

SUBCOMMITTEE NO. 3

Agenda

Senator Richard Pan, Chair
Senator William W. Monning
Senator Jeff Stone



April 20, 2017
9:30 a.m., or Upon Adjournment of Floor Session
Room 4203, State Capitol

Consultant: Theresa Pena

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**0530 – HEALTH AND HUMAN SERVICES AGENCY, OFFICE OF SYSTEMS INTEGRATION
5180 – DEPARTMENT OF SOCIAL SERVICES****Issue 1: Overview: Office of Systems Integration and Automation Projects**

Background. The Office of Systems Integration (OSI) was established within the California Health and Human Services Agency to manage a portfolio of large, complex health and human services information technology (IT) projects. OSI provides project management, oversight, procurement, and support services for these projects and coordinates communication, collaboration, and decision-making among project stakeholders and program sponsors. After the procurement phase, OSI oversees the design, development, governance, and implementation of IT systems which serve health and human services programs.

OSI currently oversees a number human services projects for the Department of Social Services (DSS), including:

Appeals Case Management System (ACMS). ACMS supports the work of the State Hearings Division (SHD), which is responsible for ensuring due process for individuals who wish to appeal administrative decisions about benefits for public assistance programs, including Medi-Cal, Covered California, CalWORKs, CalFresh, and In-Home Supportive Services (IHSS). Currently ACMS, along with 21 ad-hoc applications, is collectively known as the State Hearings System (SHS). The SHS tracks, schedules, and manages appeals requests received from all 58 counties. OSI will help procure system integration services to assist the design, development and implementation of a hearings appeals system that will assist the recipients of public social service programs seeking fair hearings, DSS stakeholders, and state and local government entities. The ACMS will create a single case management system that will combine intake, scheduling and reporting functions into a single workflow; streamline current manual processes and reduce errors caused by data entry. The 2016 Budget Act approved an increase of \$237,000 in OSI spending authority for the ACMS project and the conversion of seven existing state positions from limited-term to permanent.

Case Management Information and Payrolling Systems (CMIPS II). CMIPS II is an automated statewide system that performs case management and payroll functions for all IHSS providers and recipients. DSS contracts with OSI for project management and vendor contract oversight services to maintain and operate CMIPS II. After a statewide transition in 2013 from the legacy CMIPS system to a new system, CMIPS II, the project is currently in the maintenance and operations (M&O) phase. The CMIPS II Post Implementation Evaluation Report was approved by the California Department of Technology (CDT) on July 29, 2016. The existing prime vendor contract ends on March 31, 2018, and OSI is conducting a competitive procurement to award a new prime vendor contract for M&O.

Child Welfare Services-New System (CWS-NS) Project. The CWS-NS provides an automated child welfare system with capabilities that include mobile and web-based technology to support the current and future business practice needs of the counties and the state. The new system will support child welfare programs, business processes and legislated improvements focused on protecting the safety of children and families. DSS, working collaboratively with OSI and the County Welfare Directors Association (CWDA), developed the CWS-NS Project to replace the current Child Welfare Services/Case Management System (CWS/CMS). The CWS-NS Project will use an Agile procurement

and design/development approach, where an Request for Proposal (RFP) is broken into a set of smaller modules that can be delivered in a short period of time, and a separate vendor is selected for each module.

Child Welfare Services/Case Management System (CWS/CMS). The CWS/CMS is a statewide tool that currently supports the Child Welfare System of services. The CWS/CMS provides information to service workers to improve case work services, reduces repetitive manual workload, provides policy makers with information to design and manage services, and fulfills state and federal legislative requirements. However, this system is outdated in a number of ways and will be replaced by the CWS-NS.

Electronic Benefit Transfer (EBT) Project. EBT is the system used in California for the delivery, redemption, and reconciliation of public assistance benefits, such as CalFresh, California Food Assistance Program, and cash aid benefits. Recipients of public assistance in California access their benefits with the Golden State Advantage EBT card. The new EBT services contract was executed on June 6, 2016, and the transition to the new California EBT system and other EBT-related services was initiated. The transition is scheduled to be completed no later than January 2018.

Statewide Automated Welfare System (SAWS). The Statewide Automated Welfare System (SAWS) Consortia is made up of multiple systems which support such functions as eligibility and benefit determination, enrollment, and case maintenance at the county level for some of the state's major health and human services programs, including CalWORKs and CalFresh. The Consortia includes the Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting (LEADER) system, which is now being replaced by the LEADER Replacement System (LRS), the Welfare Client Data System (CalWIN), and Consortium IV (C-IV), which are managed by the Office of Systems Integration (OSI).

Welfare Data Tracking Implementation Project (WDTIP). WDTIP provides counties with the automated functionality required to conform to the statewide tracking of time-on-aid requirements, and tracks the 48 and 60-month assistance clock, the 24-month services clock, and WTW exemptions and sanctions. WDTIP is the interface system within the existing county SAWS consortia.

Staff Comment and Recommendation. No action required. This is an informational item only.

Issue 2: Overview: Child Welfare Services – New System (CWS-NS) Update

Budget issue. The Governor’s budget includes \$58.3 million total funds (\$29.2 million General Fund) for the CWS-NS Project in the current year and \$178.7 million total funds (\$89.4 million General Fund).

Background. Child Welfare Services/Case Management System (CWS/CMS) was fully implemented and transitioned to its operational phase in 1998. DSS has overall responsibility for the system, including providing project and program direction to OSI. OSI provides information technology expertise and is responsible for implementation and day-to-day operations of the system. Currently, the CWS/CMS does not meet the Statewide Automated Child Welfare Information System (SACWIS) requirements.

The CWS-NS Project will replace the aging CWS/CMS with a new solution that meets current CWS business practices, as well as SACWIS requirements necessary to retain federal funding. The CWS-NS Project is intended to bring the system into compliance with state and federal laws and regulations, make the system easier to use for CWS workers, result in enhanced data reliability and availability, allow user mobility, and automate system interfaces with other state partners to enable data sharing. In November 2015, DSS and OSI announced that the CWS-NS Project will use an Agile procurement and design/development approach, instead of building a monolithic, one-time solution, where the implementation of the IT system does not begin until all phases of the project are complete. Under the Agile approach, a RFP is broken into a set of smaller modules that can be delivered in a short period of time. Analysis, design, coding, and testing continue for each module until the entire IT system is complete. Instead of contracting with a single vendor, a separate vendor is selected for each model.

The following table shows total estimated one-time project costs, expenditures to date (July 2013 through March 2017) and the remaining budget balance:

Project Costs

Total Estimated One-Time Cost	Expenditures Through March 17	Remaining Balance
\$397,918,393	\$39,836,909	\$358,081,484

Compared to continuing to operate the current system and making necessary changes to it, however, the Administration estimated that the state will realize savings by completing the CWS-NS system because of its reduced maintenance and operations costs.

Total project expenditures through March 2017 are as follows:

2013-14: \$5,711,858 - Planning

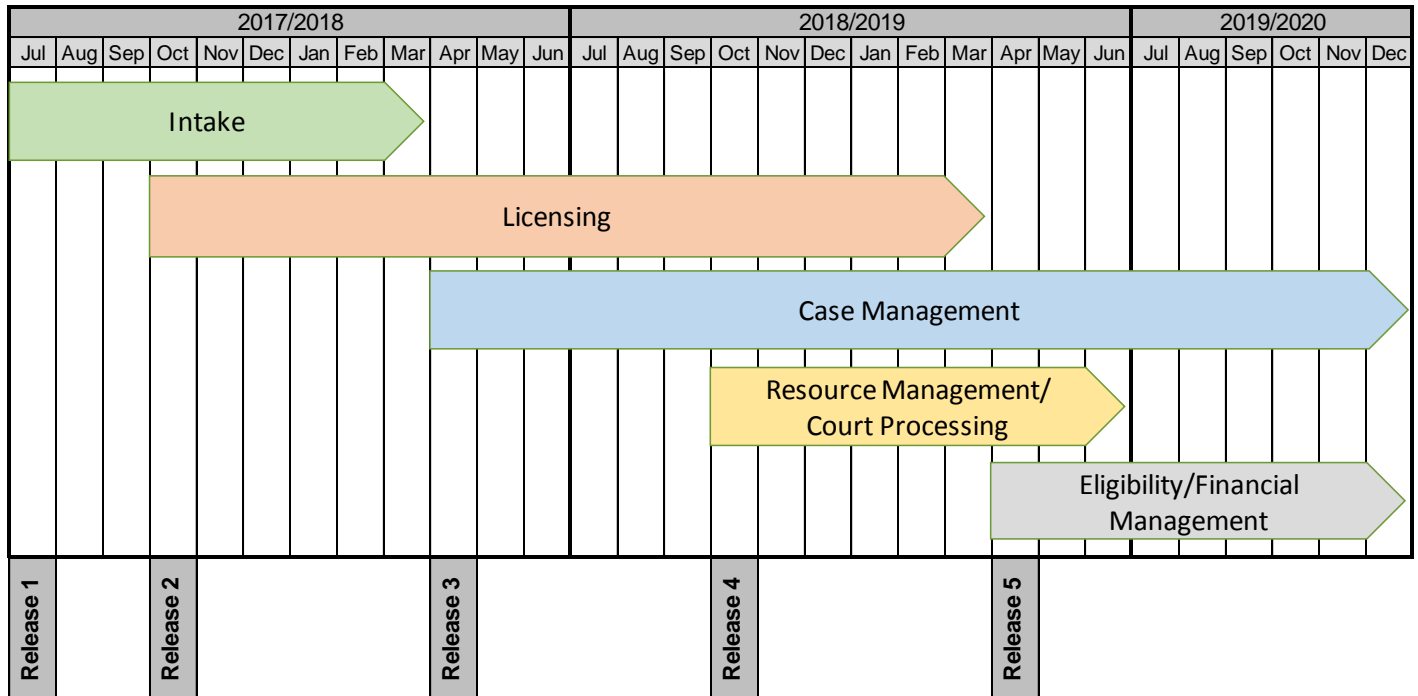
2014-15: \$10,194,001 - Planning

2015-16: \$10,622,214 – Procurement (Pivot to Agile)

2016-17: \$13,308,836 (\$43,293,395 projected through June 2017) – Design and Development of Intake and Certification, Approval, and Licensing Services (CALs)

Total: \$69,821,46

The new timeline for the CWS New System Project is below:



DSS and OSI are required to provide monthly project updates to the Legislature and stakeholders. DSS and OSI have fulfilled this reporting requirement through a combination of written reports and in-person briefings.

Legislative Analyst’s Office (LAO) Comments. While the LAO did not have any new publications on CWS-NS this year, their publication “The 2016-17 Budget: Child Welfare Services – New System” makes relevant points about the potential benefits and risks of the Agile approach that are still applicable:

- Agile implementation is much more flexible than the traditional implementation approach because it provides IT projects with the opportunity to address challenges with one module without compromising other aspects of the IT project. This flexibility allows for functions to be completed and deployed to users more quickly.
- Where in a traditional implementation, system users would have to adapt to changes only once, in agile implementation, system users have to adapt to changes as each module is implemented.
- The Agile approach may increase vendor interest and participation, since there are a limited number of vendors with the expertise to design and implement IT systems for large projects that are implemented under the traditional approach.
- At the conclusion of the project, all modules must work together to fully meet the objectives of the project. Since there are likely multiple vendors for the various modules, this will require increased coordination.

Implementation Update. Release 1 (R1) creates a bridge between the legacy system and the new system, and establishes a foundation for future work across the entire platform. R1 was launched in March in six core counties. Selected users in these counties will have access to live, statewide data in the legacy database with enhanced search capabilities.

CWDS, in partnership with the Department of Technology, continue to work together on a refresh of the Agile Development Pre-Qualified Vendor Pool (ADPQ). On February 6, 2017, a Request for Information was released to increase the current pool of 11 Agile vendors up to 30.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please summarize the current CWS-NS timeline and overall project costs.
2. Please explain how OSI is adapting to Agile approach, and what you have learned about the Agile process in the past year.

Issue 3: Oversight: SAWS Single System

Budget Issue. The budget includes approximately \$238.8 million (\$91.5 million General Fund) for Local Assistance costs in SAWS in 2016-17 and \$234.4 million (\$93.2 million General Fund) in 2017-18.

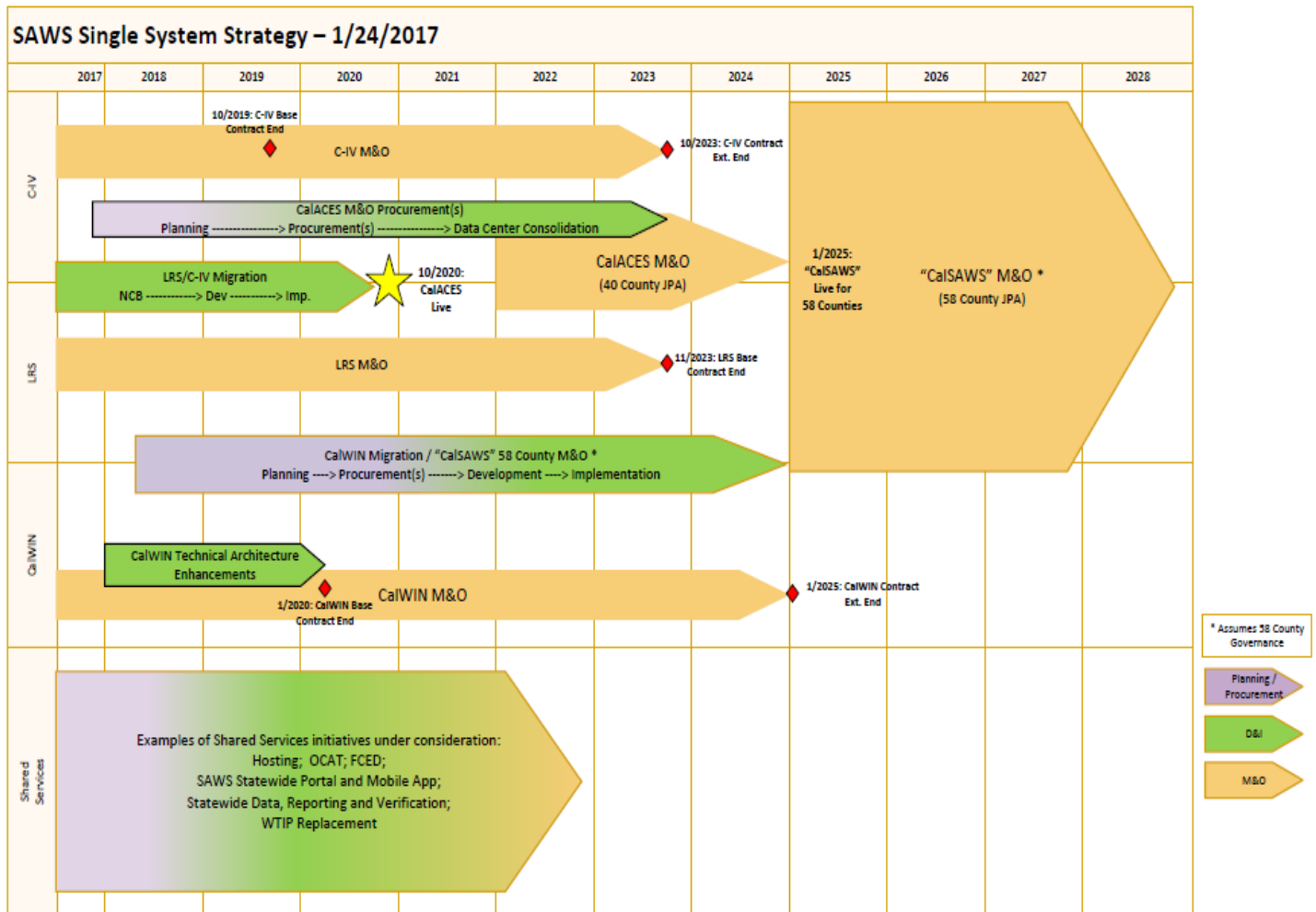
Background. The SAWS Consortia is made up of multiple systems which support such functions as eligibility and benefit determination, enrollment, and case maintenance at the county level for some of the state's major health and human services programs, including CalWORKs and CalFresh. The Consortia includes the Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting (LEADER) system, which is now being replaced by the LEADER Replacement System (LRS), the Welfare Client Data System (CalWIN), and Consortium IV (C-IV), which are managed by the Office of Systems Integration (OSI). SAWS is undergoing a variety of changes, including:

Horizontal Integration of SAWS and CalHEERS. The goal of the Horizontal Integration effort between the Covered California system (CalHEERS) and SAWS is to allow an applicant applying for health coverage online through Covered California to submit their CalWORKs or CalFresh application online at that time without having to re-respond to some of the questions already asked. Horizontal Integration was implemented in July 2016, and in the first seven months of implementation, over 25,000 individuals had initiated the CalFresh or CalWORKs applications through this process.

C-IV Migration into LRS. In September 2015, Los Angeles County began to rollout LRS, their new eligibility determination system. As of November 2016, the LRS Project has successfully completed countywide implementation for the Department of Public Social Services and the Department of Children and Family Services. In addition, C-IV counties (which is another system in the SAWS consortia, and includes 39 counties), will begin migrating over to the LRS system. This migration is expected to be complete in 2020, and together the systems will be known as CalACES. The LRS Project is in Phase II - Performance and Verification, a six-month period from November 2016 to May 2017 to confirm that LRS meets the required functional and performance standards. OSI notes that by May 2017, all Phase I and Phase II defects will be resolved.

Single System. Since 2011, the federal Centers for Medicaid Services (CMS) and the Food and Nutrition Services (FNS) have asked California for a long-term strategy for a centralized SAWS system, as opposed to the multiple systems in the SAWS Consortia. Finally, in December 2016, CMS and FNS have officially made it a requirement for SAWS to be a single system by 2023 in order to receive federal funds. Going forward, the state will work to implement this single SAWS system, to be known as CalSAWS. The state has asked the federal government for an extension on the single system to January 2025.

The state must take several steps before consolidating the consortia into one system. The migration of C-IV and into LRS to become CalACES must first be achieved, and CalWIN must undergo Technical Architecture Enhancements (TAE). The state must obtain federal approval of this approach and CalWIN TAE, complete CalACES negotiations, and complete LRS performance verification. A joint county and state planning effort for a single SAWS system strategy, including a discussion of shared services and what a governance body would look like, must commence. Below is a timeline for implementing the SAWS single system:



Staff Comment and Recommendation. No action required. Item included for oversight and discussion purposes. OSI and DSS provide quarterly updates to legislative staff.

Questions.

1. Please discuss the current status of the SAWS system.
2. Please discuss the shift to a single system.
3. Does the department anticipate that additional costs for SAWS will arise due to the shift to a single system?
4. When does the department expect to hear from the federal government regarding its request for an extension to 2025 for the single system?

Issue 4: Budget Change Proposal: Child Welfare Digital Services Adjustment

Governor's Proposal. The Administration requests a total of 57 positions and reclassification of 10 positions and an overall increase of \$51.0 million (\$25.5 million General Fund) for 2017-18 to continue activities related to delivering the CWS-NS solution and to reflect the project's recent adoption of the agile approach. This request operates within the established overall total cost for the CWS-NS project. Specifically, the 57 positions requested are:

- 1 Office Technician
- 9 Staff Information Systems Analysts
- 15 Senior Information System Analysts
- 4 System Software Specialist IIs
- 4 DP Manager IIs
- 1 DP Manager III
- 6 Associate Information System Analysts
- 2 System Software Specialist IIs
- 3 System Software Specialist IIIs
- 2 Associate Programmer Analysts
- 2 Staff Programmer Analysts
- 1 Senior Programmer Analyst
- 1 Senior Programmer Analyst Supervisor
- 1 System Software Specialist I
- 2 Staff Services Manager IIIs
- 1 Associate Personnel Analyst
- 1 Staff Services Analyst
- 1 Management Services Technician
- 1 Senior Legal Analyst

Background. CWS-NS replaces the previous CWS/CMS which had fallen out of compliance with state and federal law. CWS-NS is intended to make the system easier to use for CWS workers, result in enhanced data reliability and availability, allow user mobility, automate system interfaces with other state partners to enable data sharing, and ultimately to reduce ongoing maintenance and operations costs. In November 2015, DSS and OSI announced that the CWS-NS Project will use an Agile procurement and design/development approach, which will release functionality incrementally over the next few years.

DSS and OSI point out that the project has identified emerging resource gaps in several key areas, including: project management, procurements, key performance data and analysis, implementation, training, platform technology, development, testing, program policy, and administration. The requested positions are meant to address these gaps and mitigate the risk and schedule delays that would ensue if this BCP were not approved. DSS and OSI are also looking to build the state's technical capacity in the long run so that the project can reduce dependency on vendors, develop a pool of qualified state resources, allow the state to be more flexible in the enhancements of future services, and eventually lower the operational costs.

OSI maintains that the CWS-NS Project will budget on an annual basis. Last year when they submitted their 2016-17 Spring Finance Letter, the Agile approach to the project was still very new, and OSI states they did not have the capacity at that time to forecast their needs clearly enough for 2017-18. Going forward, OSI estimates that the CWS-NS project will forecast on a 12-18 month timeline of the work that is required into the future. They also project they will have a request for additional state resources along these lines in 2018-19, but that some of the need will decline by 2019-20.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please briefly summarize the proposal.
2. Please explain how these positions are overall critical to the success of the CWS-NS project.
3. Please discuss how this request fits in to the overall costs already budgeted for the CWS-NS project and how future requests may or may not fit into the budgeted amount. How should the Legislature consider funding and providing staffing for the CWS-NS project differently under the Agile approach than it has in the past?

Issue 5: Budget Change Proposal: CMIPS II – Implementation of Paid Sick Leave for IHSS Providers (SB 3)

Governor’s Proposal. The Office of Systems Integration requests a one-time increase of \$4.8 million in spending authority to implement paid sick leave for IHSS and Waiver Personal Care Services providers, beginning July 1, 2018. The Department of Social Services requests a corresponding one-time increase of \$4.8 million General Fund in local assistance authority to increase contract service costs with OSI.

Background. CMIPS II is an automated statewide system that performs case management and payroll functions for all IHSS providers and recipients. DSS contracts with OSI for project management and vendor contract oversight services to maintain and operate CMIPS II.

SB 3 (Leno), Chapter 4, Statutes of 2016 entitles IHSS providers to paid sick days. Implementation of this functionality is scheduled to be deployed in a phased approach, beginning July 2018. The BCP notes that half of the \$4.8 million is for application changes, business interface process changes, training of county staff, and provider help desk resources. The CMIPS II application changes will implement functionality to calculate, accrue, and track sick leave hours required to support variable yearly sick leave caps and accrual rates at both the state and county levels. The remaining half of the \$4.8 million is to provide four statewide mass mailings informing recipients and providers about the SB 3 changes to the IHSS program.

Staff Comment and Recommendation. Hold open. No concerns have been raised to subcommittee staff at this time.

Questions.

1. Please briefly summarize the proposal.

Issue 6: Budget Change Proposal: CMIPS II – Vendor Contract Transitional Activities

Governor’s Proposal. OSI requests a one-time increase of \$8.9 million in spending authority to support potential prime vendor contract transition activities related to CMIPS II. DSS requests a corresponding one-time increase of \$8.9 million General Fund local assistance authority and corresponding budget bill provisional language.

Background. CMIPS II is an automated statewide system that performs case management and payroll functions for all IHSS providers and recipients. DSS contracts with OSI for project management and vendor contract oversight services to maintain and operate CMIPS II.

As of January 2014, CMIPS II transitioned from the Design, Development and Implementation phase to the ongoing Maintenance and Operations phase. The existing prime vendor contract ends March 31, 2018. OSI is conducting a competitive procurement to award a new prime vendor contract for maintenance and operations services in August 2017. If a contract is awarded to a new prime vendor, there will be an eight-month transition period during which the incumbent prime vendor, which is currently Hewlett-Packard, winds down operations and the new prime vendor ramps up activities.

Budget bill language (BBL) will be necessary to implement this BCP if approved. The BBL would be triggered if there is a funding need for transition activities for a new vendor. Should the incumbent vendor be awarded the contract, an assessment of transition activity costs will be performed to determine an appropriate level of transition activity funding associated with new contract requirements. The actual cost of transition will not be known until the public cost opening, which is planned in late June 2017.

Staff Comment and Recommendation. Hold open. No concerns have been raised to subcommittee staff at this time.

Questions.

1. Please briefly summarize the proposal.

Issue 7: Budget Change Proposal: Horizontal Integration Office: Transfer to Office of Systems Integration

Governor's Proposal. The Administration requests to move the Horizontal Integration (HI) Office and its three existing staff and associated funding with DSS to OSI. This is a cost-neutral proposal.

Background. The HI Office has interactions with various departments and programs under the purview of the Health and Human Services Agency (Agency). The Office of the Agency Information Officer (AIO), which is currently housed in OSI under Agency, already has the responsibility of looking across issues under the entirety of Agency, which aligns closely to HI's mission.

While the HI Office was specifically created in 2013 to bridge a critical divide between DSS and Affordable Care Act (ACA) related activities, they have since become a cross-programmatic and cross-departmental team. The Administration notes that this shift of HI to OSI will further integration efforts among departments and systems, as Agency programs operate some of the most complex, interconnected systems in state government. Being positioned at the Agency level rather than the department level provides a greater degree of oversight, and demonstrates to staff throughout the Agency that this effort is a priority of the Agency – and not just a project within DSS. Teaming up with the Enterprise Architecture Office within the AIO, the HI team can implement standards, best practices, and other enterprise wide improvements that can drive horizontal integration across the entire Agency.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please briefly summarize the proposal.

5180 DEPARTMENT OF SOCIAL SERVICES – STATE HEARINGS DIVISION (SHD)**Issue 1: Overview: State Hearings Division**

Background. State hearings, which are adjudicated by Administrative Law Judges (ALJs) employed through DSS, are used to provide due process to recipients of, and applicants for, many of California's health and human services' programs, including Medi-Cal, CalWORKs, CalFresh, and In-Home Supportive Services. When a recipient disagrees with a decision made by their local county welfare department, they are legally entitled to request a hearing to contest the decision. The *King v. McMahon* and *Ball v. Swoap* court decisions mandate that DSS provides recipients with timely due process for the adjudication of appeals hearings. Additionally, these court orders impose financial penalties on DSS for failing to adjudicate decisions within specified timeframes. The penalties are paid to the prevailing claimant. Federal mandates require that all requests for hearings be adjudicated within 90 days, or 60 days for CalFresh, of a recipient's request.

Penalty Structure. Under the court orders, the minimum daily penalty amount is \$5.00 per day, or a minimum of \$50, whichever is greater. However, if 95 percent of all decisions are not issued within the required deadlines in a given month, the daily penalty rate for that programmatic category increases by \$2.50 over the penalty rate being paid to claimants the previous month. In contrast, if 95 percent of all decisions related to that particular program are issued on time in a given month, the corresponding daily penalty rate decreases by \$2.50 from the penalty rate being paid the previous month. The maximum daily rate under the court orders is \$100 per day.

Recent Caseload Growth. The SHD has seen an increased workload, resulting primarily from the implementation of the Affordable Care Act (ACA). ACA workload is expected to increase the amount of hearing decisions by over 10,400; a 55 percent increase over the FY 2012-13 workload. This growth is due to the increase hearing requests in Scope of Benefits and Medi-Cal redetermination appeals. The overall total is projected to increase from approximately 89, 200 hearing requests and 19,000 decisions in 2012-13 to 120,100 hearing requests and 27,500 decisions by the end of FY 2016-17.

As a result of the allocation of permanent general jurisdiction resources in 2012-13 and ACA resources in 2014-15, the SHD has seen a significant drop in penalties from \$4.4 million in 2012-13 to an estimated \$299,995 for 2016-17. The penalty rate per day of a late decision was \$65.00 for Medi-Cal, \$25.00 for CalWORKs, \$5.00 for CalFresh, and \$70.00 for IHSS.

According to DSS, recent processing times, average penalties, and total penalties paid by program are listed below:

Program	Timeliness Requirement	Average Processing Time of Late Cases	Average Days Late	Average Penalty
	(In Days)	(In Days)		
CalFresh	60	67	7	\$50.00
CalWORKs	90	0	0	0
IHSS	90	155.81	65.18	\$4,725.00
Medi-Cal	90	171.20	81.20	\$5,481.00

State Hearing Penalties by Program for the Last 5 Fiscal Years

Total Penalties Paid by Program					
FY	CalWORKs	CalFresh	Medi-Cal	IHSS	Total
FY 12/13	\$290,248	\$54,175	\$3,533,700	\$541,717	\$4,419,840
FY 13/14	\$91,952	\$8,807	\$423,363	\$71,133	\$595,255
FY 14/15	\$17,253	\$5,080	\$150,175	\$68,295	\$240,803
FY 15/16	\$7,427	\$2,830	\$95,490	\$82,387	\$188,135
FY 16/17*	\$17,112	\$4,250	\$110,302	\$131,967	\$299,995

IHSS Pilot Project. The IHSS Pilot project is the outcome of an assessment initiated by SHD in 2015 which determined that the time needed to prepare for an IHSS hearing appeared significantly longer than other types of cases. The department convened a workgroup that included many stakeholders, and reviewed SHD's initial draft of recommendations developed during 2016 and provided recommendations on identified best practices, training needs, and the development of informational documentation for IHSS applicants and recipients. The department developed evaluation tools to track and test whether efficiency and due process improved, and the IHSS Pilot Project will test these best practices in Yolo and San Diego beginning May 1, 2017. It is anticipated that statistical deliverables should be available sometime in late January 2018.

Staff Comment and Recommendation. No action needed. This is an informational item only.

Questions.

1. Please briefly provide an overview of the function of the state hearings division and the structure of the timeliness requirements and penalties for not meeting them.

5180 DEPARTMENT OF SOCIAL SERVICES - CALWORKS

Issue 2: Overview: CalWORKS

Governor’s Proposal. The revised 2016-17 budget includes \$5.2 billion in federal, state and local funds for the program, and estimates an average monthly caseload of 463,540 (a decline 6.5 percent from the previous estimate). The 2017-18 budget includes \$5.1 billion in federal, state, and local funds for the program, and estimates an average monthly caseload of 459,173 families. The Governor’s budget for CalWORKS does not propose any major policy changes.

Background. California Work Opportunities and Responsibilities to Kids (CalWORKs), the state’s version of the federal Temporary Assistance for Needy Families (TANF) program, provides cash assistance and welfare-to-work services to eligible low-income families with children.

CalWORKs is funded through a combination of the federal TANF block grant (to receive \$3.7 billion in TANF funds, California must provide a maintenance-of-effort of \$2.9 billion annually), the state General Fund, other various funding allocations from the state, realignment funds, and other county funds. Below is a table summarizing these various funding sources and the changes from 2016-17.

CalWORKs Funding Sources

(Dollars in Millions)

	2016-17 Revised	2017-18 Proposed	Change From 2016-17	
			Amount	Percent
Federal TANF block grant funds	\$2,428	\$2,297	-\$131	-5%
General Fund	682	450	-232	-34
Realignment funds from local indigent health savings	586	812	226	39
Realignment funds dedicated to grant increases	319	331	12	4
Other county/realignment funds	1,188	1,186	-2	— ^a
Totals	\$5,203	\$5,076	-\$127	-2%

^aNegligible amount.
TANF = Temporary Assistance for Needy Families.

<http://www.lao.ca.gov/Publications/Report/3576/1>

The Child Poverty and Family Supplemental Support Subaccount provides funding for the grant impact of prior CalWORKs Maximum Aid Payment (MAP) increases, including last year’s 1.43 percent MAP increase and now the repeal of the Maximum Family Grant (MFG) rule, in addition to any subsequent grant increases when sufficient revenues are available. Prior year base funding is available to the counties immediately. The FY 2016-17 and FY 2017-18 growth funding requires adequate upfront General Fund authority in the DSS budget until subaccount funds are available directly to the counties.

In the *Child Poverty and Family Supplemental Support Subaccount - Growth*, \$32.9 million will be available in 2015-16 and \$49 million will be available in 2016-17. In the *Child Poverty and Family Supplemental Support Subaccount - Base*, \$285.9 million will be available in 2015-16 and \$281.6 million will be available in 2016-17.

Another important source of state funding is the Single Allocation. The Governor's budget provides approximately \$1.7 billion for the Single Allocation in both 2016-17 and 2017-18. Within the Single Allocation, different categories of funding for various purposes such as employment services, eligibility and administration, and Stage 1 Child Care are included. Funding for each category within the Single Allocation is based on different methodologies that adjust funding from prior years based on caseload projections and assumed costs per case.

Demographics of CalWORKs Recipients.¹ Around three-quarters of all CalWORKs recipients are children. Nearly half of those children are under the age of six. Ninety-two percent of heads of CalWORKs recipient households are women. Two-thirds of these households are headed by single women. Nearly half have an 11th grade or less level of education, and ten to 28 percent are estimated to have learning disabilities. Around 80 percent of these adults report experiencing domestic abuse at some point.

Caseload and Spending Trends. Prior to federal welfare reform in the mid-1990s, California's welfare program aided more than 900,000 families. By 2000, the caseload had declined to 500,000 families. During the recent recession the caseload grew; but at an estimated 563,500 families in 2012-13, it was not anywhere close to the levels of the early 1990s. Most recently, the caseload declined 6.2 percent in 2015-16, and from there is expected to continually decrease in 2016-17, and 2017-18 (to a projected 459,173 families).

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

California did not meet the WPR requirements in 2007-2015, and was assessed \$1.8 billion in penalties. California has successfully completed corrective compliance plans (CCPs) that address the WPR shortfalls of 2008-2011, eliminating \$587.1 million in penalties for those years. And because penalties are contingent upon the previous year's penalty amount, the penalties will be reset to a 2012 penalty amount and recalculated. The anticipated penalties assessed for 2012-2015 are projected to decrease by \$1.1 billion due to continued achievement of the overall WPR rate; however, California did fail to meet the two-parent rate. The department is in the process of disputing the two-parent penalty amount for

¹ Context information comes from sample data collected by the Department of Social Services (DSS) and from studies in single or multiple counties, as summarized in *Understanding CalWORKs: A Primer for Service Providers and Policymakers*, by Kate Karpilow and Diane Reed. Published in April 2010; available online.

2015, and will likely submit a CCP if the dispute is unsuccessful, leaving approximately \$138 million outstanding related to two-parent penalties.

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

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

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

- Creation of a 24-month time limit with more flexible welfare-to-work activities (including employment, vocational education; job search; job readiness; job skills training; adult basic education; secondary school; or barrier removal activities) before the time limit has been reached, and stricter requirements afterward (up to 48 total months).
- A two-year phase-out of temporary exemptions from welfare-to-work requirements for parents of one child from 12 to 24 months old or 2 or more children under age 6, along with a new, once in a lifetime exemption for parents with children under 24 months.
- Changes to conform state law to the number of hours of work participation (20, 30, or 35, depending on family composition) required to comply with federal work requirements.

Counties may provide extensions of the more flexible rules for up to six months for up to 20 percent of participants. This 20 percent extender is not a cap, but a target.

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

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

- Stage 1. Provides care to CalWORKs families when first engaged in work or WTW activities, and is provided by DSS.
- Stage 2. Once counties deem the family “stable,” CalWORKs families move to this program. Families remain in Stage 2 until they have not received assistance for two years. The California Department of Education (CDE) administers this program.
- Stage 3. Families transition to this program after Stage 2. CDE also administers this program.

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

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

- Expansion of subsidized employment. Under subsidized employment, counties form partnerships with employers, non-profits, and public agencies to match recipients with jobs. Wages are fully or partially subsidized for six months to a year.
- Family stabilization. Family stabilization (FS) is intended to increase client success during the flexible WTW 24-Month Time Clock period by ensuring a basic level of stability for clients who are especially in crisis, including intensive case management and barrier removal services. Clients must have a “Stabilization Plan” with no minimum hourly participation requirements. Six months of clock-stopping is available, if good cause is determined.
- Online CalWORKs Appraisal Tool (OCAT). OCAT is a standardized statewide WTW appraisal tool that provides an in-depth assessment of a client’s strengths and barriers, including: employment history, interests, and skills; educational history; housing status and stability; language barriers; child health and well-being; and, physical and behavioral health, including, but not limited to, mental health and substance abuse issues.

Eligibility for individuals with previous felony drug convictions. SB 855 (Budget and Fiscal Review), Chapter 29, Statutes of 2014 expanded eligibility for adults who were previously ineligible for benefits due to a prior felony drug conviction, and implemented on April 1, 2015.

Housing and homeless assistance. In the last several budgets, housing and homeless assistance has received more attention and funding as people have become more aware that the lack of affordable housing impacts many CalWORKs recipients.

- The CalWORKs Housing Support Program (HSP) was established in 2014 to provide evidence-based interventions (such as rapid-rehousing) to CalWORKs families that are homeless or at risk of homelessness. Other core components of HSP include housing identification, rent and moving assistance, and focused case management. HSP was augmented in the last two budget cycles.

- The Homeless Assistance Program (HAP) provides a once-in-a-lifetime payment to meet the reasonable costs of obtaining permanent housing, and/or temporary shelter while seeking permanent housing. A typical family is eligible to receive benefits of up to \$65 per night for 16 consecutive days of temporary shelter while searching for permanent housing. Families may also be eligible to receive up to two months of rental assistance in order to obtain permanent housing or two months of rental arrearages to prevent eviction. The 2016-17 budget eliminated the HAP the once-in-a-lifetime ban and allows a family to receive HAP assistance once in a 12 month period while maintaining existing exceptions for domestic violence and when existing housing becomes uninhabitable.

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

Monitoring results and outcomes. In July 2014, the RAND Corporation launched a multiyear, evaluation to explore if CalWORKs programmatic reforms achieve desired objectives and report on any unintended consequences. The final report should be completed by early 2018. Initial findings, presented in December 2016, suggest that while the flexibility of SB 1041 changes is generally viewed as positive, CalWORKs participants and welfare staff still struggle to understand the complexities of the 24-month time clock. Findings also indicate that full implementation of SB 1041 components is still underway.

**Summary of Major CalWORKs Changes
2009-2016**

2009-10

- Suspend COLA
- Eliminate statutory basis for future COLAs
- Four percent grant cut

2011-12

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

2012-13

- Create 24-mo. flexible participation period with stricter federal requirements after 24 mo.
- Phase-in funding for CalLearn case management

2013-14

- Five percent MAP increase, effective March 1, 2014
- Restore earned income disregard to \$225

2014-15

- WINS starts Jan. 1, 2014
- Increase vehicle asset limit
- Five percent MAP increase, effective April 1, 2015
- Housing Support enacted

2015-16

- Expand eligibility to include former drug offenders

2016-17

- 1.43 percent MAP increase
- Repeal Maximum Family Grant rule

Policy considerations. The Legislature may wish to examine the following issues related to CalWORKs programs:

- Grant levels. In 1996-97, a maximum grant for a family of three was \$594, or 55 percent of federal poverty level (FPL). By comparison, in 2016-17, a maximum grant for a family of three is projected to be \$714 or 42 percent of FPL.
- Impact of the 24-month clock. The department, citing that fewer than 100 clients have exhausted the 24-month clock since implementation and have subsequently been removed from aid, there are no tangible savings. However, it appears that the number of CalWORKs recipients who will have months tick off their clock or exhaust their clock will likely increase in the next year. The department estimates that 430 average monthly cases will be removed from aid in 2016-17 and 740 will be removed from aid in 2017-18.
- Program goals and measures. What measures, besides the WPR, does the state use or plan to use to determine the success of CalWORKs? As early engagement components of the CalWORKs program begin to see a return of data and increased utilization, the Legislature may wish to consider the best way to use this data, and what outcomes they would like to see, to improve CalWORKs overall.

Staff Comment and Recommendation. Hold open. As this year's CalWORKs budget is largely caseload driven and proposes no new program changes, staff recommends that caseload-related funding decisions be made after the May Revision.

Questions.

1. Please briefly summarize the CalWORKs program, including funding sources, average grant amounts, recent legislative and policy changes, and caseload trends.
2. Please provide an update on the most recent 24-month clock data, including the number of families that will time out of the 24-month clock and the number who might be sanctioned for not meeting WTW requirements.
3. Please discuss efforts the department is making to help families who are meeting the WPR but receiving sanctions.
4. Given the flexibility of the activities under the 24-month clock, it was expected that participation would increase in adult education or vocational training. Has this occurred? Why or why not?

Issue 3: Oversight: Early Engagement Strategies
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Background. AB 74 (Budget and Fiscal Review Committee), Chapter 21, Statutes of 2013, enacted several provisions meant to engage CalWORKs families earlier and more extensively, and by doing so to eliminate some of the obstacles to long term self-sufficiency. Specifically, AB 74 enacted Expanded Subsidized Employment (ESE), the Online CalWORKs Appraisal Tool (OCAT), and Family Stabilization (FS). Funding for these programs in 2016-17 and 2017-18 is as follows:

Funding	FY 16-17	FY 17-18
Expanded Subsidized Employment (ESE)	\$95.8 million Total Funds	\$95.8 million Total Funds
Online CalWORKs Appraisal Tool (OCAT)	\$12.0 million Total Funds	\$12.0 million Total Funds
Family Stabilization (FS)	\$39.9 million Total Funds	\$39.9 million Total Funds

*Total Funds includes a mix of TANF and General Fund

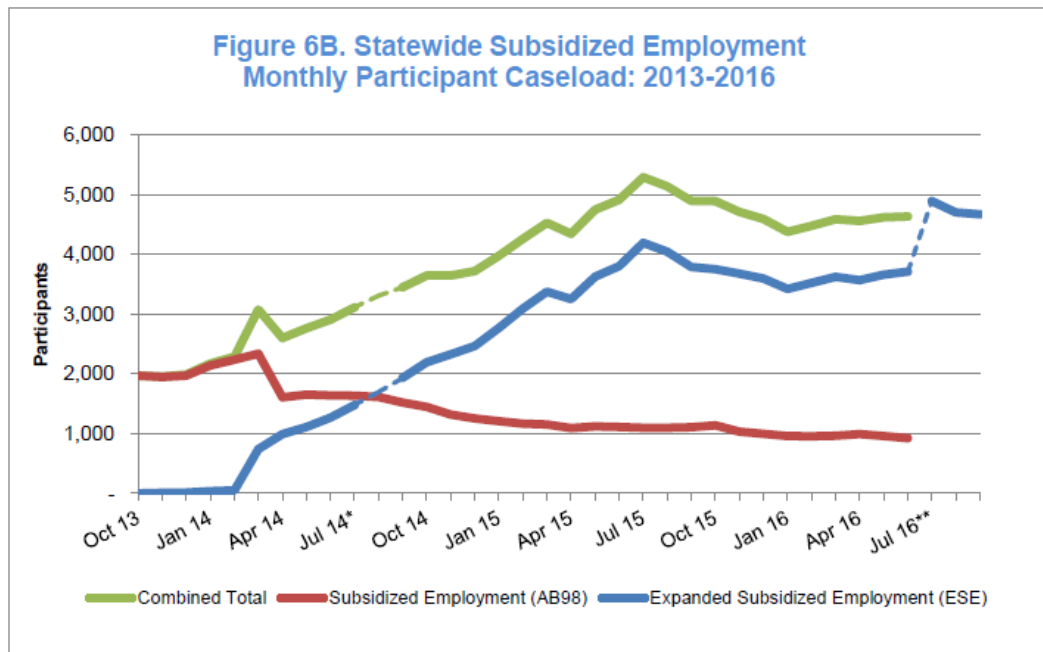
Expanded Subsidized Employment. Under subsidized employment, counties form partnerships with employers, non-profits, and public agencies to match recipients with jobs. Wages are fully or partially subsidized for six months to a year. While in an ESE placement, the CalWORKs recipient obtains specific skills and experience with the goal of obtaining permanent unsubsidized employment with the participating employer. Wages average \$3,300 per month, and the majority earn between \$10.00 and \$13.00 per hour.

The monthly cost-per-slot is estimated at \$1,355 and includes subsidized wages and benefits, non-wage employer costs such as worker's compensation. Grant savings resulting from employment earnings are reinvested into the ESE Program.

\$138 million (\$134 million for ESE and \$4 million due to the elimination of AB 98 subsidized employment) was allocated to 56 counties in 2016-17, and DSS projects that around 8,000 new jobs were anticipated for the same time period. Proposed funding for this program in 2017-18 is \$134 million.

As of December 2016, 51 counties are participating in the program. 2014-15 saw the participation of 7,798 new participants, and increased to 8,265 in 2015-16.

The following figures shows participants in subsidized employment programs, and shows an upward trend for subsidized employment activities.



Data Source: Participant data is based on monthly county transmissions.

Online CalWORKs Appraisal Tool (OCAT). OCAT is a standardized statewide WTW appraisal tool that provides an in-depth assessment of a client’s strengths and barriers, including: employment history, interests, and skills; educational history; housing status and stability; language barriers; child health and well-being; and, physical and behavioral health, including, but not limited to, mental health and substance abuse issues. The department indicates that OCAT has been implemented in all 58 counties.

Between July 1, 2015, and June 30, 2016, 73,444 OCAT appraisals had been completed with recommendations for supportive services:

- 36,442 recommendations for mental health services.
- 18,401 recommendations related to domestic abuse.
- 5,967 recommendations related to substance abuse.
- 54,273 clients indicated they were not working at the time of appraisal.
- 10,130 clients were enrolled in education or training programs at the time of appraisal.

The following table shows the growth in the utilization of OCAT:

Table 6D. OCAT Appraisals by Month: FY 2015-16

Month	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
# of OCAT Appraisals	1,316	2,977	5,208	6,494	6,420	7,408	6,949	6,562	6,999	10,017	6,345	6,823

Data Source: OCAT Helpdesk Technical Assistance Reports

As more data is provided by OCAT through continued use and enhanced reports, DSS anticipates that additional programs that are used by CalWORKs clients may benefit from the recommendation data, and that the data may be used to determine how to address unmet needs for services statewide and at the local level. However, OCAT needs to be integrated into the larger SAWS system in order for OCAT data to be utilized effectively to this end. Integrating OCAT into SAWS was not funded in the Governor’s budget.

Family stabilization (FS). FS is intended to increase client success during the flexible WTW 24-Month Time Clock period by ensuring a basic level of stability for clients who are especially in crisis, including intensive case management and barrier removal services for both adults and children. Clients must have a “Stabilization Plan” with no minimum hourly participation requirements. Six months of clock-stopping is available, if good cause is determined. Family Stabilization is a voluntary program, and counties were given flexibility to determine the services that are provided and individual program components. All 58 counties had fully implemented their FS programs as of June 2015.

CalWORKs Family Stabilization (FS) Status Report ¹ Fiscal Year 2015-16 (July 2015 vs. June 2016 comparison)		
July 2015	June 2016	Participation
2,307	2,833	Open FS cases.
1,246	1,443	FS cases active in FS only.
240	295	FS cases that transitioned to a WTW plan.
821	1,095	FS cases that participated concurrently in WTW activities.
770	763	FS cases that received good cause.
Services		
2,148	2,560	Total adults who received services.
854	1,422	Total children who received services.
509	584	Domestic Abuse
1,256	1,488	Mental Health
218	397	Substance Abuse
1,405	1,919	Other ²
Housing Support/Services		
726	903	Total Homeless services provided.
4,114	5,291	Total FS services provided.

Open cases have increased from 2,400 in December 2015 to 2,833 in June 2016. 3,982 individuals received domestic abuse services, mental health services, substance abuse services, or other services in June 2016, and 903 cases received homeless support or services in June 2016. Nearly 4,400 individuals successfully transitioned from an FS plan back to Welfare-to-Work between July 2014 and June 2016.

Staff Comment and Recommendation. Hold open. As OCAT continues to provide more information, the Legislature may wish to closely monitor what this data is revealing about the assessed needs of CalWORKs recipients, and how programs such as Family Stabilization or Expanded Subsidized Employment can be used to further the goals of the CalWORKs program. It is important to note that evaluation of this data may be dependent on the OCAT integration into SAWS.

Questions.

1. Please provide an overview of early engagement strategies, and continued implementation of these strategies.
2. How many subsidized employment placements have led to long-term, living-wage employment?
3. What are some new and different services that Family Stabilization funding provides?
4. Please discuss the automation of OCAT, and an update on initial data that OCAT has provided.

Issue 4: Oversight: Housing Support Program

Budget Issue. The Budget Act of 2016 appropriates \$47 million for Homeless and Housing Support Services, and the Administration proposes the same level of funding for 2017-18. This breaks down to approximately \$31 million in Federal Funds and \$16 million General Fund.

Background. The CalWORKs Housing Support Program (HSP) was established in 2014 to provide evidence-based interventions to CalWORKs families that are homeless or at risk of homelessness. This funding allows County Welfare Departments to assist homeless families to quickly obtain permanent housing and provide wrap-around supports. Counties have the flexibility to design their own county-specific HSP plan to serve the needs of the community, but are required to use evidence-based models. It is anticipated that 49 counties will implement or expand an existing Housing Support Program in both 2016-17 and 2017-18.

The HSP recognizes rapid re-housing and targeted homelessness prevention programs as cost-effective strategies to help families exit or avoid homelessness and retain permanent housing. Other core components of a HSP include comprehensive and coordinated entry with community partners along a continuum of care, housing identification, rent and moving assistance, and focused case management. Examples of services provided are landlord outreach and engagement, housing search and placement, housing barrier assessment, legal services and credit repair.

Caseload. Statute allows all CalWORKs families to be eligible for HSP services, regardless of their asset or income levels, when a county finds that the family is experiencing homelessness or housing instability. Between September 2014 and December 2016, over 6,500 families were moved from homelessness to permanent housing. Statewide, nearly 4,000 families were receiving services and/or financial assistance through this program during the month of December 2016. The majority of families housed are ready to exit the program after receiving rental subsidies for six months or less.

Staff Comment and Recommendation. No action required, informational item only.

Questions.

1. Please provide an overview of the program and services it provides.
2. What is the identified need for CalWORKs families who are homeless or at risk of homelessness? Given the additional resources the program received for the current year, does the program currently meet this need?

Issue 5: Trailer Bill Language: Expand Use of Local Family Support Account Funds

Governor's Proposal. The Administration proposes to allow funds in a county's family support subaccount to be used to fund a portion of the CalWORKs Single Allocation in lieu of using General Fund.

The department notes that thirteen counties realized additional indigent health care savings in 2014-15 (\$265.9 million) compared to initial estimate; this proposal will allow counties to redirect these savings.

Background. AB 85 (Committee on Budget), Chapter 24, Statutes of 2013 requires counties to establish a family support account in their local health and welfare trust accounts, which receives 1991 Realignment revenues from sales tax and vehicle license fees from the state-level Family Support Subaccounts.

Actual expenditure data reported by counties indicates that 13 counties realized additional combined indigent health savings of \$265.9 million in 2014-15 above the previously estimated savings level. Currently, the 1991 Realignment revenues deposited into a county's local family support subaccount can only be used to fund CalWORKs grant costs; however, the state has maximized the amount of 1991 Realignment funds that can be used for this purpose. This proposal would be a one-time cost shift to allow the extra savings to be redirected towards the CalWORKs Single Allocation.

Staff Comment and Recommendation. Hold open.

Question.

1. Please summarize the proposal.

Issue 6: Proposals for Investment

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

- Unsanction CalWORKs recipients who meet the federal WPR

Budget Issue. The Coalition of California Welfare Rights Organization (CCWRO) requests that CalWORKs recipients who meet the federal WPR be unsanctioned and provided with supportive services. The estimate for this proposal is \$4 million General Fund and would require trailer bill language.

Background. Current law provides that if a CalWORKs recipient has been sanctioned, and the only way that sanction can be set aside is if the participant performs the activity that they failed were sanctioned for. The major reason for sanctions is generally failure to attend orientation and appraisal, and this is usually because recipients do not have transportation or child care at that point. However, many recipients who are sanctioned find a job on their own, and start working to meet the federal WPR. To cure the sanction and be able to receive supportive services, the CalWORKs recipient would now have to take a day off from their new job to go through orientation or appraisal, and perhaps jeopardize their employment.

Staff Comment and Recommendation. Hold open.

- Simplify postsecondary educational participation for WTW

Budget Issue. The CCWRO requests that (1) parents enrolled in a publicly funded educational or postsecondary educational activity be deemed to be meeting their WTW participation requirements as it does for WIOA participation, (2) such educational participation shall be deemed to be an extension of the 24-month clock, (3) provide an allowance of ancillary services, and (4) simplify access to childcare. CCWRO estimates that this could save approximately \$100,000 General Fund annually and would require TBL.

Background. After the passage of SB 1041, it was expected that there would be an increase in referrals to education, given the flexibility in activities afforded by the bill. However, this has not occurred. One of the reasons for this may be that education only meets the federal WPR for one year.

Staff Comment and Recommendation. Hold open.

- Revise Single Allocation budgeting methodology and establish outcome and accountability system

Budget Issue. The County Welfare Director’s Association (CWDA) requests that DSS be required to work with CWDA on the revision of the Single Allocation budgeting methodology, and the establishment of a new outcomes and accountability review system to foster continuous quality improvement in the program.

Background. The Single Allocation of CalWORKs funding provided to counties has historically fluctuated with caseload, although it funds both fixed and flexible work. Most recently, due to a trend of decreasing caseload, counties have underspent their Single Allocation funds. However, come 2017-18, the Single Allocation will be reduced by \$198 million. This type of dramatic swing makes it difficult for counties to ramp up quickly in years when caseload and funding increases, as well as when they have to make rapid cuts when caseload and funding drops. CWDA points out that while many welfare-to-work services are easily scaleable, baseline administrative work is often not. And oftentimes when caseload decreases, the families left on CalWORKs are the ones most in need of increased services and supports.

The CalWORKs program offers a variety of different services, including job search and employment placement assistance, crisis resolution, mental health treatment, housing, child care, and educational opportunities. However, the only official measure of success is the federal WPR, which only looks at whether an individual was present in a “countable activity” for the required number of hours each month. This narrow measure does not tell us anything about broader measures of success, such as families finding and keeping living wage work or how children are faring.

Staff Comment and Recommendation. Hold open.

- Provide funding to integrate OCAT into SAWS

Budget Issue. CWDA requests trailer bill language and \$3.7 million in funding to integrate the OCAT as a service within the SAWS system.

Background. Currently, OCAT is a standalone system that requires county staff to do duplicate data entry, and the lack of integration within SAWS impedes outcome tracking. DSS and CWDA have been working together over the past year to evaluate costs and options for the OCAT-SAWS integration; however, the Governor’s budget did not include funding for these purposes.

Staff Comment and Recommendation. Hold open.

- Increase maximum CalWORKs grants and reinstate COLA and Earned Income Disregard

Budget Issue. The Western Center on Law and Poverty (WCLP) requests that the maximum grant by family size be increased to at least 50 percent of the FPL, and reinstatement of the COLA, as well as an increase to the Earned Income Disregard so that it has the same purchasing power as it did in 1997.

Background. Current maximum grant levels for a family of three on CalWORKs is just 42 percent of the FPL. Nearly 600,000 children live in deep poverty, most while enrolled in the CalWORKs program.

Staff Comment and Recommendation. Hold open.

- Create voluntary CalWORKs home visiting program

Budget Issue. California Latinas for Reproductive Justice, the Children's Defense Fund, Black Women for Wellness, and others request the creation of a voluntary home visiting program (the CalWORKs Baby Wellness and Family Support Home Visiting Program) for pregnant women and families with very young children served in the CalWORKs program. Home visiting would be evidence-based under the criteria of the Maternal, Infant, and Early Childhood Home Visiting program and provided by trained nurses or social workers.

Background. Much research has been done that points to the benefits of early home visiting. Some of these benefits include healthy child development beginning in the prenatal period, increased school readiness, enhanced parenting skills, and improved family economic self-sufficiency. This request is also addressed in AB 992 (Arambula) which is currently pending in the Assembly Appropriations Committee.

Staff Comment and Recommendation. Hold open.

Issue 7: Overview: CalFresh

Governor's Proposal. The Governor's budget includes \$1.9 billion (\$657.9 million General Fund) for CalFresh administration in 2017-18, a \$136.6 million (\$35.2 million General Fund) decrease from the 2016-17 appropriation. This increase is largely attributable to revised caseload projections. The CalFresh caseload is projected to decrease 2.8 percent in the current year and an additional 0.7 percent in 2017-18. The final CalFresh caseload, which is adjusted for caseload impacts not reflected in the base trend, is projected to reach an average of 1.8 million households in 2016-17 and 2017-18.

Background. CalFresh is California's name for the national Supplemental Nutrition Assistance Program (SNAP). As the largest food assistance program in the nation, SNAP aims to prevent hunger and to improve nutrition and health by helping low-income households buy the food they need for a nutritionally adequate diet. CalFresh food benefits are funded nearly exclusively by the federal government. Californians are expected to receive \$7.2 billion (all federal funds) in CalFresh benefits in 2016-17, and \$7.1 billion in 2017-18.

CalFresh benefits are provided on electronic benefit transfer (EBT) cards, and participants may use them to purchase food at participating retailers, including most grocery stores, convenience stores, and farmers' markets. In an average month in 2015-16, approximately \$611 million in CalFresh food assistance was disbursed to around 4.4 million Californians. The current average monthly benefit per household is around \$292 (\$141 per person). Since 1997, California has also funded the California Food Assistance Program (CFAP), a corresponding program for legal permanent non-citizens, who are ineligible for federal nutrition assistance due to their immigration status. The proposed CFAP budget includes \$62.8 million General Fund for food benefits, with an expected average monthly caseload of around 21,000 households (with about 48,000 recipients).

Eligibility and benefits. CalFresh households, except those with a member who is aged or has a disability, or where all members receive cash assistance, must meet gross and net income tests. Most CalFresh recipients must have gross incomes at or below 200 percent of the federal poverty level (which translates to approximately \$3,360 per month for a family of three) and net incomes of no more than 100 percent of the federal poverty level (\$1,680 per month for a family of three), after specified adjustments. The average monthly benefit per household is around \$292 (\$141 per person).

Efforts to improve participation. In FFY 2013, the most recent period for which official measures are available², the participation rate for the working low-income population was 74 percent nationally. California's participation rate for the working low-income population was the lowest in the nation at an estimated 52 percent. California's overall participation rate was the third lowest in the nation at an estimated 66 percent while the national rate was 85 percent.³ Reasons offered for California's poor

² *Reaching Those in Need: Estimates of State Supplemental Nutrition Assistance Program Participation Rates in 2013*, USDA, February 2016 (<http://www.fns.usda.gov/sites/default/files/ops/Reaching2013.pdf>)

³ DSS has noted that the federal government does not count the state's "cash-out" policy for SSI/SSP recipients (whereby those individuals receive a small food assistance benefit through SSP and are not eligible for additional CalFresh benefits) in its participation rate. The Department estimates that the state's participation rate could be a few percentage points higher if many of those individuals who would otherwise be eligible for CalFresh were counted as participating. The state would still have among the lowest participation rates in the nation.

performance with respect to CalFresh participation include, among others, a lack of knowledge regarding eligibility among individuals who are eligible, frustration with application processes, concerns about stigma associated with receiving assistance, and misconceptions in immigrant communities about the impacts of accessing benefits.

Efforts to increase participation include outreach to communities, in reach to families served by other nutrition and anti-poverty programs (like the Women, Infants and Children (WIC) program) and streamlining customer service with more on-line and telephone access. In February 2016, California was recognized for these efforts and won a most improved Program Access Index award from the USDA for FFY 2014⁴.

The department has continued to work on improving participation, most recently focusing on targeted populations:

Outreach to children. California has among the highest percentage of its children receiving CalFresh in the nation. The 2016 budget invested in a Children's Nutrition Initiative. The first project of the Initiative is a partnership between DSS CalFresh and the Department of Public Health WIC program to measure if children ages zero to five were receiving one, both, or neither of the two nutrition supports. Phase 1 consisted of a cross-department data match, and the result found that approximately 150,000 young children are participating in WIC but not CalFresh, even though they appear eligible. More analysis by geography, age, and language is under way. Phase 2 consists of site visits in spring 2017 to local WIC and CalFresh offices, to understand client and worker barriers and opportunities. Phase 3 will produce resources with proven practices for local providers and recommendations for state and federal policy, to help eligible young children receive both WIC and CalFresh. Upcoming projects of the initiative include continued expansion of modern customer service (including mobile and text tools) that are especially user-friendly for young parents.

Outreach to seniors. California's senior population has historically been underserved by CalFresh. Seniors made up approximately seven percent of the caseload in 2015, despite those 65 and over being 10 percent of the population in poverty in California. The state is engaging in a set of strategies to increase participation among currently eligible seniors and persons with disabilities: 1) on October 1, 2017 implementing a USDA "Elderly Simplified Application Project" to provide seniors with no earnings a three year-certification period; all electronic verifications at application; and no interview at recertification, unless requested; 2) also on October 1, 2017 implementing a USDA "Standard Medical Deduction demonstration project" to increase benefits of those with high medical expenses, which often includes seniors; 3) engaging the Behavioral Insights Team to test and design user-friendly application experiences and assistance for seniors; and 4) engaging the Benefits Data Trust to develop an enrollment and application assistance campaign for seniors. DSS will be convening a broad group of nutrition and senior stakeholders in summer 2017 to plan and coordinate this work and supporting partnerships.

⁴ Program Access Index is the number of CalFresh participants divided by the estimated number of eligible people in California. The full USDA report, *Calculating the Supplemental Nutrition Assistance Program (SNAP) Program Access Index: A Step-by-Step Guide for 2014*, can be found at <http://www.fns.usda.gov/sites/default/files/ops/PAI2014.pdf>

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

1. Elimination of fingerprint imaging requirement. AB 6 (Fuentes), Chapter 501, Statutes of 2011, eliminated the fingerprinting requirement, which was intended to prevent duplicate receipt of aid. However, fingerprint imaging created the perception of stigma and other measures were already in place to prevent duplicative receipt.
2. Semiannual reporting. Evidence suggested that a number of CalFresh households may leave the caseload after failing to correctly submit regular reports, only to reapply a few months later. AB 6 also amended the reporting requirement from three quarterly reports in a certification period to one report in a certification period.
3. Face-to-face interview waiver. All counties offer telephone interview in lieu of a face-to-face interview for intake and recertification appointments for CalFresh-only clients.
4. Drug and Fleeing Felon Eligibility. Effective April 1, 2015, the lifetime ban on CalFresh benefits for those convicted of certain drug felonies was lifted. In September 2015 the Food and Nutrition Service of the United States Department of Agriculture published new rules on the definition of fleeing felon that allow a majority of previously ineligible adults to become eligible for CalFresh benefits and were implemented in California on December 1, 2015.

Drought Food Assistance Program (DFAP) and CalFood (formerly State Emergency Food

Assistance Program (SEFAP) update. The DFAP is a temporary program. The 2016-17 appropriation included \$18.4 million General Fund to operate the program. The department notes that this funding will be sufficient to see the program through December 2017, and there is no proposed funding for 2017-18. The CalFood program, formerly known as SEFAP, which provides additional flexibility to food banks, received a one-time \$2 million General Fund augmentation in 2016-17; the Governor's budget does not provide additional funding for 2017-18.

Expiration of Federal ABAWD Waiver. When Congress created the SNAP program, they also created a time limit for unemployed childless adults between the ages of 18 and 49 years old, referred to as ABAWDs (Able-Bodied Adult Without Dependents). For ABAWDs, the receipt of SNAP benefits is limited to three months in a 36-month period unless they are working at least 80 hours per month, participating in qualifying education and training activities at least 80 hours per month, or complying with a workfare program. However, the ABAWD waiver California is operating under, which is based on the state's unemployment rate, allows for these individuals to continue receiving CalFresh benefits without the time limit. The statewide ABAWD waiver expires on August 31, 2018, and because California's overall unemployment rate is improving, it will likely not be renewed at a statewide level. The ABAWD waiver will still operate on a county by county basis, depending on that county's unemployment rate. When the waiver expires, certain counties and regions within California will lose waiver eligibility due to their declining unemployment rates. Those counties will then be required to implement the ABAWD time limit, putting likely hundreds of thousands of individuals at risk for not receiving CalFresh benefits. DSS is currently holding five workgroups and running monthly meetings to

help mitigate issues related to the expiration of the waiver and to fully prepare those counties that are at risk of losing the waiver.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the program and current caseload trends.
2. Please summarize efforts to improve participation and results of current outreach efforts.
3. Please discuss the expiration of the federal ABAWD waiver, impacts it may have and efforts the department is making to mitigate any negative effects.

Issue 8: Proposals for Investment
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The subcommittee received the following requests for investment:

- Protect ABAWDs from expiring federal waiver

Budget Issue. WCLP requests TBL to (1) remove the ability of a county board of supervisors to opt out of accepting a federal waiver, (2) authorize self-initiated volunteer work to be performed in order to qualify for the ABAWDs exemption to the maximum extent permitted by federal law; and (3) requires the state to maximize federal exemptions to the ABAWD limit for homeless Californians.

Background. Under SNAP regulations, a state can qualify for a 12-month statewide ABAWD waiver if it is determined that the unemployment level is below a certain amount. However, the current ABAWD waiver is set to expire in 2018. Counties are still eligible for a waiver under federal law; however, current state law requires the state to seek a federal waiver for all counties eligible for a waiver unless the county board of supervisors send DSS a letter stating their intent to opt-out.

Staff Comment and Recommendation. Hold open.

- Additional funding for CalFood

Budget Issue. The California Association of Food Banks requests funding CalFood (formerly the State Emergency Food Assistance Program, or SEFAP) at \$17.5 million General Fund in the 2017-18 budget.

Background. CalFood funds provide additional flexibility to food banks, as they can purchase the items that they need to complement the types of foods that are currently available to them. Advocates estimate that these funds would provide approximately 87.5 million meals. Last year, the Legislature approved a one-time \$2 million General Fund augmentation to SEFAP.

Staff Comment and Recommendation. Hold open.

- Enact pilot to aid CalFresh families impacted by unsafe drinking water

Budget Issue. California Food Policy Advocates requests \$5 million in the 2017-18 budget for a three-county supplemental nutrition benefit pilot to bring relief to CalFresh families impacted by unsafe drinking water.

Background. The State Water Board has previously estimated that roughly 400 disadvantage communities in the state receive water from a public water system that does not meet drinking water standards. In 2015, 27 counties have water systems with arsenic and nitrate/nitrite contaminations that made water unsafe to drink; more than 1.9 million CalFresh families reside in these counties.

Staff Comment and Recommendation. Hold open.

5180 – DEPARTMENT OF SOCIAL SERVICES – IMMIGRATION BRANCH**Issue 9: Update: Immigration Services Programs**

Background. The 2016 Budget Act included \$30 million General Fund for the Immigration Services Program. Through this program, qualified nonprofits who meet specific criteria and guidelines may apply for grants to provide education, outreach, and application assistance to immigrant community members eligible for either deferred action programs or naturalized citizenship.

DSS has awarded contracts to qualified nonprofit organizations that will provide services under one or more of the following service categories: (1) Services to Assist Applicants seeking Deferred Action for Childhood Arrivals (DACA); (2) Services to Assist Applicants seeking Deferred Action for Parents of Americans and Lawful Permanent Residents (DAPA); (3) Services to Assist Applicants seeking Naturalization; (4) Services to Assist Applicants seeking Other Immigration Remedies; (5) Legal Training and Technical Assistance Services; and (6) Education and Outreach Activities.

In 2015-16, 78 applications were received and 61 organizations were awarded funding. In 2016-17, 96 applications were received and 80 organizations were awarded funding. Contracts awarded in 2015-16 run from January 1, 2016 through June 30, 2017; while 2016-17 contracts run from January 1, 2017 through December 31, 2017.

Below is a chart that shows what activities were funded and at what level:

Service	Amount	% of Total
DACA	\$1,081,200.00	4%
DAPA	0	0%
Other Immigration Remedies	\$11,006,000.00	37%
Naturalization	\$11,412,000.00	38%
Education and Outreach	\$3,269,800.00	11%
LTTA	\$976,000.00	3%
Capacity Award	\$1,250,000.00	4%
AAPI	\$250,000.00	1%
State Operations	\$755,000	3%

National discussions of federal immigration policy have impacted demand and need, and the department has adjusted contract deliverables with individual contractors to reflect capacity, demand, need, and other factors.

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

Orange County (Orange, Ventura), and San Diego (Imperial, San Diego). Below is a chart with a breakout of regional allocations.

REGION	FY 2015-16 AWARD	FY 2016-17 AWARD
Statewide	\$2,862,150	\$8,134,830
Northern California	Included in Central Valley Region	\$356,900
Central Valley	\$2,508,100	\$3,022,570
Bay Area	\$2,695,550	\$4,138,740
Central Coast	\$382,590	\$603,280
Los Angeles	\$3,696,940	\$8,447,270
Orange County	\$869,660	\$1,082,500
San Diego	\$708,310	\$706,860
Inland Empire	\$736,700	\$1,252,050

Organizations in the greater Los Angeles area and the Bay Area have the most capacity, and can serve greater numbers of immigrants, while other areas may have more limited capacity.

API Capacity Project update. The API Capacity Project is one of several projects seeking to improve immigration benefit outcomes for underserved immigrant populations in California. The department is making a two-year investment in the Los Angeles area to increase the number of API undocumented immigrants apply for relief including DACA and U Visas, and to identify best practices to improve outcomes for this community.

The API community is the fastest growing undocumented population in California and undersubscribes immigration relief programs. The Migration Policy Institute reports that nationally only 16 percent of Korean eligible immigrants applied for DACA, compared to 81 percent of immigrants from Mexico and El Salvador. The department will work with contractors with the relevant linguistic and cultural competency to promote immigration remedies, improve utilization and identify outreach and education best practices. This contract term is January 1, 2017 through December 31, 2018.

Reporting Requirements. DSS conducts site visits of contractors and reviews service performance on a quarterly basis. The department notes that outcomes for education and outreach are the most difficult to track.

Unaccompanied Undocumented Minors (UUM). DSS oversees \$3 million legal services funding for the UUM program. The department awards contracts to qualified nonprofit legal services organizations that will provide legal representation for UUMs in the filing of, preparation for and representation in administrative and/or judicial proceedings for the following immigration statuses: asylum, T-Visa, U-Visa, and/or Special Immigrant Juvenile Status (SIJS). The legal services include culturally and linguistically appropriate services provided by attorneys, paralegals, interpreters and other support staff for state court proceedings, federal immigration proceedings, and any appeals arising from those proceedings. Services began on December 19, 2014.

The UUM fee-per-case was increased in 2015-16 from \$4,000 per case to \$5,000 per case to adequately compensate legal services organizations for the contracted UUM services. A departmental survey and research of costs associated with providing UUM legal services ranged from \$2,000 to \$12,000, depending on the case type. Invoicing records show that the majority of cases that contractors are handling involve Asylum and Special Immigrant Juvenile Status, which have the greatest expense.

The average wait time to secure a court decision for a UUM client is 1,071 days (2.9 years). All UUM contractors have until June 30, 2021 to close out all active cases and submit final invoices.

Below is a chart showing clients served to date with UUM program funding:

Fiscal Year	2014-15	2015-16	2016-17⁵
Clients to be Served	725	580*	580
Clients Completed (Adjudicated)	254	83	2
Final Case Outcomes			
Asylum	183	76	2
T-Visa	2	0	0
U-Visa	2	0	0
SIJS	65	7	0
Other (Citizenship)	2	0	0

DSS has awarded \$8.7 million in funding through June 30, 2017 to non-profit legal services providers to provide legal services to 1,885 UUMs. The UUM program has funded an average of 20 non-profit organizations during each of its three cycles.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please briefly summarize the program and services, and provide an update on how current year funds are being spent.
2. Please provide an update on the API Capacity Project.
3. Please provide an update on UUM.

⁵ Contracts were executed in November 2016 and invoices were submitted beginning January 2017. 184 have been served through January. The contract end date is June, 2017.