



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



February 12, 2025

To: The Honorable Dr. Akilah Weber Pierson
Chair, Senate Budget Subcommittee No. 3

Honorable Members
Senate Budget Subcommittee No. 3

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

Honorable Members
Assembly Budget Subcommittee No. 2

From: Carlos Marquez, Executive Director, CWDA
Tiffany Whiten, Senior Government Relations Advocate, SEIU
Justin Garrett, Senior Legislative Advocate, CSAC
Kelly Brooks-Lindsey, Legislative Representative, UCC
Sarah Dukett, Policy Advocate, RCRC

**RE: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY
TO KIDS (CALWORKS): RIGHTSIZED COUNTY
ADMINISTRATIVE FUNDING**

The County Welfare Directors Association of California (CWDA), Service Employees International Union (SEIU), California State Association of Counties (CSAC), the Urban Counties of California (UCC), and the Rural County Representatives of California (RCRC) respectfully request an additional one-time \$245 million total funds in Fiscal Year (FY) 2025-2026 and updates to the California Work Opportunity and Responsibility to Kids (CalWORKs) administrative budget methodology effective FY 2026-27 for county administration of the CalWORKs program to address critical and persistent underfunding of CalWORKs program operations. This funding and update to the administrative budget methodology is necessary to 1) ensure adequate resources for county administration of the CalWORKs program to serve families in need of and entitled to CalWORKs, 2) provide services to help families overcome barriers of employment, 3) prevent county staff from being forced to reduce contact with CalWORKs clients who access employment services at a time when some may eschew access to public benefits out of fear of immigration implications for their undocumented family members, and 4) ensure that the state's participation in the Work and Family Well-Being federal pilot, in which counties are at the forefront in carrying out the work, will be successful.

CalWORKs is Essential to Supporting Children and Families in Deep Poverty: The CalWORKs program provides temporary cash assistance, education, employment, and supportive services to over 650,000 children and their families, assisting families' basic needs and progress towards self-sufficiency. California leads the nation as a model for how to leverage the federal Temporary Assistance for Needy Families (TANF) program to not just support children and families in deep poverty, but to provide them lasting benefits by improving families' well-being, self-sufficiency, and outcomes. County human services agencies are at the forefront in administering the CalWORKs program on behalf of the state, from providing eligibility determination and case management, to services and supports to help families overcome barriers to employment.

County CalWORKs Administration State Budget Methodology is Flawed: CalWORKs administrative and services funding is provided in an annual Single Allocation to counties for administration of the program. The Single Allocation is largely comprised of two major components: 1) the Eligibility component, which provides counties funding to process CalWORKs applications, redetermine eligibility, and maintain cases to ensure families receive timely financial support, crucial for meeting basic needs; and 2) the Employment Services component, which provides counties funding to provide services and supports to clients in Welfare-to-Work activities, case management, and job-related supports. Moreover, the Single Allocation is fungible, meaning counties can shift funds between the allocation components as needed.

The Single Allocation budget methodology, and specifically the eligibility component, was last updated in FY 2018-19. Despite the rebase, the methodology did not fully fund the workload associated with the full volume of applications and did not provide for annual inflation adjustments, a particular problem when inflation and labor costs have been growing so rapidly. Funding for the eligibility component of the Single Allocation has fallen behind, with counties forced to overspend the statewide eligibility allocation in the past four years and instead redirect employment services funding to cover for eligibility overspending. In the most recent fiscal year, FY 2023-24, counties overspent eligibility funding by \$245 million, which resulted in the redirection of 20-percent of total employment services funding to cover for the overspending in eligibility. Had the eligibility allocation been fully funded in FY 2023-24 and employment services funding levels remained intact, funding would have gone to support CalWORKs adult recipients in obtaining and maintaining employment through services such as job preparation activities, training programs (e.g., certificate/credential programs), educational support (e.g., GED attainment or college degree programs), and supportive services (e.g., childcare, transportation). This ultimately aids families in gaining economic independence.

The 2022 Budget Act included trailer bill language requiring the California Department of Social Services (CDSS) to work with CWDA and counties to reassess the budget methodology for eligibility administration of the Single Allocation every three years, beginning with the 2024-25 fiscal year. This reassessment work occurred during FY 2023-24 and resulted in the estimation that an additional \$209.1 million is needed to update for costs associated with certain components of eligibility administration: \$160.3 million to update the worker cost and \$48.8 million to fund the workload associated with all applications. We note these estimates were based on worker cost data from

Calendar Year 2023, and the gap the reassessment identified is likely to grow as worker costs increase. Despite the acknowledgement of underfunding in CalWORKs eligibility administration by the Administration through its reassessment work with CWDA, as highlighted in the 2024-25 May Revision, funding was neither provided in the 2024 Budget Act nor proposed in this year's budget.

Underfunding in the Eligibility Component of the Single Allocation Affects Employment Services Funding: Counties are required by state and federal mandates to perform eligibility activities within a specified amount of time, but these same time constraints do not apply to employment services. Consequently, given the underlying methodology limitations and the underfunding in the eligibility administration component, counties have had to redirect funding from employment services to backfill for the overspending in eligibility. Counties' ability to provide essential support – the linkages to services and the follow through to ensure that families' needs are being met – is significantly undermined. Such services and supports include, but are not limited to, credit recovery services, which play a pivotal role in facilitating access to housing and employment; legal services which remove barriers to education, employment, and career advancement; and other tangible supports that assist with educational and employment attainment such as books, uniforms, other supplies, and transportation.

Underfunding in the Eligibility Component of the Single Allocation Compromises the State's Participation in the Work and Family Well-Being Federal Pilot (FRA): California is one of five states in the nation to be selected for the FRA pilot to evaluate alternatives to the work participation rate (WPR). The pilot allows the state to focus the CalWORKs program on employment retention, family stability, and well-being, rather than the current federal WPR. During the six-year pilot, states will not be held accountable to the standard WPR; instead, they will focus on performance metrics such as employment rates, earnings post-TANF, and other indicators emphasizing family stability. County human services agencies are excited and invested in carrying out the pilot. A decade ago, CWDA was proud to commission the brain and behavioral science that led to the launch of CalWORKs 2.0, an evidence-based, trauma-informed initiative that proved more efficacious than the prevailing punitive, compliance-based approach from which the pilot is granting California a temporary reprieve. Additionally, the pilot will build on the state's existing data-driven, family centered program management system called California CalWORKs Outcomes and Accountability Review (or CalOAR), which was a joint county and state effort.

Implementation of the pilot is currently planned for October 1, 2025, and will require counties, who are at the forefront in carrying out the work, to effectuate new processes and program updates to engage families, so the pilot can be successful. While the details of the pilot will be determined in the coming months, the pilot will require significant staff resources and operational capacity. To effectively implement the pilot, including providing services and meeting performance outcomes, counties cannot be forced to divert funding away from employment services. It is essential that underfunding for eligibility administration be addressed so counties can fully maximize their employment services funding to implement the changes needed for a successful pilot.

Underfunding in the Eligibility Component of the Single Allocation Compromises Counties' Capacity to Allay Immigration Fears Among Mixed Household Families Through Frequent Contact:

Additionally, continued diversion of employment services funding may hobble the ability of workers to maintain frequent contact with CalWORKs clients at a time when, in the case of mixed-status households, some may choose to eschew access to public benefits out of fear of immigration implications for their undocumented family members.

Proposed Solutions - Funding Patch and Ongoing Right-Size of CalWORKs Administration Budget Methodology:

- We request inclusion of **one-time \$245 million in the FY 2025-2026 budget** to make counties whole for the underfunding of the Single Allocation. This request aligns with the eligibility overspending from FY 2023-24, based on actual county expenditures that are unaccounted for in the current budget methodology. This amount would allow counties in the short-term to meet their mandated eligibility workload as well as ensure access to services and supports that help families overcome barriers to employment.
- In addition, we request the Administration **update the Single Allocation methodology for the eligibility component beginning FY 2026-27 and ongoing** to reflect the true costs of eligibility workload. The methodology should be grounded in the reassessment completed by CDSS in FY 2023-24, which determined eligibility administration costs of specified components in the current budget methodology were underbudgeted by nearly \$210 million total funds. We note this estimate is subject to change on an annual basis based on more recent worker cost data.

Together, the one-time funding patch and adoption of the updated methodology will allow counties to serve families in need of and entitled to CalWORKs without jeopardizing counties' ability to provide services to help families overcome barriers of employment, and for counties to effectively implement the FRA pilot that cultivates and demonstrates a family centered CalWORKs program.

For these reasons, we urge your support for this request.

Sincerely,

Carlos Marquez, Executive Director
County Welfare Directors Association

Tiffany Whiten, Senior Gov. Relations Advocate
Service Employees International Union

Justin Garrett, Senior Legislative Advocate
California State Association of Counties

Kelly Brooks-Lindsey, Legislative Representative
Urban Counties of California

Sarah Dukett, Policy Advocate
Rural County Representatives of California



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, Fiscal Director, Senate Republican Fiscal
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus
Megan DeSousa, Senate Republican Fiscal Office
Eric Dietz, Assembly Republican Fiscal Office
Ginni Bella Navarre, Legislative Analyst's Office
Richard Figueroa, Office of the Governor
Paula Villescaz, Office of the Governor
Kim Johnson, Health and Human Services Agency
Corrin Buchanan, Health and Human Services Agency
Jennifer Troia, California Department of Social Services
Kris Cook, HHS, Department of Finance