



CWDA

June 18, 2008

To: Honorable Members, Budget Conference Committee

From: Frank J. Mecca
Executive Director

Re: **California Work Opportunity and Responsibility to Kids
(CalWORKs) Program Issues (Pages 294 - 302, All Issues)**

The County Welfare Directors Association of California (CWDA) offers the following recommendations for CalWORKs issues in the Budget Conference Committee.

Funding Issues

CWDA urges your support for the Senate versions of funding for the CalWORKs Pay for Performance program (page 298) and the County Single Allocation (page 299). This funding is needed for essential welfare-to-work services that are helping families get and keep employment, particularly at this time of increasing demand. These services are already significantly underfunded, as counties have not received increases to reflect the actual cost of operating human services programs on behalf of the state since 2001. These lost funds now total an estimated \$250.6 million annually for the CalWORKs program alone. Additional reductions will further hinder county efforts to increase the CalWORKs work participation rate and avoid a federal penalty.

More specifically, the May Revision proposed to eliminate the entire \$40 million for the CalWORKs Pay for Performance program, but the Senate maintained \$10 million for targeted employment services. The May Revision also proposed to reduce county Single Allocation funding by \$20.6 million, and backfill the cut with unspent performance and fraud incentives already earned by counties. The Senate reduced that reduction to an amount up to \$10.3 million.

In addition, CWDA urges your support for adoption of the LAO alternative for TANF/General Fund swaps (page 302). Using federal Temporary Assistance for Needy Families (TANF) funding for other allowable programs would help the state avoid federal penalties without affecting the total amount of funding for the CalWORKs program.

Policy Issues

CWDA urges your support of the Assembly position to adopt the Work Incentive Nutritional Supplement (WINS) proposal (page 294). This program, proposed by the Administration in January, would promote self-sufficiency through work by providing a supplemental food stamp benefit to eligible working families. This offers a further bridge to self-sufficiency for families formerly receiving CalWORKs, and helps ensure they will not need cash aid again in the future. This program would also help the state avoid a significant federal penalty, by increasing the CalWORKs work participation rate.

CWDA believes Self-Sufficiency Reviews for Sanctioned Cases (page 296) may be a promising strategy for increasing work participation, if the reviews are structured in a way that promotes meaningful client contact.

With regards to the CalWORKs Earned Income Disregard (page 297), CWDA respectfully suggests that the Legislature consider an alternative option, to provide a “full-time work bonus” for families working sufficient hours to meet federal requirements. We believe this option could achieve Legislative intent in a manner that provides clear incentives to clients, could be implemented relatively easily, and does not unduly penalize families working part-time.

Finally, we would suggest that the Committee consider an additional option, to expand the subsidized employment program for CalWORKs families, established by AB 98 (Niello), to families in the CalWORKs Safety Net program. Counties have seen great success with this program, as most clients move quickly to unsubsidized employment. Providing this opportunity to families in the CalWORKs Safety Net program will help them achieve self-sufficiency more quickly, and will help the state improve its work participation rate.

Counties are continually striving to improve the CalWORKs program and ensure that the maximum number of recipients are working or participating in activities that will lead to work and self-sufficiency. We look forward to continuing these ongoing efforts with the Administration, Legislature, and other stakeholders in order to identify and analyze options that would improve participation in the program without harming children and families.

Thank you for your consideration of our position and please do not hesitate to contact CWDA if you have any questions regarding this memo.

cc: Agnes Lee, Consultant, Senate Budget and Fiscal Review
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