

SUBCOMMITTEE NO. 3

Agenda

Senator Holly J. Mitchell, Chair
Senator William W. Monning
Senator Jeff Stone



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9:30 a.m. or upon adjournment of session
State Capitol - Room 4203

Consultant: Theresa Pena

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5180 DEPARTMENT OF SOCIAL SERVICES – STATE HEARINGS DIVISION (SHD)**Issue 1: Overview – State Hearings Division**

Background. State hearings, which are adjudicated by Administrative Law Judges (ALJs) employed through DSS, are used to provide due process to recipients of, and applicants for, many of California’s health and human services’ programs, including Medi-Cal, CalWORKs, CalFresh, and In-Home Supportive Services. When a recipient disagrees with a decision made by their local county welfare department, they are legally entitled to request a hearing to contest the decision. The *King v. McMahon* and *Ball v. Swoap* court decisions mandate that DSS provides recipients with timely due process for the adjudication of appeals hearings. Additionally, these court orders impose financial penalties on DSS for failing to adjudicate decisions within specified timeframes. The penalties are paid to the prevailing claimant. Federal mandates require that all requests for hearings be adjudicated within 90 days, or 60 days for CalFresh, of a recipient’s request.

Penalty Structure. Under the court orders, the minimum daily penalty amount is \$5.00 per day, or a minimum of \$50, whichever is greater. However, if 95 percent of all decisions are not issued within the required deadlines in a given month, the daily penalty rate for that programmatic category increases by \$2.50 over the penalty rate being paid to claimants the previous month. In contrast, if 95 percent of all decisions related to that particular program are issued on time in a given month, the corresponding daily penalty rate decreases by \$2.50 from the penalty rate being paid the previous month. The maximum daily rate under the court orders is \$100 per day.

According to the department, since August 1, 2013, the State Hearings Division is currently achieving a 95 percent overall timeliness each month, creating a steady decline in the daily penalty rate in each program area. As of January 2016, the penalty rate per day of a late decision was \$47.50 for Medi-Cal, \$5 for CalWORKs, \$5.00 for CalFresh, and \$57.50 for IHSS. Penalties levied on the state for untimely SHD adjudication in 2012-13 totaled \$4.4 million. In contrast, through January 2016, penalties for FY 2015-16 total \$55,980.

According to DSS, recent processing times, average penalties, and total penalties paid by program are listed below:

Program	Timeliness Requirement	Average Processing Time of Late Cases	Average Days Late	Average Penalty
	(In Days)	(In Days)		
CalFresh	60	81.09	21.09	\$125.94
CalWORKs	90	104.28	14.28	\$209.04
IHSS	90	101.57	11.57	\$857.18
Medi-Cal	90	112.01	22.01	\$1,478.60

State Hearing Penalties by Program for the Last 5 Fiscal Years

Total Penalties Paid by Program					
FY	CalWORKs	CalFresh	Medi-Cal	IHSS	Total
FY 10/11	\$169,630	\$67,988	\$215,508	\$231,320	\$684,445
FY 11/12	\$176,133	\$59,170	\$482,280	\$389,158	\$1,106,740
FY 12/13	\$290,248	\$54,175	\$3,533,700	\$541,717	\$4,419,840
FY 13/14	\$91,952	\$8,807	\$423,363	\$71,133	\$595,255
FY 14/15	\$17,253	\$5,080	\$150,175	\$68,295	\$240,803
FY 15/16 YTD*	\$1,220	\$1,600	\$35,272	\$17,888	\$55,980

The department notes several contributing factors to the increase in penalties from fiscal years 2008-09 through 2012-13, such as a 26 percent increase in overall workload and inadequate resources from a hiring freeze, furloughs, and retirements. The Medi-Cal spike was associated with Community-Based Adult Services cases and was one-time workload.

Recent Caseload Growth. The increased workload is resulting primarily from the implementation of the Federal Affordable Care Act (ACA). ACA workload will increase the amount of hearing decisions by over 10,400; a 55 percent increase over the FY 2012-13 workload. This growth is due to the increase hearing requests in Scope of Benefits and Medi-Cal redetermination appeals. The overall total is projected to increase from approximately 89, 200 hearing requests and 19,000 decisions in 2012-13 to 120,100 hearing requests and 27,500 decisions by the end of FY 2016-17.

Staff Comment. Prior resources to address the ACA caseload growth were approved as limited-term positions. It appears the ACA caseload will continue to grow in outyears.

Questions.

1. Please briefly provide an overview of the function of the state hearings division and the structure of the timeliness requirements and penalties for not meeting them.
2. Please describe the types of cases the majority of recipients are requesting hearings on.

Staff Recommendation. No action required.

Issue 2: BCP – State Hearings Division – Affordable Care Act Caseload

Governor’s Proposal. The Administration requests to make permanent the extension of 56 limited-term positions to continue to provide the required due process for Medi-Cal and Covered California (Covered CA) recipients. These positions were approved as limited-term in FY 2014-15 to adjudicate appeals associated with the ACA. Specifically, the positions DSS seeks to make permanent are as follows:

- 3.0 Administrative Law Judge II (ALJ II) Supervisor
- 11.0 ALJ II Hearing Specialist
- 17.0 Administrative Law Judge (ALJ I)
- 5.0 Office Technician (Typing)
- 1.0 Office Assistant (Typing)
- 10.0 Management Services Technician (MST)
- 6.0 Staff Service Analyst/Associate Government Program Analyst (SSA/AGPA)
- 2.0 Staff Services Manager I (SSM I) and
- 1.0 Staff Service Manager IIs (SSM II)

DSS is also seeking permanent funding for 1.0 Associate Information Systems Analyst (AISA) and 1.0 Office Technician (Typing). The cost for all 58 positions is approximately \$7.3 million.

The ALJ II Specialist assists in the training and development of resource materials to meet the needs of the ALJ I’s and shoulders the caseload associated with more complex hearings while assisting the ALJ II Supervisor and Chief Administrative Law Judge. The SSAs and SSM I assess the readiness of cases and interact with parties to reduce AJL time on these activities. Management Services Technician positions staff the ACA Bureau’s Customer Service group, which is the first point of contact with the public and the processing of hearing requests. SSA/AGPA support staff performs prehearing functions. Office Technician and Assistant positions support post hearing functions and clerical support for ALJs.

Background. As of May 2015, 1.3 million Californians have active health insurance under Covered California. Under the ACA, California’s expansion of Medi-Cal has increased by three million enrollees from 2013 to 2015. The impact of expansion of Medi-Cal has resulted in an 85 percent increase in the category of scope of benefit hearings, and a similar increase is anticipated from the category of Medi-Cal redeterminations.

There is also a workload increase anticipated with the implementation of the Resource Family Approval (RFA) program.

The State of California provides due processes to recipients of California public benefits, including Medi-Cal and Covered California, through hearings conducted by the State Hearings Division (SHD). Federal mandates require that all requests for hearings be adjudicated within 90 days of a recipient's request. Financial penalties are imposed on DSS for failure to adjudicate hearing decisions within the court-mandated time frames.

Due to the continually increasing ACA caseload and an inability to absorb this workload absent these positions, DSS asserts these positions are necessary to ensure timely due process for new Medi-Cal enrollees and Covered California consumers. The department notes that the conversion of limited-term positions to permanent status results in higher levels of staff retention and increased efficiency. DSS cites the increased efficiency from these positions as the primary reason they were able to meet the Federal 95 percent timeliness requirement and avoid penalties.

Staff Comment. Prior resources to address the ACA caseload growth were approved as limited-term positions. It appears the ACA caseload will continue to grow in outyears.

Questions.

1. Please briefly summarize the proposal.
2. Please discuss how the department's current estimates of ACA caseload growth and its impacts on the SHD have changed from when the original BCP was approved.

Staff Recommendation. Hold Open.

0530 HEALTH AND HUMAN SERVICES AGENCY, OFFICE OF SYSTEMS INTEGRATION

Issue 1: BCP – Appeals Case Management System (ACMS)

Governor’s Proposal. The Administration requests an increase of \$237,000 in Office of Systems Integration spending authority for the Appeals Case Management System (ACMS) project and the conversion of 7.0 existing state positions from limited-term to permanent. The conversion of these limited-term positions was previously approved in the Feasibility Study Report (FSR).

Background. The State Hearings Division (SHD) is a federal and state mandated organization that is responsible for ensuring due process for individuals who wish to appeal administrative decisions about benefits for public assistance programs, including Medi-Cal, Covered California, CalWORKs, CalFresh, and In-Home Supportive Services. The SHD conducts administrative hearings and resolves disputes of applicants and recipients.

The work of the SHD is supported by a mainframe application, the Appeals Case Management System (ACMS) which is housed at the Office of Technology in Sacramento, along with 21 ad-hoc applications. Collectively, these systems are known as the State Hearings System (SHS). The SHS tracks, schedules, and manages appeals requests received from all 58 counties. However, DSS indicates that the current SHS does not meet existing business requirements and will not be able to handle the continued increase in volume associated with the ACA implementation.

DSS submitted an FSR for an automated system that was approved by the California Department of Technology in January of 2014. One condition with this approval was that OSI would provide project management support for the project.

The 2014 Budget Act authorized 11.0 new state positions and \$4.5 million in funding for the project. The 2015 Budget Act authorized an increase in \$176,000 in OSI spending authority and the extension of a Senior Information System Analyst (SISA) position.

Below is the ACMS project timeline and a list of key action dates:

Action	Dates
Release of RFP	10/2015
Contract Execution	6/2016
System Planning	8/2016
System Design	12/2016
System Development and Configuration	4/2017
User Acceptance Testing	6/2017
Pilot Evaluation	9/2017
User Training	10/2017
System Implementation	11/2017
Project Closeout	12/2018

Staff comment. According to the Administration, the positions will enhance OSI's ability to perform project management, and increases the likelihood of the successful implementation of the State Hearings ACMS Project. This proposal appears consistent with a previously approved FSR and aligns OSI's authority to what is needed to continue managing the ACMS project

Questions.

1. Please briefly summarize the proposal.
2. Please explain how the proposed timeline for the ACMS project has changed.

Staff Recommendation. Approve.

5180 DEPARTMENT OF SOCIAL SERVICES - CALWORKS**Issue 1: Overview – CalWORKs**

Governor’s Proposal. The budget includes \$5.4 billion in federal, state, and local funds for the program, and estimates an average monthly caseload of 508,000 families. The Governor’s budget for CalWORKs does not propose any major policy changes.

The Child Poverty and Family Supplemental Support Subaccount provides funding for the grant impact of both the March 1, 2014 and April 1, 2015 five percent CalWORKs Maximum Aid Payment (MAP) increases and any subsequent grant increases when sufficient revenues are available. Prior year “base” funding is available to the counties immediately. The FY 2015-16 and FY 2016-17 funding, identified as “growth” in the budget tables, requires adequate upfront GF authority in the CDSS budget until subaccount funds are available directly to the counties.

In the *Child Poverty and Family Supplemental Support Subaccount - Growth*, \$48.9 million will be available in FY 2015-16 and \$60.9 million will be available in FY 2016-17. In the *Child Poverty and Family Supplemental Support Subaccount - Base*, \$262.1 million will be available in FY 2015-16 and \$241.5 million will be available in FY 2016-17.

Background. California Work Opportunities and Responsibilities to Kids (CalWORKs), the state’s version of the federal Temporary Assistance for Needy Families (TANF) program, provides cash assistance and welfare-to-work services to eligible low-income families with children. In the last several years, CalWORKs has sustained very significant reductions and partial restorations (summarized below), as well as programmatic restructuring. Total CalWORKs expenditures are \$7.2 billion (all funds, state General Fund is \$1.4 billion) in 2015-16. The amount budgeted includes \$5.4 billion for CalWORKs program expenditures (including grants, services, and child care) and \$1.8 billion in non-CalWORKs programs. California receives an annual \$3.7 billion TANF federal block grant. To receive TANF funds, California must provide an MOE of \$2.9 billion annually. State-only programs funded with state General Fund are countable towards the MOE requirement.

Demographics of CalWORKs Recipients.¹ Around three-quarters of all CalWORKs recipients are children. Nearly half of those children are under the age of six. Ninety-two percent of heads of CalWORKs recipient households are women. Two-thirds of these households are headed by single women. Nearly half have an 11th grade or less level of education, and ten to 28 percent are estimated to have learning disabilities. Around 80 percent of these adults report experiencing domestic abuse at some point.

¹ Context information comes from sample data collected by the Department of Social Services (DSS) and from studies in single or multiple counties, as summarized in *Understanding CalWORKs: A Primer for Service Providers and Policymakers*, by Kate Karpilow and Diane Reed. Published in April 2010; available online.

Caseload and Spending Trends. Prior to federal welfare reform in the mid-1990s, California's welfare program aided more than 900,000 families. By 2000, the caseload had declined to 500,000 families. During the recent recession the caseload grew; but at an estimated 563,500 families in 2012-13, it is not anywhere close to the levels of the early 1990s. Most recently, the caseload declined 2.8 percent in 2014-15, and from there is expected to continually decrease in 2015-16, and 2016-17 (to a projected 497,000 families). According to the California Budget Project, welfare assistance represented 6.8 percent of the state's overall budget (including federal, state, and local resources) in 1996-97, compared with 2.9 percent in 2011-12.

According to DSS, over one million children in 536,000 families are served.

Welfare-to-Work Program. Adults eligible for CalWORKs are subject to a lifetime limit of 48 months of assistance. Unless exempt for reasons, such as disability or caregiving for an ill family member, adults must participate in work and other welfare-to-work (e.g., educational) activities. Depending on family composition, these activities are required for 20, 30, or 35 hours per week. The program also offers supportive services, such as childcare and housing support. Effective January 1, 2013, clients are under the WTW 24-month clock, which provides 24 months of additional flexibility around how to meet work requirements, but after the initial 24-months, imposes stricter work requirements to receive assistance and a limit on the number of recipients who can.

Child-Only Caseload. In more than half of CalWORKs cases (called "child-only" cases), the state provides cash assistance on behalf of children only and does not provide adults with cash aid or welfare-to-work services. There is no time limit on aid for minors. In most child-only cases, a parent is in the household, but ineligible for assistance due to receipt of Supplemental Security Income, sanction for non-participation in welfare-to-work, time limits, or immigration status. In the remaining cases, no parent is present, and the child is residing with a relative or other adult with legal guardianship or custody.

CalWORKs child care. CalWORKs participants are eligible for child care if they are employed or participating in WTW activities. CalWORKs child care is administered in three stages:

- Stage 1. Provides care to CalWORKs families when first engaged in work or WTW activities, and is provided by the Department of Social Services (DSS).
- Stage 2. Once counties deem the family "stable," CalWORKs families move to this program. Families remain in Stage 2 until they have not received assistance for two years. The California Department of Education (CDE) administers this program.
- Stage 3. Families transition to this program after Stage 2. CDE also administers this program.

Stages 1 and 2 services are considered entitlements, whereas Stage 3 services are available based on funding levels. Families receiving CalWORKs assistance, those considered "safety net," or families who are sanctioned are not required to pay family fees.

Horizontal Integration of SAWS and CalHEERS. California's Statewide Automated Welfare System (SAWS) is made up of multiple systems which support such functions as eligibility and benefit determination, enrollment, and case maintenance at the county level for some of the state's major health and human services programs, including CalWORKs and CalFresh. The goal of the Horizontal Integration effort between the Covered California system (CalHEERS) and SAWS is to allow an applicant applying for health coverage online through Covered California to submit their CalWORKs or CalFresh application online at that time without having to re-respond to some of the questions already asked. CalHEERS will also sort applicants for likely eligibility for other social service programs based on whether the household income is over or under 200 percent Federal Poverty Level (FPL). This functionality is planned for implementation in July of 2016.

Major program changes. SB 1041 (Budget and Fiscal Review Committee), Chapter 47, Statutes of 2012, made significant changes to CalWORKs' welfare-to-work rules, including:

- Creation of a 24-month time limit with more flexible welfare-to-work activities² before the time limit has been reached and stricter requirements afterward (up to 48 total months).
- A two-year phase-out of temporary exemptions from welfare-to-work requirements for parents of one child from 12 to 24 months old or two or more children under age 6, along with a new, once in a lifetime exemption for parents with children under 24 months.
- Changes to conform state law to the number of hours of work participation (20, 30, or 35, depending on family composition) required to comply with federal work requirements.

Counties may provide extensions of the more flexible rules for up to six months for up to 20 percent of participants. This 20 percent extender is not a cap, but a target.

Early engagement. SB 1041 required DSS to convene stakeholder workgroups to inform the implementation of the above changes, as well three strategies intended to help recipients engage with the WTW component, particularly given the new time limits and rule changes, specifically:

- Expansion of subsidized employment
- The Online CalWORKs Appraisal Tool (OCAT), a standardized statewide WTW appraisal tool that provides an in-depth assessment of a client's strengths and barriers
- Family stabilization (FS), which is intended to increase client success during the flexible WTW 24-Month Time Clock period by ensuring a basic level of stability for clients who are in crisis, including: intensive case management and barrier removal services. These items are discussed in greater detail later in this agenda.

² In the first 24 months, the flexible activities could include: employment, vocational education; job search; job readiness; job skills training; adult basic education; secondary school; or barrier removal activities.

Monitoring results and outcomes. RAND Corporation will evaluate the enacted changes and provide the Legislature a report by October 1, 2017. In the interim, DSS must annually update the Legislature regarding implementation of the enacted changes related to the 24-month clock.

Summary of Major CalWORKs Changes 2008-2015

2008-09

- Suspend annual COLA

2009-10

- Suspend COLA
- Eliminate statutory basis for future COLAs
- Four percent grant cut
- Establish “young child” WTW exemption

2011-12

- Reduce adults’ lifetime limit from 60 to 48 months
- Eight percent grant cut
- Suspend CalLearn intensive case management for teen parents
- Decrease earned income disregard from \$225 to \$112

2012-13

- Create 24-mo. flexible participation period with stricter federal requirements after 24 mo.
- Phase-in funding for CalLearn case management
- End “young child” WTW exemption and established a different one

2013-14

- Five percent maximum grant restoration, effective March 1, 2014
- Restore earned income disregard to \$225

2014-15

- WINS starts Jan. 1, 2014
- Increase vehicle asset limit
- Five percent maximum grant restoration, effective April 1, 2015
- Housing Support enacted
- Expand eligibility to include former drug offenders

Federal Context and Work Participation Rate. Federal funding for CalWORKs is part of the Temporary Assistance for Needy Families (TANF) block grant program. TANF currently requires states to meet a work participation rate (WPR) for all aided families, or face a penalty of a portion of their block grant. States can, however, reduce or eliminate penalties by disputing them, demonstrating reasonable cause or extraordinary circumstances, or planning for corrective compliance. It is also important to note that federal formulas for calculating a state's WPR have been the subject of much criticism. For example, the federal government does not give credit for a significant number of families who are partially, but not fully, meeting hourly requirements.

California did not meet its federal WPR requirements for 2007 through 2013. The Administration for Children and Families accepted California's Corrective Compliance Plans to address the TANF WPR penalty for federal fiscal years 2008, 2009, and 2010. Penalty relief for all three years is contingent upon WPR compliance for FFY 2015. Preliminary data indicates that California's overall WPR for FFY 2015 is greater than the 50 percent threshold, likely eliminating \$341 million in penalties tied to 2008 through 2010. California has submitted Corrective Compliance Plans for FFY 2011 and 2012 contingent upon WPR compliance in FFY 2016. The Administration is in the process of submitting a Corrective Compliance Plan for FFY 2013. The FFY 2013 plan is also contingent upon WPR compliance in FFY 2016.

At a joint Senate Human Services and Budget Subcommittee #3 hearing on March 10, 2014, an expert from the Center on Budget and Policy Priorities testified that no other state has ever been required to pay penalties.

Policy considerations. The Legislature may wish to examine the following issues related to CalWORKs programs:

- Grant levels. In 1996-97, a maximum grant for a family of 3 was \$594, or 55 percent of federal poverty level (FPL). By comparison, in 2015-16, a maximum grant for a family of three is projected to be \$704 or 42 percent of FPL. If maximum grant levels remained at 55 percent of FPL (using 1996-97 as the base year), the 2015-16 maximum grant level would be \$920. Using 1996-97 as the base year, if grants had received no cuts or increases in the intervening years and received previously applicable cost-of-living adjustments (COLAs), the 2015-16 maximum grant level would be \$1,050 or 63 percent of FPL.
- Maximum Family Grant (MFG) rule stipulates that a family's maximum aid payment will not be increased for any child born into a family that has received CalWORKs for ten months prior to the birth of a child. There is proposed legislation (SB 23) in the current session seeking to amend the MFG rule.
- Impact of the 24-month clock. The department estimates 1,790 cases will have reduced cash assistance by the end of 2015-16, growing to 11,650 cases by the end of 2016-17, resulting in savings of roughly \$11 million.

Staff Comment. The LAO notes that this year's CalWORKs budget is largely caseload driven and proposes no new program changes, and recommends that caseload-related funding decisions be made

after the May Revision. Staff notes that the CalWORKs program has undergone a variety of grant reductions and program restructuring over the last decade both during times of economic downturn and recovery. “Early engagement” strategies have emerged to compliment the original “work first” approach that was the impetus of the CalWORKs program. As these early engagement components of the CalWORKs program, including OCAT and Family Stabilization, begin to see a return of data and increased utilization, the Legislature may wish to consider how “early engagement” and “work first” components can be further integrated and contribute to overall efforts to reduce poverty and help families in need.

Questions.

1. Please briefly summarize the CalWORKs program, including average grant amounts, recent legislative and policy changes, and caseload trends.
2. Please provide an update on the most recent 24-month clock data, including the number of families that will time out of the 24-month clock and the number who might be sanctioned for not meeting WTW requirements.

Staff Recommendation. No action required.

Issue 2: Oversight: Cal-Learn

Budget Issue. Cal-Learn costs are 100 percent federally funded through TANF, except for grants and services for the sanctioned caseload and recent noncitizen entrant (RNE) caseload. Specifically, the 2016-17 Governor’s budget includes \$367,000 federal funds for Cal-Learn bonuses, \$85,000 for grant savings for the sanctioned caseload; and \$14.5 million (\$455,000 General Fund) for intensive case management. The department estimates that around 14 percent of the caseload will utilize transportation services, and 3.5 percent will utilize ancillary services.

Background. In 1998, the Cal-Learn program, which is a statewide program for pregnant and parenting teens in the CalWORKs program, became permanent. The program provides intensive case management, supportive services (e.g, child care, transportation, school supplies); and financial incentives to eligible teen recipients who are pregnant or parenting.

In the 2011-12 budget, the Cal-Learn program was suspended, except for bonuses paid for satisfactory progress and high school graduation. The program was restored beginning July 1, 2012.

Caseload. DSS estimates an average monthly caseload of 4,694 cases in FY 2015-16 and 3,077 cases for the budget year. There are around 75 RNE cases for FY 2015-16 and 49 cases for the budget year.

Trends. Caseload decline has been consistent since FY 2010-11. Over the past three years alone, the total births among CalWORKs teen mothers dropped more than 40 percent. This decline is consistent with the overall trend in California of decreasing birth rates among teens.

Sanctions increased to 2.7 percent of caseload in FY 2014-15 from 1.9 percent in FY 2013-14. Satisfactory progress bonuses had a small decrease to 5.1 percent compared to 5.2 percent in FY 2013-14. Graduation bonuses remained consistent as a percent of the caseload over the five-year period.

Key Dates

- ❖ **July 1, 2011:** Suspension of Cal-Learn begins.
- ❖ **June 30, 2012:** End of suspension of Cal-Learn.
- ❖ **April 1, 2013:** Cal-Learn fully restored.

**Table 6E. Cal-Learn Average Monthly Participation and Outcomes:
FY 2010-11 through FY 2014-15**

	2011-12	2012-13	2013-14	2014-15
Total Monthly Participants	10,308	9,272	7,729	6,400
Satisfactory Progress Bonuses	486	405	404	329
Graduation Bonuses	149	140	108	86
Sanctions	233	250	149	173
Exemptions, Deferrals, and Good Cause¹	123	64	38	38
Repeat Pregnancies/ Subsequent Births	N/A	64 ²	48 ³	28

Data Source: [STAT 45](#) monthly reports

¹ Good Cause data collected beginning in July 2011 through March 2013.

² Data collected for FY 2012-13 Repeat Pregnancies includes April through June 2013 only.

³ Repeat Pregnancies category and definition changed to Subsequent Births in June 2014.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the program and services, and update on caseload trends.
2. How does the department measure success in the CalLearn program?

Issue 3: Oversight: Housing Support Program

Budget Issue. The Budget Act of 2015 appropriates \$35 million for Homeless and Housing Support Services, and the Administration proposes budgeting \$35 million for 2016-17. This breaks down to \$23 million in Federal Funds and \$12 million General Fund.

Background. The CalWORKs Housing Support Program (HSP) was established in 2014 to provide evidence-based interventions to CalWORKs families that are homeless or at risk of homelessness. This funding allows County Welfare Departments to assist homeless families to quickly obtain permanent housing and provide wrap-around supports. Counties have the flexibility to design their own county-specific HSP plan to serve the needs of the community, but are required to use evidence-based models. It is anticipated that 44 counties will implement or expand an existing Housing Support Program in both 2015-16 and 2016-17.

The HSP recognizes rapid re-housing and targeted homelessness prevention programs as cost-effective strategies to help families exit or avoid homelessness and retain permanent housing. Other core components of a HSP include comprehensive and coordinated entry with community partners along a continuum of care, housing identification, rent and moving assistance, and focused case management. Examples of services provided are landlord outreach and engagement, housing search and placement, housing barrier assessment, legal services and credit repair.

Caseload. Statute allows all CalWORKs families to be eligible for HSP services, regardless of their asset or income levels, when a county finds that the family is experiencing homelessness or housing instability. For FY 2014-15, 5,567 families have been approved for the HSP and are receiving services such as temporary housing or assistance with locating permanent housing, along with intensive case management. 2,019 families have been permanently housed, with an average of 200 homeless families moving to permanent housing each month. From July 2015 through December 2015, 2,379 families were approved for HSP and 1,002 families were moved into permanent housing.

Staff Comment. Staff notes that the HSP was augmented in the previous budget cycle, from \$20 million to the current \$35 million. Also, the Senate “No Place Like Home” plan to address homelessness in the state includes an unknown augmentation of the Housing Support Program.

Questions.

1. Please provide an overview of the program and services.
2. What is the identified need for CalWORKs families who are homeless or at risk of homelessness? Is the program currently meeting this need?
3. Please discuss how the Homeless Assistance Program differs from the Housing Support Program. Are there different eligibility requirements?

Staff Recommendation. Hold open.

Issue 4: Oversight: AB 74: Early Engagement Strategies

Background. AB 74 (Chapter 21, Statutes of 2013) enacted several provisions meant to engage CalWORKs families earlier and more extensively, and by doing so to eliminate some of the obstacles to long term self-sufficiency. Specifically, AB 74 enacted Expanded Subsidized Employment (ESE), the Online CalWORKs Appraisal Tool (OCAT), and Family Stabilization (FS). Funding for these programs in 2015-16 and 2016-17 is as follows:

Funding	FY 15-16	FY 16-17
Expanded Subsidized Employment (ESE)	\$134 million Total Funds (\$3 million General Fund)	\$134 million Total Funds (\$3 million General Fund)
Online CalWORKs Appraisal Tool (OCAT)	\$14 million Total Funds (\$308,000 General Fund)	\$16 million Total Funds (\$294,000 General Fund)
Family Stabilization (FS)	\$29.8 million Total Funds (\$672,000 General Fund)	\$29.8 million Total Funds (\$672,000 General Fund)

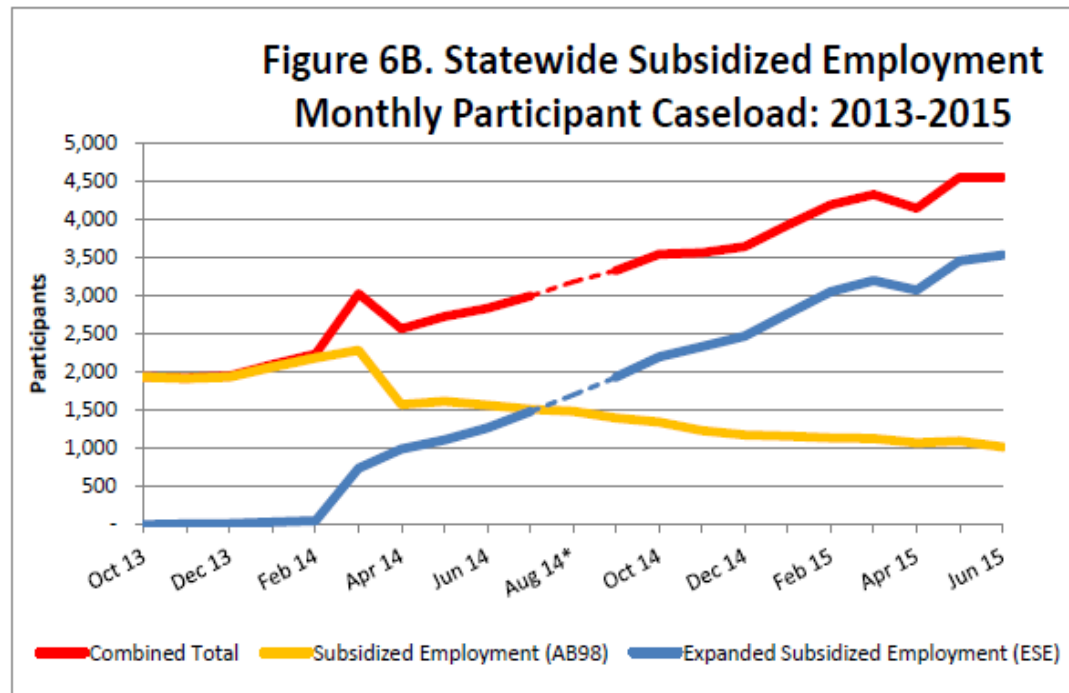
Expanded Subsidized Employment. Under subsidized employment, counties form partnerships with employers, non-profits, and public agencies to match recipients with jobs. Wages are fully or partially subsidized for six months to a year. While in an ESE placement, the CalWORKs recipient obtains specific skills and experience with the goal of obtaining permanent unsubsidized employment with the participating employer. Wages average \$1000 per month, and average between \$9.00 and \$13.00 per hour.

The monthly cost-per-slot is estimated at \$1,355 and includes subsidized wages and benefits, non-wage employer costs such as worker's compensation. Grant savings resulting from employment earnings are reinvested into the Expanded Subsidized Employment Program.

\$134 million was allocated to 57 counties in FY 2014-15, and DSS projects that around 8,000 new jobs were anticipated for the same time period. Proposed funding for this program in FY 2015-16 and FY 2016-17 remains the same.

As of August 2015, 47 counties are participating in the program. In FY 2013-14, counties reported 714 out of 1,771 (40 percent) of recipients found unsubsidized employment after their time on Expanded Subsidized Employment. FY 2014-15 saw the participation of 7,798 new participants, and over 1,000 new recipients found unsubsidized employment after their time on Expanded Subsidized Employment in the first three quarters of FY 2014-15.

The following figures shows participants in both ESE and AB 98 subsidized employment programs, and shows an upward trend for subsidized employment activities.



*July – September 2014 data includes estimations to account for ESE data not reported from Los Angeles County for that period.

Questions.

1. Please provide an overview of the program.
2. How many subsidized employment placements have led to long-term, living-wage employment?

Online CalWORKs Appraisal Tool (OCAT). OCAT is a standardized statewide WTW appraisal tool that provides an in-depth assessment of a client’s strengths and barriers, including: employment history, interests, and skills; educational history; housing status and stability; language barriers; child health and well-being; and, physical and behavioral health, including, but not limited to, mental health and substance abuse issues.

As of January 31, 2016, 37,642 OCAT appraisals had been completed with recommendations for supportive services:

- 24,185 recommendations for mental health services
- 16,687 recommendations related to domestic abuse, human trafficking, or sexual exploitation
- 28,085 clients indicated they were not working at the time of appraisal
- 5,586 clients were enrolled in education or training programs at the time of appraisal

The majority of counties are now fully utilizing OCAT, while a small number (less than five) are still in the process of implementing the tool.

The following table shows the growth in the utilization of OCAT:

Table 6C. OCAT Appraisals by Month: July through November, 2015

Month	Pre-July 3	July	August	September	October
New CalWORKs Appraisals That Used OCAT	848	1,316	2,977	5,208	6,494

Data Source: [WTW 25](#) and [WTW 25A](#).

As more data is provided by OCAT through continued use and enhanced reports, DSS anticipates that additional programs that are used by CalWORKs clients may benefit from the recommendation data, and that the data may be used to determine how to address unmet needs for services statewide and at the local level.

Questions.

1. Please provide an overview of the program, how the rollout and automation of OCAT is going, and an update on initial data that OCAT has provided.
2. Specifically, how many families are referred to the Family Stabilization program as a result of the OCAT assessment?
3. What are thoughts or plans on how to use OCAT data in relation to other CalWORKs programs? For example, how will the large proportion of mental health or domestic abuse recommendations translate into increased access to needed services?
4. How is the department working with the counties that have not yet fully implemented OCAT?

Family stabilization (FS). FS is intended to increase client success during the flexible WTW 24-Month Time Clock period by ensuring a basic level of stability for clients who are especially in crisis, including: intensive case management and barrier removal services for both adults and children. Clients must have a “Stabilization Plan” with no minimum hourly participation requirements. Six months of clock-stopping is available, if good cause is determined. Family Stabilization is a voluntary program, and counties were given flexibility to determine the services that are provided and individual program components. All 58 counties had fully implemented their FS programs as of June 2015.

Table 6A. CalWORKs Family Stabilization Status Report: FY 2014-15

CalWORKs Family Stabilization (FS) Status Report ¹ Fiscal Year 2014-15 (July 2014 vs. June 2015 comparison)		
July 2014	June 2015	Participation
598	2,107	Open FS cases.
314	1,319	FS cases active in FS only.
57	168	FS cases that transitioned to a WTW plan.
227	620	FS cases that participated concurrently in WTW activities.
165	722	FS cases that received good cause.
Services		
431	1,994	Total adults who received services.
143	940	Total children who received services.
95	476	Domestic Abuse
236	1,127	Mental Health
39	238	Substance Abuse
344	1,400	Other ²
Housing Support/Services		
268	781	Total Homeless services provided.
982	4,022	Total FS services provided.

¹ Data retrieved from the FSP 14

² Examples of additional types of Other FS services provided by individual counties.

* The numbers in the chart above have been updated to reflect the most current data.

Cases have increased four-fold from 600 to 2,400 in December 2015. A similar increase in the number of adults receiving FS services was seen over this time period, and the amount of children receiving FS services grew seven-fold from 140 to over a thousand. The average length of time for a recipient on FS is between three and six months. Nearly 2,000 individuals successfully transitioned from an FS plan back to Welfare-to-Work between July 2014 and December 2015.

Questions.

1. Please provide an overview of the program, and discuss what new and different services Family Stabilization funding provides.
2. Does the department expect FS utilization to increase?
3. Please describe any patterns across counties as to why FS may be more or less likely used.

Monitoring results and outcomes. RAND Corporation will evaluate the enacted changes and provide the Legislature a report by October 1, 2017. In the interim, the Department of Social Services (DSS) must annually update the Legislature regarding implementation of the enacted changes related to the 24-month clock.

Staff Comment. As OCAT continues to provide more information, the Legislature may wish to closely monitor what this data is revealing about the assessed needs of CalWORKs recipients, and how programs such as Family Stabilization or Expanded Subsidized Employment can be used to further the goals of the CalWORKs program. The Legislature may also want to consider what, if any, additional, targeted reporting requirements may be helpful for the department to report to the Legislature.

Staff Recommendation. Hold open.

Issue 5: Trailer Bill Language # 615 – Approved Relative Caregiver (ARC) Child Support Pass-Through

Governor’s Proposal. The Administration proposes to clarify that children participating in the Approved Relative Caregiver Program (ARC) should receive a \$50 child support disregard.

The department notes that this language will create consistency between Welfare and Institutions Code (WIC) and Family Code (FC).

Background. WIC Section 11475.3 and FC Section 17504 both require that the first \$50 of child support collected to be passed-through or “disregarded” to CalWORKs recipients before any money is distributed to federal, state, and county governments for child support recoupment. This rule does not apply to foster care recipients.

The ARC program provides an augmentation to the rate paid for non-federally eligible foster children who are placed with relatives in order to bring the total payment to relative caregivers up to the same amount as the foster family home rate paid for federally-eligible children. WIC Section 11253.4 as added by SB 79 (Committee on Budget and Fiscal Review, Chapter 20, Statutes of 2015) provides that a child in ARC is not subject to the provisions of Chapter 2 of Part 3 of Division the Welfare and Institutions Code that relate to CalWORKs. The purpose of this change was to waive certain CalWORKs statutes in relation to the availability of CalWORKs funding for the ARC program. Although WIC Section 11475.3 is contained in Chapter 2, DSS has concluded that the section relates to child support enforcement, rather than a CalWORKs rule subject to the statutory waiver.

However, the Department of Child Support Services (DCSS) is concerned that the change in SB 79 suggests that, for ARC participants, a disregard should not be distributed. DSS and DCSS have both agreed to clarify this point in statute.

Staff Comment. As the ARC program can be complex as it crosses over both CalWORKs and child welfare services, the department should clarify whether this trailer bill language applies all child support enforcement statutes to ARC and if so, the impacts to the ARC program.

Question.

1. Please summarize the proposal.

Staff Recommendation. Hold Open.

Issue 6: Trailer Bill Language #616 – County Sharing Ratio Alignment for the Safety Net, Fleeing Felon and Long-Term Sanction Populations

Governor’s Proposal. The Administration proposes trailer bill language that seeks to align the county sharing ratio for specified populations.

The department notes that this is clean-up language and there is no cost associated with this trailer bill language.

Background. The CalWORKs program allows children to continue to receive assistance under certain conditions if the adult in their household does not qualify for CalWORKs cash aid. This population includes cases identified as Safety Net, Fleeing Felon or Long-Term Sanction, where adults have timed out of CalWORKs, are prohibited from CalWORKs assistance because they are identified as a fleeing felon, or have been in a sanction status for longer than 12 consecutive months.

Because the Safety Net, Fleeing Felon or Long-Term Sanctions populations include those whose cash aid under their former aid payment included federal funds, their funding ratios were established to reflect a lower county share of funding of 2.5 percent with a state share of funding of 97.5 percent. This alleviated the cost to counties for adults transitioning from being aided to unaided. However, Welfare and Institutions Code (WIC) section 15200 requires that the county’s share of funding is five percent for programs after deducting any available federal funding. There is an inconsistency between WIC and current practice.

Staff Comment. This trailer bill language appears to be aligning statute with current practice.

Question.

1. Please summarize the proposal.

Staff Recommendation. Hold open.

Issue 7: Trailer Bill Language #618 – Eliminate the Temporary Assistance Program

Governor’s Proposal. The Administration proposes to eliminate the Temporary Assistance Program (TAP).

The department notes that this language results in cost avoidance associated with the elimination of the program in FY 2016-17 and beyond.

Background. AB 1808 (Chapter 75, Statutes of 2006) required DSS to establish a voluntary TAP with state-only funds providing cash aid and other benefits to certain current and future CalWORKs recipients who are exempt from state work participation requirements. These recipients must be provided the same benefits as the CalWORKs program with no adverse impact by April 1, 2007. The TAP program was intended to increase the federal Temporary Assistance for Needy Families (TANF) work participation rate (WPR). Implementation was suspended due to obstacles associated with the federal child support distribution rules, and concerns that these issues would result in a potential negative effect on TAP recipients. Due to these concerns, implementation of the TAP has been repeatedly postponed, with the current implementation date as October 1, 2016, as established in SB 855 (Chapter 29, Statutes of 2014).

DSS claims that TAP is no longer necessary as they have adopted an alternate move-out strategy for removing safety net and long-term sanctioned cases from being included in the determination of the state’s TANF WPR calculation.

Staff comment. In the past, the Legislature has made the decision to keep the TAP program as an option if it should become necessary in the future, and extend the sunset date. DSS has also implemented alternative strategies that have increased the WPR, such as the WINS program, which provides a \$10 per month supplemental food benefit program for working families who are receiving CalFresh benefits but not receiving CalWORKs or TANF benefits.

Question.

1. Please summarize the proposal.

Staff Recommendation. Hold open.

Issue 8: Proposals for Investment

The CalWORKs program has undergone a variety of grant reductions and program restructuring over the last decade. The Legislative Analyst's Office will present a brief history of grants in the CalWORKs program in relation to poverty measures.

The subcommittee has received the following advocate requests related to the CalWORKs program:

Maximum Family Grant Rule

Budget Issue. Advocates request to repeal the Maximum Family Grant (MFG) rule.

Background. AB 473 (Brulte), Chapter 196, Statutes of 1994, prohibits an increase in CalWORKs aid based on an increase in the number of needy persons in a family due to the birth of an additional child, if the family has received aid continuously for the ten months prior to the birth of the child, as specified, or for longer than the gestational period of the new baby. If the family is not receiving aid for two or more months during the ten-month period preceding the birth of the child, the new child becomes eligible for aid in the CalWORKs benefit calculation. Additionally, the MFG rule does not apply if a family returns to CalWORKs after a break of two or more years during which the family did not receive any aid, provided aided children are still younger than 18 years old.

Based on information provided by the department, approximately 130,000 children in 95,000 families are currently subject to the MFG rule.

Increase Grant Levels

Budget Issue. Advocates request to increase CalWORKs grants, ranging from 50 percent of the Federal Poverty Level (FPL) to over 100 percent of the FPL.

Background. The CalWORKs program sustained a volume of grant reductions in a time of significantly high caseloads during the Great Recession. In the last two years, two MAP restorations have been approved and will go into effect, although there will be no MAP increases in the budget year. For 2016-17, CalWORKs grant levels for a family of three are projected to be approximately \$704 per month (42 percent of the FPL), whereas in 1996-97, an average maximum grant for a family of three was \$594, or 55 percent of FPL.

Housing Support Program

Budget Issue. Advocates request an increase the CalWORKs Housing Support Program by \$15 million General Fund, noting that the augmentation would serve an additional 3,800 children in 1,900 families.

Background. SB 855 (Budget and Fiscal Review), Chapter 29, Statutes of 2014, allocated \$20 million for a new Housing Support Program (HSP) for eligible CalWORKs recipients. Counties were given the flexibility to design their own county-specific HSP plan to serve the needs of their community. The Budget Act of 2015 appropriates \$35 million for Homeless and Housing Support Services, and the

Administration proposes the same level of funding for 2016-17. The program currently serves an estimated 9,000 children and 4,500 families. Please see page 17 of the agenda for additional background on the Housing Support Program.

Staff Comment and Recommendation. Hold open. Staff recommends the above item remain open.

Advocates have also raised the following CalWORKs issues:

- Restore the CalWORKs cost-of-living adjustment;
- Restore the 60-month time clock
- Reduce the number of sanctions and eliminate long term sanctions
- Prohibit sanctions when adult is meeting work participation
- Oppose TANF transfer to Student Aid Commission
- Repeal the Child Deprivation Rule for Two Parent Families
- Repeal limiting homeless assistance to once-in-a lifetime
- Make various changes to the Housing Support Program including adding several requirements for counties, prioritizing families experiencing domestic abuse, and giving counties discretion to extend rental assistance beyond six months
- Simplify the subsidized employment programs
- Require that counties direct families into Family Stabilization if they get a recommendation for mental, health, domestic abuse, sexual exploitation, human trafficking or homeless from OCAT
- Stop the 48 month time clock from running while the family is on Family Stabilization in addition to not running the 24 month flexible clock
- Add various reporting requirements regarding specific OCAT and Family Stabilization data

Issue 9: Overview – CalFresh

Governor’s Proposal. The Governor’s budget includes \$2.0 billion (\$0.7 billion General Fund) for CalFresh administration in 2016-17, a \$38.8 million (\$5.9 million General Fund) increase from the 2015-16 appropriation. This increase is largely attributable to revised caseload projections. The base CalFresh caseload is projected to increase 5.8 percent in the current year, and an additional 5.4 percent in 2016-17. The final CalFresh caseload, which is adjusted for caseload impacts not reflected in the base trend, is projected to reach an average of 1.9 million households in 2015-16 and 2.0 million households in 2016-17.

Background. CalFresh is California’s name for the national Supplemental Nutrition Assistance Program (SNAP). As the largest food assistance program in the nation, SNAP aims to prevent hunger and to improve nutrition and health by helping low-income households buy the food they need for a nutritionally adequate diet. CalFresh food benefits are funded nearly exclusively by the federal government.

Californians are expected to receive \$8.0 billion (all federal funds) in CalFresh benefits in 2015-16, rising to \$8.5 billion in 2016-17. According to the U.S. Department of Agriculture’s Economic Research Service, every \$5 in new CalFresh benefits generates as much as \$9 of economic activity (gross domestic product), which represents a multiplier effect of 1.79.

CalFresh benefits are provided on electronic benefit transfer (EBT) cards, and participants may use them to purchase food at participating retailers, including most grocery stores, convenience stores, and farmers’ markets. In an average month in 2014-15, approximately \$630 million in CalFresh food assistance was disbursed to around 4.4 million Californians. The current average monthly benefit per household is around \$304 (\$144 per person). Since 1997, California has also funded the California Food Assistance Program (CFAP), a corresponding program for legal permanent non-citizens, who are ineligible for federal nutrition assistance due to their immigration status. The proposed CFAP budget includes \$79.5 million GF for food benefits, with an expected average monthly caseload of around 22,000 households (with about 52,000 recipients).

Eligibility and benefits. CalFresh households, except those with a member who is aged or disabled, or where all members receive cash assistance, must meet gross and net income tests. Most CalFresh recipients must have gross incomes at or below 200 percent of the federal poverty level (which translates to approximately \$3,350 per month for a family of three) and net incomes of no more than 100 percent of the federal poverty level (\$1,675 per month for a family of three), after specified adjustments. The average monthly benefit per household is around \$304 (\$144 per person).

Efforts to improve participation. In FFY 2013, the most recent period for which official measures are available³, the participation rate for the working low-income population was 74 percent nationally. California’s participation rate for the working low-income population was the lowest in the nation at an estimated 52 percent. California’s overall participation rate was the third lowest in the nation at an

³ *Reaching Those in Need: Estimates of State Supplemental Nutrition Assistance Program Participation Rates in 2013*, USDA, February 2016 (<http://www.fns.usda.gov/sites/default/files/ops/Reaching2013.pdf>)

estimated 66 percent while the national rate was 85 percent.⁴ Reasons offered for California's poor performance with respect to CalFresh participation include, among others, a lack of knowledge regarding eligibility among individuals who are eligible, frustration with application processes, concerns about stigma associated with receiving assistance, and misconceptions in immigrant communities about the impacts of accessing benefits.

Efforts to increase participation include outreach to communities, in reach to families served by other nutrition and anti-poverty programs (like WIC), and streamlining customer service with more on-line and telephone access. In February 2016, California was recognized for these efforts and won a most improved Program Access Index award from the USDA for FFY 2014⁵.

Several recently enacted program changes seek to improve CalFresh program participation. Some of those program changes include:

1. Elimination of fingerprint imaging requirement. AB 6 (Fuentes), Chapter 501, Statutes of 2011, eliminated the fingerprinting requirement, which was intended to prevent duplicate receipt of aid. However, fingerprint imaging created the perception of stigma and other measures were already in place to prevent duplicative receipt.
2. Semiannual reporting. Evidence suggested that a number of CalFresh households may leave the caseload after failing to correctly submit regular reports, only to reapply a few months later. AB 6 also amended the reporting requirement from three quarterly reports in a certification period to one report in a certification period.
3. Face-to-face interview waiver. All counties offer telephone interview in lieu of a face-to-face interview for intake and recertification appointments for CalFresh-only clients.
4. Drug and Fleeing Felon Eligibility. Effective April 1, 2015, the lifetime ban on CalFresh benefits for those convicted of certain drug felonies was lifted. In September 2015 the Food and Nutrition Service of the United States Department of Agriculture published new rules on the definition of fleeing felon that allow a majority of previously ineligible adults to become eligible for CalFresh benefits and were implemented in California on December 1, 2015.

⁴ DSS has noted that the federal government does not count the state's "cash-out" policy for SSI/SSP recipients (whereby those individuals receive a small food assistance benefit through SSP and are not eligible for additional CalFresh benefits) in its participation rate. The Department estimates that the state's participation rate could be a few percentage points higher if many those individuals who would otherwise be eligible for CalFresh were counted as participating. The state would still have among the lowest participation rates in the nation.

⁵ Program Access Index is the number of CalFresh participants divided by the estimated number of eligible people in California. The full USDA report, *Calculating the Supplemental Nutrition Assistance Program (SNAP) Program Access Index: A Step-by-Step Guide for 2014*, can be found at <http://www.fns.usda.gov/sites/default/files/ops/PAI2014.pdf>

Proposed Legislation

SB 1232 - This bill would require that a county that uses information contained in a consumer credit report for a determination of CalFresh eligibility or benefits must provide an applicant or recipient with a notice indicating that the verification or eligibility determination was based on information contained in a consumer credit report.

SB 904 - Existing federal law limits an able-bodied adult without dependents (ABAWD) participant to three months of CalFresh benefits in a three-year period unless that participant has met specified work participation requirements. The State can annually seek a waiver from this limitation, although individual counties have the option to decline participation in the waiver. This bill would require all counties to be included in the federal waiver of the ABAWD time limitation.

Staff Comment. This information is included for discussion purposes only. Research finds that food-insecure adults face higher risks of chronic diseases, like diabetes and hypertension, as well as depression and poor mental health. For children, food insecurity is also linked to poor academic outcomes.

Questions.

1. Please provide overview and summarize efforts to improve participation and results of current outreach efforts.

Staff Recommendation. No action required.

Issue 10: Drought Food Assistance Program

Governor's Proposal. As of June 1, 2015 the Drought Food Assistance (DFAP) program has received \$33 million and has been funded through June 2016. The Administration is requesting \$18.4 million General Fund to continue the program at current demand levels through the end of 2016-17.

Background. The CalFresh program is intended to help families prevent hunger, with emergency food programs as a safety net resource. To be eligible for food programs, a recipient must have income below 150 percent of federal poverty level, be a local resident, and use the food received in their personal home. DFAP is the temporary program developed in response to the Governor's Drought Emergency Declaration, and seeks to provide food assistance to drought-affected communities with high levels of unemployment.

Distribution timeline. DFAP food is provided by the California Emergency Foodlink, the non-profit DSS contractor which normally purchases and distributes USDA food statewide. Counties that will receive DFAP are those with unemployment rates that were above the state-wide average in 2013, and which have a higher share of agricultural workers than California as a whole. Receiving counties include Amador, Butte, Colusa, Fresno, Glenn, Imperial, Kern, Kings, Lake, Lassen, Madera, Merced, Modoc, Monterey, Riverside (Coachella Valley), San Benito, San Joaquin, San Luis Obispo, Santa Barbara, Santa Cruz, Sierra, Siskiyou, Stanislaus, Sutter, Tehama, Tulare, Ventura, Yolo, and Yuba. As of February 12, 2016, DFAP has provided over one million boxes to food banks that have distributed boxes to over 540,000 households.

Eligibility and content. Household DFAP eligibility is based on a self-certification process, whereby recipients identify themselves as the head of a household in an affected community where the household's unemployment or underemployment is directly related to the drought. DFAP food boxes are prepackaged, weigh approximately 25 pounds, and designed to provide food for a household of four people for about five days. Contents include, among others, spaghetti, pinto beans, apple sauce, green beans, corn, and tomato sauce.

Outreach. Participating food banks inform affected households of the location and availability of DFAP food distributions. Food banks are expected to collaborate with other local community organizations that may be engaged with these families. Eligible households with longer-term needs also will be offered information and assistance in applying for CalFresh.

Question.

1. Please briefly provide an overview and update of the drought emergency food assistance and outreach efforts.

Staff Comment and Recommendation. No action required.

Issue 11: BCP - Raising CalFresh Children Enrollment

Governor's Proposal. The Administration requests the establishment of five Staff Services Manager (SSM) Specialist positions as a dedicated traveling team of experts to provide data-informed assistance and direction to counties in CalFresh outreach and administrative business practices in order to increase the total number of children enrolled in CalFresh by 400,000 in two years.

Background. CalFresh in California's version of the federal Supplemental Nutrition Assistance Program (SNAP), which provides benefits to assist low-income households in purchasing food they need to maintain adequate nutrition levels. DSS administers CalFresh in California and oversees program operations at the county level. CalFresh is the largest program operated by DSS.

The majority of CalFresh is federally funded. However, California has historically had low participation rates in this program which has jeopardized federal funding. In recent years, the Administration has made it a priority to improve outreach efforts to various populations and has consequently seen a modest and growing increase in participation.

In 2012, 26.3 percent of children in California lived in food insecure households. Child food insecurity in California counties ranges from 18 to 39 percent of children. During the school year, nearly two million low-income children and youth receive free or reduced-price lunches through federally funded nutrition programs. Other programs in California, such as the Women, Infants, and Children (WIC) and CalFresh programs provide additional food support. Food banks and other programs also work to provide low-income children with food. However, CalFresh is the only state-funded year-round program designated for this purpose.

Staff Comment. The department notes that in order to increase the number of children enrolled in CalFresh, counties must be provided with additional strategies and help with outreach to this specific population. No issues or concerns have been raised to subcommittee staff at this time, and this proposal is consistent with past efforts to increase CalFresh participation.

Question.

1. Please summarize the proposal.

Staff Recommendation. Approve.

Issue 12: Trailer Bill Language #617 – Defining CalFresh Contracts as Cooperative Agreements

Governor’s Proposal. The Administration proposes trailer bill language to restore the ability of CalFresh Outreach (CFO) contracts to be deemed as Cooperative Agreements and also deem the CalFresh Nutrition and Obesity Prevention Grant (known as SNAP-Ed) program contracts as Cooperative Agreements in order to align the programs with federal oversight agency expectations.

The department notes that there is no General Fund impact associated with this issue, and that this language allows the \$125 million federal dollars already in the budget to be used as intended.

Background. The CFO and SNAP-Ed programs are 100 percent federally funded, and operate under guidance from the United States Department of Agriculture Food and Nutrition Service (USDA-FNS). DSS is designated as the state oversight agency for these programs. The CFO program was transferred from the California Department of Public Health (DPH) beginning in 2013. While at DPH, the CFO program awarded Cooperative Agreement contracts to Community Based Organizations (CBOs) under the Health and Safety Code to implement the statewide Outreach Plan. Cooperative Agreements allow for limited line-item budget adjustments without formal contract amendment. At the time of transfer, DSS did not know that Cooperative Agreements are not allowed under the Welfare and Institutions Code.

The department states that, absent this language and the flexibility it provides, federal funding may not be maximized. Two CFO contractors, the Catholic Charities and the California Association of Food Banks, have asked DSS to provide this flexibility so they can continue to run their programs.

Staff Comment. No issues or concerns have been raised to subcommittee staff at this time.

Question.

1. Please summarize the proposal.

Staff Recommendation. Approve.

Issue 13: Proposals for Investment

The subcommittee received the following requests for investment.

- State Emergency Food Assistance Program

Budget Issue. The California Association of Food Banks (CAFB) requests a \$10 million General Fund appropriation for the State Emergency Food Assistance Program (SEFAP). Currently, there is no on-going General Fund dedicated for this use. In the 2013-14 fiscal year, the state Assembly donated \$1 million for one-time use. The \$10 million SEFAP request would be distributed to all counties based on the established formula for the distribution of Emergency Food Assistance Program, currently funded with federal dollars.

Background. The SEFAP funds provide additional flexibility to food banks, as they can purchase the items that they need to complement the types of foods that are currently available to them.

Staff Comment and Recommendation. Hold open. Advocates have also raised the following CalFresh issues:

- Increase funding for school breakfast meal reimbursements and start-up grants.
- Require CalFresh certification periods to the maximum period allowable under Federal law.