Dear Social Service Providers and Policymakers:

Most people probably don’t know that California’s public welfare program is designed to be an employment program. Most people probably don’t know that one-third of all adults receiving public assistance are working—but can’t earn enough to make ends meet. And most people probably don’t know that many welfare families will exhaust their public benefits in January 2003, when they reach their five-year time limits for assistance. Moreover, significant changes might be ahead in the overall design and funding of the public welfare program, as it is now before Congress for re-authorization, and states will subsequently need to bring their programs into conformity with any modifications in federal law.

At this time of significant change in direct service and public policy, this Primer, *Understanding CalWORKs*, is made available to educate service providers and policymakers about the basic building blocks of the public welfare system in California. In addition to highlighting the major laws, programs, and financing mechanisms, the Primer also presents a profile of welfare families and highlights some of the key issues confronting practitioners and lawmakers. Confused about the myriad of laws, funding streams, and regulations? Take two hours to read the Primer, and you will be well on your way to a more complete understanding of this complex program.

We extend sincere thanks to Deborah Reidy Kelch, author of the Primer, for her hard work, thorough research, and persistent dedication to synthesizing reams of complicated information. We also acknowledge the valuable advice and information provided by many state and county leaders, including Phil Ansell, Los Angeles County; Dianne Edwards, Sonoma County; Pat Jordan, California Institute for Mental Health; Sherry Novick, now with the California Children and Families Association; Suzanne Nobles and Charr Lee Metsker who coordinated review and comment at the California Department of Social Services; Nancy Strohl, Child Care Law Center; and Durinda Taylor, San Bernardino County. We also wish to thank Linda Orrante, Project Coordinator of the CalWORKs/Child Welfare Partnership Project, who reviewed the Primer numerous times and offered many valuable insights.

This Primer on CalWORKs and another on child welfare were funded by the Zellerbach Family Foundation to further the work of the CalWORKs/Child Welfare Partnership Project, which aims to coordinate the state’s welfare and child welfare programs to better serve high-risk families. We extend our considerable thanks to the Foundation for its support, with a particular note of appreciation to Program Executive Ellen Walker.

We are in a time of financial uncertainty and at a key turning point in the formulation of welfare policy in both the nation and the state. We hope that *Understanding CalWORKs* offers practitioners and policymakers a concise and informative overview of this complicated, yet important, program that serves many of California’s most needy families.

Sincerely,

Kate Karpilow, Ph.D.
Executive Director
INTRODUCTION

In April 2002, more than 500,000 California families, with more than one million children, were receiving cash assistance through the California Work Opportunity and Responsibility to Kids (CalWORKs) program. Nearly 5 years after the Temporary Assistance for Needy Families (TANF) federal welfare reform was hailed as an “end to welfare as we know it,” the California program has been implemented, and government at all levels has retooled to promote and support moving families from welfare to work.

There were two primary philosophical assumptions underlying the federal changes. First, government should minimize “welfare dependency” and eliminate the welfare “entitlement.” Most adults on welfare should work and be responsible for supporting their families. Second, states should have greater flexibility in the design and implementation of the programs. California followed the federal lead by further extending to counties specific program and administrative flexibility, allowing counties to design programs responsive to local community needs. In the process, state and federal policymakers also acknowledged that many welfare families would need education, training, and supportive services to make the transition from welfare to work.

The CalWORKS program provides cash grants and employment services for families whose incomes are not adequate to meet their basic needs. CalWORKS is organized and implemented at the county level, and counties have significant discretion in how and what services are provided to welfare recipients. Although this county discretion has resulted in 58 different CalWORKs programs, CalWORKs is subject to significant state and federal requirements and complicated restrictions on the use of state and federal funds.

This Primer provides a brief history of welfare and welfare-to-work programs, an overview of state and federal rules governing CalWORKS, and information on the program structure and funding streams of county programs. It also presents a profile of welfare families and key issues for present and future changes. The federal welfare program is currently up for reauthorization, making this an excellent time to review the California program as it has emerged in the last 5 years. The Primer is intended to increase understanding by policymakers, advocates, and direct service staff about the still very complex California welfare program and the needs of the families it continues to serve.

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Brief History of Welfare and Welfare-to-Work

Prior to the early 1900s, local communities provided most care for the poor through almshouses, orphanages, and charities. The first government welfare program, Aid to Dependent Children (ADC), was enacted at the state level in 1911 and spread throughout the country. The program was popularly called “Mother’s Pensions” and originally served mostly white, widowed women, then considered to be the “deserving poor.” The stated goal of the program was to help mothers stay home and provide a nurturing environment for their children.

The federal government first stepped in and provided temporary welfare relief for unemployed parents and their dependents in 1933. In the 1935 Social Security Act, the federal government created a permanent, but optional, ADC program administered by the states and providing benefits for children. Eventually the program expanded to include adult caretakers and became Aid to Families with Dependent Children (AFDC). Landmark judicial decisions in the 1960s and 1970s resulted in the inclusion of many who had been excluded from the original ADC program. These decisions, combined with the War on Poverty Program in the mid-1960s, resulted in a significant increase in the number of families on AFDC.

The first federal work requirement, the Work Incentive Program, was enacted in 1967 and was mandatory for males and voluntary for female recipients of AFDC. In the 1980s, states were permitted to impose work requirements through the Community Work Experience Program. It was during this time that the notion of welfare as an “entitlement” began to evolve in the policy debate, and the concept of “mutual obligation” emerged. The federal Family Support Act of 1988 codified state “workfare” options, including mandatory work for mothers with children over the age of 6, and required states to establish a Job Opportunities and Basic Skills Program (JOBS). JOBS, named Greater Avenues for Independence (GAIN) in California, coupled training and work requirements with guaranteed child care, but most states only produced state match money to claim 60 percent of the federal funds set aside for the JOBS program.

States have had legal authority since 1962 to seek waivers (exemptions) from federal welfare rules to conduct “experimental, pilot, or demonstration projects” through what is known as “Section 1115 waivers.” In the early 1990s, more states obtained Section 1115 waivers, allowing states to implement work training programs. These experimental programs included not only work training programs, but also other programs intended to change the behavior of welfare recipients, such as: (1) “learnfare” programs that conditioned AFDC payments on the minors in a household attending school; (2) “family caps” that limited or reduced AFDC benefits for children conceived while the mother was on AFDC; and (3) “bridefare” programs that provided small monetary incentives for recipient mothers to marry the fathers of their children.

Passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996, which created the Temporary Assistance for Needy Families (TANF) program, was a culmination of the evolution in welfare programs over time and shifting political and social trends. Among these trends were the growing numbers of working women and the general social acceptance of their participation in the workforce. In addition, in the 1980s and 1990s the federal government increasingly shifted program and financial responsibility to the states, in large part to reduce federal spending for open-ended programs. TANF allowed states the flexibility to continue and to start programs that had previously required waivers, but also capped federal spending on welfare by creating fixed annual allocations to states.
The 1996 federal welfare reform law established the Temporary Assistance for Needy Families (TANF) program and removed the federal entitlement to welfare. The federal TANF program is basically an employment services program with time-limited cash assistance for families as the adults move from welfare to work. This section identifies the key federal agencies involved in welfare and welfare-to-work and provides an overview of the key elements of the federal TANF program.

Under TANF, the federal government provides an annual block grant to states and territories that voluntarily participate in the program. Currently, all 50 states, Puerto Rico, Guam, and the Virgin Islands participate. The block grant is intended to cover cash benefits, administrative expenses, and services to participating families. States have tremendous discretion to design their welfare programs consistent with four federal welfare purposes. However, as a condition of receiving federal funds, federal law requires states to meet specific federal statutory and regulatory requirements and to maintain a historical level of state spending, known as the Maintenance of Effort (MOE).

**FEDERAL AGENCIES INVOLVED IN WELFARE AND WELFARE-TO-WORK**

The federal Department of Health and Human Services (DHHS) is the principle federal agency responsible for health and human services and is the largest grant-making agency of the federal government. Within DHHS, the Administration for Children and Families (ACF) is responsible for family assistance (welfare), child support, child care, Head Start, child welfare, employment services, and other programs relating to children and families. The following offices and bureaus within ACF have specific TANF-related responsibilities:

*The Office of Family Assistance (OFA) has direct responsibility to oversee the federal TANF program.*

*The Child Care Bureau administers the Child Care and Development Fund (CCDF), which provides funding to states, territories, and tribes to assist low-income and welfare families in obtaining child care.*

*The Office of Community Services administers the Social Services Block Grant (SSBG), which provides funding to states and territories for social services programs to help families achieve self-sufficiency, prevent abuse or neglect, enable families to stay together, and prevent inappropriate institutionalization. A statutory formula based on each state’s population establishes SSBG funding levels, and states determine the use of the funds.*

Other federal agencies have related programs and services:

*The Centers for Medicare and Medicaid Services (CMS), also a DHHS agency, administers the Medicaid program (Medi-Cal in California), which provides health care coverage to eligible low-income children and families.*

*The U.S. Department of Agriculture Food and Nutrition Service administers 15 domestic nutrition assistance programs, including the Food Stamp Program, the National School Lunch and School Breakfast programs, the Child and Adult Care Food Program, and the Special Supplemental Program for Women, Infants, and Children (WIC).*

*The U.S. Department of Labor administers federal employment programs, including the Welfare-to-Work (WtW) grants to state and local grantees, to supplement TANF-funded employment services. The goal of WtW is to help the least employable, most disadvantaged welfare recipients, as well as noncustodial parents and former foster youth, make the transition from welfare to work.*

**Four Purposes of Federal Welfare Reform**

The goals of federal welfare reform were stated in the preamble of the enabling legislation.

To increase the flexibility of States in operating a program designed to:

1. *provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;*
2. *end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;*
3. *prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and*
4. *encourage the formation and maintenance of two-parent families.*

Selected Federal Program Changes in the 1996 Welfare Reform Legislation

The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) became law in August 1996. PRWORA created the Temporary Assistance for Needy Families Program (TANF), replacing the Aid to Families with Dependent Children (AFDC), Emergency Assistance (EA), and Job Opportunities and Basic Skills Training (JOBS) programs. While PRWORA is best known as “welfare reform” legislation, the scope of the 1996 law was much more extensive. Other significant program changes are highlighted below.

**Child Care.** Consolidated federal child care programs into one new funding stream, the Child Care and Development Fund (CCDF). Eliminated the federal child care guarantee for current and former welfare recipients, leaving states free to determine who would be eligible for child care subsidies. Increased funds available for child care by increasing federal funds in the CCDF and allowing states to spend up to 30 percent of their TANF allocations on child care.

**Medicaid.** De-linked Medicaid from welfare cash assistance. Created a new eligibility category (Section 1931) requiring states to continue Medicaid coverage for families that meet the AFDC eligibility standards in effect on July 1, 1996, unless the state chooses to terminate coverage for failure to meet work requirements. Required states to provide transitional Medicaid to families who leave welfare because of employment or child support collection.

**Food Stamps.** Reduced the number of persons eligible for food stamps by changing rules related to household income and deductions. Among other things, restricted food stamp eligibility for childless able-bodied adults to no more than 3 months in a 36-month period, unless they are working or participating in work activity 20 hours per week or a lesser number of hours of workfare. The Food Stamp program reductions accounted for nearly half of the savings projections associated with PRWORA.

**Child Support Enforcement.** Required TANF recipients to cooperate with child support enforcement efforts or face at least a 25 percent grant reduction. Expanded state authority to take legal steps aimed at establishing paternity and collecting support payments. Established new performance incentives and reporting requirements.

**Supplemental Security Income (SSI).** Modified the definition of childhood disability and required reconsideration of current recipient eligibility using the new definition. Required the Social Security Administration to use the adult disability definition in determining eligibility for children turning 18, including reevaluating eligibility of older children on SSI. Terminated eligibility for individuals disabled as a result of drug or alcohol abuse.

**Denial of Aid to Convicted Drug Felons.** Prohibited states from providing cash assistance and food stamps to anyone convicted of a drug-related felony, unless the state passes subsequent legislation.

**Non-Citizens.** Limited TANF and Medicaid eligibility to “qualified immigrants” and banned them from receiving benefits during their first 5 years in the United States. Eliminated eligibility for food stamps and Supplemental Security Income for most legal immigrants. Restored some changes, including limitations on food stamp eligibility for some legal immigrants, in subsequent federal legislation. Nearly half of the original savings projected for PRWORA was attributed to the provisions reducing federal aid to non-citizens.

HIGHLIGHTS OF THE FEDERAL TANF PROGRAM

The major components of the federal program are highlighted below. The TANF program is essentially a block grant to states to operate two programs—a cash grant program and an employment services program—with the same amount of money that was available for the AFDC program. However, the new welfare reform law did not simply transfer or “devolve” functions to states, but also established specific funding and policy rules, requirements, and incentives to encourage or discourage specific state actions and policies.

In general, states may use TANF funds in any way that is intended to accomplish the four federal purposes of TANF. These four federal goals are advanced through bonuses, penalties, and specific rules governing the use of federal TANF funds and state MOE funds.

Federal Work Requirements

With few exceptions, TANF requires recipients to work as soon as they are job ready or no later than 2 years after coming on assistance. The federal work requirements were phased in between 1997 and 2002 and include minimum work requirements for families, as well as minimum work participation levels for states.

Family Work Requirements. TANF currently requires single parents to participate in work activities for at least 30 hours per week. Two-parent families must participate in work activities for a combined total of at least 35 or 55 hours per week, depending on the circumstances. For single parents with a child under age 6, the work requirement is 20 hours per week. States have the option to reduce or terminate benefits to a family if the work participation requirements are not met, but states cannot penalize single parents for failing to meet work requirements if they have a child under 6 and cannot find child care. States also have the option to completely exempt from the work requirements single parents with an infant up to 12 months of age.

State Work Participation Requirements. In federal Fiscal Year (FY) 1997, each state had to ensure that 25 percent of all families receiving assistance were engaged in work activities. This percentage increased to 50 percent by FY 2002. Minimum work participation rates for two-parent families started at 75 percent in FY 1997 and increased to 90 percent. States that do not meet the participation requirements are subject to fiscal penalties and have a higher maintenance-of-effort requirement—80 percent of the state’s 1994 spending levels, rather than the 75 percent that applies to states meeting work participation requirements. If a state reduces its TANF caseload without restricting eligibility, it can receive a caseload reduction credit that reduces the state's work participation requirements. In California, the caseload reduction credit has had a dramatic impact, reducing the work participation requirement for California from 50 percent to fewer than 10 percent during the first 4 years of TANF implementation.

Work Participation Requirements for States

States are required to make an initial assessment of a recipient’s skills and may develop a “personal responsibility plan” for each recipient to identify the education, training, and job placement services and activities they need to get a job. In order for an activity to count toward meeting the state’s work participation requirements, the first 20 hours of participation in single-parent families and the first 30 hours in two-parent families must be in one or more of the following activities:

• unsubsidized or subsidized employment,
• on-the-job training,
• work experience,
• community service,
• job search (up to 4 consecutive weeks),
• vocational training (up to 12 months),
• job skills training related to work, or
• providing child care services to individuals who are participating in community service.

Finally, only 30 percent of a state’s caseload can meet the work participation requirements through vocational training or through participation of teen parents in high school.

Devolution

The term “devolution” is used to describe the process whereby one level of government shifts program design, administration, and/or financial responsibility to a less centralized level of government, such as from the federal government to the states or from the states to counties. Devolution from the federal government to the states, and from the state to counties, has often resulted in a cap or a decrease in funding support for the delegated program.

Devolution, as practiced in federal welfare reform, included increased state and local flexibility, but also placed a cap on federal spending and additional restrictions on the use of federal and state funds.

**Five-Year Time Limit**
Families with an adult who has received federally funded assistance for a total of 5 years (60 months) are no longer eligible for cash assistance under the federal TANF program. States can make an exception to the time limit for up to 20 percent of the caseload. States may also extend assistance beyond the 60-month time limit using other specified funds, such as the TANF MOE funds.

**Eligibility**
This is an area of significant state flexibility, but states must use “objective criteria” for determining eligibility and benefits. States decide the income and property standards they will use and can establish different financial eligibility rules for different benefits or services. For example, a state may limit cash assistance to families with incomes below poverty level, but provide supportive services like child care and transportation to working families with incomes above the poverty level.

**Family Formation**
TANF also includes policies to promote marriage and to reduce the growth in single-parent families, sometimes referred to as “family formation” policies. Three of the four TANF purposes address family formation—promoting marriage, reducing out-of-wedlock births, and encouraging two-parent families. In addition, unmarried minor parents must participate in education and training activities and live with a responsible adult or in an adult-supervised setting in order to receive assistance. States can spend TANF funds on programs to reduce teen pregnancy, and federal funds are allocated for abstinence education.

**Bonuses And Penalties**
TANF provides for financial bonuses to states that have good performance on a variety of specific measures and/or reduce out-of-wedlock births. For example, states that move welfare recipients into jobs are eligible for a bonus. There is a separate appropriation for bonuses to the top five states with the greatest success in reducing the number of out-of-wedlock births and for the top five states with a decrease in abortion rates.

The federal law also allows DHHS to reduce a state’s block grant if the state fails to meet any one of a dozen specific TANF requirements. For example, penalties can be assessed if a state does not meet work participation requirements or submit required data and reports. Each penalty assessed against a state can be up to 5 percent ($187 million in California), but may not exceed 25 percent of a state’s block grant in any year.
Many of the federal welfare reform provisions took effect immediately in 1996 without any state statutory change, but California did not fully implement the CalWORKs program until early 1998 after more than a year of public debate. The California Work Opportunity and Responsibility to Kids Act combined the previous AFDC program and California’s existing welfare-to-work program, Greater Avenues for Independence (GAIN), into the new CalWORKs program with significant changes, including lifetime limits on cash assistance.

CalWORKs provides cash assistance grants and welfare-to-work services to families whose incomes are not adequate to meet their basic needs. Fundamentally, CalWORKs is a “work first” model, placing a greater emphasis on employment than on training or education as a first step. This means that unemployed adults not otherwise exempt must be involved in job search activities as soon as they are found to be CalWORKs eligible. If the recipients do not get jobs initially, they will be assessed to identify employment barriers and offered appropriate services and support to improve their ability to get and keep employment.

STATE AGENCIES INVOLVED IN CALWORKS

The lead state department for the CalWORKs program is the California Department of Social Services (CDSS). CDSS is under the California Health and Human Services Agency (CHHSA). The Welfare-to-Work Division within CDSS is responsible for setting state policy and administering the CalWORKs program through its five branches: Employment and Eligibility, Work Services, Food Stamps, Refugee Programs, and Program Integrity. The Work Services branch also administers Stage 1 of CalWORKs child care.

Other departments in CHHSA have programs and responsibilities directly associated with CalWORKs. The California Department of Health Services (DHS) administers the Medi-Cal program, which covers health care services for low-income families, including eligible CalWORKs recipients and former recipients. DHS also funds and administers teen pregnancy prevention programs consistent with federal TANF goals for reducing out-of-wedlock pregnancies. In addition, DHS administers the Women, Infants, and Children (WIC) program, a federally funded nutrition program for low- and medium-income pregnant women, new mothers, and young children.

The California Department of Mental Health and the California Department of Alcohol and Drug Programs are responsible for administration and oversight of local service programs to meet the mental health and substance abuse treatment needs of Californians, including CalWORKs families.

The California Department of Child Support Services administers California’s child support program by overseeing 58 county child support offices. The primary purpose of the program is to collect from absent parents the support payments owed to custodial parents and their children. The federal welfare reforms created a direct relationship between collection of child support payments and eligibility of custodial families for welfare. Families applying for welfare must actively participate in efforts to collect child support payments from absent parents.

The California Employment Development Department (EDD)** administers several statewide workforce preparation programs and initiatives focused on preparing adults and youth for participation in the labor force, including the federal Welfare-to-Work grant program. EDD also administers California’s Workforce Investment Act, annually distributing federal funds to provide employment and training services for adults, dislocated workers, and youth.

Other state entities that have CalWORKs-related funding and programs:

The California Department of Education (CDE) is designated in state law as the “single state agency” for child care and development programs and administers two stages of child care subsidies for current and former CalWORKs recipients, as well as subsidies for other low-

* The legislation that established the CalWORKs program was Assembly Bill 1542, Chapter 270, Statutes of 1997.
** Effective July 2002, the Employment Development Department (EDD) was included in the newly established Labor and Workforce Development Agency. The new agency also includes the Department of Industrial Relations, the Agricultural Labor Relations Board, and the California Workforce Investment Board. The new agency’s goals are improved enforcement, training, and research activities serving California’s workers and employers.
income families. CDE also funds and administers adult education and vocational programs that provide education, training, and job placement services to teens and adults, including CalWORKs recipients.

The California Community Colleges (CCC), the California State University system, and the University of California offer courses that can lead to employment for CalWORKs recipients. CCC also offers work study, job placement services, and child care for CalWORKs recipients. In addition, CCC receives funding specifically for curriculum development to design employment-focused programs for CalWORKs recipients.

STATE REQUIREMENTS

The CalWORKs program is administered by the counties and supervised by CDSS. Counties administer the program pursuant to county plans reviewed by CDSS for consistency with state and federal law. California is one of only four states that devolved, or passed on, major decision-making with state and federal law. California is one of only four states that devolved, or passed on, major decision-making with state and federal law. California is one of only four states that devolved, or passed on, major decision-making with state and federal law.

This section provides an overview of state law related to CalWORKs eligibility, cash grant levels, work requirements, time limits, sanctions, county incentives and penalties, and programs for non-citizens.

State law also governs: the basic process and flow of recipients through the employment services, or “welfare-to-work” component; child care eligibility and delivery; supportive services offered to recipients; permissible uses of state funds; sanctions; and recipient rights and legal protections. State requirements that most directly affect the delivery of CalWORKs services are discussed in the section on county programs.

Eligibility

All CalWORKs recipients receive cash assistance, and most receive employment and support services aimed at promoting self-sufficiency. To be eligible, families must have low income and assets and include a child that is “deprived of parental support or care.” The most common basis of deprivation is the absence from the home of one or both parents. However, deprivation can also exist when both parents are in the home if at least one parent is disabled or unemployed.

When both parents are out of the home, the person caring for the child may be eligible for cash assistance, or the child may be eligible for a child-only grant. Child-only grants occur in several situations, including: (1) the child is not living with the parent but is being cared for by a relative (such as a grandparent not eligible for CalWORKs or a relative receiving SSI); (2) the child is living with the parent, but the parent is ineligible to receive TANF benefits because he or she is an undocumented non-citizen; or (3) the parent(s) has been sanctioned for noncompliance or has reached the state's 60-month time limit, and the family grant is reduced for their portion.

Defining the Eligible Family. Under CalWORKs, both financial eligibility and the grant amount a household can receive are determined by the Assistance Unit (AU) size and income. The AU is the group of all persons in the household receiving aid. The number of people in the AU determines the maximum aid payment level. The income of other relatives who live with the persons in the AU may also count in determining the amount of aid that will be paid to the AU.

Income and Asset Limits. There are two regions in the state for purposes of financial eligibility and cash grant levels. Region 1 includes 17 large urban counties, presumed to be higher cost counties; Region 2 contains the remaining counties. For each of the two regions, the state establishes the need levels and the maximum grant levels by family size.

Financial eligibility for CalWORKs is based on the income and assets of the family. Countable family income must be below the “needs standard,” known as the Minimum Basic Standards of Adequate Care (MBSAC), for each of the two cost regions in California. By way of illustration, the needs standard for a family of three in Region 1 in 2001 was $859 per month and $817 per month in Region 2. Family resources or property generally must be:

- less than $2,000 for households not including someone at least 60 years of age, or
- $3,000 in households with a person age 60 or over.

There is a separate property limit for automobiles, which requires that a family’s automobile cannot exceed a fair market value of $4,650.

Earned Income Disregard. California has an earned income disregard program for working families. This means that the first $225 of earned income plus 50 percent of any additional earned income are not counted when determining a family’s grant level. Disability income up to $225 per month is also disregarded, but all other unearned income, such as social security or unemployment payments, is counted. In addition, families can keep the first $50 of collected child support with no grant reduction.

Family Cap. The Maximum Family Grant (MFG), or the “family cap,” means that the grant level will not increase when a child is born to a family already on welfare.

Children in Out-of-Home Care. CalWORKs recipients are eligible to continue to receive a CalWORKs grant and services for up to 1 full month after their biological or adoptive child has been removed from the home and placed in out-of-home care (foster care). After the 1st month, if all
of the eligible children have been removed from the home, the parents can no longer receive a cash grant. However, while their children are in foster care, the parents are eligible for other CalWORKs services for up to 6 months or longer for good cause, if the county determines that the services are necessary for family reunification.*

**Immunization and School Attendance.** To be eligible for CalWORKs, parents or caretaker relatives must also provide proof that all children in the AU have received age-appropriate immunizations. Children in the AU for whom school attendance is legally required must be attending school as a condition of CalWORKs eligibility.

**Cash Grants**

The amount of the grant that an individual family will receive depends on: (1) the region they live in, (2) the number of people in the family and the number eligible to receive aid, (3) whether anyone in the household is disabled, and (4) other income received by the family. Families that qualify as “exempt” as specified in state law—for example, disabled caretaker relatives—have higher grant levels.

**Work Requirements**

CalWORKs requires one-parent families to participate in work activities for 32 hours per week, averaged over the month. Two-parent families must participate at least 35 hours per week, averaged monthly.** Adults in two-parent families can share meeting the requirement, but one of the parents must average at least 20 hours per week.

Under both state and federal law, a single parent with an infant may be exempt from the work participation requirements. Individual counties determine the age of the child for this “youngest child exemption,” which ranges from 12 weeks to 12 months.

**Time Limits**

There are two types of time limits in the CalWORKs program: a lifetime limit on cash assistance and a limit on receipt of welfare-to-work services.

**Time Limit on Cash Assistance.** Under CalWORKs, adults are generally limited to 60 months of cash assistance. California is one of four states to eliminate only the adult portion of the grant when the time limit is reached. The child-only payment continues, often referred to as the “safety net” provision.

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**CalWORKs by the Numbers**

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Number of families receiving cash assistance (April 2002)</td>
<td>524,105</td>
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<tr>
<td>Number of children in CalWORKs families (April 2002)</td>
<td>1,032,446</td>
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<tr>
<td>Maximum monthly cash assistance for a family of three (FY 2001-02)</td>
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<tr>
<td>High cost counties</td>
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</tr>
<tr>
<td>Low cost counties</td>
<td>$647</td>
</tr>
<tr>
<td>Maximum monthly cash assistance and food stamps for a family of three (FY 2001-02)</td>
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</tr>
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<td>High cost counties</td>
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<tr>
<td>Low cost counties</td>
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<tr>
<td>Monthly federal poverty level (FPL) for a family of three (FFY 2001)</td>
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<td>Annual federal TANF grant (FFY 2001)</td>
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<tr>
<td>California Maintenance of Effort (MOE) (FFY 2001)</td>
<td>$2.7 billion</td>
</tr>
</tbody>
</table>


Under specific circumstances, eligible adults may be completely exempted from the 60-month time limit, or there may be months where exempt conditions are in place so that the month is not counted toward the time limit. These exceptions are referred to as “time extenders” and “clock stoppers.”

State law includes specific exemptions to the 60-month time limit. For example, state law exempts from the 60-month time limit recipients who are age 60 and older, have a disability, or are caring for a disabled relative in the home. In addition, counties have discretion, within state guidelines, to extend the time limits for individuals who are unable to find and maintain employment.

While the federal 60-month time-limit clock began in December 1996, the time limit for the California program began January 1998. This means that recipients who

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* Family reunification is the Child Welfare Services program component that provides services to families following removal of a child or children with the goal of making the family environment safe for the child to return home. Assembly Bill 429, Chapter 111, Statutes of 2001, extended eligibility for CalWORKs services (not including cash assistance) to parents participating in family reunification services.

** California established a separate state program for two-parent families that is not subject to federal participation requirements and time limits.
reached their federal time limit in December 2001 continue to receive cash assistance funded entirely by state funds until they reach their 60-month limit on California’s clock in January 2003.

**Time Limit on Welfare-to-Work* Activities and Services.**
CalWORKs also imposes a state 18/24-month time limit for participation in welfare-to-work activities after an individual welfare-to-work plan is developed. The time limit is 24 months for cases that existed in a county when the CalWORKs Welfare-to-Work (WTW) program was implemented in that county and 18 months for new cases. The counties can extend the 18-month limit for an additional 6 months if they believe it is likely to result in employment or if they determine that a job is not available when the recipient reaches the time limit.

When a recipient reaches the 18/24-month time limit and is not employed in unsubsidized employment for sufficient hours to meet CalWORKs requirements, he or she must participate in community service to continue to receive cash assistance. The community service requirement may be met through participation in CalWORKs unpaid community service, grant-based on-the-job training, Department of Labor WtW grant-funded paid community service, or paid work experience.

**Sanctions**
State law requires counties to sanction individuals for non-compliance with specific CalWORKs program requirements. When a family does not comply with program requirements, the family’s grant is reduced for the adult (or adults) not in compliance. California law outlines a detailed notice and appeal process that must be followed before a sanction is imposed. Counties report that it can take as long as 60 days to complete the sanction process. California is one of 14 states that does not impose a “full-family” sanction eliminating the entire cash assistance payment.

**County Financial Incentives and Penalties**
State law authorizes bonus payments or “performance incentive funds” for counties with families that have grant savings due to employment. Counties generally have flexibility in how they use incentive funds, but must submit a county spending plan and quarterly expenditure reports. Counties can spend the funds for current CalWORKs families, as well as other needy families. However, counties have not received additional performance incentive funds since FY 1999-00. Since FY 2000-01, the Legislature must specifically approve funds for that purpose in the state budget for counties to receive incentive funds.

State law also provides for county financial penalties. If the state was assessed a penalty for not meeting federal TANF work participation rate requirements, counties not meeting the standards would be required to share half of the penalty with the state. The penalty amount would be allocated among affected counties according to the size of each county’s caseload.

**Non-Citizens**
The federal welfare reform law significantly limited the eligibility of non-citizens for a variety of federally supported programs, including welfare. As a result, eligibility of non-citizens for public programs is a complicated and confusing patchwork of federal rules and restrictions, sometimes modifiable through state discretion.

Federal law generally limits TANF and Medicaid eligibility to “qualified immigrants” who have been in the U.S. for at least 5 years. Non-citizens entering after August 1996 are generally ineligible for federally funded cash assistance until they have been in the country 5 years. Exceptions to this include refugees, asylees, those who had 40 quarters of U.S. work history, and current and former dependents of U.S. military personnel.

In general, a CalWORKs recipient must be either a U.S. citizen or fall within categories of lawfully present non-citizens. California uses federal funds to provide services to non-citizens in accordance with federal law, but also uses state funds for certain non-citizens who are not eligible for federal assistance.

* The term “welfare-to-work” is used in multiple contexts in CalWORKs and can be confusing. Most agencies and stakeholders refer to the entire employment assistance program component of CalWORKs as the “Welfare-to-Work” (WTW) component. Welfare-to-Work (referred to as WtW) also is the program name for federal Department of Labor funds allocated to states to help welfare recipients obtain employment.
THE COUNTY PROGRAMS

The primary responsibility for designing and implementing the CalWORKs welfare-to-work program resides with the counties through the county welfare or social services departments.

Counties receive funds for administration, employment/training services, and child care in the form of a block grant, referred to as the “single allocation.” Each county must develop a CalWORKs plan, approved by the Board of Supervisors, describing how the county intends to deliver the full range of activities and services aimed at moving recipients from welfare to work.

LOCAL AGENCIES INVOLVED IN CALWORKS

This section provides an overview of the complex array of government, nonprofit, and private agencies and programs involved in providing services to CalWORKs families at the local level. While there are common elements, the actual service delivery systems in each community are diverse, and there is enormous variety from county to county.

Local services and programs are funded and administered by numerous federal, state, and local agencies and organized around service areas that both mirror and sometimes cross county boundaries.

Public Agencies

County social services departments have primary program and administrative responsibility for CalWORKs. Their responsibilities include: determining recipient eligibility; dictating the extent and manner of services provided; organizing and administering the welfare-to-work component, including child care services; allocating CalWORKs funds to local service providers; and coordinating with government and private agencies.

In addition, county social services departments have primary responsibility for administration of the Food Stamps and Medi-Cal programs. Social services departments also administer the Child Welfare Services program, which provides protective services and support for abused and neglected children.

County mental health departments and county alcohol and drug departments receive special funds to provide mental health and substance abuse treatment services for CalWORKs families. Counties may provide these services directly through contracts with private providers or through a combination of county staff and private providers.

County offices of education and local school districts fund and administer an array of educational programs, including adult education programs and vocationally oriented programs (such as the Regional Occupational and Career

Major Policy Choices California Made to Implement Federal Welfare Reform

- Devolution to Counties. Delegated major program design and decision-making authority to the county level.
- Time Limits. Established lifetime limit of 60 months for cash assistance. Reduced grant levels by only the adult portion when the time limit is reached. Limited welfare-to-work services to 18/24 months before community service or unsubsidized employment becomes a condition of receiving cash assistance.
- Work First. Required job search activities immediately upon receipt of assistance, typically for 4 weeks, to be followed by a more thorough assessment of skills and barriers if employment is not found.
- Work Participation Requirements. Required 32 hours a week for single parents and 35 hours combined per week for two-parent families.
- Cash Grants. Continued cash assistance program at pre-PRWORA grant levels. Conformed resource and property limits to federal food stamp eligibility requirements.
- Family Cap. Continued the existing ban on additional cash benefits for a child born while the family is on welfare, with exceptions for rape, incest, or failed contraception.
- Earnings Disregard. Exempted the first $225 in earnings, plus 50 percent of the remainder, from counting as income for purposes of calculating cash grant levels.
- Child Support. Continued pass through to family of first $50 of collected child support without a grant reduction.
- Child Care. Increased state funding for child care and established a new three-stage system of child care as families move through the welfare-to-work process.
- Medi-Cal. Maintained automatic eligibility for Medi-Cal for CalWORKs families.
- Support Services. Provided specific funding for substance abuse and mental health treatment and allowed CalWORKs funding to be used for domestic violence services. Hours spent receiving these treatment services count toward state work participation requirements.

The Organizational and Cultural Shift in Counties

Implementation of CalWORKs required county welfare departments to rearrange, restructure, and reexamine their welfare service systems and to do so quickly. The new program moved county welfare departments from administering a cash grant program to operating a complex and multi-faceted employment services program. Each county made and continues to make its own strategic choices about how to organize and deliver services, but CalWORKs initiated a dramatic shift at the county level that is still in process.

Unlike the relatively small and under-funded GAIN program, the CalWORKs program called for nearly universal participation of recipients in welfare-to-work activities. Given the expanded workload and the shift in skills and expertise required of CalWORKs workers, counties confronted issues of adequate staffing, staff training, contracting out, and potential conflicts with union contracts.

CalWORKs also provides for a whole range of supportive services counties need to make available, including child care, transportation, education and training, and substance abuse, mental health and domestic abuse treatment services.

As a consequence, CalWORKs mandated new relationships and coordination among county departments (welfare, mental health, alcohol and drug programs) and with workforce agencies, community and nonprofit agencies, educational institutions, child care referral agencies and providers, and employers. In response, many counties reorganized county departments and/ or co-located program staff, such as eligibility and employment services staff or mental health and substance abuse workers.

Given the relatively short time frame since implementation of CalWORKs, the real impact on the delivery of county services for low-income and unemployed families is still unfolding.

Programs, which are available to CalWORKs recipients as well as other teens and adults. County offices of education also administer state-funded preschool programs that provide child care for the children of CalWORKs families and other low-income families.

Local colleges and universities, including community colleges, the California State Universities, and the University of California, offer degree programs and other educational courses that can help CalWORKs recipients find employment. The 108 local community colleges also offer a number of targeted services to CalWORKs recipients in addition to training and educational opportunities, including information about available child care services (both on and off campus), work/study and job placement opportunities, career counseling, and other support services.

Local child support agencies provide services such as locating absent parents, establishing paternity, obtaining and enforcing child support orders, and collecting and distributing payments. Child support enforcement and collection can affect the eligibility and benefits received by CalWORKs families. Effective December 31, 2002, all child support enforcement activities must be transferred from local district attorneys to the local child support offices.

Local employment agencies make employment assistance services available to CalWORKs families in support of the CalWORKs Welfare-to-Work program requirements. They may do so independently or based on formal arrangements with social services departments. Local employment agencies assisting welfare recipients include the following:

- Employment development job services offices are the local field offices of the state EDD and offer a variety of programs that bring employers with job openings together with qualified job seekers, including programs focused on low-income and hard-to-employ populations.
- Local Workforce Investment Boards (LWIBs), formerly Private Industry Councils, have responsibility for administering state and federally funded employment programs, including the federal Department of Labor Welfare-to-Work grant program. There are 51 Local Workforce Investment Areas (LWIAs) in the state. The LWIBs also administer the local “One-Stop” employment centers, which provide a full range of employment services for job seekers, including job search and placement assistance, skills assessments, group and individual counseling, case management, training, and education for job seekers.
Nonprofit and Private Agencies

Local government agencies involved in providing CalWORKs programs and services often rely on nonprofit and private agencies and providers to deliver services to families and to meet program requirements.

*Child care resource and referral agencies (R&Rs)* are based in each county and funded by the California Department of Education (CDE) to help families find child care, recruit and train child care providers, and collect data from consumers and providers.

*Alternative payment providers (APPs)* are CDE-funded programs that administer various types of child care subsidy programs by providing payment vouchers to child care providers.

*Community-based organizations (CBOs)* are involved in providing services to low-income families participating in the CalWORKs programs. CBOs provide job training, education, and placement programs; case management; information and referral; transportation; treatment and support for families dealing with mental health, substance abuse, and domestic abuse issues; and other supportive services. CBOs typically receive funding from a variety of public and private sources, and counties may also contract directly with CBOs to deliver services to CalWORKs families.

*Faith-based organizations (FBOs)* participate in the delivery of social services to low-income families, including CalWORKs families. These services typically include education, job training and skills development, counseling, and life management skills aimed at assisting individuals in becoming self-sufficient. Like CBOs, FBOs have multiple public and private funding streams and may also be under direct contract with counties to provide CalWORKs and CalWORKs-related services.

*Private providers* may assist with administrative functions or deliver services to CalWORKs recipients directly under contract with county social services agencies, other government agencies, or designated private agencies.

**WELFARE-TO-WORK (WTW) EMPLOYMENT ASSISTANCE**

CalWORKs provides families with temporary cash assistance, but in families where there is an aided adult, it is essentially an employment services program. While the cash assistance component of the program is primarily based on state and federal rules and requirements, counties have significant discretion in the design and delivery of the services component of CalWORKs. As stated earlier, this means there are 58 different CalWORKs employment services programs. This section provides an overview of the basic elements of CalWORKs services required in state law.

The CalWORKs employment services program has five phases:

1) orientation, appraisal, and up to 4 weeks of job search;
2) assessment and development of the welfare-to-work plan, which starts the 18/24-month time clock;
3) participation in the welfare-to-work activities according to the plan;
4) reappraisal and assignment to new activities; and
5) community service, once the 18/24-month time limit is reached.

**Historical Note: California’s GAIN program**

California’s prior welfare-to-work program, Greater Avenues for Independence (GAIN), implemented the federal Job Opportunities and Basic Skills Training (JOBS) program enacted in 1988.

Under state and federal law, GAIN services were targeted to reach teen parents and long-term welfare recipients, but other recipients participated. GAIN required welfare recipients with children over the age of 3 who were not already working 30 or more hours to participate in GAIN education, training, and job preparation services to the extent funds were available. Given the funding limitations of the GAIN program, participation rates never exceeded 25 percent of the welfare caseload.

In 1995, the California Legislature revised the GAIN program to be more of a “work first” program by requiring participation in 3 to 8 weeks of immediate job search activities prior to further assessment or education and training, unless the recipient was in need of basic adult literacy and language skills or met other specified exemptions.

Although similar in the work first emphasis, CalWORKs differs substantively from GAIN as follows: (1) increased funding and scope of the mandatory CalWORKs program, (2) lifetime time limits on aid, (3) expanded level and type of services available, (4) requirement that all recipients not exempt engage in up-front job search, and (5) increased funding for child care and other supportive services. In some counties, the welfare-to-work component of CalWORKs is still referred to as the GAIN program.

* Faith-based organizations (FBOs) are specifically highlighted here because the 1996 federal welfare reforms for the first time allowed churches and religious groups to receive federal funds for social services without having to remove the religious content from their programs. In addition, California started a faith-based initiative in FY 2000-01, whereby the state EDD administers a grant program that funds FBOs to offer employment services to hard-to-serve individuals.
CalWORKs Welfare-to-Work (WTW) Program Flow

Exempt from Work Activities:
- Teens in Cal-Learn
- Pregnant women
- Disabled persons
- Those caring for young children, as defined by county (12 weeks to 12 months of age)
- Persons responsible for an “at-risk” child
- Persons 60 and older
- Persons caring for ill family members
- VISTA volunteers
- Those with other “good cause,” as determined by state law and county discretion

Untested Payments
(CalWORKs application denied)

Application and Approval

Orientation

Appraisal

Job Club / Job Search
(about four weeks)
- Job search
- Skills classes
  - Interviewing, resume writing, proper attire, job search tips, etc.

Noncompliance
Refusal without good cause to sign a WTW plan, to participate in assigned activity, or to accept or retain employment

Assessment
If no job or unsuccessful job search, an assessment is conducted.

Development of Welfare-to-Work Plan
(18/24-month time clock begins once plan is finalized)

Sanction
Reduction in family grant for noncompliant person

Vendor Voucher Payment
Payment directly to the provider, such as rent payments, utilities, etc.
Applies to sanctions that last longer than 3 months

NOTE: Participants may exit the system at any point in the process if they find employment.

Self-Initiated Program (SIP)
The recipient is already enrolled, at the time of the appraisal, in college or vocational training courses that will lead to employment. If the program and recipient meet specified criteria, recipient may continue for as long as 24 months.

Job secured/
Post-Employment Services

Leave Aid/
Transitional Services

Third-Party Assessment
if no agreement on the results of the assessment. Hearing may be requested by recipient.

WTW enrollees are entitled to SUPPORTIVE SERVICES throughout the process—child care, transportation and ancillary expenses, mental health and substance abuse treatment, domestic abuse services and treatment, etc.

Orientation, Appraisal, and Job Search

Orientation and appraisal are the initial activities for all CalWORKs recipients. The primary purpose of orientation is to acquaint participants with the process they will be going through and to inform them of their rights and responsibilities. Appraisal involves a face-to-face meeting between the participant and a caseworker to discuss the participant’s education, employment history, and job skills, as well as to identify supportive services they may need, such as child care or transportation, to help them in their job search.

Following appraisal, all CalWORKs participants not exempt or already enrolled in a self-initiated training or education program (SIP) will generally be assigned to job search, typically including “Job Club” activities. Job Club is intended to motivate and educate participants, many of whom have little or no successful employment experience, and to help them search intensively for and obtain a job. Job Club may include resume writing, filling out job applications, mock interviews, and other job search skills building. The job search/Job Club phase may last up to 4 weeks and may be less if the participant gets a job.

If serious barriers to employment are discovered at this stage, such as very poor literacy or language skills, substance abuse, domestic violence, or mental health issues, the county may move the participant directly to assessment and participation in the welfare-to-work component. This allows them to access educational programs, such as English language classes, and other treatment or services that can increase their chances of getting and keeping a job.

Self-initiated programs (SIPs) are education and training programs that recipients find on their own prior to being required to attend the appraisal. These programs are typically at a community college, adult school, or vocational school but may also be at a four-year college or university. State law grants SIP recipients the ability to continue for 18/24 months educational programs that will lead to employment. SIP recipients must participate for 32 hours per week. If their classroom, lab, and supervised study time do not total 32 hours, they will be assigned other activities to meet the participation requirement.

Assessment and the Welfare-to-Work Plan

For those who do not find a job during Job Club, state law requires an in-depth assessment of their work history, skills, and needs related to the local job market and their chances for getting a job with their skills in that market. The assessment is also used to identify any limitations they have in their ability to participate in employment activities, such as mental health, substance abuse, or domestic abuse issues.

CalWORKs Welfare-to-Work (WTW) Activities

While each county determines the full breadth of welfare-to-work programs and services that will be offered to recipients once an assessment is completed, the following list is a compilation of welfare-to-work and post-assessment activities and programs developed from a review of individual county plans:

- job search and job readiness assistance;
- job skills training directly related to employment;
- unsubsidized employment;
- subsidized employment—public or private sector;
- self-employment;
- work experience;
- work study;
- community service—temporary training in nonprofit sector leading to improved job skills;
- supported work or transitional employment—grant or portion paid to service provider to offset wages;
- on-the-job training, including grant-based on-the-job training;
- vocational education and training—colleges and community colleges, adult education, regional occupation centers;
- education directly related to employment;
- adult education—basic education, high school equivalency (GED), English as a Second Language (ESL), etc.;
- drug and alcohol abuse treatment or mental health and domestic abuse services necessary to obtain and retain employment;
- any participation required of the parent in a school-developed plan to ensure his/her child’s school attendance;
- post-employment services—job retention and job advancement; and
- other services as outlined in a specific county’s plan.

Some recipients need to engage in welfare-to-work activities above their community service hours in order to fully meet the hourly participation requirements. Depending on the type of program and how the recipient is compensated, they may qualify for the Earned Income Tax Credit, a refundable federal income tax credit for low-income working individuals and families.

Post-Employment Services

Post-employment services have basically three goals: helping participants (and former participants within the first year after leaving aid) to keep jobs (job retention); helping them to increase their earnings (job advancement); and maintaining contact with the participants. Unlike the pre-CalWORKs GAIN program, CalWORKs recipients are not automatically dropped from the program when they become employed. Counties have the option to continue providing case management services, training, parenting classes, or supportive services to recipients who leave aid.

To meet the goals of helping the recipient keep the current job, individual counties offer a range of services. These can include a 24-hour hotline to provide emergency services such as child care, transportation, caseworker assistance, and a mediation service to work with participants and employers to resolve problems at the job site. To help increase earnings, counties may combine work with education and training to build skills and help participants improve their earnings capacity. Maintaining contact with the participants helps counties to intervene early if the employment situation is threatened in any way.

CalWORKs recipients may receive Medi-Cal and subsidized child care for at least 2 years following the end of cash assistance. After that time, families may still qualify for Medi-Cal and child care subsidies (to the extent child care funds and slots are available) based on meeting income and other eligibility criteria. Counties also have the option to continue transportation and case management for up to a year after cash assistance ends.

Supportive Services

CalWORKs includes specific requirements and funding for supportive services to help families move into and succeed in the workforce. CalWORKs supportive services are available for CalWORKs participants who are working or engaged in approved welfare-to-work activities. Counties, at their discretion, may provide up to 12 months of job retention services for former recipients. This section provides an overview of services available through CalWORKs: child care; treatment for mental illness, substance abuse, and domestic abuse; and transportation.
Child Care

CalWORKs recipients are entitled to child care necessary for them to work or to participate in CalWORKs activities, whether the participation is required or voluntary. This includes orientation, assessment, meetings with workers, job search, self-initiated education and training programs (SIPs), community service, Cal-Learn, and any other assigned or approved activity.

In California, responsibility for child care programs has historically been divided between CDSS, for welfare recipients, and CDE, for all low-income working families. CalWORKs child care is organized into three stages and is administered by both departments. CDSS is responsible for administering Stage 1, and CDE is responsible for administering Stages 2 and 3. The intent of the current child care structure is to avoid a break in child care services as the source of payment and the agency responsible changes from stage to stage, allowing families to retain the same child care provider.

Local Resource and Referral Agencies (R&Rs), based in each county and funded through CDE, help families find child care that best meets their needs, recruit and train child care providers, and collect data from callers and child care providers. R&Rs are required to co-locate in or near county welfare departments or “arrange by other means of swift communication” to provide assistance to help parents identify and access child care services. Counties must quickly refer families needing child care to R&Rs.

In each of the three stages, families may choose providers who are licensed by the state or those who are license exempt. Generally, child care providers are exempt from licensure if they care only for their own children and the children of one other family or if they are providing care for their relatives, either in their own home or in the children's home. CalWORKs child care subsidies can only be used for licensed providers or those who are not required to be state licensed.

**Stage 1.** Stage 1 is administered by CDSS through county welfare departments and begins when a participant enters the CalWORKs grant program. The counties generally pay the child care providers directly for the services performed.

In some counties, the welfare department contracts with Alternative Payment Programs (APPs) to administer this stage of child care. APPs are agencies under contract with CDE to administer various types of child care funds by providing payment vouchers to child care providers. Most APPs are private, nonprofit agencies, but some county welfare departments and some county offices of education are also APP contractors.

Stage 1 child care is designed to provide child care subsidies for the first 6 months that a recipient receives CalWORKs, typically while they are in training, a work activity program, volunteering, or beginning work. If it takes longer for a recipient’s child care situation or work activity to become stable (as determined by the county), or a space is not available in Stage 2, a county can extend the recipient’s Stage 1 benefits.

**Stage 2.** Stage 2 is administered by CDE through its APP contractors and is designed to serve CalWORKs recipients whose situations have stabilized (as determined by the county) or families that are transitioning off CalWORKs. Families that receive a lump sum diversion may receive child care in Stage 2 if there is no funding available in Stage 3. Families leave Stage 2 when they have exhausted 24 months of child care after leaving cash assistance, when their income exceeds 75 percent of the state median income, or when they no longer have a need for child care.

Transfer to Stage 2 child care is intended to be primarily an administrative change, as responsibility for the child care payment moves from the county to one or more APPs under contract with CDE. In addition, a very small portion of the services in this stage is administered directly by local community colleges.

**Stage 3.** Stage 3 is also administered by CDE through its APP contractors. Stage 3 is essentially a CalWORKs set-aside in the larger child care subsidy program for the working poor. Current and former CalWORKs families (and families who are diverted from welfare through a lump sum diversion payment) with incomes at or below 75 percent of the state’s median family income are eligible for Stage 3 subsidies. A family moves to this stage when it has exhausted the two-year limit on CalWORKs child care after leaving cash assistance, as long as funding is available.

Some CalWORKs families do move through each of the three stages, some skip from Stage 1 to Stage 3, and some find subsidized child care services, such as Head Start, that are outside of the CalWORKs three-stage child care program.

Child Care Funding and Reimbursement. CalWORKs child care is funded through a combination of state and federal funds. Federal funds come from the Child Care and Development Fund (CCDF) and the TANF block grant. State law includes legislative intent to sufficiently fund child care through the annual budget act “for all individuals anticipated to need child care to participate in WTW activities and to transition to work.” California allocates state funding to each of the three stages of CalWORKs child care.
Mental Health, Substance Abuse, and Domestic Abuse Services

A number of CalWORKs recipients have special needs, and many face multiple barriers to employment and self-sufficiency. These barriers can include mental illness, substance abuse, and domestic abuse. Federal TANF allows states to use federal funds for non-medical services to the mentally ill, substance abusers, and victims of domestic abuse, but these activities are not allowable federal work activities for purposes of the state participation requirements. California chose to allocate funds specifically for mental health and substance abuse treatment and authorized counties to use their CalWORKs funds for domestic abuse services. Time in treatment is an allowable welfare-to-work activity in CalWORKs.

Prevalence. The CalWORKs Research Study* found that more than one-third of recipients in the study had at least one diagnosable mental health disorder in the previous 12 months. About 20 percent had two or more. Twenty-six percent reported a ‘serious’ mental health problem. Mental health problems appeared to create employment barriers for 20 to 30 percent of the interviewees. The overall prevalence of the problematic use of alcohol and/or other drugs in this study was 23 percent. Seventeen percent of those interviewed had a serious alcohol or other drug dependence or abuse disorder.

Several studies of families on welfare have found that roughly two-thirds of welfare recipients have been abused sometime in their adult life and that one in five had been abused in the past year. In the CalWORKs Research Study, one-third of recipients reported at least one incident of domestic abuse within the last 12 months. About 80 percent reported domestic abuse sometime in their lives.

Mental Health and Substance Abuse Services. Counties receive funds for these services through a separate annual General Fund appropriation in the state budget. (See section on CalWORKs funding.) In the early days of CalWORKs implementation, there was very low utilization of these services, and CDSS issued several clarifications on the uses of the funds to help counties more effectively reach CalWORKs recipients in need of services.

* The CalWORKs Research Study is a collaborative effort by the California Institute for Mental Health (CIMH), Children and Family Futures (CFF), and the Family Violence Prevention Fund (FVPF) to focus on the mental health, substance abuse, and domestic violence program elements of CalWORKs. The findings reported here resulted from two rounds of interviews with a random sample of more than 600 female recipients in Kern and Stanislaus counties.
Services counties provide include:

• evaluation, assessment, and case management;
• treatment, including rehabilitative services, employment counseling, and community service jobs;
• treatment for family members if their mental health or substance abuse problems interfere with the participant’s ability to complete their WTW plan;
• outreach and marketing of services available; and
• capacity building.

Some counties also fund community outreach, co-location of substance abuse and mental health staff with CalWORKs staff, and expanded residential treatment services for mothers and their children.

Domestic Abuse Services. California adopted the federal Family Violence Option (FVO). For “good cause,” counties can waive many CalWORKs program requirements if compliance would make it more difficult for individuals receiving assistance to escape abuse or would unfairly penalize a person who has been abused. For example, domestic abuse survivors can have their time limit clocks stopped and/or their hours of required participation reduced or eliminated.

Counties are also required to consider including the following types of services for abuse victims when developing the WTW plan:

• community domestic abuse services;
• individual or group counseling for recipients and children;
• substance abuse and mental health counseling;
• medical and public health services;
• immigration and legal services;
• parenting and independent living skills training;
• financial planning; and
• relocation services.

Transportation

Counties must provide transportation to allow recipients to participate in CalWORKs WTW activities or to get and keep employment. Counties develop a local transportation plan to address the transportation needs of recipients and can use CalWORKs funds to support transportation initiatives to pay transportation costs for recipients. In addition, federal Welfare-to-Work grant funds are available to fund transportation projects that help TANF recipients obtain employment.

“Diversion offers families a lump sum payment to ‘divert’ them from enrolling in CalWORKs and receiving a monthly CalWORKs grant.”

County transportation initiatives can be classified in three broad categories: (1) identifying and maximizing use of existing transportation services; (2) expanding existing transportation; and (3) developing new transportation services. Most county initiatives focus on subsidizing recipient use of existing transportation. This assistance comes in the form of distribution of bus tokens and passes, reimbursement for mileage in a personal car, taxi vouchers, etc.

Other Supportive Services and Expenses

In addition to those services discussed above, counties must provide CalWORKs and Cal-Learn recipients with the following:

• personal counseling, to the extent available, for individual or family problems that could interfere with completion of the WTW plan; and
• assistance with ancillary expenses, such as the cost of books, testing or other educational or training fees, tools, or clothing necessary for employment.

SPECIAL PROGRAMS

Diversion Programs

State law requires that all counties implement what is known as a “diversion” program. Diversion offers families a lump sum payment to “divert” them from enrolling in CalWORKs and receiving a monthly CalWORKs grant. Diversion payments can be both cash and non-cash and can be used, for example, to pay for a vehicle or vehicle repairs, car insurance, or to pay rent for a family.

Counties have sole discretion to determine who can receive diversion payments, for what purposes, and in what amounts. State law sets no limits on the maximum amount of diversion payments, services, or number of times a county can provide this benefit to a family.

Applicants must be “apparently eligible” for CalWORKs, and once the family accepts a diversion payment, their CalWORKs application is denied. If the family returns to apply for CalWORKs within the “diversion period”—the number of months of cash assistance the payment would have covered for that family—the county must recoup the money from the family. Families that return seeking
assistance after the diversion period need not repay the diversion amount and will have only 1 month credited toward their 60-month lifetime limit.

Cal-Learn

Cal-Learn is the statewide mandatory program for teenagers who are eligible for welfare because they are pregnant or parents. All pregnant and parenting teens receiving CalWORKs are required to participate if they are under 19 and do not have a high school diploma or equivalent. Those who join the program prior to age 19 can voluntarily continue until they earn a high school diploma or until age 20, whichever occurs first.

Cal-Learn mandates high school or equivalency studies and also includes intensive case management to help teens access health, educational, and social services. Cal-Learn provides payments for necessary child care, transportation, and educational expenses, such as books and testing fees. In addition, Cal-Learn offers financial incentives for good grades or graduation and penalties for low grades or failure to submit report cards.

According to CDSS, the Cal-Learn program serves approximately 10,000 teens per month.

RELATIONSHIP BETWEEN CALWORKS AND RELATED PROGRAMS

In addition to the specific services and program components available in CalWORKs, a number of other state and local programs serve CalWORKs families. This section highlights these programs and offers a brief overview of how each is organized and related to CalWORKs.

FOOD STAMPS

Food Stamps is the federally funded program that helps low-income people buy the food they need for good health. Food stamps can be used to purchase food for human consumption and seeds and plants to grow food for household use. California issues $1.75 billion in food stamps annually.

In most instances, eligible CalWORKs families qualify for food stamps to help meet their food needs. Often, counties use the CalWORKs application to automatically assess the family’s food stamp eligibility. According to CDSS, 86 percent of CalWORKs recipients receive food stamps, and CalWORKs recipients represent just over 69 percent of all food stamp recipients. Other highlights of the Food Stamps program in California:

- Average monthly caseload is 655,022.
- Average monthly household size is 2.8 persons.
- Average monthly issuance is $76 per recipient, or $202 per household.
- Female heads of household constitute 80.4 percent of recipients.
- Elderly/disabled persons constitute 19.4 percent of recipients.
- Thirty-nine percent of households report earning some income.

Federal law requires able-bodied adults without dependents who receive food stamps to work or participate in work search activities similar to CalWORKs. The Food Stamp Employment and Training Program (FSET) is California’s employment and training program for those who are not on CalWORKs. Non-Assistance Food Stamps (NAFS) recipients are people who get food stamps each month, but do not receive a CalWORKs cash grant. Counties may choose whether to offer an FSET program, and in federal Fiscal Year 2001, 29 of California’s 58 counties participated in FSET.
MEDI-CAL

In California, the federal Medicaid program is administered as the California Medical Assistance Program (Medi-Cal). Medi-Cal provides health care services to welfare recipients and other qualified low-income persons. The program is administered by the state DHS and by counties at the local level. Medi-Cal is funded equally by state and federal funds.

California chose to maintain a statutory link between Medi-Cal eligibility and CalWORKs. This means that as long as families are on CalWORKs they are eligible for Medi-Cal, and they remain eligible for 2 years after leaving assistance. CalWORKS recipients receiving diversion payments are not automatically eligible for Medi-Cal, but may qualify for one of the Medi-Cal programs discussed below.

Medi-Cal offers an array of programs with complex eligibility requirements targeted to individuals and families meeting very specific income and demographic profiles. All families receiving CalWORKs are eligible for Section 1931 (b) Medi-Cal, the federal program requiring states to continue Medicaid eligibility for families who would have met AFDC eligibility rules in effect in July 1996. Most families leaving CalWORKs are also eligible for Medi-Cal under a state expansion of the 1931 (b) program. Determining eligibility for 1931 (b) Medi-Cal depends on a complicated set of rules, including whether or not the family has ever been on Medi-Cal or CalWORKs, with different income limits applying for previous “recipients” versus new “applicants.”

Under the Transitional Medi-Cal (TMC) program, families that leave welfare and lose their 1931 (b) eligibility are allowed to keep their Medi-Cal benefits for up to 1 year (up to 24 months for the adults), even if their earnings would otherwise disqualify them or because of the employment of the caretaker relative.

### Who is Eligible?

Medi-Cal eligibility is generally based on two primary factors: (1) whether the individual or family fits the profile for any of the Medi-Cal programs (CalWORKs recipients, families with dependent children, pregnant women, children up to 21, disabled persons, etc.); and (2) whether the individual or family meets the income and resource limits for the particular Medi-Cal program.

CalWORKs are also eligible for Medi-Cal under a state expansion of the 1931 (b) program. Determining eligibility for 1931 (b) Medi-Cal depends on a complicated set of rules, including whether or not the family has ever been on Medi-Cal or CalWORKs, with different income limits applying for previous “recipients” versus new “applicants.”

### Medi-Cal Programs for Low-Income Families

<table>
<thead>
<tr>
<th>Aid category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1931 (b): CalWORKs recipients</td>
<td>Covers CalWORKs recipients. Families on diversion may qualify for 1931 (b).</td>
</tr>
<tr>
<td>1931 (b): Families not on CalWORKs</td>
<td>Covers eligible low-income families with deprived children who are not receiving CalWORKs cash assistance.</td>
</tr>
<tr>
<td>Transitional Medi-Cal</td>
<td>Provides up to 24 months of coverage to families leaving CalWORKs or losing 1931 (b) Medi-Cal eligibility due to earnings from work.</td>
</tr>
<tr>
<td>Families terminated from CalWORKs due to increased child or spousal support collections</td>
<td>Provides 4 months of Medi-Cal coverage for terminated families.</td>
</tr>
<tr>
<td>Medically needy</td>
<td>Covers certain families and individuals with too much income to qualify for free Medi-Cal. These families have a monthly Medi-Cal share of cost, an amount they must pay for medical care, before Medi-Cal coverage takes over.</td>
</tr>
<tr>
<td>Pregnant women and children under 1 year old</td>
<td>Covers pregnant women and their children under 1 year old with incomes at or below 200 percent of the federal poverty level (FPL).</td>
</tr>
<tr>
<td>Children in families with incomes at or below the FPL for their age group</td>
<td>Provides coverage for children 1 to 5 years old with incomes at or below 133 percent of FPL and for 6-to-18 year olds with incomes at or below 100 percent FPL.</td>
</tr>
<tr>
<td>Medically indigent</td>
<td>Covers the children in two-parent families with too much income or too many work hours to qualify for free Medi-Cal. Children may have a share of cost, depending on family income.</td>
</tr>
<tr>
<td>Tuberculosis-infected</td>
<td>Covers only tuberculosis-related treatment.</td>
</tr>
</tbody>
</table>

Note: Children may also qualify for the Healthy Families health coverage program if they live in families below 250 percent of the FPL and are not Medi-Cal eligible.

NON-CALWORKs EMPLOYMENT PROGRAMS
The U.S. Department of Labor and the California Employment Development Department (EDD) fund and administer a variety of employment assistance and training programs that can help CalWORKs recipients get and retain jobs.

Welfare-to-Work grant program. The federal Welfare-to-Work (WtW) program, passed in 1997, is a grant program to help create additional job opportunities for the hardest to employ TANF recipients, noncustodial parents, and former foster youth. California’s program is administered by EDD and by Local Workforce Investment Boards (LWIBs) at the local level. The deadline for expenditure of the grant funds is July 15, 2004. WtW funds are allocated at both the state and the local level and states must match federal funds.

The WtW grants fund job placement services, transitional employment, and other support services, such as transportation, to help recipients move into long-term unsubsidized employment. At least 70 percent of WtW funds must be used for long-term TANF recipients (on assistance for at least 30 months). The remaining 30 percent may be used for other TANF recipients with significant barriers to employment, former foster youth ages 18 to 25, low-income custodial parents, and adults no longer on TANF due to the 60-month time limit on aid. California reduced the base level of the counties’ CalWORKs single allocations to offset the federal WtW funding available to serve CalWORKs recipients.

Workforce Investment Act. The federal Workforce Investment Act of 1998 (WIA) was an effort similar to welfare reform to consolidate and reform federal laws governing the job training, adult education, and vocational rehabilitation programs administered through the U.S. Department of Labor. WIA services are available to all adults, dislocated workers, and low-income youth with employment barriers. WIA gives priority for intensive training and services to recipients of public assistance and other low-income individuals.

In California, EDD administers the WIA Title I program under the policy guidance of the state Workforce Investment Board. WIA services are administered at the local level by the LWIBs. California’s WIA services are delivered through the “One-Stop” delivery system. One-Stop centers provide a full range of job search and placement assistance, skills assessments, group and individual counseling, case management, training, and education services for job seekers, as well as employer services and business assistance.

EDUCATION AND TRAINING PROGRAMS
Education is an important element of the CalWORKs program because many adults in CalWORKs families have limited education or work experience, poor literacy, limited language skills, and inadequate training for jobs available in the community. Almost one-third of CalWORKs heads of household (32.4 percent) have a language other than English as their primary language. More than half of the adults on CalWORKs have less than a high school education.
CalWORKS recipients can be referred to education or training in one of four ways:

- self-referral through a self-initiated program (SIP), where the participant is already enrolled before they are required to attend a CalWORKs appraisal appointment;
- Job Club referral, where the participant is identified early as needing basic education;
- following a comprehensive assessment after Job Club; and
- as an element of post-employment job retention services.

Local educational institutions, adult education, vocational programs, and private training programs participate in offering educational programs to teens and adults in CalWORKs.

**CHILD WELFARE SERVICES**

The Child Welfare Services (CWS) program is administered by the counties and supervised by CDSS. CWS programs provide services to prevent abuse and neglect; investigate reports of maltreatment and remove children from abusive or negative home environments; provide services and supports to families so that children may remain or return to their homes safely; and secure alternative homes, including foster care, for children who cannot be returned.

Using a variety of data sources, CDSS estimates that in California, from two-thirds to three-fourths of families involved with the child welfare system are also CalWORKs recipients. Other research has found that of children entering AFDC in 10 California counties between 1990 and 1995, 27 percent had child abuse referrals, 22 percent had child abuse investigations, 8 percent had child welfare cases opened, and 3 percent were placed in foster care within the 5 years.

Because of the overlap of the clients in CalWORKs and CWS, the state and many California counties are exploring how these dual-system, high-risk clients and their families can be served in a more coordinated fashion. Overall, the effort at coordination aims to utilize TANF as a primary prevention program for child welfare and child welfare as an anti-poverty program. Specific efforts are focused on improving methods to coordinate case plans, identifying additional and more flexible funding, configuring information systems to match clients in different programs, and addressing the organizational change issues that arise when workers in different bureaucracies collaborate.
Funding for the CalWORKs program is actually a complex array of federal, state, and local funding streams.

**FEDERAL FUNDS**

The federal TANF legislation set annual TANF block grant levels for states through September 2002. The same funding levels have been continued in the temporary TANF reauthorization. California has received $3.7 billion per year in federal TANF funds. While most of the funds have been spent on people receiving or eligible to receive cash assistance, federal law allows funds to be spent on other “needy” families as states define them. Federal funds can be carried over and used for specific purposes in subsequent years.

States can also transfer up to 30 percent of TANF funds to two other federal funding streams—the Child Care Development Fund (CCDF) and/or the Social Services Block Grant (SSBG). As described earlier, the CCDF funds child care and development programs for low-income families. The SSBG, also known as Title XX, distributes funds to states to support social services for vulnerable populations, including low-income seniors and abused children.

**STATE FUNDS**

In order for states to receive the TANF block grant, they must guarantee a minimum state expenditure, or maintenance of effort (MOE). The level of MOE for each state is determined based on state expenditures for AFDC in the mid-1990s. If a state meets the work participation requirements, the MOE is 75 percent of the base funding period. If not, the MOE is 80 percent. To date, California has met federal work requirements through a combination of actual participation rates and credit for caseload reductions. California’s MOE is $2.7 billion year.

California spends the majority of TANF and MOE funds within the CalWORKs program. In addition to CDSS, spending on other state programs and departments also counts toward California’s MOE, including:

- funds transferred to the California Department of Education for Stage 2 and Stage 3 child care for CalWORKs families;
- General Fund support to California Community Colleges for services for CalWORKs recipients; and
- support for other non-welfare programs, including teen pregnancy prevention in the Department of Health Services, emergency assistance through Child Welfare Services, and juvenile probation camps, juvenile assessment and residential treatment facilities in the Department of Corrections.

Under TANF, a state can also choose to satisfy its MOE obligation, in whole or in part, through the use of separate state programs which are funded solely with state funds. Most TANF requirements, such as federal participation rates, time limits, etc., do not apply to separate state programs. California has state-only funded programs in the following areas:

- cash assistance to two-parent families, not subject to federal work participation requirements;
- grants to families or children eligible for CalWORKs who reach their federal 60-month time limit, but not the state 60-month limit;
- continuation of the child-only portion of the grant in families that exhaust the state and federal 60-month time limit; and
- cash assistance and food stamps to certain categories of legal immigrants not eligible for federal TANF funds or food stamps.

**COUNTY FUNDING**

County welfare departments receive CalWORKs-related funds through CDSS as follows:

**Assistance Payments.** Counties receive state and federal funds to pay 97.5 percent of costs for cash assistance payments to CalWORKs families, and counties pay 2.5 percent of grant costs.

**Single Allocation.** Counties receive a block grant, or “single allocation,” of state and federal funds to support CalWORKs employment services, child care, and administration costs. Counties must also meet a minimum county MOE requirement.

**Mental Health and Substance Abuse Allocations.** State law provides for separate funding streams for mental health and substance abuse services for CalWORKs recipients. Counties are not required to spend county funds for these programs.

While there is no separate allocation, counties have the option to use CalWORKs funds for domestic abuse services.
The CalWORKs caseload is young, relative to the rest of California, more often single, and has limited education and English language skills. This section provides an overview of the demographic and economic characteristics of CalWORKs recipients and compares two-parent and one-parent families.

Most CalWORKs recipients are women and children. Of the total CalWORKs caseload, 27 percent are adults, and 73 percent are children. Eighty percent of adults and 50 percent of children are female. In one-parent cases—approximately 60 percent of the caseload—93 percent of the adults are female. Other characteristics of CalWORKs families include:

**Caretakers.** Most of the caretakers in the program are parents. A parent (or parents) is the caretaker in 92 percent of cases. Nearly 7 percent of caretakers are non-needy relatives and the remainder (just under 1 percent) are needy relatives. Of non-needy relatives, the majority (61 percent) are grandparents or great-grandparents.

**Age.** Overall, persons receiving CalWORKs are younger than the general California population, reflecting the large number of children on the program. The average age of mothers is 33, while the average age of fathers is 39.

**Martial Status.** The largest proportion of adults in CalWORKs assistance units have never married (49.3 percent). In one-parent families, 63.6 percent never married, 8.3 percent are married/living together, 16.4 percent are separated, 10.4 percent are divorced, and 1.3 percent are widowed.

**Ethnicity.** Thirty-two percent of the recipients are Hispanic/Latino, 30 percent are white, 21 percent are Black/African American, and 15 percent are Asian. American Indian/Alaskan Native, Hawaiian/Pacific Islander or mixed ethnicity recipients comprise less than 2 percent of recipients.

**Language.** The majority of CalWORKs heads of household are English-speaking. Almost one-third (32.4 percent) have a language other than English as their primary language, the majority being Spanish speakers at 72 percent. Other primary languages are Asian, including Vietnamese, Cambodian, Hmong, Chinese, and Laotian languages (18.2 percent); Armenian (3.8 percent); Russian (2 percent); and all other (3.5 percent).

**Education.** More than half of the adults on CalWORKs have less than a high school education.

**Length of Time on Welfare.** Twenty-four percent of CalWORKs cases include at least one adult who has been on welfare for 10 years or longer. In 35 percent of the cases, an adult has been on welfare 5 to 10 years. In 22 percent, an adult has been on welfare 2 to 5 years; and in 18 percent, an adult has been on welfare less than 2 years.

**Workforce Participation and Income.** One-third of CalWORKs adults are working, and their incomes have been steadily increasing. When CalWORKs recipients do work, they are heavily employed in the services and retail trade industries.

**COMPARING TWO-PARENT AND ONE-PARENT FAMILIES**

Some significant differences are apparent in the profile of families with two parents and with one parent. These differences include:

**Age.** Adults in two-parent families are, on average, older than adults in one-parent cases. The average age of adults in two-parent families is 37, while the average age in one-parent families is 33.

**Ethnicity.** Ethnic differences between two-parent and one-parent families are significant. Two-parent cases are primarily white (36 percent), Asian (35 percent), and Hispanic/Latino (23 percent), with 5 percent Black/African American. One-parent families are primarily Hispanic/Latino (36 percent), white (28 percent), and Black/African American (28 percent), with 7 percent Asian.

**Families Leaving Welfare**

In 1999, CDSS conducted a random telephone survey of CalWORKs cases that were discontinued during the period December 1998 through June 1999. The interviews provided a profile of recipients who left the CalWORKs program, sometimes referred to as "welfare leavers." Among the findings:

- Ninety-three percent are still not on cash assistance;
- Most (48 percent) left welfare for employment or because a spouse or family member got a job;
- In over two-thirds of the cases (69 percent), the recipient or their spouse is still working;
- More than half (62 percent) are still receiving one or more types of assistance;
- Fifty-seven percent are on Medi-Cal;
- Eleven percent are receiving child care assistance; and
- Nearly half report cutting back on extras, and nearly 40 percent are cutting back on necessities to avoid returning to CalWORKs.
Funding for the federal TANF program was initially authorized for 6 years through September 30, 2002, and Congress must “reauthorize” the TANF funding (pass legislation to continue funding for the program). The debate surrounding federal reauthorization has created an opportunity to review federal, state, and local policies affecting the CalWORKs program. This section highlights some of the key issues about CalWORKs and welfare policy as they have emerged since the program was implemented.

**REAUTHORIZATION, ECONOMICS, AND EVALUATION**

Discussions about TANF reauthorization, occurring in the midst of an economic downturn, are focusing on key issues such as workforce participation and allowable activities. As the program evolves, ongoing program evaluation offers the opportunity to assess the new welfare programs.

**Reauthorization**

Congress temporarily extended the existing TANF program through January 11, 2003. Many observers believe that Congress will simply extend the existing program for a specified period of 1 to 3 years. Some of the changes under consideration include freezing block grant funding at current levels and increasing child care funding, increasing or changing in some way the work participation requirements states must meet, increasing or changing the individual hourly work requirements and activities that count toward compliance, and revising the areas of state flexibility. None of the proposals would eliminate or substantially revise the fundamental requirement of work for recipients or the federal five-year time limit on assistance.

**Workforce Participation**

California has been in compliance with the federal work participation requirements primarily because of the significant decline in caseload, which serves as a credit to reduce the requirement California must meet. However, most federal reauthorization proposals would increase the state work participation requirements, and some proposals eliminate or scale back the ability of states to reduce the burden through caseload declines. In addition, the decline in the CalWORKs caseload ended in FY 2001-02, and the 2002-03 budget projects a continued caseload increase. As a result, California may face challenges in meeting federal work participation requirements, depending on the federal requirements and the way participation is calculated in the future.

*With the CalWORKs earned income disregard, recipients can earn up to twice the maximum grant level, plus $225, before becoming ineligible for CalWORKs cash assistance.*

**The Economic Downturn and Tight Budgets**

California’s state budget and county budgets have been dramatically affected by the lagging economy, and the state faces significant budget deficits for at least the next several years. The budget shortfalls put budgetary pressure on state programs, including CalWORKs. At the same time, many current and former recipients may find it more difficult to get and to retain employment as the economy deteriorates. There is little data yet available on how recipients are faring in the weakened economic environment. These forces, combined with the belief among many observers that those remaining on welfare are among the hardest to assist in finding and keeping employment, will put enormous pressure on the state, counties, stakeholders, and families.

**Approaching Time Limits**

CDSS has estimated that about 100,000 adults will reach their CalWORKs 60-month time limit before July 2003, resulting in a reduction in their family grant. Many adults will reach the time limits even though they may have been complying with the work participation requirements for some time. This occurs because working adults can still receive cash assistance if their incomes (minus allowable deductions) remain low. Significantly, once these adults reach the time limit, they generally will not have the option in the future to return to CalWORKs if they lose their jobs. Counties have some discretion, under state guidelines, to grant exemptions for participants who have been unable to secure or retain employment.

Several uncertainties surround the approach of time limits. It is unclear how many adults in CalWORKs families will actually reach the time limits in 2003. Given the complicated design of the state and federal programs, counties are now engaged in what is primarily a manual determination of which months actually count toward the state and federal time limits and which recipients are reaching the limit. Some observers now believe that the actual number of recipients reaching the time limit by January 2003 may be less than originally anticipated.

It is also unclear what services will be made available to families after they reach time limits, particularly given current state and local fiscal constraints. Post-CalWORKs families are eligible for continued child care assistance and Medi-Cal for 24 months after leaving welfare, but they may also need transportation support or other employment services to help them maintain employment. Moreover, once families exhaust their benefits at the end of 2 years,
it remains to be seen if they will be able to secure child care and health coverage independently or through other programs.

According to CDSS, counties are implementing a variety of strategies and some innovative practices to reach out to CalWORKs recipients who are approaching the time limits. These include individual case reviews to evaluate the actual countable months, multiple notices and information about available support services, extensive case management, home visits, the use of multidisciplinary teams to identify barriers and provide services, and recipient awareness and education campaigns.

Evaluating the Success of Welfare Reform
The strong economy and the work incentives in welfare reform have resulted in success in the primary goal of the 1996 reforms, moving many recipients into the workforce. However, the impact on broader measures of child and family well-being is less clear. Poverty rates among children overall have declined, but many women leaving welfare have low incomes and most still live below the poverty line. California's review of welfare leavers highlighted earlier showed a mixed overall impact among families leaving welfare, including reports from families that they were facing cutbacks in spending to avoid returning to welfare.

As the program moves forward, policymakers, stakeholders, and researchers will be facing many unanswered questions. Can the employment gains that have occurred since welfare reform be sustained as the economy weakens? What measures of success and family well-being, beyond declining caseloads and employment levels, should be evaluated and monitored? Numerous state and federal evaluations are currently underway to assess the successes and shortcomings of welfare reform.

FAMILIES AND SERVICE DELIVERY
Many lessons have been learned about the experiences of families in the reformed welfare system and about the services and support they need to successfully get off welfare. At this juncture, a number of key issues relating to families and services are of considerable concern to practitioners and policymakers.

Child Well-Being
Child advocates and observers have been concerned about the potential impact of welfare reforms on child well-being and child maltreatment. The risk of abuse or neglect is 22 times greater for children living in families with lower incomes. For many CalWORKs participants, employment has increased the family income. However, to the extent that the work requirements, time limits, and sanctions ultimately have the effect of reducing cash benefits in some families, the financial hardships they experience could increase family stress and the chances for abuse and neglect. Importantly, some of the policy changes that are most likely to reduce family incomes have not yet taken effect, including the five-year time limit on cash assistance.

While it is still unclear how the welfare reforms will ultimately affect the well-being of children in CalWORKs families, the potential for increased family stress means it is essential to closely monitor families and provide targeted and coordinated support services, especially for those with high risk factors such as mental health problems or substance abuse. It is also important to develop and maintain strong coordination and collaboration between welfare and child welfare programs.

Increase in Child-Only Cases
One unanticipated consequence of welfare reform is the surprising increase in child-only cases in California and around the country. According to CDSS, child-only cases represented 34 percent of the caseload in 2000, the last year data are available, up from 21 percent of the pre-CalWORKs caseload. The percent of child-only cases in

Evaluating Welfare Reform
The 1996 federal welfare reform law led to extensive research on many facets of the law and its impacts, making it one of the most closely examined pieces of social legislation in recent decades.* Below are several of the California-specific research and evaluation projects and activities.

- The State of California contracted with RAND to conduct a multi-year evaluation of CalWORKs.
- The Welfare Policy Research Project, at the California Policy Research Center in the Office of the President of the University of California (UC), assumed the research and data collection responsibilities assigned to UC in the CalWORKs enabling legislation.
- The CalWORKs Research Study is a collaborative effort by the California Institute for Mental Health (CIMH), Children and Family Futures (CFF), and the Family Violence Prevention Fund (FVPF) to focus on the mental health, substance abuse, and domestic violence program elements of CalWORKs.
- In 2001, the CDSS Research and Development Division received a $250,000 competitive award from the federal Associate Secretary for Planning and Evaluation (ASPE) to study barriers to moving from welfare to work.

California is expected to increase as adults now on the program reach their 60-month time limit.

Little is known about the circumstances or well-being of children in these cases. Further research and analysis is needed to better identify the characteristics and home conditions of these children and the extent to which the children and families need specialized case management and/or support services.

**Child Care**

Child care is an essential element in a program focused on getting mothers of young children into the workforce. State and federal child care funding and service delivery have undergone substantial change in the wake of welfare reform. Despite higher state and federal spending on child care, most experts agree that there are still an insufficient number of child care resources available in most communities, especially for infants and preschoolers. Given the increasing fiscal constraints at all levels of government, state and local leaders are also debating the fiscal implications of providing child care to former recipients, once they are in the workforce and have exhausted their CalWORKs child care benefits.

At the same time, issues surrounding the availability and adequacy of child care for CalWORKs families parallel the concerns about child care in the larger population. These issues include, but are not limited to, availability and quality of care; compensation, training, and benefits for child care workers; coordination of services; staff turnover and shortages; limited care for children who are ill or have special needs; and limited off-hour care.

**Health Coverage**

Families that leave welfare are at high risk of becoming uninsured since the jobs they typically obtain do not have employer-sponsored health insurance. In its 1999 sample of welfare leavers, CDSS found that only 57 percent of those off welfare for less than 1 year reported having Medi-Cal coverage. However, the Medi-Cal Policy Institute also found that there was significant variation among counties in Medi-Cal enrollment, ranging from 18 to 78 percent of former welfare recipients. The differences suggest that counties vary in their ability to reach and enroll eligible former welfare recipients.

Declining state revenues have already seriously eroded state funding for Medi-Cal outreach and enrollment activities. County administrative budgets, including Medi-Cal administration, have been reduced, which may further affect the ability of counties to effectively enroll and retain all families eligible for Medi-Cal, including former welfare families. It will be critical to carefully monitor health coverage among welfare families and former welfare families as these cutbacks are implemented.

**Multiple-Needs Families and Coordinated Services**

Many of the families yet to obtain employment and move off welfare have the most significant barriers, and in many cases, face multiple barriers. A 1999 national study that reviewed potential barriers to employment among TANF recipients found that 78 percent of TANF recipients had one or more barriers, 44 percent had two or more, and 12 percent had three or more. These barriers include varying combinations of low education and job skills, learning disabilities, language barriers, significant health problems (both physical and mental), substance abuse, history with the criminal justice and/or juvenile justice systems, and domestic violence. Families with multiple barriers face unique challenges and often require a complex array of interventions and supportive services to assist them in obtaining and maintaining employment, including case management and coordinated services.

Most observers recognize that designing successful policies for multiple-needs families and committing sufficient, coordinated resources to help them move into stable employment is one of the most pressing challenges for welfare reform. Some believe that the success of welfare reform to date has been mostly because adults who already had some real employment potential were able to tap into the thriving economy. As the economic conditions change, it is possible that many welfare recipients, especially those from the most troubled families, will have greater difficulty securing jobs and moving off welfare.

**Conclusion**

The passage of federal welfare reform in 1996 set in motion an enormous shift in how welfare programs are administered, funded, and organized around the country and in California. The enactment and the implementation of TANF, and CalWORKs at the state level, have generated tremendous discussion, analysis, and debate. Volumes have been published at both the state and national levels on the details and the intricacies of the programs and the implications for children and families. Over the next year, CDSS is required to convene a working group to identify any changes needed in the CalWORKs program, including any changes that might result from the federal reauthorization process.

This Primer is intended to consolidate in one resource the overall program design and requirements of CalWORKs and to highlight some of the current issues under discussion. With the next phase of welfare reform on the horizon, this overview offers an opportunity for policymakers, social services professionals, and others who interact with CalWORKs to focus on and better understand the current program.
ENDNOTES


5 Available from California Department of Social Services website, http://www.dss.ca.gov

6 Personal communication, June 22, 2002, Sylvia Pizzini, Deputy Director of Children and Family Services Division, California Department of Social Services.


8 The information on CalWORKs funding was obtained from multiple sources: California Department of Finance, (multiple years), California Governor’s Budget; California Legislative Analyst’s Office, (multiple years), Analysis of the Budget; and CalWORKs-related publications available from California Budget Project website, http://www.cbp.org


ABOUT THIS PRIMER
Understanding CalWORKs: A Primer for Service Providers and Policymakers is one of a series of primers offered to assist practitioners and policy leaders in advancing their basic knowledge of complex social service systems. This Primer was funded by the Zellerbach Family Foundation and developed, along with a companion publication on the child welfare system, to support the CalWORKs/Child Welfare Partnership Project, which aims to coordinate welfare and child welfare programs in California. Kate Karpilow, Executive Director of the California Center for Research on Women and Families, serves as Project Director for the Primer Project.

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About CCRWF

The California Center for Research on Women and Families (CCRWF) is a division of the Public Health Institute. The flagship program of the Center is the CalWORKs/Child Welfare Partnership Project, funded by the Stuart Foundation and launched in partnership with the California Department of Social Services.

The mission of CCRWF is to provide information, facilitation, analysis, and policy options to help leaders improve the lives of women and families in our state and nation. To accomplish our mission, professionals at CCRWF typically work collaboratively with individuals from a wide variety of fields and backgrounds. Research, development of educational materials, facilitation, training, and convenings hosted by CCRWF often involve policymakers, researchers, managers of government-funded programs, nonprofit leaders, consumers, and community leaders. In addition to our commitment to collaboration and broad-based information gathering, professionals at the Center also have a strong commitment to translating research into action and recommendations into policy.

About the Author

Deborah Reidy Kelch, M.P.P.A., is the President of Kelch Associates. Ms. Kelch has extensive policy analysis and research experience. Since 1994, Kelch Associates has published numerous policy reports and research articles. Ms. Kelch offers clients effective research and grant-writing services, meeting planning and professional facilitation, organizational development, professional mentoring and strategic planning support. Kelch Associates works primarily with nonprofit organizations, foundations, and policy centers and has developed a specialized focus in providing strategic direction and organizational development services to emerging associations and collaborations. Ms. Kelch served as policy and fiscal consultant to the California Legislature for nearly 10 years between 1981 and 1990. Ms. Kelch received her B.A. in Political Science-Public Law from UCLA and her Masters in Public Policy and Administration from CSU, Sacramento.