



March 4, 2024

To: The Honorable Caroline Menjivar
Chair, Senate Budget Subcommittee No. 3

Honorable Members
Senate Budget Subcommittee No. 3

The Honorable Dr. Corey Jackson
Chair, Assembly Budget Subcommittee No. 2

Honorable Members
Assembly Budget Subcommittee No. 2

From: Eileen Cubanski, Interim Executive Director, CWDA

**RE: CALIFORNIA WORK OPPORTUNITY AND
RESPONSIBILITY TO KIDS (CALWORKS) PROGRAM –
OPPOSITION TO THE ELIMINATION OF THE EXPANDED
SUBSIDIZED EMPLOYMENT PROGRAM**

The County Welfare Directors Association (CWDA) opposes the elimination of the CalWORKs Expanded Subsidized Employment (ESE) Program as proposed in the Governor's Budget. The CalWORKs ESE program offers CalWORKs participants subsidized employment placements that provide crucial training, skills, and experiences essential to securing and maintaining unsubsidized employment. The proposed elimination of this program would deprive CalWORKs participants of this valuable benefit and transformative experience.

County human service departments, on behalf of the state, administer various programs designed to assist the most vulnerable Californians. Among these programs is the CalWORKs program, specifically designed for low-income families with children. The overarching objective of the CalWORKs program is to provide services and support that prevent further economic hardship for low-income families, while offering resources to improve the financial stability and well-being of families. The ESE program, which started on July 1, 2013, operates within the CalWORKs framework, recognizing the need for additional resources and flexibility in supporting individuals encountering obstacles in obtaining or retaining

employment. Counties have received a dedicated \$134.1 million for this program to facilitate the transition of individuals into subsidized employment positions. These roles are not only vital for providing CalWORKs families with additional household income through subsidized wages, but also promote professional development that can ultimately lead to higher wages in permanent unsubsidized employment positions. Higher wages for many families are key to transitioning families out of deep poverty and increasing the likelihood of breaking generational poverty.

The CalWORKs ESE Program Offers Critical Supports for CalWORKs Clients to Obtain Permanent Unsubsidized Employment: County ESE program staff diligently work to understand the needs of CalWORKs individuals and to appropriately place participants into subsidized employment positions that best suit their work goals and interests. Concurrently, county staff cultivate partnerships with employers in the community to expand the pool of available job opportunities for ESE participants. Some counties have reported collaborating with over 200 employers across the public, private, non-profit, and retail sectors. While these participating employers include large retail and non-profit entities, the majority are local and small businesses, including daycare centers, banks, landscaping companies, grocery stores, community-based organizations, county agencies (human services, housing authorities, veterans affairs, etc.), schools, and many, many others. Counties collaborate with these local employers to subsidize the wages of the participants, which range from the state's minimum wage to \$30 an hour, while the employers contribute to the professional development of the CalWORKs participants.

Working with CalWORKs individuals who have varying degrees of competencies, employers serve as professional mentors and provide professional development to ESE participants, and partner with county staff to enhance soft and hard skills for CalWORKs participants. For example, in addition to subsidized employment, ESE participants can attend vocational training programs and obtain certifications (e.g., medical field, transportation, accounting, cosmetology), as well as attend classes for computer and internet basics, Microsoft office training, and job search and preparedness, among others. The training, classes, and certifications provided increases participants' chances of obtaining unsubsidized employment with higher wages and/or the opportunity to seek a new career of choice.

The CalWORKs ESE Program is Highly Impactful and Transformative for Participants: Counties report that ESE participants who have transitioned to unsubsidized employment receive a wage equal to or higher than the wage they received while being on the ESE program. Some counties have also reported that post-ESE participants receive a 25-40 percent average wage increase, increasing their household income substantially over CalWORKs cash aid alone. Counties have witnessed firsthand the transformative impact of the ESE program on CalWORKs families. They have collected numerous success stories illustrating how the ESE program has:

- Assisted recent immigrants who left careers in their home countries in rebuilding their professional lives through streamlined ESE placements, where their skills led to permanent unsubsidized employment with higher wages.
- Supported clients who have experienced domestic abuse, homelessness, and are single mothers in obtaining valuable training and work experience to achieve independence.
- Linked parents who recently completed their education, who possess extensive community service experience but lack work history, with placements in their respective fields of study, resulting in career opportunities.
- Observed individuals who embarked on ESE placements after receiving extensive case management through other CalWORKs programs, such as Family Stabilization, demonstrate dedication and managerial aptitude, progressing from an ESE office assistant to a permanent position as an office manager.
- Provided placements for individuals who previously struggled to maintain employment, enabling them to thrive with job coaching and counseling while in the ESE program and beyond.
- Supported both adults in a household through ESE placements that increased their wages, fostering financial stability for the family.

Counties who have been able to track employment after completion of 6 and 12 months of subsidized employment have reported high rates of job retention. The ESE program has positively impacted numerous families, as exemplified by the stories highlighted above, and countless others with their unique journeys.

While counties have worked for years to build out this program, there has been a decline in spending of the ESE allocation in recent years. This decline was caused by the COVID-19 pandemic and the state and local policies that appropriately encouraged individuals to stay-at-home. These stay-at-home orders and changes in CalWORKs employment services policies were necessary during the pandemic. For instance, CDSS' "blanket good cause" exemption temporarily suspended counties' Welfare-to-Work (WTW) programs and all CalWORKs WTW participation requirements during the declared public health emergency. Now that these orders and policies have lifted, counties have begun reengaging both CalWORKs participants and employers into the ESE program. This is exemplified in the most recent CDSS' expenditure data, which notes an increase in the funding utilization for FY 2022-23. CWDA has also advocated for additional technical changes in the CalWORKs ESE statute that would allow for more counties to spend their individual allocations and help counties expand their ESE program to even more CalWORKs clients.

Concluding Remarks

County human services departments serve the poorest and most vulnerable Californians, who often have unique and complex needs, and face challenges even in the best of times. In

the worst times, they bear the brunt of economic impacts. The ESE program illustrates how a supportive environment and network can positively impact and provide opportunities for our most vulnerable Californians. Our opposition to this proposal is rooted in continuing the state’s mission and vision to strengthen and preserve families, encourage personal responsibility, and foster independence among vulnerable children and adults. The proposal to eliminate the ESE program that has successfully aided in transitioning families into financial stability does not align with California’s vision.

- cc: Chris Woods, Office of the Senate President Pro Tempore
- Mareva Brown, Office of the Senate President Pro Tempore
- Jason Sisney, Office of the Speaker of the Assembly
- Kelsy Castillo, Office of the Speaker of the Assembly
- Elizabeth Schmitt, Senate Budget and Fiscal Review Subcommittee No. 3
- Nicole Vazquez, Assembly Committee on Budget Subcommittee No. 2
- Kirk Feely, Senate Republican Fiscal Office
- Joe Shinstock, Assembly Republican Fiscal Office
- Krista Pfefferkorn, Office of Senator Weiner
- Kimberly Fuentes, Office of Senator Menjivar
- Dubrea Sanders, Office of Assembly Member Jackson
- Ginni Bella Navarre, Legislative Analyst’s Office
- Richard Figueroa, Office of the Governor
- Angela Pontes, Office of the Governor
- Marko Mijic, Health and Human Services Agency
- Kim Johnson, California Department of Social Services
- Kris Cook, HHS, Department of Finance
- Justin Garrett, California State Association of Counties
- County Caucus