ADDENDUM
KINGS COUNTY CALWORKS PLAN
August 2002

I. Summary:

Kings County is proposing to amend its plan to provide Welfare-To-Work (WTW) services under the CalWORKs Program. Specifically, the County is proposing to change its maximum reimbursement for mileage to bring the program more in line with actual transportation costs and to reduce long term dependency on public assistance. The County is proposing to change the rate of reimbursement from 36 ½ cents per mile to 19 cents per mile based on a study of costs and the application of sound case management principles.

II. Program Proposal

The County originally developed its plan to provide WTW services based on its past practice of paying the rate to participants that is also paid to county employees when they drive their own vehicles on county business. This rate had been paid since the implementation of the Greater Avenues for Independence, or GAIN Program, in Kings County in 1987.

The County's employee reimbursement rate included amounts for car payment, leases, garage rental, annual registration, license fees, depreciation, insurance, fuel, oil, maintenance, repairs and other vehicle related incidentals. This per mile rate was based on Internal Revenue Service set rates for employees utilizing vehicles for business purposes.

Upon beginning WTW operations in 1998, the program began paying for costs associated with nominal car repairs and initial insurance costs when necessary to allow for participation in WTW activities. The County believes the added coverage of these costs duplicates the mileage reimbursement rates already paid, but feels it must continue to provide for these repairs and related costs to permit successful transition to self-sufficiency.

Instead, the County proposes to modify its maximum mileage reimbursement rate to reflect the coverage of these costs as needed, and the payment of only those expenses related to necessary costs, under EAS Manual Section 42-750.112(b)(2). The County will continue its practice of covering nominal repairs and initial insurance costs when necessary for continued participation in the WTW activity. Currently, the County pays a rate for actual transportation costs for its owned vehicles, based on the following criteria:

Insurance:	.03/mile
Fuel and Oil:	.07/mile
Maintenance:	.09/mile
Total Cost:	.19/mile

A review of mileage driven by our participants and actual costs related to transportation indicates the following:

1. At .07/mile for fuel and oil and .09/mile for maintenance, the reimbursement for driving a vehicle the average distance for WTW participation will permit coverage of these regular costs. The average distance traveled each month by all participants utilizing their vehicle and receiving the maximum reimbursement rate is 660.46 miles. When

multiplying this distance times .16 per mile (amount for fuel and maintenance), the amount of monthly reimbursement would be $105.67. The average miles/gallon driven by most vehicles is between 16 and 25 miles per gallon. Considering that many participants will be driving vehicles that are not economical to operate, the County used a rate of 18 miles per gallon. Dividing the average miles per gallon by the average distance traveled provides the number of gallons required or 36.7 gallons. The average price for a gallon of fuel is 1.50 at this time (considering the need to use higher-octane fuels for some vehicles). Therefore, the cost of the fuel paid for 36.7 gallons at $1.50 per gallon would be $55.05. The amount of total reimbursement planned by the county at .19 per mile would be $125.49, which would permit normal maintenance and continued insurance coverage.

2. The costs for oil changes, registration, annual license fees and repairs are covered within the balance of funds provided for fuel and maintenance. The difference between actual fuel costs of $55.05 and the monthly reimbursement of $125.49 provides a monthly amount of $77.04 to cover costs of oil changes ($30.00/3000 miles or 3 months), registration (averaging $125/year), insurance (250/six months) and repairs (occurring incidentally).

	Monthly Costs
Oil changes	$10.00
Registration	$10.42
Insurance	$41.66
Repairs	$10.00
Total	$72.08

Further, since a participant will also utilize a vehicle for non-WTW purposes, the entire costs for operating the vehicle should not be borne by the CalWORKs program.

3. In addition to the rate for mileage reimbursement above, the County will continue to cover the cost of repairs to participant's vehicles when needed for participation in WTW activities. Repair costs are reviewed on a case-by-case basis and require approval by senior management staff. When the cost of repairs does not exceed 50% of the blue book value of the vehicle and is needed to allow participation, the request for repairs is usually approved. When the cost exceeds 50% of the value, the approval process becomes more involved, using price negotiations with repair shops and reviews of other transportation options, including public transit.

4. The amount allowed for insurance costs are based on nominal costs of insurance over a normal coverage period. The county's self-insurance plan is not available to the CalWORKs participant. However, the reimbursement rate of .03/mile yields about $20/month for the miles driven to and from allowable WTW activities. The miles driven for WTW activities represent approximately one-half of the normal miles driven by persons in this region for all reasons (15,000/year). Therefore, one half the normal insurance costs of persons in the area should be covered by the reimbursement rate set by the county. Most of our participants are driving vehicles that are at least 5 years old, or older. In the Kings County area the amount spent for insurance, for most drivers with vehicles that are at least 5 years old, is $450/year. One half of this amount, $225, is within the average reimbursement rate set by the county, or $240.

5. The County has already take steps to modify supportive services offered for job retention services. This was approved by the Department of Social Services in June

2002, and reflects a modified reimbursement rate for participants that have gone off public assistance. The reduction in supportive services gradually reduces the rate of reimbursement for participants, instead of dropping them completely at the end of the job retention period. The County was concerned that many former recipients would loss their jobs and return to welfare dependency with the sudden loss of support. The application of this proposed reduction in mileage reimbursement will also result in a reduction in reimbursement rates during the job retention phase for this current fiscal year. Future years will be adjusted annually based on adjustments to the County's rate of costs for operating its vehicles.

III. Conclusion:

The County is requesting the State's approval to make the proposed change in maximum mileage reimbursement from 36 ½ cents to 19 cents per mile, and have demonstrated that the reduced rate will not negatively impact the participant's ability to meet their participation in WTW activities. The effective date of the change will be as soon as approval is received and can be administratively implemented.

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