



CWDA
Advancing Human Services
for the Welfare of *All* Californians



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To: The Honorable Caroline Menjivar
Chair, Senate Budget Subcommittee No. 3

Honorable Members
Senate Budget Subcommittee No. 3

The Honorable Dr. Corey Jackson
Chair, Assembly Budget Subcommittee No. 2

Honorable Members
Assembly Budget Subcommittee No. 2

From: Eileen Cubanski, Interim Executive Director, CWDA
Justin Garrett, Senior Legislative Advocate, CSAC

**RE: CALIFORNIA WORK OPPORTUNITY AND
RESPONSIBILITY TO KIDS (CALWORKS) PROGRAM –
OPPOSE GOVERNOR’S BUDGET PROPOSED CUTS**

The County Welfare Directors Association of California (CWDA) and the California Association of Counties (CSAC) strongly oppose the cuts to the CalWORKs program proposed in the Governor’s Budget, which total over \$400 million. In addition to the prospective cuts that would begin in Fiscal Year (FY) 2024-25, the Governor’s Budget proposes to retroactively cut current-year funding and permanently eliminate all funding for specific CalWORKs services. These cuts unfairly and disproportionately place the burden of resolving a statewide budget deficit on very low-income families, jeopardizing counties’ ability to administer the CalWORKs program and undermining the significant work done to align the program with the state’s core values.

Specifically, CWDA and CSAC oppose the cuts identified below:

CalWORKs Family Stabilization (FS) Program: The CalWORKs FS Program was established in FY 2013-14 in response to the reality that some families require more intensive case management and services due to crises or barriers hindering their ability to meaningfully participate in welfare-to-work activities. The FS Program assists these families by offering a range of services, including, but not limited to, domestic violence services, behavioral health, education supports, and housing supports to CalWORKs families in crisis.

The FS Program stands apart from most other CalWORKs services, as its services extend beyond the adults to the children in the family, recognizing that families may be facing immediate crises

due to challenges experienced by the children. Aligned with the CalWORKs 2.0 effort towards a supportive, person-centered, and collaborative relationship between program participants and county staff, and a two-generation approach, the program utilizes strategies and tools to enhance engagement through intentional service selection and family-centered case management. The Governor's Budget proposes a retroactive cut of all funding in the current fiscal year, totaling \$55 million, and complete elimination of the program in FY 2024-25 and annually ongoing.

CalWORKs Expanded Subsidized Employment (ESE) Program: Operating in 56 out of 58 counties, the ESE Program offers CalWORKs participants subsidized employment placement, providing crucial training, skills, and experiences essential for securing and maintaining permanent employment. Through this initiative, counties have cultivated relationships with local public, private, and non-profit employers, committed to fostering an inclusive and diverse workforce and to professional development. The program has successfully transitioned CalWORKs participants from subsidized to unsubsidized employment, showcasing increased earnings for clients leaving the program while aiding small businesses with wages.

The Governor's Budget proposes a retroactive cut of all funding to the ESE Program in the current year, totaling \$134.1 million, and proposes to eliminate the program in FY 2024-25 and annually ongoing. Elimination of the program would create a void in the continuum of services, as ESE plays a pivotal role for CalWORKs participants in need of additional training and skills within a supportive work environment. Ultimately, the elimination would limit participants' opportunities to progress toward higher wages and acquire the skills necessary to retain employment.

CWDA is gathering updated information from our members on both the CalWORKs FS and ESE programs and we will follow up with more concrete impacts of the elimination of both programs.

CalWORKs Single Allocation: The CalWORKs Single Allocation is comprised of mostly of two major components: the Eligibility component, which provides counties funding to process CalWORKs applications, redetermine eligibility, and maintain cases; and 2) the Employment Services component, which provides counties funding to provide services and supports to clients in Welfare-to-Work activities, case management, and job-related supports.

The Governor's Budget proposes a net total of \$218 million in ongoing cuts to the Single Allocation, including a \$46 million beginning in the current year and an additional \$172 million beginning in FY 2024-25. Of the total, cuts to the Eligibility component are \$130 million, a 25 percent year-over-year reduction, at the same time that caseload is projected to continue to increase. The remaining \$87 million is from the Employment Services component, over a 7.5 percent year-over-year reduction. In addition, the Governor's Budget does not provide an additional \$47 million to the Employment Services component, to provide the fourth year of funding to increase the hours of intensive case management.

Although the majority of the proposed cut is to the Eligibility component, counties are required by state and federal mandates to perform eligibility activities within a specified amount of time. Therefore, counties will have to shift funding from Employment Services, which is already

proposed to be reduced, to fund mandated Eligibility work. This significant reduction to services funding, will affect counties' ability to not only re-engage existing CalWORKs parents, but also counties' ability to meet the CalWORKs 2.0 framework and CalOAR metrics, and will impede the state's participation in the WPR alternative federal pilot program, as described below, should the state be chosen.

The Governor's Budget also proposes a reversion of \$336 million from FY 2022-23 that is projected to be unexpended in the CalWORKs Single Allocation. Although we agree that there will be unspent funding, CWDA will be working with CDSS to confirm the specific unspent amount and to ensure that there will be enough funding left to address any supplemental claims.

The Proposed Cuts Undermine the State's Participation in the WPR Alternative Federal Pilot Program

The Governor's Budget highlights an opportunity and the intention for California to apply for a new pilot program, made available under the Fiscal Responsibility Act (FRA) of 2023. The pilot project provisions within the FRA specify that up to five states approved for the pilot will be measured on outcome indicators for employment retention, family stability, and well-being, rather than the current federal work participation rate. For the duration of the pilot period, participating states will not be subject to any fiscal penalties for failure to meet the required work participation rate.

CWDA, CSAC, and counties have been strong advocates for policy changes and investments that steer toward an accessible, supportive, person-centered, and accountable CalWORKs program, ultimately leading to improved family outcomes. This advocacy was exemplified through CalWORKs 2.0 and the development of the California CalWORKs Outcomes and Accountability Review (Cal-OAR). Together, these two efforts deprioritize federal welfare participation numbers, emphasize a collaborative relationship between program participants and county staff, and utilize data to inform and assess county progress.

Counties have been supportive and optimistic that the changes California has already implemented position the state as a strong candidate for the pilot program. However, the proposed cuts in the Governor's Budget do not align with California's progress nor with the opportunities presented by the pilot program. The reduction in county services funding, and the elimination of an employment readiness program and a family stabilizing program, at a time when a pilot program would measure employment retention, and family stability and well-being, could severely hinder our success in the pilot and our ability to meet the needs of families, achieve new outcomes, and move away from the federal welfare participation rate.

Concluding Remarks

For years, the Administration, the Legislature, and counties have collectively worked to shift the CalWORKs program from compliance driven and siloed to one that not only meet the immediate financial needs of a family but that also improves the lives of families. CWDA and CSAC believe these proposed cuts stop the positive movement we have made. We look forward to continued

collaboration to ensure the well-being of California's most vulnerable families and urge the Legislature to reject these significant cuts.

Cc: Chris Woods, Office of the Senate President Pro Tempore
Mareva Brown, Office of the Senate President Pro Tempore
Jason Sisney, Office of the Speaker of the Assembly
Kelsy Castillo, Office of the Speaker of the Assembly
Elizabeth Schmitt, Senate Budget and Fiscal Review Subcommittee No. 3
Nicole Vazquez, Assembly Committee on Budget Subcommittee No. 2
Kirk Feely, Senate Republican Fiscal Office
Joe Shinstock, Assembly Republican Fiscal Office
Jessica Bartholow, Office of Senator Skinner
Kimberly Fuentes, Office of Senator Menjivar
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Ginni Bella Navarre, Legislative Analyst's Office
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County Caucus