



CWDA

County Welfare Directors Association of California

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To: County Welfare Directors Association of California

From: Tom Joseph, Director, CWDA Washington, D.C. Office

Date: May 11, 2015

Re: Federal Update

A House of Representatives' hearing on the Temporary Assistance for Needy Families (TANF) program and a draft Senate paper outlining potential child welfare reforms were the major human services developments over the past month. Additionally, the House and Senate agreed upon a budget for the first time in six years. The budget is a blueprint which does not have the force of law, but does set spending targets and makes assumptions for possible cuts in mandatory spending and/or entitlement programs.

House Conducts TANF Hearing: The House Ways and Means Human Resources Subcommittee held a hearing on April 29 entitled *Next Steps for Welfare Reform: Ideas to Improve Temporary Assistance for Needy Families to Help More Families Find Work and Escape Poverty*. Subcommittee members focused on providing work opportunities to recipients and heard testimony that the program has moved away from providing cash assistance. Ranking member Lloyd Doggett (D-TX) noted that, 'in some states, TANF has become a social services slush fund'. TANF has been pending a reauthorization since 2010.

CWDA prepared the attached statement for the hearing record encapsulating the status of the CalWORKs program and providing policy recommendations for a potential reauthorization. No legislation has been introduced to date, however.

Child Welfare Reform Concept Paper Circulating: Senate Finance Committee Ranking Member Ron Wyden (D-OR) last week issued a 'discussion draft' to provide new prevention funding through Title IV-E foster care. The draft includes IV-E reimbursement for up to 12 months of services to keep children out of foster care who have been identified as 'candidates for foster care' (as well as their family members) or to help a child exit care. Eligible services would include, but not be limited to: parenting skills; counseling; substance use; housing barriers; and domestic violence services.

Additionally, the discussion draft proposes to increase mandatory funding under the Title IV-B Promoting Safe and Stable Families program to \$1 billion from the current level of \$345 million. Those funds also support prevention services and family reunification efforts.

This is the first draft bill that has circulated this session which addresses child welfare reforms. CWDA is reviewing the legislation and will be providing comments to the Senate which are due June 12, 2015.

House and Senate Pass Budget Blueprint: The House and Senate agreed on a concurrent budget resolution for Federal Fiscal Year 2016 (S.Con.Res.11). The budget resolution provides broad outlines of spending and policy proposals for future legislation and is non-binding. The final budget assumes discretionary program savings in the future and assumes that legislation will be enacted into law which repeals the Affordable Care Act and block grants Medicaid.

Immediate, deep cuts to discretionary programs are not expected in FFY 2016, nor is there any likelihood that the ACA will be repealed or Medicaid block granted.

CSEC: After weeks of floor debate, Senate Democrats concerned about anti-abortion language in the *Justice for Victims of Trafficking Act* (S. 178), were able to reach a compromise with Republicans and the upper chamber soon thereafter adopted the bill 99-0. The House had adopted (H.R. 181) by voice vote in late January.

The measures use an existing structure and identified funding source within the Department of Justice. Competitive block grants would be available to states and counties addressing the issue, with grants focused on collaboration and funding for services provided by entities involved with sexually exploited youth.

Since the bills are slightly different, the House and Senate would have to reconcile the two measures before final passage and submission to President Obama for his signature.

Health Program Extensions Enacted: As part of a bill creating a new payment structure for physicians treating Medicare patients, President Obama signed into law (P.L 114-10) on April 16 a number of health provisions affecting low-income families.

- **Children's Health Insurance Program (CHIP):** The measure included a two-year extension of funding for CHIP. The extension continues the enhanced federal financial match of 65 percent instead of 50 percent. Without the enhanced federal funding, California's Health and Human Services Agency estimated a loss of up to \$533 million annually.
- **Home Visiting Program:** The bill contained a two-year extension of funding at the current level of \$400 million annually for the Maternal, Infant, and Early Childhood Home Visiting Program. California received \$22.6 million in FY 2015 funding in February. As of that month, 21 California counties participated in the federal program. It supports pregnant women and families and helps at-risk parents of pre-school children by using evidence-based, cost-effective models that improve maternal and child health and prevents child abuse and neglect.
- **Transitional Medical Assistance:** Needing renewal each year, the bill made permanent the transitional medical assistance (TMA) program which allows low-income families to maintain their Medicaid coverage for up to one year as they transition from welfare to work.
- **Express Lane Eligibility:** The legislation also extended for two years the express lane eligibility option which permits states to streamline and facilitate enrollment in health coverage using the eligibility findings in other federal programs such as SNAP, TANF and Head Start, among others.



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**Statement for the April 30, 2015
Hearing Record**

***Ideas to Improve Welfare Programs to Help More Families Find Work and
Escape Poverty***

**Submitted by the
County Welfare Directors Association of California**

The County Welfare Directors Association of California (CWDA) welcomes the opportunity to submit a statement for the record for the hearing entitled: *Ideas to Improve Welfare Programs to Help More Families Find Work and Escape Poverty*.

CWDA represents the human service directors from each of California's 58 counties. CWDA's mission is to promote a human services system that encourages self-sufficiency of families and communities and protects vulnerable children and adults from abuse and neglect.

In California, counties administer and provide county financial support for social services programs, with oversight from the state.

California's Temporary Assistance for Needy Families (TANF) program is known as CalWORKs. The program serves over one million children in 551,000 cases. During Federal Fiscal Year (FFY) 2013, CalWORKS served over 50 percent of California's children living in poverty. In contrast, less than 18 percent of children in poverty nationally receive TANF assistance.

Unlike some states, CalWORKS responded to the great recession. At its peak, caseloads grew by 30 percent from 2007-2011. Given a slow recovery, average monthly caseloads

have declined by about nine percent from 2010-2011 when the program was serving approximately 587,000 cases to a projected average monthly caseload in 2014-15 of slightly less than 544,000. And our state has continued to place a priority on providing cash assistance benefits, albeit with grant levels that have declined dramatically over the years. According to an analysis by Center on Budget and Policy Priorities, California ranks third, after Maine and Nevada, in the percentage (45.9%) of federal and state TANF funds spent on basic assistance in 2013.

But this county-administered program has weathered some very tough financial times over a number of years, at the expense of our most-needy families and children. CWDA is working with the state legislature and the California Department of Social Services to re-energize and reform CalWORKS.

As a nation and as a state, we have a long way to go to lift more children and families out of poverty. According to recent data from the California Budget and Policy Center, more than 2.5 million Californians have incomes below half of the federal poverty line, often known as 'deep poverty.' For a family of three, living in deep poverty means surviving on less than \$200 per week. Nearly one-third of those Californians are children (32.7%), even though children make up less than one-fourth (24.3%) of the state population. In fact, the Census Bureau's Supplemental Poverty Measure indicates that the state has the worst child poverty rate in the nation at 27 percent.

We believe that that CalWORKs program as originally crafted was well-conceived to meet the twin goals of reducing poverty and moving people from welfare to work. In 1997, when CalWORKs was created, grants were at 57% of the Federal Poverty Level, helping keep children out of "deep poverty." With the original CalWORKS program, there were reasonable time limits, work requirements, work supports and incentives. It was a safety net for children.

Despite its success, CalWORKs has been the target of constant, relentless change, deep cuts to services and grants, and a diminution of work incentives and the inevitable lessening of work requirements due to those cuts. At the same time counties responded to the great recession by placing more families on the program, CalWORKS suffered unprecedented, massive cuts. Over a billion dollars was cut over the years from work

supportive services, lifetime limits on receipt of CalWORKS decreased from 60 to 48 months, grant levels were cut and cost of living adjustments eliminated. The huge caseload increases collided with huge cuts in CalWORKS resources, rendering serious damage to the capacity and culture of the program.

County human services agencies are beginning to implement CalWORKS changes made by the state legislature over the last two years. Our members face big challenges, but also the promise for an improved system to serve families. Most of the policy elements are being put into place to rebuild and reinvigorate the program. While CWDA opposed the shortening of time limits to 24 month for parents unable to secure employment or participate in very limited number of activities for a certain number of hours, there are a number initiatives we did support and mark a welcome change to CalWORKS policies. We also believe some of the changes may help inform the national debate on TANF reauthorization.

Changes include:

- increasing cash assistance grants which have fallen to 40 percent of the federal poverty level;
- a new appraisal tool being developed by the state in collaboration with counties to assesses a family holistically and comprehensively;
- family stabilization for clients and their families who are in crisis who are not immediately welfare-to-work ready;
- greater flexibility in providing an array of services, whether it is education, counseling and treatment services, employment, or some combination thereof;
- a restored earned income disregard; and,
- the creation of a new Housing Support Program to rapidly re-house homeless CalWORKs families, placing them in permanent housing and providing the necessary supportive services they need in order for them to retain their home.

Rebuilding and reinvigorating CalWORKS will take time and the families county agencies serve often face multiple challenges and barriers. All in all, we believe that the pieces are there to re-imagine CalWORKs into a program that serves the families we serve now, but we will continue to need the support and time to implement the programmatic improvements, weave them together, and reinvigorate the culture of a damaged program.

Our agencies and the families they serve directors still face significant challenges. Low grant levels do not protect children against the well-documented, lifelong effects of poverty and do not provide a modicum of economic stability to allow their caregivers to better focus on work and work preparation. Additionally, given the very high cost of housing in California, the inability of families to find and retain affordable, safe, and decent housing is a huge barrier to employment.

Clearly, finding and retaining a well-paying job with growth potential is key to moving from welfare to self-sufficiency. Our counties were very proud of the national leadership they took when they implemented subsidized jobs program under the TANF Emergency Contingency Fund (TANF-ECF) created by the American Recovery and Reinvestment Act (ARRA). TANF-ECF also provided low-income families with non-recurring short term assistance or basic assistance to meet ongoing needs.

California's counties and their private and non-profit partners created approximately 45,000 subsidized jobs for CalWORKs and summer youth recipients in those positions, allowing these participants to gain vital skills and maintain a work history in a time when many were unable to find even part-time positions. In Los Angeles County alone, more than 10,000 CalWORKs recipients and 15,000 summer youth were placed into subsidized jobs. In addition, the San Francisco Jobs NOW program placed over 3,800 low-income persons into subsidized jobs. Nationwide, about 260,000 persons were placed into jobs with TANF-ECF funding.

While subsidized employment continues to be a key component in moving individuals from welfare to work, county agencies are facing challenges in expanding programs. Our members report that the population they are serving today is harder to employ, and employers are more difficult to recruit than when the ARRA-funded program was being administered. During the ARRA, counties had many CalWORKs recipients who were recently unemployed and were work-ready, and employers were welcoming of the opportunity and financial incentives to re-employ people.

As the state emerges from the recession, a number of our counties report that homelessness among CalWORKs families continues to grow. Clearly, without stable housing, it is extremely challenging for those families to gain a foothold on the path to self-

sufficiency. Los Angeles County is one of our members that has seen a spike in homeless CalWORKs families. Between July 2006 and November 2014, their overall caseload increased 11 percent, to 169,910 families but their homeless caseload increased 188 percent to 15,814 families.

Last year, the legislature established the Housing Support Program (HSP) for those families. Funded initially at \$20 million for 20 of the 58 California counties, HSP is projected to place more than 3,000 homeless CalWORKs families in permanent housing, using a rapid re-housing model. HSP brings evidenced-based employment and supportive services together with housing supports, including rental assistance, credit repair and financial literacy.

This year, CWDA is supporting a \$30 million increase in HSP funding, so that more of our counties are able to respond to this critical need.

TANF Reauthorization Priorities

Subsidized Employment: Due to its success in getting individuals back to work, CWDA urges that a robust subsidized employment program be created in a TANF reauthorization bill. As noted above, we had particular success in administering a program under ARRA.

Although ARRA funds were no longer available following the Act's expiration, our state Legislature and the Brown Administration have been supportive of continuing the investment in this important support. In 2013, subsidized employment was expanded through the 2013-14 California state budget in order to create more opportunities for individuals to participate in the labor force, with funding increased even further the following year, as part of the 2014-15 state budget. These investments demonstrate the state and counties' ongoing commitment to supporting individuals and families through increased earnings, employment, and the acquisition of marketable skills.

Recent research demonstrates the effectiveness of subsidized employment. In Los Angeles County, individuals who participated in subsidized employment were shown to have higher earnings in the year after their participation, suggesting that such participation leads to an improvement in income and job prospects (2013, Economic Mobility Corporation).

While not a perfect solution, data indicate that many CalWORKs do indeed transition off into unsubsidized employment after participating in a subsidized job. California Department of Social Services' data demonstrate that 48 percent of participants found unsubsidized employment after completing a six to 12-month job placement. Sixty-three percent of San Francisco's "Jobs Now" participants during July 2011 and March 2013 had earnings in the quarter after the subsidy ended and 60 percent had earnings in the second quarter.

When a public program benefits all involved, it's considered sound policy. Subsidized employment is just such a sound policy – it has positive effects for individuals, families, businesses and the economy. Given broad bipartisan agreement that the surest path out of poverty is a good job, subsidized employment can provide an important step forward on that pathway for those who have struggled to gain a foothold in the country's economic recovery.

Four Guiding Principles for Reauthorization

As the Subcommittee considers reauthorization of TANF, CWDA have crafted a set of TANF reauthorization priorities delineated below.

These recommendations are organized around four guiding principles:

- Maintain the overall work focus of the program, while recognizing that “work first” does not mean “work only.” Research indicates that the most successful welfare-to-work programs combine work with training and supportive services, as appropriate.
- Restore and enhance state (and, in California, county) flexibility to tailor work and family stabilization activities and services such as child care to families' individual needs.
- Measure states' performance in a fair and comprehensive manner that recognizes multiple potential positive outcomes for families.
- Rebuild the partnership between the federal government, states and counties and move forward with common goals.

Maintain Work Focus, With Training and Support for Families

1. Recognizing that not every family can immediately enter the workforce, especially in the current economic climate, countable work hours should be expanded to include:
 - a. Vocational training and education for up to 24 months (the current limit is 12).

- b. A longer period of job search and job readiness training, including participation in job search/job readiness through the life of a case if combined with work and elimination of the four-consecutive-week constraint for job readiness activities.
 - c. English as a Second Language training and GED preparation.
 - d. Additional supportive activities such as mental health and substance abuse treatment.
2. Encourage and enhance linkages across programs to better serve families. Because many families have involvement in multiple systems, encourage collaboration and give states a clear ability to share basic information between TANF and other agencies, such as child welfare, education, workforce development and child support agencies. Incentivize states to serve families across these programs. As the final rules and guidance are issued for the new Workforce Innovation and Opportunity Act, CWDA looks forward to engaging with its partners in providing WIOA services to more CalWORKs participants.

Restore and Enhance Flexibility and Trust

1. Recognize participation in work activities in a manner that reflects labor market conditions and the realities of families served by TANF, by:
 - a. Establishing a pro-rata credit for partial participation in work and work-related activities, including hours spent in non-core activities.
 - b. Eliminating the unrealistic 90% two-parent participation rate. The all families rate should apply to all cases.
 - c. Restoring the pre-Deficit Reduction Act (DRA) exclusion of families without an aided adult from the work participation rate calculation. States like California chose to aid children independent of their parents or caregivers in a number of circumstances, which allows the counties to keep in contact with these families, spot problems and work with families to overcome issues that arise. Federal rules should not penalize states like California for this decision or, worse, force these states into a situation where they have no choice but to consider cutting off assistance to these children and losing all contact with struggling families.
 - d. Recognizing activities that help stabilize families as participation in work activities.
2. Encourage stable funding and maximize effectiveness of TANF funds, by increasing the availability of funds to offset lost purchasing power due to the TANF block grant, with new funding targeted toward cash assistance for families or services to help aided parents, and non-custodial parents, find and retain employment. To the extent that state participation is required, use a more traditional matching structure rather than an all-or-nothing MOE.
3. Provide for reasonable time to engage families. Specifically, states should have the option, on a case-by-case basis, of excluding new cases from the work participation rate for the month of application and the month following application,

recognizing that most states take 30 to 45 days to process an application and provide benefits retroactively, making the third month of assistance the first month in which a family can realistically be engaged in work activities for a full month.

Measure Performance Fairly and Comprehensively

1. Give states the option to use additional performance measures. The work participation rate is not the only measure of program success. Additional measures should be developed, in partnership between the federal government, states and counties, which could be used to measure the impact of both TANF assistance and non-assistance expenditures. Possible examples include employment wages and job retention.
2. Recognize the impacts of unemployment on TANF participation. States should be given additional credit toward their work participation rates if the state's unemployment rate has risen above an established base rate. A Beacon Economics study (2009) cited several studies indicating that a one-point rise in unemployment rates raised TANF caseloads by as much as 6 percent.

Rebuild the Partnership

1. Identify and build on common goals. The four purposes of TANF, which are clearly delineated in the 1996 enabling legislation, provide a framework for the program's next phase. Reauthorization offers an opportunity to consider how to best work together at all levels of government, and across program lines, to help children and families in poverty move toward self-sufficiency. Counties encourage the federal government to view us as partners and to engage us in TANF reauthorization as well as the development of program rules and regulations.
2. Revise onerous work verification requirements. The Deficit Reduction Act and subsequent program rules moved states away from the task of enhancing work participation and family self-sufficiency and back towards the process-heavy Aid to Families with Dependent Children model. Overly stringent work verification requirements negatively impact employers, educational institutions, service providers, clients and counties. States and counties welcome effective program oversight, but urge a more outcome-driven focus more consistent with the TANF program envisioned in 1996.

Thank you for giving CWDA the opportunity to submit this statement for the record. We stand ready to assist the Subcommittee as it prepares to reauthorize the program.

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