3.5 million General Fund) in 2024-25 to improve EBT card technology and security. The proposal shifts about \$16 million from 2024-25 and 2025-26 to the current year. This funding shift is due to expedited implementation; the projected multiyear cost remains unchanged. The administration currently anticipates that, beginning in summer 2024, EBT cards will be issued with chip and tap-to-pay technologies, which provide improved fraud protection over magnetic stripe technology.<sup>19</sup>

**Efforts to Address and Investigate EBT Theft.** The 2022 Budget Act included funding for four positions to monitor, investigate, and support criminal prosecution of EBT theft. Over 2022, CDSS completed the roll-out of CVV cards, which resulted in a significant decrease in scamming, but do not protect cards from being skimmed and cloned, which is the pervasive method of theft occurring currently. CDSS is one of

<sup>18</sup> Legislative Analyst’s Office, “The 2024-25 Budget: Food Assistance Programs,” February 16, 2024.

<sup>19</sup> LAO

many agencies involved in addressing and investigating EBT theft, among local, state, and federal law enforcement.

**Subcommittee Staff Comment and Recommendation – Informational Item.** No action is needed.

**Questions.** The Subcommittee requests CDSS/DOF respond to the following:

1. Please describe how EBT Theft is impacting CalWORKs, CalFresh, and other public benefits recipients. How many households have had their benefits stolen? What was the total General Fund cost of replacing stolen EBT benefits in 2022-23 and 2023-24? Please also explain federal changes that cover some costs of benefits replacement and the limitations on federal funding for EBT replacement.
2. Please provide an update on the roll-out of EBT technology improvements including chip-enabled cards. What is the long-term plan for EBT card security to provide equitable protection to households accessing CalFresh and CalWORKs?
3. How is the department using resources appropriated in prior budgets to investigate instances of EBT theft?
4. What changes have CDSS and counties made to make it quicker and easier for individuals whose benefits have been stolen to receive reimbursement?
5. Is there any process for recovering stolen Summer EBT benefits?

<b>PUBLIC COMMENT ON ISSUES 1-4</b>
-------------------------------------



**Issue 5: CalFresh and Food Programs Overview**

**Governor’s Budget for CalFresh and Food Programs.** The Governor’s revised 2023-24 budget for CalFresh administration, which includes P-EBT and Summer EBT, includes \$3.2 billion (\$1.1 billion General Fund), representing an increase of \$23.9 million total funds and a decrease of \$3.4 million General Fund from the Budget Act of 2023. In 2024-25, CalFresh administration includes \$3 billion (\$1 billion General Fund), which represents a projected decrease of \$146.2 million (\$14.7 million General Fund) from the Budget Act of 2023. The decrease reflects the end of P-EBT, reductions in federal food bank expenditures, and fewer food benefit theft claims due to upgraded security for EBT cards.

**CALFRESH AND FOOD ASSISTANCE**

Funding (millions)	FY 2023-24 Appropriation	FY 2023-24 Revised Budget	FY 2024-25 Governor’s Budget	FY 2023-24 Change from FY 2023-24 Appropriation	FY 2024-25 Change from FY 2023-24 Appropriation
Total*	\$17,590.8	\$18,339.0	\$15,797.6	\$748.2	-\$1,793.2
Federal	15,894.5	16,625.4	14,126.7	730.9	-1,767.8
State	1,288.8	1,291.0	1,254.3	2.2	-34.5

\*The total includes county funds and federal benefits not reflected in the budget.

Source: CDSS

Federal benefits, which are not included in CDSS state operations or local assistance budgets, include a 3.58 percent Cost-of-Living Adjustment (COLA) for Maximum Allotments beginning October 1, 2023, and are expected to be approximately \$14.9 billion in 2023-24 and \$12.5 billion in 2024-25. The estimated impact of the COLA is \$311.2 million in 2023-24 and \$418.4 million in 2024-25. The year-over-year decrease in estimated benefits reflects the end of Pandemic Electronic Benefit Transfer (P-EBT) offset by the introduction of Summer Electronic Benefit Transfer (EBT).

**California Food Assistance Program.** The California Food Assistance Program (CFAP) benefits, which include the 3.58 percent COLA, are expected to be approximately \$98.9 million General Fund in 2023-24 and \$110.3 million General Fund in 2024-25. The estimated impact of the COLA is \$2.6 million in 2023-24 and \$3.8 million in 2024-25.

**Background on CalFresh.** CalFresh is California’s version of the federal Supplemental Nutrition Assistance Program (SNAP), an entitlement program that provides eligible households with federally funded monthly benefits to purchase food. CDSS oversees the CalFresh program and each county is responsible for local administration. CalFresh food benefits are 100 percent federally funded. CalFresh administration costs are funded with 50 percent federal funds, 35 percent General Fund, and 15 percent county funds, except for state-mandated program changes. CalFresh food benefits are issued through an EBT card which cardholders can use at point-of-sale terminals authorized by the United States Department of Agriculture, Food and Nutrition Service (FNS). Grocers and other retailers are paid directly by the federal government for the dollar value of purchases made with CalFresh food benefits. Monthly benefits per household vary based on household size, income, and deductible living expenses—with larger households generally receiving more benefits than smaller households and relatively higher-income households generally receiving fewer benefits than lower-income households.

In 2022-23, about 5.1 million Californians received a total of \$14.5 billion in CalFresh benefits, all of it federally funded, for an average monthly benefit of about \$185 per recipient.<sup>20</sup>

**CalFresh Caseload.** The average monthly CalFresh caseload is estimated at 3.1 million households in 2023-24 and 2024-25. As noted by the LAO, CalFresh and CFAP caseload have increased over 40 percent since the beginning of 2019-20. The chart below summarizes the CalFresh and CFAP budget.

## CalFresh and CFAP Budget Summary

(Dollars in Millions)

	2023-24 Revised <sup>a</sup>	2024-25 Proposed	Change From 2023-24 Revised to 2024-25 Proposed	
			Amount	Percent
CalFresh Households	3,054,600	3,085,200	30,600	1%
CFAP Households	23,800	26,300	2,500	11%
<b>Benefits</b>				
CalFresh Benefits <sup>b</sup>	\$11,884	\$12,107	\$223	2%
CFAP Benefits <sup>c</sup>	99	110	11	12
<b>Subtotals</b>	<b>(\$11,983)</b>	<b>(\$12,218)</b>	<b>(\$235)</b>	<b>(2%)</b>
<b>Administration</b>				
Federal Share	\$1,295	\$1,276	-\$19	-2%
State Share	962	939	-23	-2
County Share	368	362	-6	-2
<b>Subtotals</b>	<b>(\$2,626)</b>	<b>(\$2,577)</b>	<b>(\$48)</b>	<b>(-2%)</b>
<b>Totals</b>	<b>\$14,609</b>	<b>\$14,795</b>	<b>\$186</b>	<b>1%</b>

<sup>a</sup>An additional \$2.9 billion in federal funds were appropriated in 2023-24 for temporary pandemic Electronic Benefits Transfer benefits and associated administration and automation costs.

<sup>b</sup>CalFresh benefits are 100 percent federally funded. The Governor's budget estimates an average monthly benefit of \$316 per household. CalFresh benefits also include replacement benefits.

<sup>c</sup>CFAP benefits are 100 percent General Fund. The Governor's budget estimates an average monthly benefit of \$337 per household. CFAP benefits also include replacement benefits.

CFAP = California Food Assistance Program.

Source: LAO

<sup>20</sup> LAO



**CFAP Expansion.** Implementation of the expansion of CFAP to include previously ineligible immigrants age 55 and older is expected in October 2025. The 2023-24 spending plan included \$40 million General Fund for automation and outreach associated with the expansion. The Governor’s 2024-25 budget proposal shifts some of these funds to 2024-25 and also provides refined automation cost estimates. The budget includes about \$11 million General Fund in 2023-24 and about \$23 million General Fund in 2024-25 for outreach and automation. Because implementation of the benefit is not expected to occur until 2025-26, the Governor’s 2024-25 budget does not include General Fund costs to pay for this benefit.<sup>21</sup>

**CalFresh Minimum Nutrition Benefit Pilot Program.** The 2023 Budget Act includes \$15 million one-time and trailer bill language establishing the California Minimum Nutrition Benefit pilot program, which will provide some CalFresh households with a state supplement to raise the current minimum benefit from \$23 to \$50.

**CalFresh Fruit and Vegetable Pilot Program.** The 2023 Budget Act includes \$9.9 million General Fund one-time to extend the California Fruit and Vegetable EBT Pilot Project. This project, which provides rebates when CalFresh participants purchase fruits and vegetables at participating retailers, has proven to be more successful and popular than anticipated and CDSS projects ending the program in April due to lack of funds to continue offering the program.

**CalFood Program.** The CalFood program allocates funding to California’s network of food banks to purchase food primarily sourced from California. This funding is vital for food banks to secure food and reduce supply chain issues as demand for food continues at pandemic highs. The 2022 Budget Act included \$112 million General Fund total for the CalFood program in 2022-23 and the 2023 Budget Act approved an additional \$52 million General Fund in 2023-24 above the program’s baseline budget (\$8 million). In 2024-25, the CalFood budget reduces to the baseline of \$8 million.

**Able-Bodied Adults without Dependents (ABAWD) Federal Rule.** Since the 1996 federal welfare reform, someone receiving SNAP (CalFresh in California) who is determined to be an “Able-Bodied Adult Without Dependents,” or ABAWD, is only allowed three months of CalFresh within a 36-month period unless they meet an exemption. California currently has a statewide ABAWD waiver in place, which is set to expire on October 31, 2024. Federal changes in the Fiscal Responsibility Act of 2023 increased the ABAWD population to newly include those ages 50-54, and included a variety of additional exemptions to the rule, which would need to be implemented and automated by CDSS and counties in the absence of an additional statewide waiver after October 2024.

**Summer EBT.** The 2023 Budget Act includes \$47 million (\$23.5 million General Fund) for outreach and automation costs to phase in a new federal Summer EBT program for children who qualify for free or reduced-price school meals beginning summer 2024. Trailer bill language requires CDSS, in partnership with the State Department of Education (CDE), to maximize participation in the Summer EBT program and to share data for the purpose of administering Summer EBT.

The Governor’s budget for Summer-EBT reflects estimated federal benefits of \$252.8 million in 2023-24 and \$430.2 million in 2024-25. The benefit amount for 2024-25 is representative of a complete year’s caseload, given that issuances each summer are anticipated to overlap two fiscal years. Summer EBT was recently established as a new permanent federal program under the Consolidated Appropriations Act of 2023. California opted to participate at the earliest permissible date. Accordingly, operations for summer

---

<sup>21</sup> LAO

2024 are subject to USDA guidance for early implementation, and planning is ongoing. Operations for subsequent summers will be subject to the Interim Final Rule, released December 29, 2023.

**Subcommittee Staff Comment and Recommendation – Informational Item.** No action is needed. Subcommittee staff notes that while the Governor’s budget does not include any cuts to CalFresh under CDSS, it does include a proposal to eliminate funding for the California Nutrition Incentive Program (CNIP), which is administered by the California Department of Food and Agriculture and allows for matching CalFresh benefits at farmer’s markets.

**Questions.** The Subcommittee requests CDSS respond to the following questions:

1. Please provide an update on the state’s ABAWD waiver and efforts to streamline and automate recent federal changes to ABAWD exemptions. What is the timeline for both the federal waiver process and the automation of exemptions?
2. Please provide an update on the CalFresh Fruits and Vegetables Program and when this program will run out of funds.
3. Please provide an update on Summer EBT implementation. Are CDSS and CDE on track to maximize the first year of Summer EBT? What resources or infrastructure are needed to fulfill newly released federal Summer EBT requirements, including standing up an appeals and hearings process?

**Issue 6: Statewide Automated Welfare System (CalSAWS) Update**

**Background on California Statewide Automated Welfare System (CalSAWS).** CalSAWS is the single automated case management and eligibility system supporting CDSS programs and other public benefits programs, including CalWORKs, CalFresh, Medi-Cal, Foster Care, and other social services. BenefitsCal is the public-facing portal and CalSAWS is the county eligibility and benefit calculation system. CalSAWS is governed by a Joint Powers Authority (JPA) representing the 58 counties. As of October 2023, all 58 counties have migrated to the single CalSAWS system.

**CalSAWS Project – Governor’s Budget.** Funding for CalSAWS consists of state, federal, and county funds based on the sharing ratios of the various benefit programs. The total CalSAWS Project budget for 2024-25 is \$346 million (\$99.6 million General Fund). This is exclusive of automation projects to fund specified state or federal policy changes outside of the base CalSAWS budget. The budget for CalSAWS is summarized below:

## California Statewide Automated Welfare System (CalSAWS) Project

**EXPENDITURES:**  
(in 000s)

	<b>FY 2023-24</b>				
<b>Item 141 – Automation</b>	<b>Total</b>	<b>Federal</b>	<b>State</b>	<b>County</b>	<b>Reimb.</b>
CalSAWS Project	\$355,078	\$57,456	\$105,758	\$10,830	\$181,034
<b>FY 2024-25</b>					
<b>Item 141 – Automation</b>	<b>Total</b>	<b>Federal</b>	<b>State</b>	<b>County</b>	<b>Reimb.</b>
CalSAWS Project	\$345,955	\$50,543	\$99,644	\$14,120	\$181,648

Source: CDSS

The following breakdown of the CalSAWS budget is provided by the California Health and Human Services Agency Office of Technology and Solutions Integration (OTSI).

- The CalSAWS budget for 2024-25 includes \$300 million (87 percent) for general maintenance and operations. Operations for CalSAWS includes hardware, software, cloud services; technical infrastructure services such as wide area network, local area network, help desk, system performance monitoring, batch operations, and project management; personnel and legal services; print services; quality assurance services; and facilities. The remaining \$46 million (13 percent of the total) accommodates system changes.
- Of the \$46 million, \$17.5 million (five percent) is limited to client correspondence enhancements, BenefitsCal portal mobile enhancements, and CalHEERS interface enhancements, in accordance with approved scope by State and federal sponsors. Approximately \$28.6 million (8 percent) will be utilized for other changes including recurring policy maintenance.

- The CalSAWS budget for 2023-24 includes \$37 million (10 percent) for migration activities. This represents seven percent of the overall migration costs with the majority of the work completed in prior years. Operations costs in 2023-24 equate to \$272 million (77 percent), and \$46 million (13 percent) for enhancements.

Category	SFY 24/25	%
<b>Operations</b>		
Hardware/Software/Cloud Services	\$107,500,000	31%
Technical Infrastructure	\$105,400,000	30%
Personnel & Legal Services	\$51,000,000	15%
Print Services	\$26,100,000	8%
Quality Assurance Services	\$7,200,000	2%
Facilities	\$2,800,000	1%
<b>Subtotal</b>	<b>\$300,000,000</b>	<b>87%</b>
<b>System Changes</b>		
Client Correspondence	\$8,100,000	2%
BenefitsCal	\$6,200,000	2%
CalHEERS Interface	\$3,200,000	1%
Additional System Changes	\$28,600,000	8%
<b>Total</b>	<b>\$46,100,000</b>	<b>13%</b>

<b>Combined Total</b>	<b>\$346,100,000</b>	<b>100%</b>
-----------------------	----------------------	-------------

The breakdown of the costs for additional system changes (eight percent in the chart above) according to historical categories is provided below.

Additional System Changes	Annual Cost	% of Total
Legislative & Recurring Policy Maintenance	\$18,000,000	63%
Online Help/Training, Texting & Notifications	\$2,800,000	10%
CalSAWS/BenefitsCal Integration	\$2,000,000	7%
Software and Security Upgrades	\$1,700,000	6%
Change Management and Communications	\$1,700,000	6%
Worker-Facing System Usability Including ADA Compliance	\$900,000	3%
Ancillaries (Interactive Voice Response/Contact Center/Lobby Management, Imaging)	\$600,000	2%
Reports & State Requests	\$600,000	2%
Bank Changes, Office Schedules, Warrant Print Updates	\$300,000	1%
<b>Total</b>	<b>\$28,600,000</b>	<b>100%</b>

**2023 Budget Act – State Oversight of CalSAWS Project and Interface with Child Welfare System.**

The 2023 Budget Act included funding for five permanent positions across OTSI, CDSS, and Department of Health Care Services to support the CalSAWS consolidation and to direct, govern, and oversee the planning and implementation of CalSAWS. The 2023 Budget Act also included \$25 million for a bi-directional interface between CalSAWS and Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) systems.

**2023 Budget Act – CalSAWS Stakeholder Engagement.** The 2023 Budget Act also included Supplemental Report Language requiring the Administration and CalSAWS to report on efforts to improve engagement with stakeholders to solicit and integrate their feedback into prioritization of enhancements to public-facing elements of CalSAWS. This was in response to stakeholder concerns that client and community-based organization feedback into the design of public-facing elements of CalSAWS, such as BenefitsCal, were not being considered meaningfully, leading to design issues that could have been avoided. The key elements of this report include:

- Improved processes for solicitation and incorporation of stakeholder feedback and input into prioritization of enhancements to public-facing elements of CalSAWS. The report shall consider, at a minimum, the processes for the Collaboration Model group, monthly public meetings such as the Joint Powers Authority Board and Project Steering Committee meetings, and quarterly stakeholder meetings.
- Consistent, effective communication with stakeholders to ensure meaningful, timely inclusion of their feedback and input on public-facing elements of CalSAWS. The report shall consider, at a minimum, communication among Collaboration Model group members, explanation of decision-making on enhancement inclusion and prioritization, and sharing of client and community-based organization feedback and insights with stakeholders.
- Examples of changes, enhancements, or other progress towards furthering the goal of minimizing the burden of the overall eligibility process for enrollment and retention of benefits for low-income Californians and streamlining interactions for both clients and eligibility workers, within existing technology, resources, and policy. The report shall consider, at a minimum, migration of the remaining California Work Opportunity and Responsibility to Kids Information Network (CalWIN) counties to CalSAWS, full post-migration implementation of CalSAWS and its ancillary systems as the single system, and ongoing CalSAWS and ancillary system development and operations activities.

OTSI and CalSAWS submitted this report to the Legislature in January 2024. The CalSAWS advocates noted that the report included valuable information to further support collaboration and public access to benefits. Nonetheless, in a response letter to the Legislature, the advocates raised a number of remaining issues, some of which include:

- A lack of transparency around the criteria for system enhancements to be assessed, and how county enhancements are prioritized against other needs.
- A lack of timelines for implementation of enhancements that have been prioritized by advocates.
- A lack of information about the overall design process.

- A lack of clarity on who is responsible for ensuring the requirements in WIC 10823 around stakeholder engagement are met, and who advocates should connect with.
- Workers continue to be unaware of the tech help desk and struggle to get support when they face tech issues.

The CalSAWS advocates group, represented by the California Association of Food Banks, recommends the following in their response to the Supplemental Report:

1. Provide meaningful data to demonstrate how the legislative requirement to reduce client burden is being understood and mitigated.
2. Provide a full description of the design process for BenefitsCal that identifies all the phases and steps in the process, which ones have been identified for advocates' engagement or not (and why), and the criteria for advocate engagement.
3. Develop a transparent and inclusive approach for public engagement in the County Enhancement Request Process for changes that impact the public.
4. Further transparency in the Collaboration Model by providing criteria and definitions of terms for how enhancement requests are assessed.
5. Further integrate best practices for public engagement for the Collaboration Model.
6. Update the search feature on the CalSAWS website to allow for customized searches that would ensure this resource can effectively function as a communication source.
7. Provide details on the "improved facilitation strategies and information sharing" in the Stakeholder meetings.
8. Provide an org chart or some other point in time document to clarify the individuals who are assigned to the roles and responsibilities for stakeholder engagement.

**Subcommittee Staff Comment and Recommendation – Informational Item.** No action is needed. Subcommittee staff notes that 2023 marked the end of the design, development, and implementation phase of the project and the transition to maintenance and operation. This includes a new vendor contract. The Legislature may wish to monitor ongoing project costs as part of this transition.

**Questions.** The Subcommittee requests CDSS/OTSI respond to the following:

1. Please provide an overview of the total budget for CalSAWS in 2024-25. What are the key components of the CalSAWS budget? How and when might the overall CalSAWS budget change as a result of contract changes?
2. How will the CalSAWS budget change, now that the migration of all the counties onto a single system is complete? How will the speed at which CalSAWS is able to automate new policies change, now that the migration is complete?
3. Please describe how ongoing funding and positions for OSI to direct, govern, and oversee the planning and implementation of CalSAWS has been implemented. How do OTSI and CDSS

facilitate stakeholder engagement with CalSAWS when issues regarding client experience are raised?

**Issue 7: Security Architecture Compliance Assessment**

**Budget Change Proposal – Governor’s Budget.** CDSS requests \$2 million General Fund one-time to meet the new IT security Zero Trust Architecture (ZTA) and Multifactor Authentication (MFA) standards defined by the California Department of Technology (CDT).

**Background on New California Department of Technology (CDT) Standards.** In May 2023, the CDT introduced new requirements describing MFA and ZTA standards. This letter mandates all state entities assess, plan, and implement the initial maturity stage of the five pillars as defined by the CISA ZTA Maturity Model Version 2.0 by May 2024.

**Background on CDSS Information Systems Division (ISD).** CDSS’s Information Systems Division (ISD) provides planning and operational support, as well as information security and privacy rules and standards, application development, and support for existing and new systems. ISD manages and oversees department-wide technology activities and divisional IT projects, as well as the upkeep of state-mandated manuals and reports. ISD is also in charge of the department’s enterprise architecture, technological research and analysis, and project approval document preparation guidelines.

**Resource Request.** According to CDSS, “while CDSS supports ZTA implementation, it is not possible for CDSS to implement all of the policy and system changes necessary by the new standards without additional resources, technology, and assistance. The requested funding will be used to perform and support the ZTA assessment which is crucial for CDSS to align with the new requirements set forth by the CDT. Additionally, this assessment will provide invaluable insights into the time, resources, and technology required to implement ZTA successfully within our organization. By conducting a ZTA assessment, we can evaluate our current identity and access management implementation and identify any gaps or vulnerabilities that may exist. This assessment will enable us to address these deficiencies promptly, ensuring compliance with the new requirements and reinforcing our security posture. By proactively assessing our organization’s readiness for ZTA, we can position ourselves as leaders in compliance, mitigate potential findings, and demonstrate our commitment to safeguarding sensitive information and critical infrastructure. Implementing ZTA is a complex endeavor that involves various components, such as network architecture, identity management, data protection, endpoint security, cloud security, and incident response. The ZTA assessment will provide us with a comprehensive understanding of our current state, enabling us to assess the time, resources, and technology required for successful ZTA implementation. This assessment will help us identify potential challenges, estimate costs, and develop an implementation roadmap that aligns with our organization’s unique needs and priorities.”

If approved CDSS would initiate a competitive procurement process begin to secure one-time professional services to perform ZTA technology environment and workforce assessment. The first year’s expected schedule include the following phases:

- November 2024: Initiate Competitive Procurement Process
- January 2025: Award Contract
- February 2025: Onboarding, Planning & Effort Initiation
- March 2025: Technical Assessment and Analysis



- July 2025: Workforce Analysis
- September 2025: Presentation and Alignment

**Subcommittee Staff Comment and Recommendation – Hold Open.** Subcommittee staff notes this proposal is for \$2 million in one-time new General Fund resources.

**Questions.** The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal.
2. Please explain why it is necessary to invest new General Fund in this project in 2024-25.

**Issue 8: CalFresh Employment and Training – CalFresh Confirm**

**Budget Change Proposal – Governor’s Budget.** CDSS requests \$200,000 in 2024-25 and \$196,000 ongoing for one position (Staff Services Manager I) in the CalFresh & Nutrition Branch to effectively manage current workload and increasing responsibilities, support federal compliance, and maintain implementation of the CalFresh Confirm tool. This position would be funded by federal funds and reimbursements and has no impact on the General Fund.

**Background on CalFresh Employment and Training (CalFresh E&T).** CalFresh E&T provides CalFresh recipients with opportunities to gain skills, training, and/or experience. CDSS provides oversight, technical assistance, and general program support to counties and third-party providers currently implementing CalFresh E&T. California’s E&T program operates in 35 counties with services offered by counties and over 65 third-party providers.

**Background on CalFresh Confirm.** As part of CDSS’ efforts to support counties and third-party providers in expanding access to E&T services, CDSS developed and launched the “CalFresh Confirm” tool in September 2021. CalFresh Confirm is an online tool partially funded by the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) through a federal technology improvement grant. CalFresh Confirm allows authorized users to confirm CalFresh eligibility for the purpose of seeking CalFresh E&T reimbursement for employment and training services provided to CalFresh recipients. While CalFresh Confirm was built primarily for workforce services providers, other partners who enter into agreements with CDSS will be able to access the tool to confirm CalFresh eligibility and support access to other essential services, such as reduced court fines, utility and phone services, transportation passes, and other programs.

**Staffing and Resource Request.** According to CDSS, the CalFresh Confirm tool requires ongoing management and maintenance to keep the tool up to date and respond to the needs of CalFresh E&T providers, including counties and other statewide partner organizations. This tool reduces the administrative burden of verifying CalFresh eligibility for both counties and partners making much needed employment services available to more individuals. Currently, the CalFresh Confirm tool has one Information Technology Specialist (ITS) II within the Information Systems Division (ISD) to support the CalFresh E&T Section.

According to CDSS, the requested CalFresh Confirm SSM I would serve as the program lead, providing policy expertise and interpretation, and acting as the primary liaison to external contracted partners and workforce service providers, including CalFresh E&T counties and third-party providers. Third-party providers will access the tool to verify participant eligibility and access information necessary to meet program reporting requirements. Onboarding users will include presentations and webinars, dissemination of reference materials, and stakeholder engagement. The CalFresh Confirm SSM I would also oversee contract development and management.

In addition, the CalFresh Confirm SSM I Specialist would oversee workgroups of department program, research, and information technology staff, external stakeholders, and others so that existing tools may be improved, and future tools may be developed. The CalFresh Confirm SSM I Specialist would participate in ongoing project-related activities, including strategic problem solving, business rules extract sessions, business and technical system design sessions, testing, and other necessary activities from all CalFresh

program policy perspectives. This includes monitoring all phases of planning, including participation with California Statewide Automated Welfare Systems (CalSAWS) and county participants. This also includes the development and implementation documents, verification plans, business services definitions, interface control, and governance structures, and provides analysis and recommendations to executive management and other appropriate CDSS parties. The CalFresh Confirm SSM I Specialist would manage the day-to-day functions of administering CalFresh Confirm and collaborate closely with the ITS II. This includes providing technical assistance to users including: adding, editing, monitoring, suspending, and/or revoking user accounts as well as communicating directly with users, oversight agencies, and CDSS staff when the system is malfunctioning to correct the error in a timely fashion; acting immediately when actual or suspected fraud occurs; developing inter-agency agreements, contracts, and memorandum of understanding (MOUs/MOUAs); and tracking program budgets and preparing invoices.

**Subcommittee Staff Comment and Recommendation – Hold Open.** Subcommittee staff notes this proposal has no impact on the General Fund.

**Questions.** The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal.

**Issue 9: CalFresh Healthy Living Program Section Alignment**

**Budget Change Proposal – Governor’s Budget.** CDSS requests \$562,000 in 2024-25 and \$546,000 ongoing federal funds for three positions to support the CalFresh Healthy Living Program. This proposal has no impact on the General Fund.

**Background on CalFresh Healthy Living (CFHL) Program.** When CDSS began administering the state’s CFHL program, CDSS primarily served as a pass-through agency that funneled federal funding from the United States Department of Agriculture, Food and Nutrition Services (USDA, FNS) to other state agencies which provided direct client service. According to CDSS, the department’s role in the program has grown to meet increasingly stringent federal requirements and to meet the needs and expectations of CFHL program partners.

CDSS is responsible for providing administrative oversight directly to four agencies: the California Department of Public Health, the California Department of Aging, CalFresh Healthy Living-UC Davis, and Catholic Charities of California, which encompass a network of over 140 local implementing agencies across California. California operates the largest Supplemental Nutrition Assistance Program-Education (SNAP-Ed) program in the nation, with over \$100 million in federal funds flowing through the network each year.

Per revised USDA guidance, California must submit annual work plan data via the new SNAP-Ed Annual Plan Online System beginning in Federal Fiscal Year 2023. This new task requires coordination and guidance from CDSS staff with all SNAP-Ed implementers in California. Additionally, the CFHL team must actively engage in tribal consultation with tribal leadership about the SNAP-Ed Plan of Operation as required by SNAP regulations (7 CFR 272.2(b) and 272.2(e)(7)).

According to CDSS, the department lacks sufficient resources to meet these requirements and expectations from USDA, as well as address programmatic needs to serve vulnerable populations. Not meeting these requirements will lead to noncompliance. Noncompliance will lead to delay, reduced, or returned federal funding. The three positions requested would allow the CFHL section to address and meet the needs of the program, as well as requirements and expectations of USDA.

**Staffing and Resource Request.** CDSS requests one permanent Staff Services Manager II (SSMII) position, one permanent Staff Services Manager I (SSMI), and one permanent Associate Governmental Program Analyst (AGPA) for the CalFresh Healthy Living (CFHL) Section in the CalFresh and Nutrition Programs Bureau. These three positions will be 100 percent federally funded by USDA through the SNAP-Ed Program.

This request would effectively split the existing CFHL section into two sections: a Contracts & Technical Support Section and a Data and Reporting Section. In addition, a fifth unit will be formed with the new SSMI position, new AGPA position, and two redirected existing staff from two units.

According to CDSS, program compliance has been an ongoing focal point for CFHL and providing thorough technical assistance and program guidance with limited staffing has been challenging amid other program priorities. The CFHL Section currently has four units with 14 analysts overseeing a variety of projects, workgroups, contracts, meeting collaboratives, data systems, and annual plan reporting, as well

as overseeing the different components of the program with a variety of responsibilities not limited to providing guidance, ensuring program compliance, managing funding and allocations, and reporting data and outcomes. In addition, each CFHL staff responds to inquiries from partners and stakeholders, including providing training and technical assistance. Analysts who manage contracts are also responsible for conducting fiscal and programmatic management evaluation reviews of state and local agencies that implement nutrition education interventions. In addition to conducting CDSS led management evaluation reviews, CFHL staff also coordinate and participate in federally conducted management evaluations, and the number of management evaluation and compliance reviews have increased significantly in recent years.

**Subcommittee Staff Comment and Recommendation – Hold Open.** Subcommittee staff notes this proposal has no impact on the General Fund.

**Questions.** The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal.

**Issue 10: CalFresh Outreach Unit Expansion**

**Budget Change Proposal – Governor’s Budget.** CDSS requests \$173,000 in 2024-25 and \$169,000 ongoing for one permanent position to support ongoing CalFresh outreach. This position is 100 percent federally funded and has no impact on the General Fund.

**Background on CalFresh Outreach.** The CalFresh Outreach unit under CDSS administers California's SNAP Outreach program through a network of contracted community-based organizations with the goal of increasing access to CalFresh and providing individual support to people who need help connecting with the state's food safety net.

**Staffing and Resource Request.** According to CDSS, the scope of the CalFresh Outreach Unit has grown significantly in recent years, especially with the implementation of Disaster CalFresh, which is triggered any time a county disaster is declared. In the past year alone, there have been over ten Disaster CalFresh implementations in California, which is more than double the rate of previous years. Lacking dedicated resources to respond to Disaster CalFresh operations, the existing Outreach team is forced to pause or redirect workload to be able to absorb the urgent and unpredictable work associated with supporting Disaster CalFresh implementation.

The CalFresh Outreach Unit currently manages contracts with seven prime community-based organizations with 167 subcontracting partners. According to CDSS, adding one analyst position will help balance the oversight and management of Outreach contractors, secure federal approval, and verify CalFresh Outreach activities align with the CalFresh and Nutrition Branch goals; in addition to responding to the increase in Disaster CalFresh programming. This position would be 100 percent federally funded from USDA SNAP Outreach.

**Subcommittee Staff Comment and Recommendation – Hold Open.** Subcommittee staff notes this proposal has no impact on the General Fund.

**Questions.** The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal.

**Issue 11: CFAP Overpayments**

**Trailer Bill Language – Governor’s Budget.** CDSS proposes trailer bill language to establish state and county overissuance collection retention rates for the California Food Assistance Program (CFAP) that align with CalFresh.

**Background on CalFresh Overpayments.** When a CalFresh household receives more benefits than it was entitled to receive, counties are required to establish and collect an overissuance claim. Currently, CalFresh and CFAP overissuance claims are established and collected as a single claim, and the amount specific to each program is indistinguishable. CDSS collects overissuance claims from the counties and submits the claims to the federal government on a quarterly basis. Collections are segregated by the amount to be paid to the federal government and the amount the state agency retains as a collection incentive. Currently, CalFresh retention rates for the State are 35 percent for Intentional Program Violation (IPV) claims, 20 percent for Inadvertent Household Error (IHE) claims, and 0 percent for Administrative Errors (AE) claims. The federal government receives 65 percent of IPVs, 80 percent of IHEs, and 100 percent of all collected AE recouped claims. The portion the State retains is shared 50/50 with counties: 17.5 percent state/17.5 percent county for IPV claims, 10 percent state/10 percent county for IHE claims, and 0 percent for either state and county for AE claims. The state portion of the overissuance collection is deposited into the State General Fund.

AB 135 (Committee on Budget), Chapter 85, Statutes of 2021, initiated an age-based expansion of CFAP eligibility to noncitizens, regardless of immigration status, upon completion of the needed automation changes funded in the 2021 Budget Act. SB 187 (Committee on Budget and Fiscal Review), Chapter 50, Statutes of 2022, makes an individual 55 years of age or older eligible for CFAP if the individual’s immigration status is the sole basis for their ineligibility for CalFresh. Automation and outreach activities begin in 2023-24 with program implementation on October 1, 2025.

**Trailer Bill Language to Mirror CalFresh Overpayment Process for CFAP.** There currently is no distinction between CalFresh and CFAP overissuance claims establishment and collections procedures, including retention rates, and both programs follow federal rules at 7 CFR 273.18(k), which address percentage-based retention rates for recouped overissuances. To implement and administer the expansion of CFAP to individuals 55 years of age or older regardless of their immigration status, CDSS will begin issuing CFAP payments from a state bank account, effective October 1, 2025. Therefore, any CFAP overissuances established and collected will be separate and apart from CalFresh overissuances and will no longer be shared with the federal government.

However, current state law does not clearly state how the recouped overissuance funds will be shared with counties once the federal government is no longer involved. To secure a streamlined and uniform process for all counties, CDSS proposes to continue the existing methodology for counties to retain 17.5 percent for IPVs, 10 percent for IHEs, and 0 percent for AEs. This rate structure continues uniformity related to the county retention rates within both CalFresh and CFAP programs.

**Subcommittee Staff Comment and Recommendation – Hold Open.** Subcommittee staff notes there is no funding associated with this proposal.

**Questions.** The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal.



**Issue 12: Guaranteed Income Pilot Extension**

**Trailer Bill Language – Governor’s Budget.** CDSS proposes to extend the sunset date of the Guaranteed Income (GI) Pilot Program from July 1, 2026 to January 1, 2028, to provide sufficient time for GI pilot programs to enroll eligible participants and complete the statutorily required evaluation.

**Background on GI Pilot Program.** AB 153 (Committee on Budget), Chapter 86, Statutes of 2021 establishes the GI Pilot Program, and the 2021 Budget Act included \$35 million, available over five years, to implement the GI Pilot Program. CDSS has awarded funding to seven local grantees to provide unconditional, regular monthly payments to pregnant individuals and youth exiting extended foster care at or after 21 years of age.

**Trailer Bill Language to Extend Pilot Duration.** According to CDSS, it is taking longer than expected to implement the GI Pilot program, due to longer than expected timelines for grant negotiation and execution. Securing a statewide disbursement platform also added a contractual layer that was unanticipated, but necessary to facilitate the evaluation and to integrate benefits counseling tools and reporting. These delays have led to a later start date for the enrollment period for pilots. Pilots also require a longer than anticipated enrollment window to reach enrollment targets (such as extending enrollment from a six-month period to a nine-month period). If the sunset date is not extended, CDSS anticipates that pilots would enroll fewer individuals than anticipated, which would undermine the evaluation.

This proposal has no fiscal impact.

**Subcommittee Staff Comment and Recommendation – Hold Open.** Subcommittee staff notes there is no new funding associated with this proposal.

**Questions.** The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal.
2. Please provide a brief status update on the GI Pilot Program.

**Issue 13: Improving Operations to Support Immigrant and Refugee Children**

**Budget Change Proposal – Governor’s Budget.** CDSS requests \$1.62 million in federal funding in 2024-25 and ongoing for nine permanent positions to implement and oversee new and ongoing federal initiatives that support refugee and immigrant youth and families. This proposal has no impact on the General Fund.

**Background on CDSS Programs Supporting Immigrant and Refugee Children.** CDSS is experiencing an increase in workload demands to implement and oversee new and ongoing federal initiatives that support refugee and immigrant youth and families.

The Office of Immigrant Youth (OIY) oversees the development and administration of California’s Refugee Resettlement Program (RRP), which includes programs funded under the Refugee Support Services (RSS) Set-Aside. These federally funded Set-Asides include funding for the Refugee School Impact program, the Youth Mentoring program, and Set-Aside supplements under the Afghanistan Supplemental Appropriation Act of 2022 (ASA) and the Additional Ukraine Supplemental Appropriations Act of 2022 (AUSAA). The RRP also includes the Unaccompanied Refugee Minors (URM) program, which provides foster care, placement, and independent living services to eligible youth. All of these programs are 100 percent federally funded by the Office of Refugee Resettlement (ORR) and provide social adjustment supports, youth mentoring activities, culturally and linguistically appropriate child welfare, foster care, and independent living services to newcomers in the United States who are refugees, asylees, Cuban/Haitian entrants, certified survivors of human trafficking, Iraqi and Afghan Special Immigrants, Unaccompanied Refugee Minors, and humanitarian parolees from Afghanistan and Ukraine.

Pursuant to Title 45 Code of Federal Regulations (CFR) Part 400.1 and 400.22, California’s RSS Set-Aside programs must support the effective resettlement of refugees and assist them to achieve economic self-sufficiency. The state must develop and oversee statewide policies, standards, procedures, and instructions to support the network of service providers delivering services. Additionally, under Title 45 CFR Part 400.112, California’s URM program must provide services that are equivalent to mainstream foster care and emancipation services. California must provide child welfare services and medical assistance to refugee children according to the state’s child welfare standards, practices, and procedures. California must oversee and administer the provision of case planning and management, foster care, medical benefits, mental health services, independent living options, emancipation and supportive housing, educational services, and acculturation training and activities that support cultural preservation.

The table below details data from several federal programs and data sources, including, but not limited, to data from the Reception and Placement program, Afghan Placement and Assistance program, and Uniting for Ukraine program, showing the number of federally eligible arrivals beginning in federal fiscal year 2019. As reflected, almost 50,000 federally eligible youth were resettled in California, and because the ORR’s funding methodology considers the number of youths served during the previous federal fiscal year as well as the number of anticipated arrivals, the amount of funding continues to increase. As the rate of arrivals continues to rise, the OIY continues to experience an increase in workload due to increased appropriations from the ORR and the need to support the growing network of service providers necessary to meet the needs of federally eligible youth and families.

FFY	All federally Eligible Populations/Ages	Federally Eligible Youth Age 0-24	% Of Age 0-24
2023 (Oct. 2022 through Jun. 2023)	24,804	10,673	43%
2022	41,188	17,816	43%
2021	12,603	5,343	42%
2020	15,841	6,620	42%
2019	22,443	8,585	38%
Total	116,879	49,037	42%

**Request for Federally Funded Staffing and Resources.** The nine requested positions are 100 percent federally funded and will provide additional technical assistance to support operations and administration, coordinate the service provider network, manage procurement, and design and develop specialized programs to support the increasing number of refugee children and youth arriving in California. The nine federally funded positions include:

- Four Staff Services Analysts/Associate Governmental Program Analysts (SSA/AGPA) will support the growing work of administering and overseeing grants, contracts, and procurement as well as program monitoring reporting and monitoring budgets and expenditures. The work of one of these positions will include the administrative support and operational oversight of internal operations including purchasing, personnel, and other administrative functions.
- One Staff Services Manager (SSM) I will support and oversee the work of analysts who are administering grants, contracts, and procurement as well as program monitoring, reporting, and tracking budgets and expenditures.
- One Office Technician (OT) will oversee and support the personnel processes including recruitment, on-boarding, coordination of personnel training, and attendance/timekeeping support.
- One Attorney IV will review service provider agreements, verifying adherence to the state’s contractual laws, provide legal assistance and analysis to support policy development and interpretation, and assist with enforcement of federal deliverables/requirements.
- One Health Programs Specialist I will address the most complex inquiries regarding child welfare policy and provide technical assistance regarding case management and placement of youth in the URM program
- One (1.0) Research Data Specialist II will establish a data pipeline to automate the collation and linkage of program and outcome data and analyze data to report on program utilization, progress, impact, and outcomes.

**Subcommittee Staff Comment and Recommendation – Hold Open.** Subcommittee staff notes this proposal is 100 percent federally funded and has no impact on the General Fund.

**Questions.** The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal.

**Issue 14: Refugee Resettlement Increased Staffing**

**Budget Change Proposal - Governor's Budget.** CDSS requests \$2.4 million federal funds in 2024-25 and \$2.3 million federal funds ongoing for 13 permanent positions to implement federally funded initiatives that support refugee families.

**Background on Refugee Resettlement.** The Office of Refugee Resettlement (ORR), a division of the U.S. Department of Health and Human Services (U.S. HHS), provides short-term Cash and Medical Assistance (CMA) and Refugee Support Services (RSS). CMA provides Refugee Cash Assistance (RCA), which allows eligible newcomer individuals to receive up to 12 months of cash aid. RSS programs help refugees and other eligible populations find and maintain employment. RSS benefits include, but are not limited to, employability assessments, training and job development, vocational training and recertification, job placement, social adjustment services, English language instruction, housing assistance, and interpretation and translation.

The RCA, RSS, and RSS Set-Aside programs are 100 percent federally funded by ORR and provide cash aid, workforce services, and social adjustment supports to newcomers in the United States who are refugees, Cuban/Haitian entrants, asylees, survivors of human trafficking, non-citizen victims of domestic violence and other serious crimes, youth granted Special Immigrant Juvenile Status while in the custody of the ORR, and, more recently, specific groups of humanitarian parolees. CDSS oversees the development and implementation of these programs. Some of these services are provided through the counties, while other services require CDSS to design programming, select service providers, enter into funding agreements, and directly monitor the provision of services.

Recently, through the Afghanistan Supplemental Appropriations Act of 2022 (ASA) and the Additional Ukraine Supplemental Appropriations Act of 2022 (AUSAA), CDSS has been awarded significant amounts of funding with additional flexibilities and now oversees the administration and the development of new programs to provide housing assistance and support enhanced case management, outreach, and education to newly arrived Afghans and Ukrainians. Respectively, these programs include the two-year \$10 million Afghan Communities Support (ACS) program, the forthcoming Ukrainian Communities Support program (anticipated to begin in Federal Fiscal Year 2023-24), the Afghan Investment and Support Program, and the Housing Assistance for Ukrainians program.

**Request for Federally Funded Staffing and Resources.** According to CDSS, the number of RSS and CMA funded programs and grants CDSS currently oversees has grown approximately 165 percent since 2020, and it is anticipated to grow in the coming years. Prior to 2022, CDSS was responsible for the oversight of seven CMA and RSS funded programs and projects. Since 2022, CDSS has developed and implemented an additional six programs, expanded existing program flexibilities, and developed partnerships with two consulting agencies. CDSS is currently developing two more programs set to launch within the next few months, which will result in additional workload. The requested positions are spread across the Asylee and Trafficking Unit; the Accessibility, Research, and Data unit; Quality Assurance and Training Engagement; Information Systems Division (ISD); CDSS Legal Division; and Finance and Accounting Division.

According to CDSS, if approved, these positions will increase CDSS' capacity to support the increasing number of refugee families arriving in California and enable CDSS to design new programs to meet the

dynamic needs of new arrivals and increase program oversight, ultimately, ensuring overall equity and quality in contracted and county provided services. The requested positions will be responsible for the workload necessary to support new and ongoing federally funded initiatives and provide quality technical assistance and support, monitoring, documentation of service providers' performance, satisfaction of federal data collection and reporting requirements, in-person site visits, and desk reviews.

**Subcommittee Staff Recommendation and Comment – Hold Open.** Subcommittee staff notes the requested positions are funded with 100 percent federal funds and have no impact on the General Fund.

**Questions.** The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal.

**Issue 15: Proposals for Investment**

**Stakeholder Proposals for Investment.** The Subcommittee has received the following proposals for investment related to CalFresh and Food Programs, CalWORKs, immigrant services, and other social services.

**Presentation Item:**

- **CalFresh Safe Drinking Water Pilot Extension.** Nourish California proposes \$1.5 million one-time in 2024-25 to extend the CalFresh Safe Drinking Water Pilot Program. According to Nourish California, “this innovative and successful program launched in March 2022 and currently provides \$50 per month in supplemental CalFresh benefits in selected Kern County zip codes where residents lack access to safe water. Without sufficient allocation in the 2024-25 budget, these benefits will prematurely end for the 3,000 households who participate in the pilot program. Given the certainty that water-related emergencies will continue in our state, it is vital that we extend such successful interventions to help all Californians who face drinking water challenges who are at risk for hunger. A cost and feasibility study will also help in assessing a potential future expansion of the program to additional communities impacted by unsafe drinking water and food insecurity, and ultimately statewide.”

**Non-presentation Items:**

- **Annual \$60 Million Baseline for CalFood.** The California Association of Food Banks proposes \$52 million ongoing beginning in 2025-26 to increase the CalFood baseline budget to a total of \$60 million. The food banks report that the loss of CalFresh Emergency Allotments and other pandemic safety net supports are driving hunger and demand on food banks, many of which have begun scaling back the amount of food they offer to households. According to the food banks, “we are grateful that CalFood has been funded at \$8 million ongoing since the 2017-18 Budget, and for the historic additional investment of \$112 million in the 2022-23 Budget, and \$52 million in the 2023-24 Budget. While this is an important foundation, \$8 million was never sufficient to meet the need prior to the pandemic when we had 4 million hungry Californians and does not reflect the reality of today or future years. This is the critical moment for California to learn the lesson from the aftermath of the Great Recession, when public supports were ended prematurely.”
- **Food for All: Expand Access to the California Food Assistance Program (CFAP).** The California Immigrant Policy Center and Nourish California propose \$60 million in 2024-25, \$543 million in 2025-26, and \$697.2 million in 2026-27 and ongoing to expand CFAP to all Californians regardless of immigration status. According to these groups, “the 2023-2024 State Budget confirmed an expansion of eligibility for CFAP to include all Californians, age 55 years or older, who are income-eligible, regardless of their immigration status starting October 1, 2025. With this expansion, roughly 110,000 of California’s older immigrants will gain access to CalFresh food benefits. However, without an expansion of eligibility to include all ages, regardless of immigration status, between 440,000 to 630,000 Californians will continue to be excluded, including 92 percent of California’s undocumented farmworkers.”

- **CalFresh Fruit and Vegetable Supplemental Benefits Program.** SPUR and Nourish California propose \$30 million one-time in 2024-25 to sustain the CalFresh Fruit and Vegetable EBT Pilot Project. According to these groups, “this funding is needed to sustain the CalFresh Fruit and Vegetable EBT Pilot Project. CDSS went live with the program in 2023. It is currently available at 91 pilot retail locations (88 grocery stores and 3 farmers’ markets) in 10 counties. Through those retail locations, as of February 2024, 43,000 CalFresh households comprising roughly 75,000 people from 44 counties are earning a total of \$1.9 million each month in rebates when they buy fresh fruits and vegetables with their CalFresh benefits. This program has proven to be more successful and popular than anticipated and CDSS is ending the program in April due to lack of funds to continue offering the program. If additional funding is not provided in the 24-25 budget, the program will be unable to restart and tens of thousands of Californians across the state will have less money to put food on their tables.”
- **Use Federal TANF Pilot to Reimagine CalWORKs.** A coalition including the CalWORKs Association/Student Parents Are Reimagining CalWORKs (SPARC), Coalition of California Welfare Rights Organizations, GRACE/End Child Poverty California, Parent Voices, and Western Center on Law and Poverty, proposes trailer bill language to expand on the Governor’s proposal to apply for the new federal opportunity to pilot alternatives to the Work Participation Rate (WPR) in CalWORKs by making program changes proven to achieve progress in family outcomes, including: (1) limit family sanctions to federal requirements; (2) empower families to self-determine their goals and participation activities; (3) ensure access to child care and all supportive services; and (4) permanently repeal the county WPR penalty pass-through. According to this coalition, “In setting aside the WPR and adopting real benchmarks for family outcomes, the pilot aligns with Reimagine objectives to support rather than punish families facing the greatest barriers and provide meaningful pathways out of poverty... if embraced, the pilot presents a critical opportunity to refocus CalWORKs away from financial sanctions on counties and participants that fuel a punitive, compliance orientation. This aligns with the goals of Cal-OAR and CalWORKs 2.0 and improving government service delivery. The pilot can rebuild community trust by empowering parents to make the best decisions for their families and allowing administrators to center CalWORKs on meeting the needs of families, making them healthier, stronger, and more resilient.”

**PUBLIC COMMENT ON ISSUES 5-15**