

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento CA 95814



March 21, 2002

ALL-COUNTY INFORMATION NOTICE NO. I-23-02

TO: ALL COUNTY WELFARE DIRECTORS
 ALL CalWORKs PROGRAM MANAGERS
 ALL CalWORKs WTW COORDINATORS

REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order
- Clarification Requested by One or More Counties
- Initiated by CDSS

SUBJECT: FISCAL YEAR (FY) 2002-03 GOVERNOR'S BUDGET - CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs) PROGRAM

The purpose of this All County Information Notice is to share additional information and highlights from the Governor's proposed budget for the CalWORKs program. The Governor's budget proposes some significant changes to the CalWORKs program, which are discussed below. While the Department has already made county budget information available on the departmental website, this letter will provide further clarification on specific CalWORKs program components.

CalWORKs Assistance

In accordance with current law, beginning with FY 2000-01 through FY 2003-04, a CalWORKs cost-of-living adjustment (COLA) is required to be provided on October 1 of each year. The COLA is based on changes determined in the California Necessities Index (CNI), which is the weighted average changes for food, clothing, fuel, utilities, rent and transportation for low-income consumers. However, given the current fiscal situation, the Governor's proposed budget does not provide a COLA for this coming fiscal year. If this provision in the Governor's proposed budget is passed by the Legislature, all Maximum Aid Payment (MAP) levels for Region 1 and 2, exempt and non-exempt, will remain the same as the levels that were effective last year on October 1, 2001. Additionally, after seven years of consecutive caseload decline the CalWORKs caseload for FY 2002-03 is projected to increase by 1.6 percent over the current year forecast.

CalWORKs County Program Grant

In order to provide counties with as much flexibility as possible given existing fiscal constraints, the budget proposes to provide counties with a broader CalWORKs Program Grant to fund their CalWORKs program. The County Program Grant includes funding for employment services, including mental health and substance abuse services; administration; child care; Cal Learn; and comprehensive youth services in

those counties that previously received juvenile probation funding. Funding for CalWORKs employment services, including mental health and substance abuse treatment, is maintained generally at current year levels so that recipients can continue to move toward employment and self-sufficiency. The total amount budgeted for the CalWORKs County Program Grant may fluctuate on a year-to-year basis as the state makes necessary adjustments to budget the CalWORKs program within available resources.

In the past, Temporary Assistance to Needy Families (TANF) funds have been provided to the Chancellors' Office of the California Community Colleges (CoCCC), the California Department of Education (CDE), as well as the Employment Development Department, at the state level to support local services to CalWORKs recipients. In addition, the departments receiving these funds were required to provide State General Fund match for those TANF funds, which was counted toward the state's TANF/ Maintenance of Effort (MOE) requirement. The Governor's Budget proposes to continue the pass-through of TANF dollars to these departments to assist recipients obtain employment. However, the Governor's Budget proposes to eliminate the match requirement for those departments and shift those State MOE dollars to maintain the current level of funding for the CalWORKs program.

In previous years, \$50.8 million in General Fund was appropriated to the CoCCC for job placement services, work-study, and other educational-related work experience for CalWORKs recipients. In the Governor's proposed budget, these funds will no longer be provided to the CoCCC. Previously, \$26 million in General Fund was appropriated to CDE for adult education and Regional Occupational Collaborative programs services for CalWORKs eligibles and TANF recipients. Instead, these funds are being shifted to fund the CalWORKs County Program Grant and maintain the current level of funding for county CalWORKs programs. This shift of funds will allow the counties to determine priorities for services and funding at the local level rather than at the state level. Counties are encouraged to assess the need for the services previously funded at the state level and begin any discussions with local service providers necessary to ensure the continuity of the services necessary to assist recipients become employed.

CalWORKs County Performance Incentives

Due to the overall fiscal condition of the state budget, a portion of the unexpended performance incentives is being used as a funding source for the CalWORKs program in FY 2002-03. As explained in County Fiscal Letter 2001/02-41, these are unexpended TANF funds that must be returned to the federal government because they were drawn down in advance of actual expenditures. Of the \$600 million of available performance incentive funds, \$169.2 million is proposed to fund the base CalWORKs program and the remaining \$430.8 million will be made available by appropriation to the counties for previously-earned performance incentives.

Counties are allowed to expend their performance incentive funds in any way allowable under federal law. Federal law allows for expenditure of funds in any manner that can be reasonably calculated to accomplish the four goals of the TANF program. In addition, county performance incentive funds may also be used to provide base CalWORKs program costs. Counties are also permitted to use up to 25 percent of the county's performance incentive funds on non-assistance for needy families with earnings up to 200 percent of the federal poverty level (see ACL 00-57 for additional details).

CalWORKs Child Care

The budget funds the projected child care need for CalWORKs recipients and reflects savings attributable to the Administration's Child Care Restructure Proposals. These proposals include eligibility changes for CalWORKs child care along with the remainder of the State's subsidized child care system. Funding was provided to CDE and the CoCCC to continue to provide CalWORKs child care services. In addition, as mentioned above, funding is included as part of the CalWORKs County Program Grant for Stage I Child Care, in which counties initially place CalWORKs families and continue to provide services until their financial condition stabilizes. The budget also includes a reserve of \$164.7 million to be shared as needed by CDE and California Department of Social Services (CDSS).

Welfare-to-Work (WtW) Grant Program

Given the state's fiscal pressures, the Governor has proposed to delay appropriating additional match funds to the WtW program until FY 2003-04. This means County Welfare Departments (CWDs) would receive no WtW Grant match funds in the budget year to continue to fund the established programs. Without WtW Grant matching funds in the FY 2002-03 budget, CWDs will likely need to fund existing WtW Grant programs with their CalWORKs County Program Grants and/or county performance incentive funds if they wish to continue them. Another alternative is to suspend program operations during the budget year until State match funds are once again available.

Time Limits

In addition to the proposed changes, the Governor's proposed budget reflects a savings associated with the first California families that will be reaching their CalWORKs 60-month lifetime limit on aid beginning in January 2003. The time limits apply only to adult recipients, as CalWORKs provides a safety net for children. Eligible children continue to receive a grant, and the family may continue to be eligible for other CalWORKs services, including up to 12 months of job retention services and up to 24 months of child care.

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We hope this information is helpful to you in understanding the proposed funding for the CalWORKs program. It is important to remember that this is a proposed budget and that circumstances related to the economy of the state as well as budget negotiations with the Legislature may change these proposals. The Department will provide additional information once the budget has been finalized.

If you have further questions, contact Charr Lee Metsker at (916) 657-2128.

Sincerely,

*Original Signed by
Bruce Wagstaff
on 3/21/02*

BRUCE WAGSTAFF
Deputy Director
Welfare to Work Division

c: CWDA
CSAC