



Date May 13, 2017

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

Honorable Members
Senate Budget Subcommittee No. 3

From: Frank J. Mecca, Executive Director, CWDA
Tia Orr, Director of Governmental Affairs, SEIU California

**RE: MAY REVISION – RESTORE CALWORKS FUNDING
AND REVISE SINGLE ALLOCATION BUDGET
METHODOLOGY**

The County Welfare Directors Association of California (CWDA) and the Service Employees International Union (SEIU) California urgently request your support of California's poorest citizens by preserving the state's fiscal investment in CalWORKs and developing recommendations for revising the Single Allocation budgeting methodology.

The May Revision of the Governor's 2017-18 state budget proposes to cut \$248 million from the CalWORKs Single Allocation, which funds eligibility activities, employment and supportive services, and child care to CalWORKs recipients. The cut proposed in the May Revision is \$50 million higher than that included in the January budget and represents a 13.3 percent cut to the current year funding level. This reduction is on top of a \$160 million reduction to the Single Allocation that counties have already experienced in the current year, and if adopted, would result in a 21.2 percent reduction to the funding over two years. A cut of this magnitude will have devastating effects on the CalWORKs services and administrative infrastructure and the families we serve. Counties will have no other option but to enact immediate service reductions, eliminate positions, and lay off existing staff. The devastating impacts will be felt across the CalWORKs program - reduction or even elimination of subsidized employment programs, reductions to employment services, family stabilization services and support for the Housing Support Program, decreases in availability of supportive services like child care, and inevitable delays in application processing and benefit issuance. These reductions will have direct impacts on participant engagement and the state Work Participation Rate, and will extend the duration on public assistance among families.

In addition, CWDA and SEIU believe that it is time to revisit the two-decade-old caseload driven budget methodology used for the CalWORKs Single Allocation. The CalWORKs

caseload is closely tied to the performance of the economy and can grow quickly when the economy declines while dropping equally as fast when the economy improves. The result is huge swings in funding levels for the Single Allocation, as evidenced by the significant reductions in the current year and proposed for next. It is difficult for counties to ramp up quickly in years when funding increases dramatically, and equally difficult for counties to make rapid cuts in years when funding drops. The result in this instance of rapid and significant funding decline is that counties' CalWORKs services and administrative infrastructures will be decimated at the moment that the next recession hits, CalWORKs caseloads quickly grow, and CalWORKs services and benefits are needed most.

Given these dynamics and in light of the performance and accountability system that CWDA has also proposed, CWDA and SEIU California believe it is time to reexamine how the CalWORKs Single Allocation budget is built. Caseload should remain a factor, but funding should also be budgeted to support a minimum services infrastructure and ongoing administrative workload, as well as the programmatic goals and outcomes that are desired. Consideration in the budgeting methodology must also be given to account for the service needs of various cases and the resources required to ensure those needs are met.

For these reasons, CWDA and SEIU California urge your support of these requests and thank you for your consideration.

cc: Jennifer Troia, Office of the President Pro Tempore
Craig Cornett, Office of the Senate President Pro Tempore
Theresa Pena, Senate Budget and Fiscal Review Subcommittee No. 3
Anthony Archie, Senate Republican Fiscal Office
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