



CWDA
Advancing Human Services
for the Welfare of *All* Californians

925 L Street, Suite 350
Sacramento, CA 95814
p: 916.443.1749 | f: 916.443.3202
cwda.org

February 26, 2020

To: The Honorable Dr. Richard Pan
Chair, Senate Budget Subcommittee No. 3

Honorable Members
Senate Budget Subcommittee No. 3

From: Frank J. Mecca, Executive Director

**RE: REDUCTION TO THE CALWORKS SINGLE
ALLOCATION FOR EXPANDED SUBSIDIZED
EMPLOYMENT**

The County Welfare Directors Association of California (CWDA) opposes the proposal in the Governor's Budget to shift funding from the CalWORKs Single Allocation to the Expanded Subsidized Employment (ESE) Program. Under the Administration's proposal, \$19.8 million associated with the base funding requirement (BFR) for ESE will be removed from the Single Allocation and provided as part of the ESE Program allocation. This funding shift is effectively a cut to the Employment Services component of the Single Allocation. We are also concerned with a provision in the Administration's proposed trailer bill language (TBL).

The BFR is a maintenance of effort requirement that was put into place when the ESE Program was first enacted in 2013. The purpose of this requirement was to ensure that the additional funding for the ESE Program was not used to supplant funding already used at the time for subsidized employment. Counties with a BFR are required to expend that amount of funding from their Single Allocation on subsidized employment to be eligible to tap into their ESE Program allocation. However, counties are not required to participate in the ESE Program, so counties with a BFR could choose at any time to use those Single Allocation funds for other employment services or administrative purposes. There are 27 counties with a BFR totaling \$19.8 million. Each county's base funding amount is a fixed amount based on each county's actual FY 2012-13 CalWORKs Single Allocation subsidized employment expenditures.

While the intent behind the BFR was laudable, it has become inequitable and problematic over time. The period of time used to develop the BFR was shortly after the expiration of the American Recovery and Reinvestment Act (ARRA), a program of the Great Recession where counties were incentivized to provide subsidized employment programs using Temporary

Assistance for Needy Families (TANF) Emergency Contingency Funding (ECF). This caused a surge in subsidized employment spending that continued to some degree when the base funding requirement amounts for ESE were determined, leading to higher BFRs in some counties. As the economy improved and continues to remain strong, overall funding for the Single Allocation has dropped significantly due to the dropping caseload, yet the ESE BFR remains fixed. Counties with BFRs are faced with the annual decision of whether they can afford to meet the BFR and continue to operate an ESE Program or whether the BFR funds are needed for other critical administration functions or services. The removal of Stage One Child Care funding from the Single Allocation is also compounding these resource challenges. There is one large county that recently stopped their participation in the ESE Program because they cannot meet their BFR.

The Administration has proposed to eliminate the BFR for the ESE Program, but to shift the BFR funding out of the Single Allocation and move it to the ESE Program. CWDA supports the elimination of the BFR for the reasons explained above but opposes the shift of funding. The shift is a cut to the Single Allocation for those counties with a BFR requirement and a redirection to other counties without BFRs who are able to operate larger ESE Programs. The cut resulting from the shift of funds will eliminate the ability of the affected counties use those funds for other critical services and functions when needed.

The Administration also proposes TBL that would link the allocation of the ESE Program to CalOAR data. This language is not necessary. Current law already requires annual consultation of CDSS and CWDA in developing the allocation and statute is not needed to factor CalOAR data into the methodology. Including this specificity in the law limits state and county flexibility to modify the allocation as needed in the future to meet program needs. Furthermore, it is premature to link the distribution of these funds to CalOAR data.

For these reasons we ask for your support to eliminate the BFR but reject the funding shift and adopt modified TBL. Thank you for your consideration.

Attachment: Proposed modifications to the Administration's Trailer Bill Language

cc: Mareva Brown, Office of the Senate President Pro Tempore
Chris Woods, Office of the Senate President Pro Tempore
Renita Polk, Senate Budget and Fiscal Review Subcommittee No. 3
Rebecca Hamilton, Senate Republican Fiscal Office
Luan Huynh, Office of Senator Holly Mitchell
Bernadette Sullivan, Office of Senator Richard Pan
Richard Figueroa, Office of the Governor
Tam Ma, Office of the Governor
Ginni Bella Navarre, Legislative Analyst's Office
Paula Villescaz, Health and Human Services Agency

Marko Mijic, Health and Human Services Agency
Kim Johnson, California Department of Social Services
Robert Smith, California Department of Social Services
Kären Dickerson, California Department of Social Services
Jennifer Troia, California Department of Social Services
Adam Dorsey, HHS, Department of Finance
Jay Kapoor, HHS, Department of Finance
Justin Garrett, California Association of Counties
County Caucus