

# Report to the Legislature on CalWORKs Options for Increasing Work Participation

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## Legislative Mandate

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Statute enacted by Senate Bill (SB) 84 requires the Department of Social Services to provide, for consideration by the administration and the Legislature, options for increasing the state's California Work Opportunity and Responsibility to Kids (CalWORKs) welfare-to-work participation. These options should address ways to structure the CalWORKs grant in order to maximize full-time work and promote family stability, as well as ideas for training and technical assistance the Department could provide counties targeted at increasing the work participation rate. The Department shall submit these options to the Joint Legislative Budget Committee, and to the Legislature's budget, fiscal, and human services committees, on or before October 1, 2007.

*(SB 84, Committee on Budget and Fiscal Review, Human Services, Statutes of 2007, Chapter 177, Section 46)*

Additional copies of this report can be obtained from:

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## Executive Summary

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The California Department of Social Services (CDSS) values the importance of providing a comprehensive and balanced product that will be useful to the Legislature. In order to ensure appropriate input, it was important for CDSS to uphold the collaborative approach that has been established with its stakeholders. CDSS convened its stakeholder workgroup and drafted options for consideration. Additional work was then necessary to establish work participation rate (WPR) and fiscal impacts. Many of the options introduced in this report are considerably complex and cannot be weighed without considerable deliberation and re-deliberation. Due to time constraints, some of the options have not been fully developed and CDSS acknowledges the need for continued analysis.

Any of the options discussed in this report must be considered in relation to the current budgetary assumptions regarding increased work participation and the associated fiscal implications. Proposals that result in a net increased cost or savings will have to be weighed against the potential implications to other strategies currently being considered to move the state closer toward meeting the federally required WPR. Furthermore, proposals that result in a net increase in costs will require the Legislature and Department of Finance to appropriate additional general fund (GF) to the Department above the current level of Maintenance-of-Effort (MOE).

Key to the discussion in this report is recognizing the state's past achievement in the California Work Opportunity and Responsibility to Kids (CalWORKs) program. CalWORKs provides cash aid to needy families with dependent children to help meet basic needs such as shelter, food, and clothing. Welfare-to-work services are also provided to assist CalWORKs adults in obtaining work and moving toward self-sufficiency through employment. Over the years, the state has achieved great success in the CalWORKs program moving recipients from welfare to work and off the welfare rolls. The CalWORKs caseload declined by 47 percent from 1996 to 2006, from 902,813 to 475,984 cases, and California has consistently met federal WPR requirements year after year. Caseloads, however, are no longer declining significantly. And recent changes to federal rules create new challenges for California that affect the state's ability to meet WPR requirements. CDSS anticipates that the state will fail to meet WPR requirements in federal fiscal year (FFY) 2007 and will continue to fail each subsequent year unless changes are made to the CalWORKs program.

## **Work Participation Rate Requirements and Associated Penalties**

The CalWORKs program is funded through a federal Temporary Assistance for Needy Families (TANF) block grant, state GFs, and county share of funds. The WPR is the primary indicator used by the federal Department of Health and Human Services, Administration for Children and Families (ACF) to gauge the success of states' TANF programs. As a requirement of TANF, at least 50 percent of all families and 90 percent of two-parent families in the assistance caseload must meet federal work participation requirements. California's projected WPR for FFY 2007 is approximately 21.19 percent for all families and approximately 35 percent for two-parent families. In addition, states are required to contribute to the TANF program by providing a MOE match in funding equal to 80 percent of the state's 1994 base year expenditures, or \$2.9 billion, unless the state meets the 50 percent and 90 percent WPR requirements, in which case the MOE requirement is reduced to 75 percent, or \$2.7 billion.

California faces a total potential financial risk of approximately \$330 million for its failure to meet the 50 percent all families WPR in FFY 2007. This includes a \$150 million penalty and the requirement to increase MOE spending from 75 to 80 percent, an increase of \$180 million. The MOE increase would be incurred in state fiscal year (FY) 2008-09. Although the state may submit a corrective compliance plan for penalty relief, if it is found that California must pay the penalty, the penalty would likely be incurred in FY 2009-10. However, this may be delayed depending on the timing of notification from the federal government and actions, by the state and ACF, related to corrective compliance. Continued failure to meet federal requirements in subsequent years could result in increased penalties.

### **CalWORKs Options**

Beginning in April 2006, CDSS convened a stakeholder workgroup to explore, develop, and refine fiscal strategies for the state in response to federal TANF program changes. The stakeholder workgroup consists of participants from the Legislative Analyst's Office, legislative staff, the County Welfare Directors Association, county representatives, and the Statewide Automated Welfare System consortia, welfare rights advocates, the Department of Finance, other state departments, and CDSS staff. Included in this report are those strategies deemed by the workgroup to be promising in helping the state increase the WPR and avoid, or reduce, federal penalties.

This report also contains other options for consideration, developed outside of the stakeholder workgroup process, that place emphasis on strengthening work requirements, personal responsibility, and recipient accountability, while considering the challenge of the state's budget shortfall. To provide a full range of ideas, proposals from the Governor's 2008-09 Budget are included in this report. Those proposals provide incentives for appropriate behavior on the part of CalWORKs adults, reward recipients who are working to support their families, and maintain critical protections for families.

The options described in this report have undergone varying levels of analysis. The order in which they are presented, however, does not reflect any rank order or value assigned by CDSS.

- Provide a Work Incentive Nutrition Supplement
- Implementation of the Temporary Assistance Program (TAP)
- Implementation of a Four-Month Up-Front Program
- Reduction of the Number of Families Counted in the Two-Parent WPR
- Subsidized Employment for Parents with Young Children
- Promotion of Earned Income Tax Credit
- Create a Work Incentive for Safety Net Families
- Strengthen Sanction Policy
- Additional Support for Adults Who Have Reached Assistance Time Limits
- Extension of Time Limits for Working Participants
- Expansion of TAP
- Positive Incentive to Cure Sanctions
- Implementation of Statewide Practice Mandates
- Work Supports for Families with Earnings and Low Grant (Cash-Out Model)
- Partial Participation for Exempts (Workers Compensation Model)
- Establish 60 Month Assistance Time Limit for Specific Groups

Although some of these strategies are also being considered by other states, there still remain many significant implementation complexities. CDSS will be able to better assess fiscal and WPR impacts as the Department continues to work through the issues associated with these options and monitor how other states are managing implementation challenges.

### **Training and Technical Assistance Ideas**

Also described in this report are CDSS' options for consideration in the area of training and technical assistance for counties targeted at increasing the WPR. Included in this section is a summary of measures already taken and potential future activities. The objective is to provide counties with tools and strategies that will assist in the administration of the CalWORKs program, and to provide state leadership and guidance through frequent and continuous communication with county welfare department staff.

## Background

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### Purpose

In accordance with Senate Bill 84 (Statutes of 2007, Chapter 177, Section 46), CDSS is providing this report of options for increasing welfare-to-work participation in the state's CalWORKs program for consideration by the administration and the Legislature. As required by statute, this report also includes ideas for training and technical assistance that could be provided to counties targeted at increasing the WPR.

### Federal Law

The Deficit Reduction Act of 2005 reauthorized the TANF Program, extending funding and authority through FFY 2010. The reauthorization included significant changes and new provisions that will impact CalWORKs and the state's ability to meet federal requirements. Although WPR requirements have not changed, the interim federal regulations now define what can be counted as work activities and require that certain families with unaided adults be counted toward the WPR. This requires the state to include in California's WPR calculation 80,000 to 90,000 additional cases that were previously excluded, and decreases flexibility for the state in determining which activities are countable toward work participation requirements. The new federal provisions also require substantial new work participation verification and oversight, and impose a new penalty for states that fail to fulfill these work verification requirements.

The change that most significantly affects the state's ability to meet federal WPR requirements is the recalibration of the base year used for calculating caseload reduction credit (CRC), from FFY 1995 to FFY 2005. Federal TANF rules provide states that achieve caseload decline with a CRC, which effectively reduces the WPR the state is required to meet. In FFY 2006, when FFY 1995 was used as the base year, California received a 44.9 percent CRC, which adjusted the required all families WPR from 50 percent to 5.1 percent. Now, the state must compare caseload decline against the FFY 2005 caseload. This essentially eliminates credit for the one-half million CalWORKs cases that have achieved self-sufficiency since the program started in the mid-1990's. Since 2005, caseloads have not declined as dramatically as in the initial years of the program. For FFY 2007, California will receive a substantially lower CRC of approximately 3.5 percent due to caseload decline in the CalWORKs program, leaving California with a balance of 46.5 percent it must meet to achieve the 50 percent WPR requirement for all families. The state's projected federal all families WPR for FFY 2007 is approximately 21.19 percent.

CDSS anticipates the state will fail to meet WPR requirements in FFY 2007. The state will be subject to corrective action and, ultimately, a potential penalty of

approximately \$150 million, as well as a requirement to increase MOE spending from 75 to 80 percent of 1994 base year expenditures, an increase of \$180 million. The combination of the penalty and the MOE increase results in a total potential financial risk of approximately \$330 million associated with not meeting the all families WPR in FFY 2007. Any penalty would likely be incurred in FY 2009-10. However, this may be delayed depending on the timing of notification from the federal government and actions by the state and ACF related to corrective compliance. The MOE increase would be incurred in FY 2008-09 regardless of corrective action. Continued failure to meet federal requirements in subsequent years will result in increasingly larger penalties.

## **State Law**

The TANF block grant structure allows states to design their TANF programs in ways that would better serve the varying needs of the populations residing within each state, although the 2005 Deficit Reduction Act and resulting changes to the TANF program reduce states' flexibility in this regard. California has generally passed on flexibility to the counties, allowing counties to customize their welfare-to-work programs to meet the unique needs of each county. Counties are provided a single allocation to fund the administration of employment and support services to CalWORKs recipients. Due to this flexibility, counties across the state are pursuing a variety of strategies in an effort to increase work participation.

In 2004 in anticipation of TANF reauthorization, the state implemented changes to the CalWORKs program that strengthened work requirements and focused counties on engaging recipients in activities sooner (SB 1104 and SB 68). Additional reforms were implemented in 2006 through Assembly Bill (AB) 1808 (Chapter 75, Statutes of 2006) in response to the changes in federal TANF rules. Many of the reforms in AB 1808 were the result of discussions in the stakeholder process. These reforms include the following:

- Requirement for counties to submit a county plan addendum detailing how the county will meet CalWORKs goals, while taking into consideration federal WPR requirements.
- Clarification of statutes regarding pass-on of a portion of penalties the state incurs to those counties that contribute to the state's failure to meet federal WPR requirements.
- Authority to establish a solely state-funded Temporary Assistance Program providing cash aid and benefits to recipients who meet the criteria to be exempt from work participation.
- Amendment to the sanction policy so that sanctions for non-compliance may be cured by recipients at any time.
- Appropriation of funding for the Pay for Performance county incentive program, which rewards counties for achieving positive outcomes on certain defined performance measures.

- Implementation of a statewide County Peer Review Process providing greater awareness of performance outcomes and state leadership to identify and replicate best practices.
- Requirement to publish data reported by counties and to perform an assessment of the state's data needs as a part of a Data Master Plan that will be used to measure the success of the CalWORKs program.
- Expansion of the Homeless Assistance Program.

Many of these reform efforts have recently been implemented or still are in the process of being implemented, and it will take some time before CDSS can assess outcomes and effects on the overall CalWORKs program.

In addition to these prior reforms, CDSS is also applying the strategy of overmatching on MOE expenditures for additional CRC. Federal provisions allow states to obtain additional CRC with MOE expenditures that exceed the amount federally required. The state has identified \$408 million in GF spent in other programs that are countable as excess MOE (XMOE) in FFY 2006. Based on the methodology California submitted for calculating CRC from XMOE, these XMOE expenditures are anticipated to produce an additional CRC of 10.9 percent toward the WPR for FFY 2007. When combined with the 3.5 percent CRC from caseload decline, California may receive a total CRC of 14.4 percent, which effectively reduces the WPR the state is required to meet from 50 percent to 35.6 percent. After applying the state's projected WPR of 21.19, the state is left with a balance of 14.4 percent to meet the WPR requirement.

The state is awaiting federal approval on the expenditures claimed and the California methodology submitted. ACF, however, may be moving to a standard methodology for all states similar to the methodology approved in prior years for Delaware, which is heavily weighted on MOE expenditures that count as "assistance" and generates less CRC for MOE expenditures on "non-assistance." If ACF rejects California's methodology and defaults to a methodology similar to Delaware's, California's CRC would be reduced to approximately 9.8 percent, leaving California with an effective WPR of 40.2 percent. After applying the projected WPR for FFY 2007, the state is left with a shortfall of 19.0 percent to meet the WPR. In anticipation of this potential federal action, CDSS is engaged in ongoing efforts to identify additional state GF expenditures in other programs that may be countable as XMOE to earn the state additional CRC.

The above mentioned efforts alone, however, may not ensure that California will meet the WPR requirements. For that reason, CDSS is continually exploring more strategies that may help improve the WPR for California.

## CalWORKs Options

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*Any of the options discussed in this report must be considered in relation to the current budgetary assumptions regarding increased work participation and the associated fiscal implications. Proposals that result in a net increased cost or savings will have to be weighed against the potential implications to other strategies currently being considered to move the state closer toward meeting the federally required WPR. Furthermore, proposals that result in a net increase in costs will require the Legislature and Department of Finance to appropriate additional general fund to the Department above the current level of MOE. The order in which they are presented does not reflect any rank order or policy value.*

### **Provide Supplemental Food Stamps as a Work Incentive**

This option would provide a work incentive nutrition supplement to working families in the form of a supplemental food stamp benefit. The supplemental food stamps would be financed with state GF dollars countable toward TANF MOE requirements. Working families who are receiving food stamps, but not receiving CalWORKs assistance, may be eligible for this benefit if they work sufficient hours to meet federal TANF work participation requirements. The benefit would be set at a flat amount. Each food stamp household may be eligible for one supplemental TANF food stamp benefit per month. Recipients of this new benefit would be counted in the TANF WPR calculation, which would increase the state's WPR and thus help mitigate or avoid penalties.

One state recently enacted legislation authorizing implementation of a similar program, and four other states are pursuing a supplemental food stamp work incentive<sup>1</sup>.

#### Pros:

- Will result in a net WPR/CRC increase. Also, may increase the XMOE CRC due to the addition of more assistance cases/costs in the TANF program.
- Provides additional support to further working individuals' efforts to support their families.
- Would not require additional costs to Electronic Benefits Transfer (EBT).
- Receipt of benefit would not count toward federal time limits for receiving assistance.

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<sup>1</sup> Based on joint survey by the American Public Human Services Association (APHSA) and the National Governors Association (NGA) for Best Practices on "State Choices About TANF Programs under DRA."

Cons:

- Requires reporting, documentation, and verification of work hours. However, documentation provided as part of the application, quarterly reporting, and re-certification processes (for food stamps) may generally be sufficient for some of these families.
- If the benefit were set at \$40 per month, would result in a fiscal impact of approximately \$8.4 million in FY 2008-09, including associated automation and programming costs to support implementation, \$18.6 million in FY 2009-10, and \$24.3 million annually thereafter. Costs would be higher if the benefit were set at a higher amount. However, it is assumed that these expenditures would be countable toward excess MOE. May also require additional state resources for training and coordination.
- Requires state and county data reporting and claiming.
- Some families in this target group may have unsteady employment. Failure to change aid codes when families are no longer eligible for the benefit may affect TANF data sampling and negatively impact the WPR.

**Implement a Solely State-Funded Temporary Assistance Program**

This option would continue efforts to implement a solely state-funded Temporary Assistance Program (TAP) for current and future CalWORKs recipients who meet the criteria to be exempt from work participation. TAP would be a voluntary program providing the same benefits and supportive services as CalWORKs. Recipients who voluntarily move into TAP from CalWORKs and any new applicants who choose to enroll in TAP instead of CalWORKs would not be subject to federal TANF requirements; and they would not be counted in the WPR. Implementation is scheduled for April 1, 2009, per Senate Bill 84 (Chapter 177, Statutes of 2007, Section 33).

However, challenges associated with federal child support rules affect the state's ability to implement the program without resulting in adverse impacts on recipients or unreasonable costs. The state has statutory authority to recoup grant costs by requiring TAP recipients to assign child support payments to the state as a condition of receiving aid, just as it requires of CalWORKs recipients. However, federal child support distribution rules require a different process for distribution of child support payments collected on behalf of TAP families; payments must be paid directly to the families and may not be retained by the child support automated system for grant recoupment. In order for the state to recoup grant costs from TAP families, child support payments that families receive would have to be counted as income against the TAP grant. Due to the sporadic nature of child support payments, however, doing so may negatively impact recipients. The state would also incur a loss on any child support collections that cannot be reasonably anticipated under quarterly reporting.

In addition, moving families to TAP would eliminate categorical eligibility for Medi-Cal, Food Stamp assistance, and potentially other federal programs. Most TAP recipients, however, would be eligible for food stamp benefits and the same "no-share of cost" Medi-Cal coverage as received when they were CalWORKs recipients based on income and eligibility criteria for those programs.

If federal child support rules change so that the automated system may be used to retain child support from TAP families, it would require additional costs and enhancements to the California Statewide Child Support Automated System (CCSAS). Resources in the Department of Child Support Services (DCSS) are committed to the current implementation of CCSAS. DCSS would not be able to incorporate any needed changes into CCSAS by the April 2009 deadline to implement TAP. It is estimated that transition by counties to the new CCSAS will not be completed until September 2008, and there would be a continuing heavy workload for DCSS thereafter to address system functionality issues.

An alternative to this option would be a phased approach to implementing TAP, which would include only cases not affected by child support in the initial implementation, and provide additional time to work out child support issues on remaining potential TAP candidates with child support court orders and/or collections (Note: Pros and Cons below speak to the option previously described, not the alternative). However, categorical eligibility for food stamps and Medi-Cal eligibility issues would still remain for TAP recipients; and the alternative approach would still result in a net WPR/CRC loss due to effects on XMOE.

Approximately 20 other states in the process of implementing solely state-funded programs, and another 14 states are considering creating a solely state-funded program<sup>2</sup>. However, child support issues continue to be a challenge.

Pros:

- May result in a slight WPR increase in FFY 2009 due to cases that voluntarily move to TAP. However, when considering the relationship with XMOE, the WPR impact may result in a net loss in FFY 2010 and 2011 (see Cons below).
- Benefits recipients as they would receive the same benefits as in CalWORKs, but are not subject to the federal WPR calculation.
- Time spent in TAP would not count toward the federal time limit for receiving assistance.
- Reduces data reporting as federal reporting would not be required on TAP cases. However, counties would continue collecting data on TAP cases so that the data would be available when families move back into CalWORKs.

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<sup>2</sup> Based on APHSA and NGA joint survey on "State Choices About TANF Programs under DRA."

Cons:

- Likely would result in a net WPR/CRC loss in FFY 2010 and FFY 2011 because TAP funds do not count as MOE and reduce the overall XMOE that would generate CRC for the state.
- TAP was most recently estimated to require GF expenditures of approximately \$61 million in FFY 2009, which includes projected automation and programming costs associated with implementation, and \$224 million in FFY 2010 and in FFY 2011.
- May confuse recipients by requiring the recipient to choose between staying in CalWORKs or enrolling in TAP. Movement of cases to TAP may not be a seamless process for the recipient, and some cases may have to move back and forth between TAP and CalWORKs (due to changes in exemption status).
- Creates administrative complexity and additional workload for CDSS and counties due to the voluntary aspect of the program. Requires the development of informational tools, processes to properly advise recipients of the two program options, and tracking of clients moving between CalWORKs and TAP.
- Receipt of TAP benefits may impact other programs. TAP recipients would no longer be categorically eligible for food stamp benefits, though most families should still qualify to receive food stamps. Families may also lose eligibility for transitional food stamps when exiting TAP. TAP families would also be subject to an ex-parte redetermination for Medi-Cal, but would most likely be eligible for the same "no share of cost" Medi-Cal coverage. A Medicaid state plan amendment is required to exempt TAP payments from Medi-Cal eligibility. If child support is counted as income against the TAP grant, recipients that become ineligible for TAP due to increased child support exceeding income limits would not be eligible for transitional Medi-Cal, though they may be eligible for other Medi-Cal programs.

**Implement a Four-Month Up-Front Program**

This option would strengthen county focus on early engagement and helping families become work ready by providing a one-time, short-term, non-recurring benefit for four months. This up-front program would serve as a voluntary "pre-CalWORKs" program for CalWORKs applicants that have been determined eligible for aid, and are not currently employed sufficient hours to meet federal work participation requirements. This program would also serve former CalWORKs recipients returning to aid without sufficient hours of work participation.

During this up-front program, counties would conduct initial assessments, assist clients with job search, identify appropriate activities, and develop employment plans for recipients who may subsequently enter CalWORKs. Benefits to families in this precursory program may be funded with TANF or MOE dollars, but the

benefits do not count as "assistance." Recipients of this benefit would not be counted in the WPR. At the end of this four-month period, families still in need of assistance would shift into CalWORKs or TAP (if TAP is fully implemented).

Eight states have recently implemented up-front pre-TANF programs, and another eight states are pursuing this strategy<sup>3</sup>.

Pros:

- Likely would result in an increase to the WPR since recipients of this benefit do not receive assistance and are not counted in the WPR, although any recipients of this benefit who are fully participating cannot be counted either.
- May help individuals who subsequently enter CalWORKs become engaged in work activities sooner.
- Recipients would still receive benefits and supportive services, and generally should be eligible for other assistance (i.e., Food Stamps, Medi-Cal).
- Families would not be required to assign child support to the state during this period and could have an increase in income from any child support payments received.
- Receipt of up-front benefits during this initial period would not count toward federal TANF time limits.
- Should not impact grant costs and county workload, as these should be relatively the same as the initial months in CalWORKs.

Cons:

- Recipients may be negatively impacted if the transition from the up-front program to CalWORKs or TAP is not seamless. However, this may be mitigated by not requiring another application at the end of the up-front period.
- TANF data sampling may be affected if aid codes are used improperly or are not changed timely when families move from the up-front program to CalWORKs or TAP.
- Costs associated with implementing this new benefit, in addition to administrative and programming complexities, are unknown at this time.
- Medi-Cal and food stamp eligibility may be affected. Since this benefit is not considered assistance, federal child support assignment rules do not apply. Receipt of benefits and child support would count as income for those

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<sup>3</sup> Based on APHSA and NGA joint survey on "State Choices About TANF Programs under DRA."

programs. Statute may be required to exclude up-front program benefits from being treated as income or assets for Medi-Cal eligibility determination.

- The state would experience a loss in revenue as child support would not be recouped from families to reimburse grant costs during the up-front four months. CDSS would need to work with the Department of Child Support to assess the fiscal impact.

### **Reduce the Number of Families that are Counted in the Two-Parent WPR**

This option would utilize state flexibility provided by federal rules to broaden the definition of “disabled” for two-parent families. Families with two “work eligible” individuals are not considered a two-parent family if one of the parents is disabled [45CFR261.24(a)(s)]. Some states have a definition of disabled that includes significant barriers that severely limit one’s ability to participate in work activities. If one of the parents meets that definition, the family would not be counted in the two-parent WPR, though both individuals would continue to be considered work eligible and would still be included in the calculation of the “all families” WPR. CDSS is looking into developing a broader definition for California, examining how this policy change could be implemented and determining what impacts, if any, it would have on recipients.

#### Pro:

- Reduces the number of cases that are counted in the two-parent WPR. Combined with the nationwide effort petitioning for the repeal of the 90 percent two-parent WPR requirement and the establishment of a single 50 percent WPR for all families and two-parent families, the state may improve its ability to meet the requirement and avoid fiscal penalties.

#### Con:

- The federal government may consider this a policy change, in which case the state would forgo any CRC on cases no longer counted in the two-parent caseload.

### **Provide Subsidized Employment for Single Parents with Young Children**

This option would provide six months of subsidized employment to single parents with a child under age six as an incentive to come into compliance with federal work participation requirements. All counties currently have the ability to administer subsidized employment programs with funds from the single allocation, but few have exercised the option. Recent legislation (AB 98, Chapter 589, Statutes of 2007) would mitigate county funding constraints by providing funding up to 50 percent for participant wage subsidies on county programs that provide up to six months of subsidized employment. However, it is still optional for counties to implement subsidized employment programs. This CalWORKs option would make

it a *requirement* for counties to develop or locate subsidized employment positions for single parents with a child under age six who need only achieve 20 hours of work participation to positively impact the WPR. A statutory mandate and funding for counties are required to implement this option statewide.

CDSS is working to assess the feasibility of providing this option: whether subsidized employment could be provided only to families that have reached their time limit on aid, but continue receiving "Safety Net" benefits for their children, or whether it could be provided to all single parents with a child under age six. The state should consider implementing this option as a pilot in volunteer counties before considering statewide implementation.

Pros:

- Costs may be partially offset by grant savings the state would achieve from families who are able to obtain employment and leave aid as a result of the subsidized employment opportunity.
- These expenditures would be countable toward MOE and the state may receive additional CRC for MOE expenditures in excess of the state's requirement.
- Subsidized employment provides training and work experience opportunities to help increase employability of CalWORKs recipients and promote self-sufficiency.

Cons:

- Results in fiscal impacts as payment for the subsidized employment positions for participants would require state GF, though expenditures could be counted as MOE and generate additional CRC as mentioned in pros above.
- Some recipients may not move to unsubsidized employment after program completion.
- Could create an inequitable situation in which only recipients with a child under six are eligible for subsidized employment while all other recipients are not.
- May not be necessary since the passage of AB 98 as more counties would likely take advantage of the additional funding to implement subsidized employment programs.

## Promote Earned Income Tax Credit

This option would provide leadership to strengthen state and county efforts for promoting outreach to CalWORKs recipients to file for Earned Income Tax Credit (EITC) on federal taxes, targeting families who qualify for EITC, and educating and assisting families on how to access it. The state would provide information to and gather information from counties regarding the promotion of EITC information. This effort would maximize the ability of CalWORKs recipients to become educated about and benefit from the EITC.

An Earned Income Tax Credit flyer (Pub 429) and brochure (Pub 428) entitled "It's Your Money – Claim It & Save It" has been developed and distributed to 1.5 million CalWORKs and Food Stamps households in January 2008 via the mandated quarterly Medi-Cal mailing. The flyer and brochure are also available online and in print in English and Spanish for counties to order for local outreach. The publications include information about how much money the EITC may provide to working families; how to apply for it; claiming retroactive benefits back three years; advance EITC that can be received monthly; the Child Tax Credit; and messages to encourage families to put their EITC funds into savings accounts.

AB 1078 (Chapter 622, Statutes of 2007) provides in part legislative direction in regards to EITC outreach. Specifically the bill requires CDSS to develop guidelines by December 1, 2008 to maximize the use of EITC, structure certain welfare-to-work activities to maximize eligibility for EITC, revise the Pay for Performance incentive program to include an improvement standard for counties with an approved federal EITC outreach plan, and propose legislation necessary to carry these goals. CDSS is required to convene at least one meeting with specified interested parties to develop guidelines and legislative options. As a result of this mandate, the CDSS also will review the activities listed below for possible inclusion in the AB 1078 effort.

Other possible outreach activities could include the following:

1. A statewide website sponsored by CDSS to provide a venue for counties to share their EITC outreach best practices and lessons learned; and
2. CDSS would explore the use of existing statewide data matches to identify CalWORKs recipients who may be eligible for EITC, after which EITC information would be provided to encourage the family to apply for the tax credit.

### Pros:

- EITC is a work incentive and benefits families by providing additional income that is not counted in determining the CalWORKs grant or food stamps eligibility. This option also encourages asset accumulation for recipients.
- Increasing access to EITC is sound program and economic policy.

- Promoting EITC does not require statutory or regulatory authority.
- Requires minimal funding, staff resources, and state support costs such as printing and statewide mailing of information. County staff time would be minimal as a good number of counties have EITC outreach programs in place.
- Would bring additional federal dollars to the California economy.
- The additional income from EITC should improve recipients' incentive to increase work participation and enhance recipients' efforts to become self-sufficient.
- The potential long-term effect is that this increase in income to families would help move more families to self-sufficiency and off welfare, which in turn would help the state achieve CRC.

Con:

- The impact on the WPR is uncertain.

**Create a Work Incentive for Safety Net Families**

This option would create a work incentive for families who have exceeded their 60-month assistance time limit but continue to be eligible for CalWORKs. Currently in the program, a Safety Net family can receive aid for its eligible children without having to participate in welfare-to-work activities. This option would strengthen the incentive for adults to progress towards self-sufficiency and move out of poverty as well as assist the state in meeting federal work participation requirements. This option may impact recipient grant levels.

California is one of nine states that provide a safety net for the children when adults reach the 60-month time limit. California, New York and Ohio are the only large states that have a safety net program. This option would more closely align California's program with that of most other states.

Pros:

- Would result in an increase to the WPR since Safety Net recipients would be encouraged to participate.
- Promotes personal responsibility and holds recipients accountable for the consequences of their actions
- Allows counties to strengthen their focus on engaging adults who are participating and puts the state and counties in a better position to meet the federal WPR and avoid penalties.

- May result in GF savings.

Cons:

- Costs savings may negatively impact the state's ability to meet its MOE obligation or negatively impact our XMOE since California would be required to increase MOE spending as a condition of failing to meet WPR requirements in FFY 2007.
- May negatively impact some families who may not have reached self-sufficiency.

**Strengthen Sanction Policy**

This option would increase the amount of the sanction penalty for individuals who do not comply with welfare-to-work program requirements. This option would increase recipient accountability and encourage recipients to participate in the CalWORKs program to obtain the services they need to become self-sufficient and move out of poverty. With the recent changes to federal work participation requirements, individuals who have been in sanction status for longer than 90 days are counted in the WPR. By increasing the incentive for individuals to participate, the state will be better positioned to avoid or mitigate federal penalties.

Pros:

- Would result in a net WPR/CRC increase.
- Strengthens work requirements and recipient accountability by promoting personal responsibility. Reinforces the principle that parents should be personally responsible for the support of their families and be held accountable for the consequences of their actions.
- May reduce prolonged noncompliance by providing families with a stronger incentive to cure their sanctions.
- Provides support and welfare-to-work services to further working individuals' efforts to support their families and become self-sufficient.

Cons:

- Would result in costs for increased grants and supportive services to families that cure their sanctions, become employed, or increase participation.
- May reduce cash aid to families who may have not have reached self-sufficiency.

## **Additional Supports for Adults Who Have Reached Assistance Time Limits**

This option would offer additional supports to individuals who have reached the 60-month time limit for receiving cash aid, but still need cash aid to support their children. Over 50,000 families are receiving Safety Net benefits, of which approximately 78 percent (based on Q5 data and base wage data match with the Employment Development Department) are not fully participating in work or non-work activities. Under the new federal rules, all timed-out cases with aided children are now included in the WPR calculation. Additional supports could encourage these families to participate in activities that meet federal work participation requirements, and could further recipients' success in their employment efforts.

### Pros:

- Provides adults with an incentive to work or increase work hours, which could help increase the WPR.
- May help families establish stable employment, increase work hours, reach self-sufficiency, and end the cycle of dependency on government assistance.
- These expenditures would be countable toward MOE and the state may receive additional CRC for MOE expenditures in excess of the state's requirement.

### Cons:

- Results in a fiscal impact to the state GF.
- There would be increased administrative complexity and state and county workload to administer additional supports.

## **Extend Time Limits for Working Participants**

This option would encourage full participation by allowing clients who are meeting participation requirements to receive additional months of aid that do not count against the 60-month time limit for receiving cash aid. If a participant is meeting work participation requirements by a given month (e.g., the 58<sup>th</sup> month) of being on aid, subsequent months in which he or she continues to meet the requirements would not count toward the 60-month time limit for receiving cash aid.

### Pros:

- Creates further incentive for recipients to meet participation requirements, which may help increase the WPR to the extent that additional recipients come into compliance with work requirements in response to this incentive.
- Gives some clients more time to transition to self-sufficiency while on aid.

- If funded with state GF, these expenditures would be countable toward MOE and the state may receive additional CRC for MOE expenditures in excess of the state's requirement.

Cons:

- Negatively impacts CRC as the caseload could remain on aid longer.
- Additional costs to the state and counties (i.e., grants, supportive services, extended case management) associated with extending clients' time on aid.
- Based on current experience, there are administrative and automation challenges associated with tracking months that are disregarded from the time limit.

**Expand the Temporary Assistance Program for Other Key Groups**

This option would expand the Temporary Assistance Program (TAP) that is targeted for implementation by April 2009. As currently designed, TAP is limited to recipients who qualify for a CalWORKs exemption from participation requirements. This expansion would include other key groups of recipients such as families receiving Safety Net benefits, two-parent families, or individuals in Self-Initiated Programs (SIPs). Movement to TAP would be voluntary, but persons who are fully participating and meeting work participation requirements would remain in CalWORKs. Recipients who enroll in TAP would receive the same benefit as in CalWORKs, and would not be counted in the WPR calculation. This provides counties with the opportunity to better assist these families and provide necessary services without federal restrictions and limitations.

The child support challenges previously discussed under "Implement a Solely State-Funded TAP" above also exist under this option. Therefore, a phased approach to implementation would also need to be considered for the groups or recipients targeted in this expansion. Initial implementation would only include those recipients without child support court orders and/or collections. (Note: Pros and Cons below speak to the option previously described, not the alternative phased approach). However, categorical eligibility for food stamps and Medi-Cal eligibility issues would still remain for TAP recipients; and the alternative approach would still result in a net WPR/CRC loss due to effects on XMOE.

Approximately 20 other states are in the process of implementing solely state-funded programs, and another 14 states are considering creating a solely state-funded program, though child support issues continue to be a challenge. Many of the states are moving two-parent families out of TANF to their solely state-funded program, and a few states have designed their program to serve parents in education programs.

Pros:

- Increases the WPR by moving cases that are not meeting federal work participation requirements out of the TANF caseload.
- The state may receive CRC for cases that voluntarily move to TAP.
- Recipients would receive the same benefits as in CalWORKs, but would not be subject to the federal WPR calculation.
- Time spent in TAP would not count toward the federal time limit for receiving assistance.
- Reduces data reporting as federal reporting would not be required on TAP cases. However, counties would continue collecting data on TAP cases so that the data would be available when families move back into CalWORKs.

Cons:

- Reduces the overall excess MOE that would generate CRC for the state since GF costs to aid these families would not be countable as MOE. This option therefore would result in a negative net WPR/CRC impact.
- Additional state resources are required to support implementation and automation and programming costs.
- May confuse recipients by requiring the recipient to choose between staying in CalWORKs or enrolling in TAP. Movement of cases to TAP may not be a seamless process for the recipient, and some cases may have to move back and forth between TAP and CalWORKs.
- Creates administrative complexity and additional workload for CDSS and counties due to the voluntary aspect of the program. Requires the development of informational tools, processes to properly advise recipients of the two program options, and tracking of clients moving between CalWORKs and TAP.
- Receipt of TAP benefits may impact other programs. TAP recipients would no longer be categorically eligible for food stamp benefits, though most families should still qualify to receive food stamps. Families may also lose eligibility for transitional food stamps when exiting TAP. TAP families would also be subject to an ex-parte redetermination for Medi-Cal, but would most likely be eligible for the same "no share of cost" Medi-Cal coverage. Medicaid state plan amendments are required to exempt TAP payments from Medi-Cal eligibility. If child support is counted as income against the TAP grant, recipients that become ineligible for TAP due to increased child support exceeding income limits would not be eligible for transitional Medi-Cal, though they may be eligible for other Medi-Cal programs.

## **Provide a Positive Incentive to Cure Sanctions**

This option would provide a positive incentive for families to come into compliance with program participation requirements by allowing sanctioned clients the opportunity to “earn back” lost aid when curing their sanctions. Any aid earned back would count toward the 60-month time limit for receiving assistance. The earned back amount would be paid in a one-time lump sum after completion of the curing plan. CDSS would determine limits to the amount of aid that may be earned back, the corresponding amount of time that would be added back to time limits, and how frequently this option should be made available to sanctioned clients.

### Pros:

- Provides incentive to cure sanction, resulting in higher curing rates.
- Encourages sanctioned clients to participate, which eventually would result in increases to the WPR.

### Cons:

- May send a mixed message to recipients and may weaken the deterrent for non-compliance for some since sanctioned adults may earn back financial penalties instituted for not meeting program requirements.
- Receipt of the “earned back” benefits may be considered resources and affect recipients’ food stamp and Medi-Cal benefits.
- Additional costs of restoring aid would require TANF or MOE dollars, depending on how it is funded. Impact on XMOE strategy is uncertain.

## **Realign Hourly Requirements for Single Parents with Young Children**

This option would realign state hourly work requirements with federal requirements for single parents with a child under age six if the parent is working at least 20 hours per week. Currently, these individuals are subject to the state’s 32-hour-per-week single-parent work participation requirement. If participating in subsidized or unsubsidized employment for at least 20 hours per week, under this option, the remaining 12-hour participation requirement would be waived. These families would still receive all supportive and ancillary services, and would not be sanctioned for participating below the state’s 32-hour requirement. Parents who have activities other than employment in their welfare-to-work plans (e.g.; education, substance abuse, mental health services, etc.) may choose to continue focusing on those activities and be subject to the standard 32-hour participation requirement. Statutory changes would be required to implement this option.

Pros:

- May increase federal WPR as this option would make the participation requirement more achievable to the extent that additional families meet the lower participation requirements.
- May help some families in this group avoid sanction as a greater number of these families would be able to meet the hourly participation requirement.
- May result in a possible long-term grant savings due to increased employment.

Cons:

- May increase grant and supportive service costs for families who cure their sanctions, become employed, or increase participation.
- Creates a perverse incentive for some individuals to reduce work participation to 20 hours.
- Creates inconsistent work requirements for single-parent families, which would be difficult to administer.

**Establish Statewide Practice Mandates**

This option would establish statewide practice mandates requiring all counties to implement specific practices proven to be successful for improving work participation in the CalWORKs program. Strategies implemented in certain counties, such as sanction prevention home visits, that have resulted in positive outcomes may be beneficial to all counties. Following in-depth analysis, if strategies considered to have statewide merit are sufficiently funded and mandated statewide, they may be effective at increasing the state's overall WPR. This option would require a collaborative effort by CDSS and CWDA to review some of the best practices that have been implemented by counties and also explore some of the practices implemented by other states to identify those that, with the least amount of fiscal impact, would be most beneficial if applied to all counties.

Pros:

- May increase the work participation rate.
- May reduce or prevent sanctions.

Cons:

- Depending on the practice, this may result in fiscal impacts to the state.

- Results may vary. Some practices may be less effective in some counties than others, given regional differences.

### **Work Supports for Families with Earnings and Low Grant (Cash-Out Model)**

This option would provide a short-term, non-recurring benefit as an “exit bonus” or incentive to leave aid for CalWORKs families with earnings who are close to reaching income limits, but are still on aid and receiving a small grant. Or, as an alternate approach, this option could target working families applying to return on aid for additional support and provide those families with work supports in lieu of returning to aid.

Four states have recently implemented similar non-assistance employment and/or retention bonuses, and another four states are considering such programs<sup>4</sup>.

#### Pros:

- Recipients would have more income and support to improve their employment outcomes so that they may become better able to reach self-sufficiency and provide for their families without continuing to rely on government assistance.

#### Cons:

- The state would no longer be able to count some individuals who are working sufficient hours in the WPR calculation, which would reduce the WPR. Though the state would receive a CRC for cases that leave aid with the work support bonus, the WPR loss is expected to be greater than the CRC gain, resulting in an overall net decrease to WPR/CRC.
- There would be fiscal impacts associated with implementing this new benefit, though the associated costs and administrative and programming complexities are unknown at this time.
- Depending how the bonus is structured, receipt of the work support may affect recipients' eligibility for food stamps and Medi-Cal. Statute may be required to exclude work support benefits from being treated as income or assets in the eligibility determination for those programs.
- The state may spend funds on providing work support benefits to recipients who ultimately return to aid.

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<sup>4</sup> Based on APHSA and NGA joint survey on “State Choices About TANF Programs under DRA.”

## **Partial Participation for Exempts (Workers' Compensation Model)**

This option would help exempt clients transition to full engagement sooner by allowing counties to refer clients seeking a welfare-to-work exemption based on physical or mental disability to state or county designated health care providers for a determination of disability or ability to work. Evaluations performed by private doctors often allow clients to remain in exempt status for extended durations. Under this option, referrals would be made even when the client has been evaluated by his/her personal physician so that a comparative determination may be made with emphasis on the client's *ability* to participate rather than on whether or not a disability exists. Exempt clients would be required to participate to the extent and in a form deemed appropriate. However, if the client disagrees with the outcomes of the evaluation, he or she may request a review by an overseeing or governing agency. This option would require a statutory change in order to require partial participation for exempt clients.

New York State is practicing this model in some regions of the state. By requiring evaluations by contracted doctors, New York has achieved greater participation and shorter periods of unengagement among exempt clients. In New York, this strategy is combined with an extensive Comprehensive Assessment, Rehabilitation and Employment (WeCARE) program that offers case management, referrals, specialized work activity placement, job placement services, retention services, and assistance in applying for disability benefits, Social Security Insurance (SSI) and Social Security Disability Insurance (SSDI).

### Pros:

- Would likely result in an increase to the WPR as more exempt clients transition to partial or full engagement.
- Evaluators would have a better understanding of CalWORKs rules, ensuring fair consideration of the program goal to help disabled clients return to work and achieve self-sufficiency through employment.
- Should result in fewer and shorter lengths of exemptions due to evaluations emphasizing the level of participation at which clients are able to perform.

### Cons:

- Would require additional costs and workload for state and county staff.
- Clients would have less choice in who provides evaluations.
- Partial participation may impact clients' pending SSI/SSDI applications/eligibility, though clients that are eligible to receive disability benefits would not likely be deemed able to partially participate.

## **Establish 60 Month Assistance Time Limit for Some Child Only Families**

This option would strengthen the incentive for families to move toward self-sufficiency by establishing a 60-month time limit on the receipt of aid for families whose parent or caretaker relative(s) is an undocumented citizen, a drug felon, or a fleeing felon. These individuals are ineligible for CalWORKs assistance or services. However, under the current program, these families are able to receive assistance beyond 60 months for as long as their children remain eligible (e.g., until age 18). This option would continue to provide assistance for the children of these families for a maximum of 60 months and ensure that these families are treated consistently with other CalWORKs families who are limited to 60 months of aid.

### Pros:

- Maintains funding to be spent in the core program and could free up funding for other options for increasing WPR.
- May encourage some families to become self-sufficient sooner.
- These families will continue to have access other local community and state resources (e.g., food banks, community colleges, Employment Development Department, etc.) to meet their additional needs after they reach the time limit.
- Families will continue to get food stamp benefits and child care.

### Cons:

- Discontinues aid to some families who have not reached self-sufficiency.
- Increases pressure on community-based resources.

## Training and Technical Assistance

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### State Contracted Technical Support Option

This option would establish a statewide contract with a performance management consultant to ensure that all 58 counties have access to technical support and critical performance measurement data. Data has become an essential tool for measuring program efficiency and performance outcomes. Some counties have contracted with outside consultants to provide technical support to drill down to worker level performance data to help manage WPR performance and analyze trends related to participation and activities. However, the current practice requires counties to develop, justify, and execute separate contracts with consultants.

#### Pros:

- Would be more cost-beneficial to engage the services of an outside consultant at the statewide level.
- Could provide some consistency across counties in the way technical assistance is provided.
- Would help counties improve performance management and ultimately increase WPRs.

#### Con:

- Requires state GF.

### Pilot Programs for Increasing Engagement and Reducing Caseloads Option

The State DSS could partner with select counties in providing best practice models and technical assistance focused on proven strategies to increase the WPR. CDSS would seek assistance from the federal Administration for Children and Families Welfare Peer Technical Assistance Network (Welfare Peer TA Network) to engage a select number of counties in this initiative.

#### Pros:

- May lead to effective strategies for increasing the WPR that could be implemented statewide.
- May not require a fee; federal support may provide technical assistance through the Welfare Peer TA Network.
- Could result in increased WPR and additional caseload reduction.

Con:

- Some pilot projects may require GF and staff resources.

### **County Peer Review Option**

One of the mandates of AB 1808 (Chapter 75, Statutes of 2006) was the establishment of a county peer review process. This strategy—which is to perform on-site county visits to review data, policies, procedures, and other relevant information, with the goal of identifying and improving county processes—is designed to help counties increase the level of program participation by CalWORKs recipients and assist the state in increasing the federal WPR.

CDSS has formed a Peer Review Unit, as part of a newly-organized “Program Performance Oversight Section” (discussed further below). This new unit has met with stakeholders (county representatives and CWDA) as part of a collaborative planning and implementation process. The Peer Review Unit is conducting a pilot peer review in December 2007.

CDSS requested staff to develop and implement the county peer reviews as a part of the 2007-08 Budget, but the Department’s Budget Change Proposal (BCP) was rejected by the Legislature. Without additional funding CDSS is only able to provide minimal levels of activity in this effort (i.e., conduct the pilot and review a minimal number of cases) in the current year. With appropriate funding and position authority, the Department can continue implementation of the peer review process and further expand this effort to provide ongoing technical assistance to counties, specifically the sharing and dissemination of best practices, promising practices, and lessons learned (see “Best Practices Website” section below). Additionally, reviewers, which include state and county staff, would identify program areas in need of improvement within a county and offer technical assistance and present strategies for improvement.

### **Program Performance Oversight – State/County Collaboration Option**

As mentioned above, a new program area with new responsibilities has been formed at CDSS, known as the Program Performance Oversight Section. This section consists of two units, the Peer Review Unit described above, and the Employment Systems (ES) Unit. The ES Unit is a data-oriented unit which monitors county and state performance data and outcomes. The ES Unit will, on a monthly basis, distribute relevant data to appropriate CDSS staff who, in turn, will use this data as an aid during regular contact with county staff, especially the county welfare-to-work coordinator, monitoring the WPR, and developing a “report card” to track performance outcomes.

This process will result in stronger working relationships between the state and counties and allow for more “free-flowing” information exchange between the two. This also provides the opportunity for more proactive state leadership in the area of process improvement and increased performance outcomes, as well as the opportunity for increased technical assistance. Among the various other benefits, the targeted outcome of the Program Performance Oversight Section is to assist counties to both increase participation rates and self-sufficiency by recipients. However, as mentioned previously, BCP approval is critical to this overall effort. Without BCP approval and appropriate staffing, the Department will be unable to provide this type of envisioned state leadership.

### **Best Practices Website Current Effort**

CDSS is in final stages of the development of a best practices website. The purpose of this site is to showcase and share effective and promising practices and lessons learned on a statewide website and to give consistent access to programs available and practices being used. This site will primarily act as a full-range toolkit for providers and counties to utilize in order to engage CalWORKs recipients with a broad array of abilities and barriers, and thus increase participation rates. The website is scheduled to launch in early 2008.

The practices are broken into three areas: best practices, promising practices, and lessons learned, each with its own lists of elements that describe the practice. Additional data elements include work participation rate and caseload reduction credit implications, critical elements to success and tools, training materials, PowerPoint presentations, forms, curricula, etc., which would be posted on the website with the practice.

To be a complete toolkit, the website will be a one-stop information area with county, provider, or CDSS contacts to act as program specialists to help clarify or answer questions website users may have.

The website may also include other CalWORKs information such as:

- Frequently Asked Questions on TANF reauthorization.
- A questionnaire to determine if an activity is a countable activity according to the Work Verification Plan (see discussion of Work Verification below) with links that explain each criterion.
- Links to transportation, child care centers, and other service providers.
- An “implementation checklist” to assist counties in starting a best practice.
- A state versus federal activities worksheet (crosswalk).

## CalSTATs Current Effort

CDSS has sponsored learning forums focused on the presentation and sharing of performance data and best practices between and among the county welfare departments (CWDs) and CDSS on the CalWORKs program and performance outcome improvement.

The learning forums, known as CalSTATs, commenced in June 2006 on a pilot basis with CDSS, volunteer CWDs, and Exemplar Human Services, LLC, a CDSS consultant specializing in performance management and the development of statewide performance indicators. The focus of CalSTATs is to explore how to use data to implement process improvements and enhance performance outcomes, notably the WPR. Goals of CalSTATs include enabling the state to better understand, regularly monitor, and help improve ongoing performance outcomes of counties. To date, five CalSTATs meetings have been held:

- June 7, 2006 (Sacramento): Presentations by Kern, Los Angeles, Santa Barbara, Santa Cruz, and Stanislaus Counties on engagement data and practices for increasing engagement.
- October 25, 2006 (Sacramento): Presentations by San Bernardino and Yuba Counties on engagement data and practices for increasing engagement.
- February 22, 2007 (Hanford): Presentations by San Bernardino and Stanislaus Counties, and a presentation of Sonoma County's engagement strategies and the usefulness of longitudinal data to measure performance.
- May 10, 2007 (Sacramento): Presentations by San Bernardino and Sonoma Counties on engagement strategies and the usefulness of longitudinal data to measure performance.
- June 21, 2007 (Los Angeles): Presentations by San Bernardino County and Sonoma Counties on engagement strategies and the usefulness of longitudinal data to measure performance.

According to feedback received by CDSS and Exemplar, attendees found the forums to be beneficial. Two additional meetings are anticipated over the next few months, thus enabling all 58 counties to attend an initial CalSTATs meeting.

CDSS will then continue the CalSTATs meeting format. Future meetings will become more regionally focused, while continuing to spotlight the use of data to implement process improvements and enhance performance outcomes.

## **Data Master Plan – Engagement Report Current Effort**

In accordance with AB 1808 (Chapter 75 Statutes of 2006, Section 40), CDSS completed a Master Plan for CalWORKs program data. CDSS has adopted a phased approach to implementing this Master Plan. In Phase One, CDSS worked with legislative staff, CWDA, and other stakeholder members to develop a prototype Engagement Report. The Engagement Report is a management tool focused on tracking client participation. The development of an engagement report is intended to help counties better monitor and assess work participation efforts. CDSS is currently revising the Engagement Report and data element descriptions in a way that will provide clearer reporting instructions to counties.

Once the Engagement Report revisions are finalized and other implementation tasks are complete, CDSS will focus on assessing automation impacts and estimating implementation costs and timeframes. The Department's goal is to roll out or pilot the Engagement Report by March or April 2008.

The Engagement Report and its use for tracking client participation will continue to be a topic of discussion at CalSTATs meetings.

## **CalWORKs Partnership Summit Current Effort**

CDSS provides training at the CalWORKs Partnership Summit each year. Among other workshops, CDSS presents 90-minute training sessions such as those described below, which were held at the Partnership Summit in November 2007 in San Diego:

California's Work Verification Plan (WVP) – This workshop discussed the federally-countable work activities, verification of participation hours for federal data reporting purposes, the federal definition of a work-eligible individual, and how the WVP impacts CalWORKs. The objective for this workshop was to learn what California's WVP entails and how the plan impacts the CalWORKs program. This training helps counties gain a better understanding of how regular and efficient reporting of client hours of participation translates into increased work participation rates.

Data Tools – CDSS presented data tools such as the Data Master Plan Engagement Report and evidence-based best practices. The objective for this workshop was to learn how data can translate into best practices and how innovations may be utilized to improve service delivery and achieve successful program outcomes. As with all of the training and technical assistance strategies discussed here, the fundamental goals of this training were to increase the WPR and improve individual recipients' success in achieving self-sufficiency.

County Peer Review Overview – CDSS provided an overview of the County Peer Review Program established pursuant to AB 1808 last year, and how the Program

Performance Oversight Section is collaborating with counties to help identify and implement best practices to improve program performance and make progress toward meeting established state work participation goals.

Best Practices for County Work Participation Rate Data Collection – This workshop shared information about federal data reporting requirements and tips for maximizing time and minimizing effort in reporting of data using the E2Lite data collection system, which was implemented in October 2006 to assist county welfare departments in reporting TANF work participation data to the state. In this workshop, counties shared best practices that have been developed for collecting, verifying, documenting, and reporting data necessary to determine whether TANF work participation requirements are being met.

## Conclusion

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CDSS will continue to analyze the strategies presented in this report and others that we learn about to assist in the state's effort to improve the CalWORKs program for needy families. In doing so, the Department will be able to better assess which options may be most feasible, provide the greatest benefit in terms of improving the state's ability to meet federal WPR requirements, and result in the least fiscal impact to the state. The Department's ultimate goals are to strengthen work incentives to help families move from welfare to work and self-sufficiency, and to help the state avoid millions of dollars of federal penalties. CDSS looks forward to discussing these options further with the Legislature.