

INITIAL STATEMENT OF REASONS

a) Specific Purpose of the Regulations and Factual Basis for Determination that Regulations Are Necessary

Overview:

These proposed regulations implement changes consistent with the objectives of Senate Bill (SB) 72 (Chapter 8, Statutes of 2011) and Assembly Bill (AB) 106 (Chapter 32, Statutes of 2011) for Welfare and Institutions Code Sections 11320.15, 11322.63, and 11323.25, and reorganize the legal and regulatory requirements under which the AB 98 (Chapter 589, Statutes of 2007) California Work Opportunity and Responsibility to Kids (CalWORKs) subsidized employment program is operated. Renumbering of some sections and the addition of some cross-references were necessary for clarity and consistency.

Section 41-440.221

Specific Purpose:

This section is being adopted so that former CalWORKs recipients who became ineligible for cash aid due to AB 98 subsidized employment income and whose AB 98 subsidy has ended can be considered current CalWORKs recipients for the purpose of establishing economic need due to unemployment when they reapply for CalWORKs cash aid within three calendar months of the AB 98 subsidy ending.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11322.63(b) as amended by SB 72 so that former CalWORKs recipients who became ineligible for cash aid due to AB 98 subsidized employment income and whose AB 98 subsidy has ended can be considered current CalWORKs recipients for the purpose of establishing economic need due to unemployment when they reapply for CalWORKs cash aid within three calendar months of the AB 98 subsidy ending.

Section 41-440.221(a)

Specific Purpose:

This section is being adopted so that the eligibility requirement to have worked less than 100 hours in the four weeks prior to the date of eligibility for cash aid as stated in Section 41-440.22, will not apply to former CalWORKs recipients who became ineligible for cash aid due to AB 98 subsidized employment income, whose AB 98 subsidy has ended, and who reapply for CalWORKs cash aid within three calendar months of the AB 98 subsidy ending.

Factual Basis:

This adoption is necessary to comply with Welfare and Institutions Code Section 11322.63(b) as amended by SB 72 so that the 100-hour work requirement for eligibility as stated in Section 41-440.22 does not apply to former CalWORKs recipients who become ineligible for cash aid due to AB 98 subsidized employment income, whose AB 98 subsidy has ended, and who reapply for CalWORKs cash aid within three calendar months of the AB 98 subsidy ending.

Section 41-440.221(b)

Specific Purpose:

This section is being adopted to apply the eligibility requirement to have worked less than 100 hours in the four weeks prior to the date of eligibility for cash aid as stated in Section 41-440.22, to former CalWORKs recipients who become ineligible for cash aid due to AB 98 subsidized employment income, whose AB 98 subsidy has ended, and who reapply for CalWORKs cash aid after three calendar months of the AB 98 subsidy ending.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11322.63(b) as amended by SB 72 so that the 100-hour work requirement as stated in Section 41-440.22 applies to former CalWORKs recipients who become ineligible for cash aid due to AB 98 subsidized employment income, whose AB 98 subsidy has ended, and who reapply for CalWORKs cash aid after three calendar months of the AB 98 subsidy ending.

Handbook Section 41-440.222

Specific Purpose/Factual Basis:

This handbook section is being renumbered to accommodate the adoption of new Section 41-440.221. This is necessary for clarity and consistency.

Section 42-716.8

Specific Purpose:

This section is being adopted to introduce a new welfare-to-work activity that is a specific form of subsidized employment not covered by the subsidized employment entries in Section 42-716.31(b) and (c).

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11322.63(a)(3) as amended by SB 72 to add AB 98 subsidized employment as a permitted welfare-to-work activity distinct from other forms of subsidized employment.

Section 42.716.81

Specific Purpose:

This section is being adopted to introduce eligibility criteria for CalWORKs clients to participate in AB 98 subsidized employment as found in Section 42-716.811, .812, and .813. It is also to state that CalWORKs clients must not be employed at the time they enter AB 98 subsidized employment.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11322.63(a)(3) as amended by SB 72 so that CalWORKs clients must be unemployed at the time of entry into AB 98 subsidized employment in order to be eligible and to introduce specific categories of eligibility for AB 98 subsidized employment.

Section 42-716.811

Specific Purpose:

This section is being adopted so that current CalWORKs cash aid recipients participating in the welfare-to-work program may be eligible to participate in the AB 98 subsidized employment program.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11322.63(a)(3) as amended by SB 72 so that current CalWORKs cash aid recipients participating in welfare-to-work activities may be eligible to participate in AB 98 subsidized employment.

Section 42-716.811(a)

Specific Purpose:

This section is being adopted to permit CalWORKs recipients who are participating in AB 98 subsidized employment to remain in AB 98 subsidized employment until the end of the subsidy if their families become ineligible for CalWORKs cash aid due to AB 98 subsidized employment income.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11322.63(a)(3) as amended by SB 72 so that AB 98 participants whose families become ineligible for CalWORKs cash aid due to AB 98 subsidized employment income may continue in AB subsidized employment until the end of the subsidy.

Section 42-716.812

Specific Purpose:

This section is being adopted so that CalWORKs clients in welfare-to-work cash aid sanction status as described in Section 42-721.21 may participate in AB 98 subsidized employment in order to cure (resolve) their sanctions.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11322.63(a)(3) as amended by SB 72 so that CalWORKs clients in welfare-to-work cash aid sanction status may participate in AB 98 subsidized employment in order to cure (resolve) their sanctions.

Section 42-716.812(a)

Specific Purpose:

This section is being adopted so that CalWORKs clients who cure (resolve) their welfare-to-work cash aid sanctions by participating in AB 98 subsidized employment must continue to comply with all of their welfare-to-work requirements including AB 98 subsidized employment to continue participating in AB 98 subsidized employment.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11322.63(a)(3) as amended by SB 72 so that CalWORKs clients who cure (resolve) their welfare-to-work cash aid sanctions by participating in AB 98 subsidized employment must continue to comply with welfare-to-work requirements.

Section 42-716.813

Specific Purpose:

This section is being adopted because CalWORKs clients who have exceeded the CalWORKs 48-month time limit and are receiving cash aid benefits for their eligible children may participate in AB 98 subsidized employment.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11322.63(a)(3) as amended by SB 72 so that CalWORKs clients who have exceeded the 48-month time limit but have eligible children may be eligible to participate in AB 98 subsidized employment.

Section 42-716.82

Specific Purpose:

This section is being adopted because AB 98 wage subsidies are limited to a maximum of six months for each participant.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11322.63(a)(2) as amended by SB 72 so that AB 98 wage subsidies are limited to a maximum of six months for each participant.

Section 42-716.821

Specific Purpose:

This section is being adopted because CalWORKs clients may not be placed into an AB 98 subsidized employment placement for longer than six months upon entering AB 98 subsidized employment.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11322.63(a)(2) as amended by SB 72 so that CalWORKs clients may not be placed into an AB 98 subsidized employment placement for longer than six months upon entering AB 98 subsidized employment.

Section 42-716.821(a)

Specific Purpose:

This section is being adopted because AB 98 subsidized employment placements can be extended up to six additional months for a total of 12 months if it is determined by the county welfare department that extending the placement would benefit both the employer and the participant.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11322.63(a)(2) as amended by SB 72 so that AB 98 subsidized employment placements that are benefitting both the employer and participant may be extended by up to six additional months for a total of 12 months.

Section 42-716.83

Specific Purpose:

This section is being adopted in order for county welfare departments to be able to continue to provide welfare-to-work services to AB 98 participants whose families become ineligible for CalWORKs cash aid due to AB 98 subsidized employment income.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11323.25 as adopted by SB 72 so that counties are able to continue to provide welfare-to-work job retention services to AB 98 participants whose families become ineligible for CalWORKs cash aid due to AB 98 subsidized employment income.

Section 42-716.831

Specific Purpose:

This section is being adopted because welfare-to-work services for AB 98 participants whose families become ineligible for CalWORKs cash aid due to AB 98 subsidized employment income are limited to the first 12 months of employment.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11323.25 as adopted by SB 72 so that counties are limited to providing 12 months of welfare-to-work job retention services to AB 98 participants whose families become ineligible for CalWORKs cash aid due to AB 98 subsidized employment income.

Section 42-717.3

Specific Purpose:

This section is being amended to indicate that recipients exhaust their CalWORKs time limit at 48 months instead of 60 months.

Factual Basis:

This amendment is necessary to implement Welfare and Institutions Code Section 11454(a) as amended by AB 106 to align MPP Section 42-717 with all CalWORKs regulations reducing the 60-month cash aid time limit to a 48-month cash aid time limit.

Section 42-717.7

Specific Purpose:

This section is being adopted to require either community service, as described in Section 42-701.2(c)(3), or AB 98 subsidized employment, as described in Section 42-716.8, for CalWORKs recipients who exceed the 48-month time limit and who receive welfare-to-work services.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11320.15 as amended by SB 72 and further amended by AB 106 so that CalWORKs recipients who exceed the 48-month time limit and receive welfare-to-work services must participate in AB 98 subsidized employment or community service.

Section 44-207.111

Specific Purpose:

This section is being adopted because former CalWORKs recipients who became ineligible for cash aid due to AB 98 subsidized employment income, whose AB 98 subsidy has ended, and who reapply for CalWORKs cash aid may be considered current recipients for the purpose of determining CalWORKs financial eligibility.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11322.63(b) as amended by SB 72 so that former CalWORKs recipients who became ineligible for cash aid due to AB 98 subsidized employment income, whose AB 98 subsidy has ended, and who reapply for CalWORKs cash aid may be considered current recipients for the purpose of determining CalWORKs financial eligibility.

Section 44-207.111(a)

Specific Purpose:

This section is being adopted so that former CalWORKs recipients who became ineligible for cash aid due to AB 98 subsidized employment income, whose AB 98 subsidy has ended, and who reapply for CalWORKs cash aid within three calendar months of the AB 98

subsidy ending shall have the current recipient income disregards as stated in Section 44-111.23 used in determining CalWORKs financial eligibility.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11322.63(b) as amended by SB 72 so that some former AB 98 subsidized employment participants who reapply for CalWORKs cash aid within three calendar months of the AB 98 subsidy ending shall have the current recipient income disregards used in determining CalWORKs financial eligibility.

Section 44-207.111(b)

Specific Purpose:

This section is being adopted so that former CalWORKs recipients who became ineligible for cash aid due to AB 98 subsidized employment income, whose AB 98 subsidy has ended, and who reapply for CalWORKs cash aid after three calendar months of the AB 98 subsidy ending shall have applicant income disregards used for each employed person of the reapplying family as stated in Section 44-207.11.

Factual Basis:

This adoption is necessary to implement Welfare and Institutions Code Section 11322.63(b) as amended by SB 72 so that if former AB 98 participants who reapply for CalWORKs cash aid more than three calendar months of the AB 98 subsidy ending will have applicant income disregards applied to each employed member of the reapplying family.

Section 44-207.111 and Handbook Section 44-207.112 (Renumbered to Section 44-207.112 and Handbook Section 44-207.113 respectively)

Specific Purpose/Factual Basis:

Current Section 44-207.111 and current Handbook Section 44-207.112 are renumbered to Section 44-207.112 and Handbook Section 44-207.113 respectively. These amendments are necessary for clarity and consistency to accommodate the adoption of new Section 44-207.111

b) Identification of Documents Upon Which Department Is Relying

- SB 72, Chapter 8, Statutes of 2011, Sections 7, 11, 13, and 42
- AB 106, Chapter 32, Statutes of 2011, Sections 43 and 45

c) Local Mandate Statement

These regulations do not impose a mandate upon local agencies or on school districts. There are no "state-mandated local costs" in these regulations which require state



reimbursement under Section 17500 et seq. of the Government Code because these regulations do not mandate that local agencies implement the AB 98 subsidized employment program or welfare-to-work services for CalWORKs recipients who exceed the 48-month time limit. Any costs associated with the implementation of these regulations are costs mandated by the federal government within the meaning of Section 17513 of the Government Code.

d) Statement of Alternatives Considered

In developing the regulatory action, CDSS did not consider any other alternatives because no alternatives were proposed. Additionally, the Legislature mandated that regulations be adopted for these amendments and additions to the Welfare and Institutions Code Sections 11320.15, 11322.63 and 11323.25 by SB 72 (Section 42).

CDSS must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective as and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

e) Statement of Significant Adverse Economic Impact On Business

CDSS has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. This determination was made based on the proposed regulatory action, which is for a statutory program that provides monetary incentive for employers wanting to participate in the AB 98 subsidized employment program to hire CalWORKs clients. Furthermore, the program as amended by SB 72 was designed to be cost neutral so that any costs associated with AB 98 subsidies would be offset by equal decreases to the costs for CalWORKs cash grants. Cost neutrality avoids impact on the state budget and the impact that additional costs to the state might have on business.

f) Economic Impact Assessment

- The adoption of the proposed amendments to the regulations for the AB 98 subsidized employment program as required by SB 72 have the potential to create jobs as the AB 98 subsidized employment program provides subsidies to employers to cover part of the costs of employing CalWORKs clients.
- The adoption of the proposed amendments to the regulations for the AB 98 subsidized employment program as required by SB 72 will have no impact on the creation or elimination of businesses.

- The adoption of the proposed amendments to the regulations for the AB 98 subsidized employment program as required by SB 72 will have no impact on the expansion of businesses currently doing business with the state.
- The adoption of the proposed amendments to the regulations for the AB 98 subsidized employment program as required by SB 72 will benefit the health and welfare of California residents by providing increased subsidized employment opportunities for CalWORKs clients, which may lead to permanent, unsubsidized jobs with health benefits. Worker safety and the state's environment will not be impacted by these regulation changes, as these changes do not make changes to regulations involving worker safety or the state's environment.
- The documents relied upon in proposing the regulatory action are SB 72 (Chapter 8, Statutes of 2011, Sections 7, 11, 13, and 42) and AB 106 (Chapter 32, Statutes of 2011, Sections 43 and 45).

g) Benefits Anticipated from Regulatory Action

The adoption of the proposed amendments to the regulations for the AB 98 subsidized employment program as required by SB 72 have the potential to create jobs as the AB 98 subsidized employment program provides subsidies to employers to cover part of the costs of employing CalWORKs clients. AB 98 subsidized employment jobs can sometimes become permanent, unsubsidized jobs or provide CalWORKs clients with skills and references to help obtain unsubsidized employment.

h) Statement of Specific Technology or Equipment

This regulatory action will not mandate the use of new, specific technologies or equipment, as the regulation changes are regarding eligibility guidelines for AB 98 subsidized employment.