Welfare Reform in California

State and County Implementation of CalWORKs in the Second Year

Jacob Alex Klerman
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LABOR AND POPULATION

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Prepared for the California Department of Social Services

LABOR AND POPULATION

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Preface

In response to national welfare reform legislation, California passed legislation on August 11, 1997, that replaced the existing Aid to Families with Dependent Children (AFDC) and Greater Avenues for Independence (GAIN) programs with the California Work Opportunity and Responsibility to Kids (CalWORKs) program. Following an open and competitive bidding process, the California Department of Social Services (CDSS), which administers CalWORKs, awarded a contract to RAND to conduct a statewide evaluation of the CalWORKs program.

This RAND report describes the implementation of CalWORKs in the two years following passage of the legislation in August 1997. In particular, it reports on fieldwork conducted from late March 1999 to early September 1999. This material is enriched by data collected as part of the All-County Implementation Survey (ACIS) fielded in October and November 1999 and a survey of caseworkers—the California Staffing Survey (CSS)—fielded in August and September 1999.

This report is the second of three sets of reports on the process of CalWORKs implementation. The first report (MR-1051-CDSS, *Welfare Reform in California: State and County Implementation of CalWORKs in the First Year*) and its corresponding executive summary (MR-1051/1-CDSS, *Welfare Reform in California: State and County Implementation of CalWORKs in the First Year*) was released in March 1999, based on fieldwork conducted from September to December 1998. The third report will be issued in February 2001. MR-1177/1-CDSS provides an executive summary of the results documented here.

This report draws on several data collection efforts documented more fully in supporting documents. Those documents include:

- RAND/MR-1178-CDSS, *Welfare Reform in California: Results of the 1999 CalWORKs Program Staff Survey*
- RAND/MR-1052-CDSS, *Welfare Reform in California: Results of the 1999 All-County Implementation Survey*

In addition to this process study, there is a parallel impact and cost-benefit study. Plans for those analyses were discussed in MR-1086-CDSS, *Welfare Reform in California: Design of the Impact Analysis*, and in MR-1086/1-CDSS, *Welfare Reform in California: Design of the Impact Analysis, Preliminary Investigations of Caseload Data*, which were released in February 2000. Early results from the impact analysis will be released in October 2000, with the second and final impact analysis report to be released in October 2001.

For more information about the evaluation, see http://www.rand.org/CalWORKs or contact:

Jacob Alex Klerman
RAND
1700 Main Street
P.O. Box 2138
Santa Monica, CA 90407-2138
(310) 393-0411, x6289
klerman@rand.org

Aris St. James
CDSS
744 P Street, MS 12-56
Sacramento, CA 95814

(916) 657-1959
astjames@dss.ca.gov

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Summary

Overview

This report describes the first two years of implementation of the California Work Opportunity and Responsibility to Kids (CalWORKs) program and the changes it has brought for welfare agencies and welfare recipients. The legislation changed the primary focus of California's welfare programs from providing cash aid to moving recipients promptly into the labor market and shortly thereafter off welfare. That change was to be accomplished through implementation of what we call the "CalWORKs WTW (welfare-to-work) model," according to which immediately following the approval of the aid application, nearly all recipients search for jobs in the context of Job Club. For those who do not find employment through job search, there follows an intensive assessment and a sequence of WTW activities to identify and overcome barriers to employment. Those activities could include supported work assignments; education and training; and treatment for mental health, substance abuse, and domestic abuse problems.

Although welfare agencies are making changes in goals and programs in response to CalWORKs, the late passage of the CalWORKs legislation delayed its implementation and compressed the time available for planning. The slow pace of implementation should have been expected, given the magnitude of the changes, but many had hoped for and expected a pace more responsive to recipients, whose lifelong clocks for welfare receipt tick away as welfare agencies incorporate the changes necessary to implement the CalWORKs WTW model.

The program activities of CalWORKs recipients differ from what appears to have been envisioned by the authors of the legislation. In particular, only 12 percent of mandatory WTW participants are actually involved in post-assessment WTW activities other than work. This is partly because some recipients have simply not reached post-assessment activities, given the slower than expected pace of CalWORKs implementation. For example, in most counties, some recipients were still in or awaiting Job Club at the end of our fieldwork in the summer of 1999. For them, post-assessment activities

were still a month or more away. In several of the larger counties, a sizeable proportion of recipients had not even reached Job Club as of the fall of 1999.

There are two other reasons so few recipients are involved in post-assessment activities. First, 31 percent of recipients are working—a desired outcome of the CalWORKs program. Second, another quarter to a third of recipients are noncompliant with the CalWORKs program. Some recipients have been formally sanctioned (11 percent), some have begun the statutory conciliation process (8 percent), and many are at some earlier stage.

Background

The Personal Responsibility and Work Opportunities Reconciliation Act of 1996 (PRWORA) fundamentally changed the American welfare system, replacing the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) program. In addition, PRWORA deliberately and decisively shifted the authority to shape welfare programs from the federal government to the individual states. California's response to PRWORA was the California Work Opportunity and Responsibility to Kids (CalWORKs) program—a "work-first" program that provides services to help recipients move from welfare to work and toward self-sufficiency. To encourage prompt transitions to work and self-sufficiency, CalWORKs also imposes PRWORA's lifetime time limits. Finally, CalWORKs devolves much of the responsibility and authority for implementation to California's 58 counties, increasing counties' flexibility and financial accountability in designing their welfare programs.

The California Department of Social Services (CDSS)—the state agency responsible for welfare—contracted with RAND for an independent evaluation of CalWORKs to assess both the process of implementation and its impact (or outcomes) at the state and county levels. This report focuses on state and county experiences in implementing CalWORKs over the last two-and-a-half years since the passage of the CalWORKs legislation.

To conduct the analysis, RAND staff relied on the following methods:

- Interviews with legislators and senior officials at the state level, intensive interviews with senior officials in six focus counties, and less intensive interviews in 18 follow-up counties. At the county level, this fieldwork also involved interviews with line workers (e.g., office directors, supervisors, and caseworkers) and limited observation of field office facilities and interactions.

- Two formal survey efforts: (1) The All-County Implementation Survey (ACIS), which collected information on the implementation of CalWORKs from all 58 counties and from the leadership of each of the non–County Welfare Department (CWD) Alternative Payment Providers (APPs) (who handle child care payments). (2) The CalWORKs Staffing Survey (CSS), which was mailed to approximately 150 caseworkers in each of the six focus counties and in 13 of the follow-up counties.
- Analyses of data derived from official statewide data systems, as well as analyses of some information from the six focus counties' individual-level eligibility and welfare-to-work (WTW) data systems.
- Review of the pertinent documents surrounding CalWORKs (e.g., All County Letters (ACLs)), reports to county Boards of Supervisors (BoS), and the relevant secondary literature (e.g., newspaper articles and government program reviews).

Status of CalWORKs Implementation

At different levels and in different ways, CalWORKs implementation has been characterized as too slow. Advocates have claimed that cases are moving through the system too slowly. Politicians, policymakers, and providers have complained about low levels of referrals to education and training, behavioral health treatment, and domestic abuse services. And the state as a whole and almost all the counties have failed to spend their basic allocations, in the dedicated funding streams, and their incentive dollars.

While most of these claims are correct, CalWORKs implementation is proceeding at about the pace that in retrospect should have been expected. In any organization, systemic change takes time, and implementing the CalWORKs WTW model requires major systemic change. Real systemic change has been evident in CDSS, in the allied state agencies, in the CWDs of the individual counties, and in the allied agencies and contractors at the county level.

State- and County-Level Implementation: Planning

Implementing the CalWORKs legislation required a sequence of steps. First, final legislation needed to be agreed upon and passed. Then, CDSS needed to translate the legislation into draft regulations and budget allocations. Finally, once the counties knew what the regulations would be and what funding they would receive, they could begin to plan. Throughout the

process, everyone was aware that recipients' "clocks were ticking" toward their time limits as of January 1998.

Unfortunately, the first step—passing the legislation—occurred later than in most other states, which meant that the subsequent planning was delayed and circumscribed. CDSS moved expeditiously to issue implementing ACLs that would serve in place of regulations and to update them regularly; however, this process led to a number of ambiguities in the regulations, which in turn led to problems for the counties in implementing CalWORKs. For example, there were misunderstandings about what constituted "enrollment," about when the 18/24-month time limits should begin to tick, and about who should sign WTW plans. The interaction of California's plans with federal regulations also raised issues, including ambiguity about the conditions under which WTW activities are considered employment covered by minimum wage regulations, about how California should handle the two-parent WTW requirements, about the definition of "needy families," and about simplification of eligibility procedures.

County-Level Implementation: Gearing Up for CalWORKs

CWDs had tracked the legislative debate, and many had begun serious planning before the final legislation passed and the implementation ACLs and emergency regulations were issued. Nevertheless, some decisions had to await the passage of the final legislation and the issuance of some state guidance. Counties knew that they would need to have sufficient capacity to implement the new programs. Estimating the workload the new system would impose involved knowing what procedures would be required by legislation and what funding they would have for implementing the new program.

Estimating the workload was not a trivial task for the counties. There had been a sharp drop in caseloads in the years immediately preceding and following the passage of the CalWORKs legislation. This led many observers, including many members of county BoS, to believe that CWDs could cut staff.

However, careful consideration suggested a very different conclusion. In the intermediate term, the CalWORKs WTW model implied more intensive service delivery than under AFDC/GAIN. First, the new legislation imposed more requirements for eligibility (e.g., immunization, school attendance requirements, vendor-voucher payments, and time limits). The new model also implied that more recipients would be working, which the improving

economy also reinforced. While nonworking recipients usually require little attention between annual recertifications, working recipients require monthly recording of earnings and near-monthly recomputation of benefits. Second, in contrast to the historically small and underfunded GAIN program, the CalWORKs program envisioned nearly universal and intensive interventions to move recipients into the labor force—interventions that would require more staff or contractors. Third, the CalWORKs legislation described and provided additional funding for a range of services—child care; transportation; education and training; and treatment for alcohol and substance abuse, mental health, and domestic abuse. Someone needed to arrange for these services. Thus, in the intermediate term, this massively increased workload per case more than compensated for any decline in the number of cases.

In the short term, the workload was even larger. The discussion of the previous paragraph applies to the workload for the new cases that came onto aid since the CalWORKs implementation began in the spring of 1998. However, CalWORKs legislation did not allow CWDs to ignore the "old cases" on the rolls as of January 1998. The legislation required that these older cases be enrolled in CalWORKs by the end of 1998 and that they also receive the same CalWORKs services as the new cases receive. Thus, in addition to processing new cases, CWDs needed to develop a plan that would allow them to promptly move all the old cases through the system. Simple calculations suggest that this workload surge would be about twice as large (and sometimes four times as large) as the number of new cases a CWD would expect to process in the intermediate term.

CWDs thus faced the dual challenge of expanding their capacity to handle the new, higher, steady-state workload and handling the much larger one-time surge of old cases. For any organization, this would have been a significant management challenge. For government agencies that adapt more slowly to change and do so only after inclusive planning involving community partners and advocates, the challenge was even greater. For CWDs in the CalWORKs case, the challenge was further increased by the need to build capacity simultaneously with program design and institutional reorganization and to do so under the ever-present shadow of time limits. Under these circumstances, the counties had little time for careful planning.

Given the ticking time-limit clocks, the increased intermediate-term workload, and the initial surge in workload, counties needed to make a set of strategic choices about capacity. These choices could be broadly characterized as (a) hire more in-house staff, (b) contract out (outsourcing), or

(c) "tough it out" (do neither). The choices were not mutually exclusive. For different parts of the workload, counties chose (or combined) different strategies.

Once the counties had chosen a strategy, the strategy had to be implemented. If a county decided to add staff in-house, that decision needed to be approved by the county's BoS, and the staff needed to be hired and trained according to regular personnel procedures. Moreover, the process had to be repeated (perhaps several times) to backfill positions that became open as lower-level CWD employees moved up to newly opened better-paying positions. In counties that chose to hire more staff, county expenses would not rise commensurately until the new staff were hired and began training. Furthermore, the new staff would not be able to help with the workload until they had completed training and would not be fully effective until several months thereafter. In most counties, the effects of this new hiring did not affect expenditures until state fiscal year 1998/99 and did not help with the workload until the middle of the fiscal year. As of early state fiscal year 1999/2000, many counties were still backfilling positions.

If a county decided to contract out some of the work, implementing that strategy also required significant management efforts and calendar time. In many places, outsourcing proceeded faster than hiring new staff, but in no place was it instantaneous. Some counties had appropriate GAIN contracts in place with which they were satisfied and could easily increase their capacity. These counties could and often did simply extend and expand existing contractual relationships.

In most counties, however, CalWORKs represented a major change. As with hiring new staff, putting new contracts into place required time. Requests for proposal (RFPs) had to be written, approved, and publicly issued. Contractors needed time to write their proposals, and CWDs had to form review committees and then formally review the proposals received. Once the review process was completed, CWDs had to finalize contracts and handle any legal challenges to the outcomes of their contracting process. Then, contractors had to acquire space and hire and train staff. Simultaneously, CWDs and their contractors had to work together to develop procedures for handing off cases and for "data handshakes" to allow CWDs to track the progress of cases in the hands of contractors. Finally, CWDs had to put into place a new or enlarged contract monitoring operation. When initial contractors' performance proved unacceptable, the process had to be repeated. In practice, some contractors were in operation in the spring of 1998; more, in the summer and fall of 1998; others, not until well into 1999.

The timing of these two steps—planning and capacity building—explains much of the slow pace of CalWORKs implementation. While CDSS and the CWDs aggressively overlapped their planning efforts, firm decisions on capacity building could not be made until the legislation was finalized and the emergency regulations and initial funding allocations were published. From that point, it would take time to develop sufficient capacity—a year or more for new employees, perhaps a few months less for new contracts.

County-Level Implementation: Street-Level Implementation of CalWORKs

With staff and contractors in place, counties could begin the process of moving their caseload—both new cases and old cases—through the steps of the CalWORKs model. For most counties, enrollment—simply mailing a recipient a letter informing her[1] of the date of her first CalWORKs appointment by the statutory deadline of December 31, 1998—proved a challenge. Some counties had enrolled almost all of their cases by the middle of 1998 and had begun moving their caseload through the next steps—appraisal, Job Club, assessment, and signing a WTW plan. For most counties, enrollment by the end of 1998 was achieved only with difficulty (and, in at least two cases, not until after the deadline). First appointments for appraisals did not begin in volume until mid-1998. Job Club did not proceed in volume until late 1998 and early 1999. Assessment and the signing of WTW plans did not begin in volume until mid-1999. Furthermore, several counties still had a large backlog of cases awaiting Job Club as of the fall of 1999.

Because the processing of participants through the steps of the CalWORKs WTW model could not occur until planning was finished and the capacity to handle the flows was in place, it is not surprising that only a few participants entered the later WTW activities, or that counties had large unspent surpluses in state fiscal year 1998/99. No matter what the plans of the CWD, until the new capacity was in place, expenditures would not rise.

The timing implied by the preceding discussion suggests that the third year since the passage of the CalWORKs legislation (beginning October 1999) will be very different from the year before. In most counties, the surge of old

[1]Throughout this document, for rhetorical simplicity, we refer to aid recipients as female, because although a significant number of recipients are male, most adult recipients are female. Unless we explicitly state otherwise, we mean to include male recipients even when a female pronoun is used.

cases has passed appraisal and Job Club. Those operations are now settling down to their steady-state scale, which is larger than under GAIN, but smaller than it had been in CalWORKs' second year. Toward the end of the second year and the beginning of the third year, those who did not find jobs by the end of Job Club were being assessed and signing WTW plans. Now that new staff and new contracts are in place, referrals to education, training, and behavioral health treatment—the more expensive WTW activities—should increase. However, because of the delay in signing WTW plans, large numbers of expirations of the 18/24-month time limits and the requirement for community service slots are issues for calendar year 2001 and beyond.

These findings about the pace at which counties implemented their CalWORKs programs—i.e., how fast they moved recipients from enrollment to appraisal to Job Club, and then, for those who did not find jobs, to assessment, to the signing of a WTW plan, and to post-assessment WTW activities—have important implications for this evaluation's parallel impact analysis and, in particular, for understanding the caseload decline. California's welfare caseload has dropped by a third from its peak in March 1995 to early 1999. Half of that decline occurred before the CalWORKs legislation passed, and another third occurred in August 1999, when Job Club attendance in volume began. This early decline is likely due to some combination of pre-CalWORKs welfare reforms, recipient choices in reaction to the new message (work-first, broad participation requirements, time limits), and the economy. In all but a few counties, specific effects of the new CWD CalWORKs programs will not be manifested until at least early 1999, and in some counties and for some programs not until even later.

County-Level Implementation: Services

As mentioned above, the CalWORKs legislation mandated support services—child care and transportation; education and training; and treatment for alcohol and substance abuse, mental health, and domestic abuse—that often satisfied the participation requirement.

Recipients need child care to be able to participate in CalWORKs. Our evaluation shows that the three-stage child care system in place is far from seamless. To accommodate CDSS, which emphasized the importance of prompt availability of child care to enable adults to participate in WTW activities, control over initial child care was given to CDSS. To accommodate the California Department of Education (CDE), which believed that if child care is of sufficiently high quality, it could offer long-term benefits in terms of

child development and education; control over later child care was given to CDE. The result was and remains a cumbersome three-stage system, with two different state agencies, two different funding streams, and (at least at the outset) inconsistent rules. CDSS and CDE have worked together to improve the integration of the three stages across the responsibility of the two agencies, but some issues remain. While there were unspent funds at the state level, at the county level there continue to be reports of insufficient funding at Stages 2 and 3. At least part of the problem appears to be the mechanisms for estimating needed funds and then distributing the funds to intermediaries (such as county welfare departments and alternative payment providers). After the end of our field period, major changes were made in estimation and distribution of funds. These changes have the potential to significantly improve the situation. We will explore the changes and their effects in next year's report.

At the county level, some counties experienced significant problems in scaling up their child care operations and those of their contractors with CalWORKs. To promote integration and simplify the process for recipients, many counties chose to outsource Stage 1 to the agencies already handling Stage 2 and Stage 3. While there are no official reports of recipients unable to participate in activities because of lack of child care, such child care issues as off-hours, sick child, and job location continue to be significant concerns in many counties.

Referral rates are low in other noncore WTW activities (e.g., education and training, and treatment for mental health, substance abuse, and domestic abuse). This is partly because in a work-first program, referrals to other services are not likely until the assessment stage; when the job market has deemed a recipient unemployable. Through much of 1999, there were significant delays in moving participants through the steps of the CalWORKs WTW model. As more recipients reach the assessment stage—where their need for education, training, or behavioral health should be identified—we expect to see more referrals. In addition, some counties are modifying their programs to screen participants aggressively before and after Job Club.

Issues for Further Consideration

As the counties' CalWORKs programs continue to mature in the coming year, there are a series of issues worthy of further consideration. We raise these issues and, when appropriate, discuss what may be promising ways to address them based on our field experience.

Combining Eligibility and WTW Operations

The implementation of CalWORKs provided CWDs with the opportunity to reorganize, particularly in terms of how they combine eligibility and WTW operations. Counties have generally chosen to either keep the operations separate (as was mainly the case under GAIN) or completely merge the operations (assigning both eligibility and WTW responsibilities to a single worker). Our fieldwork suggests caution about choosing either extreme. Keeping the operations separate means that there is a need for workers on one side to hand off recipients to workers on the other side, which creates opportunities for participants to "fall through the cracks" and requires separate appointments. While merging operations reduces these problems, it raises another concern. The combined job may simply be too big, requiring too much training and knowledge of too many substantive areas. Instead, some intermediate approach may be worth considering. Such an intermediate approach might include having a single pre–Job Club worker who would keep those tasks that can be easily done by one worker and delegate those jobs requiring specialized knowledge (e.g., performing assessments or developing WTW plans) to a specialized worker or to several specialized workers who report to a single supervisor or program manager.

Pace of Implementation Through the Sequence of Activities

While counties are making progress in moving both old and new cases through the system as of the fall of 1999, several counties have significant backlogs. In some counties, including several of the largest ones, many cases are stuck at the early stages of the CalWORKs sequences of activities. If this trend continues, in some counties even many compliant recipients will spend a third (perhaps half) of their five-year lifetime time limit before signing their WTW plans. Similarly, for new recipients, the time from approval of the case to first post-assessment WTW activity often appears to be much longer than the possible ten-week schedule. This appears to be considerably longer than was intended by the authors of the legislation and longer than recipients might reasonably have expected. Furthermore, such long delays undermine the CalWORKs message that with time limits there is an urgency in pursuing job search efforts.

In principle, the problem is fixable. County welfare departments need to have sufficient capacity—employees and contractors—at each stage. Fixing the problem is likely to require careful monitoring of where each case is in the sequence of activities. This in turn requires the ability to track case status

information electronically, for every recipient, in real time. California and its counties appear to be making slow progress toward developing data systems to allow such monitoring.

"Pure" Versus "Modified" Work-First Approach

The CalWORKs WTW model is work-first; that is, almost everyone is referred first to Job Club. If the recipient fails to find work through Job Club, an intensive screening for the barriers to finding work (such as a learning disability or the need for behavioral health services) is scheduled during the assessment stage. Recently, however, a combination of factors seems to be pushing CDSS and many counties toward a "modified" work-first approach that screens for barriers to work before, not during, the assessment. These factors include (1) the realization through experience that the pure work-first approach does not always succeed, (2) with the maturing of the implementation effort, CWDs now have the time and resources to develop a more nuanced system, (3) a robust economy keeps the more easily served potential recipients from ever entering aid (or staying on aid for very long), (4) subtle changes are occurring in the direction provided by CDSS, and (5) the shifting mix of participants means that some harder-to-serve cases that had been noncompliant are now participating. These trends should be monitored over the coming year.

Outcomes-Based Management

CalWORKs represents a fundamental change in the CWD mission. Under AFDC, the CWD's primary task was the correct computation of the grant. Under CalWORKs, this task remains; however, the scale and importance of another task—to help almost all recipients become employed and, shortly thereafter, achieve self-sufficiency and leave cash aid—has increased. The latter task had been present under GAIN, but under CalWORKs the share of recipients affected has increased sharply, the effort has intensified, and the sequence of activities and funding levels has changed. This shift is emphasized by federal participation requirements and federal and state performance bonuses.

This change suggests a fundamental shift in management strategy. Under CalWORKs, managers have to manage not only how well caseworkers perform eligibility functions but also how well they perform WTW functions. While managing eligibility functions is a fairly straightforward task of

monitoring caseworker actions through auditing of caseworkers' case files, managing WTW functions is far more complicated.

Some WTW activities can be monitored through review of case files. Are cases moving promptly from approval to Job Club? Are those participants who do not find a job moving promptly to assessment, to signing a WTW plan, and to post-assessment WTW activities? Are there long gaps between post-assessment WTW activities? Are noncompliant cases moving promptly through the conciliation process to sanction and vendor-voucher payment? Are enough cases being referred to treatment for mental health, substance abuse, and domestic abuse?

However, these are only intermediate goals. The true goals of WTW functions are employment and self-sufficiency. It is possible that the case files are in order and activities are occurring promptly, but that the casework is nevertheless inappropriate and ultimately ineffective.

There is no explicit book of regulations defining what a caseworker should do to help the recipient achieve employment and welfare exit. It is, therefore, not possible for supervisors to manage WTW caseworkers by auditing case files to verify that correct (or even appropriate) actions were taken. Furthermore, many of the actions (e.g., listening carefully to and encouraging the recipient) are not recorded in the case file. However, rather than managing caseworker *actions*, supervisors can monitor caseworker *outcomes*. Which caseworkers are placing more cases in jobs? Which caseworkers have more welfare exits? These outcomes of caseworkers' actions are observable. In fact, they can be found in the case file. While some cases are harder than others, as long as cases are randomly assigned to workers, such comparisons will be valid over several months.

This approach requires a fundamental shift in management style, one that entails identifying appropriate outcomes, measuring those outcomes promptly and accurately, attributing them to a single individual or small group, and motivating workers to improve their performance as measured by the specified outcomes. Doing this in practice is difficult, because it requires changes in worker culture and improvements in capable data systems. Some counties were doing it under GAIN, and the payoff to doing so appears large.

Dealing with Noncompliance

While some evidence suggests that compliance rates have increased since last year, it continues to be true that a third or more recipients who are instructed to participate in an activity fail to do so. Noncompliance has many causes, ranging from CWD deficiencies to willful noncompliance. Home visits appear to be a useful strategy for dealing with the problem. Through home visits, some reluctant and fearful noncompliers can be better induced to comply, some CWD deficiencies can be identified and ameliorated, and some potential cases of fraud can be identified.

When counties determine that the noncompliance is willful, they may impose sanctions. However, both senior CWD officials and caseworkers have expressed concern that the statutory adult-only sanction does not have the desired effect of discouraging willful noncompliance. While there are concerns about how a full-family sanction would affect children, the high rates of noncompliance experienced by the counties suggest that the state might want to consider whether—after a sufficiently long period of noncompliance and after good-faith attempts through home visits—a full-family sanction would be more effective for the CWD. A randomized experiment of home visits and/or full-family sanctions, with close monitoring of child outcomes, is worthy of serious consideration.

Post-Employment Services

Many participants have found jobs through Job Club and are working, but the jobs often do not pay enough to move recipients off aid and toward self-sufficiency. Providing post-employment services (PES), including more intensive case management and concurrent education and training, is part of the CalWORKs WTW model. However, PES is a county option and is available for only one year after leaving aid, and some counties are not offering PES.

Counties are still exploring the design of PES programs. Several challenges have emerged. First, the Riverside County GAIN results suggest that even a program that gets recipients into the labor market—"any job"—does not, by itself, get recipients onto a rising escalator toward better jobs and higher pay that will soon get them off aid. Additional intervention programs such as PES appear to be needed. Second, a randomized trial of an intensive case management experiment (in Riverside County and in other counties nationwide) showed there was no measurable effect of a casework-based PES

on employment or exit from aid. Third, concurrent work with education and training does not appear feasible in many cases: A single mother raising one child (or several children) alone and working full time, often on an irregular work schedule, is not likely to be able to go back to school, especially if child care is not provided or is unavailable. Finally, many counties offering PES report little recipient interest. As such services are likely to be necessary to move recipients toward self-sufficiency, more study is warranted, starting with identifying promising program models—such as those currently in counties that encourage combining work and school—and rigorously evaluating them.

Child Care

As mentioned above, the child care system in place has problems. Through the end of our fieldwork, there were persistent reports of poor communication between CDSS and CDE and insufficient funding (despite unspent funds at the state level). After the close of our field period, we learned of new efforts by CDSS and CDE and proposals for state fiscal year 2000/01 that have the potential to improve the situation. We will return to these issues in the fieldwork for the coming year.

Beyond the problems with the three-stage system, there is the issue of reexamining child care policy and funding in light of a possible broader mandate to extend child care to the working poor in response to the expanded definition of "needy families" brought forth by the final federal regulations, current federal funding levels, and Proposition 10 funds. Expanding the mandate could be very expensive, much more expensive than the current CalWORKs child care system. However, the current system raises the serious equity issues of why the state offers child care subsidies to all those who have been on aid, but only to a limited number of those who have not been on aid. For the state fiscal year 2000/01, Governor Gray Davis has promised a reexamination of these issues, the outcome of which we will explore in next year's report.

Behavioral Health

Although there were reports prior to CalWORKs that a large percentage of welfare recipients had serious substance abuse or mental health problems and that domestic abuse was common, referrals to these programs have been considerably lower than expected. There are several reasons for this. First, in a work-first program, referrals would be expected primarily during the

assessment stage, which occurs after failure to find a job in Job Club, but many recipients had not yet reached that point as of the fall of 1999. Second, those who may need treatment are reluctant to self-identify. Finally, CWD procedures were not always designed to elicit self-revelation. Now, with more recipients reaching the assessment stage, more attention is being focused on these issues, and several counties have procedures in place that appear worthy of careful consideration by other counties seeking to increase behavioral health referrals.

Final Thoughts

We are now more than two years into the implementation of CalWORKs. Implementation is proceeding more slowly than some observers had hoped, but about as fast as could realistically be expected in most counties.

During CalWORKs' third year, county programs will move into a new phase. From a management perspective, counties will need to move from an emphasis on putting an initial program in place to an emphasis on refining the program to achieve the best possible outcomes. Doing so will often require a combination of program revisions, new approaches to management, and massively reworked computer and data systems.

CDSS and the counties begin work on these tasks from a solid base. The changed operating philosophy embodied in the CalWORKs legislation has stimulated real cultural change in CDSS and in the counties. For many reasons, caseloads have declined and continue to decline at about one percent per month. This caseload decline both provides an aura of success. It also frees up program resources, which can be used to develop new initiatives and to help those who are not successful despite participation.

Nevertheless, the task before CDSS and the counties is daunting. Over the next few years, they need to show that their programs can continue to contribute to the caseload decline and that those leaving aid are better off. Furthermore, they need to do so quickly. For recipients, the 18-, 24-, and 60-month clocks are ticking. For the state as a whole and for the individual counties, the federal PRWORA legislation will be up for renewal in less than two years, and it seems likely that the CalWORKs legislation will be modified in response to changes in the federal statute. It is too early to predict what changes will be enacted at that time, but it seems likely that funding will be considerably tighter. Thus, the next few years provide both a challenge and an opportunity.

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Abbreviations

AB	Assembly Bill
ABE	Adult Basic Education
ACCT	Ancillary Child Care and Transportation Team
ACF	Administration for Children and Families
ACIN	All-County Information Notice
ACIS	RAND's All-County Implementation Survey
ACL	All-County Letter
ADA	Average Daily Allowance
ADC	Aid to Dependent Children
ADP	Alcohol and Drug Programs
AFDC	Aid to Families with Dependent Children
AOD	Alcohol and Other Drug
APP	Alternative Payment Provider
ARCC	At-Risk Child Care
BDI	Beck Depression Inventory
BoS	Board of Supervisors
CADDS	California Alcohol and Drug Data System
CADPAAC	County Alcohol and Drug Program Administrators Association of California
CalWORKs	California Work Opportunity and Responsibility to Kids Act of 1997
CBO	Community-Based Organization
CCDBG	Child Care and Development Block Grant Act of 1990
CCDF	Child Care Development Fund
CDADP	California Department of Alcohol and Drug Programs
CDE	California Department of Education
CDMHS	California Department of Mental Health Services
CDSS	California Department of Social Services
CDT	California Department of Transportation
CEWR	Coalition of Ethical Welfare Reform

CFL	County Fiscal Letter
CFS	CDDS's Child and Family Services
CMHDA	California Mental Health Directors Association
COLA	Cost-of-Living Allowance
CPOC	Chief Probation Officers of California
CPS	Child Protective Services
CLASP	Center for Law and Social Policy
CS	Community services
CSAC	California State Association of Counties
CSAT	Center for Substance Abuse Treatment
CSS	RAND's California Staffing Survey
CW	Combined Worker
CWD	County Welfare Department
CWDA	California Welfare Directors' Association
CWEX	Community Work Experience
CYSA	Comprehensive Youth Services Act
DADP	State Department of Alcohol and Drug Program
DARS	Domestic Abuse Resource Specialists
DATAR	Drug and Alcohol Abuse Treatment Access Report
DHHS	U.S. Department of Health and Human Services
DHS	Department of Health Services
DoL	U.S. Department of Labor
DoT	U.S. Department of Transportation
EDD	Employment Development Department
EDI	Electronic Data Interchange
EITC	Earned Income Tax Credit
ESL	English as a Second Language
EW	Eligibility worker
FLSA	Fair Labor Standards Act (minimum wage law)
FSA	Family Support Act of 1988
FFY	Federal Fiscal Year
FTB	Franchise Tax Board
FTA	Federal Transportation Administration
FY	Fiscal Year

GAIN	Greater Avenues for Independence (training program)
GAO	General Accounting Office
GED	General Equivalency Diploma
GIS	GAIN Information System
H.R.	House Resolution
IAC	Interface Advisory Committee
ICCM	Initial Contact Case Managers
ISAWS	Interim Statewide Automated Welfare System
JARC	Jobs Access/Reverse Commute Grant
JESD	Job and Employment Services Department
JOBS	Job Opportunities and Basic Skills (training program)
JS	Job Specialist (WTW/GAIN worker)
JTPA	Job Training Partnership Act
LAO	State of California Legislative Analyst's Office
MDRC	Manpower Demonstration Research Corporation
MEDS	MediCal Eligibility Determination System
MOE	Maintenance of Effort (requirement)
MoU	Memorandum of Understanding
MPO	Metropolitan Planning Organization
MQs	Minimum Qualifications
NICHD	National Institute of Child Health and Human Development
NoA	Notice of Action
OJT	On-the-job training
PACE	Policy Analysis for California Education
PES	Post-Employment Services
PIC	Private Industry Council
PoC	Point of Concern
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act of 1996
QC	Quality Control
QR	Quarterly Reporting
R&R	Research and Referral
RA	Regional Advisor

RFP	Request for Proposal
ROP	Regional Occupation Program
SAPT	Substance Abuse Prevention and Treatment
SARB	School Attendance Review Board
SASSI	Miller Substance Abuse Subtly Screening Inventory
SAWS	Statewide Automated Welfare System
SAWS-TA	Statewide Automated Welfare System—Technical Architecture
SB	Senate Bill
SDA	Service Delivery Area
SEC	Section
SFAG	State Family Assistance Grant
SIP	Self-Initiated Program (of education)
SSI	Supplemental Security Income
SSP	Separate State Program
TAD	Temporary Assistance Department
TANF	Temporary Assistance to Needy Families
TCC	Transitional Child Care program
TEA-21	Transportation Equity Act for the 21st Century
UI	Urban Institute
WCDS	Welfare Case Data System
WIA	Workforce Investment Act
WIC	California Welfare and Institutions Code
WID-TIP	Welfare Data Tracking Implementation Project
WIN	Work Incentive program
Work Pays	California's Assistance Payments and Work Pays Demonstration Project
WtW	U.S. Department of Labor Welfare-to-Work grants
WTW	Welfare-to-Work programs
YMCA	Young Men's Christian Association

1. Introduction

Background

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) fundamentally changed the American welfare system. It replaced the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance to Needy Families (TANF) program, mandated high participation rates in welfare-to-work (WTW) activities, imposed a five-year lifetime limit on cash aid receipt, and devolved considerable additional discretion to the states. To allow the states to exploit the increased discretion, the legislation converted federal funding of state welfare programs into a block grant free of most of the federal restrictions that had constrained their AFDC programs.

California was among the last states to reform its welfare system. The state's Thompson-Maddy-Ducheny-Ashburn Welfare-to-Work Act of 1997 was not enacted until a year after PRWORA, on August 11, 1997. That legislation replaced AFDC with the California Work Opportunity and Responsibility to Kids (CalWORKs) program. CalWORKs is a "work-first" program that provides support services to help recipients move from welfare to work and then toward self-sufficiency. As required by PRWORA, CalWORKs includes a 60-month lifetime time limit on the receipt of cash assistance. However, it also includes a strong safety net: Although California will stop paying the adult portion of the grant (19 percent for a family of three), after the 60-month time limit, the state will continue the much larger children's portion of the grant. Finally, the legislation significantly increases counties' flexibility and financial accountability in designing their welfare programs.

The California Department of Social Services (CDSS) and California's 58 counties moved promptly to implement their CalWORKs programs in the final months of 1997 and the early months of 1998. CDSS wrote Guidelines to serve in place of regulations, and county boards of supervisors (BoS), senior county welfare department (CWD) staff, and the interested public worked together to define a new vision for welfare programs, both in terms of general goals and specific decisions about how to implement those goals by changing the organization of the welfare department and its programs. Calendar year 1998 was spent

implementing the many changes laid out in county plans and struggling to move the existing caseload through the earliest steps of the new program. Calendar year 1999 was spent moving the cases through the WTW sequence of activities.

By the end of calendar year 1999, the initial surge of planning and implementation was completed. In most counties, programs, new structures, and staff were in place at the much larger scale needed to handle the existing caseload and the requirements of the new legislation.

Objectives of This Report

This report describes state and county implementation of CalWORKs through late 1999. Among the implementation issues considered are

- How did the state and counties deal with the short deadlines required by the late state legislation?
- What were the crucial state-level policy issues?
- How have counties used their new flexibility to design programs that address local concerns?
- To what extent are these programs structured to focus efforts on the outcomes specified in the legislation—providing work, lowering caseloads, moving toward self-sufficiency, and improving child outcomes?
- How have recipients actually moved through the program steps?
- How are support services arranged? To what extent are they being used?

Methods

The analysis reported in this document reflects a multi-method exploration of the implementation of welfare reform and its subsequent outcomes. Appendix A provides more information on our methods, as well as references to supporting documents with detailed descriptions of our methods and results. Here, we discuss our methods briefly.

Field interviewing was the primary method for collecting the information presented in this report. The process analysis team conducted its fieldwork at the state level (at CDSS, at allied state agencies, with state-level advocates, and with interest groups). This was done intensively in six "focus counties" (six to ten days per county) and less intensively in 18 "follow-up counties" (one to two days per county). Figure 1.1 graphically identifies the six focus counties and 18 follow-up counties.

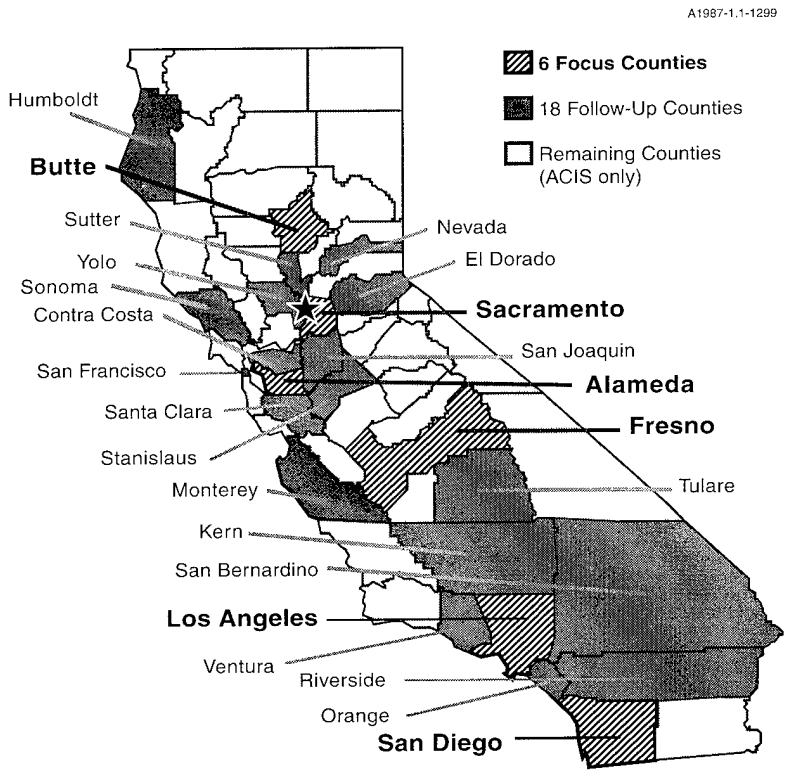


Figure 1.1—Six Focus and 18 Follow-Up Counties

Fieldwork in the counties involved interviews with upper management (senior CWD and county officials), line workers (office directors, supervisors, caseworkers), and limited observation of field office facilities and CWD staff-recipient interactions. Appendix A also provides a general discussion of who was interviewed at each level and an overview of the structured interviews we conducted.

This fieldwork was supplemented by two formal survey efforts. First, repeating a similar effort in the fall of 1998, an All-County Implementation Survey (ACIS) was mailed to the director of the CWD in each of the state's 58 counties in August 1999. Another survey instrument was mailed to the leadership of each of the non-CWD Alternative Payment Providers (APP), who handle child care payments. The 1999 ACIS will be followed by a third such effort in the summer of 2000. Further details on the ACIS can be found in Appendix A and in RAND MR-1052-CDSS, *Welfare Reform in California: Results of the 1999 All-County Implementation Survey*.

Second, the CalWORKs Staffing Survey (CSS) was mailed to approximately 150 caseworkers in each of the six focus counties and in 13 of the 18 follow-up

counties in August 1999. Further details on the CSS can be found in Appendix A and in RAND MR-1178-CDSS, *Welfare Reform in California: Results of the 1999 CalWORKs Program Staff Survey.*

The fieldwork and surveys were augmented with analyses of data derived from official data systems. The counties report caseloads (CA 237/CW 237), aid payments (CA 237/CW 237), expenses (CA 800, County Expense Form), and the status of recipients in the WTW program (GAIN 25/WTW 25) to the state on official monthly or quarterly forms. Counties report individual-level information on who is receiving aid in the MediCal Eligibility Determination System (MEDS). In addition to drawing from these data, we used some information from the six focus counties' individual-level eligibility and WTW data systems.

These fieldwork, survey, and data analysis efforts were supplemented by our review of written documents. In particular, we reviewed the CalWORKs emergency regulations, CDSS's implementing and clarifying All County Letters (ACLs), County Fiscal Letters (CFLs), and All County Information Notices (ACINs). We also read the official County Plans, the county Notices of Action (NoA), county policies and procedures, and reports to BoS and senior CWD management.

Finally, we surveyed the secondary literature, including newspaper and magazine articles; government program reviews (e.g., those from the U.S. General Accounting Office (GAO), U.S. Congressional Budget Office (CBO), California Legislative Analyst's Office (LAO)); the academic and policy literature on welfare reform (e.g., the Urban Institute, Manpower Demonstration Research Corporation (MDRC), Joint Center for Poverty Research, Mathematica Policy Research, California Budget Project; various scholarly journals); and relevant public management and social science literature.

In considering the results, the timing of the fieldwork, survey completion, and other activities should be kept in mind. The bulk of the fieldwork at the state and focus-county levels was conducted between April and July 1999, and at the follow-up county level between July and August 1999. CalWORKs programs are still evolving; thus some of the description presented here will inevitably be out of date by the time the review and publication processes are completed.

A Theoretical Perspective on the Implementation Process

This document and the fieldwork and analysis that underlie it is informed by our view of the implementation process. Before examining CalWORKs

implementation in the balance of this report, we take a step back here to present some perspectives on implementation.

A Linear View of the Welfare Reform Implementation

Figure 1.2 presents a simple, linear view of the implementation of welfare reform legislation within a federal system of government. At the top of the figure, Congress and the president jointly enact federal legislation (in our case PRWORA 1996) to address a problem (welfare dependency) and to improve a set of ultimate outcomes (caseloads, self-sufficiency, child well-being) that are shown at the bottom of the figure.

Implicit in most such legislation is a characterization of a social problem and a causal theory of its sources and how it can be improved. In the case of PRWORA, the problem is long-term welfare dependency and the birth of children to unwed mothers. The causal model implicitly posits that a lifetime entitlement to cash assistance enables long-term welfare dependency, discourages work, and encourages the formation of families out of wedlock. Furthermore, while families may need cash assistance, if this cash assistance is provided on a strictly temporary basis and is combined with time limits and aggressive support services, the combination will enable almost all families to achieve self-sufficiency.

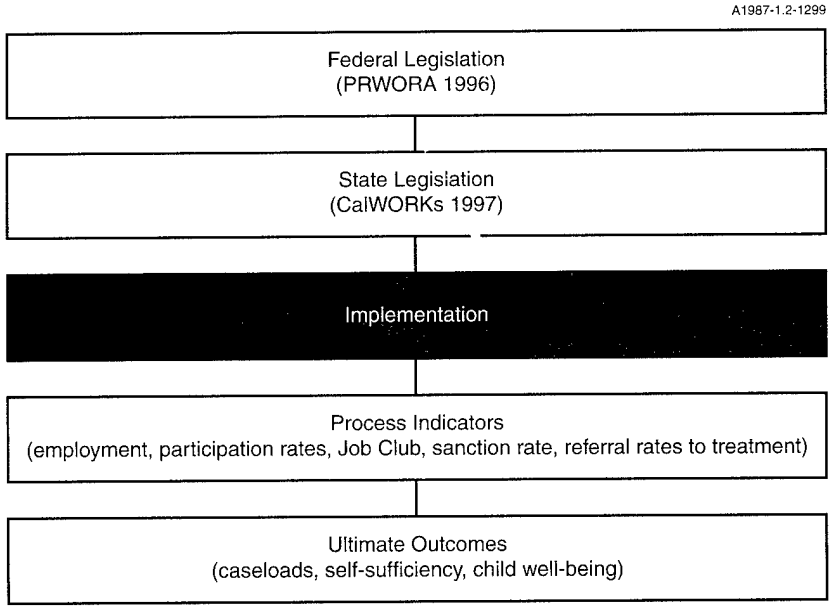


Figure 1.2—A Linear View of Welfare Reform Implementation: From Legislation to Outcomes

In our federal system, national legislation is often written leaving considerable discretion to the individual states. PRWORA is a leading example of such deliberate devolution of discretion to the states. In California, the 1997 CalWORKs legislation exploited this discretion to specify the activities and services to be provided in some detail. In particular, the legislation specified program components—the flows through which we use as the process indicators (shown in Figure 1.2)—that include employment, participation rates, Job Club, enrollments, sanction rate, and referral rates for treatment to behavioral health providers.

Between the state legislation and these process indicators is the "black box" of implementation shown in Figure 1.2. We characterize this black box as shown in Figure 1.3. The process of implementation involves multiple organizations: CDSS/the CWDs, other government agencies, for-profit firms, community-based organizations (CBOs), and other nonprofit organizations (the horizontal dimension shown in Figure 1.3). It also involves multiple levels of each implementing organization: senior leadership in the CWD, supervisors, caseworkers/service providers, and aid recipients (shown along the vertical dimension in Figure 1.3). Finally, these processes are replicated within each of California's 58 counties (the geographic dimension shown in Figure 1.3).

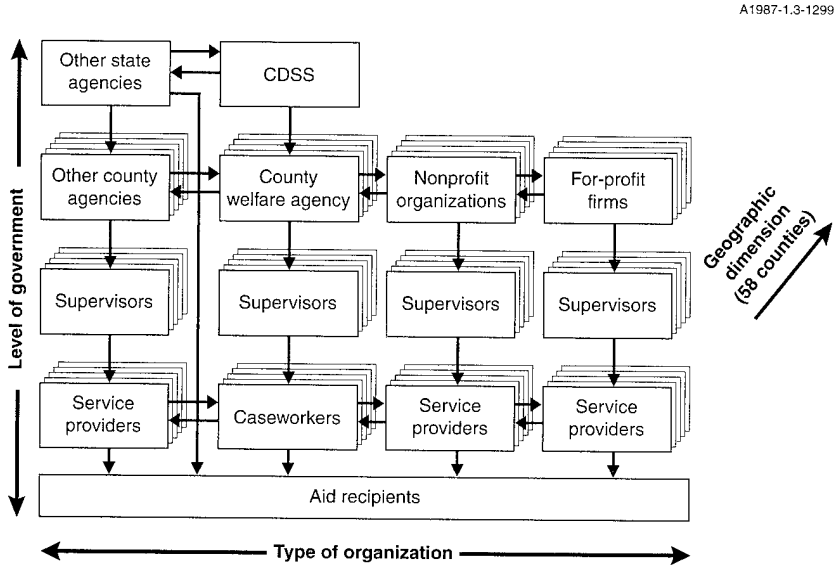


Figure 1.3—CalWORKs Agency Interactions: The Three Dimensions

A Richer View of Implementation

This linear, top-down model of the implementation process is oversimplified (e.g., see Mazmanian and Sabatier, 1983; Goggin, 1987; Goggin, Bowman, Lester, and O'Toole, 1990). A key insight of the implementation literature is that policy implementation is a complex process. Policies are almost never implemented at the street level in the way their planners intended. The implementation process changes both the policy and the implementing organization in a process of mutual adaptation. This occurs because each level of an implementing organization's staff has considerable discretion. Thus, one challenge for policy developers and higher-level staff is to determine how to motivate staff at the next-lower organizational level to take the actions perceived to be important for successfully implementing change. Policymakers and administrators have a variety of ways to influence implementers' behavior, including using regulations, oversight, incentives, mandates, potential penalties, and monetary and nonmonetary rewards.

The complexity inherent in implementing any policy is multiplied in CalWORKs because California has devolved so much authority to the counties. Instead of establishing a single CalWORKs WTW program, the state legislation has devolved planning authority for WTW programs to the counties. Each county is expected to have its own plan to implement CalWORKs, its own program components (i.e., its own set of WTW activities and supportive services), and its own structure and operations for delivering those services (e.g., to know whether to use outsourcing or in-house staff).

These county decisions are driven in turn by elements of the county's context, which we list below. These elements guided our data collection and figure prominently in our description of county choices and our analyses of county implementation of CalWORKs plans. County context elements include the following:

- *Economic Conditions.* PRWORA/CalWORKs emphasizes work as an alternative to the receipt of cash aid. The success of this strategy is likely to vary with local economic conditions: When and where the economy is more robust, work-first strategies are likely to be more successful. Beyond robustness, other features of the local economy may also matter (e.g., the seasonality of work and the availability of work for non-English speakers).
- *Historical Experience.* CalWORKs was to be implemented not by a new organization, but by the same CWD that had administered AFDC/GAIN. This recent local history casts a long shadow over CalWORKs

implementation. Some counties had successful models and relationships on which to build, while other counties did not.

- *Caseload Characteristics.* The demographic composition of the caseload varies widely from county to county. Some counties have many Spanish speakers, some have few. The composition of the caseload will affect the dominant implementation issues and, thus, the county policies chosen.
- *Local Human Services Context.* In most places, successful CalWORKs implementation is predicated on a robust network of "partners." Implementation requires service providers for child care, education and training, transportation, mental health, substance abuse, and domestic violence; a business community willing to participate in economic development, mentoring, and job provision; community-based organizations to help with reaching isolated communities; and for-profit firms, nonprofit organizations, and community-based organizations to bid on RFPs to provide core WTW services (i.e., Job Club, case management, and job retention services). Larger, more metropolitan counties are home to a richer array of potential partners. Smaller, less metropolitan counties report a limited pool of local partners and difficulty attracting bids from nonlocal organizations (e.g., national for-profit firms).
- *Political Orientation.* For at least the last two decades, welfare policy has been a highly charged political issue. Conservatives have favored a less generous, more work-focused approach. Liberals have favored a more generous, more human-capital development-focused approach. Conservatives have favored outsourcing, particularly to the private sector. Liberals have favored implementing policy through government employees and CBOs.
- *Implementer Will.* At all levels, those implementing policy are not automatons. They have beliefs about the appropriateness of the policy, about its likely efficacy, and about the role they are being asked to play. Those who are expected to implement the CalWORKs plan either undermine or support the change in a thousand small ways every day. Studies of implementation reveal that innovations often succeed or fail because of what those on the bottom understand and support.[2] It is thus critical to know the extent to which staff believe in the program.

[2]A clear example of this power at the "street level" can be found in studies of implementation of change in schools. While superintendents and principals may support a change in practice, if classroom teachers are not committed to it, they may simply close the doors of their classroom, leave the new materials on the shelf, and proceed to teach as they always have. See J. Hannaway, *Contracting as a Mechanism for Managing Education Services*, CPRE Policy Brief, and M. McLaughlin, "Learning from Experience: Lessons from Policy Implementation," *Educational Evaluation and Policy Analysis*, 9(2), pp. 171–178.

This richer view of implementation guides our evaluation effort. As we describe outcomes at each level, we often ask the following questions:

- How are the actions of those at each level of the implementation process encouraged or constrained by the actions of those above them and how do they in turn encourage or constrain the actions of those below?
- What factors affect the decisions that are made at each level?
- To what extent are those encouragements, constraints, and factors changeable through policy choices at higher levels?

Organization of the Document

We organize this report as shown in Figure 1.4. We begin by proceeding in order through each level of government with respect to the core eligibility and WTW activities (as in Figure 1.2). Then we examine "services," the generic term we use to refer to activities other than eligibility and core WTW: such as child care, transportation, education and training, behavioral health (substance abuse, mental health, domestic abuse), and child welfare (including child support, child and protective services, immunization, and school attendance).[3]

Following this introductory chapter (not shown in the figure), Chapter 2 reviews the reform legislation at the federal and state levels, as well as the context in which that legislation was written. It also reviews caseload trends.

Chapter 3 considers the implementation activities of the lead state agency, CDSS, with respect to eligibility and WTW. Chapter 4 considers budgetary issues. (Most discussion of CDSS interaction with other state agencies and joint funding is deferred until the discussion of the individual support services in Chapters 7 to 11.)

Chapter 5 moves to the counties and describes how they organized themselves to implement the new CalWORKs programs. How did counties choose to respond to the potentially much higher level of effort implied by the CalWORKs legislation? How did they divide the work between the CWD and its contractors, among different groups of CWD employees, and between different classes of contractors? Chapter 6 considers street-level implementation and the content of

[3]CDSS uses the term "services" differently. Officially, it uses "WTW services" to include WTW Activities, Child Care, and Work Support Services (that include mental health counseling, substance abuse treatment, and domestic violence services). It uses "supportive services" to refer to transportation and ancillary expense services.

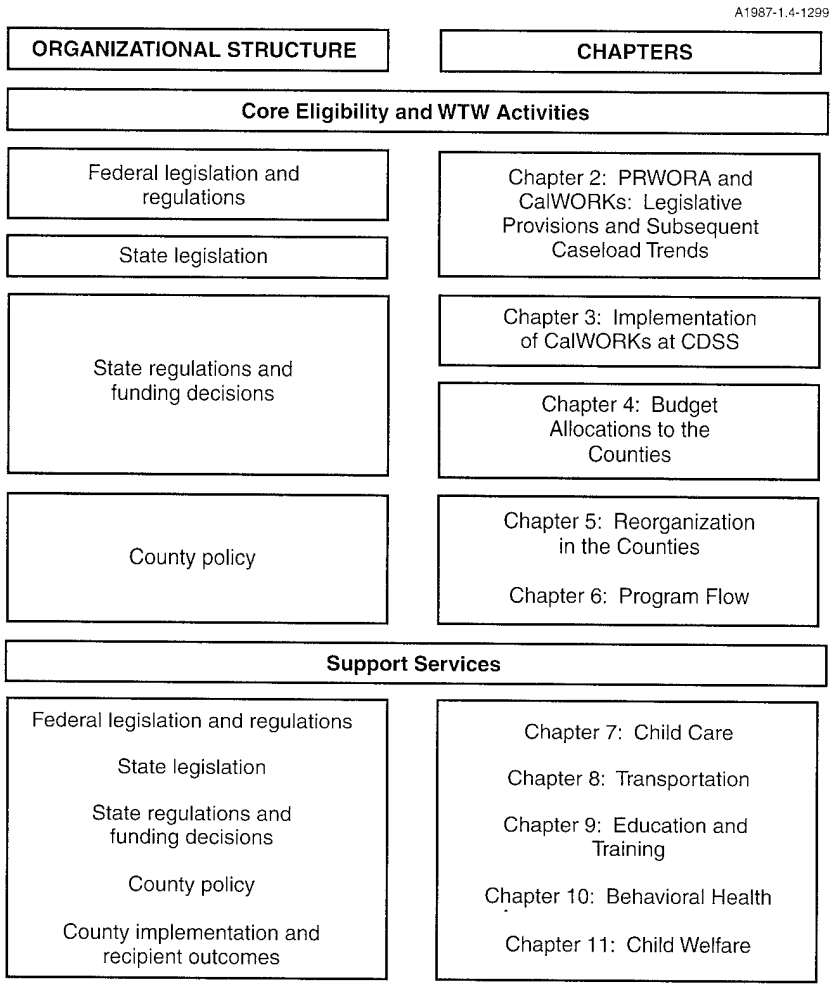


Figure 1.4—Organization of the Document

the programs. It also presents some early results for process indicators. In both chapters, we attempt to describe variation across the counties.

Having considered in detail the core eligibility and WTW components, the report then considers each of the services, beginning with the services most recipients need in order to work—child care (Chapter 7) and transportation (Chapter 8). We then consider education and training (Chapter 9), which had been the core of most county GAIN programs in the pre-CalWORKs era, but whose prominence was deliberately decreased in the work-first focus of CalWORKs. Chapter 10 considers treatment for mental health problems, alcohol and substance abuse, and domestic abuse problems. The authors of the CalWORKs legislation believed that these problems were common barriers to employment among welfare recipients. Chapter 11 considers several aspects of child welfare,

including child abuse, foster care, child support enforcement, school attendance, and immunization.

Each of the chapters on services follows the same organizational structure as shown on the top left side of Figure 1.4; in other words, each chapter begins with the provisions of the federal and state welfare reform legislation and any follow-on or related legislation and regulations. Each chapter then turns to state-level implementation: the actions of CDSS, the actions of the corresponding lead state agency, relations between the agencies, and funding. Each chapter then addresses many of the same issues discussed in considering implementation of WTW eligibility and activities. These issues include decisions at the county level about how to structure the services, which agencies would provide them, and how those agencies would be selected and monitored. As discussed above, these decisions were driven by the county's history in providing the services, by who was expected to need and use the services, by how much capacity existed to provide the services, and by the will to provide as much or as little of these services as possible.

Chapter 12 (not shown in the figure) discusses issues for further considerations—legislation, in regulation, by senior management, and by the workers.

2. PRWORA and CalWORKs: Legislative Provisions and Subsequent Caseload Trends

To understand the implementation and impact of the California Work Opportunity and Responsibility to Kids (CalWORKs) legislation, it is crucial to understand the legislation itself—both the provisions that underpin the state and county implementation efforts described in the remainder of this report and the federal legislation that induced the implementation. Therefore, before we turn to implementation, we briefly examine the specific provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and CalWORKs. Then we summarize recent economic conditions and caseload trends.

Provisions of PRWORA

PRWORA was signed into law by President Clinton on August 22, 1996. The spirit of the final legislation was captured by the president's remarks at the signing ceremony:

> Today, we are taking an historic chance to make welfare what it was meant to be: a second chance, not a way of life. . . . Today, we are ending welfare as we know it. But I hope this day will be remembered not for what it ended, but for what it began—a new day that offers hope, honors responsibility, rewards work, and changes the terms of the debate. . . . (Clinton, 1996)

The PRWORA legislation's preamble stated its goals:

> [T]o 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.

PRWORA's major provisions were as follows:

- *End to the Entitlement to Welfare.* As of October 1, 1996, federal statute no longer required states to pay welfare to families with dependent children. Lifetime receipt of federally funded welfare for most recipients (all but 20 percent of the caseload) was capped at 60 months (five years). However, state funds (even state Maintenance of Effort (MOE) funds) may be used to pay benefits past the 60-month federal limit on aid receipt.
- *Block Grants.* Most federal welfare dollars were no longer distributed to the states through the narrowly defined and severely constrained federal funding stream, based on formulas relating to the caseload and payment levels. Instead, starting October 1, 1997, federal funds were distributed to the states as a block grant with considerably fewer restrictions on their use.
- *Participation Rate Requirements.* To receive the full block grant amount, states had to have a minimum fraction of their caseload in welfare-to-work (WTW) activities. Over time, an increasing fraction of welfare recipients were required to participate in broadly defined work programs for increasing numbers of hours per week (see Table 2.1). Participation was defined to include a range of activities including unsubsidized work, subsidized work, training, job search and job readiness assistance, and community service; and net caseload declines were credited toward the participation mandate.
- *MOE.* To prevent a "race to the bottom"—where states would compete to make their welfare programs as unattractive as possible to avoid attracting poor families—states were required to continue state welfare spending at close to pre-reform levels (75 percent, or 80 percent for states that did not meet the work participation rates in Table 2.1).
- *Performance Bonuses.* PRWORA set aside two bonus pools. The first provides additional payments to the ten states within each of four categories—best performance and best improvement in job placement and job success (measured by retention and earnings). California ranked fourth for success in the workforce in 1998 and received a bonus of $45 million.[4] The second bonus pool provides additional payments to the states with the largest

[4]See http://www.acf.dhhs.gov/news/hpb.htm. See also "States Get Welfare Reform Bonuses," *Los Angeles Times*, December 5, 1999, p. A-27.

Table 2.1

Minimum Participation Rates in WTW Activities for TANF Families

Fiscal Year (October 1–September 30)	Minimum Participation Requirement Rate		
	All Families	Number of Hours per Week (All Families)	Two-Parent Families Only
1997	25%	20	75%
1998	30%	20	75%
1999	35%	25	90%
2000	40%	30	90%
2001	45%	30	90%
2002 and after	50%	30	90%

reduction in the proportion of out-of-wedlock births to total births without a corresponding increase in abortion rate (the ratio of abortions to live births). California was awarded this bonus ($20 million) in 1999 for outcomes in 1996 and 1997 relative to 1994 and 1995.[5]

Provisions of CalWORKs

In response to PRWORA, Governor Pete Wilson signed the CalWORKs legislation (AB 1542) on August 11, 1997, establishing California's Temporary Assistance for Needy Families (TANF) program. CalWORKs was passed later than welfare reform legislation was in other states and with the period for the computation of federal participation requirements looming (October 1997) before county CalWORKs programs could be in place. Beyond further refining of the work-first focus of the 1995 GAIN reforms (AB 1371), the major provisions of the CalWORKs legislation were as follows:[6]

- *Time Limits and Sanctions.* The federal PRWORA legislation required a 60-month lifetime limit on cash assistance.[7] While eight states chose to adopt even shorter lifetime limits, California adopted the 60-month lifetime limit. In addition, at the time limit, most states were terminating the full grant, but California was one of only four states (the others being Maryland, New York, and Rhode Island) that eliminated only the adult portion of the payment. In California and these four other states, the payment for the child continued as

[5]See http://www.acf.dhhs.gov/news/oow99.htm.

[6]The comparisons to other states are based on Gallagher et al. (1998).

[7]PRWORA requires that federal TANF funds not be used to assist a family that includes an adult who has received assistance for more than five years. State funds could be used for that purpose. Michigan, New York (voucher or restricted third-party payment, not cash), and Vermont appear to have adopted this approach. See Gallagher et al., 1998, chapter 4.

a "safety net." Finally, while California's 60-month lifetime time-limit clock started in January 1998 (and would not bind until January 2003), the federal time clock started with California's first use of federal TANF funds in December 1996.[8] Therefore, some California recipients will reach federal time limits in December 2001. California will pay the benefits for these cases from its MOE funds if the state exceeds the TANF exemption (no more than 20 percent of the caseload beyond 60 months). Only one state had a later clock start date (Arkansas, July 1998).

The CalWORKs legislation also imposed 18/24-month time limits after which all recipients were required either to be working 32 hours per week or to participate in community service activities. The interpretation of these legislative provisions changed as the regulations were developed. We discuss these provisions in detail in the next chapter.[9]

Under PRWORA, California could have imposed up to a full-family sanction (i.e., terminating the aid payment for failure to comply with program requirements). After PRWORA, 14 states imposed a full-benefit sanction for initial failure to comply, and 36 imposed a full-benefit sanction for continued failure to comply. California, however, allows only a limited (adult grant only) sanction even for continued failure to comply with work requirements.

- *Payment Levels.* Despite federal concerns about a "race to the bottom," the CalWORKs legislation did not cut benefit levels. Instead, it simply continued the existing 4.9 percent benefit reduction already in place and the suspension of cost-of-living allowances (COLAs). Furthermore, the fiscal year 1998/1999 budget restored the COLA (2.84 percent in November 1998 and 2.36 percent in July 1999) and undid the 4.9 percent benefit cut. Together, these changes leave California with among the highest benefit levels in the country. (Alaska, Hawaii, Massachusetts, Vermont, and New York are higher.)
- *Income Eligibility Limits.* The CalWORKs legislation made work even more rewarding for the recipient, extending the changes made in the Work Pays Demonstration Waiver. It set a 50 percent reduction of the grant for all

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[8]ACL 99-90, "Tracking Time Limits for CalWORKs and TANF." October 21, 1999.

[9]It is not only in the regulatory process that this 18/24-month time clock has caused confusion. There is also evidence of confusion in the general population. See, for example, Johnson (1999), who states that "those new to the welfare rolls are restricted to 18 months on aid at a stretch." This restriction was a provision of Governor Wilson's original proposal, but it is not the provision of the final CalWORKs legislation.

See also Mena (1999), who stated that "The first wave of welfare-reform participants is scheduled to lose benefits in February 2000, after two years with the program."

See also the commentary by Sam Mistrano (1999), director of the Human Services Network of Los Angeles, who stated that "Politics, not thoughtful insight, created the 18- to 24-month time limit for mothers to receive aid in one stretch of time."

See also the discussion in the next chapter about when the time limit begins and, in particular, the language in a report of the state Legislative Analyst's Office on community service employment.

earnings after the first $225 (rather than the 66 percent reduction of the grant after the first $30 disregard of earnings under AFDC) and continued this provision for as long as the individual was receiving cash assistance. Urban Institute calculations indicate that California has the fourth most generous income eligibility limit in the country (after Alaska, Hawaii, and Delaware).

- *Family Cap.* The CalWORKs legislation continued a family cap, a provision that the benefit should not increase for a child conceived while the mother is receiving cash assistance. California is one of 22 states that have imposed a family cap (and five of them are weaker than California's, providing a partial increase or payment as a voucher or to a third party).

Beyond these four provisions, CalWORKs expanded on the tradition established in the operation of the GAIN program[10] by leaving many of the decisions in formulating welfare programs to the individual counties. In doing so, California joins four other states—Colorado, Minnesota, New York, and Ohio—that devolved decisionmaking to the counties.[11] In particular, California's counties have flexibility in the following areas:

- *Participation Requirements.* While the federal participation requirements used a 20-hour per week minimum (see Table 2.1), the CalWORKs legislation allowed counties to require 32 hours per week immediately (as of January 1998), and to enforce this as of July 1, 1999.
- *Diversion.* The federal legislation allowed states to offer diversion—a single up-front payment without long-term enrollment in welfare. The California legislation required each county to set up a diversion program, but left the details of who would be eligible to the counties.
- *Youngest Child Exemption.* Under PRWORA, there is no formal federal requirement that mothers of very young children be exempted from participation in WTW activities, but the federal rules for work activities favor a cutoff of no more than one year (and then only for one child). The CalWORKs legislation pushed this decision to the counties, which were allowed to choose any cutoff between 12 weeks and one year for one child and 12 weeks to 3 months for subsequent children.
- *Domestic Abuse Exemption.* Following the family violence option in the federal legislation, CalWORKs allows the counties to waive any program

[10]GAIN was a WTW program established in 1988. With the passage of the Family Support Act (FSA) in 1988, it became California's Job Opportunities and Basic Skills (JOBS) program.

[11]Maryland and North Carolina have more-limited forms of county discretion.

requirements that might put a woman at risk of further domestic abuse, including time limits and work requirements.

The CalWORKs Program Model

The core of the CalWORKs legislation is what we call the "CalWORKs WTW model." As under Aid to Families with Dependent Children (AFDC), eligibility for public assistance continues to be established according to regulations developed by the California Department of Social Services (CDSS), which are to be uniformly applied throughout the state. The only major change is that, as noted above, counties are to establish diversion programs.

The Welfare-to-Work (WTW) program, however, changed significantly. At an initial appraisal meeting, counties establish whether or not individuals are exempt from WTW participation requirements. Those not exempted are referred to job search, usually involving a formal classroom component known as "Job Club," which lasts for four weeks.[12] During job search, most participants are expected to find jobs. Those who have not found jobs (or have a job but not sufficient hours of employment) by the end of Job Club undergo a formal assessment to identify the crucial barriers to work and to design a "WTW Plan," which may involve a combination of education, training, and supported-work activities, and a treatment referral for substance abuse, mental health, or domestic abuse. Individuals continue in a sequence of these activities until they either find a job or reach the 18/24-month time limit. Thereafter, they are required to participate in unsubsidized employment or community service (CS) to continue receiving their grants.

Participants who find jobs but remain on aid are offered an array of services, including child care, transportation, case management, and post-employment services. In addition, they might be offered education and training to prepare them for a better job and self-sufficiency. Finally, as deemed appropriate, they might receive substance abuse, mental health, and domestic violence treatment. Counties can provide these services for employed participants for up to 12 months after they leave aid.

Along with this flexibility, the CalWORKs legislation imposes financial accountability on counties. If the federal government assesses penalties on failure to meet work requirements, counties contributing to that failure bear part

[12] If already employed or in an approved school program for a required number of hours, recipients are not referred to job search.

of the penalty. Conversely, if there are savings from exiting the program for reasons of employment lasting a minimum of six months, increased earnings of recipients, or diversion, the county gets a "performance incentive" equal to 75 percent of the aid payment savings. In addition, counties may also receive the remaining 25 percent of the savings for "performing in a manner worthy of recognition." Any such performance bonuses are to be spent toward the purposes specified in the PRWORA statute, the federal regulations, and CDSS's regulations. Funds from the federal block grant are to be spent as required by the block-grant regulations. Funds from the state General Fund are to be spent so that they are countable against the state's MOE.

Caseload and Unemployment Trends after PRWORA and CalWORKs

The federal PRWORA legislation was debated in the shadow of fears that the large increases in the national caseload and unemployment rates in the early 1990s would continue. Moving to block grants was seen by some as protecting the federal budget from the potential budgetary shock of further increases in the caseload. The welfare debate in California reflected similar concerns. California's recession in the early 1990s had been deeper and longer than the national recession.

However, the reality has been quite different. Figure 2.1 shows the national and California caseload trends (normalized relative to California's peak in March 1995) from 1985 to the most recent available data. We can see that both the United States and California indeed had sharp increases in welfare recipients during the early 1990s—26 percent for the United States between 1990 and 1994, and 50 percent for California over the same period. However, although it was not yet obvious during the debate, since the passage of the national PRWORA in August 1996 and that of the CalWORKs legislation in August 1997, both the national and California economies have improved sharply (Figure 2.2) and the caseload has fallen.

From the passage of PRWORA in August 1996 until June 1999 (the most recent available national data), the total number of recipients in California has declined by 33 percent. While this decline is large, it is well below the national average of 44 percent (for the same period). Only ten of the 50 states had smaller declines.[13]

[13] This pattern continues to be true over a longer horizon for the period January 1993 to June 1999. California's decline was 27 percent, but the national decline was 51 percent. Only four states (Alaska, Hawaii, New Mexico, and Rhode Island) had smaller declines.

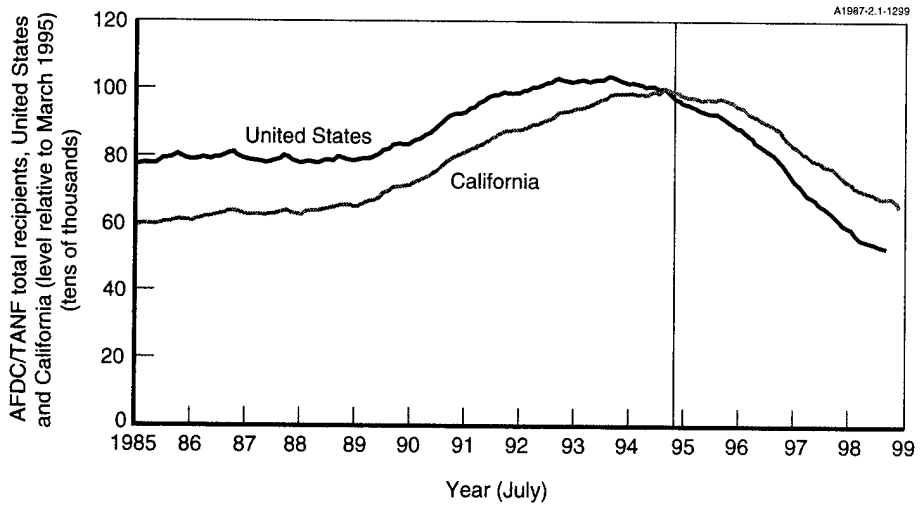


Figure 2.1—National and California Caseloads

Furthermore, most of this decline in California's welfare rolls occurred well before the bulk of the caseload moved into the first phase of CalWORKs activities—Job Club—in late 1998 and early 1999. (See the discussion in Chapters 5 and 6.) While it is possible that some of the decline was in anticipation of the new federal and state rules[14] and some may have been the result of the implementation of the 1995 GAIN reform (AB 1371) in some counties, it seems likely that much of the decline through the end of 1998 was the result of the improving economy (see Figure 2.2.)[15] The national unemployment rate increased through mid-1992, peaking just below 7 percent, and has decreased nearly continuously since then, standing at just above 4 percent in early 1999. California's unemployment rate rose for a longer period (through mid-1993) and peaked higher (over 10 percent). Since then it has also declined steadily to below 6 percent in early 1999.

The national comparisons are based on number of recipients (not number of cases). The data are from federal Administration for Children and Families: http://www.acf.dhhs.gov/news/stats/aug-sept.htm and http://www.acf.dhhs.gov/news/stats/caseload.htm.

[14]But see, for example, Bloom (1999), who argues that there was little anticipatory reaction to the imposition of time limits.

[15]This interpretation appears to be consistent with CDSS's explanation for California's apparent (though later reversed) failure to meet the two-parent participation requirements in 1997–98. CDSS's Bruce Wagstaff stated: "Our caseload hasn't gone down as quickly as other states because our economic recovery came later. Our welfare-to-work program was not in place" (as quoted in Ellis, 1999, p. A-1). See Klerman et al. (1999) and Haider et al. (1999) for a more thorough discussion of the caseload trend, the possible causes, and our research plan for exploring these issues in the parallel impact analysis. On the relative importance of the economy and welfare programs for caseload declines, see Ziliak et al. (1997), Blank (1997), and Moffitt (1999).

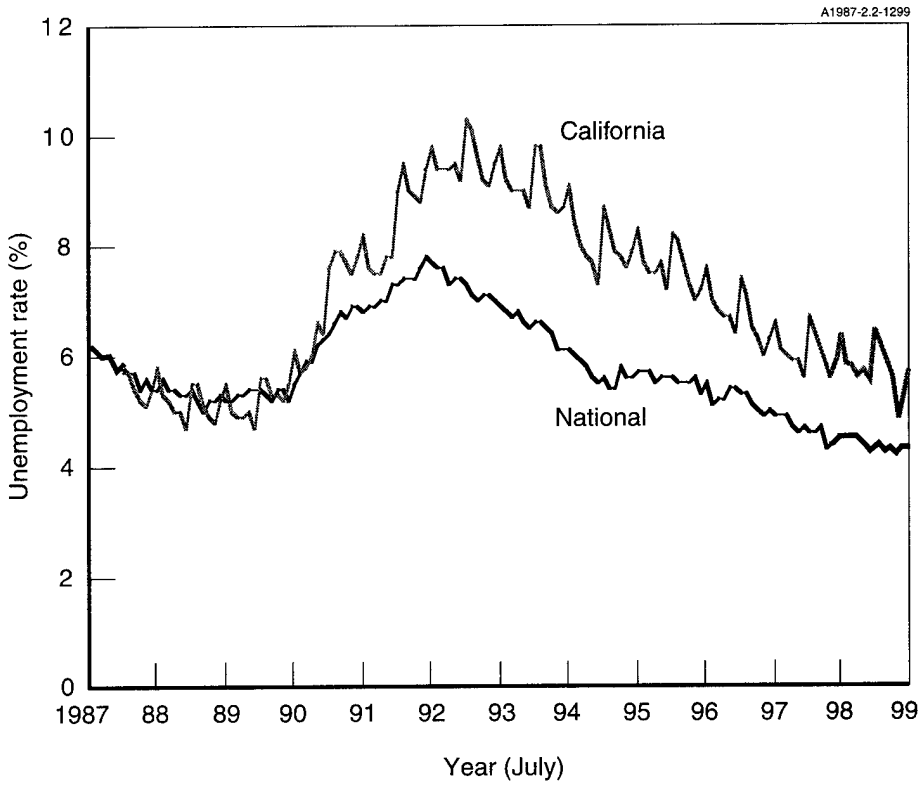


Figure 2.2—National and California Unemployment Rates

The sharp drop in the caseload has shaped all aspects of CalWORKs implementation. At the state level, the caseload decline has contributed to a consensus that there is little need to change the legislation at this time. At the county level, the decline in the caseload takes the pressure off the CWDs. They receive large bonus payments and there are fewer cases over which to spread the staff and block grants. Thus, contrary to early concerns through 1998/99, the level of funding has not been a major implementation issue. Finally, the improving economy has made what otherwise might have been a nearly unattainable participation requirement easily achievable for one-parent families and within grasp for two-parent families.[16]

[16]California met the all-family participation rate requirement in federal fiscal year (FFY) 1998 and 1999. California did not meet the two-parent-family participation rate requirement in FFY 1998 and initially appeared not to have met the requirement for FFY 1999. However, on appeal, California was deemed to have met the FFY 1999 requirement.

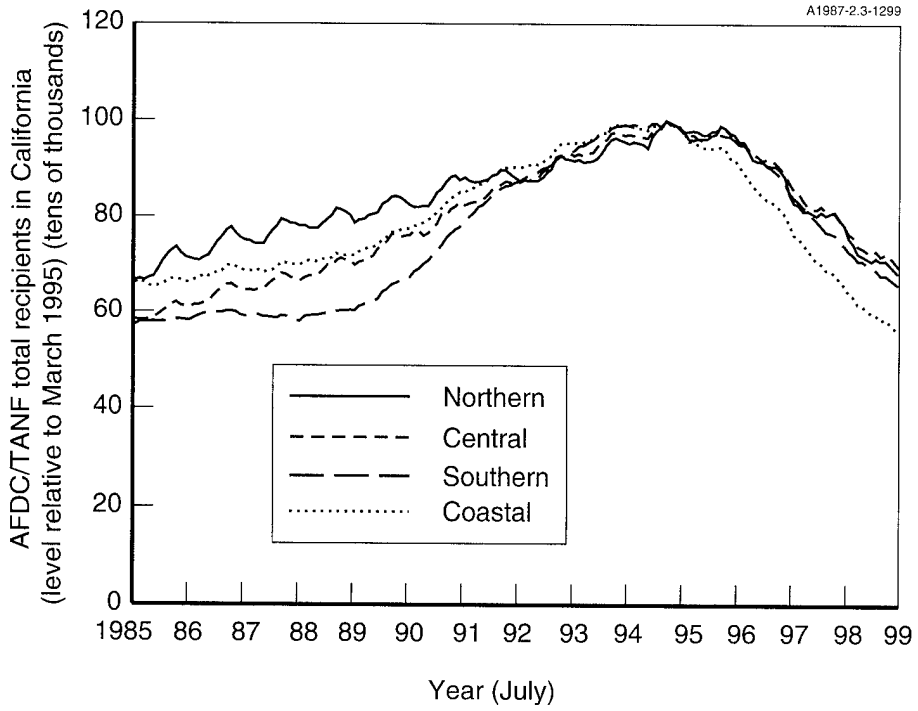


Figure 2.3—California Regional Caseloads

Trends in the caseload and labor market conditions vary across counties. Figure 2.3 plots caseloads by region; Figure 2.4 plots the unemployment rate by region.[17]

The general pattern of sharp caseload increases through the late 1980s and early 1990s is observed statewide. In the late 1980s, the caseload rose fastest in the southern part of the state and slowest in the northern part of the state. From about 1992, the patterns in all four regions are similar. After the peak, the decline is fastest in the coastal counties.

Correspondingly, the improvement in the state economy has not been uniform across the state, as shown by the regional unemployment rates in Figure 2.4. In the coastal counties, the unemployment rate peaked early and relatively low, and the recovery has been robust. In the Central Valley and the northern part of the

[17]We grouped the counties into four regions (the 24 study focus and follow-up counties are indicated in bold). North: **Butte**, Colusa, Del Norte, Glenn, **Humboldt**, Lake, Lassen, Mendocino, Modoc, **Nevada**, Plumas, Shasta, Sierra Siskiyou, Sutter, Tehama, Trinity, Yuba; Central: Alpine, Amador, Calaveras, **El Dorado**, **Fresno**, Inyo, **Kern**, Kings, Madera, Mariposa, Merced, Mono, Placer, **Sacramento**, **San Joaquin**, San Luis Obispo, **Stanislaus**, **Tulare**, Tuolumne, **Yolo**; Southern: Imperial, **Los Angeles**, **Orange**, **Riverside**, **San Bernardino**, **San Diego**, Santa Barbara, **Ventura**; Coastal: **Alameda**, **Contra Costa**, **Monterey**, Napa, San Benito, **San Francisco**, San Mateo, **Santa Clara**, Santa Cruz, Solano, **Sonoma**, Marin.

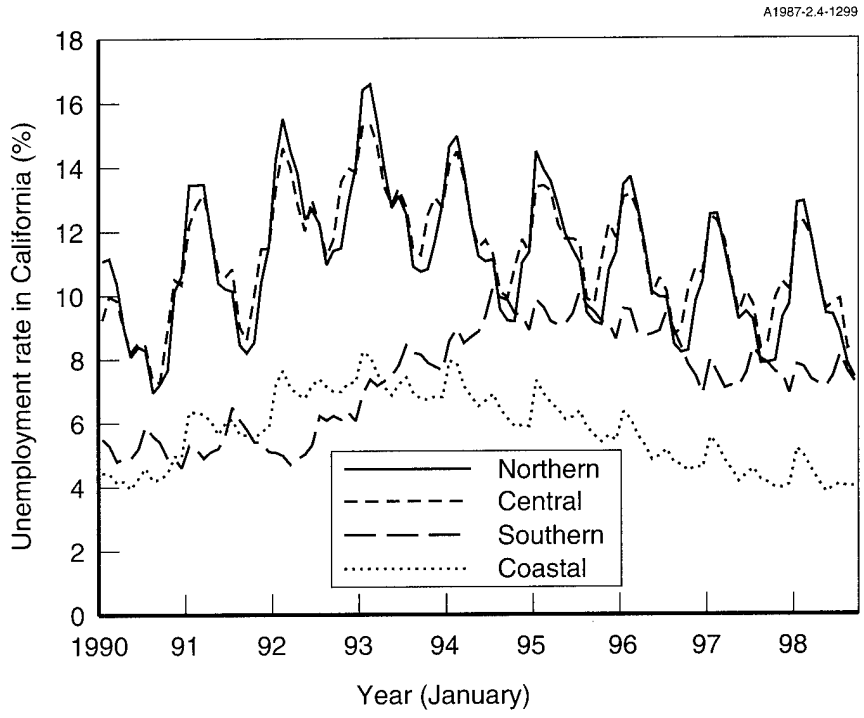


Figure 2.4—California Regional Unemployment Rates

state, where the unemployment rate has historically been higher in booms and recessions, the recession was moderate, and a rebound was apparent by 1993. Unemployment rates, however, remain high and have wide seasonal swings. In Southern California, the recession was quite sharp and the rebound began later (in 1995).

Nonetheless, CalWORKs implementation would have been very different had the caseload not declined. At all levels of government, gnawing concerns remain about what will happen when the current economic expansion ends and the unemployment rate increases again. Some have called the current period a "window of opportunity" to implement programs and to move hard-to-serve caseloads into the workforce.

3. Implementation of CalWORKs at CDSS

With passage of the California Work Opportunity and Responsibility to Kids (CalWORKs) legislation, the locus of action shifted to the state implementing agencies and in particular to the California Department of Social Services (CDSS) and its Welfare-to-Work Division. As the state's official CalWORKs agency, CDSS serves three formal roles and two informal roles in implementing CalWORKs. First, CDSS has formal responsibility for writing regulations. Second, federal Temporary Assistance to Needy Families (TANF) monies and state CalWORKs dollars flow through CDSS, so CDSS has a financial or budgetary role. Finally, to meet its federal reporting requirements and to oversee county programs, CDSS imposes reporting requirements on the counties.[18]

Beyond these formal roles in regulation, finance, and reporting, CDSS has two informal roles. First, CDSS provides technical assistance and guidance to the counties to help them through the process of implementation and beyond (as well as assuring that county procedures are consistent with federal and state statutes and regulations). Second, CDSS is the lead state agency in the many interagency collaborations required by the CalWORKs legislation.

In this chapter, we consider two of CDSS's three formal roles and one of its informal ones. Specifically, we focus on CDSS's regulatory responsibilities and its responsibility for reporting requirements. In addition, we consider CDSS's role in providing the counties with technical assistance. We defer discussion of CDSS's financial/budgetary role until the next chapter, and defer discussion of CDSS's role as the lead agency in interagency interactions until the supportive services chapters—Chapters 7 through 11—because most of CDSS's interactions with other agencies occur in the context of these services.

This chapter draws primarily on our analysis of the written regulations and those covered by All County Letters (ACLs) and All County Information Notices (ACINs). Our interviews with CDSS staff, county welfare department (CWD) staff, and welfare advocates clarified which of the regulatory issues were likely to be significant. Some of the discussion, in particular the discussion of data

[18]Officially, CDSS, the Department of Health Services, and the Office of Criminal Justice Planning, are the "[s]tate agencies responsible for supervision of local political subdivisions in the administration of the TANF Program. These agencies have authority under State law to make rules and regulations that are binding on such political subdivisions." The quote is from final draft of the 1999 State Plan (ACIN I-79-99).

systems, is based on reports by other government agencies and outside consultants. Much of our discussion on the impact of these regulatory issues on CWD implementation is deferred until later chapters.

CDSS's Role in Issuing CALWORKs Regulations

While the CalWORKs legislation established the CalWORKs program, actually implementing CalWORKs required that CDSS—in its regulatory role—translate the legislative provisions into specific regulations. The CWDs in each of the 58 counties could then design their own CalWORKs programs consistent with state policy and be confident that they would be reimbursed for their expenditures.

Our discussion here proceeds in four sections. We begin with a review of the regulatory process itself and the resulting time line. We then discuss in two parts the content of the regulations that engendered active debate that significantly affected county operations. We consider issues driven primarily by the state legislation and then issues driven primarily by federal legislation and regulations. Finally, we consider the impact on the regulations of the political shift caused by the 1998 elections. We defer most discussion of the regulatory issues related to services—child care, transportation, education and training, behavioral health, and domestic violence—to the later chapters that address these services.

How the Regulatory Process Unfolded

As we discussed in Chapter 2, there was a tight time line in passing the CalWORKs legislation. As we will see in the subsequent chapters, this time line had an impact on the ability of counties to implement the legislation. As we see here, the tight time line had a equally profound effect on CDSS's abilities to write the necessary regulations.

The regular process for issuing regulations takes about a year. Thus, with passage of the CalWORKs legislation on August 11, 1997, new regulations would have been expected by about August 1998, perhaps slightly later, given the magnitude and complexity of the changes the legislation required. However, implementation was expected to begin in the counties on January 1, 1998—less than five months after the legislation passed. In that interval, CDSS had to issue regulations, and the counties needed to finalize their plans and put programs into place. Thus, because of the late passage of the legislation, the regular regulation-issuing process was not feasible. Instead, the CalWORKs legislation explicitly provided for implementation instructions via All County Letters,

closely followed by the issuance of Emergency Regulations (SEC. 161, Section 14005.30(c)). Even with this waiver of the regular regulatory process, generating something to serve in place of regulations in the short time available was a challenge.

Furthermore, the legislation also required a:

> . . . welfare reform steering committee comprised of a representative of the Health and Welfare Agency, who shall chair the committee, the Department of Finance, the State Department of Social Services, the California State Association of Counties, the County Welfare Directors Association of California, representatives of the Legislature appointed by the Speaker of the Assembly, the President pro Tempore of the Senate, the minority leader of the Assembly, and the minority leader of the Senate, and two public members appointed by the Secretary of the Health and Welfare Agency. (10544.317(a))

This steering committee was to "(p)rovide advice and consultation on implementation issues related to welfare reform" (10544.317(b)), guidance on budget issues (10544.317(b)), penalties for failure to meet federal participation rate requirements (10544(d)), and financial incentives (10544.1(b) and (e)).

The Welfare Reform Steering Committee established a subcommittee (comprising key legislative staff; Will Lightbourne, welfare director for San Francisco County representing the California Welfare Directors' Association (CWDA); a representative from the California State Association of Counties (CSAC); and Casey McKeever from the Western Center on Law and Poverty) to handle technical issues. In turn, CWDA created working groups for each of the major substantive areas (e.g., eligibility, WTW, fiscal, and fraud).

CDSS then worked closely with these groups in developing regulations and setting policy. Standard practice was to begin with the appropriate CWDA working group and work a proposal up to the steering committee subcommittee and then to the full steering committee, as deemed appropriate.

Participation in the CWDA groups was quite broad. Many county interviewees reported having served on the committees. Their impressions tended to be positive: They gained a better sense of the policy issues and felt that their involvement had mattered.

Similarly, CDSS and/or staff described a close working relationship with the committees. They described a deliberate policy to use the committees even more than required by statute in order to preserve the "spirit of compromise" that yielded the final CalWORKs legislation. The steering committee made key policy decisions, sometimes rejecting CDSS proposals. Finally, senior CDSS staff

attributed the relatively smooth regulation process to the broad review of proposed regulations through their committees.

Table 3.1 provides an overview of the CDSS regulatory process, following the passage of the legislation on August 11, 1997. The table captures the key dates for the county plan and WTW regulations on which we focus below. Other regulations and guidance were issued under different ACLs or ACINs; these are grouped by substantive area for the three key versions—the Guidelines, the Emergency Regulations, and the Final Regulations.[19]

Within the 30-day period provided for in the legislation, CDSS issued guidance for the required county plans (ACL 97-54, September 10, 1997). As would be the case through much of the early regulation process (and as part of its role of providing technical assistance to the counties), CDSS attempted to make it as easy as possible for the counties to prepare a county plan. As a result, the ACL included a skeleton plan with suggested language and check boxes. The skeleton plan was developed based on the statutory language to ensure that federal and state requirements were addressed appropriately in county plans. Furthermore,

Table 3.1

Key Dates for County Plan and WTW Regulatory Activities

Effective Date	Regulatory Activity	ACL/ACIN No.
9/10/97	Guidance and suggested format for the completion of the CalWORKs county plan	ACL 97-54
10/29/97	CalWORKs implementation guidelines (referred to as "guidelines")	ACL 97-72
7/1/98	WTW and county plan emergency regulations (referred to as "emergency regulations")	ACL 98-41
9/14/98–9/23/98	End of public hearings on "emergency regulations" following 45-day comment period	NA
9/28/98	Technical amendments (AB 2772) to "emergency regulations"	NA
2/2/99	Revisions to reflect technical amendments to "emergency regulations"	ACIN I-09-99
4/2/99–4/19/99	End of first 15-day renotice period on "emergency regulations" (4/2–4/19) and additional public hearings	NA
6/14/99	End of second 15-day renotice period on "emergency regulations" (5/29–6/14) and additional public hearings	NA
9/13/99	Final regulations	ACIN I-70-99

NOTE: NA is not applicable.

[19]See Table 3.2, which also lists the ORD number where appropriate. The ORD number is the number of the regulatory package that was submitted to and approved by the Office of Administrative Law.

Table 3.2

Development of CalWORKs Regulations

Area	ORD No.	"Implementation of" (10/28/97 or 10/29/97 unless noted)	Emergency Regulation (7/1/98 or 7/2/98 unless noted)	Final Regulations (Certification Effective Date)
Intentional program violations		ACL 97-69	ACL 98-72 (9/16/98)	
County plan		ACL 97-54 (9/10/97)	ACL 98-41	
Trust line registry	0298-03			(2/28/99)
Immunization and school attendance requirements	0398-04	ACL 97-70	ACL 98-35	ACIN I-32-99 (2/10/99)
Restricted accounts	0398-05	ACL 97-66	ACL 98-48 (6/1/98)	ACIN I-32-99 (1/19/99)
Cal-Learn amendments for 19-year-olds	0398-06	ACL 97-72	ACL 98-56 (7/30/98)	
Welfare-to-work provisions	0398-07	ACL 97-72	ACL 98-41 readopted 12/28/98 and 6/23/99	ACIN I-70-99 (9/13/99)
Drug/fleeing felons	0498-08	ACL 97-65	ACL 98-42 readopted 12/28/98	ACIN I-39-99 (5/1/99)
Overpayment recoupment regulations	0498-09	ACL 97-66	ACL 98-48	(2/2/99)
CalWORKs voucher/vendor payments regulations	0498-10	ACL 97-65 ACL 97-66	ACL 98-48 readopted 10/29/98	ACIN I-32-99 (2/9/99)
CalWORKs grant structure and aid payment regulations	0498-11	ACL 97-59 (10/14/97)	ACL 98-45 readopted 12/28/98	ACIN I-59-99 (7/30/99)
Elimination of late monthly reporting penalties	0498-12	ACL 97-67 (10/23/97)	ACL 98-48	ACIN I-32-99 (2/3/99)
CalWORKs deprivation and diversion assistance	0498-13	ACL 97-65 ACL 97-68	ACL 98-49 readopted 12/28/98	(6/14/99)
CalWORKs time limit requirements	0498-14	ACL 97-65 ACL 97-68	ACL 98-44 readopted 12/21/98	ACIN I-52-99 (8/1/99)
Fraud penalties	0598-15			
CalWORKs child support	0598-16	ACL 97-65	readopted 12/28/98	(6/21/99)
CalWORKs property limits and transfer of assets	0598-17	ACL 97-67	ACL 98-47 readopted 12/28/98	ACIN I-80-99 (8/5/99)
CalWORKs child care	0598-18	ACL 97-73 (10/30/97)	ACL 98-46 readopted 12/28/98	ACL 99-63 (8/9/99)

NOTE: Data for Emergency Regulations and Final Regulations are the effective date, not issue date, for ACIN. Implementing ACLs usually became effective January 1, 1998. WTW ACLs became effective when the county's new WTW program went into effect. (See ACL 97-72.)

CDSS provided explicit guidance allowing the plans to be incomplete.[20] Thereafter, the plans were submitted and approved on schedule. See our earlier report (Zellman et al., 1999) for a more detailed discussion of the county plan process.

[20] "We recognized that for some items the county may not yet know how services will be offered or what particular approach will be taken. An addendum to the plan addressing these items can be submitted at a later time." (ACL 97-54, September 10, 1997)

For the rest of the regulations, the general pattern is that most of the Implementing ACLs/Guidelines were issued in late October 1997, within two months of passage of the legislation. Emergency Regulations were issued in July 1998, within a year of passage, as required by the CalWORKs legislation. Some packages were "readopted" because of substantive changes or to allow more time for comment and revision. Most Final Regulations were issued from January to September 1999, slightly more than two years after passage. The major exceptions were that the Guidelines for county plans (9/10/97), grant structure/income (10/14/97), and elimination of monthly penalty (10/23/97) were issued earlier. The major exceptions for Emergency Regulations were for Cal-Learn (7/30/98) and intentional program violations (9/16/98), which were issued later. For the Final Regulations, the more complicated changes—eligibility, time limits, property limits, WTW, and child care—were effective later (from the end of July through mid-September).

CalWORKs Implementation Guidelines ("Guidelines") for WTW. About ten weeks after the passage of the CalWORKs legislation (10/29/97), CDSS released the "CalWORKs Implementation Guidelines" for the welfare-to-work (WTW) provisions (ACL 97-72). These Guidelines would serve in place of official regulations until the Emergency Regulations could begin the formal regulatory process (by 7/1/98).

The ACL's own description of the Guidelines emphasized the compressed time line facing CDSS and the counties and the clearly felt need of the counties for technical assistance in making the required total overhaul of their programs in a very short time:

> [These guidelines] have been formatted to assist counties in expeditiously implementing their programs while allowing maximum flexibility within county administration. . . .
>
> At the request of county representatives in the CWDA/CDSS workgroups, these guidelines have paraphrased portions of the statute for consistency and to provide clarification.

In particular, the Guidelines repeated current regulations that continued in force and included applicable parts of the federal requirements. Attachment 3 of the ACL contained "model language for a description of the WTW program that could be used in place of the GAIN Guidebook."[21] This attachment included skeleton language into which a county could drop its name and the county-

[21]CDSS has provided similar support to CWDs in other areas. See the discussion below of the CDSS-CWD relationship and technical assistance.

specific program provisions.[22] Finally, the ACL also included sample WTW forms and Notices of Action (NoAs) and information on fiscal claiming and data reporting.

Some parts of the Guidelines and other implementing ACLs superseded the old AFDC and GAIN regulations on January 1, 1998, when county implementation was scheduled to begin. Other parts became effective with the verification of a county's CalWORKs plan. In addition, the counties used the Guidelines to develop their initial plans and to guide the initial implementation of their CalWORKs programs.

WTW and County Plan Emergency Regulations ("Emergency Regulations"). Further work on the WTW Guidelines yielded WTW Emergency Regulations on July 1, 1998 (ACL 98-41). With these Emergency Regulations, the regular review process began (as shown above in Table 3.1). That process included submission to the Office of Administrative Law, an initial 45-day comment period concluding with public hearings, two subsequent renotice periods with additional public testimony, and departmental reviews. In addition, Technical Amendments to the CalWORKs legislation (AB 2772, signed September 28, 1998) necessitated some additional changes to the regulations.

WTW Final Regulations. The initial regulatory process for WTW programs was completed with the submission of the Final Regulations to the Office of Administrative Law on September 13, 1999. The regulations were distributed to the counties as ACIN
I-70-99 (9/23/99).

CalWORKs Regulatory Issues

For the most part, the regulations directly implemented the provisions of the applicable federal and state statutes. There were many details to be worked through and ambiguities to be resolved, but there were few major substantive issues involving a substantial fraction of the caseload. Many areas of concern were identified and resolved during the consultations with the steering committee, the CWDA working groups, and other stakeholders. Thus, by the public hearings, most of the comments received and subsequent revisions were technical. Some ambiguous wording was clarified, some inconsistencies and

[22]Because of county flexibility in numerous areas, a universal document could not be produced.

typographical errors were eliminated, and additional now-obsolete provisions were identified and deleted.[23]

However, four substantive issues are worthy of additional discussion. Two of them reflect on the limited time available to develop the regulations and the consequences of the necessarily limited review. The other two have implications for the nature of the program implemented.

Enrollment. The first step in implementing CalWORKs was to enroll new recipients and the entire existing ("old") caseload into CalWORKs: for the former group at approval of the application, for the latter group by December 31, 1998. In our first All-County Implementation Survey (ACIS), completed in November 1998 (see Ebener and Klerman, 1999), some counties reported meeting this goal well ahead of schedule, most counties reported meeting the goal about on schedule (December 1998), and a few counties reported they did not expect to meet the deadline. Our fieldwork suggests that responses to the ACIS (which were to be published) tended to be optimistic; several counties that stated in the ACIS that they expected to complete enrollment by January 1, 1999, in fact missed that statutory deadline.

Enrollment was required by both the August 1997 legislation (10532(c)(2)) and the October 1997 Guidelines (I.1.B and I.1.C), but enrollment does not appear to have been formally defined in either place. Instead, the Guidelines included three different required actions that may (or may not) be equivalent to "enrollment":

- *The "Informing Notice."* I.A.1 of the Guidelines states: "An informing notice must be sent to each recipient in the county the month before the county may apply the new welfare-to-work requirements." Some counties appear to have interpreted this "informing notice" as equivalent to "enrollment."
- *Provision of Program Information.* I.B.1 of the Guidelines requires the CWD to "provide the individual in writing and orally if necessary, with information."
- *Provision of Orientation and Appraisal.* I.B.2 of the Guidelines requires that "[a]t the time a recipient enters the welfare-to-work program, the county shall conduct an appraisal during which the recipient is informed of the requirement to participate in available training opportunities, and of support services."

[23]See the language of ACL 98-41: "Most regulations follow guidelines transmitted in ACL 97-72. However, because regulations were developed subsequent to the transmittal of these guidelines, areas that needed clarification resulted in regulations that were not included in ACL 97-72."

CDSS appears to have recognized the ambiguity caused by this lack of formal definition. The Emergency Regulations (issued July 1, 1998) state: "Enrollment is defined as sending a notice that he or she is scheduled for a welfare-to-work appraisal or that he or she is required to convert their GAIN contract to a welfare-to-work plan, as appropriate"; moreover, the change was explicitly noted in the particular ACL covering the regulations.[24] This definition seems to require that the notice include a scheduled date for a first meeting with a WTW worker, but not that the meeting actually have occurred.

Unfortunately, but not surprisingly, the confusion led to very different actions by the counties. Some counties made the statutory deadline by sending letters stating that "a meeting will be scheduled," but not including a specific appointment time and date. Most counties actually attempted to schedule the first meeting before the statutory deadline, and some counties succeeded in doing so. Some of the counties that did not meet the deadline appear to have failed to do so because they overlooked the definition in the Emergency Regulations: They understood that a meeting was required, and so tried not merely to schedule the meeting but also to hold one.

The enrollment deadline is now passed, so this confusion is primarily of historical interest. Nevertheless, it is broadly representative of the experience of senior CWD leadership in trying to implement CalWORKs. Given that time was short and despite falling caseloads, the required work was immense, and the available staff was limited. Therefore, ambiguities in drafting the Guidelines/Emergency Regulations and errors in implementing them should not be surprising.

Furthermore, it is likely that some of the counties adopting the minimal definition (not actually scheduling the meeting) did so partially for reasons of convenience. As we discuss in Chapter 5, CWD staff were struggling under the increased burden of the new program; considerable additional training was needed, and new staff and outsourcing contracts were (at best) just coming up to scale. Under these circumstances, enrollment was a major challenge. Given the ambiguity in the Guidelines, minimizing the implied challenge allowed CWD resources to be applied to other activities, including appraisal, Job Club, and processing noncompliance. For those counties that actually tried to schedule a first meeting (and certainly for those counties that tried to hold a first meeting), one could argue that this legislative deadline required a less than optimal

[24]This ACL stated: "Section 42-702 clarifies what constitutes enrollment in the Welfare-to-Work Program."

ordering of activities—enroll everyone, then return to appraisal, Job Club, and so on.

In retrospect, the enrollment requirement was probably not drafted optimally. Every recipient must have an annual redetermination. In many counties, this involves a meeting with her eligibility worker (EW). It would have been easier for the CWD if enrollment could simply have been added to the list of tasks that would be required at that meeting. Since those meetings are scheduled throughout the year, the workload would then have been spread evenly. Realistically, however, enrollment could not have been added to those meetings until the spring (and in some counties, the summer) of 1998 and thus would not have been completed until the spring (or summer) of 1999. Given the rush to implement the legislation, this would have delayed enrollment by another four months or more, well past the statutory deadline.

Whether such a delay in enrollment would have had any substantive implications is less clear. It appears that the legislation specified a deadline for enrollment to induce prompt program rollout. If so, the choice of imposing a deadline on enrollment—a substantively nearly empty activity—may not have had the desired effect compared with appraisal or Job Club.

The statutory deadline focused CWD efforts and induced them to monitor the outcome. However, as mentioned above, the counties' rush to mail out letters was often to the detriment of more substantive activities such as appraisal, Job Club, assessment, and processing noncompliance. As we discuss in detail in Chapter 6, these substantive activities often did not occur until six months or a year (or more) after the enrollment deadline. In retrospect, CWD might have moved recipients more quickly through these more substantive activities and tracked progress more closely had the legislation specified deadlines for these more substantive activities.

The Start of 18/24-Month Time Limits. Similar problems occurred in specifying the starting point for counting months toward the 18/24-month time limits: Should the clock begin ticking at the first aid check or upon signing a WTW plan? The CalWORKs legislation limited certain WTW activities to 18 or 24 months (for new cases and old cases,[25] respectively). Thereafter, recipients were required to participate in community service (CS) (11454.(a)(1) and (2)).[26] Sections

[25]"Old cases" are those receiving cash aid in December 1997—before CalWORKs. "New cases" are those that have begun receiving cash aid since then.

[26]We note that the language also requires that, before enrolling a recipient in CS, a county certify that "there is no job currently available." This provision could be interpreted to give counties the option of enforcing a "hard" 18/24-month time limit. The county could simply refuse to make the

11454(a)(1) and (2) of the legislation describe the 18/24-month time limit in terms of months of receipt of aid.[27] This implies that the 18/24-month clocks begin with receipt of the first aid check. This is the clear interpretation of the language in the official "Bill Analysis" (see "Time Limits") and several other official descriptions of the legislation.[28] However, the legislation at Section 10532(c)(2) clearly states that for old cases, the 24-month time limit begins with the signing of a WTW plan specifying WTW activities that lead to employability and self-sufficiency (after assessment, before beginning WTW activities; see Figure 2.1 above).[29] No such exception appears in the discussion of new cases in the previous paragraph of the legislation.

The Guidelines (10/29/97) that first translated the legislation into regulations are internally contradictory on this issue. In the discussion of time limits (at II.A.1 and 2), they preserve the distinction between the treatment of new cases and old cases in the statute. The clock starts for new cases "on the beginning date of cash

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required certification. Failing to make the required certification would imply that, rather than being assigned to CS, the recipient must be terminated from the case.

A county's ability to terminate a case is limited by the requirement (11454(3)) that "a job shall not be considered to be currently available if a recipient has taken and continues to take all steps to apply for appropriate positions and has not refused an offer of employment without good cause." We note, however, that most recipients (and especially those that find themselves without a job) have failed to comply with some program requirement (e.g., Job Club) at some point. A county could claim that such a recipient had not "taken . . . all steps." Advocates argued that this interpretation is contrary to legislative intent and the regulations. In particular, they argued that in order to apply this provision, a CWD would have to point to a specific job that was turned down or to a broad pattern of failure to search for a job. Simply failing to obtain employment (even in a tight labor market) would not be sufficient.

However, we know of at least one county that is taking this approach. CDSS has privately indicated to at least one county that it believes that such a termination of aid would be inconsistent with the CalWORKs statute. To date, however, no formal guidance has been publicly released (e.g., though an ACL or ACIN).

A survey of CWDs by Pam Baber of the Western Center on Law and Poverty suggests that as of late 1999, many counties still do not have formal written procedures as to which recipients will be extended from 18- to 24-months. Some counties appear to be extending all cases. Others simply repeat the state regulations. The language of some policies may be consistent with a "hard time limit" in a sizeable fraction of the cases. See the discussion about written procedures below. See also the discussion of community services in Chapter 6. Most counties appear to be using the statutory provisions (11454(c)) to extend the 18-month time limits to 24 months for essentially all new recipients.

[27]The relevant language for new cases is: "shall not be eligible to receive aid for a cumulative period of more than 18 months after the implementation pursuant to paragraph (1) of subdivision (c) of Section 10532." For old cases, the relevant language is "shall not be eligible to receive aid under this chapter for a cumulative period of more than 24 months. . . ."

[28]This is also the interpretation of some outside observers (e.g., the often-quoted Urban Institute report, Gallagher et al., 1998, Table V.5). Some of the confusion may come from PRWORA's language requiring that state plans "[r]equire a parent or caretaker receiving assistance under the program to engage in work (as defined by the state) once the state determines the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance under the program for 24 months (whether or not consecutive), whichever is earlier" (402(a)(1)(A)(ii)). However, this is a different concept. CalWORKs requires WTW activities to begin immediately on receipt of aid (Draft State Plan, A.iii, p. 5), well before 24 months.

[29]The relevant language is: "For recipients under this paragraph, the time limit in subdivision (a) of Section 11454 shall commence on the date the recipient signs, or refuses to sign, a welfare-to-work plan."

aid," but the clock starts for old cases when a plan is signed. However, the discussion of enrollment (at I.B and C), citing the legislation (at Sections 10532(c)(1) and (2), apparently incorrectly) specifies that the 18/24-month time limit period starts with the signing of a plan for both groups.

As with enrollment, this contradiction was partially resolved in the Emergency Regulations in July 1998. The "background" section in those regulations continues to apply the 18/24-month time limits to time on aid (not to months after signing a plan; 42.701.1(c)[30]), but the body of the regulations explicitly begins the time period when the plan is signed (42.710.11). This latter interpretation is explicitly called out in the ACL covering this regulation (ACL 98-41). It appears to be consistent with the spirit, if not the letter, of the original legislation.[31]

This change has important implications. It significantly pushes back the requirement for community service. The alternative interpretation of the legislation might have implied that large numbers of recipients would be required to enter CS as early as July 1999 (for new cases, 18 months after entering in January 1998), with entrance in quantity (of the old cases) in January 2000.[32]

The final interpretation has a very different implication. We will see in Chapter 6 that the bulk of WTW plans were not signed until well into 1999. Therefore, large flows into CS are not likely to occur until calendar year 2001. Based on limited conversations with CWD officials, our best guess is that the number of people who entered CS statewide in 1999 will be under 2,000, well under 5,000 through June 2000, and under 30,000 through December 2000. There is, therefore, probably an additional year before large numbers of recipients will be required to participate in CS.[33]

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[30]See also the introduction to the discussion of 18/24-month time limits, which also uses this language (42-710.1).

[31]The language in the Final Draft State Plan (ACIN I-79-99) continues to speak of 24 months of aid, and that language appears to correspond to the federal requirement for work within 24 months (whether consecutive or not). Our usage does not follow the official CDSS language.

[32]Conversations with the CDSS Estimates Branch suggest that this alternative interpretation (that the 18/24-month clock starts at first receipt), and the implied much larger number of community service cases, is used in the official budget estimates in the November 1999 subventions.

[33]See the Legislative Analyst's Office's (LAO's) report by Hill (1999b) that appears to suggest that the clock starts with receipt of aid. It states that "[u]nder CalWORKS, able-bodied adult recipients . . . must begin community service employment after no more than 24 months on aid. Welfare recipients receiving aid when CalWORKs was implemented will be reaching the community service employment requirement in 1999-0." However, later the report appears to suggest that the clock starts when a plan is signed (see p. 7): "The caseload projection is too high because it does not reflect any noncompliance by the recipients nor delays in signing welfare-to-work agreements." Community Work Experience (CWEX) was a formally defined activity under GAIN, and the phrase continues to be used in many counties. Formally, CDSS refers to these two activities as post-time limit CS and pre-time limit CS.

However, counties are not completely unprepared for CS even at this early date. Community Work Experience (CWEX) activities are a county post-assessment option for WTW activities, and this CWEX is often, in practice, quite similar to CS.[34] In addition, some counties had CWEX programs in place for their General Assistance/General Relief populations. Thus, some counties already had a CWEX program in place before July 1999. See Chapter 6 for more discussion of CWEX.

Who Must Sign a WTW Plan? Another issue related to 18/24-month time clocks had more serious implications for the counties. Given that 18/24-month clocks start when a plan is signed—and that any month in which any aid is received counts against the time limit—the crucial question becomes, who must sign a plan and when must they sign it? In particular, are recipients working 32 hours per week required to sign a plan or does their 18/24-month clock not tick while they are working? With about a third of the caseload working, the implications of this distinction for CWD staff workload and for recipient time limits are considerable.[35]

The CalWORKs WTW model might be interpreted as not requiring a plan for working recipients. If plans are intended to help people get jobs, these people already have jobs. However, if the plans are intended to help people find better jobs so that they can exit aid completely, then a plan might be appropriate.

Again, the legislation and the Guidelines are ambiguous. The legislation discusses WTW plans primarily in the context of the "assessment" for those who fail to find work after job search/Job Club (see 11320(b), 11325.4, and 111325.21[36]). This implies that working individuals need not be assessed and therefore need never sign a WTW plan. However, the discussion of WTW plans (at 11325.21) requires a WTW plan of anyone "required to participate in welfare-

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CDSS's budgets include estimates of 3,400 cases in community service by March 2000, and 110,000 by December 2000. These estimates are made under the assumption that everyone signs a WTW plan within three months of orientation for existing cases, within three months of approval for new cases.

The figures in the text are a rough extrapolation from the comments of counties. (See some detail in Table 6.10.) They appear to be lower because, of late, signing of plans, the clock, stopping effects of sanctions, high levels of work due to the program, and the good economy. (See the discussion in the next sub-section; working adults need not sign plans.)

[34]See the previous footnote for how we use the terms CS and CWEX.

[35]Hitting the time clock means participants are no longer entitled to services such as vocational education and behavioral health treatment. Transportation is a county option.

[36]The exact language at 11325.21 is: "Any individual who is required to participate in welfare-to-work activities pursuant to this article shall enter into a written welfare-to-work plan with the county welfare department after assessment as required by subdivision (b) of Section 11320.1." There is, however, ambiguity about what constitutes a "welfare-to-work activity." The heading of Article 3.2 is "Welfare to Work Activities" and "Job Search" is discussed under this heading.

to-work activities," and work is a WTW activity (see 11320.3.)[37] This would appear to require that working individuals be assessed and sign a WTW plan.

The ambiguity was not resolved in the Guidelines. III.B.5 requires an assessment "if unsubsidized employment is not found during the job search period." However, III.B.7 requires a plan of everyone participating in WTW activities, and IV.A.1.a requires that all nonexempt individuals participate in WTW activities. Work is not listed as an exemption.

The Emergency Regulations in July 1998 explicitly *require* assessment and a WTW plan for working recipients (42-711.552), and that requirement is called out in the ACL covering that regulation (ACL 98-41): "[E]mployed individuals must go through assessment and have a WTW plan, even though they may be working for the minimum hours required."

This requirement immediately provoked a firestorm of criticism from the counties. First, the counties argued that the provision was inconsistent with the intent of the legislation. If a recipient was working the required number of hours, why require her to sign a plan, starting her clock and making her ineligible for services 18 or 24 months later? Second, CWD staff were already burdened with other aspects of the program. This interpretation would have required considerable additional effort.

CDSS heard the counties' complaints. By early April 1999, counties reported that they had received informal guidance from the state (sometimes in official meetings, sometimes from their regional advisors (RAs)) that this provision of the Emergency Regulations was no longer applicable. Many counties promptly changed their policy. Other counties had never produced written plans for working recipients.[38] However, no formal guidance was issued for six months. The Final Regulations, issued on September 23, 1999 (in ACIN I-70-99), made the change official. The covering ACIN called out the change:

> [A]llow employed individuals who work sufficient hours to meet the minimum work participation requirements to: 1) choose not to receive an assessment and only receive necessary supportive services while continuing to participate in unsubsidized employment; or 2) choose to go

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[37]See 11325.21(a): "Except as provided in subdivision (b) or if otherwise exempt, every individual, as a condition of eligibility for aid under this chapter, shall participate in welfare-to-work activities under this article." Work is not listed as one of the exemptions.

See also the heading to Article 3.2 "Welfare-to-Work Activities" that includes Job Search. Below in section (c), post-assessment activities are defined as "work activities." This interpretation might imply that even those going through job search must sign a WTW plan.

[38]It is worth noting, however, that as of the summer of 1999—after the informal guidance had been disseminated but before the formal change in the regulations—some counties apparently still had a goal that every recipient—even working recipients—sign a plan.

> to assessment, sign a welfare-to-work plan, if they wish to participate in other welfare-to-work activities and receive necessary supportive services. These individuals shall be informed of the consequences for selecting either of the two options.

Some ambiguity remains about what services require a plan. The reference at 42.711.552 to 42.716 appears to make education, mental health treatment, and substance abuse treatment unavailable to those who have not signed a plan. However, some counties report that they are providing such services without requiring a signed plan. Similarly, it is not clear whether receipt of post-employment services (PES) or job retention services (see 42-717) requires a signed plan.

After the change was announced, some counties complained about its implications. First, for counties committed to PES as a way to move recipients from any full-time job to a job that would pay enough to get them off of aid entirely, the Final Regulations were a mixed blessing. The requirement to sign a WTW plan had been a way to force recipients to come to the office and perhaps take steps to get a better job (e.g., through education and training). Now that a WTW plan was no longer required, the CWD lost that leverage to force working recipients to come into the office and participate in activities. We discuss the implications of this change in Chapter 6.

Second, now that the official CDSS policy had changed, each county needed to decide how it would treat WTW plans that were signed according to the now superseded Emergency Regulations. Advocates noted the problem and some counties sought guidance from CDSS. No formal guidance (e.g., from an ACL or ACIN) was ever issued. In response to a question from an RA, the CDSS Employment Bureau advised that since the original plans had been signed pursuant to a properly promulgated regulation (an ACL or an Emergency Regulation) that was in force at that time, there was no requirement to retroactively void the WTW plans.[39]

As we ended our fieldwork in the late summer of 1999, county policies were still under development. Some counties were leaning toward notifying those who

[39]This discussion is based on an e-mail from CDSS to the counties (dated September 23, 1999) and conversations with CDSS officials. The actual language of the e-mail is ambiguous: "(T)here is no authority that allows counties to go back and stop the clock for clients who have already signed a WTW plan." This language would appear to imply that a county may not stop a clock once it is started. The e-mail, however, continues: "However, if a county has already gone back and stopped the clock or is planning to do so, it should be sure that the clock is stopped for every individual in the same situation." This language appears to be consistent with the concern for proper written procedures discussed below. The second phrase appears to imply that counties may stop a clock or even void the plan and the accumulated months. Thus, it would appear that the earlier language, "no authority allows," should be interpreted as, "the county is not required to."

had signed plans earlier that they had the option of stopping their clocks or even voiding the plans and rolling back their clocks. Such notification was not required by the Final Regulations.[40]

In those counties, there would be considerable additional work to review case files to identify recipients who needed to be notified and then to actually process any such requests.

Other counties were leaning toward a less proactive stance. Working cases will no longer be required to sign a WTW plan. Some of these counties prospectively voided existing WTW plans (i.e., the clock was stopped), but the clock will not be "turned back" (i.e., earlier months will still count). Subsequent months would not count toward the 18/24-month time limit. Others are not voiding these plans, and the clock continues to tick.

These issues are likely to have important implications as cases begin to hit the 18/24-month time limits. Advocates have already complained that CWDs are not providing regular notification to recipients as to how many months they have accumulated, and expressed concern about the ability of the CWD and recipients to correctly count exempted months.[41] There have been reports that some recipients do not even realize that they have signed plans and that their 18/24-month clocks are now ticking. As recipients hit their 18/24-month time limits, it seems likely that advocates will challenge attempts by counties to count months accumulated under WTW plans that need not have been signed according to the Final Regulations.

County-Written Procedures. Another major issue raised in the regulatory review concerned the lack of county-written procedures. In the regulatory review process, welfare advocates noted problems with the legislation or regulations. At several points, CDSS responded by inserting into the regulations a requirement for notice or written notice (e.g., 42.711.522, 42.711.524, and 42.711.811).

More significantly, before CalWORKs, state legislation and regulation had defined most of the required procedures. Therefore, when participants appealed a decision, a county could usually point to applicable state regulations.

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[40]It is worth noting, however, that short of leaving aid, there are only very limited provisions for "stopping a clock" (see 42-710.6). In particular, it appears that once the plan is signed, the clock continues to tick for every month the recipient is on aid, even if the recipient receives no services and is working the required number of hours. It appears, however, that some counties are not counting months in which the recipient is working 32 or 35 hours and no services are received.

[41]See the comments of the Western Center on Law and Poverty on their Draft Regulations and the CDSS responses (June 18, 1999, Re: ORD 0498-14).

The CalWORKs legislation devolved more discretion to the counties. With this increased discretion came a responsibility to develop written county procedures. Pursuant to this line of reasoning, the ACL covering the Guidelines (ACL 97-72) explicitly noted that "[w]hile these guidelines permit counties the maximum flexibility in the implementation of welfare to work activities, participants continue to have all due process rights. Participants may request a state hearing to review actions taken pursuant to county procedures developed to implement these welfare to work provisions."

There were some reports that counties were losing appeals because of the lack of appropriate written procedures.[42]

> In some areas, CDSS has not adopted detailed regulations. The increased program flexibility allowed under CalWORKs requires that the counties take greater responsibility for the development of standards and criteria that will be used to determine the benefits and services that individuals will receive. In order to assure uniform treatment within the county, we strongly recommend the development of written county policies and procedures. Written policies and procedures will ensure that both county staff and applicants for and recipients of aid have knowledge of applicable program rules. The county also will have evidence of its policies and procedures to present at state hearings.[43]

To encourage the development of formal procedures, ACL 98-58, issued July 31, 1998 and jointly signed by Bruce Wagstaff (the deputy director of the Welfare to Work Division) and John Castello (chief, administrative law judge, State Hearings Division), stated that: "Counties should take appropriate steps to ensure that local policies and procedures are documented, communicated to staff, and applied in a uniform manner."

The Final Regulations mandated that county standards and procedures affecting eligibility, grant amount, and supportive services be in writing.[44]

In addition, a new universal statement of "Your Hearing Rights" (NA BACK 9), ACIN I-94-99, was developed. It combines the hearing rights statements for several CDSS programs. It also makes "[o]ther changes . . . at the request of the State Hearings Division, . . . [and] the narrative from the previous BACK has been streamlined and updated."

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[42]See language in ACIN I-62-98 (10/20/98): "it is intended (to) be used as supportive evidence in state hearings."

[43]The quote is from ACL 98-58 (7/31/98).

[44]After the close of fieldwork for this report, CDSS issued another ACL (00-08, 1/3/00) reiterating these concerns and noting "recent allegations of several welfare advocates that some counties do not have the necessary CalWORKs policies and procedures in writing, as required." The ACL then proceeds with a long list of areas in which county-written policies and procedures are required.

Federal Regulatory Issues

In addition to the issues raised in finalizing the state's CalWORKs regulations, another set of substantive issues was raised by the interaction of California's plans with federal regulations: (1) the minimum wage, (2) a separate state program for two-parent families, (3) the definition of "needy families," and (4) eligibility simplification.

Minimum Wage. There is considerable ambiguity about the conditions under which WTW activities are considered employment for the purposes of the Fair Labor Standards Act (FLSA) and, in particular, for the minimum wage. The issues arise most frequently with respect to supported work, CWEX, CS, and child care.[45] The U.S. Department of Labor (DoL) has taken the position that CWEX constitutes employment and that the minimum wage law applies.[46] CDSS, originally at the insistence of senior staff of then-Governor Wilson, took the opposite position. CDSS claims that welfare recipients are exempted under the "trainee" provisions of the FLSA.[47] The Legislative Analyst's Office (LAO) has questioned this CDSS interpretation.[48] The Final Regulations state that the FLSA does not apply unless there is a future "determination" by CDSS.[49] There have been some reports that the change in governor (from Wilson to Davis) would change CDSS's position, but as of January 2000, no official change has been announced.

Many CWDs have expressed displeasure with the current situation. They view themselves as at risk of being sued for the difference between the effective "wage" (the amount of the aid check divided by the number of hours spent in the relevant activities) and the appropriate minimum wage. Unwilling to bear this risk, some of the counties are only requiring work (or potentially worklike activities) for up to the number of hours computed by dividing the full grant by the minimum wage. Any remaining hours up to the participation requirement are to be filled with activities that cannot be construed as work (e.g., education).

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[45]See Chapter 7 for a discussion of this issue for child care.

[46]See http://www.dol.gov/dol/asp/public/w2w/welfare.htm#How (dated May 1997).

[47]See ACL 98-32 (5/7/98) "Application of the Fair Standards Act to Welfare-to-Work Activities Under the California Work Opportunity and Responsibility to Kids (CalWORKs) Program" and ACIN I-70-98 (11/30/98) "Distinction Between Work Experience and Community Service Activities in the California Work Opportunity and Responsibility to Kids (CalWORKs) and the Welfare-to-Work (WtW) Programs."

[48]See Hill (1999b). That report has a more in-depth discussion of these issues.

[49]See, for example, the discussion of CS at 42-711.931: "If the Department has determined that federal law precludes certain participants from participating in community service for the number of hours necessary . . ."

The issue will become more pressing as cases move into CWEX in volume beginning about mid-2000.

Separate State Program. California has a large (in absolute numbers and as a percentage of the caseload) two-parent program. Federal participation rate requirements are higher for two-parent families (as shown earlier in Table 2.1) and appear to be more difficult to meet, especially for immigrant families who make up a sizeable fraction of the two-parent cases.[50]

California had satisfied the "all-families" federal work participation requirement in FFY 1997 and 1998 (30 percent), but not the "two-parent families" participation requirement in FFY 1997. Furthermore, it had at first appeared that California had failed to meet the two-parent families participation requirement for FFY 1998 (75 percent) and would therefore be subject to the higher federal maintenance of effort (MOE) requirement, 80 percent rather than 75 percent, and to a $7 million penalty for FFY 1997 (with a penalty of up to $28 million in FFY 1998).[51] Subsequent negotiations and the issuance of the final federal regulations in the interim resulted in the U.S. Department of Health and Human Services (DHHS) notifying California that it had met the participation requirements for two-parent families in FFY 1998. However, CDSS remained concerned about the state's ability to meet requirements for FFY 1999 (when the requirements would rise to 90 percent).

One approach to resolving this potential failure to meet the two-parent participation requirements in late 1998 and early 1999 was to establish a Separate State Program (SSP) for two-parent families. Such a program would be funded, not with federal monies, but with state monies—perhaps MOE dollars. Participants in an SSP might arguably not be in a TANF program and, therefore, might not be subject to federal participation requirements. The state might, therefore, not be subject to federal penalties. To discourage the establishment of such programs, the Proposed Federal Regulations had included provisions that would disadvantage states with an SSP in terms of penalty reductions and reasonable-cause exemptions. Furthermore, DHHS had indicated that it would seek legislation prohibiting SSPs.[52]

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[50]For a more in-depth discussion of these issues see Hill (1999a).

The argument that the failure to meet the requirements was because of immigrant families was made by Frank Mecca, the executive director of the California Welfare Directors Association and Bruce Wagstaff of CDSS (see Ellis (1999a)) and echoed by the *Los Angeles Times* in an editorial on the issue ("State Deserves Welfare Break," January 28, 1999, p. B-8).

[51]See the articles cited in the previous footnote.

[52]For a general discussion, see Greenberg and Savner (1999). We note that their discussion of SSPs does not include the possibility of an SSP for two-parent families.

In contrast to the Proposed Federal Regulations that discouraged SSPs, the Final Federal Regulations, issued in April 1999 (effective October 1, 1999), included a series of provisions that encouraged establishing an SSP for two-parent families. The Proposed Federal Regulations' provisions discouraging SSPs were eliminated and no new legislation was sought. Furthermore, according to the Final Federal Regulations, dollars spent on an SSP could count toward the MOE, and participants in an SSP would not count toward the federal participation requirements (neither the all-family requirement nor the two-parent requirement).

Serious discussion of an SSP for California appears to have begun shortly after the release of the Final Federal Regulations in April 1999.[53] On July 8 and 9, 1999, CDSS convened a meeting of state and county officials to consider establishing an SSP. Participants decided to proceed, and in ACL 99-54 (dated August 12, 1999), CDSS announced the establishment of an SSP as of October 1, 1999 (the start of the federal fiscal year and the effective date for the Final Federal Regulations). Thereafter, federal TANF funds would not be used to fund two-parent families. Instead, two-parent families would be funded with state funds (which would count toward the MOE). In so doing, California joined several other states[54] that had taken similar steps either before or after the publication of the Final Federal Regulations.

In practice, the new SSP is identical to the old two-parent CalWORKs program. The criteria used to determine eligibility are unchanged, WTW services and requirements are unchanged, and reporting requirements are also unchanged. Only the forms and codes will change. Federal 60-month lifetime limits on receipt of aid will no longer apply, but state 60-month lifetime limits will apply. After the establishment of the SSP, California will need to satisfy only the federal all-families participation requirement, and only the participation of one-parent families will be used in computing the participation rate.[55] California's caseload decline has been large enough that satisfying this all-family participation requirement should not be a major problem (at least until the next recession).

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[53]Note, however, that ACL 99-33 (4/24/99), in its discussion of the CA 237 form, noted "no significant impact [of the Final Federal Regulations] on this revised form."

[54]As of fiscal year 1998, these states were Alabama, Florida, Georgia, Hawaii, Maryland, and New Jersey. This list is expected to grow as other states establish SSPs pursuant to the provision of the Final Federal Regulations. In addition, several states have no covered two-parent cases: North Dakota, South Dakota, and Vermont. (See "FY1998 TANF Work Participation Rates" Report (1999).

[55]A small number of two-parent families not subject to the federal two-parent participation requirements remain in the main CalWORKs program. They include families with an adult receiving disability payments and families without a common child.

Needy Families. California's spending of federal TANF dollars and counties' spending of the TANF MOE is constrained by the PRWORA legislation as interpreted by the TANF regulations. In particular, the PRWORA legislation lists four statutory purposes:

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.
4 Encourage the formation and maintenance of two-parent families.

Most CWD activities directly relate to the first two goals—loosely paraphrased as "providing assistance to children" and "encouraging work"—which include the qualifier "needy" ("needy families" and "needy parents"). Each state is required to provide a definition of "needy families" in its official State Plan.[56] This definition then constrains how federal TANF and MOE dollars may be spent; in California's case, the State Plan constrains how the counties may spend their CalWORKs funds and, in addition, their incentive funds.

The Proposed Federal Regulations for TANF were ambiguous. Some read them as requiring states to adopt a narrow definition of "needy"—families that were either receiving cash assistance or who were eligible for cash assistance. Furthermore the regulations appeared to imply that anyone benefiting from TANF funds had received "assistance" (and was therefore subject to time limits and participation rate requirements).[57] Both of these issues were clarified in the Final Federal Regulations. These changes were summarized by Greenberg and Savner (1999) in a Center for Law and Social Policy report:

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[56]Furthermore, unlike the Proposed Regulations, the Final Regulations require that a state's definition of "needy families" be based on an income limit. In addition, the definition may, but is not required to, use a resource limit (64 Fed. Reg. 17825; see also Greenberg and Savner, 1999, p. 15). See below where we note that this change required modification of a joint CDSS-CWDA proposed revision to the state's definition of "needy families."

[57]This is the interpretation of Mark H. Greenberg (Greenberg and Savner, 1999). In his discussion of the changes between the proposed and final regulations, he states: "[I]t is now clear that a state's allowable spending under the *first purpose of TANF* is not limited to spending that falls within the TANF definition of assistance. However, it is not clear what definition does apply in determining allowable spending under the first purpose. Absent a federal definition, it appears that the permissibility of a state's expenditures under the first purpose will be based on a standard of what a reasonable person would consider to fall within the purpose" (emphasis added).

> Final rules clarify that some TANF spending is limited to "needy" families and parents and other TANF spending is not; that for spending limited to the "needy," a state must use income eligibility guidelines but may use different guidelines for different services and activities; and that states have broad discretion in setting the guidelines for determining need (p. 14).[58]

> When an expenditure falls within the definition of "assistance," numerous TANF requirements apply, including TANF time limits, work and participation requirements, and child support assignment requirements. The final regulations enunciate some key exclusions from the definition of assistance including many work supports for employed families (such as child care, transportation subsidies) and expenditures for nonrecurrent, short-term needs (p. 3).

Greenberg[59] expresses succinctly the implications of the changes between the Proposed Federal Regulations and Final Federal Regulations:

> Until now, states have often thought of TANF as a funding stream that finances a program of basic cash assistance for poor families and a set of initiatives to help families enter or reenter the workforce. Under the new policies, TANF can also become a funding stream to finance efforts to help low-wage families retain employment, escape poverty, and advance in the workforce. And, states can choose whether they wish to provide supports for working families through the welfare system, outside the welfare system, or in some combination of the two.

Furthermore, Greenberg notes (p. 2) that in an environment in which caseloads are falling, "many states now have the capacity [i.e., funds] to expand both services for those families with the greatest barriers to employment and new supports for working poor families." As Greenberg and Savner (1999, p. 22) also note, this increased flexibility brings with it a risk "that states could manipulate this provision as a means of shifting resources from the poorest families to families with substantially higher incomes . . . "

California's official State Plan (up to and including the revisions to the plan in late 1999) uses a narrow definition of "needy families." It specifically delimits the funds to the following uses: cash assistance according to the statutory formulas, job retention services, transitional Medi-Cal, and child care for

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[58]CDSS's interpretation is that beyond the requirement that "needy" must be defined based on financial eligibility, the TANF regulations place no restrictions on California's ability to define "needy families." This appears to be a more expansive interpretation than that of Greenberg and Savner (1999, p. 15). They note that "States have *broad discretion* in establishing a definition of 'needy' and HHS declines to impose a limit," but they note that the maximum income level for those funds transferred to Title XX is for families with children with incomes below 200% of poverty. They express the hope that "States will target their resources in ways that help needy families and support the goals of the program." 64 Fed. Reg. 17826 (emphasis added). Note also the "reasonable person" standard in the previous footnote.

[59] Greenberg 1999, p. 3.

delimited periods after leaving aid. By not specifically allowing broader uses, the State Plan appears to prevent CWDs from spending incentive funds (for the first two PRWORA goals) on the working poor or even those at risk of coming onto cash assistance.

The original CDSS instructions to counties on the use of incentive funds (see CFL 98/99-54, November 20, 1998) was ambiguous.[60] Several counties (in particular Los Angeles) lobbied strongly for a broad definition of "needy families" in the State Plan. CDSS and CWDA established a working group that began discussing a broader definition in early 1999. Their efforts were reoriented by the release of the Final Federal Regulations[61] and explicit budget language authorizing CDSS to revise its definition.[62] The joint CWDA-CDSS working group reconvened in July 1999 and proposed allowing the provision of services under the first two PRWORA goals to any household with income below 250 percent of the poverty line (or covered by Healthy Families). The proposal was then forwarded to the Department of Finance in October 1999, which raised some issues relating to how the funds would be used, possible interactions with the future of the incentive fund program, and the creation of unsustainable programs by CWDs. In response to the Department of Finance concerns, in November 1999 CDSS's regional advisors surveyed the counties on projected uses of incentive funds. CDSS is preparing to forward the joint CDSS-CWDA proposal for administrative approval, but no formal change has been announced.

A change in the definition might have broad implications for county uses of incentive funds. In particular, several counties have identified uses for incentive funds that require the state to adopt a broader definition of "needy families." For example:

- As we discuss in Chapter 7, in 1999 some families who had left aid were at risk of losing their child care subsidies. Sacramento County proposed to use

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[60] In its discussion of State General Fund (SGF) monies the CFL states: "The SGF incentive dollars may be spent on existing CalWORKs programs providing benefits to CalWORKs recipients. Other expenditures made on behalf of CalWORKs 'eligible families' that . . . " This would appear to limit SGF incentive dollars to families that are income eligible for CalWORKs.

In its discussion of federal TANF funds, the CLF states: "Federal TANF incentive fund dollars may be spent on existing CalWORKs programs providing benefit to CalWORKs recipients." This would appear to limit the use of federal dollars to current recipients of cash aid. However, the CFL continues: "Other expenditures that can be reasonably calculated to accomplish the goal of the TANF program . . . " This phrasing might be interpretable more broadly. It is clearly dependent on the federal interpretation of the "goal of the TANF program" and on the interpretation of that goal in the State Plan.

[61] The original proposal had not included an income test. As noted above, the Final Federal Regulations explicitly required an income test.

[62] See SB 160 (Peace), 5180-101-0001, Provision 16: "The State Department of Social Services shall take whatever action may be needed and appropriate to define the term "needy families" for purposes of Subsection (a) of Section 601 of Title 42 of the United States Code."

its incentive funds to pay for this child care. Senior CDSS officials stated that since these families were not income eligible for cash assistance, such expenditures did not satisfy the first two PRWORA goals as defined by the State Plan. Instead they suggested interpreting child care as being consistent with the second two PRWORA goals. Subsequent consultation with other CDSS staff led to the conclusion that child care was not an allowable expense under these PRWORA goals.

- Los Angeles County's CalWORKs plan involves a "Long-Term Self-Sufficiency" plan. Several of the initiatives (e.g., Employer-Linked Education/Training, Community Economic Development Initiatives, Community Outreach to Increase Access to Health Care) are explicitly noted as "Contingent on the expansion of the definition of 'needy families' in the State's TANF plan." Until those changes are made, these initiatives are going forward either not at all, in limited form, or with additional administrative burden.
- Yolo County has prepared a Request for Proposal (RFP) for projects to use its incentive funds. Funding the RFP from incentive funds appears to require a broader definition of "needy families."

Once the state broadens its definition of "needy families," these counties will begin to spend the monies earmarked for these programs. Alternatively, if and when the state definitively announces that it will not broaden the definition, these counties will need to consider reprogramming these funds.

Expanding the definition of "needy families" is a crucial policy choice for the State of California that would have important effects. The final TANF regulations give the state the ability to shift dollars from the very poorest families—primarily those receiving cash assistance—to slightly better-off families—primarily the working poor. At the state level, such a change might allow additional current state expenditures to count toward the MOE, reducing the required general fund allocations for welfare programs. Alternatively, the state could establish new programs, for example, a state Earned Income Tax Credit, or broadened child care subsidies to the working poor.

At the county level, an expanded definition would allow CWDs to serve a wider population and would be consistent with the new vision of some welfare departments to shift from being a "department of cash assistance" to "a department of the working poor."

The total pot of money from the federal government, however, is fixed in a block grant. Dollars spent on non-CalWORKs families are dollars not spent on

CalWORKs families. The needs of non-CalWORKs needy families are well beyond the resources available through either TANF or MOE dollars.

For example, child care subsidies for the working poor or a state Earned Income Tax Credit could easily consume all of the available funds. While there are currently surpluses under CalWORKs, counties could easily spend the funds under a sufficiently broad definition. Similarly, while counties are already allowed to spend incentive funds on cases not currently receiving cash aid for TANF purposes three and four, under a broader definition, the potential for expenditures beyond those receiving cash assistance would be greatly expanded.

There are also important longer-term issues. As we discuss in the next chapter, the incentive payment provisions are currently underfunded, and there is serious discussion about radically shrinking or even eliminating these funds. Furthermore, it seems likely that total federal funding levels will be lower with the renewal of PRWORA. If federal funding levels fall, it seems likely that state allocations to the counties will also fall. Thus any actions taken to broaden the definition of "needy families" must take into account the future financial environment and the ongoing demand for any programs established under the broader definition.

Eligibility Simplification. Under Aid to Families with Dependent Children (AFDC), welfare recipients were required to file monthly statements of earnings (the CA 7 form)[63] to regularly update the computation of their welfare and Food Stamp benefits. However, a series of federal regulatory changes encouraged the reexamination of this policy. First, with the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), monthly reporting by those receiving cash assistance was no longer required by federal statute. Second, modifications to Food Stamp regulations relaxed the monthly reporting requirement for that program to allow waivers for quarterly reporting, annual reporting, or even "change reporting" for households with income[64] (i.e., no report required unless a material change occurs).[65] Third, the minimum amount of change in earnings required to trigger reporting for Food Stamps was raised from $26 to $101 with federal waiver approval.

These federal regulatory changes made drastic simplification of eligibility redetermination possible. Change reporting with a $75 threshold was actively

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[63]ACIN I-61-98 (10/19/98) replaced the CA 7 with the CW 7 (and SAWS 7) form.

[64]Monthly reporting continues to be required for households without income (Administrative Notice 99-77, 00-18). Such multiple reporting systems complicate the EW's work and can confuse recipients as they transition between statuses.

[65]For a general discussion of Food Stamp issues, see U.S. GAO (1999).

discussed during the CalWORKs debate and included in the Welfare Reform Conference Committee bill, but not in the final legislation.

Instead, the final legislation included a provision for Change Reporting Demonstration Projects in up to six counties. Counties participating in the demonstrations were allowed to adopt a six-month redetermination interval, with a $75 change-in-earnings threshold for more frequent reporting, and prospective budgeting (i.e., budgets computed based on an estimate of future earnings and household situation). The demonstrations were to operate for up to three years, with formal evaluation. The director of CDSS was given the authority to "implement the change reporting process statewide without further legislation." CDSS applied for the required federal Food Stamp program waivers and issued an ACL[66] soliciting county requests to participate. Despite projected savings of $8.5 million in staff time for Sacramento County alone, local district attorneys strongly opposed the legislation as potentially weakening their ability to prosecute welfare fraud. Apparently because of the district attorneys' opposition, only Sacramento County formally requested a demonstration project. The program they proposed did not obtain appropriate federal waivers to ensure compatibility between CalWORKs and Food Stamps.[67]

Given the staffing shortage (discussed in Chapter 5), the potential to free up EWs continued to receive active consideration. During 1999, AB 510 (Wright) was debated, passed, and approved by the governor on October 9, 1999. It provided for quarterly reporting (every three months), with a $100 change-in-income threshold for more frequent reporting, and prospective budgeting (using existing Food Stamp program prospective budgeting rules for nonmonthly reporting households).[68] Rollout of such quarterly reporting is to proceed in two phases. Los Angeles County and up to eight other counties selected by CDSS may begin rollout as of July 1, 2000, subject to the agreement of the local district attorney. After an evaluation of the first phase and with legislative action, the balance of the counties may begin quarterly reporting as of January 1, 2004, with all counties to have implemented quarterly reporting by a year later.

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[66]ACL 97-74, "Change Reporting Demonstration Project," October 31, 1997.

[67]See the denial of waiver letter from Dennis Stewart, USDA-FNS (no date). The letter appears to argue that in several places Sacramento's proposal was too burdensome on recipients (either requiring too much reporting or not allowing them to report favorable changes). The letter specifically notes that 33 states have obtained waivers for change reporting. This language appears to encourage the state to revise its waiver application and to hold out promise that a similar waiver request would be approved. See the GAO report cited in the previous footnote.

Sacramento County claims that it revised its proposal to address FNS's concerns, "but continued political lobbying by the District Attorney at the Governor's Office forced state staff to interpret exception reporting legislation to preclude Sacramento County from addressing FNS concerns."

[68]The $100 threshold is dependent on the approval of waiver requests by USDA Food and Nutrition Services.

CDSS moved promptly to implement the new legislation. Federal Food Stamp waivers were requested in December 1999. An ACIN (ACIN I-96-99)[69] "request[ing] CWDs to begin considering whether they are interested in participating in the initial start-up phase of the [quarterly reporting] QR implementation" was issued December 13, 1999. As with CalWORKs, the law provides for implementation by ACL, followed by Emergency Regulations. Apparently, partially because of a requirement for explicit district attorney agreement, early interest in the first phase has been limited.

The ACL expresses clear concern that computer issues could limit or delay the ability of some counties to participate in the start-up phase, which is clearly expressed in the covering ACIN (ACIN I-96-99):

> It is stressed that in order to achieve maximum workload reduction and to secure valid evaluation data, CWDs should consult with appropriate automation technology staff to determine if their automation system can readily accommodate the necessary changes to ensure that implementation does not require manual eligibility determinations. CWDs should also consult with their automation consortia representatives to ensure that the consortia can accommodate dual systems—the existing monthly reporting system, as well as the new QR system.

We return to the interrelation of computer issues and implementation later in this chapter.

This change to quarterly reporting has the potential to reduce EWs' workloads. Currently, a major component of their efforts is directed toward processing each month's CW 7. Most CW 7s contain no changes, so there is the potential to cut the effort required to process CW 7s by half or more. This would free up employees for other activities, including CalWORKs eligibility and WTW activities.

How much staff time will be freed up is the subject of some disagreement. Monthly reporting of hours worked will continue to be required to compute the TANF participation rates. Furthermore, as employment levels rise with the economy and the implementation of the CalWORKs program, the share of cases with reportable changes in income is also likely to rise. Unstable employment—as is the case for most employment of welfare recipients—will require frequent intermediate filings.

In addition, while fewer CW 7s would be filed, those that are filed are likely to be more complex, retroactively reporting multiple changes below the reporting

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[69] ACIN I-96-99, "Implementation of Quarterly Reporting . . . "

threshold. Furthermore, payments are to be made based on "prospective budgeting" (i.e., budgets computed based on an estimate of future earnings and household situation), which was described by a CWD analyst as:

> More difficult, more sophisticated, more subtle. . . . You're guessing; you're estimating. The worker has to convert what he is hearing into a budget for the next few months. In order to do so, the worker must be reasonably certain that the income will continue. The uncertain portion of income is not counted.

Furthermore, the subjectivity in the computation of the grant increases considerably. Then, any overpayments or underpayments would need to be corrected, a time-consuming administrative procedure.[70] In net, there will likely be some savings, but how much is not clear, and some observers believe that the amount of work will actually increase. In either case, considerable revision of state and county eligibility regulations and additional training will be required.

The New Administration and "Modified Work-First"

Notably missing from the previous list of regulatory issues is anything related to the change in gubernatorial administration that occurred in 1999. The CalWORKs legislation emerged as a compromise between two Democrat-controlled houses of the legislature and a Republican governor (Pete Wilson).

The 1998 elections changed the balance of power. For the first time in 16 years, a Democrat, Gray Davis, became governor of California. Given the sharp divisions and intense bargaining from which the CalWORKs legislation emerged, one might have expected significant substantive changes either in legislation or through the regulatory process with the change in administrations.

However, few such changes have occurred. Slightly increased emphasis on referrals for learning disabilities,[71] education and training,[72] and mental health and substance abuse,[73] and clear guidance to the counties about Self-Initiated

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[70]Whether repayment of "overpayments" would be required when "everybody follows the rules" was unclear.

[71]There is a requirement for "evaluation . . . by a professional whose training qualifies him/her to determine if a participant can complete or benefit from participation in CalWORKs welfare-to-work activities" (ACL-99-80, October 4, 1999). This requirement is partially in response to language in the SFY 1999/2000 budget: "It is the intent of the Legislature that counties use Temporary Assistance for Needy Families funds to screen, assess, and provide services to CalWORKs recipients with learning disabilities, or use the services of appropriate agencies, including, but not limited to, community colleges and adult education programs, for this purpose." (SB 160 (Peace),5180-101-0001, Provision 10).

[72]Especially for DoL WTW programs (ACL-99-20, April 9, 1999).

[73]ACIN I-82-99, October 28, 1999.

Programs (SIPs)[74] might be interpreted as partially motivated by a changed political climate. However, as we discuss in Chapter 6, these changes also could be interpreted as simply reflecting a maturation of the CalWORKs program that is also evident at the county level.

Our fieldwork at the state level and in the counties suggested three reasons for this minimal level of program change with the change in administrations. First and foremost, interviews with state officials, county officials, and nongovernmental observers consistently reported that the new governor prefers to focus his energy and power on a small set of topics. While some issues related to children—in particular, education, child support, and foster care/adoption—are at the top of his list, welfare policy is not. Instead, the governor's office was widely reported to have indicated that it was too soon to make "major changes" in the CalWORKs program. His 1999 veto of bills involving small, broadly supported, changes is consistent with that position.

Second, from a political perspective, many observers reported that welfare reform is perceived as a "done deal." The caseload is declining, the counties have surpluses, so why change a program that is working?

Third, procedurally, major change would be difficult. Many major hoped-for changes would involve increasing expenditures. An attempt to do so through legislation would require a two-thirds majority in the legislature. The governor does not have such a supermajority, which means the Republicans could and probably would block any attempted major expansion of the program.

Reporting Requirements

Although CDSS "supervises" the CalWORKs program, actual "administration" of the program is done at the county level by the CWDs.[75] Some information is collected by the four RAs (see below), and some is collected in collaborative committees of state and county staff; however, most information is obtained through official county reports to the state.

In this section, we discuss what information CDSS needs to conduct its formal role in reporting requirements. We then discuss the ability of the current data systems to provide these data. Given these problems, we look at the current

[74]ACL-99-32, April 29, 1999; ACL 99-38, June 14, 1999; ACL 99-49, August 13, 1999; ACL 99-77, September 29, 1999. SIPs are a mechanism to allow welfare recipients to pursue education programs without being required to participate in job search and other WTW activities. (See Chapter 9 for a more detailed description.)

[75]See, for example, the language in the Draft State Plan (ACIN I-79-99, October 21, 1999).

status of reporting requirements, turning at the end to what is needed to improve program management reporting.

What Information CDSS Needs

CDSS needs certain kinds of information to perform its reporting requirements role. These include the following:

- *Federal Penalties.* The federal TANF legislation provides for penalties and in particular a higher MOE for states that do not satisfy the federal participation rate standards. To compute participation rates, CDSS must report to the federal DHHS on caseloads.[76] To meet this requirement, the counties must report to CDSS caseloads and data that can be used to compute participation rates. Furthermore, the CalWORKs legislation specifies that if a penalty is incurred as a result of failing to meet federal rate requirements, then the penalty should be paid by the state and by those counties whose participation rates are below the required rate. Thus, the state needs statistically reliable, county-level participation rate information to implement the legislation.
- *State Bonuses and Penalties.* The CalWORKs legislation includes bonus payments to the counties based on lowered assistance payments because of recipient exits resulting from employment lasting at least six months, increased earnings while on aid, and diversion payments.[77] Thus, CDSS needs some detail about diversion, the computation of the payment, and causes of caseload reduction.
- *State and Federal Time Limits.* State and federal time limits apply across counties and across states. Thus, to determine eligibility for cash assistance under TANF, other counties and other states need to be able to determine if and for how long an adult received aid in California. A California county also needs to be able to get this information from another California county.
- *Quality Control.* Under federal Food Stamp regulations, CDSS must review CWD Food Stamp actions to ensure that payments of Food Stamps are made properly. This federal quality control (QC) procedure was implemented in response to earlier concerns about program integrity, including welfare fraud. With PRWORA, there is no longer a corresponding federal requirement for a QC operation for cash assistance (TANF/CalWORKs). In principle (but see below), CDSS continues to have a parallel responsibility to

[76]See Final Federal Regulations section 265.10, Appendix C.

[77]See County Financial Letter (CFL) 94/94-54.

ensure that cash assistance payments (i.e., CalWORKs) are also being properly made and that there are not overpayments and underpayments.

- *MediCal Eligibility.* Receipt of cash assistance confers automatic eligibility for MediCal, California's Medicaid program. Transitional MediCal is available for a year after leaving cash aid. Health care providers need real-time, individual-level data on MediCal eligibility to verify MediCal coverage. To provide that information, the state needs to have current individual-level information on cash aid receipt.

In addition, for purposes of program monitoring and modification, additional detail about the status of program implementation would be useful.

Problems with Current County Data Systems

To operate their own programs and report information to the state, counties need computerized data systems. As noted in the previous chapter, most other states have a state-administered welfare program and, therefore, a single statewide data system. Corresponding to California's devolution to the counties of administration and design of welfare programs even to the pre-CalWORKs period, California does not have a single statewide computerized data system to support ongoing, real-time eligibility and WTW operations.

Instead, California's counties formed four different consortia to develop computer systems to support eligibility operations. Pursuant to a compromise enacted as part of Chapter 303 of the Budget Act of 1995, these four legacy systems are to evolve into a Statewide Automated Welfare System (SAWS).[78] The first consortium uses ISAWS—the Interim Statewide Automated Welfare System—the only fully implemented SAWS system. It is used by most of the counties (35), but these counties have less than 15 percent of the caseload.

The second consortium comprises only Los Angeles County. Until recently, Los Angeles County had used FOCUS. Now it is rolling out its LEADER program to replace FOCUS in part of the county; in the intermediate future, it will replace FOCUS with LEADER in the entire county.

The third consortium, which includes 18 of the larger counties (including four of the focus counties for this evaluation—Alameda, Fresno, Sacramento, and San Diego), is using the Welfare Case Data System (WCDS), which was designed by

[78]For background on the SAWS compromise, see *Statewide Automated Welfare System Project: Multiple County Consortium Strategy*, California Health and Welfare Agency Data Center, Report to the Legislature, November 1, 1995.

EDS. This third consortium is currently in the planning stages for the follow-on CalWIN system. Program rollout is scheduled for 2002.

Finally, a fourth consortium serves four of the other large counties. They are in the planning stages for their follow-on CIV system, but program rollout is not likely until 2003 or later.

In addition to these systems to support eligibility operations, each county operates a second, parallel, but often only loosely coupled, system to support WTW operations (the old Greater Avenues for Independence (GAIN) program). Among the problems experienced in some counties, for some systems there are two different log-ins. Not all computers or users can access both systems. Duplicate data entry is often required. Needed cross-checks between systems (e.g., Is a WTW case still receiving cash aid?) are not automated. Thirty-five counties use GEMS (developed by Price Waterhouse and managed by SYNERGY Corporation). Many of the CDS counties use the GAIN Information System (GIS), which, like the WCDS, was developed by EDS. Los Angeles is running GEARS and is studying either integrating GEARS with LEADER or building a new WTW module for LEADER. Some counties are running homegrown or highly modified systems (in addition to or in place of one of the three above systems).

None of these systems was well regarded in the pre-CalWORKs period. The systems are based on what is now old technology. The eligibility and WTW systems were frequently not connected, often requiring separate terminals or log-ins and passwords, requiring double-entry of much information, and making the generation of ad hoc reports difficult. Because the eligibility and WTW systems are not integrated, some counties reported encountering operational problems as WTW staff tried to sanction cases that were no longer receiving aid.

Furthermore, none of the systems appears to have made the transition to CalWORKs gracefully. Through the end of our fieldwork in the fall of 1999, there was—across the consortium, in the many counties we visited, across levels of the CWD organization—a stream of complaints about both eligibility and WTW systems that did not properly compute payments, that would not generate appropriate NoAs, and that did not reflect the new program model.

Although some turbulence in computer systems is not uncommon in major policy transitions, the problems noted in our fieldwork seemed to be above such standard transitional issues. Several causes were suggested. First, much of the difficulty was induced by the late passage of the legislation. Computer changes take time to implement. The changes could not be made until the final legislation passed and at least the Guidelines were issued. As we have noted, the

Guidelines were issued less than two months before some provisions were to become effective (October 14, 1997, to January 1, 1998). Arguably, in this computerized age, program changes cannot be implemented faster than the computer systems that support these programs can be modified. In the case of CalWORKs, the computer modifications to support the program changes were still being made by programmers when the program was implemented. Thus the problems in the field were not simply the standard problems of retraining and imperfect modifications. Instead, CWD staff had to resort to wholesale work-arounds as counties tried to use a system developed to support one program in order to support a related, but different, program.

Second, observers complained that program modifications were delayed by CDSS delays in clarifying the details of program rules, in particular, benefit computations in complicated situations. Finally, there was some suggestion that the age of the technology delayed some of the changes. Some of the implementations are in old programming languages for which programmers are not readily available. Some of the code was not easily modifiable. Even before CalWORKs, there were reports of one-year delays in making computer modifications to reflect program changes.

The comments of one CWD director express the situation vividly and echo the comments of those in other counties:

> The computer systems are lousy. We do the best we can for that GAIN 25 report. The staff compile the numbers and it's our best guess. The staff is going crazy with SAWS. It is not responsive for what we need to track. We wouldn't have to work as hard if the computer system was better. We spend a lot of time developing "work-arounds." People keep wondering when the SAWS system is going to catch up.

There were repeated reports that the primary data system is the paper case file. Many of the required eligibility and WTW actions (e.g., Notices of Action, recomputing budgets) needed to be done by hand. Many counties put into place ad hoc parallel reporting systems to generate appropriate data for program management. Some counties reported that their progress toward pay for performance for contractors was also slowed by the lack of appropriate data systems.[79]

Even the computer systems that are in place do not appear to be reliable. There were common reports of long backlogs in the entry of program status; complete failure to enter activities does not appear to be uncommon. There were also

[79]The situation in San Diego is discussed in Kuchel (1999).

claims that tabulations of the status of welfare-to-work participants sometimes included individuals who were no longer receiving cash assistance (because of incomplete linkage between eligibility and welfare-to-work systems); or, alternatively, that individuals who were working or had been sanctioned were no longer included in the tabulations.

These data system issues limit our ability to characterize the status of CalWORKs implementation. Quoting specific figures from counties' internal management reports that the counties had provided, Chapter 6 includes brief discussions of the pace of implementation in several counties. On review of an earlier draft of this document, several counties claimed that these figures did not reflect the true status of implementation in their county as of the reporting date.

These problems with the underlying data are reflected in the counties' reports to CDSS. Chapter 6 of this report begins with an analysis of counties' GAIN 25/WTW 25 filings with CDSS. Those filings appear to be problematic. As of September 1999 (the third month with the new form), 12 counties (Alameda, Contra Costa, Fresno, Placer, Riverside, San Diego, San Luis Obispo, San Mateo, Santa Barbara, Santa Cruz, Solano, and Yolo) are "reporting estimated data"; eight counties (Contra Costa, Fresno, Placer, San Diego, San Luis Obispo, Santa Cruz, Solano, and Yolo) are not reporting some items, and one county (San Francisco) is reporting no information. Furthermore, some of the reported information appears to be in error (see the discussion in Appendix C). As a result of earlier drafts of this report, CDSS has revised some of its data cleaning practices and has requested revised data from some counties.

Responses to our CalWORKs Staffing Survey are similar to those we received in our fieldwork. Among all respondents, 74 percent reported using a computer to track clients and 47 percent reported having received computer training, but fully 72 percent reported wanting more training. Furthermore, the computer systems do not appear to be efficient. Only 23 percent of respondents reported having sufficient access to computers. Finally, and most salient for this discussion, only 34 percent of respondents agreed that "computer systems in my office can handle the work I need them to do."

Computer support appears to have improved somewhat. Los Angeles County began bringing up its LEADER system in October 1999. ISAWS and CDS put in place new versions that handled some of the new issues in budget computation, eligibility, and notices. In the fall of 1999, some CDS counties began testing the Time on Aid system to address the time-limit computation and some of the older CalWORKs changes. Broad rollout of Time on Aid was expected in early 2000.

ISAWS had converted from an old architecture using PCs as terminals to a PC-based one, and the ISAWS working group was developing specifications for an ISAWS WTW Module to support WTW operations. Despite these ongoing improvements, the situation remains far from ideal. Significant improvements are often not scheduled until 2001 or later (such as the ISAWS WTW Module, CalWIN, and CIV), and some observers stated that they expected those schedules to slip.

Current Status of Reporting

Not surprisingly, given this situation at the county level, reporting from the counties to the state is weak. Ideally, the counties would report individual-level data to the state shortly after the close of each month. The state would then tabulate this single file in various ways for its various needs. Perhaps the state would audit some small sample of the underlying cases to verify that the computer submissions were correct. If data quality was an issue, penalties could be assessed for incorrect filings.[80] Such a system of submission of individual-level data should, in principle, be possible. To verify participation and impose sanctions, each recipient should already be reporting her status to her caseworker monthly. Furthermore, the CalWORKs legislation and the corresponding regulations define activities sufficiently precisely to allow consistent reporting by all counties (e.g., whether a recipient did or did not spend 32 hours in job search last month has a verifiable answer with consequences for the recipient's compliance status and the state's satisfaction of federal participation rate criteria).[81]

The reality, however, is quite different. The current system provides little more than the information needed to meet state and federal reporting requirements. Rather than a single consistent system in which counties provide individual-level data from which all reporting requirements can be tabulated, there are a series of separate county reports to CDSS providing aggregate (not individual-level) data. This strategy minimizes the reporting burden at a time when the counties are devoting their resources to implementing the new program.

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[80]Currently, CDSS does not appear to have statutory authority to fine counties for incorrect reports, even when those reports have statutory implications (e.g., on caseloads or participation rates).

[81]County definitions and terminology of activities are not always consistent. There is, nevertheless, sufficient consistency to allow more individual-level reporting than currently exists. In particular, some specific activities are defined (and limited in duration) by state or federal statute. Whether an activity satisfies the state and/or federal participation requirement should also be well defined.

Here, we consider system adequacy relative to each of the reporting requirements discussed at the beginning of this section.

Federal Penalties and Quality Control. There is no statewide data system that would allow the tabulation of federal participation rates from individual-level data. Instead, California has provided data to federal DHHS to compute its participation rate using review of paper records for a sample of about 6,000 cases per year. This sample is large enough to provide annual, statewide estimates of sufficient precision for federal reporting purposes and is used in some budget estimates and other planning processes. However, it is not large enough to be useful for many other purposes, including estimating state participation rates at the county level. This system is an outgrowth of one that was developed from the Food Stamps QC system. The output of that system was considered at both the federal and state levels to be of very poor quality.

In 1998, the state formed a CalWORKs and Food Stamp Data System Design Taskforce, which has performed a top-to-bottom review and revision of that system. It has cleaned older and problematic data, revised procedures for collecting new data, and prepared the required federal reports.[82]

Upgrading the system has been resource-intensive. Partially to provide sufficient resources to compute federal error rates and given that (as of PRWORA) quality control for cash assistance was no longer required by the federal government, the quality control review of cash payments was relaxed in the fall of 1998, but it was continued through September 1999.[83] The QC requirements were temporarily suspended with the implementation of the new Q5 data collection survey in October 1999 and the SSP. They are to be resumed in March 2000. At that time, an abbreviated set of TANF QC elements was added to the federal and state Food Stamp QC elements as a county option.

CDSS is currently designing a new TANF QC process to be operated in conjunction with the continuing Food Stamp QC process and which will use the same sample. That effort, planned for implementation in April 2000, will verify payment accuracy in (1) Assistance Unit composition; (2) use of income disregards; (3) computation of income; (4) computation of the grant; and (5) property limits. Until that system is implemented, however, there is no statewide accuracy check on CalWORKs components. Some counties continue to do their own CalWORKs accuracy checks.

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[82]See the taskforce's Web site at http://www.dss.cahwnet.gov/q51804/ q51804.html.

[83]See the memo to the county performance sample counties, "Suspending TANF Payment Accuracy Activities," dated October 30, 1998, signed by Werner Schink.

Quality control continues for the Food Stamp program. In many places, Food Stamp error rates increased sharply in FFY 1998, an increase that some county respondents attributed to the organizational changes and new hiring induced by CalWORKs.[84] Observers attributed some of the increase to the organizational changes and new hires. Some of the increase may also have resulted from the increase in earnings cases. There were reports that cash assistance error rates have also increased sharply in many of the counties that continue to do quality control, but there is no longer any statewide data on which to base firm estimates of the incidence of such errors.

State Bonuses and Penalties. Most recently, ACL 99-85 (October 7, 1999) announced a new approach to estimating the county participation rates. Beginning October 1999, counties are to estimate their federal participation rates and report them within 75 days (e.g., by April 15 for calendar month January) on the new WTW 30 form. Counties may develop their estimates based either on tabulations of computer records for all cases or a review of a random sample of paper records. If the counties choose the latter option, the ACL requires sample sizes large enough to precisely measure participation rates at the county level. In practice, this is between 108 and 274 cases per month (and all cases every month for the four counties with the smallest caseloads). These changes should allow the estimation of county-level participation rate estimates.

The combination of the continuing Q5 system and this new quality control–based system (now known as the County Performance Sample) will be of only limited use beyond computing federal and county-level participation rates. The Q5 sample is small (about 300 cases per county), and the data are available only with a long delay. The County Performance Sample produces only two numbers per county per month (see the WTW 30 form)—the numerator and denominator for the federal participation rate. This effort is not intended as a general-purpose data collection effort. Rather, it is intended as an ad hoc effort toward a specific state statutory data requirement. It is, therefore, not useful for county-level reporting or for program monitoring.

The state has put in place a series of separate reports aggregated from the CWDs to CDSS for other program information needs. Aggregate caseloads, for example, continue to be reported on the CA 237 form, which was revised again for the SSP.[85] This information is used for federal reporting requirements.

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[84]For statewide data, tabulations by the CDSS Data Operations Branch show a combined payment error rate of 12.52 percent in FFY 1997 compared with 9.89 percent in the previous year. Incomplete results for FFY 1999 suggest that the error rate is returning to its earlier levels.

[85]A revised version of the CA 237 form was issued 5/6/98 with ACL 98-31. Use of the revised form was suspended until January 1998 by ACIN I-54-98 (9/15/98) to "resolve questions raised."

Information for the performance bonuses is reported in two ways. Exits resulting from employment are proxied from two statewide administrative data systems. The MediCal Eligibility Determination System (MEDS) provides information on caseloads, while the Employment Development Department's (EDD's) Unemployment Insurance (UI) filings provide quarterly information on covered earnings.

Information on increased earnings while on aid and on diversion is reported on the new CA 801 form, to be filed no later than the 20th day of the month following the reporting period.[86] The form collects aggregate data on benefit savings resulting from earnings and diversion. It is supported by two forms (CW 801.1 and CW 801.2) that the counties complete and keep on file. On these forms, counties record individual-level data on earnings and the implied Incentive Earned (Grant Reduction). We infer that when there is a sufficient incentive to do so, CWDs are able to promptly report individual-level data, though perhaps only with considerable effort in some counties, including manual review of paper case files.[87]

State and Federal Time Limits. As is discussed in ACL 99-90 (October 21, 1999), reporting of state and federal time-limit information on an individual basis continues to be a problem. Presumably, helping the states to track months accumulated toward time limits in other states is partially a role for the federal government. To date, federal initiatives toward that effort have been minimal.

The original effort at the state level to enable tracking of time limits was the Statewide Automated Welfare System Technical Architecture (SAWS-TA) system. SAWS-TA was to include a database containing data necessary to track recipients across county lines. In addition, a second component was to provide a bridge between the four SAWS consortia that would allow data inquiries to pass between counties in a way that would be transparent to the user. The initial product of this SAWS-TA effort is now called PRESAWS. It provides counties with minimal information for tracking time limits (e.g., in which counties an individual has received aid). With that information, a caseworker in one county

ACIN I-08-99 (2/1/99) further delayed the use of the new form, at least until 7/1/99, to "provide CDSS with the opportunity to refine definitions and incorporate county input and provide counties with time to reprogram existing data systems." We note that this ACIN delaying the new form was issued in the month the new form was to be used and after the reporting month had ended. Finally, ACL 99-33 (4/29/99) supplied the new form to be used starting with July 1999. The form was revised again for the SSP in ACL 99-59 (9/2/99).

[86]See CFL 98/99-54, November 20, 1998.

[87]We note that the presumption appears to be that county systems are not computerized. The sample forms CW 801.1 and CW 801.2 that are provided with the CFL have clearly been filled out by hand—not even by typewriter, and certainly not by a computer printout, a computer file, or electronic data interchange (EDI).

can know which other counties must be contacted to collect time-limit information.

Once PRESAWS was completed, the remaining effort was divided into two parts. The first part, the Welfare Data Tracking Implementation Project (WD-TIP), is designed to enhance the existing PRESAWS system by providing the data needed to report accurate time on aid for time limits, that is, months accumulated in each county toward each of several time limits. The second part, CalSERV, building on earlier SAWS-TA efforts, will seek a state-of-the-art solution to meet the need of the four SAWS consortia to communicate to the state and across consortia systems.

The WD-TIP effort is ongoing. Limited information for ISAWS counties is currently available. The official estimated completion date for state-level programming is August 2000. All but four counties have committed to having their data in the system by that date, with the remaining four counties by the end of the calendar year. However, some observers doubted whether this schedule is realistic. It is not clear that all of the counties even have all of the underlying data in their own computer systems. Furthermore, the issues discussed earlier in this chapter about who must sign a plan, induce considerable ambiguity as to what should be reported.

This projected completion date occurs well after the information is needed. New recipients could start to reach California's 18-month time limit as early as July 1999, with more reaching time limits in early 2000 (though probably not more than a few thousand). Similarly, since months of aid receipt in California will count in other states, states with shorter lifetime time limits and earlier TANF implementation dates will need to know about months of receipt in California from December 1996 forward.[88]

MediCal Eligibility. MediCal eligibility continues to be reported in what is apparently the only statewide individual-level data system for welfare programs, the MEDS.[89] The operation of that system, by the Department of Health Services, is constructive evidence that it is possible for the counties to report relatively up-to-date information on welfare recipients in real time. It provides a potential model for other statewide welfare data systems.[90]

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[88]Even after WD-TIP is available, current plans would continue to require out-of-state welfare agencies to call the California counties in which aid was received.

[89]The child welfare system is currently implementing the statewide CWS/CMS system.

[90]Similarly, for alcohol and drug abuse data, the CalWORKs legislation requires the reporting of detailed individual-level information, in addition to aggregate county-level data. Those data are being collected by the California Alcohol and Drug Data System (CADDS) and Drug and Alcohol Abuse Treatment Access Report (DATAR). See ACL 98-60 (8/4/98).

Program Management. CDSS continues to receive aggregate data reports on WTW operations. The pre-CalWORKs GAIN 25 form was replaced by the simplified WTW 25 form, revised again for the SSP.[91] The new form included 13 new items corresponding to new activities under CalWORKs. It also changed some items from counts of new events to counts of stocks (e.g., the GAIN 25 requested new sanctions, the WTW 25 requests total sanctioned individuals).

The new forms and the nature of the revisions between the GAIN 25 form and the WTW 25 form testify to the weakness of the county data systems. Examination of the post-CalWORKs GAIN 25 forms (filed through June 1999) suggests that much of the data is missing or clearly erroneous. In addition, conversations with state officials and examination of the early WTW 25 forms (discussed and analyzed in Chapter 6) suggest that many counties filed the reports late, and those that have been filed are even more likely to have missing or clearly erroneous values than they had on the old GAIN 25 forms. Such problems with a new form are not unexpected. CDSS continues to work with the counties to improve the quality of the data.

Furthermore, the revisions to the GAIN 25 form that yielded the WTW 25 form (developed by a joint state-county committee) imply that even fewer data will be reported. The old GAIN 25 form collected both total counts in that month (so a person might be counted in a given activity in more than one month) and unduplicated year-to-date counts. The quality of the unduplicated count data, however, was reputed to be low. The revised WTW 25 form drops all attempts to report unduplicated year-to-date counts. Furthermore, the form requests only monthly counts of persons in each activity. The equivalent individual-level data, with hours per activity, would allow the computation of state and federal participation rates, by county, by month. However, neither individual-level data nor hours are collected.

What Is Needed for Program Management?

Difficulty reporting unduplicated year-to-date counts is troubling. As we discuss in Chapter 6, basic program management requires knowing the current program status of cases and their WTW activities and hours, and being able to track their progress over time (e.g., how long have recipients been on aid, how long were

[91]CDSS staff began to develop the new form in October 1999. A joint state/county workgroup met January 8, 1999, and again January 29, 1999. ACL 99-24 (April 14, 1999) replaced the old GAIN 25 report with the WTW 25 report as of July 1999. Furthermore, ACL 99-60 (September 2, 1999) replaced this form with a revised WTW 25 form and a new WTW 25A form to reflect the inauguration of the SSP in October 1999.

they inactive between different WTW activities, how long have they been enrolled in particular WTW activities).[92] In conversations with CWD officials, it is clear that most counties cannot currently answer these types of questions.

However, more-detailed individual-level information is crucial, not only for evaluation ("How are we doing?") but, more important, for management. The standard management adage is "what gets measured gets done,"[93] or, as a senior manager in one county said:

> You need to tell people where they stand and what you are measuring. This is what people will do well at. People drive their program by goals and objectives and this influences how people behave. We need to have measures of how people are doing. . . . [W]e want people to compete against themselves to see how well people are doing in terms of earnings, goals and objectives. This will drive how people work.

However, counties do not appear to be tabulating key outcomes. Without proper information on program status, it is difficult to manage and improve the implementation of the current program.

Improving information systems at the state and county level is a high priority. Nevertheless, the current schedules imply that significant improvements are years away. Furthermore, estimates of completion dates tend to be optimistic. Finally, recent state experiences with major computer systems are not encouraging.[94]

The CDSS-CWD Relationship and CDSS

In addition to interactions with the counties through formal regulations and reporting requirements, CDSS has traditionally had a variety of informal relations with the counties to provide technical assistance. Those informal relations were affected by several forces.

First, although there had been some discretion over WTW activities under GAIN, CalWORKs considerably increased that discretion. In this domain, counties were expected and encouraged to develop their own programs. CDSS made a conscious decision to "get out of the way." This new relationship began with the development of the implementing ACL and the review of the county plans. The

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[92]This discussion draws on Wiseman (1999). See also Brady and Snow (1999) and Maxwell (1997).

[93]See for example, Osborne and Gaebler (1992), and, more broadly, their discussion in Chapter 5.

[94]See Ellis (1999b).

legislative language required not CDSS "approval," but the different concept of "certification." For GAIN, CDSS had authority to "approve" county plans. Such approval involved a full review. Sometimes, CDSS required significant changes to plans. For CalWORKs, however, senior CDSS leadership and county officials noted that CDSS had no authority to refuse certification unless there was a clear violation of the statute, despite any staff misgivings about the appropriateness of the policies chosen.

This new relationship continued through the implementation phase. Some counties continue to turn to CDSS for decisions in areas that are explicitly left to county discretion. In those cases, CDSS has deliberately restrained itself from providing detailed answers to questions, instead simply noting "your county has the discretion to make that decision." Similarly, CDSS has refrained from providing "guidance" or issuing "clarifications" on many WTW issues, arguing that those are county choices on which CDSS need not express an opinion.[95] Among themselves and with the encouragement of the RAs, counties learned that: "If you ask they can say no. Better not to ask." And, "It's easier to ask forgiveness than permission." Some counties expressed frustration with the lack of an "answer" from CDSS, but most counties seemed to appreciate the chance to make decisions consistent with local realities (both political and economic).

Second, the counties do not have total discretion even in their WTW programs. CDSS continues to have an oversight responsibility. As county actions appear to be inconsistent with the statute or the regulations, CDSS provides guidance—sometimes publicly in ACLs and ACINs (see the earlier discussion of SIPs and time limits), sometimes through less formal channels (see the earlier discussions of "hard time limits" and rolling back clocks). Such issues are identified through a variety of sources, county questions, RA reports, informal inquiries from advocates, comments of CDSS hearing officers, and formal legal filing (e.g., demand letters, lawsuits, and appeals of CWD decisions).

Third, the situation for eligibility and time limits is quite different. There, the state continues to have a uniform policy across counties to ensure that the program is indeed uniform. CDSS continues to issue detailed regulations to cover all possible cases[96] and "clarification."[97]

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[95]CDSS must still provide guidance in defining concepts (e.g., participation and SIPs). See ACL 99-65 (9/14/99).

[96]For example, ACL 99-92, October 25, 1999, on the interaction of CalWORKS with the Kin-Gap program; ACIN I-52-99, on the 60-month time limit; and "additional guidance," ACL 99-90, October 21, 1999, also on the 60-month time limit.

[97]For example, ACL 98-37, "Questions and Answers on the Implementation . . . ," June 9, 1998; ACL 99-26, April 21, 1999, on overpayments; and ACL 99-65, September 30, 1999, on eligibility determination for "penalized persons" and "readjustment periods."

Fourth, this new discretion was a challenge for the counties. The challenge was most extreme in the early period when there was a lot of planning to be done in very little time, but it continues to this day. The most obvious evidence of the challenge may be found in the lag in developing proper written procedures and due process, as discussed earlier.

This new challenge brought with it an increased need for technical assistance. The four CDSS RAs had been providing such technical assistance since the creation of their positions shortly after the passage of the CalWORKs legislation (September 1997; see the discussion in Zellman et al., 1999). The RAs are highly experienced CDSS employees who convey CDSS positions and guidance to the counties and convey county concerns and questions to CDSS. The RA positions were viewed quite positively, both by senior CDSS staff and by CWD leadership.

CDSS has taken other steps to provide technical assistance and the sharing of best practices. Those other steps include the provision of notices[98] and forms[99] (in multiple languages), establishment of a Web site[100] and an annual partnership conference, and the activities of RAND as part of its Statewide CalWORKs Evaluation contract.

Conclusions

The CalWORKs legislation induced major changes in the role of CDSS. In the short term, there was a major effort to issue new regulations. In the longer term, there was a new relationship with the counties to be developed.

The "Final Regulations" have been issued. While there were some typographical errors and obsolete sections that needed to be fixed, the wide consultation in developing the regulations seems to have led to a relatively smooth regulatory process, despite the limited time available. As we have discussed, there were also some real ambiguities in the interpretation of the statute, with substantive consequences, and there are some issues still outstanding relating to the interface with federal regulatory issues. On the whole, however, the process appears to have unfolded better than might have been expected, and progress is being made on the open issues (e.g., SSP and FLSA).

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[98]For example, ACIN I-54-94 (8/12/99) provides model "CalWORKs Informing Documents"; ACIN I-62-98 (10/20/98), the Maximum Family Grant; and ACIN I-54-94 (8/12/99), "Work Pays, Supportive and Transitional Services, and Time Limits."

[99]For example, see ACL 97-72 (10/24/97); ACIN I-70-97 (11/6/97); ACL 99-35 (5/5/99); ACL 99-38 (6/14/99); and ACL 99-18 (4/15/98).

[100]See http://www.welfaretowork.ca.gov, ACIN I-15-99, February 19, 1999.

Data systems, however, have only with difficulty supported the formal reporting required to implement the provisions of the federal and state legislation and the ongoing state and county needs to manage the program effectively. Several efforts to address these problems are ongoing, but even the official schedules often have completion dates far into the future. Furthermore, standard experience, in general, and the recent experiences of the state, in particular, suggest that these schedules are likely to slip further. It is not clear what can or should be done about this. Developing large data systems takes time and high-quality management oversight.

A new relationship between CDSS and the counties is also evolving. CDSS is learning to let the counties take the lead, and the counties are learning to make decisions without consulting with CDSS, though there are mechanisms for technical assistance in place should counties require them.

4. Funding of CalWORKs

While opponents of the Personal Responsibility and Work Opportunity Act (PRWORA) feared that funding for the California Work Opportunity and Responsibility to Kids (CalWORKs) program could be insufficient, as had been true with the Family Support Act (FSA), the reality has been quite different. Through several different pathways, California's CalWORKs caseload decline has resulted in funding levels per case much *higher* than had been true before PRWORA and much higher than would have been true if the pre-PRWORA funding formulas had remained in place. Furthermore, at least through the end of state fiscal year (SFY) 1998/99, the late passage of the CalWORKs legislation and slow ramp-up at the county level have resulted in the accumulation of sizeable carryovers.[101]

In Chapter 3, we discussed the key formal and informal roles of the California Department of Social Services (CDSS) in implementing CalWORKs, deferring its financial and budgetary role of managing the flow of federal Temporary Assistance to Needy Family (TANF) monies and state CalWORKs dollars to this chapter. Here, we take up the discussion of that role, starting with an examination of the sources of funds and the programs to which they are allocated. As part of that discussion, we trace funds from the federal government to the state and from the state to the counties. Then, we consider budgeted and actual spending by CDSS and the counties. Next, we discuss some subsequent CDSS-level funding decisions. Finally, we look at how CDSS has satisfied the federal maintenance of effort (MOE) requirement.

Funding Sources and Flows

To frame the analysis of CalWORKs' effect on welfare spending in California, it is useful to review the basic flow of funds for the California welfare program (see Figure 4.1). Although Aid to Families with Dependent Children (AFDC) and CalWORKs differ in their funding mechanisms and

[101]Many of the budgetary issues raised here are also apparent nationally and in individual states. See, for example, DeParle (1999b) and Hernandez (1999).

amounts, many of the relationships among federal, state, and county jurisdictions remain the same.

As shown in the figure, for programs within its jurisdiction, CDSS receives funds from both federal grant programs and from the state general fund; the latter funds are allocated in the annual state budget. The level of funding from the State General Fund cannot go any lower than PRWORA's MOE. CDSS allocates the greater part of the funds it receives (from federal grants and from state general funds) to the county welfare departments (CWDs), which provide the mandated services to recipients in their areas. For some functions, other state departments (e.g., the California Department of Health Services, CDHS) transfer funds to the CDSS for distribution to users. Finally, as shown on the far right of the figure, the counties, through their own budgets, also provide a small portion of the total funding to the CWDs, referred to as the county MOE under the CalWORKs program.

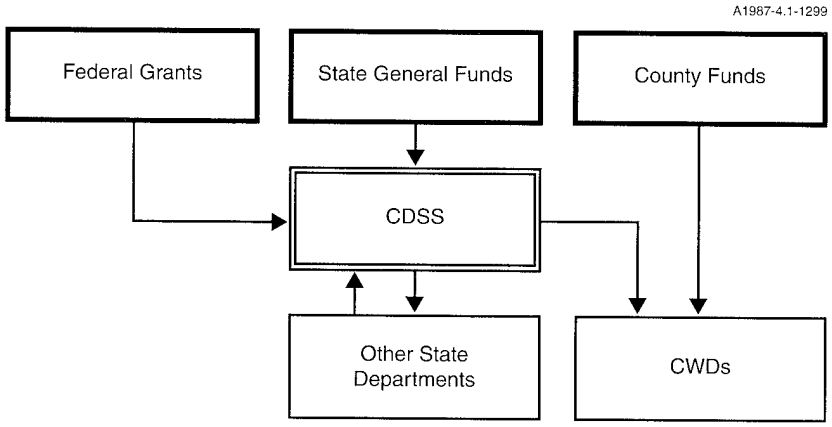


Figure 4.1—Diagram of Fund Flows in the CalWORKs Program

Federal Funding for CalWORKs

The TANF family assistance block grants established by PRWORA are by far the largest and most visible federal funding mechanism being used in welfare reform. These block grants are accompanied by other federal funding programs—for child care, training, and substance abuse treatment—that are intended to fund specific services that support poor families on the path to employment and self-sufficiency. (See Appendix B for details.) Table 4.1 summarizes the amounts in each federal funding stream from federal fiscal

Table 4.1

Federal Funding Streams and Average Federal Spending per Case (FFY 1997–FFY 2000)

	FFY 1997	FFY 1998	FFY 1999	FFY 2000
Federal Funding Streams ($ millions)				
A: AFDC/TANF funding[a]	3,527	3,734	3,734	3,734
B: Child care funding (CCDF funding)	120	310	313	381
C: DoL-WtW funding	0	190	177	0
D: Total funding (D = A + B + C)	3,647	4,234	4,224	4,115
Average Federal Funding per Case				
E: Number of AFDC/TANF cases	902,813	842,616	735,671	683,067
F: AFDC/TANF funding per case ($) (F = A/E)	3,910	4,430	5,080	5,470
G: Total funding per case ($) (G = D/E)	4,040	5,020	5,740	6,020

DATA SOURCE: Published State Allocation from the U.S. Department of Health and Human Services, Administration for Children and Families (DHHS-ACF); U.S. Department of Labor, Employment and Training Administration (DoL-ETA); and CA 237 monthly statistical reports.

[a]Includes cash assistance, JOBS (GAIN in California), and emergency services.

year (FFY) 1997 (the last pre-PRWORA year) to FFY 1998 (the first PRWORA year) and through to the current FFY 2000.

Several aspects of this table are worthy of note. First, the federal TANF block grant (for the PRWORA years) is fixed in nominal terms at $3,734 million (i.e., it is constant from FFY 1998 through FFY 2002). The fixed TANF block grants were chosen to reduce federal spending, both by fixing federal payment levels and by maintaining consistent nominal funding levels over time. The block grant mechanism also shifts financial risk to the states by limiting the federal financial obligation to the amount of the grant, even if the welfare rolls increase. The block grant thus gives states an incentive to cut their caseloads. The absence of annual increases in the size of the block grants generates savings in real costs as inflation lowers the purchasing power of a dollar over time.

Second, while the federal block grant was to be set based on historical federal transfers, each state was allowed to choose its baseline from among three different computations. California chose to use the baseline that annualized the first three quarters of FFY 1995 AFDC-related spending. At the same time, California's caseload peaked in March 1995 and was already dropping rapidly by FFY 1997 (as shown earlier in Figure 2.2). Thus, although the TANF block grant was based on historical spending patterns, it was about 5.9 percent higher than in the last pre-PRWORA year. Given the low realized

rates of inflation (1.7 percent in 1997, 1.6 percent in 1998, and about 3 percent in 1999), the total real federal contribution will be about constant over this period.[102]

Third, this analysis considers only the TANF block grant; however, as shown in the table, funds for child care (through the Child Care Development Fund (CCDF)—Stages 2–3 once CalWORKs was enacted) and for Department of Labor Welfare-to-Work (DoL-WtW) training further increased federal funding. The child care dollars represent about 8 percent of the main block grant; the DoL-WtW funds fluctuate from year-to-year, at around 5 percent of the block grant. Thus, total federal funding in FFY 1998 (once the DoL-WtW funds began) is about 16 percent higher than in FFY 1997, the last pre-PRWORA year.

Fourth, more important than the increase in total funding, as shown in the bottom half of the table, CDSS projects that the caseload will decline by 24 percent over the four years shown (from 902,813 in FFY 1997 to 683,067 in FFY 2000). In net, this results in a 49 percent increase in total federal dollars per case[103] (from $4,040 in FFY 1997 to $6,020 in FFY 2000). While this increase is large, we will see below that it arguably *understates* the magnitude of the increase in funding.

State CalWORKs Budget and County Fund Allocations

Spending for welfare recipients in California encompasses the CalWORKs program funding plus other programs operated by CDSS that provide services to support recipients' efforts to achieve self-sufficiency. The functions and funding mechanisms of the California welfare program under AFDC and CalWORKs are compared in Table 4.2. Under AFDC, cash assistance payments to welfare recipients were provided as an entitlement for both the state and counties. Under CalWORKs, because the state reimburses the counties for all but a small share of these costs (an average of 2.5 percent), these payments continue to be (nearly) an entitlement from the county perspective. The federal TANF block grant limits the federal share of these payments. Thus, while the federal and state governments had shared this

[102] See GAO (1998a), Peters (1999), and Mermin and Steverle (1997) for a similar analysis.

[103] The implied increase is slightly smaller if we consider federal dollars per individual recipient. While the caseload decreases by 24.3 percent, the number of individual recipients declines by 22.8 percent over that same four-year period—from 2,645,814 in FFY 1997 to 2,042,054 in FFY 2000. The implied increase per recipient is only 46 percent.

Table 4.2

Comparison of Welfare Functions Under AFDC and CalWORKs

AFDC Program		CalWORKs Program	
Function	County Funding	Function	County Funding
AFDC cash assistance; general and emergency	Entitlement	Cash assistance	State entitlement; TANF block grant
Eligibility administration	Cost reimbursement	TANF general support	Single allocation
GAIN WTW	Separate allocation	DoL-WtW; child care-Stage 1	County block grants fund all functions
NET (non-GAIN prep.)	Separate allocation	TANF DoL-WtW	
Cal-Learn (teen parents)	Separate allocation	TANF general support	
Title IV-A child care	Separate allocation	Child care-Stage 1	

financial risk under the AFDC federal grant, under PRWORA, the state is at financial risk for variations in costs as welfare caseloads grow or shrink. With the start of CalWORKs in SFY 1997/98, CDSS used a county block grant called the CalWORKs Single Allocation in place of the following county allocations: AFDC, GAIN, Cal-Learn, Case Management, Health & Safety Requirement, and Child Care Programs (NET, TCC, GAIN-Child Care, and Cal-Learn Child Care). Prior to CalWORKs, CDSS had provided separate allocations to fund county administrative costs for determining welfare eligibility and other service functions that supported welfare recipients in gaining jobs and returning to work. Under CalWORKs, the aggregated CalWORKs Single Allocation is intended to fund the administrative activities associated with providing benefit payments, required work activities, and supportive services. With the CalWORKs Single Allocation being a block grant, counties have the flexibility to use these funds interchangeably for any TANF-eligible recipients (CFL 97/98-19). In addition, unused funds were to be available for use for up to two years. Block grants mitigate the state's risk for the administrative costs of processing eligibility, which are driven by the size of the caseload.

TANF-Related CalWORKs Services. Table 4.3 shows the combination of federal, state, and county funds budgeted for the CalWORKs program. We discuss actual expenditures below. Total budgeted spending for TANF-related services was $6.0 billion in SFY 1997/98 and $6.6 billion in SFY 1998/99. Some of the magnitude of the shift with CalWORKs is conveyed by the state cash assistance payments, which were 72 percent of the budget in

Table 4.3

Federal, State, and County Funding for TANF-Related Services, Budgeted for CDSS, SFY 1996/97–SFY 1998/99

	Funding Levels ($1,000s)			
	Total	Federal	State	County
CALIFORNIA SFY 1996/97				
Total funding	**$6,270,361**	**$3,418,882**	**$2,704,365**	**$147,114**
Cash assistance	5,060,994	2,766,890	2,244,462	49,642
County administration	620,550	305,498	244,926	70,126
CalWORKs social services[a]	437,944	252,910	165,497	19,537
Child care	150,873	93,584	49,480	7,809
Other services[c]	NA	NA	NA	NA
CALIFORNIA SFY 1997/98				
Total funding	**$6,029,976**	**$3,088,949**	**$2,749,441**	**$191,586**
Cash assistance	4,334,567	2,166,039	2,064,149	104,379
County administration	581,337	325,996	222,874	32,467
Social services[a]	495,128	283,244	193,093	18,791
Child care[b]	209,391	106,995	97,099	5,297
Other services[c]	409,553	206,675	172,226	30,652
CALIFORNIA SFY 1998/99				
Total funding	**$6,609,751**	**$3,989,661**	**$2,419,296**	**$200,794**
Cash assistance[d]	3,806,934	1,675,452	2,037,451	94,031
County administration	514,302	445,460	1,576	67,266
Social services[a]	1,368,301	1,214,122	154,174	5
Child care—Stage 1	607,648	604,112	3,536	0
Other services[c]	312,566	50,515	222,559	39,492

SOURCE: Governor's Budget, May revisions for SFY 1996/97 through SFY 1998/99.

[a]Includes GAIN/WTW, Cal-Learn, job identification, and demonstration projects, and other CDSS CalWORKs-related spending, such as funding for county probation facilities and net MOE-eligible expenditures.

[b]For half the fiscal year, child care is AFDC; for the other half, it is CalWORKs Stage 1 funding.

[c]Other CalWORKs-related services, including probation facilities, other MOE expenditures by CDSS, and TANF support costs.

[d]Federal and state shares of cash assistance reflect a shift to using TANF funds to avoid spending State General Funds in excess of the MOE.

SFY 1997/98 and 57.6 percent of the budget in SFY 1998/99, a drop of 20 percent. This shift represents the net effect of a reduction in the number of cases and of payments per case (because of work), plus budget increases for CalWORKs services (including MOE-eligible expenditures) and child care. The federal shares of these budgets were 51 percent in SFY 1997/98 and 60 percent in SFY 1998/99. The federal payments are larger than the annual TANF block grant amounts because they draw upon carry-forward funds that had not been spent in previous years. The net-MOE eligible expenditures—included in the table under "Other services"—are the budgeted costs of state departments other than CDSS for services that support TANF goals of getting people off welfare, less any CDSS spending that is not MOE eligible. These include, for example, CDE adult education

for CalWORKs eligibles and Department of Health Services (DHS) spending for pregnancy prevention.

The state allocates most of the CalWORKs funds and related financial obligations to the counties that provide services to welfare recipients. Key elements of the CDSS allocation formula are as follows:

- A 97.5/2.5 percent (state/county) sharing ratio for cash assistance expenditures; and a 95/5 percent sharing ratio for the state-only Recent Noncitizen Entrants program
- A single allocation to the counties consisting of funding for CalWORKs eligibility administration, WTW employment services, Cal-Learn, and Stage 1 child care, which are funded by a combination of federal and state dollars
- Allocation of mental health and substance abuse treatment funding based on each county's percentage of the statewide CalWORKs WTW services allocation
- Performance incentives for aid payment savings resulting from caseload decline, earnings, and diversion
- County funding contributions to the state's overall MOE requirement based on the amount expended by the county for comparable activities during SFY 1996/97.

County Performance Incentives. To create an incentive for counties to move CalWORKs recipients to work and off aid, the CalWORKs legislation established performance incentives for the counties. The counties receive 75 percent of the state savings, including federal TANF funds, resulting from

- Recipients exiting the program as a result of employment that has lasted at least six months
- Increased earnings by recipients as a result of employment
- Diversion of applicants from the program for six months in excess of the number of months of aid equivalent to the diversion payment.

In addition, the state awards incentives to the counties from the remaining 25 percent for: (1) being disadvantaged by use of a three-year average base in the calculation of exits because of employment, or (2) performing in a manner worthy of recognition.

CalWORKs Child Care—Stages 2–3. Effective January 1, 1998, CalWORKs consolidated the following state child care programs—Transitional Child Care, Supplemental Child Care, Greater Avenues for Independence (GAIN) Child Care, Employment and Training Child Care, and Child Care Disregard—into an integrated child care program. (See Chapter 7 and Appendix B for more discussion of the three-stage child care system and the various child care programs.) A combination of the TANF block grant, CCDF funds, and State General Funds support this new program. The counties do not share in its costs. Table 4.4 shows the funds that will be available for Stages 2–3 child care services and related activities during FFY 1998 through FFY 2000.[104]

Table 4.4

Federal Funds for Stages 2–3 Child Care Services and Related Activities ($)

Funding Source	FFY 1998	FFY 1999	FFY 2000
Total funding	498,686,407	505,919,482	609,053,345
Federal CCDF	309,576,576	312,919,482	380,904,039
State MOE funds	92,945,659	85,593,217	85,593,217
State matching funds	96,164,172	107,127,519	142,556,089

DoL WtW Match. The federal WtW formula grant allocated to California is administered by the Employment Development Department (EDD). CDSS is responsible for the 2:1 match for the matching funds. Although the $95.2 million in matching funds required to obtain the state's allocation from the federal grant was included in the CDSS budget as part of the May revision to the Governor's 1998–1999 budget, only $10.2 million of matching funds were actually budgeted. The balance of the match will need to be budgeted in later years as the monies are spent. Of the allocated matching funds, $9.2 million are allocated to CWDs for supporting welfare recipients in gaining employment, based on the formula used by the EDD to distribute federal WtW funds (85 percent formula) to the Private Industry Councils (PICs) that administer DoL WtW funds (see the discussion in Chapter 9).

An additional $25 million of matching funds were budgeted for SFY 1999/2000. According to CDSS, the federal funds may be spent as long as the matching funds are spent within three years of receiving the grant.

[104] These are final state allocations for 1997 and 1998 and estimated allocations for 2000. The source is the Web site of the Federal Administration for Children and Families, which administers the CCDF.

Summary of Total Funding to Serve California's Welfare Recipients. Table 4.5 gives total funding allocated to serve California's welfare recipients across all the funding sources for SFY 1998/99. The TANF-related CalWORKs funding—the total from the SFY 1998/99 numbers shown in Table 4.3—is an estimated 92.5 percent of the total funding allocated to serve California's welfare recipients. That funding includes, as discussed above, cash assistance, county administration, CalWORKs social services, Stage 1 child care (for child care immediately on entering the WTW program), and other services. The remaining 7.5 percent of the total funding comes from Stages 2–3 child care for later child care (see the discussion of the stages of child care in Chapter 7)—the FFY 1999 numbers shown in Table 4.4—and from federal WtW funding.

Table 4.5

Estimated Total Federal, State, and County Funding for CalWORKs and Related Services, SFY 1998/99

	Funding Levels ($1,000s)			
Funding Source	Total	Federal	State	County
Total funding	**7,146,018**	**4,322,998**	**2,622,226**	**200,794**
TANF-related CalWORKs funding	**6,609,751**	3,989,661	2,419,296	200,794
Stages 2–3 child care (CCDF) funding	**505,640**	312,919	192,721	0
DoL-WtW funding	**30,627**	20,418[a]	10,209	0

DATA SOURCE: Governor's Budget, May revisions 1998/99, CFL #98/99-31, ACL 98-90, U.S. DHHS-ACF published allocations.

[a]Federal DoL-WtW funding computed at twice state funding (as per required 2:1 match for the formula grant).

Budgeted Spending by CDSS and Counties

We next examine the total proposed and actual spending for programs within CDSS's jurisdiction. The analysis examines how the policy priorities of TANF and CalWORKs are reflected in the funding decisions and documents how funding profiles have changed over time and how the introduction of CalWORKs affected these trends. We also identify differences between proposed and actual spending and how differences vary by county.

Estimated State-Level Funding Trends

Table 4.6 presents the total planned funding for functions managed by the CDSS for SFY 1992/93 through SFY 1998/99. During these years, total

Table 4.6

Planned CDSS Welfare Expenditures by Source, SFY 1992/93–SFY 1998/99 ($ millions)

Funding Source	SFY 92/93	SFY 93/94	SFY 94/95	SFY 95/96	SFY 96/97	SFY 97/98	SFY 98/99
Total planned funding	6,816	7,793	7,063	7,035	6,270	6,030	6,610
Federal	3,418	3,817	3,592	3,591	3,419	3,089	3,990
State	3,125	3,464	3,251	3,218	2,704	2,749	2,419
County	273	512	221	225	147	192	201
Average/Case/ Year ($)	8,072	8,675	7,669	7,792	7,442	8,236	10,061

SOURCE: Governor's Budget, May revisions for SFY 1992/93 through SFY 1998/99.

funding has varied between $7.8 billion (in SFY 1993/94) and $6 billion (in SFY 1997/98). Welfare funding declined from SFY 1994/95 to SFY 1997/98 as the caseload declined and then rose again to $6.6 billion in SFY 1998/99, the first full year of CalWORKs operation.

Historically, as the table shows, federal funds have been half the (planned) financial support for the welfare function performed by the CDSS. SFY 1997/98 was a transition year from AFDC to TANF, in which the CDSS budget declined. At the same time, funding increased in other state departments for child care and WTW programs. These amounts are captured in the accounting for MOE, but they do not show up in the CDSS budget (and therefore do not appear in Table 4.6). In SFY 1998/99, the first full year of the new CalWORKs program, the federal share escalated to 60 percent of the CDSS budget, reflecting carryover TANF funds that were unspent from the previous year. This sharp drop in state funding implies that while federal funding per case increased 43 percent (from $4,040 in FFY 1997 to $5,760 in FFY 1999, as shown earlier in Table 4.1), total CDSS expenditures—across federal, state, and county sources—increased by less, 35 percent (from $7,442 to $10,061, as shown at the bottom of Table 4.6).

When we consider the distribution of funding by function, we see a very different picture. Table 4.7 reproduces the three CalWORKs-related fiscal years from Table 4.3 and puts them in the context of the pre-CalWORKs fiscal years since SFY 1992/93.

As Table 4.7 shows, cash assistance payments have declined by 25 percent (from $5,061 million in SFY 1996/97 to $3,807 million in SFY 1998/99). This is faster than the 18 percent drop in the caseload over this period, from

Table 4.7

Planned CDSS Welfare Expenditures by Function, SFY 1992/93–SFY 1998/99 ($ million)

Funding Function	SFY 92/93	SFY 93/94	SFY 94/95	SFY 95/96	SFY 96/97	SFY 97/98	SFY 98/99
Total planned funding	6,816	7,793	7,063	7,035	6,270	6,030	6,610
Cash assistance	5,968	6,819	6,012	5,848	5,061	4,335	3,807
County administration	591	601	644	691	621	581	514
CalWORKs social service programs[a]	138	233	265	351	438	495	1,368
Child care[b]	119	140	142	144	151	209	608
Other services[c]	—	—	—	—	—	410	313

SOURCE: Governor's Budget, May revisions for SFY 1992/93 through SFY 1998/99.

[a]Social service programs are AFDC-related welfare programs for SFY 1992/93 through SFY 1996/97 (including GAIN, NET, Cal-Learn, and some demonstrations); for SFY 1997/98, half of the year is CalWORKs; for SFY 1998/99, the whole year is CalWORKs.

[b]Child care for SFY 1992/93 through SFY 1996/97 is AFDC-related; for SFY 1997/98, child care is a mix of AFDC and CalWORKs Stage 1 funding; and for SFY 1998/99, child care is all CalWORKs Stage 1 funding.

[c]Other CalWORKs-related services, including probation facilities, other MOE expenditures by CDSS, and TANF support costs.

902,813 to 735,671 (as shown earlier in Table 4.1).[105] Over the same three-year period, county administration payments have fallen moderately (17 percent) with the caseload. There has been a small growth in state support costs.[106]

In contrast, two lines of funding—CalWORKs social service programs (GAIN, NET, Cal-Learn, and some demonstrations under the AFDC program and their successor WTW and job training programs under CalWORKs) and child care—have grown substantially, nearly quadrupling in both cases. Furthermore, as discussed above, it is important to note that increases in CDSS funding for WTW and child care programs are accompanied by increases in federal and state funding for these programs in the EDD (WtW) and CDE (Stages 2–3 child care) budgets (not shown).

[105]The difference appears to be primarily the result of more work among those staying on the rolls, since past the first $225 of earnings, every additional two dollars earned lowers the aid payment by one dollar. More sanctions also contribute to a decline in payments per case. There were also some reports of adults requesting that they be removed from the assistance unit, leaving a child-only case and a lower benefit, but no participation requirement. Some CWD staff reported encouraging such behavior. However, voluntary conversion to child-only (i.e., not through sanction) appears to be inconsistent with CDSS regulations concerning "mandatory inclusion."

Note, however, that larger families are less likely to leave the rolls. The implied compositional effect would raise per-case payments. Also, in October 1998, there was an 8.14 percent benefit increase that increased payments per case and a 2.36 percent cost of living allowance (COLA) in July 1999.

[106]State support costs are included within the "Social service programs" line in Table 4.7. For SFY 1996/97, the amount was zero; for the next two fiscal years, the amount was $28 million.

MOE Compliance

Planned spending to meet California's MOE requirement under TANF is summarized in Table 4.8. The CDSS budget fulfills the vast majority of MOE, being 90 percent of the MOE-eligible state and county funding in SFY 1997/98 and SFY 1998/99 and 86 percent in SFY 1999/2000. The share contributed by CDE has increased in this three-year period, almost all of which is for child care services.

The total funding for CDSS services reflect how CDSS meets the MOE requirement. CDSS does this by balancing three components, shown by the top three rows in Table 4.8. First, the CalWORKs program (pre-adjustment) funding item represents what CDSS and the CWDs would hypothetically spend for CalWORKs if there were no MOE requirement, using primarily TANF funds for cash assistance. Second, there is other spending that counts toward the MOE. Finally, CDSS adjusted the funding source for cash assistance payments, increasing the amount of State General Funds to exactly meet the MOE requirement. In SFY 1997/98, more TANF funds could be used, which reduced both state and county cash assistance funding. In the later two years, however, an additional $2 billion in State General Funds was applied to meet the MOE ($2 billion in SFY 1998/99 and $1.5 billion in SFY 1999/2000).

Table 4.8

State and County CalWORKs Funding Applied to Meeting the TANF MOE Requirement ($1,000s), SFY 1997/98–SFY 1999/2000

State Department/Function	SFY 97/98	SFY 98/99	SFY 99/00
CalWORKs program (pre-adjustment)	2,674,809	312,929	803,243
General Fund MOE adjustment[a]	(-320,853)	2,019,300	1,538,197
Other CDSS activities	266,218	287,861	169,228
Total CDSS	2,620,174	2,620,090	2,510,668
CDE	176,907	182,982	277,832
Community colleges	75,000	84,400	65,000
EDD	10,000	0	5,000
CDHS	2,445	1,223	1,953
Other services	2,000	2,357	23,736
TANF Pass-through match	21,648	15,882	21,648
TOTAL MOE eligible spending	2,908,174	2,906,934	2,905,837
MOE requirement (net of tribal)	2,908,174	2,906,934	2,905,837
Difference from MOE requirement	0	0	0

SOURCE: Governor's Budget, May revisions for SFY 1997/98 through SFY 1998/99 and the May 1999 Subvention for 1999/2000.

[a]The General Fund MOE adjustment is the extra amount that CDSS estimated it had to pay (positive) or could use from federal TANF funds (negative) to achieve state and county funding equal to the MOE requirement. The adjustment was applied to cash assistance payments in each CDSS budget.

County Spending

The previous sections have considered federal, state, and county budgets. There, the story is simple. Discretionary budgets—primarily for WTW programs—have doubled. The challenge for the counties is to spend the money and to spend it effectively.

Counties have not spent all the funds allocated to them. Figure 4.2 shows actual versus planned total CalWORKs spending for SFY 1998/99.

As shown in the figure, all counties, including the smallest counties with high per-case allocations, are underspending their budgeted amounts. If counties were spending according to their budgeted amounts, they would fall on the line in the graph. The positions of all the counties below the line highlight the consistency of the underspending patterns.

Spending patterns vary widely across the counties. Table 4.9 presents the SFY 1998/99 single allocations and expenditures for each county.[107] These single allocations include both the new single allocation and the carryovers

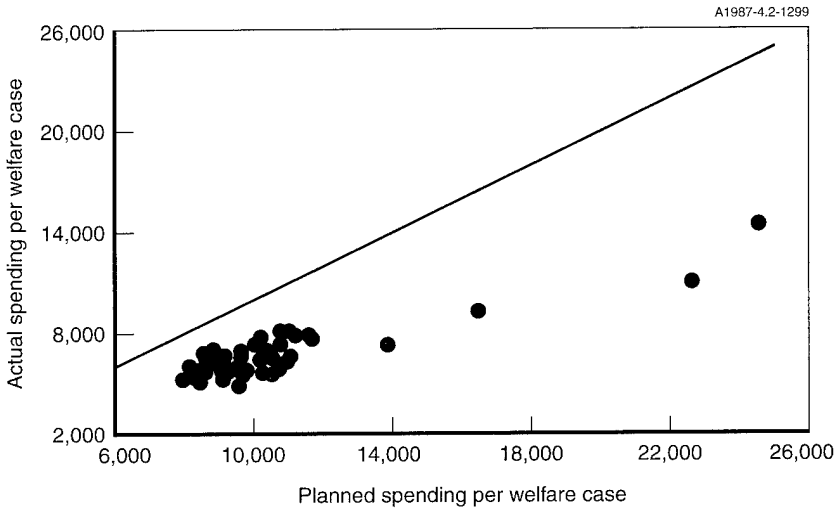


Figure 4.2—Actual Versus Planned Welfare Spending per Case per Year for Counties, SFY 1998/99[108]

[107] For a similar analysis, see "CalWORKs Program: Spending Trends and Projections," Legislative Analyst's Office, December 8, 1999.

[108] The four counties to the far right are Alpine, Mono, Napa, and Sierra Counties, the smallest in the state.

Table 4.9

Comparison of Single Allocation to Expenditures by County[a]
SFY 1998/99 ($ millions)

County	Single Allocation	Expenditures[b]	Percentage Expended
Alameda	87.0	63.9	73
Alpine	0.4	0.2	47
Amador	1.8	1.0	53
Butte	19.9	13.0	65
Calaveras	2.8	1.1	38
Colusa	1.5	1.0	65
Contra Costa	39.7	32.2	81
Del Norte	3.7	1.1	31
El Dorado	5.6	3.7	67
Fresno	76.7	40.2	52
Glenn	2.1	1.1	55
Humboldt	8.7	5.3	60
Imperial	16.9	5.4	32
Inyo	1.6	1.0	58
Kern	52.2	35.4	68
Kings	8.0	5.8	72
Lake	7.4	3.5	47
Lassen	2.9	1.2	40
Los Angeles	692.3	307.8	44
Madera	8.6	5.0	57
Marin	4.2	3.9	91
Mariposa	1.5	0.8	48
Mendocino	6.9	5.0	65
Merced	26.3	13.8	53
Modoc	1.5	0.9	57
Mono	1.0	0.4	34
Monterey	18.7	14.1	75
Napa	6.5	3.6	55
Nevada	3.8	2.2	59
Orange	88.2	64.4	73
Placer	10.0	8.1	81
Plumas	1.6	0.9	55
Riverside	86.3	70.5	82
Sacramento	124.1	84.7	68
San Benito	2.5	1.8	68
San Bernardino	146.7	91.3	62
San Diego	150.2	83.8	56
San Francisco	38.5	29.7	77
San Joaquin	72.5	38.5	53
San Luis Obispo	10.0	9.2	91
San Mateo	17.5	12.9	62
Santa Barbara	19.6	14.3	73
Santa Clara	79.4	46.4	58
Santa Cruz	12.2	10.2	84
Shasta	14.4	8.7	60
Sierra	0.7	0.3	40
Siskiyou	4.5	2.5	56
Solano	24.1	18.1	75

Table 4.9 (Continued)

County	Single Allocation	Expenditures[b]	Percentage Expended
Sonoma	17.7	16.1	91
Stanislaus	35.9	19.6	55
Sutter	5.2	2.8	53
Tehama	5.4	2.3	42
Trinity	1.6	0.8	48
Tulare	37.8	21.6	57
Tuolumne	3.8	2.0	52
Ventura	28.6	22.9	80
Yolo	10.6	8.3	78
Yuba	8.7	3.8	44
Statewide	**2,169**	**1,267**	**58.42**

SOURCE: CFL 99/00-24, November 5, 1999, "Fiscal Year (FY) 1998/99 Rollover Funds and Revised CalWORKs Single Allocation."

[b]Includes estimated 3 percent supplemental claims.

from earlier years—as per the original CalWORKs legislation. In the aggregate, the counties spent 58 percent of their allocations. Several counties spent more than 80 percent of their allocations (Contra Costa, Marin, Placer, Riverside, Santa Cruz, Sonoma, San Luis Obispo, and Ventura), and several spent less than half their allocations (Alpine, Calaveras, Del Norte, Imperial, Lake, Lassen, Los Angeles, Mariposa, Mono, Sierra, Tehama, Trinity, and Yuba).

Similar underspending is apparent in other programs. For example, CWDs spent only 41 percent of their Stage 1 child care funds and only 23 percent of their mental health and substance abuse funds.[109] We return to child care in Chapter 7 and mental health and substance abuse in Chapter 10.

When we plot quarterly trends in actual spending for CalWORKs program expenses—county administration, social services programs, and child care—for all counties (Figure 4.3), we see that spending levels in SFY 1997/98 were quite similar to those for SFY 1996/97, although the child care portion of the spending began to rise in the last two quarters of SFY 1997/98. This pattern continued in the first quarter of SFY 1998/99, and total program spending rose substantially in the last three quarters of the fiscal year,[110] when spending increased for both the child care and social service program portions of the county expenses.

[109]These figures are drawn from "CalWORKs Program: Spending Trends and Projections," Legislative Analyst's Office, December 8, 1999.

[110]In interpreting this figure, note that there appears to be a seasonal effect. Spending is consistently higher in the fourth quarter of the fiscal year.

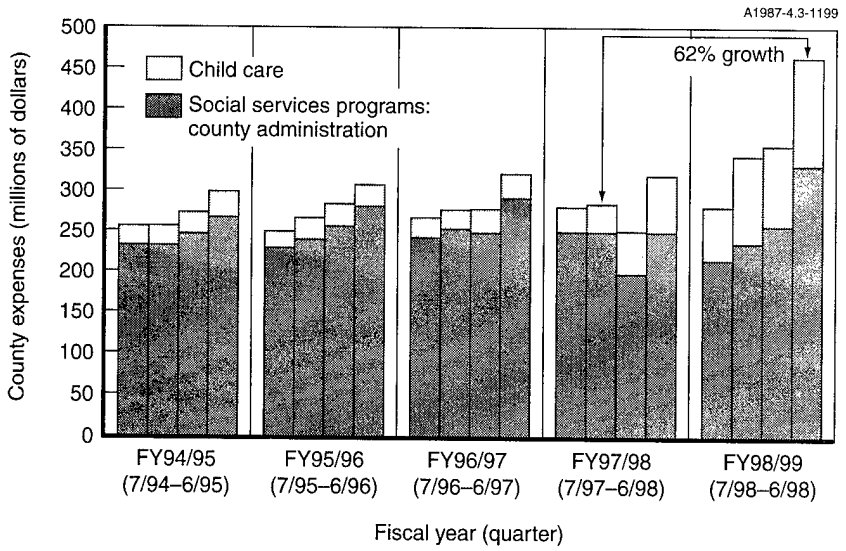


Figure 4.3—Quarterly County Spending for County Administration, Social Service Programs, and Child Care, SFY 1994/95 through SFY 1998/99

These county expenditure claims data suggest that new employees and contracts was not up to scale until late 1998, and that the major surge was not until the spring of 1999 (SFY 1998/99 Q2). Some of this last quarter surge, however, may represent accelerated spending in anticipation of the much discussed loss of the carryover.

Since caseloads are declining quickly, the increase in spending per case is even more dramatic, as shown in Figure 4.4. In our analysis, we took the quarter ending 12/97 as a base point and calculated the growth in total spending and spending per case to the quarter ending 6/99. Over that period, total county spending (Figure 4.3) grew more than 62 percent, while spending per case (Figure 4.4) rose almost 95 percent, thus nearly doubling, with more of the growth occurring in the last quarter. Thus, despite declining caseloads over this period, spending, particularly spending per case, grew dramatically.

Subsequent State Funding Decisions

The previous discussion considered the original funding structure put in place by the legislation—PRWORA at the federal level and CalWORKs at the state level. In our earlier fieldwork in the fall of 1998, we heard that counties doubted that the funding structure embodied in the legislation would endure through the statutory interval (2002). The counties noted that the state had

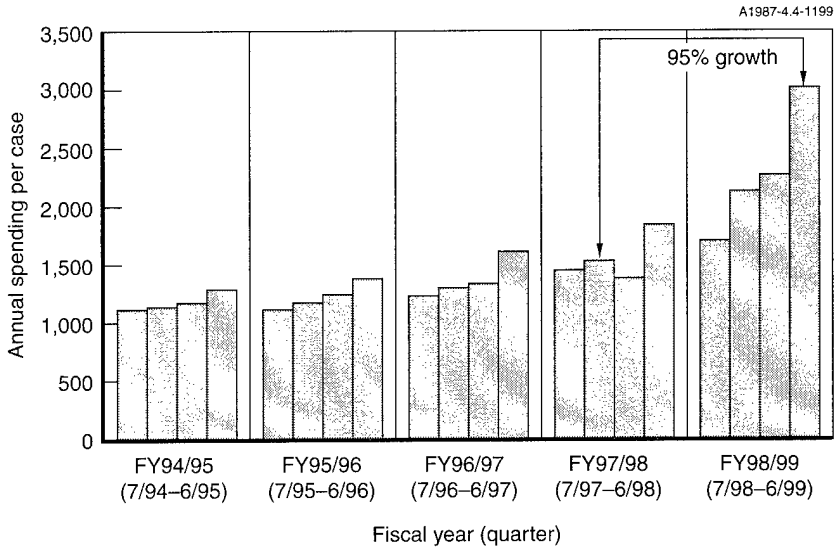


Figure 4.4—Quarterly County Spending per Case per Year for County Administration, Social Service Programs, and Child Care, SFY 1994/95 through SFY 1998/99

not funded GAIN at the promised level and had redirected sales tax revenues during the economic downturn of the early 1990s. Apparently because of some combination of large carryovers of unspent funds, large caseload declines, and broader issues in the state budget, the fears of the counties have come true. The CalWORKs program has been funded at a level lower than was implied by the original legislation.

We begin our discussion at the federal level where such changes have been threatened, but were not made in 1998/1999. PRWORA specifically provided that states could carryover their unspent funds from year to year. These provisions were viewed as particularly important given TANF's block grants. Since federal funds would not increase even if caseloads increased, it might be prudent for states to create their own reserves against that contingency.[111] By the end of 1998, states had spent only 78 percent of the $34 billion allocated under TANF. California was among those states with large unspent funds.[112] During the congressional budget debate in the summer of 1999, there was serious discussion about reclaiming some of the unspent funds to fund other programs. Representative Nancy L. Johnson (R-

[111]See the discussion in AIMD-98-137, Aug. 18, 1998 (55 pages). *Welfare Reform: Early Fiscal Effects of the TANF Block Grant*, U.S. General Accounting Office (http://www.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=gao&docid=f:ai98137.txt.pdf).

[112]California has formally obligated its funds. It is not, however, clear that obligated, but unspent, funds will be safe from reclaiming.

CT) wrote to all 50 governors: "The time is rapidly approaching when it will not be possible to protect these funds. Spend the money."[113] However, no such reclaiming of unspent federal funds has occurred yet.

At the state level, the situation is quite different. To meet the state's PRWORA MOE, the CalWORKs legislation had required the counties to spend all State General Funds and county funds in the year they were allocated. The legislation, however, allowed counties to carry over their federal TANF money until the end of SFY 1999/2000 (i.e., the end of June 2000). As we have already noted, county spending was below budget, especially in the quarters immediately after the CalWORKs legislation became effective.

Given the tightness in the rest of the state's budget, these dollars were at risk. As part of the final SFY 1999/2000 state budget, the state reclaimed county surpluses. According to the original legislation, the counties could have expected to carry forward their single allocation funds for another year. The official CDSS letter summarizing the governor's budget (July 13, 1999) described the actions as follows: "CalWORKs services are fully funded at $1.1 billion but uses all estimated prior year savings of $611.9 million as a fund source." Similarly, Stage 1 child care was fully funded using previously unspent funds as a funds source.

Specifically, total single allocation funding for SFY 1998/99 had been $2.150 billion. This funding had come from two components: the new single allocation of $1.624 billion and $0.526 billion in unspent SFY 1997/98 funds (primarily $0.388 billion from the previous year's single allocation and $0.101 billion from Stage 1 child care, along with smaller amounts of WtW credits, county MOE adjustments, and a negative MediCal adjustment).

However, for SFY 1999/2000, the rollover was handled quite differently. The new SFY 1999/2000 single allocation was to be $1.466 billion. Under the original legislation, the gross rollover amount of $0.816 billion (primarily $0.514 billion from Employment Services, with smaller amounts from other sources) would have been added to the new single allocation as had occurred in SFY 1998/99, yielding a total single allocation of approximately $2.282 billion. Instead, most of these rollovers were recaptured by CDSS, so that the revised single allocation was $1.582 billion, 30 percent less than the counties might have expected.

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[113] DeParle (1999b). See also Saillant (1999b).

A second change also resulted in payments to the counties below what was implied by the original legislation. As discussed above, the original CalWORKs legislation had included bonus payments such that "100 percent of the savings" resulting from employment would be returned to the counties (10544.1), 75 percent according to computed aid payment savings based on lower aid payments for caseload decline due to earnings and diversion, and 25 percent to counties that "have not realized savings . . . but have performed in a manner worthy of recognition" (11544.3(c)). Details of the formula were left to the Welfare Steering Committee and "consultation with the counties" (11544.3(c)). Payments were made according to estimates of funds earned for the period January 1998 to December 1998.[114] However, at the end of the year, savings from employment were so large ($622 million) that they exceeded the budgeted allocation for the incentive bonus payments ($411 million) by slightly more than 50 percent. The state had saved the money (aid payments were lower); however, additional funds were not provided. Instead, the originally budgeted dollars were paid to the counties proportional to earned bonuses.[115] CFL 99/00-41 (December 31, 1999) announced that "working in conjunction with CWDA," the remaining unallocated performance incentive payments ("the remaining portion of the 25 percent funds") would "be prioritized to fund the incentives earned by counties" (i.e., to pay part of the bonuses in excess of the appropriated funds ($133 million of the $238 million). Furthermore, CFL 98/00-34 announced the state's plan to use a similar proration formula in SFY 1999/2000. Finally, CFL 99/000 also announced that "As part of the process surrounding the development of the State Budget, the California Department of Social Services will initiate a review of the performance incentive methodology and funding policy." Major revisions, or even the elimination of the performance incentives, are widely expected.

This reclaiming of the rollovers combined with the observed large increases in expenditures over SFY 1998/99 (see Figure 4.3) implies that if the spending patterns from late SFY 1998/99 continue, many counties are at risk of spending more than their single allocation even if the economy remains robust. The figures in Table 4.10 suggest that 15 counties had expenditures in SFY 98/99 greater than 99.5 percent of their SFY 99/00 single allocation, and another six counties had expenditures of 90 percent or more.

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[114] On the issue of performance bonuses, see CFL 98/99-54 (11/20/98), CFL 98/99-72 (4/15/99), CFL 98/99-36 (9/21/98), CFL 99/00-12 (7/26/99), and CFL 99/00-24 (9/7/99).

[115] See CFL 99/00-34 (10/29/99).

Table 4.10

CalWORKs Program Expenditures SFY 1998/99 and Single Allocation SFY 1999/2000 ($ millions)

County	SFY 1999/2000 Allocation	SFY 1998/99 Expenditures[a]	Percentage of SFY 1998/99 Expenditures
Alameda	64.2	63.9	100
Alpine	0.3	0.2	67
Amador	1.1	1.0	91
Butte	13.3	13.0	98
Calaveras	2.0	1.1	55
Colusa	1.0	1.0	100
Contra Costa	32.2	32.2	100
Del Norte	2.9	1.7	59
El Dorado	3.9	3.7	95
Fresno	58.2	40.2	69
Glenn	1.7	1.1	65
Humboldt	6.0	5.3	88
Imperial	11.7	5.4	46
Inyo	1.0	1.0	100
Kern	40.8	35.4	87
Kings	5.8	5.8	100
Lake	5.9	3.5	59
Lassen	2.3	1.2	52
Los Angeles	575.8	307.8	53
Madera	5.8	5.0	86
Marin	3.9	3.9	100
Mariposa	0.9	0.8	89
Mendocino	4.6	5.0	109
Merced	17.3	13.8	80
Modoc	0.9	0.9	100
Mono	0.7	0.4	57
Monterey	14.1	14.1	100
Napa	4.2	3.6	86
Nevada	2.6	2.2	85
Orange	71.7	64.4	90
Placer	8.1	8.1	100
Plumas	1.1	0.9	82
Riverside	70.5	70.5	100
Sacramento	87.1	84.7	97
San Benito	1.8	1.8	100
San Bernardino	114.1	91.3	80
San Diego	107.7	83.8	78
San Francisco	29.7	29.7	100
San Joaquin	45.1	38.5	85
San Luis Obispo	9.2	9.2	100
San Mateo	12.5	12.9	103
Santa Barbara	14.5	14.3	99
Santa Clara	52.2	46.4	89
Santa Cruz	10.2	10.2	100
Shasta	9.9	8.7	88
Sierra	0.5	0.3	60

Table 4.10 (Continued)

County	SFY 1999/2000 Allocation	SFY 1998/99 Expenditures[a]	Percentage of SFY 1998/99 Expenditures
Siskiyou	2.7	2.5	93
Solano	18.2	18.1	99
Sonoma	16.1	16.1	100
Stanislaus	25.6	19.6	77
Sutter	3.9	2.8	72
Tehama	4.0	2.3	58
Trinity	1.0	0.8	80
Tulare	26.3	21.6	82
Tuolumne	2.8	2.0	71
Ventura	22.9	22.9	100
Yolo	8.3	8.3	100
Yuba	6.0	3.8	63
Statewide	1,668	1,267	76

SOURCE: See Table 4.9. SFY 1999/2000 Single Allocation from CFL 99/00-38, "Revised CalWORKs Single Allocation SFY 1999/2000."[116]

Expenditures for all of SFY 1999/2000 would be expected to be higher than for all of SFY 1998/99 because expenditures were rising over the year and because of inflation. Some countervailing forces may push down expenditures. Perhaps, caseload decline will provide a sufficient cushion, perhaps counties will use their incentive funds, perhaps these counties will scale back their programs, and perhaps per-case program costs will be lower as cases move from appraisal and Job Club to assessment and WTW activities. For SFY 2000/01, CDSS has stated that it expects to transition from the current formula-based single allocation to a system in which CWDs propose budgets—as has been the case since the mid-1990s for eligibility operations and was true for WTW operations under GAIN before CalWORKs. Still, county spending patterns and program adjustments from budget constraints warrant further attention.

Finally, because California met the federal participation requirements (for all families and for two-parent families) for FFY 1999, its MOE for FFY 2000 decreases from 80 percent to 75 percent. Furthermore, with the continuing robust economy, the phase-in of county CalWORKs programs, and the establishment of the separate state program from two-parent families to which federal participation rate requirements do not apply, it seems likely that the state will continue to be subject to the lower 75 percent MOE. This

[116]For a similar analysis, see "CalWORKs Program: Spending Trends and Projections," Legislative Analyst's Office, December 8, 1999.

lowers the MOE by $182 million to $2.7 billion. Thus, the state could lower its welfare expenditures further.

Discussion

Funding under CalWORKs has been the opposite of what many expected at the passage of PRWORA. Block grants and falling caseloads have combined to yield 50 percent higher federal funding per case. The now 75 percent MOE and falling caseloads have allowed the state to reduce its CDSS welfare funding from $3.2 billion in SFY 1995/96 to $2.7 billion in SFY 1997/98 to $2.4 billion in SFY 1998/99. Nevertheless, total per-case funding has increased 35 percent from SFY 1996/97 to SFY 1998/99, and funding for social services (primarily WTW services and child care) has basically quadrupled.

Not surprisingly, actual spending has not increased anywhere near as fast. Understanding why spending has increased more slowly is a prime goal of the balance of this report—for the core WTW activities discussed in Chapters 5 and 6 and for other supportive services discussed in Chapters 7 through 11. There, we note that total spending was approximately constant through the end of SFY 1997/98 but increased rapidly throughout SFY 1998/99. The year-to-year increase was about 50 percent. This new higher level of spending should bring expenditures more in line with funding. There is some risk of overspending, if not now, then as the PRWORA and CalWORKs funding formulas are reevaluated in 2001.

5. County Implementation: Organizing for CalWORKs

In late 1997, with the Guidelines serving in place of regulations and budgetary allocations set, the counties could make final decisions about their California Work Opportunity and Responsibility to Kids (CalWORKs) programs and then begin to implement them. One crucial early set of decisions concerned how to organize the county welfare department (CWD) to implement CalWORKs. To many counties, the challenges and opportunities provided by the CalWORKs legislation suggested that major organizational changes were in order.

The challenges concerned the expected increase in workload and the creation of a new vision of welfare. Many counties perceived that—especially in the short term—the workload under CalWORKs would be much larger than it had been under Aid to Families with Dependent Children (AFDC)/Greater Avenues for Independence (GAIN). To move the existing caseload through the steps of the CalWORKs WTW model (shown earlier in Figure 3.1) and to process new cases, counties would need to either hire considerable additional staff, contract ("outsource") some or more of the core welfare-to-work (WTW) activities, or do a combination of both.

The opportunities concerned the relationship between the eligibility and WTW operations. Before CalWORKs, both the character of the GAIN program and the funding mechanisms encouraged CWDs to establish GAIN operations that were separate from eligibility operations. The CalWORKs legislation broke down those barriers. The work-first message that had been absent or secondary in most county welfare programs was now to be universal and primary. WTW services that had been provided only to a small subset of the caseload were now to be delivered to nearly all welfare recipients. These changes made it possible to increase the integration between eligibility and WTW operations.

In this chapter, we consider how CWDs changed their structure to implement county CalWORKs programs. We begin by arguing that the workload under CalWORKs was much larger than under AFDC/GAIN and then discuss the implications of the increased workload for the capacity (e.g., Job Club slots per month) needed to implement CalWORKs. We then discuss outsourcing, followed by a discussion of hiring staff. Finally, as part of the discussion about hiring staff, we turn to how the CWDs organized the operations they did not

outsource, describing various approaches to integrating eligibility and GAIN operations.

In presenting the results in this chapter, we draw on a number of sources, including state- and county-level interviews with staff within the 24 focus and follow-on counties. We also use results from the All-County Implementation Survey (ACIS) and the California Staffing Survey (CSS).

In this chapter, we confine ourselves to strategic organizational decisions, deferring until the next chapter our discussion about what impact the time line to implement these strategies had on the flow of cases through the steps of the CalWORKs WTW model. We also defer until the next chapter a discussion of CWD decisions about the content of their CalWORKs programs, although we recognize that program structure and content are often related.

The Growth of Workload Under CalWORKs and the Implications for Capacity

The speed with which cases can be processed through the steps of the CalWORKs WTW model is to a great extent determined by the CWD's capacity. Capacity concerns include whether there are enough eligibility workers (EWs)[117] to handle eligibility issues under CalWORKs, whether there are enough job specialists (JS) to handle WTW issues, and whether there would be enough Job Club seats and enough assessment slots. In this section, we discuss workload and capacity, starting with a discussion of the need for expanded capacity and concluding with a discussion of how the counties responded to the growth in workload.

Many observers, including members of the Board of Supervisors (BoS) in many counties, assumed that capacity would not be a problem. As of the passage of the CalWORKs legislation in August of 1997, California's welfare caseload had already declined by 18 percent from its peak in July 1995, as shown earlier in Figure 2.2. The economy was good, and the caseload in many counties continued to decline by 1 percent a month or more. This caseload decline alone should have freed up considerable CWD staff who could now be assigned to the new CalWORKs activities.

[117]Counties use different titles to refer to their workers. As we discuss below, these titles often reflect deep differences in staffing structure. For expositional simplicity, we use three generic titles and abbreviations: eligibility workers (EWs), who handle eligibility tasks; job specialists (JSs), who handle WTW tasks; and combined workers (CWs), who handle both sets of tasks.

While the caseload has declined, the assumed implications for workload seem to have been incorrect. First, there was simply not much excess capacity to begin with. The caseload decline in the second half of the 1990s merely unwound the increase in the caseload in the first half of the 1990s. The earlier increase had occurred in the context of a major fiscal crisis for the state and the counties. As a result, most counties had not increased their staffing levels proportionately with the increase in the caseload, if at all. Some counties had instituted hiring freezes during this period. Thus the decline in the caseload merely brought per-worker caseloads back to their "normal" levels of the early 1990s.[118] If the caseload decline continues, there will be an opportunity to cut capacity in the long term. However, in most counties, that "long term" seems far away.

In addition, the CalWORKs WTW model implied a much more intensive approach to service delivery, one that would require significantly higher workload per case.[119] It appears that this higher workload per case more than offset any decrease in the number of cases.

We now consider this higher workload per case, focusing on both intermediate-term and then shorter-term effects.

Intermediate-Term Workload Effects

While in the long run implementing CalWORKs might lead to workload decreases as the caseload declined (whether because of services provided or cases hitting time limits), in the intermediate term, the workload per case under CalWORKs is higher, enough to more than compensate for the decline in the number of cases. This increase in the intermediate-term workload derives from three interrelated factors. First, the CalWORKs WTW model involved expanded WTW services for an expanded set of recipients. Second, this expansion in the WTW program had large indirect effects on the eligibility workload. Finally, the CalWORKs legislation imposed new eligibility tasks. We discuss each of these factors in turn.

Expanded WTW Services. The core of the CalWORKs reforms is a major expansion of WTW programs. GAIN, which preceded CalWORKs, had been a small program, serving less than a quarter of the caseload (Geen et al., 1997, pp. 31–33). In contrast, CalWORKs was to be nearly universal. While low funding

[118] Some counties still had vacant positions that were the legacy of early hiring freezes.

[119] For a related discussion, see Brown, 1997, S15, S20, and S22.

levels had limited the size of GAIN, under CalWORKs, funding was increased sharply.

Moreover, the set of services under CalWORKs was expanded to include post-employment services (PES), so those who got jobs were no longer automatically deregistered from WTW, and those who left aid continued to be eligible for some services. Furthermore, under CalWORKs, exemption criteria were narrowed and minimum hours of participation were required. While under GAIN, parents with children under three years were exempted; under CalWORKs, the exemption was considerably narrowed to parents of children of one year, or less at county discretion; as a result, more recipients were required to participate. And those who did participate were reported as having participated for more hours—ultimately, 32 hours per week (by July 1999). Such increases in work, in turn, expand the need for WTW services, such as child care and transportation.

Table 5.1 shows how our 24 study counties dealt with the youngest-child exemption and participation rate requirements. The table shows that a number of counties have first-child exemptions well below 12 months, often as little as 12 weeks. Thus, more parents are being required to participate. Moreover, as shown on the right side of the table, all the counties ultimately imposed the higher 32-hour-per-week participation requirements, and half of those counties did so at the very start of CalWORKs (in January 1998).

Furthermore, unlike the GAIN model that often involved long education assignments, the CalWORKs work-first model involves relatively short WTW assignments. Job Club lasts between four days and six weeks; enrolling in short-term vocational training is more consistent with the CalWORKs WTW model than enrolling in long-term degree programs at community colleges. These shorter assignments increase the case management burden, as caseworkers are expected to refer clients to multiple activities over time and closely monitor participation.

Finally, the interaction of the new CalWORKs WTW model with time limits implies a more labor-intensive case management approach. Beyond the statutory high participation rate requirements (which were not binding because of caseload declines), time limits imparted a sense of urgency. An observer noted: "[I]f you look at welfare as a five-year bank account to be spent in hard times, your goal should be to get women to work as soon as possible."[120]

[120]Howard (1998), p. 16.

Table 5.1

Youngest-Child Exemption and Family-Group Participation Requirement Choices Among the 24 Study Counties

	Youngest-Child Exemption		When Family-Group Participation Requirement of 32 Hours Was Met		
County	1st Child	2nd Child	1/98	7/98	7/99
Alameda	12 months	6 months	20	26	32
Butte	12 weeks	12 weeks	32		
Contra Costa	6 months	12 weeks	26 (3/98)	26	32
El Dorado	9 months	6 months/ 5 months	20	26	32
Fresno	12 weeks	12 weeks	32		
Humboldt	6 months	12 weeks	32		
Kern	12 weeks	12 weeks	32		
Los Angeles	12 months	6 months	32		
Monterey	6 months	12 weeks	26	26	32
Nevada	6 months	12 weeks	32 (3/98)		
Orange	6 months	12 weeks	32		
Riverside	6 months	12 weeks	32		
Sacramento	6 months	12 weeks	20	26	32
San Bernardino	12 months	6 months	26 (reserved option)	26	32
San Diego	12 weeks	12 weeks	32		
San Francisco	12 months	6 months	20	26	32
San Joaquin	12 months	6 months	20	32	
Santa Clara	12 months	6 months	20	26	32
Sonoma	12 months	6 months	32		
Stanislaus	6 months	12 weeks	32		
Sutter	12 weeks	12 weeks	32		
Tulare	12 months	6 months	20	26	32
Ventura	6 months	12 weeks	32		
Yolo	12 months	6 months	20	26	32

SOURCE: ACIS results.

One approach to time limits is to move clients into appropriate services as fast as possible and minimize the time between activities. Doing so requires that problems be identified early and appropriate services be arranged promptly. Getting clients served quickly also requires enough staff capacity to keep waiting times to a minimum and, ideally, sufficient surplus staff so that caseworkers are ready when clients are or at least that appointments are available in days, not weeks or months.

Considering all these changes together, the intermediate term per WTW case workload should have been expected to increase sharply, perhaps to double.[121] The exact amount of the increase would depend on the scale and capacity of county efforts in the pre-CalWORKs period. Some counties had had large GAIN programs, while some did not. Some had outsourced key GAIN components to contractors with surge capacity, while some had not.

Indirect Effects on Eligibility. These expanded WTW services had important indirect effects on eligibility operations. County line staff reported that the workload for working cases is two to three times that for nonworking cases. For nonworking cases, the grant is usually unchanged from month-to-month, while for working cases, earnings usually fluctuate from month-to-month (and within months), requiring recomputation of the grant.[122] Our tabulations of Employment Development Department (EDD) data suggest that work among recipients had more than doubled (from about 15 to about 35 percent) from 1993 to the passage of the CalWORKs legislation in August 1997. The continued robust economic expansion in the state and the phasing-in of the CalWORKs programs have caused employment to increase again by half (to about 40 percent in early 1999). If the program succeeds in helping more recipients to find and keep jobs, the eligibility workload per case will continue to increase.

Furthermore, noncompliance rates (i.e., "no-shows" for program activities) also have an indirect effect on eligibility operations. Noncompliance rates had been high under GAIN, even when many of the participants were volunteers. While the CalWORKs legislation shortened the GAIN conciliation process (required for noncompliance before the imposition of sanctions), it still requires considerable caseworker effort (some respondents suggested half a day per case). With many more recipients required to participate in WTW activities under CalWORKs,

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[121]Simply scaling up the GAIN program from 25 percent to be mandatory for everyone (i.e., "universal") would have increased the WTW workload. Between one-fourth and one-third of the state's caseload is "child only." Some of these cases have a parent who is an illegal immigrant, some have parents on Supplemental Security Income (SSI), and some have a nonparental relative as a caretaker and would not, therefore, receive WTW services, even in a "universal" program. Furthermore, even under the CalWORKs legislation, some families—those with very young children and those who are themselves sick or disabled, or who are caring for a sick or disabled family member—remain exempt from WTW activities. Finally, about one-fourth of the caseload is working. As we discuss in the next chapter, these recipients receive less intensive services and often show little interest in what is offered.

[122]See Bane and Ellwood (1994), Chapter 1.

The CA 7 monthly reporting form requires recipients to "[R]eport within five days any change that may affect your eligibility or the amount of cash aid." Given the short duration of many entry-level jobs and the highly variable hours, this could require nearly continual re-reporting of earnings. In fact, many caseworkers reported that they discourage the re-reporting of earnings. Instead, they urged clients to simply report their new situation as of the following month.

See the discussion of eligibility simplification in Chapter 3. See also the related discussion in Brown (1997), S15.

more recipients are noncompliant and more sanctions need to be processed (Notices of Action, NoAs; conciliation; cutting grants; and restoring grants after return to compliance), which in turn leads to more workload for eligibility operations staff.

New Eligibility Tasks. As we noted in Chapter 3, there was serious discussion during the CalWORKs debate of eligibility simplification in general and quarterly reporting in particular. The counties had expected that the resulting eligibility simplification would free up EWs who could then perform the new WTW tasks. However, despite widespread county hopes, the final CalWORKs legislation included no eligibility simplification.

Instead, the final legislation introduced new eligibility tasks. The CWD was now expected to verify that children were attending school and that they were properly immunized. Furthermore, CWD staff were to screen for, and make referrals to, new services, such as mental health, substance abuse, and domestic abuse.

These changes—more work, more noncompliance, and new eligibility tasks—should have been expected to sharply increase the intermediate-term eligibility workload.[123]

Short-Term Workload Effects

The preceding discussion refers to the intermediate-term workload—the workload for a new case under CalWORKs compared with the workload for a new case under AFDC/GAIN. The short-term workload situation for the counties was even more dire, because in addition to processing *new* cases through the steps of the CalWORKs WTW model, CWDs were also expected to process the *existing* caseload through those same steps. Everyone needed to be enrolled (see the discussion of enrollment in Chapter 3) and to receive an orientation to the new program. Those who were not working needed to attend Job Club. Those who did not find jobs, and perhaps even those who did, needed to be assessed and to sign a WTW plan (see the discussion of who had to sign a WTW plan in Chapter 3).

Processing the existing cases was a substantial burden. To understand the magnitude of the problem, note that on average across the state there are about

[123]Substantial changes were also made to the MediCal and Food Stamps programs during this time. In most counties, at least some EWs handle one or more of these programs in addition to CalWORKs. Thus EWs were faced with two or three changing programs at once.

three times as many recipients as there are new cases in a year.[124] Thus, to process the existing cases through orientation in a year, the CWD would need to process about four times as many orientations as it would need to process in the following year when only new cases would need to receive an orientation. With some of the existing caseload working, the CWD would need only perhaps three times as many Job Club slots in the first year as would be needed once the existing cases had been through Job Club. However, existing (long-term) cases are also likely to be less employable, so a higher percentage of them would be expected to complete Job Club without a job and therefore require assessment. If a CWD were to try to process the existing cases in one year, they might expect three or four times as many assessments and post–job search WTW activities as would be expected from the regular flow of new cases through the system.

This need to process the existing cases induced a "pig in the python" problem. While the intermediate-term workload (comparing the workload for new cases under AFDC/GAIN with the workload for new cases under CalWORKs) was likely to be higher per case, the short-term workload was likely to be higher still. (See the conceptual diagram in Figure 5.1.) If the CWD tried to process all the existing cases in a year, the total short-term workload would perhaps be twice as high as the workload to process the new cases under CalWORKs (which was itself perhaps twice as high as the GAIN steady state), and perhaps four times higher than under AFDC/GAIN.

This short-term surge in the workload was a major management challenge for the CWDs. On the one hand, the ticking time-limit clocks of existing recipients made it urgent to work existing and new cases through the steps of the CalWORKs WTW model as fast as possible. On the other hand, it was simply not possible to process all the existing cases instantaneously. The size of the surge suggested that trying to spread it over a longer period—a year or more—was prudent.

How Counties Dealt with the Increasing Workload

How to deal with this increasing workload was the first major strategic decision many CWDs faced. Simply processing the entire caseload instantaneously was

[124]The number varies widely across counties.

The analysis in the body of the text is based on new tabulations from the MediCal Eligibility Determination System (MEDS) data for 1997 (the immediate pre-CalWORKs period). Conversations with CWD staff suggested that in many counties those returning to cash aid after short spells off aid would not receive a new orientation and would not be sent through Job Club again. (This is not true of every county, e.g., Sacramento County, but serves as a useful approximation.) Therefore, new recipients are defined as those who have not been on aid for the previous 12 months. Note that this differs from the definition used on the CA 237.

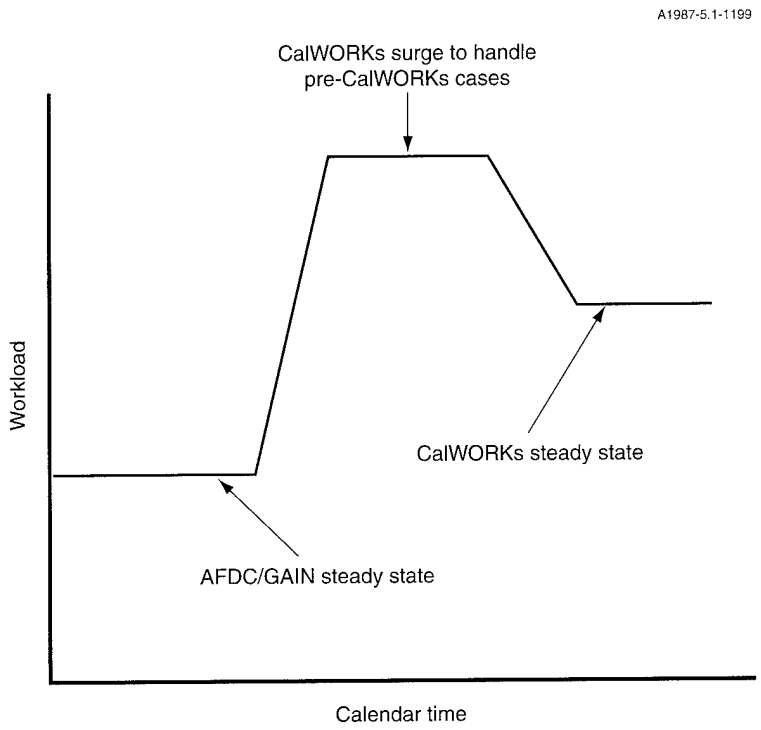


Figure 5.1—Ramping Up to Manage Short-Term WTW Workload Increases

not possible. There was too much work. Thus the counties had to decide how to manage the workload over time.

In this section, we discuss what they did, starting with the county reaction to CalWORKs itself, and then turning to decisions to prioritize tasks and expand capacity to meet the expanding workload.

Prioritizing Tasks

In the short term, there clearly would be a backlog of work. Some counties made conscious decisions about what to do first and about what to defer until later. San Bernardino County enrolled two-person families before one-parent ones. In many counties, quality control standards for eligibility work were allowed to slide. As we already noted in Chapter 3, in the first year many CWDs chose to interpret the enrollment requirement in ways that minimized their workload (such as to schedule, but not to hold, a first meeting or even to mail an informing notice without a definite time for a first meeting).

Other CWDs appear to have chosen not to require their old cases to attend Job Club. Instead, they argued that the pre-CalWORKs GAIN program was

equivalent to what cases would receive in CalWORKs Job Club. In the early part of the program (at least through early 1999), some counties did not train for or encourage their workers to aggressively screen for learning disabilities, substance abuse, mental health, or domestic abuse treatment needs.[125]

Strategies toward no-shows are the clearest examples of such prioritization. In the early months of CalWORKs, few counties were aggressively dealing with noncompliance. Noncompliance rates were high (one-third to two-thirds at each activity), but the statutory requirements for NoAs and sanctions were not followed. As one staffer in a large county remarked, "We still have a large number of people who aren't cooperating. Eventually we'll get around to dealing with that."

From the CWD perspective, this choice was often easy. EWs were overburdened with compliant cases. The noncompliance process was time-consuming (especially give the computer support issues discussed in Chapter 3). Starting noncompliance procedures would add substantially to EW workload. Furthermore, there was not enough capacity to handle all the cases if everyone *did* participate. Instead, as CWDs realized the extent of the noncompliance problem, many simply increased the number of recipients instructed to attend an activity until the number of recipients who were likely to attend equaled the number of spaces available.

The Decision to Increase Capacity

While prioritization was a short-term response to the expanded workload, the counties also needed to make strategic decisions about whether and how to increase capacity. The CWDs had three strategies available: outsourcing, adding CWD staff, and "toughing it out." The first two strategies involved increasing capacity, while the latter strategy did not. Counties following the toughing-it-out strategy chose not to hire new staff or outsource, but rather to work slowly through the caseload with existing capacity. This decision to defer adding capacity allowed counties to buy time until the true nature of the demand for services was clear and the state's policy and commitment were clear.

Those counties that chose to pursue outsourcing or adding new staff (or a combination of both) faced a sequence of decisions, as shown in Figure 5.2.

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[125] In the CSS (as of the summer of 1999), 77 percent of caseworkers reported receiving training, but 68 percent reported wanting additional training. Furthermore, about a quarter of caseworkers report not screening at appraisal. Finally, CDSS has emphasized early screening in ACINs (I-82-94, October 28, 1999, for mental health and substance abuse; ACL-99-80, October 7, 1999, for learning disabilities).

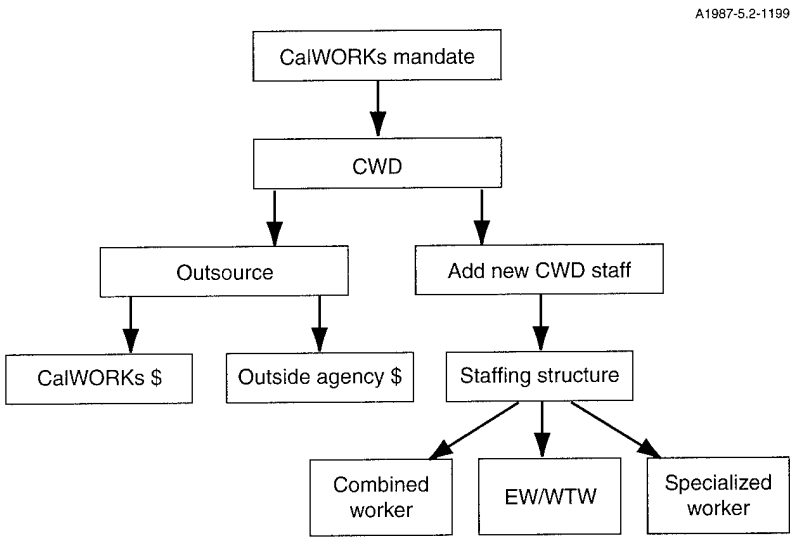


Figure 5.2—Choices Facing CWDs in Outsourcing and Adding New CWD Staff

Starting on the left side of the figure, once a county made a decision to outsource, it then had to decide how cooperating organizations would be selected and whether the CWD goal was to disburse funds as needed or to hold as much of the CWD funds as possible, using other agency allocations to serve CalWORKs clients whenever possible. The CalWORKs portion of the funds could be disbursed through a request for proposal (RFP) process, or the department could choose to fund all agencies that wished to provide services to CalWORKs participants.

If CWDs decided on the strategy of not outsourcing—of keeping CalWORKs programs in-house—then they needed to add new CWD staff to expand capacity, which is shown on the right side of Figure 5.2. The decision to add new CWD staff entails actually hiring the staff, training them, and bringing them up to speed. In addition, as shown in the figure, the decision about whether to outsource or keep programs in-house implies a choice of staffing structure. The most visible and cross-cutting structuring decision concerned whether and how to integrate EW and WTW operations. If the county chose to outsource most or all of the components that need not be retained by the county, decisions about staffing structure were moot. Other structure decisions involved how to monitor and motivate workers to work toward and achieve the goals of the CalWORKs legislation as understood in each county.

Below we discuss how the counties handled these two strategies.

The Strategy of Outsourcing

One approach to managing the capacity problem was outsourcing (i.e, contracting with some other agency to provide some set of CalWORKs services). Outsourcing varied widely across the counties, with some counties outsourcing nearly everything and others outsourcing almost nothing; outsourcing contracts were awarded to other government agencies, nonprofits (often community-based organizations, CBOs), and for-profit corporations.

In this section, we begin by examining some of the counties' considerations about whether to outsource. Then, we look at what was outsourced to whom and what contract terms were used. Finally, we look at how long it took to outsource.

Considerations in Making the Outsourcing Decision

What was outsourced, where it was outsourced, and to whom it was outsourced appear to be driven by a diverse set of considerations, including the legality of outsourcing; supplier availability; flexibility, speed, and accountability; control over programs; capabilities; ideological considerations; labor considerations; political considerations; and previous experience. We discuss each in turn.

Legality of Outsourcing. What could be outsourced was constrained by state regulations. Apparently the first significant outsourcing of welfare operations in the United States occurred when Los Angeles County attempted to outsource its GAIN operations to Maximus in 1988.[126] That ultimately successful attempt induced a protracted and heated debate about the appropriate role of non-CWD employees in welfare programs. The outcome of that debate—one that continues through CalWORKs—is that while most CalWORKs operations can be outsourced, eligibility functions cannot.[127]

This inability to outsource eligibility operations has important implications for the design of CalWORKs programs. CWDs that wanted a single implementing organization to provide a seamless program with a single point of entry and a single message could not outsource WTW operations.

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[126]The Maximus controversy received extensive, high-profile coverage in the *Los Angeles Times*. See Harris (1988); Roderick (1988); Wood (1988a, b); "U.S. Approves Private Pact for Workforce (1989); and Shuit (1990). See also Matthews (1989); and Weissman (1997), who discusses the transition from the Maximus contract to the current County Department of Education approach in the mid-1990s.

[127]Outsourcing remains controversial. In February 1999, Assemblyman Gil Cedillo introduced a bill (AB-781) that would have prohibited outsourcing for CalWORKs. Outsourcing provisions were struck from the bill in committee two months later.

Supplier Availability. CWDs could outsource only if there was a willing and able contractor. For the most part, larger and more urban counties reported that contractors—both for-profit firms and CBOs—were available. Smaller counties often reported that they could not interest large for-profit contractors, such as Maximus, Lockheed-Martin, and Curtis and Associates. These counties also often lacked an existing social service network of CBOs. Without CBOs or willing for-profits, the CWD had to perform all functions itself.

Some CWDs stated that developing or enhancing such a network of CBOs to provide services in the future was an explicit goal of their early rounds of contracting. Sometimes, grants were given explicitly for capacity building or without clearly defined deliverables. Sometimes, all bidders were funded.

Even when contractors bid on contracts, CWDs were often disappointed, either in the bids or, later, in the contractors' performance. Some RFPs did not lead to contracts (e.g., in Fresno and Los Angeles Counties). Counties reported unresponsive proposals, insufficiently innovative proposals, and proposals with costs above the county's cost to do the work internally.[128] Some contracts were terminated for poor performance; others were quickly rebid.

It is not surprising that outsourcing did not go smoothly in every instance. Where there had been no contracts before, the infrastructure to bid, let, and manage contracts was insufficient. Some providers were inundated with cases requiring complex case management (e.g., in San Diego County). Others that had geared up to provide more services received few referrals. (See Chapter 7 for further discussions of this problem in the context of child care.)

Flexibility, Speed, and Accountability. Outsourcing was often viewed as a way to avoid the restrictions imposed by hiring in the civil service employment system and by county facility procurement procedures. Compared with hiring staff, contractors could probably be ready to operate more quickly, could probably ramp up their operations faster, and could have their contracts terminated (or the flow of cases shrunk radically) when the surge was completed. As one high-level CWD interviewee said, "We [the CWD] could not hire 900 people in a matter of months."

By comparison, hiring new county employees is time-consuming in a civil service environment, and laying them off once the surge is over would be nearly impossible. One interviewee in a county that asked for far fewer positions than

[128]Some counties have rules (e.g., Los Angeles's Measure A and Sacramento's Measure B) that stipulate that if the county is going to outsource, the cost of a contract must be significantly less expensive than the costs of keeping the work in-house.

were needed noted, "The board . . . was concerned about increasing staff given expected caseload declines and uncertainty of continued funding." At least one board (in San Joaquin County) dealt with this uncertainty by authorizing term positions rather than permanent ones. Discussing her county's outsourced Job Club operation, another interviewee noted " . . . where we are now, the number of people entering Job Club [is such] that I don't need all the people we hired under contract. Other counties outsourced some operations now expecting to bring the work back in-house after the surge (perhaps two to three years later). We gave 30 days notice that [we] would terminate the contract."

Furthermore, again unlike CWD employees, it is relatively easy to pay contractors for performance. Their contracts could be terminated for failure to perform. Contractors had the ability to pay performance bonuses to staff who performed and to fire staff who did not perform. County employees were perceived in the opposite way. It was difficult to reward their performance, and it was difficult to fire or reassign those who did not perform.

Control Over Programs. The flip side of flexibility, speed, and accountability is loss of control over programs. When a service is outsourced, the county loses a substantial amount of control over the content of the activity. Furthermore, the terms of the contract limit the county's ability to redesign the program as experience accumulates.

CalWORKs was a rapidly evolving program. Early program designs, even if embedded in formal contracts, sometimes became obsolete. Outsourcing contracts made program redesign more difficult.

Capabilities. Sometimes potential contractors had skills that the CWD did not have and that would be expensive to develop. Under CalWORKs, CWDs were to provide a range of new services that they had only rarely provided themselves—services that required specially trained employees and that were far from the core mission of the CWD. These services included education and training, substance abuse and mental health treatment, and domestic abuse counseling. In addition, in many counties, private industry councils (PICs) were already running Job Club and other training operations. As a result, outsourcing to them was sometimes an attractive option for counties. Finally, outsourcing to CBOs, which often had language and cultural resources, local infrastructure, and the trust of the community, was also attractive.[129] By outsourcing, the CWD could benefit from those capabilities: Alameda County (with respect to no-shows), Fresno County (for the western part of the county), and Los Angeles County

[129]Howard (1998).

(with respect to monolingual subpopulations). In addition, CBOs could provide geographic reach in large counties or those with remote populations. One interviewee explained, "CBOs . . . make life easier in terms of figuring out how to provide services in a large geographic area."

Ideological Considerations. Some counties' decisions about outsourcing were strongly influenced by the ideological perspectives of county political leadership. The BoS in some counties (e.g., Orange and San Diego) had a strong pro-private-sector orientation. This perspective was often reinforced by a strong no-government-growth bias. One high-ranking interviewee in a no-government-growth county explained that the profit orientation "is not an issue of money. . . . It is the perception of no growth in government that plays in our outsourcing decisions." One interviewee said "They [the BoS] don't want to put welfare bureaucrats on the payroll. Welfare is not a popular program." Despite funds being available, one CWD supporter contended that board members often feel that "If I can't hire a sheriff, I sure am not gonna hire a welfare bureaucrat."

In contrast, other counties had a strong anti-outsourcing perspective. Some outsourcing opponents argued that, regardless of its legality, nongovernment employees should not be allowed to make judgmental choices about a recipient's mental health or employment potential.[130] Several interviewees expressed concern about "the ethics of injecting profits into the government's traditional role as caretaker of the poor." An interviewee who works for one of San Diego County's contractors said, "It's hard to pay for performance when it's people's lives. It's not like selling bikes."

Labor Considerations. When counties had contracted out part of their GAIN operations, unions generally did not challenge continued extensions or expansions of those contracts. Some counties, however, met resistance when they tried to contract services that had been previously provided by the CWD or when unions viewed new services under CalWORKs to be appropriately or cost effectively provided by CWD employees.

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[130]This view has a long tradition in the literature on outsourcing. See, for example, Smith and Lipsky (1993, pp. 11–12): "One critical issue is the legitimacy of giving over state power to private providers. Government control and manipulation of vulnerable populations proceeds properly only when sanctioned by deliberate democratic processes and safeguards. Contracting gives away responsibility for important authoritative decisions about vulnerable people. Program monitoring and auditing are often rudimentary and inadequate for assuring program compliance and maintenance of standards. . . [I]n a thousand ways service workers act at the margin to make fateful decisions about people."

See also Osborne and Plastrik (1998, p. 111), who make a similar argument: "The more sensitive and risky the function, the more likely it is that the public will want to see it operated by government employees. If it involves . . . due process rights, or an absolute necessity of fair and equal treatment (as in the courts), citizens generally prefer to have public employees perform the function." Note, however, that their list is very short and does not include welfare policy.

In at least two counties (Los Angeles and Sacramento), CWDs were required by local policies to prove that contractors could provide the service more efficiently than county workers. In Los Angeles, the union scrutinized proposals from bidders and claimed that contractors did not show significant cost savings to warrant contracting out case management. In Sacramento, the union sued the CWD over the RFP process, citing flaws in the CWD's calculation of the cost of having CWD administer Stage 1 child care, which was used to justify contracting out the service.

In other counties, the negotiation between CWD and unions was less formal. In Kern, the union threatened to take the CWD to court over the outsourcing of post–Job Club case management. The CWD compromised by limiting its contract with Curtis and Associates to three years and agreeing to return the services in-house at the end of the contract. Disagreement about outsourcing did not always rise to the level of negotiation. In a few places, unions protested outsourcing, but the BoS proceeded with outsourcing. In other places, the union protestations had a chilling effect and counties did not choose to outsource or to press matters.

Political Considerations. Some BoS were positively disposed toward outsourcing for political reasons. CBOs are often active in local politics. For-profit firms or their employees can be campaign contributors. The role of such political considerations in outsourcing was frequently noted in interviews, and always "not for quotation."[131]

Previous Experience. Counties that had work-first programs in place before CalWORKs often chose to simply expand them. Simple expansion was particularly attractive given the myriad other policy decisions competing for management attention and the pressure for a quick program rollout. These past experiences pushed in different directions. Riverside County continued its practice of not outsourcing WTW activities. Los Angeles County continued to outsource orientation, Job Club, and assessment to the County Office of Education. San Joaquin County continued to outsource to the local (government-run) PIC (though the county also brought in contract employees to handle the surge). Orange County continued its relationship with Maximus.

However, for many counties simply continuing their pre-CalWORKs relationships was not an option. Most counties did not have significant work-first/Job Club GAIN programs on which to build. Moreover, many of those that

[131]See Paul Starr, "[C]ontracting is the locus classicus of the political pay off" (as quoted in Osborne and Gaebler, 1992, p. 88). See also the comments in Howard (1998).

had some program in place considered it to be inappropriate in a high-volume work-first program and chose not to extend their previous arrangement.

What Was Outsourced to Whom?

Reflecting the conflicting considerations and differing situations, CWD decisions about outsourcing varied widely. Some counties outsourced all WTW activities (e.g., San Diego in four of six county regions, and Kern), while some outsourced none of the core WTW activities (e.g., Contra Costa, El Dorado, Nevada, Riverside, Santa Clara, Tulare, and Ventura). Table 5.2 summarizes outsourcing decisions for all 58 counties, as reported in the 1999 All-County Implementation Survey.

Table 5.3 presents more detail on outsourcing by WTW activity for the 24 study counties. Outsourcing choices clearly vary by activity. First, even many counties that kept most operations in-house chose to outsource assessment: Assessment is a specialized function requiring special training in test administration and interpretation of scores.

Second, 14 of the 24 counties outsourced all of Job Club. There were strong reasons to outsource Job Club, either as a discrete activity or as part of a larger package of WTW services (e.g., in Orange County). It was the first major WTW activity and was therefore likely to be a bottleneck in moving participants through WTW. In addition, Job Club delivery benefits from special skills in

Table 5.2

Number of Counties Choosing Each Type of Provider for WTW Activities

WTW Activity	CWD	Nonprofit	For-Profit	Government Agency	No Service
Orientation	57	4	1	2	
Job Club	33	24	3	17	
Assessment	41	23	3	8	
Vocational training	5	21	4	44	2
Educational services	5	19	4	44	1
Post-employment services	42	23	9	15	2
Refugee families	18	14	2	9	29
Non-English speaking families	35	23	3	25	7

SOURCE: ACIS results.

NOTE: Rows may sum to more than 58 because of counties with multiple providers of an activity.

group motivation and facilitation. Those skills were often not the criteria on which current CWD employees had been selected.

Third, post-employment case management was often outsourced. It was not a part of GAIN, so it was a new activity for CWDs. There was considerable uncertainty about the demand for these activities.

Finally, there was the underlying concern that such services would be the first to be cut if and when there were budget shortfalls.

Contracting Process for Outsourcing

To outsource WTW activities, CWDs needed to set up a contracting process. Doing so was necessary because the large sums of money involved were expected to result in "fierce" competition. Said the head of one CWD, "it's a very brutal political process getting the results of an evaluation process to the board." In one large county, we were told, "the bidders hire lobbyists to swarm the (BoS) members."

The type of contracting process varied, as shown in Table 5.4 for our 24 study counties. Formal contracting with RFPs has major advantages. First, the CWD can structure the RFP to elicit competitive bidding on the dimensions of greatest importance (e.g., cost per employed case). Second, since contracts tend to have long terms and tend to be hard to change, the formal RFP process encourages counties to think carefully about what their goals are and what programs will be most likely to achieve these goals. Finally, a formal contracting process can shield a CWD from political pressure.

Larger counties were more likely to follow a formal RFP process. In larger counties, more bidders were likely, they had the scale to justify the fixed costs of a formal RFP process, and they usually had experienced contracting staff in-house. In Orange County, for example, proposals are evaluated by a committee comprising people who have experience with the types of programs being proposed. A contract department staff member is usually on this committee. In Sonoma County, the CWD instituted a new process for reviewing RFPs to make sure that "it was a level playing field . . . [and that] everyone had an equal chance." Staff examined each proposal for "minimum qualifications" (MQs); then, the CWD convened a review committee, which included community members, PIC representatives, and representatives from agencies outside the county to evaluate the proposals. Since the initial CalWORKs RFP, this process has become the norm for reviewing all Employment and Training Division proposals in Sonoma County.

Table 5.3

CWD Outsourcing Decisions by WTW Program Activity for the 24 Study Counties

	WTW Program Activity				
County	Orientation	Job Club/Search	Assessment	Post–Job Club Case Management	Post-Employment Services
Alameda	I/O to CBOs for no-shows	I/O to EDD and to CBOs for no-shows	O to Peralta Community College	I	O to PICs
Butte	I	O to PIC	I	I	NS
Contra Costa	I	I	I	I	I
El Dorado	I	I	I	I	I
Fresno	I	O to local adult schools, ROPs, and Proteus (nonprofit)	I/O to community college for special cases	I	O to Proteus (nonprofit)
Humboldt	I	O to adult school and EDD	I	I	I
Kern	I	O to EDD	O to Curtis and Associates (for-profit)	O to Curtis and Associates (for-profit)	O to Curtis and Associates (for- profit)
Los Angeles	O to LACOE	O to LACOE	O to LACOE	I	On ad-hoc basis (by office)
Monterey	I	I	I/O for special cases	I	I
Nevada	I	I	I	I	I
Orange	I	O to Catholic Charities	O Rancho Santiago College	O to Maximus	I/O 1/2 to Maximus
Riverside	I	I	I/O	I	I
Sacramento	I	I/O to CBOs	O local school districts and CBOs	I	I
San Bernardino	I	I	I	I	I/O
San Diego	I/O 2/3 to Maximus, Lockheed, and Catholic Charities	I/O 2/3 to Maximus, Lockheed, and Catholic Charities	I/O 2/3 to Maximus, Lockheed, and Catholic Charities	I/O 2/3 to Maximus, Lockheed, and Catholic Charities	NS
San Francisco	I	I	I	I	O to PIC
San Joaquin	I	I/O to PIC	O to CBOs	O to CBOs	I
Santa Clara	I	I	I	I	NS
Sonoma	I	O to CBOs	I	I	O
Stanislaus	O to PIC	O to PIC and EDD	O to PIC	I	I
Sutter	I	O to Sutter County Schools	I	I	I
Tulare	I	I	I	I	I
Ventura	I	I	I	I	I
Yolo	I	O to community college and PIC (part of county)	I	I	I

NOTE: O = outsourced; I = conducted in-house; I/O = conducted in-house/outsourced; NS = not providing service.

Table 5.4

Methods for Awarding Contracts for WTW Functions for the 24 Study Counties[a]

County	No Contracting	RFP	Fund All[b]	Extend or Expand Existing Contracts
Alameda		X		Job Club contract(s)
Butte				PIC
Contra Costa	X			
El Dorado	X			
Fresno		X		Proteus for Job Club
Humboldt				Adult school
Kern		X		
Los Angeles				Los Angeles County Office of Education
Monterey	X			
Nevada	X			
Orange		X		Initially expanded past Job Club case management contract with Maximus, then Catholic Charities when contract was re-bid
Riverside	X			
Sacramento		X	X	
San Bernardino				PIC
San Diego		X		
San Francisco	X			
San Joaquin		X	X	
Santa Clara	X			
Sonoma		X		
Stanislaus		X		
Sutter	X			
Tulare	X			
Ventura	X			
Yolo		X		

[a]WTW functions are defined as orientation, Job Club, assessment, WTW plan, as well as case management, as in San Diego County. A county may have outsourced only some of these functions (see Table 5.3).

[b]Of the counties in this category, most mention an RFP process which results in awards to all (or nearly all) bidders.

Other counties did not follow the formal RFP process. Among those that did outsource, but did not follow a full formal RFP process, the reasons were varied. Some simply extended existing contracts, while some said there would not have been enough bidders to make the effort of an RFP worthwhile. Some used an RFP process, but funded nearly all bidders (e.g., Alameda, Sacramento).

Terms of Outsourcing Contracts

One of the advantages of outsourcing is the ability to implement pay-for-performance contracts, which reward those outcomes of greatest concern. Some counties outsourced with conventional contracts that paid a fixed amount per unit of service delivered (e.g., an amount for each Job Club attendee or an amount for each assessment performed) or were cost reimbursement.

However, some counties moved to some form of performance-based contracting. The most straightforward approach was simply to pay for performance. Several counties followed the Job Training Partnership Act (JTPA) example, paying a fixed amount for each job placement, and an additional amount for retention at 30, 60, and 180 days. The 30-, 60-, 180-day structure is based on Employment Development Division (EDD) tracking of job placements. Critics of these contracts argue that while keeping a low-wage job for six months is not an appropriate strategy for attaining self-sufficiency, these contract terms encouraged contractors to overemphasize employment and to underemphasize earnings growth. Interviewees expressed concern that contractors are not paid more when a participant is placed in a higher-wage job or paid more when there is wage growth in the placed jobs. As a result, contractors "were not interested in bonus jobs or higher-end jobs." In response to this concern, some counties are also paying for wage growth.

San Diego County has been in the forefront of performance contracting. The original plan was to switch to pay-for-performance contracting as of January 1, 1999, based on four indicators: percentage of caseload engaged, percentage participating for 32 hours (meeting CalWORKs hours requirement), percentage employed for at least 30 days, and percentage holding a job for at least 180 days. However, the computer systems in San Diego County (in this case, the GAIN Information System, GIS), did not initially include sufficient detail to track the contractual performance measures, delaying implementation until August 1, 1999.

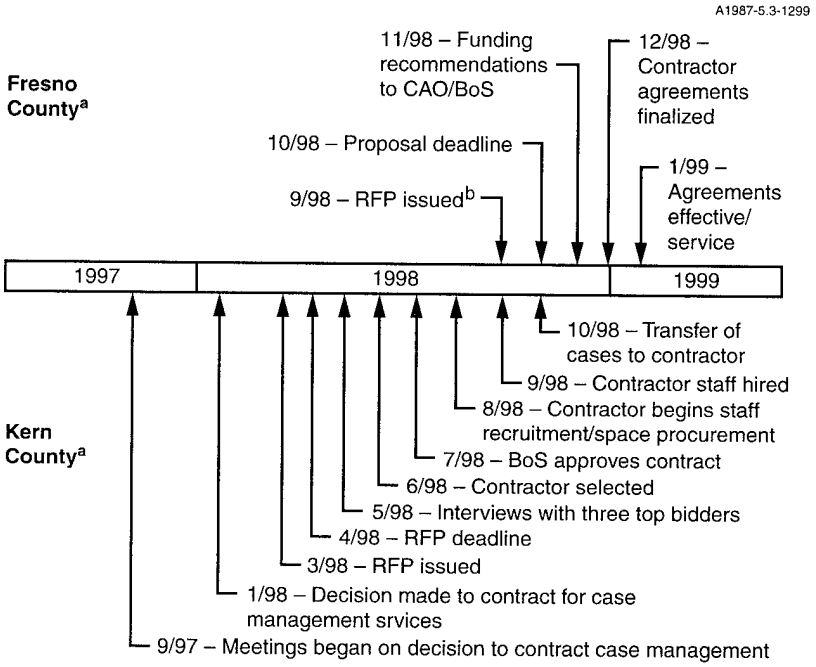
In Alameda County, there has been considerable outsourcing to CBOs. Assessment is always contracted out, and Job Club and post-assessment activities sometimes are as well. All current contracts are performance based. CBOs bill monthly based on data for the month. Performance indicators include placement and retention. Placement is more important, accounting for 70 percent of the fee structure. Thirty percent of the fee structure is based on retention at 30, 90, and 180 days. All contracts are competitive and "self-canceling, nonperformers will starve," and additional cases are referred as the earlier ones are placed.

Counties use a variety of other strategies that also have the potential to focus contractors on outcomes. Some counties let short-term contracts and make it clear that renewal (or even early cancellation) is conditional on high placement rates (e.g., Fresno and San Joaquin).

How Long Did It Take to Outsource?

As noted earlier, one perceived advantage of outsourcing was that it could bring capacity up to scale faster. In terms of relative speed, this claim often appears to have been true. Nevertheless, bringing a new contractor to the point of providing the service could take the better part of a year. Figure 5.3 provides time lines for two counties that outsourced key CalWORKs services.

Kern County contracted post–Job Club case management to Curtis and Associates after a competitive bidding process. In January 1998, Kern decided to contract out these services, issuing the RFP in March 1998. The contractor began



[a] These counties are featured because they had clear contracting procedures in place and offered to share these data.

[b] Fresno County's later start date begins a more telescoped process. We have observed this pattern in other aspects of CalWORKs as well.

Figure 5.3—Time Line for Outsourcing Employment Services in Fresno and Kern Counties

providing services in October 1998. Total elapsed time was over a year from when the county first held meetings to decide whether to outsource and ten months from the decision to outsource.

Fresno County contracted for six types of CalWORKs services (including Job Club, specialized assessment, and employment services in remote areas) to a mix of government agencies (e.g., community colleges, EDD, County Office of Education) and CBOs. Fresno issued its RFPs in September 1998, and the contractors began providing services in January 1999. The contracting process was expedited and the process from RFP to implementation took five months, compared with the typical nine months.

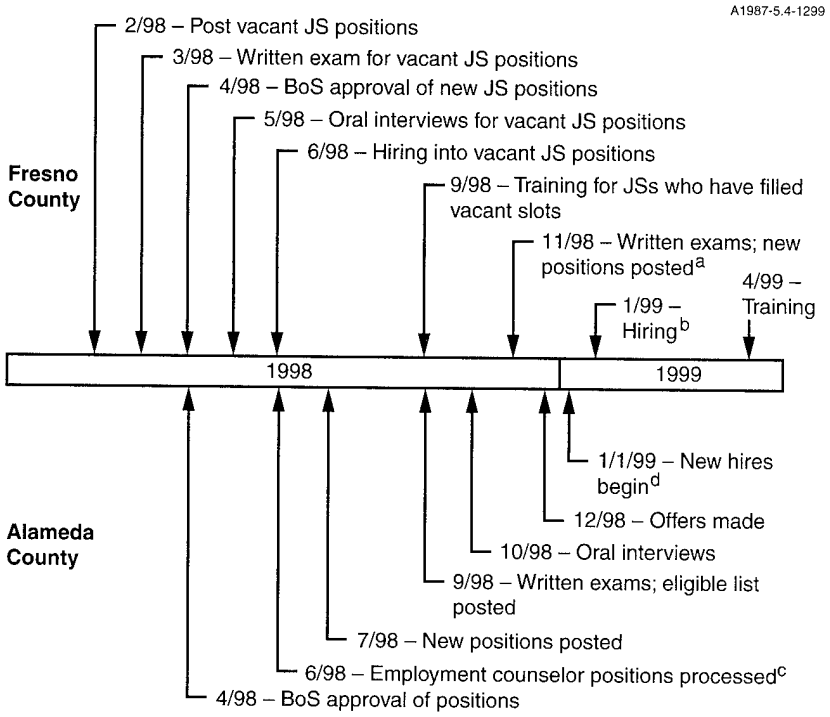
Sacramento County contracted out Job Club. A first-round RFP was issued quite early, in November 1997, for contracts to begin January 1998. However, because of strong union opposition and county meet and confer requirements (Measure B), awards were not made until June 1998, with contracts effective July 1, 1999.

The Strategy of Adding Staff

For many CWDs, adding staff was the natural approach to managing the need to increase capacity. As noted earlier, some of the new tasks had to be done by CWD employees, and many of the WTW tasks had also been done by CWD employees under GAIN. Moreover, as we discussed earlier in relation to Figure 5.2, along with adding staff came the opportunity to reorganize staffing, lines of control, and case assignment. Both the process of adding staff and the process of reorganizing staffing structure are discussed below. We also discuss the issue of labor relations in terms of adding and reorganizing staff. Finally, we discuss the issues raised in managing such staff.

The Process of Adding Staff

If counties decided to add staff, the new staff was not available immediately. Civil service procedures needed to be followed. In many counties, expedited procedures were available and were followed, but even so, the process still required nearly a year. We can see this when we look at the time lines in Figure 5.4 for hiring JS positions in two counties—Alameda and Fresno. The steps counties need to go through include receiving explicit permission from the BoS, posting the job, and then interviewing, hiring, and training the worker (both formal training and over a probationary period). In addition, appropriate space, furniture, and office equipment need to be acquired and installed.



[a] Had to be deferred until vacant JS slots filled.

[b] Oral interview waived to save time.

[c] Delay due to large number of positions created.

[d] As in Fresno County, delays in hiring were driven by need to to completely deplete employment technician (EW) ranks; hiring for those positions was also occurring.

Figure 5.4—Time Lines for Hiring New CalWORKs JS Positions in Alameda and Fresno Counties

Hiring time lines were lengthened by considerable worker upgrading. New positions were often filled by CWD employees from lower pay grades. Thus, as the new positions were filled, lower-level slots became vacant, requiring backfilling. County hiring procedures usually prevented simultaneous hiring. Until the CWD knew exactly how many people would move into the new positions, it was not allowed to hire for positions that were opened up. Counties that did extensive hiring (e.g., Alameda, Fresno) reported that the backfilling was still going on as of the summer of 1999.

This hiring from within was the subject of considerable discussion. It was to be expected that some of the new positions would be filled from previous CWD employees, since they knew of the openings, knew something about the way the system worked, and preferred working for county government and with welfare recipients.

Nevertheless, many observers expressed concern about the degree of hiring from within.

> [M]ost proposals for a new welfare culture call, at least implicitly, for a return to casework. At this casework level, a few of the challenges are (a) to properly identify those required to participate and motivate their participation; (b) to identify correctly participant barriers to employment; (c) to draw up and execute a plan that is consistent with the client's situation; (d) to monitor the progress of clients throughout their participation in the program and the performance of service providers in meeting their obligations; and (e) perhaps to continue some postprogram client support and monitoring. This set of challenges raises serious questions about the skill levels and experience that will be required of those who operate at the front lines of a new welfare culture. (Corbett, 1994–1995)

Specifically in California, many of the new JS positions have very different job descriptions (and often different official "minimum qualifications," or MQs) from those of the EW positions from which people came. Some counties formally waived the MQs or allowed new JSs to acquire the required education over a grace period of several years (e.g., Sacramento County). In addition, the ranking process in some counties gave points for county service (e.g., in Alameda County and in San Francisco County, where the first round of hiring for a combined worker was open *only* to current employees).

Many observers expressed concern that the net effect of these hiring procedures was that better-qualified outside candidates were ignored in favor of internal candidates. Instead of hiring from outside for people with the qualifications for the less structured JS job, counties simply promoted EWs into jobs for which many did not have the training, the education, or possibly the temperament.

The process has not always gone smoothly. Observers in San Francisco County reported that at least a quarter of those selected for new CW positions early in the CalWORKs implementation process voluntarily chose to return to their previous positions quickly. Those who left generally said the new job was just too demanding.

However, current CWD employees were an available labor source in a tight labor market. In the 1999 ACIS, 30 of the 58 counties (52 percent) reported that the availability of qualified staff for caseworker positions has hindered their implementation of CalWORKs. CWD jobs are often not viewed as the most desirable among those available in a hot labor market, and in the CalWORKs environment jobs were more challenging. One CWD director said: "The cream of the crop [those who pass the test] go to private enterprise, which pays more."

Counties choosing to add workers into redesigned positions faced an additional hurdle. In a civil service environment, these new positions and even new responsibilities triggered a need for a "reclassification study"—a formal review of job qualifications, the creation of a new job classification, and usually an increase in pay. Almost a third of all counties (18 of 58 counties) reported on the 1999 ACIS that they had reclassified caseworker positions. Another six counties (10 percent) have reclassification studies under way, while 12 counties (20 percent) are considering reclassifying positions. Since last year (1998 ACIS), nine counties have completed or are implementing reclassification of positions, but ten counties that were considering reclassification have decided against doing so, usually after deciding not to move to a CW position (see below).

The Process of Making Staffing Structure Changes

As part of the process of hiring more in-house CWD staff, the counties also had to grapple with how to structure CWD staff to handle the new responsibilities under CalWORKs. Under GAIN, WTW services had usually been separate from eligibility operations, had been provided to only a fraction of the population, had ended with employment, and had been funded by separate funding streams, with separate financial reporting requirements. Under CalWORKs, this all changed. WTW services were to be universal (and became much more important) and could continue after employment; in addition, the funding streams were combined.

Thus the arrangement of work could also change. Before CalWORKs, eligibility operations and WTW operations had almost always been offered by separate organizations, often in separate offices, with different working conditions (e.g., different furniture was often mentioned). (See Zellman et al., 1999.) Most important, the two sets of services had been provided by two different groups of workers: eligibility operations by EWs and WTW operations by JSs.[132] EWs had been primarily concerned with determining initial and ongoing program eligibility for clients, including tracking earnings, income, changes in family structure, employment, and budgets. JSs, sometimes called "social workers" or in some counties "GAIN workers," had responsibility for a variety of nonfinancial functions—in fact, everything but eligibility. In most counties, JSs assigned clients to a program component; monitored attendance; determined when a sanction should be applied; and referred clients to behavioral health and

[132]It is important to note that these discussions about the organization of work and the role of "social workers" are part of a long debate in the welfare literature. For a historical review, see Bane and Ellwood (1994), chapter 1.

domestic abuse services, education, training, and/or PES. These workers were often also tasked with processing ancillary payments including child care and transportation.

In this section, we look at the process the counties went through in deciding how to organize work under CalWORKs: first, a look at their decisions about whether to combine the two jobs, and second, a look at the strategies they actually chose. In addition, we examine other forms of integration associated with the decision of whether to combine the two jobs.

The decision about whether and how to combine eligibility and WTW operations was affected by several conflicting considerations, considerations that argued both for and against combining the jobs.

Arguments for Combining Jobs. The arguments here included concerns about unity of message, coordination, continuity of care, and outcome-based management. We discuss each below.

- *Unity of Message.* A single worker would guarantee a single unified—presumably work-first—message. This would contrast with GAIN, where published reports had claimed that while GAIN workers conveyed a work-first message, eligibility workers were at best neutral and sometimes saw working cases as an additional burden.[133]
- *Coordination Issues.* Separate eligibility and WTW operations require recipients to have more appointments. In practice, there are often two case files—one for eligibility operations and another for WTW ones. Given the weakness of the computer systems, there is often double entry of information (employment, earnings, hours). Many operations (e.g., processing sanctions and arranging child care and transportation) require collaboration between the two workers. In the polar case when the two operations are totally separate, a new recipient first meets with an EW to establish eligibility and then meets with a JS to get orientation and to schedule Job Club. With counties reporting that half of all recipients fail to attend each activity, the additional meeting (often in a different building) is yet another opportunity for noncompliance. There were some reports of recipients "pitting the two workers against each other."
- *Continuity of Care.* The more contacts between a worker and the recipient, the better the opportunity to build a relationship. The worker gets to know the client—her history, her goals, her skills, her special needs, and her concerns.

[133] See Meyers, Glaser, and MacDonald (1998). See also Bane and Ellwood (1994), chapter 1.

The recipient builds trust with the worker, making revelation of problems more likely and making the recipient more likely to accept the guidance and encouragement of the worker.[134]

- *Outcomes-Based Management.* A single worker who handles both EW and JS tasks allows managers to more easily conduct outcomes-based management. With this structure, responsibility for each case rests with a single worker. With separate EWs and JSs, it is not clear how to assign either credit for successful outcomes or responsibility for unsuccessful ones. Such diffuse responsibility makes each worker less likely to "take ownership" of a case.

Arguments Against Combining Jobs. The arguments against combining the two jobs include the nature, scope, demands, distinct roles, and different cost of the jobs, as well as the speed of implementation. Each is discussed below.

- *Nature of the Jobs.* The two jobs are very different. Many observers expressed concerns about combined jobs. The EW acts as a gatekeeper[135] whose responsibility is to deny aid to those who are ineligible and to verify that all income is properly reported so that the benefit can be properly computed. EW work is rules driven. The goal is to treat everyone the same. The eligibility function requires meticulous attention to detail to minimize error rates. It also requires the development of a compliance-oriented relationship with the client. (When a piece of paper is requested, it needs to be supplied on time to maintain eligibility.)

  In some contrast, the JS is a motivator and counselor. The job benefits from a warm, trusting relationship. WTW work does not have well-defined procedures. Successful caseworkers deal with each participant in an individualized fashion; ideally, decisions are made to increase the likelihood that an individual will become self-sufficient. Thus the WTW function is much closer to a social worker–client relationship. Workers rely on what they know about the client's needs and on the resources that are available to meet those needs. Clients are encouraged to present and discuss reasons for any noncompliance, as well as hopes, needs, and feelings.
- *Scope of the Job.* The combined job is huge. Doing it well requires mastering the details of both eligibility determination and good WTW operations—determining what programs are available and what programs appear to be working. The job is arguably too big for any single worker. Proper initial training would take many months. The complete suite of ongoing in-service

[134]See Brown (1997) S17, for a similar discussion.

[135]For a similar argument, see, for example, Corbett (1994–1995).

training would consume a large part of a worker's time. Even with separate jobs, the CSS consistently recorded high levels (80 percent or more) of desire for additional training in almost every area listed. In counties with a single CW, there were reports that error rates rose with the transition to this structure, suggesting that training was insufficient or that the job was too large, or both.

- *Demands of the Job.* The two jobs have very different rhythms. The EW job has clear deadlines that affect clients' receipt of aid, while the JS job is less structured. Many workers report that the deadlines of eligibility work push out WTW work.
- *Distinct Roles.* The two jobs have very different roles. Staff in CW positions report that the two roles occasionally conflict. The "good cop/bad cop" relationship with recipients that is possible with two workers is not possible with a CW. Some CWs reported overlooking eligibility issues to maintain a participant's trust and to encourage full disclosure.
- *Salary Costs.* EWs are paid less than JSs. As long as the coordination costs are not too high, it will be cheaper to assign eligibility work to the EWs, who are less expensive.
- *Speed of Implementation.* Reorganizing work would introduce yet another major management task at a time when management attention is focused on designing and implementing the new CalWORKs program. Furthermore, in some counties, institutional issues argued against creating a combined job. In particular, EWs and JSs were represented by different unions. Resolving representation issues appeared likely to substantially delay any new organizational structure. Finally, as we discussed above, reorganization usually requires a reclassification study, which could be expected to delay hiring and program implementation.

What Staffing Strategies Did the Counties Choose?

Given these considerations, counties chose to organize jobs along a continuum that runs from retaining separate workers for eligibility and WTW functions to combining the jobs and tasking a single worker with both sets of responsibilities. Colocation and working in teams were intermediate approaches.

Combined Worker. ACIS responses indicate that about half the 58 counties have maintained separate workers, with 27 counties (47 percent) having either never considered or rejected the CW model. About a third of the counties (20) have combined functions in at least some or part of the county; the balance of counties

reported they are initiating or considering combining eligibility and WTW functions.

In many counties, work structure decisions were affected by decisions about providing services to the employed. Those services had not been reimbursable under GAIN, so there was no existing organization to provide them. As we noted earlier in the chapter and as we discuss in the next chapter, some counties chose not to provide these services at all, some chose to outsource them, and some chose to have CWD employees provide them. Those choosing the last option needed to decide whether to create a specialized worker or to assign the work to the same JSs handling case management for those who went through Job Club without finding a job. Table 5.5 shows the choices our 24 study counties made in deciding whether to keep the workers separate, combine the workers, or create a specialized worker for the WTW part of the process.

As the table shows, most of the study counties have not combined EW and JS tasks; however, the option was widely considered. According to ACIS, a few more counties expect to move to a CW structure in the future. In contrast, some counties explored a CW strategy in pilot and decided against implementing it widely. Most notably, Contra Costa County implemented a CW strategy and is dismantling it, returning to the model of separate CalWORKs JSs. CWD staff explained that a CW model seemed a good idea at first, because it would reduce the possibility of communication gaps. However, the CWD's time studies indicate that workers are spending two-thirds or more of their time on eligibility functions.

One intermediate strategy involved using a CW for the front end of the WTW process—to convey the work-first message and to minimize early handoffs—and then separating the eligibility and WTW functions later in the process. In some counties, this CW may stay with the case through application, orientation to the WTW program, and Job Club (scheduling the class and arranging child care and transportation), though Job Club itself is often facilitated by a specialist. In other counties (e.g., Sonoma), this CW stays with the case through Job Club (sometimes serving as the Job Club facilitator). Thereafter, whether or not the participant finds the job, responsibility is transferred to an ongoing worker (often an EW and a separate JS).

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Table 5.5

Choices of 24 Study Counties in How to Structure Staff

Staff Structure Model	How Case Management Was Performed	
	By CWD	By Outsourced Contract
Separate EW/WTW worker	Alameda El Dorado Fresno Humboldt[a] Los Angeles Monterey Nevada Riverside San Bernardino Santa Clara Sutter Tulare Ventura Yolo	Kern[d] San Diego[e] San Joaquin[f]
CW for WTW process	Butte[b] Contra Costa Sacramento San Francisco Stanislaus	Not applicable
Specialized worker for part of WTW process	Sonoma[d]	Orange[g]

[a]Humboldt County piloted having a CW (JS) responsible for eligibility and WTW case management from intake until assignment to Job Club. The county plans to expand this.

[b]Butte County is in the process of implementing the CW model.

[c]In Sonoma County, a CW (EW) is responsible for eligibility and WTW case management and approval until Job Club is completed. The case is transferred to an EW and a WTW worker for assessment.

[d]Kern County contracted Curtis and Associates to conduct post–Job Club case management.

[e]San Diego County contracted Maximus, Lockheed IMS, and Catholic Charities to conduct the WTW program for two-thirds of cases.

[f]San Joaquin County contracted a consortium of CBOs to conduct post–Job Club case management.

[g]Orange County has a CW (JS) from intake through assessment. After assessment, the case is transferred to an EW for eligibility and about one-half of the cases are assigned to Maximus for WTW.

dismantling it, returning to the model of separate CalWORKs JSs. CWD staff explained that a CW model seemed a good idea at first, because it would reduce the possibility of communication gaps. However, the CWD's time studies indicate that workers are spending two-thirds or more of their time on eligibility functions.

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This arrangement has two advantages. First, during the critical early weeks, the number of meetings is minimized. The single worker can handle all the pre–Job Club arrangements, and there are fewer opportunities for no-shows.

Second, while there are concerns about the scope of a combined job, this combined front-end job is probably not too large or too complex. The default in most counties is that almost everyone will attend Job Club. In most counties, there is not a lot of personalized attention until Job Club. Thus orientation to the WTW program can be treated as part of orientation to eligibility issues. Scheduling Job Club and arranging child care and transportation can be viewed as clerical operations. The other JS roles—those requiring different skills and building a rapport with the recipient—are handled by other, higher-paid labor, but only for those cases who need those services (i.e., facilitating Job Club, working with those who do not find a job during Job Club, or providing PES to those who do find a job during Job Club).

Another strategy, especially in places that created a CW, was to create additional positions to handle specialized tasks (when those tasks were not outsourced). Among the tasks that often get specialized workers are child care (e.g., Orange County), sanctions (e.g., El Dorado and Fresno Counties), and monolingual clients (e.g., Fresno, Los Angeles, Orange, and Tulare Counties). Finally, some counties have specialized workers for specific WTW activities (e.g., self-initiated programs, SIPs; Department of Labor Welfare-to-Work (DoL WtW) programs; education and training; and behavioral health). Exact details vary, but these workers often track clients in these programs (e.g., verifying participation and hours), as well as working more general issues of interagency relations and serving as a resource for other workers with questions about their specific programs.

Other Forms of Integration. Combining jobs was only one of the ways that CWDs moved to integrate their eligibility and WTW operations. Short of combining jobs, many counties moved to colocate staff and some counties moved to more closely connect EWs and JSs working with each case. According to ACIS, a majority of counties—34 (59 percent)—have colocated EWs and JSs

countywide. Another 11 counties (19 percent) have colocated these workers in part of the county or are in the process of colocating. This represents a significant increase in colocation of EW and JS staff since before CalWORKs; in the 1998 ACIS, only 19 counties (33 percent) reported colocation prior to CalWORKs. In 1999, only 11 of 58 counties (19 percent) did not consider or reject the colocation of EW and JS staff.

Table 5.6 summarizes the colocation choices for eligibility and WTW staff made by the 24 focus and follow-up counties, showing that the vast majority have either chosen colocation or proposed colocation. For those four counties that adopted a CW strategy—Contra Costa, Stanislaus, Sacramento, and San Francisco (as shown in Table 5.5)—the colocation issue is moot. As shown in Table 5.6, four counties—Los Angeles, San Diego, San Joaquin, and Sutter—have chosen not to colocate most or all CalWORKs and WTW staff. Sixteen counties have moved toward partial integration by colocating eligibility and WTW operations in a single office, with two other counties moving the operations to the same compound.

Colocation minimizes travel and the number of appointments for clients. This reduces the opportunities for clients to "drop off," which is critical, since the rule of thumb, according to many staff, is that 50 percent of clients fail to show for any appointment. A caseworker can make a referral by walking a client to a provider or assessor rather than sending a referral form by fax or mail. (See Chapter 10 for a discussion of the advantages of colocation for behavioral health referrals.)

One major limit on physical colocation in many counties was that the space was frequently not available in existing buildings that had been sized for eligibility operations alone, and certainly not for CalWORKs' integrated service model. A majority of counties statewide (57 percent) reported on the ACIS that procuring additional office space hindered their implementation of CalWORKs.

Finding new space is not easy. Beyond the standard issues in government contracting for space, counties encountered serious neighborhood concerns. Often, attempts to site new offices were blocked directly by neighborhood groups or indirectly by BoS members. Some counties used CalWORKs funds to acquire new space that would allow colocation (e.g., Butte County). Even when space was available, upgrades such as new wiring and the installation of the WTW computer system required time and money. Colocation caused major staff upheavals in some counties as well (e.g., Sacramento and Fresno Counties). Outsourcing lowered the incentive for colocation, though in some sites (such as in San Diego County) even some contract WTW operations were colocated.

Table 5.6

Colocation of Eligibility and WTW Staff for the 24 Study Counties

County	Did Not Colocate	Colocated	
		Same Building	Same Complex[a]
Alameda		X[c]	
Butte		X	
Contra Costa[b]		X	
El Dorado		X	
Fresno		X[e]	
Humboldt			X
Kern		X[f]	
Los Angeles	X	X[d]	
Monterey	X	X	
Nevada		X	
Orange		X	
Riverside	X		
Sacramento[b]		X	
San Bernardino		X	
San Diego	X	[g]	
San Francisco[b]		X	
San Joaquin	X		
Santa Clara			X
Sonoma		X[e]	
Stanislaus[b]		X	
Sutter	X		
Tulare		X	
Ventura		X[e]	
Yolo		X	

[a]Either in the same office complex or directly across the street.

[b]Have a CW structure; thus colocation is a moot point.

[c]Eligibility cases are "banked" in a central location. However, clients can meet with an EW on an appointment basis in offices with WTW services.

[d]EWs and JSs are colocated in offices serving new cases only. Offices serving cases from the AFDC caseload do not have EWs.

[e]Intake is at a different location.

[f]Post–Job Club case management is outsourced, and EWs are not located at the contractor's site.

[g]Some offices are colocated, but not the ones visited.

DoL had been moving toward the establishment of One-Stops for DoL programs. The PICs were almost always key players in such One-Stops. They were also, at the very least, providers of employment and training opportunities. Furthermore, in many counties, they provided Job Club under GAIN, under CalWORKs, and for nonwelfare populations. Thus, as counties moved toward One-Stops for the DoL programs, some counties also colocated their CalWORKs

programs (e.g., Butte) or stationed CalWORKs staff at DoL One-Stops (e.g., Sacramento, Sonoma, and Kern).

Sharing physical space does not, of course, automatically integrate WTW functions. Separate management and different cultures may result in continuing separation of functions. In some offices, workers referred to "the (other) floor" when asked questions about colocated functions. Many workers to whom we spoke had never visited those "other floors."

Nevertheless, when counties colocated EWs and JSs, they were most likely to colocate EW and WTW functions. Other types of services that were colocated included MediCal, Food Stamps, child care resources and referral specialists, behavioral health assessors, vocational assessors, education and training representatives, Job Club providers, and job developers.

It is uncommon for all CalWORKs services to be offered in a single office. In most cases, some combination of services in the "CalWORKs WTW model" are offered in one office, but most clients would have to visit more than one office in the WTW process. Table 5.7 illustrates this point. Across the six focus counties, some services have been colocated in some offices but not consistently throughout the county. Other services, such as child care referral, housing, and the district attorney, may also be colocated but are not included in the table.

Some counties that have chosen to retain separate EW and JS positions are moving beyond colocation, integrating the management of the two groups of workers. Fresno and Tulare have proposed putting EWs and WTW workers who work with the same clients under a single supervisor.

Labor Relations

In most counties, CWD employees are represented by one or more unions or labor associations. The role of organized labor in decisions to add and organize staff depended largely on the organization's pre-CalWORKs relationship with county government.

As described earlier, the workload for CWD employees and the nature of their work changed. In some cases, counties embarked on job reclassification studies in response to workers' new responsibilities. The minimum qualifications for the reclassified jobs were often higher than for EW positions, and unions were critical in ensuring that EWs had opportunities to become CWs. The Contra Costa union negotiated the opportunity for all EWs to test for a promotion, regardless of their minimum qualifications. In Sacramento, the CWD offered

Table 5.7

Activities Colocated in WTW Offices, by Focus County

County	In All Offices	In Some Offices	Located in a Separate (non-WTW) Office
Alameda	Intake	Eligibility Orientation Job Club	Educational assessment
Butte		Intake Eligibility Orientation Educational assessment Job Club	
Fresno	Intake Eligibility Orientation	Job Club Educational assessment	
Los Angeles[a]	Intake Eligibility	Orientation	Educational assessment Job Club
Sacramento	Eligibility Educational assessment	Intake Eligibility Orientation Job Club	
San Diego[b]		Intake Eligibility Orientation Educational assessment Job Club	

SOURCE: Surveys of CWD offices in focus counties, 1999.

[a]We selected 15 offices in Los Angeles County, stratified by caseload size.

[b]This includes only those offices run by the county; it does not include contractor sites.

county time and funding for advanced education. The union proposed grandparenting all existing staff. The final compromise involved lower education requirements than in the CWD's original proposal.

Some counties, however, did not reclassify positions. Workers were sometimes asked to do more or different activities without job reclassification. In Alameda County, the CWD scheduled training on behavioral health screening and child care referrals for all JSs. However, the union protested and stopped the mandatory training, claiming that assessment of supportive services needs was an additional skill beyond the JS job description.

Several counties (e.g., Humboldt, Monterey, and Sacramento) experienced union-related work actions from picketing to strikes in the last few years. However, these labor actions have not been CalWORKs-specific; rather, they have been related to employees' contracts countywide. Nevertheless, Sacramento union

officials pointed out that the union's sour relations with county administrators did not facilitate negotiations over CalWORKs issues.

Changing Program Philosophy and Outcomes-Based Management

Once the CWD makes its strategic choices about what to outsource and how many people to hire into what types of jobs, the real task of day-to-day management begins. Corbett (1994–1995) states the problem succinctly:

> As in all decentralized programs it is important that the right incentives be created so that, for example, what case managers do is consistent with what program managers and those ultimately responsible for the system believe is appropriate. Accountability must be established to assure that the consequences of the various decisions made at each level of operations can be evaluated. Efficiency must be sought to assure that scarce public resources are spent with maximum return.

Process studies of work-first GAIN programs in Riverside County and Los Angeles County noted that GAIN programs introduced a different program philosophy, one that emphasizes immediate structured job search through Job Club rather than building recipients' "human capital" through education and training lasting a year or more.

The evidence is compelling that CalWORKs has brought a change in program philosophy and that this change has occurred throughout these agencies down to the level of individual caseworkers. Data in Table 5.8 indicate that surveyed caseworkers overwhelmingly view their CWD as having adopted a work-first approach. Moreover, field interviews with selected caseworkers indicate that most are supportive of the shift to a work-first approach.

In fact, many caseworkers clearly felt that the changes were overdue. The comments of four caseworkers in different counties are representative:

> Work-first—I think it is great. I have several participants where they have changed their outlook on life when they get a job. They are suffering from low self-esteem and it really changes that and I think it is a good thing.

> Work-first is terrific. This is the best thing that ever happened. I can look through the JTPA files where we sent people to education and training and there was not a job at the end. I feel that getting out into the workplace, getting skills, and doing a full day's work and dealing with other challenges is more important than training. We emphasize that job skills are important, but transferable skills are the most important. Self management is the best thing. If you are a good worker, people will train you to do something.

Table 5.8

Caseworkers' Perceptions of Local Welfare Department, by County

County	Emphasizes Getting Clients a Job Quickly	Rewards Workers When Clients Get Jobs
All cases	81.8	13.5
Alameda	74.5	16.1
Butte	85.1	5.3
Contra Costa	84.5	9.6
El Dorado	86.0	17.2
Fresno	75.9	13.2
Humboldt	70.0	5.1
Kern	84.8	28.7
Los Angeles	76.2	11.9
Nevada	80.6	16.3
Orange	86.2	6.9
Sacramento	92.9	20.0
San Bernardino	85.5	27.8
San Diego	76.1	9.7
San Joaquin	86.6	7.7
Sonoma	90.3	6.7
Sutter	80.9	8.2
Tulare	79.5	10.6
Yolo	80.0	28.4

SOURCE: RAND's CSS.

> Before welfare reform, the focus was on education. The focus should be on work-first. By promoting work-first, the participant will work and then go to night school. Some participants are able to do this. They should give it a try. If the client is unable to find a job in Job Club, they can go to vocational assessment. Work-first is the best approach.
>
> I think work-first is good. For so many years, all the clients wanted to do was to go to school, and I heard clients say that they have never worked and what kind of job do you think I can get?

Beyond this shift in philosophy, descriptions of early successful work-first programs focused on a shift in "culture" toward a focus on outcomes. Corbett's (1994–1995) description of the Riverside GAIN program is typical of others from that period:

> The Riverside JOBS program aims to place participants into jobs as quickly as possible. Its uniqueness lies in its emphasis on outcomes. The entire organizational "culture" is driven by achieving high levels of employment placements. Expectations of staff and participants are clearly conveyed and continuously reinforced. The work ethic is promoted through buttons, bumper stickers, and voice mail messages, as well as through songs played in the welfare office and waiting room that remind applicants and recipients that "welfare is temporary, not a way of life." The entire institutional ethos and set of rewards revolve around getting clients placed.

Similarly, Weissman's (1997, pp. 36–37) process analysis of the Work First GAIN program in Los Angeles County also emphasizes the cultural shift toward outcomes:

> A management tool that is used prominently in Los Angeles to maintain the program's work first focus is the concentration on outcomes, rather than process. By focusing on employment outcomes, Los Angeles administrators have further strengthened and clarified the message.

Weissman reports that the workers' union successfully opposed the use of quotas and disciplinary action for failing to meet placement standards. Instead, use of placement measures was left to regional administrators. Nevertheless, Weissman describes a system in which placements are tracked, everyone is aware of them, and they are discussed at personnel reviews. Workers who have good placement results receive small rewards (e.g., movie tickets, public recognition, positive praise); workers who have poor placement results get more attention from supervisors and more successful caseworkers.

Given this shift to a focus on outcome as a management strategy in the earlier literature on work-first GAIN, we explicitly asked about and looked for evidence of this outcomes focus in our study counties during our fieldwork. In Riverside County, we found a program quite similar to that discussed in the earlier literature. Caseworkers were clearly focused on placement rates—getting recipients a first job. They could report their placement rates for the current month and for the previous month. They reported that placements were celebrated—for the recipient and for the caseworker. Those who achieved the goal got pins, known as "eagles." They reported that their supervisors tracked placement rates and tried to help those who were "falling behind." Finally, they noted that the focus on placement rates induced a culture in which those who consistently failed to make the placement standards asked to be transferred to some other position.

In our visit to the Los Angeles County Office of Education, which runs Job Club for Los Angeles County, we found a program similar to that described by Weissman. Job specialists knew their placement rates. High performers were acknowledged with small rewards. Performance by office and worker was posted in the central office.

For the Los Angeles CWD, however, there was evidence that scaling up the successful GAIN program was a challenge. Part of the issue appeared to be organizational. The CWD decided to handle the existing caseload at the existing, noncolocated, GAIN regional offices, while new cases were to be handled by JSs assigned to local welfare offices (i.e., they were colocated with EWs). A manager

in a GAIN regional office said, "Job placements don't determine your salary or performance rating . . . but are important because we give awards. I would have regional meetings and I would bring up people with the top job placements and give them special recognition." In these offices, we found evidence of posters that acknowledge workers with high placement rates.

In local district offices where small numbers of JSs colocated with EWs, however, there was only limited evidence of an outcomes-based culture. Caseworkers did not seem focused on job placements. There was little evidence of rewards for placement. Our conversations with senior staff in Los Angeles County suggested difficulty in maintaining the focus on outcomes as the program was scaled up to handle the CalWORKs surge.

In the other study counties, there was only limited evidence of any focus on outcomes. In Fresno, the director recognizes workers with high placement rates. In San Diego, Maximus (a for-profit contractor) reported giving cash bonuses for job retention.

For the most part, however, in the offices we visited, the organizational culture had not changed significantly. The culture continued to be focused on error rates and complaints. Caseworkers could not report their job placements for the month (or some similar measure), and their supervisors did not track the numbers. Instead, caseworkers usually reported that their reviews considered "customer service" and the number of complaints.

Indeed, we asked all caseworkers we interviewed in the field to tell us about what their supervisors looked for in making a performance evaluation. The responses to, "My evaluation is based on _____" were diverse, but consistent in their lack of focus on job placements:

- The amount of complaints she [supervisor] received about me
- How responsive are staff to requests, how quickly they are taking care of things
- Whether the worker gets along with others and understands the CalWORKs rules
- Workers' interaction with people, their appearance, personal workstation, documents strengths and weaknesses
- The kinds of places that I have written up for the participant; if they parallel what it is they need, if the plan makes sense . . .
- The number of complaints received, the quality of service provided to the participant, whether clients are moved into components in a timely manner

- Unprocessed CW 7s, delinquent actions
- There is no formal evaluation going on
- Eligibility errors and customer satisfaction
- Referrals to community resources
- People and technical skills, comprehension of regulations, dress.

These impressions and quotes from our office visits are consistent with results from the CSS. (See the last column in Table 5.8.) There, while caseworkers reported that the CWD emphasized getting jobs quickly, few workers reported that their CWD "rewards workers when clients get jobs quickly." In only 4 of the 20 counties (Kern, Sacramento, San Bernardino, and Yolo) did even a fifth of the respondents agree with the statement. Across all respondents, the average was just 13.5 percent, and in half the counties, fewer than one in ten respondents agreed with the statement.

Even Riverside County was struggling to extend its outcomes-based management style to the challenges of CalWORKs. With CalWORKs, Riverside County is developing a "Phase 2" program to take recipients who have found a job to the next level. The vision involves providing additional education or training simultaneously with part-time work. We discuss issues of content of such programs in the next chapter. Here, we note that CWD management was clearly struggling to identify appropriate outcomes and how to track them.

In what is now known as "Phase 1," a job placement is a natural goal. Given a work-first philosophy, it is clearly important in and of itself. Furthermore, it can usually be achieved relatively quickly. Finally, it is easily observable. Recipients must report employment to their caseworkers to allow the correct computation of the benefit. But the shift from evaluating process to evaluating outcomes is not easy. It necessitates a culture change within CWDs that goes well beyond the imposition of any new program. As noted above, appropriate resources, particularly computer systems capable of keeping track of key outcomes, are essential. But so, too, is a conscious effort to reform the culture. We noted that a general shift toward work-first had occurred, but specific outcomes-based management procedures to implement that shift at the level of caseworkers, supervisors, and office directors were often not yet in place. Such culture change takes time, often years. With the initial CalWORKs crunch behind them, CWDs can turn to such refinement of management practices.

For Phase 2, the choice of outcome measure is less clear. Phase 2 activities tend to have a longer time horizon. Education and training involve a trade-off between current hours and earnings and subsequent earnings growth. A simple

earnings standard would discourage caseworkers from arranging education and training. However, too much and inappropriate education and training had been a perceived problem with the GAIN program. As of our visit, these issues were still under active discussion.

Conclusions

The CWDs were asked to do an enormous amount in a very short time. They needed to make a lot of decisions that in many cases led to changes in their organizational structure. They also had to relate differently to the state and handle large new sums of money. Finally, they needed to initiate the beginnings of a major cultural change that would eventually, if they did a good job of it, convert the CWD into something else—in some counties, a department for the working poor or a place for the community writ large to go for help with employment or careers; in all counties, a department of WTW and a place for short-term cash aid.

All this change had to be effected quickly, since clients' federal clocks were ticking, certain activities had mandated completion dates, and there was concern about whether funds would carry over. And, all this change had to occur within county structures designed with other goals in mind, such as equity and accountability.

Many interviewees had hoped and assumed all through the CalWORKs planning period that once that process was done, they could all take a deep breath and regroup. However, the hard work was just beginning as the initial planning period ended. Each county needed now to put in place the structures and procedures over which they had argued and debated. CalWORKs' implementation, like its planning, would pose many challenges to the CWD and its cooperating agencies. The CalWORKs implementation process and how agencies coped with those challenges are discussed in the next chapter.

6. Delivering CalWORKs at the Street Level

In Chapter 5, we considered how county welfare departments (CWDs) organized themselves to implement the California Work Opportunity and Responsibility to Kids (CalWORKs) program, looking at their need for new capacity, their options for adding capacity, and their choices for how to organize their own staff.

In this chapter, we turn to the content of the programs the CWDs implemented and when participants actually moved through the steps of the welfare-to-work (WTW) process. Like most of the rest of this report, this chapter is based primarily on the information collected in our interviews with senior county officials and caseworkers in CWDs, and on the results of the All-County Implementation Survey (ACIS) and the CalWORKs Staffing Survey (CSS) of caseworkers.

Unlike in much of the rest of the report, but consistent with our goal of trying to describe how recipients flow through the steps of the CalWORKs WTW model (i.e., the status of implementation), this chapter also draws on three sources of quantitative information: (1) GAIN 25/WTW 25 forms filed by the CWDs, (2) CWD reports to CWD management and to the county Board of Supervisors (BoS), and (3) the individual-level data in county WTW data systems.

The available quantitative data from these three sources are, from two complementary perspectives, inadequate. The first perspective concerns our desire as evaluators to describe the status of implementation. Given the three available data sources, a robust, policy-releva t, consistent, statewide characterization of the state of implementation is not possible. The GAIN 25/WTW 25 reports and county management reports do not tabulate information relevant to the crucial concepts we seek, the information is often missing, and what data are present are often of questionable quality. County management reports often do little more than repeat the GAIN 25/WTW 25 information. When they include more information, it is often static. They report, for example, the number of recipients in each activity at any given time, but not the number who have completed an activity or the time elapsed since entry or time waiting for an activity. Furthermore, counts of cases in an activity appear to mix those actually participating in an activity, those awaiting the start of an activity, and those scheduled for an activity but not participating.

As for the third source of data—early tabulations from the county WTW data systems–these data systems appear to contain the dates on which individual recipients were to begin an activity and whether and when the activity was completed, although questions have been raised about the completeness and reliability of the data. Up to the quality and completeness of the information recorded, we can create more dynamic descriptions of time elapsed since entry or time waiting for an activity from these data files. Our first impact analysis report, which is scheduled for release in October 2000, will contain detailed tabulations from these data systems and from the associated eligibility data systems for the six focus counties: Alameda, Butte, Fresno, Los Angeles, Sacramento, and San Diego. That analysis is ongoing, so the analysis here draws on some limited early results.

The second perspective from which the available data are inadequate concerns management of CalWORKs programs in the CWDs. We requested standard management and BoS reports from each of the 24 study counties we visited. From what we have received, we infer that many CWDs are not measuring some important aspects of the progress of cases through the steps of the CalWORKs WTW model. Without a clear numerical picture, a CWD may not know where the problems are and, therefore, may not be able to design effective solutions.

In the remainder of this chapter, we explain how the counties are moving participants through the steps of the WTW process. We then discuss the CalWORKs process of implementation, followed by a discussion of where the participants statewide are within that process of implementation at a given point in time (September 1999). Following this static picture of the status of implementation, we move into a more detailed discussion of the "flow" of participants through the parts of the process, using the process of implementation as an organizing tool.

The CalWORKs Process of Implementation

As we mentioned earlier, we organize our discussion in this chapter around what we call the CalWORKs program model. Figure 6.1 illustrates the key aspects of the program model, capturing the main program flows. To emphasize the quantitatively important pathways, many other paths and possible activities are not depicted in the figure. However, we do discuss some of them below.

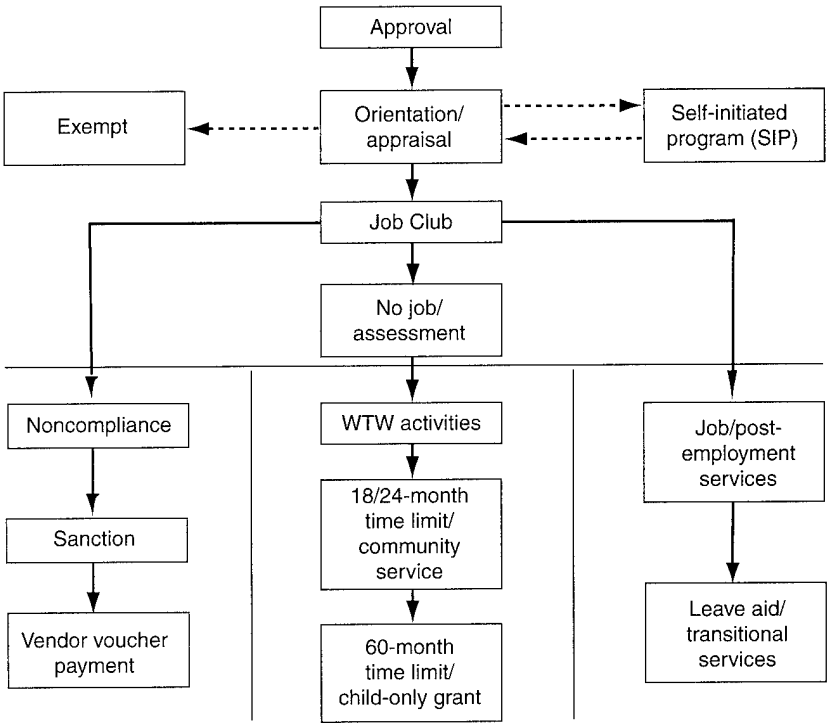


Figure 6.1—The CalWORKs Program Model

We divide the figure into four areas. The top of the figure (above the horizontal line)—which we call the initial phase[137] of the implementation process—includes the set of steps that should apply to most cases shortly after their application for aid is approved. The sequence of steps in this initial phase begins with the approval of the application, proceeds to orientation to CalWORKs and its WTW services and appraisal, and then continues to (for those not already employed) Job Club. For those who do not find a job through Job Club, assessment follows, and then the signing of a WTW plan.

With the signing of a WTW plan, the initial phase ends and the second phase begins. A participant should now begin a sequence of WTW activities designed to overcome barriers to employment and thus to allow her to find work and ultimately leave aid. Until she finds work, she repeats cycles of reassessment, a revised WTW work plan, and a new WTW activity. If she has not found employment by the 18/24-month time limit (from signing the WTW plan), she then has a mandatory assignment to community service (CS). Unless she finds

[137] We recognize that Riverside County uses the word "phase" in a similar context. We do not intend our use of the term "phase" here to represent its meaning in Riverside County.

employment, she continues in CS through the end of her 60-month lifetime limit. At that point, the aid payment is reduced by the adult portion of her grant.

However, signing a WTW plan and beginning a WTW activity is not the only way to leave the initial phase. In fact, it appears to be the least common exit route. The left and right columns of Figure 6.1—below the horizontal line—represent the other, more common exit routes from the initial phase: noncompliance and employment.

As for noncompliance (the bottom left column of Figure 6.1), CWDs report that between one-third and two-thirds of all participants instructed to attend any activity fail to do so. The figure shows noncompliance occurring at Job Club, but noncompliance also happens at most other points in the program. The CalWORKs legislation specifies procedures for dealing with such noncompliance. Those procedures begin with sending a Notice of Action (NoA) for noncompliance, continue with a formal conciliation process, and end with a financial sanction that eliminates the noncomplying adult from the case for the purposes of computing the grant. Our analysis below suggests that, on average, about 10 percent of the mandatory WTW caseload is in sanction, another 10 percent is in the formal noncompliance process but not yet sanctioned, and another 10 percent is noncompliant but has not yet begun the formal noncompliance process.

In terms of employment (the bottom right column of Figure 6.1), many recipients find employment. Some find employment before Job Club, while others find employment during Job Club. Work is their WTW activity, hence the issues for this group of participants are post-employment services (PES) designed to keep them employed and move them toward better jobs, with the aim of helping them to move off aid and to achieve self-sufficiency.[138] As was discussed in Chapter 3, participants in this employed group do not need to sign a WTW plan.

Other ways to leave the initial phase are represented by the dotted arrows shown at the top of the figure. The arrow and box to the left refers to those recipients who are exempted from Job Club and sometimes the WTW participation requirement during orientation because they meet some of the few exemptions that do exist in CalWORKs—e.g., the youngest-child exemption (discussed in Chapters 2 and 5); the domestic abuse exemption (discussed in Chapter 10), and the transportation exemption (discussed in Chapter 8). The arrow and box to the

[138] Note that we use the term "post-employment services" to refer to all services provided to working recipients. CDSS sometimes uses the term to refer to services for those who have left aid (e.g., on the WTW 25 form).

left also represent those who are screened out for learning disability reasons or behavioral health problems (discussed in Chapters 9 and 10, respectively). The arrows and box to the right refer to those who are participating in ongoing education programs known as self-initiated programs (SIPs), which were discussed in Chapter 3 and to which we return in Chapter 9. In addition, some recipients leave aid within a few months of approval and thus might never proceed beyond this initial phase.

Our discussion in the remainder of the chapter follows the scheme implied by Figure 6.1. Most of our discussion is focused on the initial phase, which was the focus of most CWD activities, in most counties, at least through the summer of 1999. Next, we discuss the exits from the initial phase which occur even before participants move along the steps—exemptions and SIPs. We then discuss WTW activities for those participating in initial phase steps who do not find a job—the second phase. At this point, there is very little to say about the second phase, since, until recently, few cases had begun WTW activities. Finally, we consider the two other alternative exit routes from the initial phase—noncompliance and employment.

A Static View of the Status of Implementation

Before discussing the flow through the various parts of Figure 6.1, we look at the end product of those flows—a static view of where participants are within the process as of September 1999. We do this using tabulations from the September 1999 WTW 25 forms (the third month the form was to be used), shown in Table 6.1. Aside from forming the basis for this analysis, these data also highlight the sense of the substantive and data quality issues.[139]

The columns labeled "Total" and "Raw %" give simple counts, including all problematic values and the setting of missing values to zero. The columns labeled "Adjusted Total" and "Adjusted %" are computed ignoring any county

[139]These tabulations are based on the September 1999 WTW 25 forms. These reports appear to be more complete than for the previous two months. These are the first three months in which the new form was to replace the old GAIN 25 form. According to ACL 99-24 ("CalWORKs Welfare to Work Monthly Activity Report," April 14, 1999), the report was due October 20, 1999. Many counties filed the forms late. As is detailed below, many counties filed incomplete or apparently erroneous forms. In addition, we have replaced all missing and N/A ("not available") values with zero. Doing so aligns our total counts with those of CDSS. In general, we drop counties with such missing and N/A counts from the "adjusted" totals and percentages reported below.

The analysis presented here is based on CDSS's internal versions of the files as of December 21, 1999. CDSS continues to work with the counties to resolve some of the problematic reports. Some of those problematic reports are discussed below. The quality of the reports is improving with each successive month (apparently partially a result of analyses in earlier drafts of this report). The situation is expected to improve further as the county computer consortia make programming improvements.

Table 6.1

Statewide WTW Counts for September 1999

Line	Title	Total	Adjusted Total	Raw %	Adjusted %
L1	Enrollees	367,758	269,856	90.5	88.7
L2	Exemptions	41,244	26,739	10.2	8.8
L3a	WTW sanctions	38,506	34,280	9.5	11.3
L31	Noncompliance	26,272	25,008	6.5	8.2
L32	Good cause	10,978	10,299	2.7	3.4
L30	In any activity	161,921	139,416	39.9	45.8
L6	Appraisal	23,456	20,136	5.8	6.6
L7+L8	Assessment	6,775	4,660	1.7	1.5
L9	Job search	17,978	14,888	4.4	4.9
L10+L11	Employment	114,154	88,585	28.1	29.1
Sum(L12:L29) – L30a	Post-assessment activity	38,014	28,172	9.4	9.3
L30a	SIP	11,954	10,355	2.9	3.4
L1+L3a	Mandatory	406,264	304,136	100.0	100.0
(see note)	Unaccounted for	168,587	95,133	41.5	31.3
Sum(L12:L29) – L30a	Post-assessment activity	38,014	28,172	9.4	9.3
L10+L11	Employment	114,154	88,585	28.1	29.1
L3a+L31	All noncompliant	64,778	59,288	15.9	19.5

SOURCE: CDSS preliminary WTW 25 data for September 1999 (as of January 27, 2000).

NOTES: "Adjusted" refers to counts, dropping all counties with any problematic entries. "Line" refers to the line on the WTW 25 form. "Raw %" and "Adjusted %" are relative to mandatory participants (L1+L3). "Mandatory" is computed as the sum of L1 (enrollees) and L3a (sanctions). "Unaccounted for" is computed as (L1+L3a)–(L30+L31+L32+L3a); i.e, "mandatory participants" less "in activity" (L30), "noncompliance" (L31), "good cause" (L32), and WTW sanctions" (L3a). Note that, since a recipient can be both in activity and in noncompliance or good cause in the same month, this is an underestimate.

with problematic data. See Appendix C for a discussion of which counties are included in the "Adjusted Total" and "Adjusted %" columns and why the others are excluded. Unless otherwise noted, we discuss only the adjusted counts, and all percentages are relative to the number of mandatory recipients (the sum of enrollees and WTW sanctions).

The CalWORKs legislation requires all nonexempted existing recipients to be enrolled by the end of December 1998 and all nonexempted new recipients to be enrolled on approval of their application. Sanctioned cases are de-enrolled. The first two rows of the table give the number of enrolled adults and the number exempted. The sum of these two rows should be the total number of aided adults. Exemptions are about 9.9 percent of enrollees (= 26,739/269,856), and sanctioned adults (who are no longer aided) are about 12.7 percent of enrollees

(= 34,290/269,856). Mandatory WTW participants are the sum of enrollees and those on sanction. We take the sum of enrolled and sanctioned categories, what we refer to as "mandatory participants," as the base for all subsequent percentages. (Thus the percentage columns show 100.0 percent.)

Proceeding down the table, 8.2 percent of the cases are noncompliant but not yet sanctioned, and 3.4 percent are enrolled but have good cause to not participate. Finally, among enrollees, line 30 of the WTW 25 form gives the unduplicated count of adults in any activity, including employment, but excluding noncompliance and good cause. That number is 45.8 percent of mandatory participants. Note that this concept of "in any activity" includes no minimum number of hours. Thus, it is greater than the percentage of people who would satisfy the state or federal required number of hours of participation.

The next panel ("appraisal," "assessment," "job search," "employment," "WTW activities," and "SIP") includes all the activities. These are not unduplicated counts. Indeed, the sum of the percentages for all the activities shown, 54.8 percent, is greater than the total "in an activity," 45.8 percent. Clearly, many individuals are in more than one activity in a given month, making exact interpretations difficult.

The summary in the final panel seems consistent with the available data. About 30 percent of the mandatory caseload is working (29.1 percent). About 20 percent is formally noncompliant (19.5 percent, the sum of sanction and noncompliance). Less than 10 percent are in a post-assessment WTW activity (9.3 percent).[140]

Some participants are involved in the early stages of the CalWORKs WTW model (what we will call the initial phase): appraisal (6.6 percent), job search (4.9 percent), and assessment (1.5 percent).[141] To gauge the magnitude of these

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[140]This estimate is computed by summing lines 12 to 29 and subtracting line 30a (SIPs). Lines 12 to 29 comprise the standard, nonemployment, post-assessment activities: Subsidized employment (lines 12 and 13) on-the-job training (lines 14 and 15), work study (line 16), supported work (line 17), work experience (line 18), community service (line 19), training (lines 20 and 21), education (lines 22 to 24), other activities (line 25), child care for community service (line 26), mental health services (line 27), substance abuse services (line 28), and domestic abuse services (line 29). Note that these are duplicated counts, so the total is too high. (Some recipients are in two activities and are thus double-counted.) Furthermore, some of these activities are in addition to work, so if we were to code hierarchically with work at the highest level, the number of post-assessment activities not combined with work would be even smaller.

We subtract SIPs since they are entered into before the appraisal and are therefore not properly counted as post-assessment activities. Some of the other activities summed here may have been entered into directly from appraisal (not after Job Club and assessment; see the discussion in Chapter 3 and later in this chapter). This would cause the numbers reported here to be even more of an overestimate of the number of recipients in post-assessment WTW activities.

[141]Note again, these are supposed to be (potentially duplicated) counts of the number of individuals who completed the activity in the month (August 1999).

numbers, note that new adults in a month (those who have not been on aid in the last 12 months) are about 2.5 percent of the total number of adults.[142] Thus, if the counties had no backlog, they would expect to process about 2.5 percent of their mandatory caseload through appraisal every month. Allowing for some exemptions, some adults already working, and some noncompliance, counties would be processing less than 1.5 percent of their caseload through Job Club every month. All of the figures in Table 6.1 are considerably higher (about double) than these steady-state figures, suggesting that as of September 1999 counties are still working through the backlog of cases induced by processing the old cases (the "pig in the python" problem considered in the previous chapter).

Finally, a simple tabulation of the numbers reveals that a lot of cases are "unaccounted for." Subtracting the sum of those participants in any activity (45.8 percent), all those noncompliant (19.5 percent), and those with good cause (3.4 percent) from the total number of mandatory participants, we find that 31.3 percent of the caseload is "unaccounted for."[143]

Where are these people?[144] We discuss this in detail below. It appears that they fall into three groups. First, some of them are awaiting appraisal, Job Club, or assessment. Second, some of them are between post-assessment WTW activities. Third, many of them are actually noncompliant, but the formal noncompliance procedure has not yet begun.

The analysis here provides context for the issues we now analyze in the remainder of this chapter. How are recipients flowing through the initial phase? What are recipients doing in post-assessment WTW activities? Are recipients complying with required program activities and, if not, what are CWDs doing? What services are being received by those who are working? How should we understand the large percentage unaccounted for?

As mentioned above, we use Figure 6.1 as the organizational tool to guide the discussion.

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[142]The figure in the text is based on new tabulations from the MEDS.

[143]This is probably an underestimate. The number of recipients in the "noncompliance" and "good cause" categories may be partially duplicated in the total number of recipients "in an activity." In a given month, some individuals may have been both in an activity and in some "nonparticipation status" ("noncompliance" or "good cause"). However, in as much as county WTW 25 reports are incomplete (i.e., they fail to count individuals in some activities), this is an overestimate of the percentage "unaccounted for." Our adjusted percentages deliberately drop counties with clearly missing data, but it seems likely that some such uncounted activities remain. As of now, the magnitude or even direction of the bias is unclear. The first Impact Analysis report will further explore this issue.

[144]The issue of maintaining high (near universal) participation rates dates back at least to San Diego SWIM and is generally considered to be a major challenge. For a recent discussion, see Hamilton and Scrivener (1999).

Initial Phase: Steps Through the Signing of a WTW Plan

In discussing the initial phase (i.e., steps through signing a WTW plan), we take a two-part approach. We first review issues related to the content of each of the steps in the initial phase; then we discuss the speed with which the counties have moved cases through the steps in the initial phase, i.e., the pace or speed of implementation. Finally, we discuss some implications for management and reporting.

Describing the Content of the Initial Phase

Orientation and Appraisal. From the CalWORKs legislation, it is clear that the first major activity is job search. Mandatory pre–job search orientation and approach activities are described in a paragraph in the legislation labeled "Job search,"[145] and appraisal can be viewed as intended primarily to arrange supportive services—child care and transportation—to allow participation in Job Club.[146]

Counties had different ideas about the functions and scheduling of this orientation and appraisal. Orientation and appraisal serve some combination of three functions:

1. Informational, to prepare clients for the process to come and inform them of their rights and responsibilities
2. Motivational, to instill a desire to participate in the program and present the benefits of participation
3. Diagnostic, to identify serious barriers to work, screen clients for service needs, and refer them to available services.[147]

Each of these options requires different staff, training, and program flow. Some examples are cited below in Table 6.2.

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[145]The paragraph states: "Recipients shall . . . receive orientation to the welfare-to-work program . . . , receive appraisal pursuant to Section 11325.2, and participate in job search and Job Club activities." (11320.1(a))

[146]The legislation describes appraisal as follows: "At the time a recipient enters the welfare-to-work program, the county shall conduct an appraisal, pursuant to regulations adopted by the department, during which the recipient is informed of the requirements to participate in training opportunities available to the participant, and available supportive services. The appraisal shall information about the recipient in the following areas: (1) Employment history and skills; (2) The need for supportive services. . . ." (11325.2)

[147]We return to this diagnostic role in the next major subsection (in our discussion of "pure" vs. "modified" work-first).

Table 6.2

Examples of How Counties Delivered the Three Functions of Orientation

Function	County Examples	Staff Responsible
Informational	San Joaquin County provides rights and responsibilities and child care information in conjunction with the private industry council (PIC).	EW staff or videotape
	Butte County has a videotaped orientation at one location.	
Motivational	The afternoon session of a one-day orientation provided by the Los Angeles County Office of Education in Los Angeles County focuses on self-esteem and motivation for participation.	Contracted Job Club providers
Diagnostic	El Dorado County has tables set up at orientation for self-report of mental health, substance abuse, and domestic abuse, with clients referred to specialized workers if they self-declare here.	Ongoing WTW case managers

Before CalWORKs, these orientations focused on eligibility. It was usually at orientation that the mandated "rights and responsibilities" information was presented. Rights include fair hearings and appeals. Client responsibilities include bringing in forms, submitting pay stubs, and informing the eligibility worker (EW) of changes in household composition. Then when a case was enrolled in GAIN, there was a separate orientation to that WTW program. Enrollment in GAIN often occurred well after approval of the application for aid. Since GAIN was far from universal and since the two organizations (eligibility and GAIN) were usually quite separate, such separate orientations were a natural approach (but see Meyers, Glaser, and MacDonald, 1998, on the consequences of this separation).

With CalWORKs, some counties began to view orientation as the first opportunity to present the work-first message. They often combined the eligibility orientation with the WTW orientation. In addition, some of these counties began to provide orientation, including a discussion of recipients' program responsibilities, in conjunction with the application process. These counties made orientation the responsibility of a combined worker (CW). This CW documented the need for assistance and explained the CalWORKs program. Interviewees from several counties reported significant reductions in aid applications when orientation included a discussion of program requirements. "They just walked out the door," said one county's CalWORKs director.

Attendance at CalWORKs orientation also became a requirement for eligibility in other counties. To encourage higher show rates for orientation, these workshops

were considered part of the application process. In Riverside County, one no-show at orientation results in immediate denial of the application for aid.

Under GAIN, San Diego County had required job search before aid was granted. Applicants had to show evidence that they had applied or looked for a job before they were granted welfare. However, the CalWORKs legislation specifically prohibited mandatory job search for applicants (11320.1(a)).

Early on, as many new aid recipients failed to show up for orientation, counties moved their orientation sessions to decrease the number of no-shows. In some counties, the timing of orientation was shifted so that it occurred when the application is filed (e.g., in Riverside, Orange, and San Bernardino) or at approval of the application (e.g., in Fresno and Monterey). A respondent in San Bernardino County explained one reason to combine eligibility and orientation like this: "We didn't want to lose them, so we put the client in orientation before the application is processed." Similarly, an interviewee in Fresno said, "We think the orientation set up now should reduce nonparticipation significantly because a majority of clients are here already. We're trying to create a system where they can't fail." In some counties, orientation was scheduled to make it easier for working recipients to attend (up to five times a day in Fresno, at night in Monterey, at night and on weekends in Sacramento).

Job Search and Job Club. The CalWORKs legislation specifically requires "job search activities."[148] In practice, these "job search activities" take the form of Job Club, supervised job search combined with a group workshop led by a facilitator which is designed to teach skills required to search for and keep a job. Probably most important, Job Club is intended to motivate recipients—a population that often has had little successful experience with a job search or employment—to search intensively for a job. This means to make cold calls, to visit employers, to sit for interviews, and to experience rejection. In our 24 study counties, Job Club lasts for four days to four weeks and includes a variety of activities to help clients become both employable and employed. Most counties report a high rate of job placement during Job Club—many clients get a job during this stage of CalWORKs.

Curricula for Job Club are often remnants of GAIN. Several counties purchased curricula from Curtis and Associates or other vendors. In these workshops,

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[148]The relevant section of the legislation reads: "Following the appraisal required by Section 11325.2, all participants, except those described in paragraph (4) of this subdivision, shall be assigned to participate for a period of up to four consecutive weeks in job search activities. These activities may include the use of Job Clubs to identify the participants' qualifications. The county shall consider the skills and interests of the participants in developing a job search strategy." (11325.22)

activities include resume writing, filling out a job application, mock interviews, and videotaped interviews. Many workshops are motivational, providing self-esteem building as much as skill building. Some counties have employers address clients, while others require clients to make telephone contact with employers.

Our visits to CalWORKs offices usually found banks of telephones, computers to access the Employment Development Department (EDD) job openings database, and listings of available jobs. The approach was typically interactive, pushing clients out of solitude and overcoming resistance to become part of the group. In Sacramento County, we saw a video touting the success of Job Club, in which clients commented on their diminishing sense of isolation over the course of the workshop.

Job Club appears to be very successful in getting its participants jobs. Job placement rates have been tabulated by several counties, but exactly what is tabulated varies widely across reporting counties. The most standard tabulation is the percentage of participants starting a job during or shortly after (e.g., 15 to 60 days) "completing" Job Club. By "completing" we mean attending all Job Club sessions or finding a job.) Using this definition, it appears that two-thirds or more find jobs.[149] As we discuss below in detail, many (sometimes most) of those instructed to attend Job Club never do, and a sizable fraction (perhaps a third) of those who start the program never finish. Thus the percentage of clients finding jobs as a fraction of those ever attending or those assigned Job Club would be much smaller. Furthermore, it seems likely that the less motivated recipients who are not now participating in (or completing) Job Club would have less success in finding a job. We will explore these rates in more detail using the micro-data as part of the Impact Analysis.

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[149] *San Joaquin:* Of 940 who completed the job search/readiness program between 9/98 and 3/99, 66 percent were placed into employment. Source: Human Services Agency CalWORKs Annual Report, March 23, 1998 through March 31, 1999, Stockton: San Joaquin County, 1999.

Los Angeles: In the third quarter of 1998–1999 (ending 6/99), 34 percent of those showing up for Job Club on the first day were placed into full-time employment within 15 days of Job Club. Source: LACOE Placement percentage June 1993–June 1999. From LACOE Press Kit/Info Packet.

Sacramento (one office): For 10/98–4/99, 69 percent of Job Club completers (38 percent of those who attended on the first day) found employment during the workshops. Another 7 percent of completers (4 percent of those who attended on the first day) found employment after the workshop. In total, 76 percent of Job Club completers (41 percent of those who showed up on the first day) found employment (time frame unspecified). (No-show rate for first day of Job Club was 76 percent.) Source: Job Club Statistics 10/19/98 through 4/26/99. From Sacramento DHA.

Kern: For 4/99–6/99, 79 percent of completers found jobs within 30 days. Another 17 percent found employment within 60 days for a total of 95 percent placement rate of completers within 60 days. (Only 38 percent completed Job Club.) Source: Kern County CalWORKs Status Report, April–June 1999, Report by Department of Human Services to Board of Supervisors.

The Flow of Participants Through the Initial Phase

In turning now to the flow of participants through the initial phase, we focus first on the *possible*: In an ideal system, how long might it take from approval of the application for aid to the first WTW activity? This discussion assumes—against the reality in many cases—no participant noncompliance and no major barriers. We then use the limited available qualitative evidence to try to characterize how long it is *actually* taking in the counties and, in particular, how fast the existing cases were worked through the steps of the process.

The Ideal. The 60-month lifetime limit on aid receipt provides strong reason to move recipients promptly through the initial phase of the CalWORKs WTW model. Furthermore, as one senior CWD official noted, moving cases quickly through the steps is integral to the work-first approach: "If it takes longer, we lose the message. Aid is connected to jobs. Time on aid is limited. The clock is ticking."

How fast could a CWD move a compliant participant with no major barriers through the steps described above, from intake (approval of the application for aid) to a signed WTW plan? As we show in the open bars in Figure 6.2, it is logistically possible to move new cases from approval to a signed WTW plan in under ten weeks, and at least one county has a ten-week goal. In this ideal flow, intake (or approval) takes place in week 1, while orientation and appraisal occur in week 2. Somewhere in those two weeks, any needed child care and transportation are arranged. The four weeks of job search/Job Club would begin the following Monday; that is, they would begin on Monday of week 3 and last through Friday of week 6. For those who do not find a job through Job Club/job search, an assessment would be conducted in week 7, with week 8 devoted to scoring any tests administered during the assessment. A WTW plan could be developed and signed at a meeting in week 9, with the first WTW activity beginning on the following Monday (i.e., week 10).[150]

[150]We note that this schedule is roughly consistent (if anything, slower than) with the one used by CDSS's Estimates Branch in preparing the official budget estimates in the Subvention Report. The Estimates Branch assumes that in the first two months, Job Club, assessment, and developing a WTW plan will occur (at a cost of $525, $233, and $54.90, respectively, in SFY 1999/2000, and $730, $236, and $55.50, respectively, in SFY 2000/01), with post-assessment WTW activities (e.g., adult basic education, education and training, work experience/on-the-job training, and community services) beginning in month 3 (at a much lower cost, in the range of $100 to $150 for most such activities and slightly more than $50 per month for community services). Source: November 1999 Subvention, p. 55, "CalWORKs Basic."

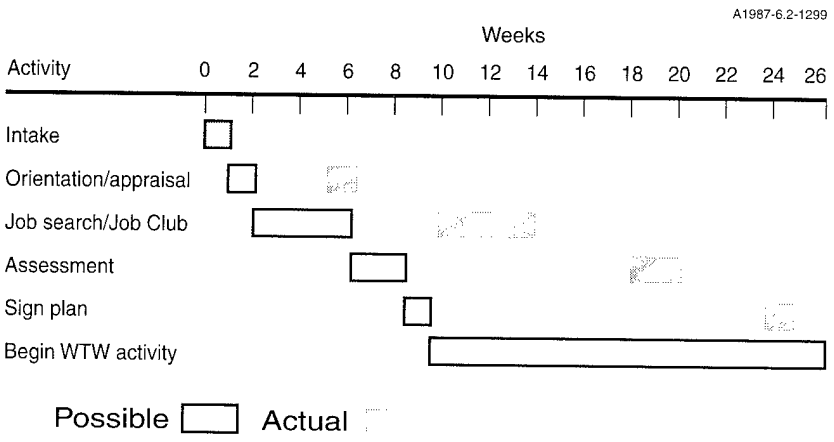


Figure 6.2—Time to First WTW Activity: Ideal and Actual

In a perfectly operating program, it might be possible to shave a few weeks off even this schedule. With a single CW (at least at the front end; see the discussion in the previous chapter), approval, orientation, and appraisal could be conducted at a single meeting, all occurring in week 1. If child care were available and could be arranged immediately, or backup, on-site child care is available, Job Club could begin on the Monday of week 2.

Similarly, assessment does not have to require two weeks. In principle, it is possible to hold assessment during the final week of job search (for those who have not yet found a job).[151] Using computer-scorable tests and encouraging close cooperation between those performing the assessment (perhaps a specialist; see the discussion below on who does the assessment) and those writing the plans (usually a job specialist, JS) might allow a CWD to cut the three weeks in the above schedule between the end of Job Club and the beginning of the WTW activity to one week or less.

Given the current realities discussed below, shaving a week or two does not seem crucial. Several observers, however, emphasized that a tight schedule—the ten weeks of the above schedule and perhaps a few more—is an important goal.

The Reality. In practice, however, our interviews in many counties suggest that the actual time through the steps is quite a bit longer than under ideal conditions (as shown notionally by the gray bars on Figure 6.2). While the length of the bars—i.e., the amount of time actually spent in each step—is not all that different from that in the ideal system, the lags between steps are dramatically different.

[151]However, one county that tried this approach stopped doing so, because it found that beginning the assessment during Job Club detracted from the work-first message.

As drawn, there is about a month between each step. This appears to be the reality in many counties. The consequence of such lags between steps is that while the WTW activity could start in week 10, or earlier, participants are often just starting Job Club by then. Moreover, subsequent lags mean that the finished WTW plan is not even signed until around week 26 or later—a full half year (or more) from approval.

Capacity and timing drive the lags in the lower set of bars and make achieving the ideal schedule difficult. The schedule depicted by the light bars in Figure 6.2 implicitly assumes that there is sufficient excess capacity such that:

1. Appraisal can take place early enough in the week immediately following approval to allow the recipient to arrange child care
2. There will be a Job Club space on the Monday following appraisal
3. There will be an assessment appointment available in the week immediately following the end of Job Club
4. The assessments will be scored within a week
5. There will be an appointment with a JS to develop and sign a WTW plan in the week after the assessment
6. There will be space in the mutually agreed upon WTW activity beginning on the Monday immediately following the signing of the plan.

This schedule assumes that there are also no pure timing issues. In other words, for Job Club to begin the following Monday, a Job Club group needs to begin every Monday. This should not be a major issue in the first year or two of CalWORKs, because during that period, there is likely to be a large backlog of cases awaiting Job Club (the "pig in the python" problem we described in Chapter 5).

However, once this initial backlog is processed through Job Club, issues of minimum scale are likely to become quite salient. Many counties do not have enough new cases to support a weekly Job Club group. Additionally, in many counties, to meet those minimum numbers, Job Club would have to be run centrally for the entire county (or region), requiring travel times of nearly an hour for many participants (especially in rural counties). If Job Club groups do not start weekly, additional time will need to be added to the schedule to await the next workshop start date.

Furthermore, this analysis is approximately correct only in counties with a single predominant language, usually English.[152] Job Club would not be very useful for someone who is not fluent in the language in which it is being conducted. For smaller language groups, issues of minimum efficient scale imply that there will be waits of several weeks until Job Club begins.

Similar timing issues arise with respect to WTW activities. This schedule assumes that an activity can begin the following Monday. Yet, as we discuss in Chapter 9, this is a very different model from a standard education schedule, where classes begin with a new semester, for example. CWDs and educational institutions have been working together to try to make nonstandard schedules possible, but progress has been slow.

Thus, there are reasons why moving clients through the steps should take less than ten to 16 weeks, and reasons why it should take longer. Our main point is that ten to 16 weeks is a reasonable benchmark against which to compare county performance on a very important aspect of the CalWORKs program: moving clients through the system quickly, before their time clocks expire.

Processing the Existing Caseload

In the early period of CalWORKs, the management problem was very different from the one implied by Figure 6.2. As we emphasized at the beginning of Chapter 5, it had to be different. CalWORKs raised the expected steady-state flow into Job Club and even more so the short-term flow into Job Club.

The size of the implied increase depends on the size of the pre-CalWORKs GAIN program and the extent to which it was work-first.

Counties with large, work-first GAIN programs had several advantages. First, they had more capacity in place and often better data systems. Second, they had

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[152]The treatment of non-English speakers and the availability of WTW services remain the subjects of considerable controversy. Some advocates were urging mandatory ESL for non-English speakers.

Many counties are offering services, including Job Club, in languages other than English and Spanish. In practice, however, caseworkers speaking non-English languages other than Spanish often carried considerably larger—sometimes staggering—caseloads. CalWORKs participants who are part of a caseload of 600 cannot hope to receive adequate services.

Tulare County has interpreted the state regulations as not requiring any services to non-English speakers. Job Club is offered only in English.

Some senior staff in Los Angeles stated "you don't need to speak English to work here" (in the county; not necessarily for the county) and urged putting recipients through Spanish-only Job Club. Consistent with that position, Los Angeles County does run Job Club in Spanish and, through the County Department of Community and Social Services, in other languages as well. Nevertheless, a complaint was recently filed against the county with the federal office of civil rights for not providing equal opportunity to non-English speakers. See Kondo (1999).

fewer existing recipients to send to Job Club. Many counties argued that recipients already in GAIN activities, and certainly those that had recently been through Job Club, did not need to be sent to Job Club again. Third, if the county was still ramping up in response to the 1995 GAIN reforms, then it sometimes had more than the (GAIN) steady-state Job Club capacity in place. Leaving that surplus job capacity in place often allowed counties to handle the CalWORKs surge.

Counties with GAIN programs that were small or did not have a work-first focus were at a serious disadvantage in expanding the size of their WTW programs.[153] First, they did not have a base of GAIN staff, Job Club operations, or robust GAIN data systems. They needed to build each of these components nearly from scratch.

Second, they needed to enroll nearly all their existing caseload into the WTW program and then move through Job Club those who were not working, about three times as many recipients as new entrants in a given year. Even allowing for the fact that many recipients were working and some would leave aid, a county that doubled its Job Club capacity beyond the steady-state requirement would still require one to two years to move all the cases through Job Club.[154]

The Flow of Participants in a Typical County. The success of each county in working through its potential backlog of WTW cases was determined by the amount of operable capacity, the scale of its existing GAIN program, and other management factors. The limited evidence suggests that many of the counties are struggling with this workload. Here, we begin with a detailed discussion of Kern County, which appears to be typical of many counties and which has more-thorough (though not ideal) documentation. Following this discussion, we discuss the spectrum of county experiences, presenting some examples in three categorizations.

The Experience of Kern County. Table 6.3 shows the status of cases in Kern County from May 1998 to November 1999. Kern County tracked the appraisal process

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[153]Some counties had program models from their General Relief programs.

[154]The one- to two-year estimate in the text is derived as follows. We estimate that in 1997 there were 3.0 existing cases for every truly new case (3.6 in 1998). We define "truly new" as not on aid in the last 12 months. Those on aid within the last 12 months would often not be required to participate in Job Club again.

Allowing for half the existing cases either to be working or to leave aid in the interim implies that there were perhaps 1.5 existing cases for each new case. Thus, if capacity were set twice as high as required for the steady state, this backlog could be worked off in a year and a half.

However, note that this time interval should be computed from when the new capacity discussed in the previous chapter was brought on-line. In many counties, that did not occur until late 1998 or early 1999. By that time, there may also have been a backlog of new cases awaiting Job Club as well.

Table 6.3

CalWORKs Activities by Month for Kern County

	Pre-Appraisal	Appraised	Appraisal	Job Search	Assess-ment	Employed	Education	Mental Health
May 98	884	1,630	192	898	14	155	96	7
Jun 98	1,304	3,188	538	1,635	51	422	266	17
Jul 98	3,890	5,636	1,174	2,784	114	814	425	22
Aug 98	5,154	7,665	1,826	3,921	144	1,122	569	28
Sep 98	5,565	9,221	2,062	5,028	162	1,552	683	62
Oct 98	5,452	10,145	2,160	5,920	191	1,876	713	69
Nov 98	5,125	10,825	2,246	5,640	158	2,348	744	96
Dec 98	4,920	11,678	2,435	5,191	202	2,787	865	123
Jan 99	5,043	12,711	2,182	4,279	482	3,275	1,094	165
Feb 99	4,267	13,344	1,846	3,824	1,977	3,715	1,338	202
Mar 99	3,025	13,942	1,134	3,284	1,684	4,063	1,548	284
Apr 99	683	15,771	904	3,215	1,513	4,424	1,752	348
May 99	472	15,159	537	3,104	2,181	4,742	1,937	417
Jun 99	401	14,302	364	3,032	1,116	4,883	1,951	487
Jul 99	409	13,764	223	2,748	997	5,097	1,979	539
Aug 99	424	13,878	156	2,729	810	5,423	2,132	607
Sep 99	295	13,511	212	2,745	812	5,494	2,211	628
Oct 99	233	13,169	183	1,944	727	5,537	2,179	661
Nov 99	265	14,319	143	1,882	659	5,620	2,093	650

NOTE: Figures are as of end of month.

closely. The first two columns give the number of cases awaiting appraisal and appraised. The number of such cases rose rapidly in the first few months after May 1998 as cases were enrolled in CalWORKs and were thus "pre-appraisal." The number of pre-appraisal cases only began dropping quickly after January 1999.

The pig in the python then moved to job search, with the counts growing to more than 5,000 in late 1998, and falling slowly but steadily in 1999, but with significant numbers of cases still in job search (or at least not beyond job search) through the summer of 1999. Unfortunately, the count for job search includes both those who have been scheduled for Job Club but have not attended and those who have attended but have not yet been scheduled for the next activity.

Thus, unlike for appraisal, we cannot tell how many recipients were awaiting job search, how many completed job search, and how many were instructed to attend but did not do so. It appears that these numbers could be tabulated from the GEMS system Kern County uses, but the CWD does not appear to do that tabulation.

Throughout the entire period, employment rose steadily. Assessments began in volume in February 1999. Assignments to education and training (labeled

"Education") and to mental health, substance abuse, and domestic violence treatment (labeled "Mental Health" after its dominant component) rose rapidly as participants reached assessment.

The exact patterns vary across the counties. We discuss the wider deviations below. This general pattern—primarily enrollment and appraisal through the end of 1998, Job Club beginning in volume in late 1998 and winding down in the middle of 1999, assessment beginning in volume in early 1999, employment rising steadily throughout, assignments to education and training and behavioral health increasing in 1999—is consistent with the comments of key interviewees during our site visits and with the other quantitative evidence.

This general pattern has important implications. Since assessment did not begin in volume until early 1999 and WTW plans will not be signed until after the assessment is completed, 24-month time limits will not be reached in volume until 2001 and in many cases until mid-2001 or later. In as much as referrals to education and training and behavioral health are expected to occur at assessment, they also would not be expected to occur in volume until mid-1999. Actual enrollment in those activities would happen even later. At the other end, job search was still occurring in volume in the summer of 1999. For those recipients, all the deadlines would occur even later.

We interpret this behavior as primarily reflecting the pig in the python induced by the existing caseload. For new cases, this backlog at each stage that they induced was likely to lead to waiting lists at each step of the CalWORKs WTW model. Thus we suspect that through the summer of 1999 and often later, counties were nowhere near the ideal schedule of ten to 16 weeks from approval to signing a WTW plan, as discussed below. Achieving that schedule would require no backlog at any step of the process. As we discussed in our analysis of the workload in the previous chapter, handling the surge implied a very different reality. Some backlogs were inevitable.

Variation Across Counties in the Flow of Participants. Turning now from the experience of Kern County to the experiences of the counties as a whole, we find that based on the limited available evidence, there seems to be considerable variation around this basic pattern and that some of the variation can be related to the capacity choices that were the focus of the previous chapter. In particular, county experiences appear to fall into three groups (as shown in Table 6.4): (1) those that had large GAIN programs or successful, flexible contracts in place; (2) those that did not have large or flexible programs in place, but who moved quickly to add capacity; and (3) those that did not have large or flexible programs in place and did not act quickly to add capacity or underestimated the workload.

Table 6.4

How Selected Counties Dealt with Participant Flows in the Initial Phase

Categorization	Example Counties
1. Had Large GAIN programs or successful flexible contracts in place	Butte Riverside Sonoma
2. Moved quickly to add capacity	Alameda Kern San Bernardino San Diego San Joaquin
3. Did not move quickly to add capacity or encountered barrier	Los Angeles Sacramento

We discuss each category below, using some of the study counties as illustrations. As we noted at the outset of this chapter, the available evidence varies across counties and is often less then ideal for categorizing each county. Often counties are not discussed because the available information was insufficient to categorize them.[155] What follows is our best judgment based on the limited available evidence.

Counties with Large GAIN Programs or Successful Flexible Contracts in Place. Some counties had large GAIN programs or successful, flexible contracts in place. They often ramped up quickly, putting sufficient capacity in place before the end of 1998 and moving the bulk of their caseload through appraisal, Job Club, and assessment by mid-1999. We discuss these examples briefly below.

- *Butte County.* Butte had a large GAIN program and had moved toward a more work-first orientation in the immediate pre-CalWORKs period. The county was thus well-situated to make the transition to CalWORKs. Adults already enrolled in GAIN were not required to attend Job Club and, in addition, Job Club attendance was high. (See the post-CalWORKs Job Club proxies in Table 6.3.)
- *Riverside County.* Riverside was the original work-first county. With the last GAIN reforms, the county further increased the size of its GAIN program

[155]For the counties discussed below, and even more so for the counties not discussed below, existing statistics provide an incomplete picture. There is often considerable ambiguity about whether cases not currently involved in activities are awaiting assignment or are noncompliant (perhaps without having begun the formal noncompliance process). Similar ambiguity often also exists for cases nominally involved in an activity. The available evidence often suggests that these cases may be awaiting the activity, or noncompliant, or awaiting the next activity.

beginning in March of 1997; it continued at the larger intake pace (about 50 percent higher than early 1997) with the beginning of CalWORKs and continuing through the end of 1999. The flow through Job Club was heaviest beginning about March 1998 and continuing through June 1999, but it has decreased since then (falling below the number in orientation, but not enough to decrease the number of Job Club sessions).

- *Sonoma County.* Sonoma combined orientation and appraisal with a peak in March to October 1998; thereafter, it fell sharply (by about half). Job Club peaked during the period March to November 1998, falling sharply thereafter (to less than a third of its peak levels). Assessments (apparently including working cases) peaked in June 1998 but remain near peak levels through the summer of 1999.

Counties That Did Not Have Large GAIN Programs or In-Place Contracts, but Moved Quickly to Add Capacity. Most counties were not so favorably situated as the ones discussed above. (Table 6.4 lists some of the counties in this group.) While they moved promptly to add capacity, new contracts did not yield new capacity until early in 1999. Hiring and then backfilling positions vacated as lower-level employees moved into the newly created positions took even longer. Many CWDs for these counties report that they had not completed hiring until the summer of 1999. As in the case of Kern County presented in detail in the previous section, in this majority of the counties, enrollment was not completed until late 1998. Appraisal did not begin in volume until the fall of 1998 and did not end in volume until the spring of 1999. Job Club began in volume about the same time, but was still continuing in volumes well above the steady-state level as of the late summer and seemed likely to continue at least through late 1999. Assessment and signing WTW plans (for the nonemployed) began in volume in early 1999 and seemed likely to continue in volume well above the steady-state level into 2000. Below, we discuss examples of these counties.

- *Alameda County.* Alameda moved promptly to add staff, but the hiring process implied that the county did not begin coming on line until late 1998, and backfilling was still going on in the summer of 1999. The county called cases in for orientation, but encountered a very high no-show rate. Rather than move to sanction these noncompliant cases, the county referred them to CBOs that had performance-based contracts to complete orientation and Job Club and to move cases to employment. Reports of the number of CBOs that succeed with these cases vary from one-third to two-thirds, but as of September 1999, 17.0 percent of cases with a participation requirement were carried as "Enrolled/Not Participating in Welfare-to-Work Activities" and "In Orientation Process with Community-Based Organizations," but not in

any other WTW activity. This figure is in addition to the 21.6 percent of cases who are either in the sanction process or sanctioned.[156]

- *Kern County.* Kern County had only a moderate-sized GAIN program. To implement CalWORKs, it added staff and outsourced some case management to Curtis Associates. The resulting pace of implementation in Kern County was discussed in detail above. Enrollment was completed late in 1998. Appraisals were high in late 1998, but the backlog had been eliminated by early 1999. Job Club peaked in the spring of 1999.[157]
- *San Bernardino County.* The county started with a moderate sized Job Club–based GAIN program, but more than doubled staffing from 300 to 700 over an 18-month period, allowing it to offer more Job Club sessions. Average monthly Job Club attendance at least doubled from the second half of 1997, such that more than half the caseload had been to Job Club by the end of 1998 and nearly all by June 1999.
- *San Diego County.* San Diego County massively added capacity through outsourcing of whole regions to for-profits (Maximus and Lockheed-Martin) and to nonprofits (Catholic Charities). San Diego County's statistics (CalWORKs Welfare-to-Work Program Monthly Progress Report, FY 1998/1999) show a surge in appraisals in the period September 1998 to January 1999, with a sharp drop by half in May and June of 1999. Job search peaked over the period October 1998 to February 1999, with a sharp drop thereafter. Assessments and signing of WTW plans (apparently including those working) peaked from October to December 1998 (at about 2,000) and dropped sharply thereafter to below 1,000 by May 1999.
- *San Joaquin County.* San Joaquin County hired contract Job Club facilitators to augment its primary Job Club run by the PIC. The county reported that

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[156]These figures are based on the county's "CalWORKs Employment Services Program; Distribution of Participants by Employment Services Status" report for September 1999. The percentages are computed using a base that excludes cases listed as having "No Participation Requirement." These figures therefore differ from those in the report itself, which use a base of all aided cases. We also note that these figures are similar to those for the county's July and August 1999 WTW 250 forms, but the September 1999 WTW 25 form shows much smaller counts in sanction. The difference across months appears to result from a change in data source, not from a change in true case status. It is unclear which number is more appropriate for these tabulations. Here, we use the internal report because it provides a more detailed, mutually exclusive, and exhaustive tabulation of cases.

[157]About 10 percent of cases enrolled are carried as "in Job Club," and the number of cases carried as "in assessment" is also large. Given our fieldwork and more-detailed reports from other counties (in particular, Sacramento, as discussed below) and conversations with Kern County staff, we suspect that many of these cases are either noncompliant (with Job Club or assessment) or have completed the activity but have not yet been assigned to the next activity. In as much as this is true, the numbers presented above paint too pessimistic a portrait of the status of implementation. Cases are actually moving through the initial phase faster than is implied by the large fractions of the caseload recorded as being in job search or assessment. From the official reports, however, it is not possible to be sure. It does, however, appear that the answer could be determined by special tabulations from the county's WTW data system (GEMS).

the flow into Job Club had diminished greatly by the beginning of summer 1999 and that, as a result, it had laid off its contractors in August 1999.

Counties That Did Not Act Promptly to Add Capacity or Underestimated Workload. Finally, some counties, apparently including many of the larger ones, encountered one or more of the serious obstacles discussed in Chapter 5, did not act promptly, or underestimated the workload. As of the summer of 1999, they had large backlogs of cases awaiting Job Club, and it seemed unlikely that the Job Club surge would end before early 2000. The situations in Los Angeles and Sacramento Counties are well-documented.[158]

- *Los Angeles County*. Los Angeles County's pre-CalWORKs work first GAIN program had been positively evaluated by MDRC. Thus, the county had a strong program foundation on which to build. While the county's GAIN program was only of moderate size (18 percent of adult cases in December 1997), it was work-first and a large fraction of the caseload had already been through Job Club. In addition, the county doubled the number of WTW workers (GAIN Social Workers, adding 228 full-time positions and 200 temporary positions to the initial 492 positions). In addition, the county BoS directed the CWD to outsource the balance of the additional WTW capacity (for about a quarter of the caseload). That contract WTW capacity did not come on-line, and in February 2000 the CWD was poised to solicit new bids to privatize WTW casework for a quarter of the county.[159] In addition, senior CWD staff reported serious problems with managing and motivating WTW staff. Consistent with either insufficient capacity or management problems, in the fall of 1999 about a quarter of the CalWORKs mandatory caseload has not yet *reached* Job Club; and caseworkers reported long delays (a month or more) between approval of an aid application and the first appointment with GAIN staff, and then another long delay until Job Club. Furthermore, internal CWD reports do not suggest that the number of cases

[158]It is important to note that the management reports (on which we rely for the discussion in this section) for Los Angeles County and Sacramento County are among the few that provide sufficient detail to attempt the classifications presented here. The limited evidence from our fieldwork is that several other counties (beyond Los Angeles and Sacramento) also have significant numbers of cases awaiting Job Club. They are not called out by name because their management reports are not sufficiently detailed to confirm the categorization.

[159]See Nicholas Riccardi, "County Nears Private Bids on Welfare Reform," *Los Angeles Times*, February 8, 2000; "County Privatizing Welfare-to-Work Program Segment," *Los Angeles Times*, February 9, 2000. On the general subject of speed of implementation in Los Angeles County, see Carla Rivera, "County May Be Told To Spend Welfare Money," *Los Angeles Times*, February 11, 2000.

awaiting Job Club is improving rapidly. (The report for September is not much changed from that for August.)[160]

- *Sacramento County.* Sacramento County had little foundation on which to build and has had trouble adding capacity. Before CalWORKs, the county's GAIN program was small and was not work-first (few cases went through Job Club). Thus, rather than expand the existing program, the CWD decided to build from scratch. Existing GAIN social workers were reassigned. The county began to implement a CW, necessitating a reclassification study and delaying hiring CWs until after its completion (spring 1999). In late-1997, the CWD received BoS permission to fill 150 EW vacancies. The request was denied by the county's Department of Human Resources (based on a policy of not hiring into positions under consideration for reclassification). Instead, the county hired 60 claims assistance clerks in January 1998. A second request to the BoS resulted in permission to hire 100 EWs. Given the short-staffing, substantial overtime was used to enroll the existing caseload. Simultaneously, the county contracted with CBOs for a very large number of Job Club slots (using about half). The CBOs also did initial follow-up on Job Club no-shows.

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[160]This analysis is drawn from the counties' "CalWORKs and Welfare-to-Work Summary Report" for September 1999 and subsequent correspondence with the county. The estimate of "about a quarter" is derived as follows.

We begin with the "CalWORKs and Welfare-to-Work Summary Report" for September 1999 and sum "Referred to GAIN—Appointment Pending" (8.2 percent) and "In Appraisal," which includes "cases that have completed the Appraisal activity (31.2 percent), but are waiting to be assigned or reassigned to another GAIN component." (According to the WTW 25 form, only about 10 percent are actually participating in Appraisal.) To this percentage should be added some of the people listed as in Job Club (7.2 percent). WTW 25 reports and our preliminary tabulations from the individual-level data files suggest that the number of participants completing Job Club is well under a tenth of those tabulated as in "Job Club" in the "Summary Report" (well under 1 percent of the total mandatory caseload). This suggests either that many of these cases are awaiting the start of Job Club or that many of them are noncompliant, but have not yet formally begun the noncompliance process (or both, since the "Summary Report" does show an explicit category for "Conciliation for Noncompliance").

Partially in response to an earlier draft of this report, the county has reviewed the 31.2 percent of cases (43,591 cases) listed as "In Appraisal." That review suggests that more than 40 percent of these cases are misclassified. In particular, approximately 12,000 of these cases are RITE cases (non-English, non-Spanish) that are not currently tracked in the county's electronic system (GEARS) and another 4,000 had not been recoded after an earlier evaluation (the MDRC GAIN Evaluation). Of the remaining 12,728 cases that had been "In Appraisal" for more than 60 days, a review by regions and districts suggested that about a quarter were formally noncompliant, about a quarter had been exempted (e.g., working, incapacitated), and another quarter were worker errors such that the case was not awaiting Job Club (18 percent were either no longer receiving aid or no longer in GAIN).

Thus, the true number of cases awaiting Job Club is much lower than was reflected in the original "Summary Report." No review was done for cases "In Appraisal" less than 60 days. There appear to be about 20,000 of those cases. Presumably, some of them, but a smaller fraction, are also mis-classified (e.g., formally noncompliant, already working, exempted, no longer receiving aid, or in GAIN). Some of the cases more than 60 days may truly be awaiting Job Club (e.g., some of the RITE cases, 3 percent "New appointment scheduled," 8 percent "Cases transferred to another office," 3 percent "Other," 2 percent "Leader conversion problems" (where the percentages are among the 12,728 cases reviewed).

The estimate of "about a quarter" in the text reflects the 8.2 percent "Referred to GAIN – Appointment Pending," perhaps half of the approximately 20,000 cases "In Appraisal" less than 60 days, perhaps 5,000 of the cases "In Appraisal" more than 60 days (including some of the RITE cases), and some of the cases listed as in "Job Services".

With the completion of the reclassification study in the spring of 1999, in August 1999 the BOS provided final approval for a 26 percent increase in welfare workers, but they would not be expected to come on-line until late-1999 at the earliest. By October 1999, the fraction of the caseload at or before Job Club was declining. Nevertheless, there still appeared to be some backlog; over 2 percent of the caseload was awaiting orientation or appraisal, 7 percent was awaiting Job Club, and 4 percent was attending Job Club. Some of these cases were probably "no shows" that had not yet begun the formal noncompliance process (and are therefore not yet listed as "Non-compliance").[161] County officials attribute the backlog not to insufficient capacity, but instead to "an initially disjointed referral process, high no-show rate, and some indication that staff, in opposition to contracting out, referred and backlogged internal Job Clubs as opposed to filling CBO slots."

One Other Exit Route from the Initial Phase: Exemptions and SIPS

The previous discussion has focused on CalWORKs as a "work-first" program: Everyone is required to participate in Job Club. However, as the dotted arrows at the top of Figure 6.1 are meant to suggest, CalWORKs is *not* a pure work-first program. Some cases are exempted from job search, and this exit route has become more visible as the CalWORKs program has matured.

Pure Work-First

Parts of the CalWORKs legislation reflect a work-first philosophy, with its first goal as employment—any employment. To that end, unless specifically exempted, all recipients are to begin job search immediately following approval

[161] This analysis is drawn from the counties' "GIS Snapshot, Most Recent Activity for Each Case." It is the most detailed and informative report that we encountered and provides a valuable model for other counties. Not only does it categorize cases by their most recent activity, but—unlike most other such reports—it also explicitly distinguishes between those currently participating in the activity, those awaiting the start of the activity, those who have completed the activity but not been assigned to the next activity, and those who are noncompliant from the activity (but have not yet been sanctioned). Unlike in other counties, the report is detailed enough that we can construct these figures, excluding anyone in any form of "Noncompliance" or "Disenrolled (expected to be rescheduled)."

It should be noted, however, that the report is less precise than it appears. In reaction to earlier drafts of this report, the county did hand verification of some of the information in the computer systems and found that there was some ambiguity in how to interpret the exact number of appraisals, which affected a substantial fraction of the computer records. Some people who were employed were coded as "Completed Appraisal." Similarly, second parents in two-parent cases—who are appraised, but are not required to attend Job Club—were also coded as "Completed Appraisal." Finally, as noted in the text, it seems possible that some of the people "awaiting" an activity, in fact are "no shows," but have not yet begun the formal noncompliance process.

of the application for aid. From this pure work-first perspective, pre–job search activities—orientation and a pre–job search appraisal—need only provide the work-first message and arrange child care and transportation. According to a pure work-first philosophy, there is little reason to pre-screen for barriers to work and other services (education and training, and treatment for mental health, substance abuse, or domestic abuse).

The reason for such a minimal appraisal follows directly from a pure work-first philosophy, as expressed by several of our interviewees. In a pure work-first program, services are provided only to make people employable, and the labor market is viewed as the best test of employability. Some people who might have been deemed clearly employable by a CWD *will not* find jobs; others deemed clearly not employable *will* find jobs. Rather than try to guess in advance, everyone is sent to job search. People who find a job have revealed that they do not need the services. Only those who do not find a job "need" services and therefore only they should be referred to services.

The CalWORKs legislation can be read as broadly consistent with this pure work-first approach. The "sequence of employment related activities required of participants" begins with "job search and Job Club activities" (11320.1) for up to four weeks (shorter or longer at county option) (11325.22). A more detailed interview, including an intensive attempt to identify barriers to work, is deferred until "assessment" and limited to those whom the job market has identified as having barriers to work (i.e., to those who did not find a job during Job Club (11325.4).

Modified Work-First

CalWORKs, however, is *not* a pure work-first program. It grows out of the GAIN program, which had strong human-capital development roots, and it gives considerable discretion to the counties in the design of their programs. In addition, it appears that county CalWORKs programs are, in practice, becoming less pure work-first over time, although they are still very different from the human-capital development programs that characterized early GAIN programs. This change appears to be the result of several different and only weakly related forces.

Any discussion of the nature of work-first in the CalWORKs program should begin by noting that, while the legislation is "work-first," it is not "work-only." The legislation clearly allows for, provides funding for, and in many cases requires extensive and expensive services to help those with barriers to work to enter the labor force and achieve self-sufficiency. Indeed, one advocate said

CalWORKs provides "a once-in-a-lifetime opportunity to have 18 to 24 months of training." Those services include education, training,[162] and treatment for mental health, substance abuse,[163] and domestic abuse. The issue here is the extent to which those services are to be screened for and provided *before* a participant "tests" the labor market through job search/Job Club.

Even on the pure versus modified work-first question, the legislation is clearly the result of a compromise. Some parts of the legislation are consistent with "pure" work-first and some are not. The legislation, considerable follow-on regulatory efforts, and a threatened lawsuit have all emphasized the SIP option, allowing a recipient to continue work already begun in a degree-granting program.[164] (See Chapter 9.) The legislation and subsequent regulatory activity have also emphasized the possibility of Adult Education (ABE) for people with learning disabilities and for non-English speakers. (Again, see the discussion in Chapter 9.) Finally, the legislation provides the option of treatment for mental health, substance abuse, and domestic abuse, before Job Club. (See the discussion in Chapter 10.)

With the formal and informal urging of CDSS (see the discussion in Chapter 3), some counties (e.g., Los Angeles, for substance abuse) have begun screening more intensively for barriers to work before Job Club. This often has happened under pressure from service providers, who are receiving far fewer referrals than promised. We discuss these referral issues in more detail in Chapters 9 (on education and training) and 10 (on behavioral health).

Some counties, Los Angeles and Alameda in particular, have chosen to provide more intensive up-front screening for participants. After a disappointing number of referrals to behavioral health contractors in Los Angeles, the county chose to have eligibility and GAIN workers screen for these barriers before Job Club. According to our respondents, the referral rates have increased but not to the levels implied by the dedicated state funding streams or the treatment capacity put in place in many counties. (See Chapter 10 for a discussion of problems with screening.)

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[162]See the legislation at 10200.(b): "The county superintendent of schools, the local community college districts, the local school districts that provide adult education, and the directors of other job training programs in the county shall develop a plan" Education and training is discussed in more detail in Chapter 9. Note, in particular, the legislation's restriction on education (79202(a)) to a "curriculum [that] will prepare students for an occupation that is in demand in the local labor market or that is an emerging field that has documented employment potential." See also the state's participation in the federal DoL WtW programs.

[163]See the discussion of the county plans at 10530: Item (e)'s discussion of "substance abuse and mental health," the additional discussion of mental health at item (f), domestic abuse at (I).

[164]As of September 1999, Los Angeles County had 4.1 percent in SIPs while Sacramento County had 4.3 percent.

In Alameda County, the decision to conduct more intensive up-front screening was based on concerns that participants with major barriers to work would "fail" in Job Club or in employment and that this failure would further lower self-esteem, creating an additional barrier to self-sufficiency. Moreover, recipient failures on the job hurt the CWD's credibility with employers as a source of work-ready employees. Implementation of this policy, however, has been stalled by union action concerns that its members were neither trained nor compensated for such screening.

Despite these options and the formal and informal urging from CDSS, CalWORKs programs in most counties remain relatively close to a pure work-first model. Using a broad definition, Table 6.5 tabulates cases that can possibly have been affected by such modified-work-first pre–Job Club screening. In particular, using September 1999 WTW 25 data, we tabulate counts for ABE, mental health, substance abuse, domestic abuse, and SIPs. Some, perhaps most, of these referrals may have occurred at assessment. Some people are counted in more than one activity.

The implications of the tabulations are clear. Few cases are being pulled out before Job Club for alternative activities; statewide, these results suggest no more than 7.0 percent. About half those cases appear to be SIPs, cases for whom, by statute, the recipient must have been involved in the educational program before applying for aid.

These results are consistent with a work-first perspective in which services are to be provided only to make recipients employable and with a lack of faith in the ability of CWD staff to identify those who would not find a job through Job Club. Referrals to these alternative activities should, therefore, be expected to occur primarily after assessment. Inasmuch as this analysis is correct, CWDs will

Table 6.5

Possible Modified-Work-First Pre–Job Club Screening, September 1999 (as a Percentage of Mandatory CalWORKs Caseload)

Activity	Total	Adjusted Total	Raw %	Adjusted %
Adult basic education	100.0	100.0	1.6	1.6
Mental health services	41.5	31.3	0.8	0.9
Substance abuse services	9.4	9.3	0.3	0.4
Domestic abuse services	28.1	29.1	0.2	0.3
Self-initiated programs	15.9	19.5	2.9	3.4
Total	23,576	19,751	5.8	6.5

SOURCE: Tabulations from September 1999 WTW 25 form. See Table 6.1 for other notes.

assign nearly everyone immediately to Job Club. In that case, the number of referrals will be determined by the flow of cases through assessment and the rates at which assessed cases are referred.

Consistent with this analysis, the limited available data suggest that referrals rise sharply as cases flow into Job Club and assessment. In Sacramento County, from April to September, cases awaiting start of or attending mental health treatment more than tripled, to 1.3 percent of WTW enrolled cases. (Substance abuse nearly doubled, but the total is still well under 0.1 percent.) In Kern County, where cases are moving through the steps faster, the count in mental health more than tripled from January to June 1999.

Diversion

Following its work-first model and the provisions of PRWORA, the CalWORKs legislation also included provisions for diversion. Rather than approving applications for aid, counties could offer a one-time lump-sum diversion payment. The legislation explicitly left to county discretion the decision of what was to be offered to whom.

Our discussion of diversion is brief because the number of diversion cases appears to be small; in most counties, it is well under a dozen, while statewide it numbers only a few hundred cases. Counties were to report grant savings from diversion on the CA 401 form. For January to June 1999, the reported total was $294,057.45, slightly more than a quarter of a million dollars. As a comparison, grant savings from work were over $256 million, nearly one thousand times larger. Of the 53 counties that filed the form, only 19 (36 percent) reported any diversion cases. Among the larger counties, Los Angeles, Riverside, Sacramento, and Santa Clara Counties reported no diversion cases.

Second Phase—Welfare-To-Work Activities

As shown in Figure 6.1, in the CalWORKs process of implementation the initial phase of universal job search is to be followed by WTW activities for those who have not found employment. As the discussion above makes clear, it is premature to describe outcomes in this second phase in this report, since in many counties few participants had reached this phase when we completed the bulk of our fieldwork in the focus counties (in May and June 1999) or the follow-up counties (in July and August 1999). Developing a better understanding of this second phase will be a focus of next year's fieldwork and the corresponding report.

Our discussion here starts with the transition to the second phase: assessment and the development of a WTW plan. The actual writing of the plan ends the initial phase, while the implementation of the plan begins the second phase by launching recipients into various WTW activities. We also discuss the 18/24-month time limit and the issue of CS.

Assessment and Development of a WTW Plan

For those who do not find a job during Job Club, the legislation specifies an in-depth assessment. This basic sequence of activities is specified explicitly in the CalWORKs legislation.[165] The results of this assessment are to be used to facilitate the development and signing of a WTW plan. This plan is a contract between the CalWORKs participant and the CWD that specifies the activities the participant is expected to engage in over a specified period to meet the hours of participation requirements in the short term and to prepare the participant to become self-sufficient or at least employable as soon as possible. It is generally agreed that the WTW plan should reflect the county's deliberate intent to prescribe a set of services that will help the participant move toward employment and self-sufficiency.

Counties have adopted several approaches to developing the WTW plan. In most counties, the assessment—with its specialized testing tasks—is done by a specialist, usually by a contractor, sometimes by the case-carrying worker. The results of this assessment are used to develop the WTW plan, sometimes by the regular case-carrying JS, sometimes by a specialized worker. (See Table 6.6 for a division of who writes the plan in our 24 study counties.) Having the case-carrying JS write the WTW plan gives a consistent contact for a client and a consistent message to the recipient. However, writing a WTW plan requires different skills from those in regular WTW case management: special forms, an

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[165]The relevant portion of the legislation states: "If employment is not found during the period [of formal job search] . . . the participant shall be referred to assessment. . . . Following assessment, the county and the participant shall develop a welfare-to-work plan [which] shall specify the activities . . . to which the participant shall be assigned. . . . " (11320.1(b))

The assessment is to "include at least all of the following: (1) The participant's work history and an inventory of his or her employment skills, knowledge, and abilities; (2) The participant's educational history and present educational competency level; (3) The participant's need for supportive services in order to obtain the greatest benefit from the employment and training services offered under this article; (4) An evaluation of the chances for employment given the current skills of the participant and the local labor market conditions; (5) Local labor market information; (6) Physical limitation, or mental conditions that limit the participant's ability for employment or participation in welfare-to-work activities."

Table 6.6

Who Writes the WTW Plan in the 24 Study Counties?

Type of Worker	County		
Case-carrying worker	Alameda	Nevada	Stanislaus
	Butte	Orange	Sutter
	Fresno	Riverside	Tulare
	Humboldt	Sacramento	Ventura
	Los Angeles	San Bernardino	
Assessment worker	Contra Costa	Kern	San Joaquin
	El Dorado	San Francisco[a]	Sonoma
Both	Monterey		
	Yolo		

[a]Case has a single worker for entire CalWORKs program.

understanding of standardized assessment tools, and knowledge of the range of available WTW activities.

Several counties have mitigated this concern by having the assessor write the plan. With a deeper understanding of the test results and considerable one-on-one time with the client, this person is arguably more able to translate the assessment results into a workable plan. However, this approach sacrifices the consistency of having a single case-carrying worker. Moreover, some interviewees told us that specialized assessors are more likely to refer clients to education, which may reflect the experience or the educational setting in which many outside assessors work.

The person writing the plan attempts to engage the participant in a discussion about the kinds of work she would like to do. These preferences are used to select an activity from the set of training opportunities developed by the county as part of its set of outsourcing contracts, contacts with community-based organizations (CBOs), and interactions with other agencies. In many counties, we were shown large binders containing descriptions of a multitude of training opportunities, education programs, and other activities that might be included in a WTW plan. In some counties, there are also lists of careers that may or may not be pursued as part of a WTW plan. These lists are based on employment opportunities currently or projected to be available in the local area. Complementary discussions of these issues from the perspectives of the education and training organizations and the behavioral health organizations can be found in Chapters 9 and 10, respectively.

WTW Activities

What kinds of activities do recipients engage in as part of their signed WTW plans? According to the legislation (11322.6), these activities may include, but are not limited to, any of the following:

1. Unsubsidized employment
2. Subsidized private sector employment
3. Subsidized public sector employment
4. Work experience
5. On-the-job training
6. Grant-based on-the-job training
7. Supported work or transitional employment
8. Work study
9. Self-employment
10. Community service
11. Adult basic education
12. Job skills training directly related to employment
13. Education directly related to employment
14. Satisfactory progress in secondary school
15. Mental health, substance abuse, and domestic violence services that are necessary to obtain and retain employment.

This is a long list, providing counties with considerable discretion. In practice, some counties have emphasized work almost exclusively, while others are more open to education and training. Table 6.7 presents tabulations of activities for each county from the September 1999 WTW 25 forms.

Table 6.8 presents caseworker responses to a survey question that asked where clients are most likely to be referred after assessment, breaking down the responses by those counties that contracted out the assessment, those that used a non-case-carrying worker, and those that used a case-carrying JS worker. In many counties, most caseworkers replied that post-assessment assignments "depend on the client." Those counties include Butte, Humboldt, Nevada, Sonoma, Yolo, and Sutter.

Table 6.7

Possible Post-Assessment WTW Activities, September 1999 (as a Percentage of Mandatory CalWORKs Caseload)

Activity	Total	Adjusted Total	Raw %	Adjusted %
Supported work	1,810	595	0.4	0.2
Work experience	4,714	3,004	1.2	1.0
Community service	1,542	1,517	0.4	0.5
Education & training	23,500	19,735	5.8	6.5
ABE & 2nd school	6,460	4,831	1.6	1.6
Services	5,162	4,565	1.3	1.5
Other	6,780	4,280	1.7	1.4
SIPs	11,954	10,355	2.9	3.4
Total	23,576	19,751	5.8	6.5

SOURCE: Tabulations from September 1999 WTW 25 form. See Table 6.1 for other notes.

NOTE: "Total" is the sum of the first seven entries, less SIPs, which begin pre-assessment. Note that since the counts are not mutually exclusive, the "total" is an overestimate.

In other counties, key informant interviews suggested formal or informal policies about referrals for post–Job Club activities. For example, Sacramento County has a well-developed work experience program, and the caseworker survey results indicate that most (55 percent) caseworkers make a referral to community work experience. El Dorado County immediately refers clients who "fail" to a specialized behavioral health worker; thus, referrals to "all other sites" are high in El Dorado County. In San Diego County, a CWD policy directs participants to work experience; however, the survey results are ambiguous about whether this policy is being implemented. Workers who report that referrals depend on the client number slightly more than those who refer to community work experience. However, the work-first orientation in San Diego County is clear—caseworkers reported that they do not make referrals to vocational education and training.

In some counties (e.g., San Diego, Butte, Riverside, and Los Angeles), the plan often specifies work. In Butte County, for example, work is the gatekeeper to education and training: A recipient cannot go directly from Job Club to education and training. In Riverside County, working 20 hours a week makes a participant eligible for "Phase II" activities—additional education and training. In addition, the WTW plan may include substance abuse, mental health, or domestic abuse treatment hours, as well as activities mandated by the court when there is also an open child welfare case (discussed in more detail in Chapter 11).

Table 6.8

Caseworker Characterization of Primary WTW Referral (Percentage)

County	Community Work Experience	Vocational Education and Training	Depends on the Client	All Others[a]
Assessment Contracted Out				
Alameda	25.0	17.9	10.7	46.4
Fresno	18.8	9.4	28.1	43.7
Kern	0.0	10.0	30.0	60.0
Los Angeles	4.3	52.2	8.7	34.8
Orange	22.6	16.1	19.4	41.9
Sacramento	55.1	1.4	29.0	14.5
San Joaquin	12.5	8.3	29.2	50.0
Tulare	53.3	3.3	33.3	10.1
Non-case -Carrying/Specialized JS				
Butte	11.6	0.0	67.4	21.0
Contra Costa	19.0	4.8	28.6	47.6
El Dorado	10.5	0.0	42.1	47.4
Humboldt	15.0	10.0	55.0	20.0
Nevada	0.0	0.0	72.7	27.3
San Bernardino	0.0	6.1	45.5	48.4
Sonoma	3.8	0.0	50.0	46.2
Yolo	8.3	4.2	54.2	33.3
Case-Carrying JS				
San Diego	33.3	0.0	37.5	29.2
Sutter	25.0	0.0	50.0	25.0
All counties	21.0	7.7	36.7	34.6

[a]The category "All Others" includes on-the-job training, JTPA/PIC programs, ABE, one-on-one assistance, job skills education and training, and an "other referral" category.

SOURCE: CSS 1999.

However, in many counties, the process is far more complex than is suggested above. Decisions appear to be influenced by factors other than client abilities and preferences and job market needs. Contractors who are paid for each participant often lobby workers to assign people to their programs. Workers may not know all the available training options, either because updated lists are not readily accessible or because workers tend to choose a few favorites and stick with them. Riverside County's CWD leadership has dealt with this problem by telling potential training programs that it is their responsibility to "market" their program to caseworkers; the county would not do it for them. In Monterey County, caseworkers are encouraged to visit programs and then make referrals to those that most impressed them as being able to meet participant needs. In addition, there are too many training opportunities in some areas, and none in others. And virtually no one has access to any data that would enable

caseworkers to consider how successful programs are at retaining trainees and getting them jobs.

Caseworkers in a number of counties told us that CBOs and contractors actively court referrals. When the contractor's payment depends on the number of CalWORKs participants served and the county has led providers to expect lots of referrals, workers feel some pressure to fill contractors' slots. Worse, because of agreements with the CBOs, some counties are obligated to send CalWORKs participants in specified numbers to each program. WTW staff in many counties are apprised of these situations and feel pressured to make referrals to training programs to fill "quotas," even if they believe that another program might be better for a specific CalWORKs participant. The same situation occurs with behavioral health referrals; see Chapter 12 for a discussion of these problems.

The problem of filling quotas reflects the far too optimistic assumptions CWDs made about the behavior of welfare recipients and their own ability to move clients quickly through the system. Most counties built job training systems, whether in-house, outsourced, or with DoL funds, that were designed for a huge flow. When that flow turned out to be a trickle, counties were left with unfulfilled contractual obligations to CBOs. CBOs found themselves fighting with each other for participants or begging the county for more referrals.[166]

In some counties, the pressure from providers has been focused at the top. In one county, lobbying of the CWD director led to a memo to caseworkers that urged them to send participants to the program in question. In another county, a similar memo led the county to hire a worker to comb through cases to find those eligible for particular programs. Such pressure, while understandable, certainly undermines the effort to provide participants with the most appropriate referrals for their situation.

Even when CBOs are not lobbying for referrals, caseworkers seem to be offered little guidance about how to make these choices. Overall, 57 percent of caseworkers reported on the caseworker survey that they received training on the educational and training resources available in their county. The number of caseworkers who want additional training in this area is 73 percent—one of the highest percentages we found in this section of the caseworker survey.

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[166]Counties that kept services in-house have experienced the same problem of a trickle rather than a flow, but have had more flexibility to deal with it. Assessors who are not receiving adequate referrals have returned to the line. New activities have been created in some counties to try to increase the flow, such as home visiting (discussed below) using staff that might otherwise do assessments.

In several counties, leadership placed the responsibility for informing caseworkers of available training squarely on the providers. "What they don't understand is that they need to market the programs. The caseworkers can choose between [several] programs. If the [provider] can package a 32-hour-a-week deal, and the caseworker doesn't have to do a lot of managing and making up time, then they will refer there." Colocation provides another solution to flagging referrals. Questionable cases can be "walked over" to a provider. In our focus counties, representatives are present at some, but not all, welfare offices.

Available WTW activities and referral practices are clearly still under development. Interviews with a number of EDD staff and with job developers suggested that in an ideal system, CalWORKs participants would be offered training for jobs that meet four criteria: (1) a specific skill is required that can be mastered fairly quickly by CalWORKs participants; (2) the job pays an entry salary that permits self-sufficiency (i.e., earnings high enough to be ineligible for aid) or there is a clear path to earnings at the self-sufficiency level without the need for any further training (or, if there is a need, any further training can be accomplished fairly quickly and ideally on the job); (3) there is a market for the skill and are job openings in the local area; and (4) CalWORKs participants find the work acceptable or even interesting.

Certainly, part of the problem is the limited time available to get a system in place and the limited supply of training options. In some counties, staff were sensitive to gaps in the system and were able and willing to move quickly to fill obvious holes in the training system.

The 18/24-Month Time Limit

The CalWORKs legislation imposes an 18/24-month time limit on WTW services for clients, beginning (according to the Final Regulations) when the participant signs her WTW plan. Thereafter, in order to continue receiving the adult portion of the grant, though the recipient may continue to receive services, she must work or participate in community service 32 hours per week. This makes full-time education or training past the time limit infeasible unless the family forfeits the adult portion of the grant.

The time limit is 24 months for existing cases and 18 months for new cases. For new cases, the 18-month time limit may be extended to 24 months "if the extension is likely to result in unsubsidized employment or if local unemployment rates or other conditions in the local economy are such that employment is not available" (11454(d)). The legislation requires counties to "adopt criteria" for this extension. In practice, because of when plans were

signed, the number of recipients is quite small—both absolutely and as a percentage of the mandatory WTW caseload—and 36 percent of counties reported on the ACIS to be extending almost all recipients.[167]

After a client reaches this time limit, the county must certify that no job is currently available (11454 (a)(1)) and that the recipient must participate in CS activities "in the public and private non-profit sector [that] provide participants with job skills that can lead to unsubsidized employment" (11322.9), or be deemed noncompliant. The legislation states: "A job shall not be considered to be currently available if a recipient has taken and continues to take all steps to apply for appropriate positions and has not refused an offer of employment without good cause" (11454 (a)(3)). It appears that if the CWD would not certify, the adult could be cut from care not at 60 months, but at 18 or 24 months. Given the very high rates of noncompliance, this would appear to be a possibility for a large fraction of those reaching time limits. While we heard some limited discussion of this possibility in interviews, it does not yet appear to have been done.

As discussed in Chapter 3, the delay in implementation means that few clients will be reaching this time limit soon.[168] Table 6.9 shows the number of cases that will reach the time limit by December 2000 for three of our focus counties. Statewide, our rough estimate is that fewer than 5,000 cases will reach community service by June 2000, and perhaps 30,000 by December 2000. As discussed in Chapter 3, these estimates are much lower than the figures used in CDSS budget estimates.

Participants in CS must meet the hourly work activities requirement. The county plans submitted at the end of 1998 contained vague language on a CS plan. For most counties, this was a far-off idea—other concerns were more pressing—and it still remains far off. Nevertheless, county plans are crystallizing. Table 6.10 summarizes the plans of the six focus counties as of the fall of 1999.

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[167]See Rivera (1999a). As of that time, Los Angeles estimated no recipients in October (the first possible month), at most one recipient in November, and no more than seven recipients in December. Similarly, San Diego expects fewer than 100 recipients through early 2000.

See also Saillant (1999a), who states that most, but not all cases, are being extended and estimates that as of January 2000, there will be "as many as 75 people per month" hitting the time limit. The article quotes Ventura County Human Services Agency Director Barbara Fitzgerald: "We are not trying to be punitive. We decide on a case-by-case basis whether to grant an extra six months. It is based upon the client's good effort to seek employment and training."

See also Hubert (1999), who cites a figure of "possibly 300 people," but the time period is unclear.

[168]San Mateo County, by virtue of its demonstration project, has a more significant number of cases reaching this limit.

Table 6.9

Number of Cases Reaching State Time Limit by 12/00

County	18-Month	24-Month	Mandatory Participants
Fresno	63	1,982	18,878
Los Angeles	559	2,591	114,114
Sacramento	269	499	32,621

SOURCE: Data provided in response to RAND letters to focus county coordinators. Mandatory participants from September 1999 WTW 25.

Table 6.10

County CS Plan Responses for Six Focus Counties

County	Response
Alameda	CS plan is being approved by CWD staff before being sent to the state.
Butte	Some clients (10) are in CS because of remoteness, and 415 clients are in work experience sites that "could be converted" to CS.
Fresno	CS plan expected October 1999. Small numbers of clients will reach 18/24-month time limits but will not be enrolled in CS in 1999.
Los Angeles	CS plan expected November 1999. Small numbers of clients will reach 18/24-month time limits but will not be enrolled in CS in 1999.
Sacramento	Community work experience program will be the CS plan. Currently, the county has 124 participants in subsidized employment. Agreements have been signed to bring the total number of slots throughout the county to 660.
San Diego	1,838 slots became operational in November 1998; an additional 538 began in 1999. Data are not available on the numbers of clients actually placed in CS.

SOURCE: Information provided by county coordinators.

In most counties, there are at this writing only a handful of people, if any, who have reached the point when they will need to be engaged in CS, because their 18/24-month clocks have not yet run out. This is a relief for many counties, since CS poses a number of major challenges. Counties are already exploring these issues as they attempt to create community work experience slots as a WTW activity and to provide programs for remote recipients. About half the counties anticipate or are already experiencing capacity shortfalls in CS job capacity. On the ACIS, 28 percent of counties indicated current shortfalls, while 22 percent anticipated them.

One challenge is whether CS will be grant-based, meaning that CalWORKs participants will be working to receive their grant, or wage-based, meaning that CalWORKs participants will receive a paycheck for their work. When the county chooses to pay wages, the Fair Labor Standards Act (FLSA) clearly applies. Some

counties have decided to set up grant-based CS. Others, arguing that wage-based CS confers a range of advantages, have chosen that path.[169]

The major advantage of wage-based CS for individual participants is that those who earn a paycheck may take advantage of the Earned Income Tax Credit (EITC).[170] This can result in a substantial benefit for the worker. These issues have been considered in detail in a Legislative Analyst's Office (LAO) report (Bland, 3/31/99). In addition, wage-based EITC may confer an additional, less obvious benefit. Some argue that receiving a paycheck instead of a welfare check may help people begin to understand the good feelings associated with earning one's way. In addition, in a community service site that might include non-CalWORKs participants, receiving a paycheck would mask the status differential.[171]

San Francisco County is conducting a pilot study with 220 participants to evaluate the viability of wage-based community jobs. The program provides time-limited CS jobs that will last an average of six months. According to a compromise made with the union, the jobs will meet a previously unmet need in the public or nonprofit sector (to ensure that other workers are not displaced). Two contractors will provide soft skills training and develop a support group for participants. The model is an intensive case-management model combined with on-the-job training. Since its first few months, the program has received 83 referrals; 51 attended a class, and 39 finished. Of these 39, 85 percent have placements, indicating a 50 percent success rate from referral to program end. The county is currently in discussion with the BoS and the unions about a pay rate for the placements; together they are balancing paying a "living wage" well above minimum wage against creating an undesired incentive for people to stay in the program.

The form of payment is not a matter of indifference for a number of stakeholders. As the discussion of San Francisco County's pilot program makes clear, the unions in particular are extremely concerned about the possibility that the counties will use grant-based CS to displace union members. The CWDs have an incentive to do this, some union interviewees argue, to reduce the costs of certain jobs. Consequently, the unions have come out strongly in support of wage-based CS.

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[169]See Chapter 3 for a discussion of FLSA regulations and county community service programs.

[170]See ACIN I-99-93, "Earned Income Credit Outreach Campaign," December 3, 1999.

[171]See "Need Reprieve in Work Plan", *Los Angeles Times*, October 5, 1999, B-8, for a discussion of the debate over grant-based vs. waged-based in Los Angeles County.

One union representative explained the trade-off as follows. Grant-based employment represents free labor to the county through "welfare slaves"; without hiring more staff, the county gets "free workers to pick up the slack." In other counties, this came up as a marker for how well the CWD was collaborating with stakeholders. "They haven't displaced workers yet, so [implementation] is going well," said one union interviewee. The union in Los Angeles County has filed a general grievance on this issue.

In a more global sense, CS presents serious scaling-up challenges to the counties. Our interviewees estimated that, especially in counties with high unemployment rates, a great deal of the caseload, including those who are working and still receiving aid, will at some point (perhaps in late 2001 or 2002) be required to participate in CS. CS slots are very labor-intensive for the counties. Depending on whether the county's goal is to simply keep people busy in menial jobs, such as picking up trash along roadways, or whether CS is perceived as an opportunity to provide some skills training, the burden on counties could be higher.

Beyond these 18/24-month time limits, in 2002 some cases will start to hit their federal 60-month time limits and in January 2003 cases will start to hit their state 60-month time limits. At that time, the CalWORKs legislation specifies that the adult be deleted from the case, but the child portion of the grant continue. Senator Escutia (see her statement of December 6, 1999) has expressed concern about what will happen at that time. The California Department of Social Services (CDSS) has promised a report. The experience of Wisconsin and other states where time limits are beginning to bind suggests that at that time the state will face difficult choices.[172] However, it seems premature to consider those issues when many recipients have not yet been through Job Club.

Another Exit Route from the Initial Phase: Noncompliance and Sanction

So far, we have examined what the CalWORKs legislation appears to set out as the primary sequence of steps. For CWDs, the reality has been very different, as shown earlier in Figure 6.1. Every county reports that the dominant fact about CalWORKs implementation has been the high rate of no-shows. Most counties report that for any given activity, between a third and a half (and sometimes as many as two-thirds) of those instructed to attend do not do so. The problem is most salient at Job Club, but appears to occur everywhere. Indeed, nearly half

[172]See DeParle (1999a) and Bloom (1999).

the 24 study counties reported on the ACIS that obtaining compliance with required activities was one of the CalWORKs program areas with which they are least satisfied or which needs the most improvement.

While the fact of noncompliance is well known, its causes and proper responses are more controversial. One position views noncompliance as a CWD deficiency. Recipients want to participate, but CWDs are not doing enough, not providing services, not overcoming barriers. From this perspective, high sanction rates are a sign that the CWD in general and the case-carrying JS in particular are not doing enough to encourage participation.

An alternative position views sanctions as a tool to induce compliance among the recalcitrant and in particular among those with unreported employment. From this perspective, low sanction rates among those who are noncompliant is a signal of a CWD that is understaffed and/or not following procedures or that the amount of the grant at risk (the adult portion only) is too low.

Both perspectives probably have validity. Their relative importance remains unclear, but it is an important issue for further investigation, as we discuss in the conclusion to this report.

In this section, we discuss the range of issues related to such no-shows. We begin with a review of the levels of noncompliance and the limited evidence on the reasons for noncompliance and on the levels of sanctions across the state. We then consider the leading response to noncompliance, home visits.

Levels of Noncompliance

It is hard to overstate the enormity of the noncompliance problem or its seeming universality. A few statistics will give a sense of the magnitude of the problem. In Butte County, the South County Job Skills Workshop (i.e., Job Club in Oroville) "invited" 2,170 people from October 1998 to October 1999 (13 months). Only 822 came (38 percent) and only 649 completed (30 percent of those invited). In Alameda County, only 35 percent of those ever invited to Job Club have completed it.

No interviewee suggested a different experience. Some counties reported a slightly better attendance rate. Some counties reported that attendance rates appeared to rise (perhaps 10 percentage points) as they began to sanction aggressively. (See below.) Other counties reported that attendance rates were falling as the counties worked through the "easy cases," so that the remaining cases were more likely to be "hard to serve."

Reasons for Noncompliance

Evidence on the reasons for noncompliance is limited. Table 6.11 tabulates the results from the large San Bernardino County home visit program for long-term, first sanctions and second and third sanctions (discussed in more detail below). Table 6.12 tabulates the results of three smaller surveys conducted by three CWDs. The results of those home visit programs and our interviews suggest three different sets of reasons for noncompliance: willful noncompliance, participant fears, and CWD deficiencies.

Willful Noncompliance. There is some evidence and in some quarters strong suspicion of willful noncompliance. Recipients simply choose not to participate. Some of them will participate when a sanction action in their benefit is imposed;[173] others do not.[174] Given the low level of the aid payment and the high cost of living in California, the presumption of many interviewees is that the household has some other source of support (e.g., a "boyfriend"). Perhaps, the recipient is working "under the table," such that participating in CalWORKs activities (e.g., Job Club) would force the participant to forfeit the job, and

Table 6.11

Reasons for No Cooperation Among the Long-Term Sanctioned, in San Bernardino County

Reason	Percentage
Physical/mental	14
Communication	12
Child care	11
Employed	10
Transportation	7
In school	4
No reason	18
Other	24

NOTE: Sample is 80 percent second and third sanctions and 20 percent long first sanctions. N=906.

SOURCE: County of San Bernardino sanction home call visit briefing, Brian Pickering, January 20, 2000 (1999 appears to be an error).

[173]A caseworker in Alameda County explained: "People often want to see me the minute they get the actual sanction notice. Sanction or threat of sanction gets people motivated. I have more people show up because of the threat of sanction; fifty percent show up."

[174]Two caseworkers in different counties explained: "A lot of people are working under the table. They don't care that they're sanctioned." "Some will say they just don't want to participate."

Table 6.12

Reasons for No-Shows

Monterey (n = 106 by telephone)		San Joaquin (n = 53 by home calls)		Alameda (n = 146 by telephone)	
		CWD Deficiency			
Child care	19	Child care	6	Child care	33
Transportation	21	Transportation	15	Transportation	27
Language barriers	2	Language barriers	4	Received letter late	6
Wrong information	1	Unsuccessfully tried to reschedule activity	9		
		Unaware was required to go	2		
		Already doing volunteer work, didn't think had to go	8		
Pregnant/personal illness (e.g., surgery)	6			Awaiting exemption	10
		Willful Noncompliance			
Getting a job was easier	2	Against religious beliefs (women working)	2		
Did not want to participate	2	Did not want to work	6		
		Other			
Illness	3	Illness (self or family member)	21	Illness (self or family member)	25
Working or school	20	Schedule conflict with work or school	8	Conflict with work or did not think participation was required because of work	32
		Tardy to activity	9	Emergency	12
		Domestic abuse	2		
		Homeless	2		

NOTE: Numbers represent the percentage giving that reason for no-show. Respondents could provide more than one answer.

Alameda: A random sample of 600 was drawn from 3,842 individuals who missed at least two meetings between 3/1/98 and 10/98. Each person in the sample was called twice. (Note: One-third had a disconnected or wrong number.) 146 telephone interviews were completed. Source: Fischer, Neumann, and Waldrip (1998).

Monterey: Phone survey was conducted of participants who did not show for orientation. One call was made by orientation facilitator. 374 calls initiated. 106 surveys completed. Source: Glavin (1999).

San Joaquin: From 3/98 to 3/99, 1,516 cases were referred for sanctioning. The cases were divided into four categories: in school, employed and reporting, questionable income exceeding expenses, and closed cases. These cases were queried through home calls where a survey about WTW participation was administered (n = 53 of 247 in all four categories), SID-15, and a behavioral health screen (n = 53 of 247 in all four categories). The home visit program suspected fraud. Source: Rodriguez (1999).

reporting the income would lower her aid payments.[175] The CalWORKs legislation's adult-only sanction will induce some of them to comply.

For others, the sanction may not be large enough to induce compliance. As noted in Chapter 2, California is one of only 14 states that never imposes a full-family sanction.[176] Thus, for a family of three, the aid payment drops $121 from $626 to $505, about 19 percent. If participation in Job Club would require forfeiting the unreported job, then the choice is between (a) a lower benefit, but keeping the under-the-table income; and (b) the full benefit. The first option will often yield more household resources.[177]

In some counties, the belief that many recipients are already working is reinforced by their behavior at orientation. Said one CalWORKs director, "once they hear about the work requirements, half of the applicants walk out the door. We figure those people were already working."

The ranking is extremely rough. It seems unlikely that those who are willfully noncompliant would so state to a home visitor. In fact, there were some reports of recipients claiming that now that they understood program requirements, they would come into compliance, but the recipient did not come back into compliance. Furthermore, the recent report of the Los Angeles County Grand Jury alleges considerable fraud in the form of "unreported income".[178] Such fraud might be reflected in refusal to participate in Job Club, but would probably not be reported as such to a CWD employee conducting a home visit.

Given the magnitude of the noncompliance problem, further investigation appears to be warranted. In particular, the potential effects of home visits appears to be an area where a random assignment intervention—in which some randomly chosen noncompliant recipients are home visited and others are not,

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[175] See Edin and Lein (1997).

[176] It is important to note that while this is only a third of the states, it includes about half of the country's caseload.

[177] A CWD Director noted: "I thought, perhaps naively, that an adult sanction would motivate people. We went out and did home visit and found people working, other sources of income in the household. As a consequence recipients felt that taking a cut didn't matter much, no great economic loss to the family. There's a great cash economy, so a lot of people will lose a job if they have to make their appointments [with the welfare department]."

Caseworkers and supervisors often made similar remarks. The comments of three workers in different counties are representative: "I wish there were more teeth in the sanctioning. We don't have whole family sanctions. Even though they are tough, that gives you impact with the family." "I think California made a mistake with continuation of child-only cash benefits. I think the state lost an incentive to get people out the door." "Until they do something about the [child only] sanction issue, you will get no-shows. It is still cost effective to not comply with us and work under the table."

[178] "Welfare Fraud Prevention and Investigative Functions of the Department of Social Services," http://grandjury.co.la.ca.us/gjury99/mrbl.html; http://grandjury.co.la.ca.us/gjury99/REPORtgj-15.htm#Anchor-recommendations-63419. See Hong (1999) and the editorial "Target Welfare Fraud," *Los Angeles Times*, July 6, 1999, B-7.

and then subsequent outcomes (compliance, employment, earnings, leaving aid) are monitored and compared across the two groups—is likely to be extremely informative.

Participant Fears. Some noncompliance appears to result from participant beliefs that they cannot get a job because they lack any skills that employers would be willing to pay for. These beliefs can in some cases be overcome by the combination of pressure, coaching, and social support that characterize Job Club. In fact, caseworkers frequently told us that Job Club, when it led to employment (as it frequently does, as discussed above) was transforming for many long-term welfare recipients. However, even attending Job Club demands a certain level of hope or self-esteem. Those who believe they have nothing to offer an employer may never even attend Job Club.

CWD Deficiencies. Some noncompliance appears to be the result of CWD deficiencies.

- Some recipients have easily remediable, but unaddressed, barriers to participation. For example, they do not realize that the CWD will pay for transportation and child care.[179]
- Recipients do not always receive the notices, the notices are not in a language they understand, the notices are not at a reading level they can understand, or the information—cause and amount of sanction, how to cure the sanction and appeal rights—is not clearly stated. DHHS-0IG (1999a) discusses issues about notices.[180]
- Some recipients have serious barriers to participation that the recipient had not revealed and CWD staff had not identified. These barriers include learning disabilities, mental health problems, and substance abuse.[181]

In these cases, the CWD has not provided enough information or the needed services. What is needed is a constructive outreach program to inform recipients and identify and overcome barriers.

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[179]For a similar discussion, see DHHS-0I6, "TANF: Improving the Effectiveness of and Efficiency of Client Sanctions," OEI-09-98-00290, July 1999.

[180]See DHHS 0I6, "TANF: Improving Client Sanction Notices", OEI-09-98-00292, October 1999. See also DHHS 0I6, "TANF: Educating Clients about Sanctions," OEI-09-98-00291, October 1999.

[181]Workers in three counties put it as follows: "Usually when there is a continual no-show, there's probably a barrier. You can sanction them but when they come in for compliance, they'll disclose a behavioral health problem or family problem—for example, they have a child and can't get a baby sitter. Sometimes a second parent is in and out of the home and doesn't want the recipient to participate." "Our anecdotal evidence is that half the people [on sanction] were experiencing some significant barriers—substance abuse, legal problems, domestic violence." "[Home visit] workers are uncovering mental health, substance abuser, and domestic violence issues."

County Home Visit Programs

In response to these high rates of noncompliance, many counties have put into place some form of home visit program. In some counties, the program is based on individual caseworker initiative; in others, there is a formal pilot program; and in some counties, there is a policy that all cases satisfying some criteria will be visited. Table 6.13 summarizes the programs currently in place in the study counties. Data from the ACIS indicate that statewide, 26 of 58 counties report conducting home visits before sanctions are applied, either in the county as a whole, in part of the county, or as a pilot program. Thirty-two counties report conducting home visits after sanctions, either throughout the county, in part of the county, or as a pilot program.

Home visits have the potential to address several of the causes of noncompliance. During a home visit, a caseworker can explain program rules and available services one-on-one, which some workers believe can make a difference. A trained worker can do a better screen for major barriers (mental health, substance abuse, domestic violence) than may be possible in an office, because much may be learned from the home environment. Potential child abuse and neglect can be identified. In a one-on-one meeting, sometimes a reluctant recipient can be induced to participate. Finally, sometimes strong evidence of fraud can be identified (invalid address, client never home, evidence of other individuals living in the household).

However, all these things probably cannot be accomplished in a single visit, even if the family is home. Moreover, given the high rates of noncompliance and sanction, if the home visits are more than a pilot program, they can be very expensive. Home visits benefit from specially trained workers who usually are in a higher pay class, and the visits require much more time (half a day) than an in-office appointment (an hour or less). Unions have also raised the issue of staff safety. In addition, often no one is home when the visit is made, increasing the cost of each eventually completed visit.

Finally, these home visit programs are the source of some controversy. Home visits have a punitive history in welfare programs; until the early 1970s, they were used to enforce "man-in-the-house" rules. Welfare rights advocates support home visits that are "truly intended to help people address barriers." But Los Angeles County's CalWORKs home visit program has been stayed pending legal challenge. CDSS has issued an advisory ruling that such visits are

Table 6.13

WTW-Focused Home Visit Initiatives in Study Counties

County	Purpose	Criteria	Who Makes the Visits?
Alameda	To recruit no-shows to orientation and Job Club	No-shows to orientation and Job Club at the CBO's discretion	CBOs contracted to do orientation and Job Club for no-shows
	To identify fraud	Sanctioned cases	Early fraud investigation
Butte	To evaluate home environment and family well-being	At discretion of caseworker	Behavioral Health and/or employment specialists
Contra Costa	To identify barriers and encourage participation	Cases in noncompliance	Specialized staff (social workers and former CalWORKs participants)
El Dorado	To identify causes of nonparticipation	No-shows prior to sanction	Workers
Fresno	To identify barriers and sell the program	No-shows between Job Club and assessment	Specialized home call team of four JSs and volunteer EWs
Kern	To educate clients and to market program	No-shows prior to sanction	Specialized unit
Los Angeles	To confirm eligibility To provide information about program	Applicants for aid No-shows for orientation	Specialized EWs EW IIs
Monterey (pilot program)	To identify and address barriers, to encourage participation, and to conduct child welfare assessment	Pre-sanctioned and sanctioned families	Social workers
Nevada	To identify reasons for no-shows	No-shows prior to sanction	Specialized unit social worker and mental health workers
Riverside	To identify barriers to participation	Child-only cases when adult is sanctioned, and to increase school attendance All second and third sanctions	Social workers, case managers, and other GAIN staff
San Bernardino (pilot program)	To understand why clients are not showing up	Clients in 2nd and 3rd sanction	Quality review section (7 part-time workers)
San Diego	To verify applicant information To increase participation	New applicants Sanctioned cases	DA Social worker
San Francisco	To improve participation and "get them engaged"	No-shows prior to sanction	CBO
San Joaquin	To identify reasons for no-shows	Sanctioned cases	Special investigations (initially); caseworkers will have ongoing responsibility
Sonoma	To market program and encourage compliance	No-shows to job search	Volunteer EWs
Stanislaus	To develop a Family Action Plan to ensure participation	Sanctioned cases	Caseworker
Sutter	To identify reasons for no-shows	No-shows	Social worker teams with behavioral health counselors

SOURCE: Information was derived from field interviews and follow-up phone calls.

NOTE: Humboldt, Orange, and Santa Clara Counties have no program in place and thus are not included in the table. Sacramento had a home visit program in 1998 that was stopped by advocates. They plan to begin a new home visit program in 2000.

legal. But the person who makes the visit may be important: A fraud investigator may not be the most effective person to market the CalWORKs programs. Moreover, home visits raise important rights issues: Are people given notice? May they decline a visit?[182]

The results from the large San Bernardino home visit program, aimed at the most difficult cases (second and third sanctions, long first sanctions) are encouraging. Almost all the cases know that they have been sanctioned and what to do to lift the sanction (98 percent), and that child care (91 percent) and transportation (90 percent) funds are available. Fewer know that treatment for behavioral health is an approved activity (40 percent) or about the EITC. When offered treatment, few expressed interest—7 percent for mental health, 5 percent for domestic violence, and 2 percent for substance abuse. Table 6.14 gives the outcome of the home call visits.

In one-half to two-thirds of the visits, the sanctioned individual agrees to cooperate. An administrative record follow-up on 100 cases (one to six months after the home visit) found that 16 percent of the cases left aid (presumably because of normal processes or to avoid a fraud investigation), and 43 percent have recontacted the welfare system. The remaining 41 percent remain in sanction. Limited early results from a similar program in Contra Costa County are similar. These results suggest that home visits can be an effective approach, even with the hardest cases.

Table 6.14

Outcome of Home Call Visits in San Bernardino County

Reason	First Sanction	All Sanction
Agree to cooperate	67%	56%
Employed	10%	10%
Advised to get CA-61 (disabled)	9%	9%
Will continue to not cooperate	0%	13%
Discontinuance recommended/fraud	6%	2%
Other	8%	10%

NOTES: "Other" includes good cause, exempt, referral to CPs, referral to behavioral health, or in school. Sample is about 80 percent second and third sanctions. First sanctions have usually been on sanction for a year or more.

SOURCE: County of San Bernardino sanction home call visit briefing, Brian Pickering, January 20, 2000 (1999 appears to be an error), and follow-up e-mail February 15, 2000.

[182]For citations to the Grand Jury report, see the previous footnote. The Los Angeles County home visit program emerged partially as a response to a Los Angeles County Grand Jury report alleging considerable fraud in welfare receipt.

On the relation to the Grand Jury report and the opposition of advocates, see Rivera (1999b), which quotes Robert D. Newman of the Western Center on Law and Poverty: "It's [a home visit] a demeaning experience. We all recognize we have the privacy of our homes. If I showed up at your home and said I wanted to look in all the rooms, would you let me in?" See also the *Los Angeles Times* Letters to the Editor (pro and con), published September 24, 1999.

Legislative Provisions to Address Noncompliance

Following the GAIN model, the CalWORKs legislation specifies a sequence of activities to address noncompliance (Section 11327.4-11327.5).

- *Notice of Action (NoA).* The NoA informs the recipient that a sanction will be imposed (i.e., the adult portion of the benefit will be eliminated, the child portion will remain) at some date no earlier than 30 days after the NoA is issued, unless the client shows good cause or agrees to a compliance plan. It also informs the recipient of the date and time of the scheduled appointment to discuss a compliance plan.
- *First Sanction.* If the client does not show good cause or does not fulfill the terms of the compliance plan, then the next check will be reduced. The reduction is based on a recomputation of the grant as if the noncompliant adult is not in the household (i.e., a family of one adult and two children will have the grant cut for "family of 3" to "family of 2"). The benefit is restored to its original level as soon as the recipient comes back into compliance.
- *Second and Third Sanctions.* The procedure is identical, but the minimum duration of the second and third sanctions is three or six months after the recipient comes back under compliance, respectively, and payments may be made directly to vendors or through vouchers. The child portion of the grant always continues.

County Responses

To understand CWD response to noncompliance, it is useful to begin by noting that the problem often came as a surprise. As a senior manager in one county put it:

> The fifty percent no-show rate is mind-boggling. We thought everyone would want to come to our party. We built this nice facility. We gave away bus passes. We used money orders for food at the grocery store. There was nothing that would bring them in that was reasonable.

At the beginning, many counties were too busy to sanction. As one CWD director put it:

> The state sanctioning process is really cumbersome. Since caseloads were high last fall, we asked staff to bring people back again and reschedule them rather than going though the sanctioning process that takes three months.

Even now, most counties appear to view sanctions as a last resort. Part of the reluctance is a concern about the effects on the children, but sanctioning also cuts against the image of the program as a benefit for recipients. The comments of a caseworker are representative:

> We don't want this [to sanction]. We make every effort to avoid it. I think we need a stick, but we do everything to avoid it. We contact the person and talk to them. We give them the picture from the rights and responsibilities in the appraisal. We tell them that this is a mandatory program, so there is not a surprise about refusal. We push the benefits of the program; what we will do to help them find a job—supportive services—and what we need from them—to get into activities.

A CWD leader in another county expressed a similar position:

> You spend a lot of time on noncompliance. We're trying to set up something as humanely as possible to address barriers rather than just sanctioning. [Barriers are] not the entire reason for noncompliance. Sometimes, they just don't want to participate in the program. People are entering personal responsibility and choosing not to participate in the program.

Discussions with caseworkers suggest that they often give clients more chances to comply with CalWORKs requirements before initiating sanction procedures than administrators think they do, and that perhaps these CSS responses are biased toward official policy rather than actual practice. Surveyed caseworkers (see Table 6.15) indicated that the average number of times they will reschedule a cancellation is higher than the number of times they will reschedule a no-show, indicating that caseworkers are softer on clients who call to cancel than they are on those who do not call.

The comments of three caseworkers in different counties are broadly representative:

> If people have good cause for missing an appointment and let me know, I will reschedule them as long as necessary.

> I am the worst for sanctioning. I don't like to do it. I give people six appointments, failures [to show]. Once they get the paperwork and go into sanction, then they come back.

> After I know I've really tried to work with a participant and they don't cooperate, then I sanction them. I give them the benefit of the doubt. After two to three times of rescheduling, I send a recommendation [to the EW who processes the sanction].

Part of the reason for caseworker reluctance to sanction appears to be the effort required. As one caseworker said, "I hate to drop people because then I have to

Table 6.15

Mean Number of Times Staff Reschedules a Client's Appointment Under Different Conditions, by County

County	Client Does Not Call to Cancel	Client Does Call to Cancel
All cases	1.27	1.88
Alameda	1.59	2.11
Butte	1.67	1.83
Contra Costa	1.32	1.88
El Dorado	1.23	2.03
Fresno	1.19	1.68
Humboldt	0.73	1.64
Kern	1.19	1.74
Los Angeles	1.40	2.06
Nevada	1.29	1.88
Orange	1.53	2.25
Sacramento	1.16	1.80
San Bernardino	1.11	1.67
San Diego	1.55	2.16
San Joaquin	1.24	1.69
Sonoma	0.92	1.67
Sutter	1.33	2.03
Tulare	1.36	1.73
Yolo	1.00	1.80

SOURCE: RAND's CSS.

deal with the sanction process." We heard reports that beginning the noncompliance process takes 30 to 45 minutes. This is a lot of time for a swamped EW.

There were also frequent complains through the end of our fieldwork late in the summer of 1999 that computer support for sanctions was weak. Letters and budgets under sanction needed to be done by hand. Information needed to be double-entered—once in the WTW computer system and then again in the eligibility computer system. Computer systems were often not flagging noncompliance.

Nevertheless, there appears to be a movement toward more sanctioning, partially because it is perceived that it works. A senior CWD official explained:

> The experience is that it wasn't until they got the reduced grant that the message got through. Our clients are used to getting warning letters. They didn't cooperate. There was no consequence.

Sacramento County granted amnesty to all noncompliant recipients in August 1998 because "staff time would be more effectively used to engage those in

noncompliance than to begin the process of sanctioning for a significant number of recipients." Staff placed phone calls and re-issued appointment letters. Active sanctioning began in December of 1998, while San Francisco County only began doing so in April and May of 1999.[183] Other counties appear to have moved incrementally toward more aggressive sanctioning, often because they perceive that it is effective, or that not sanctioning is not working. An analyst in San Francisco explained:

> Program is really encouraging staff to do compliance when they need to because it really works in bringing them in.

Others claimed the opposite. Comments from caseworkers in two counties are representative:

> People don't realize they are sanctioned because income changes at the same time may mask the drop in the budget.
>
> If you check the client's records, the amount of the grant goes up and down many times, so sanction may not be a clear signal of anything.

Finally, many interviewees expressed strong concern about the current process. As one CWD director put it: "We want strict swift predictable sanctions. It is still a 60-day process."

The 60-day figure follows from the details of the sanction process under CalWORKs. According to the statute, immediately after the incident of noncompliance, the recipient is to receive an NoA with a scheduled date for a meeting to resolve the noncompliance 20 days after the incident. If the client has not contacted the caseworker by then, the sanction is to be imposed. Thus, if the noncompliance occurs on January 15, the meeting is scheduled for early February and the earliest check that could reflect the sanction is March—six weeks after the incident of noncompliance.

Furthermore, as we noted, this NoA often does not go out until at least one attempt to reschedule (two or even three attempts to reschedule if a recipient makes an attempt to assert good cause). With queues for appointments and Job Club slots and without prompt sanctioning, a first noncompliance on January 15 will often not yield an NoA until March (or later) and a lower grant until May (or later). Furthermore, a recipient who knows how to "work the system" will request a hearing, delaying the sanction by 60 days or more. A senior leader in Kern County summarized the situation as follows:

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[183] However, some counties are still not sanctioning aggressively. In Fresno County in June of 1999, a manager said of noncompliance: "Eventually we will get around to dealing with that."

> Sanctions sometimes work, but sometimes don't. One of the issues is that if a recipient really wants, she can "play the game." Due process requires a letter that says "you have 60 days to come in." . . . I think the sanction law needs to be changed. If you have a history of someone "playing the game," we should be able to pick up where you were in the process.

A manager in Humboldt County commented:

> We need to communicate better about the flow of work. When we send a notice for sanctions, we want it to happen quickly because that is how you get people's attention, but it is not a priority [for the EW]. It sits on their desk. With the exemptions, we go back and forth. They have deadlines and huge caseloads. Our priorities are not the same as theirs.

According to the ACIS, about half the counties statewide report a problem with the CalWORKs rules on sanctions. Seven counties are experiencing major ongoing problems, and 19 have minor ongoing problems. Much depended on how they viewed compliance, as described above.

Sanction Rates

Given the consistently high reported rates of no-shows (one-third to one-half) to early CalWORKs activities and the provisions of the CalWORKs legislation, one would expect high sanction rates. Table 6.16 presents county reports of sanction and noncompliance rates.

The revised version of the GAIN 25 form, the WTW 25 form, requires counties to report the *total* number of WTW sanctions. Statewide for September 1999, there are 38,506 reported sanctions and 591,977 cases (from the CA 237), yielding a sanction rate of 6.5 percent. Equivalent computations with the July WTW 25 data yield 6.1 percent. This appears to be the source of the figure used in some official CDSS statements.

However, this statistic is problematic for several reasons. First, several counties did not report anything on the sanction field of the WTW 25 form. Second, it appears that several other counties continued to report *new* sanctions in the month rather than the *total number* of sanctions, which erroneously lowers the sanction rate statistics.[184]

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[184] This error is not surprising. The old GAIN 25 form required counties to report only *new* sanctions (disenrollments because of sanction), and the wording of the new form is ambiguous. The form requests "Removed from the Assistance Unit: WTW Sanctions," which might be interpreted as "removed this month." The accompanying instructions are clearer "when the individual is not aided during the month for a failure to comply with WTW program requirements without good cause and for whom compliance efforts have failed."

Table 6.16

WTW Sanction Rates

	Total	Adjusted Total	Raw %	Adjusted %
Sanctions	38,506	34,280	9.5	11.3
Noncompliance	26,272	25,008	6.5	8.2
Total	64,778	59,288	15.9	19.5

SOURCE: Tabulations from September 1999 WTW 25 form.

For most counties, new sanctions are a fifth (or less) of total sanctions. For some counties (see the discussion in Appendix C), the *total* number of sanctions reported on the September 1999 form are of the same order of magnitude (80 percent or higher) as the number of *new* sanctions reported in June 1999.[185] It seems likely that these counties have continued to report new sanctions, despite the change in form. Dropping these problematic counties from the totals yields an alternative estimate of the statewide sanction rate about 20 percent higher.

Furthermore, even this number is arguably too low. The limited available evidence suggests that counties have about another 2 percent of their caseload in "penalty"; that is, their benefit has been cut (as for a sanction) for a non-WTW reason such as failure to comply with paternity establishment, school attendance, or immunization.

In addition, to gauge the extent of the noncompliance with the WTW program, it is preferable to compare the number of people noncompliant with those at risk for such sanctions—WTW mandatory adults—(rather than with the total caseload).[186] Other groups include those with infants (as defined by the county, see the discussion in Chapter 5) and those with other exemptions (caring for a sick adult or child, advanced age, or extreme physical or mental disability). Second, in two-parent cases, both parents are often enrolled in WTW programs. Statewide, the number of enrollees is about 68 percent of the number of cases. Dropping the counties with problematic sanction counts, we estimate a sanction rate among WTW mandatory adults of 11.3 percent (as shown in Table 6.17).

[185] This total does not include several of the very small counties with counts of sanctions so low that it is difficult to make any inference.

[186] The difference between cases and enrollees results from two countervailing forces. First, some cases are exempt from WTW programs. The largest group is child-only cases. Our tabulations of the MEDS data suggest that some of the increase in child-only cases may result from adult responses to WTW-participation requirements, adults removing themselves from the assistance unit. In that case, they avoid the participation requirements but continue to receive the child portion of the grant. They appear in the administrative data as cases where the children continue to receive aid but the adult disappears and no longer receives MediCal (unlike a sanction, where MediCal would continue). In some counties, such events appear to represent over 5 percent of the total caseload.

The WTW 25 form also asks counties to report the number of individuals "who were sent a notice of noncompliance and have not yet returned to participation or have not yet been sanctioned during the reporting month." For September 1999, they are 8.2 percent of the mandatory caseload (as shown in Table 6.16). Summing this noncompliant group and those formally sanctioned yields an estimate of all noncompliance (shown in the table) of 19.5 percent of the mandatory caseload.

Even this noncompliance rate is an underestimate of the level of noncompliance with WTW activities. Many noncompliant cases have not yet received NoAs and, therefore, are not counted on the WTW 25 form as "noncompliant." This group includes recipients who did not participate in an activity, who have not yet been contacted, or who have agreed to come into compliance but have not yet done so. Discussion of the situation in several counties for which detailed reports are available gives a more complete sense of the noncompliance problem.

Los Angeles County's noncompliance rates are well-documented. Despite the county's relatively slow implementation (see above), the county's most recent "CalWORKs and Welfare-to-Work Summary Report" (for September 1999) shows 9.5 percent of the mandatory population in formal sanction, another 7.6 percent in "Conciliation for Noncompliance," and an additional 7.8 percent "Pending Imposition of Sanction" (though the county believes that about half these cases are in this category by error). Another 1.6 percent of the mandatory caseload has non-WTW-related penalties (immunization, school attendance, and child support). Finally, some of the cases still being officially listed as participating in some activity are no-shows and should at some point be deemed formally noncompliant. Thus, about a quarter of the WTW mandatory cases and a third of those not employed or in SIPs in Los Angeles County are in some form of noncompliance. Furthermore, this number should be expected to *increase* as more cases reach Job Club and more is demanded of them.

In Alameda County, the situation is similar; however, consistent with a faster implementation and therefore more recipients having been required to participate for several weeks, the share of the mandatory caseload that is noncompliant appears to be higher. According to the September 1999, "CalWORKs Employment Services Program," 11.8 percent of the mandatory cases are in sanction[187] and another 9.9 percent are "In Sanction Process." Furthermore, recipients not complying with program requirements were assigned to CBOs for follow-up. Fully 17.2 percent of the caseload is listed as "In

[187] The October report shows a much lower number. The difference appears to be reporting, not behavior. Which number is preferred is unclear.

Orientation Process with Community Based Organizations" and thus were once and perhaps still are noncompliant. Interviews with senior county leadership suggested that the CBOs were bringing some, but far from all, of these cases into compliance. They planned to begin formal sanctions of the rest in early 2000. Thus, in Alameda County, perhaps as many as a third of the mandatory caseload, and half of those not working or in SIPs, are noncompliant, and again, the share in formal sanction should be expected to rise as those referred unsuccessfully to CBOs are worked through the process.

Other counties appear actually not to be sanctioning. The situation in Sacramento County is also well-documented in the county's October 1999 status report. Even following the general amnesty in August 1998, caseworkers and managers there reported only limited sanctioning. Not surprisingly, the county's formal sanction rate is quite low, 1.9 percent in September 1999. Careful examination of the official reports suggests that the difference is not in compliance but in CWD responses to noncompliance. Fully 8.2 percent of all WTW-enrolled persons are reported to be in noncompliance from Job Club. Another 3.2 percent are noncompliant but their noncompliance has been "resolved," 0.7 percent have been referred for sanction, and 5.6 percent have been "disenrolled; expected to be rescheduled" (apparently the first level of no-show and rescheduling). Thus, the formal sanction rate of under 2 percent hides noncompliance in the range of 15 percent, and again, this number might be expected to rise as more cases reach Job Club.

Given such variation in sanction policies, it should not be surprising that sanction rates vary widely across the state. As expected, sanction rates appear higher in counties with more aggressive sanction programs (e.g., about 7 percent in San Diego County with an aggressive sanction program, compared with 2 percent in Sacramento with a relatively weak sanction program) and in more mature programs, where more of the caseload has reached Job Club (e.g., Riverside, San Bernardino, and San Joaquin Counties).

Another Exit Route from the Initial Phase: Employment

The third way to exit from the initial phase (as shown earlier in Figure 6.1) is employment, the goal of job search. Employment through or before job search appears quite common.[188] However, as we discuss in this section, employment is not the end but only a crucial first step. In the remainder of this section, we

[188] See Table 6.1 and the earlier footnote to the discussion of job search and Job Club.

discuss the need for PES programs, the goals of PES programs, and then what counties are currently doing for PES programs.

The Need for PES Programs

CalWORKs is a work-first program. Job search/Job Club is focused on getting a participant a first job, any job. To reinforce this message, CDSS distributed posters to demonstrate that "Work Pays" (ACIN I-54-99, July 12, 1999). Several counties have posters encouraging people to get: "A Job, a Better Job, a Career." Under CalWORKs, more people are indeed finding jobs. Some are becoming employed because of the robust economy in many counties. Some are finding jobs through Job Club. Overall, the caseload is declining, and an increasing proportion of the caseload has a working adult in the household.

The CalWORKs legislation specifically modified the payment formula so that "Work Pays."[189] A consequence of these changes is that earnings need to be quite high before the aid payment goes to zero. For a family of three, full-time, full-year, the wage would need to be $8.53, nearly 50 percent above California's minimum wage of $5.75 per hour.

Some observers, in and out of the CWD, respond by advising that perhaps those with low aid payments from earnings should voluntarily remove themselves from the assistance unit.[190] When there is significant earned income, the decrease in the aid payment is small, and the payment to the children can continue. Food Stamps will increase because the aid payment is lower. For a family of three with one of them working full-time at the minimum wage, total take-home pay will decrease from slightly more than $1,500 to slightly more than $1,400, still more than a third above the poverty line. Most important, the adult will stop accumulating months toward the 18/24- and 60-month time limits.

The more standard answer, however, is to continue providing services to the employed to allow them to keep their jobs and increase their earnings. Such post-employment services (PES) are the subject of this section.[191] They are

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[189] The combination of the "Work Pays" reforms (so that a recipient keeps the first $225 earned and then half of each additional dollar) and the federal EITC implies that even half-time work at the minimum wage will lift a family of three out of poverty. This computation combines earnings, the remaining CalWORKs grant, food stamps, and the federal EITC, while debiting payroll taxes. Thus, work does "pay." (See the posters in ACIN I-54-99, 7/12/99.)

[190] There was some controversy about whether doing so was legal.

[191] Note that we use the term "PES" in reference to all services to those who work, even those still on aid or also going to school or training. In some CDSS usage, the term refers only to services provided to those no longer on aid.

intended to raise earnings at least to the $8.53 an hour required to make a family of three ineligible for cash aid.

Furthermore, many argue that even this goal is too low. They note that within two years of the end of cash aid, MediCal and subsidized child care may end. Thus, a woman needs to earn several dollars more than $8.53 an hour to be as well off as when she was on cash aid and receiving health insurance (through MediCal) and subsidized child care. Proponents of this position note that the "Living Wage" in many California counties is well above $8.53 per hour.[192] Furthermore, they cite studies claiming that it takes more to support a family in the state.[193]

The Goals of PES Programs

Unlike under the GAIN program, CalWORKs recipients need not be deregistered from the WTW program when they become employed. Instead, case management services and education and training continue while the recipient is working. (See the Regulations at 42-717.) Transportation work-related expenses and case management may continue for a year after leaving aid.

Case management services after employment and after leaving aid are, however, a county option. There is no requirement that services be provided and essentially no guidance about what should be offered to whom. No specific funding sources are designated, but both the CalWORKs block grant and incentive funds may be used.

CWD efforts to develop PES programs are at an early stage for two reasons. First, PES programs were less pressing than earlier, mandatory, components. Second, and more important, little is known about the most effective services for newly employed welfare recipients. PES had not been a reimbursable activity under GAIN. Some recipients continued to call their caseworkers, but there were few formal programs. In the 1999 ACIS, 29 counties cited PES as the program component that needs the most improvement; PES was cited more often than any other program component.

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[192] "Living wages" in California range from $8.30 to $10.75 without health insurance and $7.25 to $9.50 with health insurance. See Leung and Muto (1999).

[193] See, for example, the California Budget Project's study "Making Ends Meet: How Much Does It Cost to Raise a Family in California?" November 1999 (http://www.cbp.org/reports/r9911mem.html). It estimates monthly needs for a "modest standard of living" at $3,069 per month, or $17.71 per hour.

PES generally has three interrelated goals: job retention, job advancement, and contact maintenance with recipient. The first goal is to help the CalWORKs participant keep the job that he or she currently has. Achieving this goal may involve providing the participant with continuing informal counseling about appropriate dress and grooming, about how to relate to coworkers and bosses, and about the need to call in when it is impossible to get to work, as well as help in filling gaps in child care and transportation that, left unfilled, might force the participant to miss work and put her employment at risk. To meet this goal of keeping the current job, counties have put in place a range of services, including 24-hour hotlines to access emergency services such as child care and transportation, making WTW caseworkers available for help with interpersonal issues, and a formal mediation service that brings together worker and supervisor in hopes of settling problems on the job.

PES may also involve help in dealing with the stresses of being a working single mother, often for the first time. Some CWD administrators expressed concern about working moms experiencing a lot of stress and lacking the ability to juggle multiple responsibilities. Yolo County maintains contact with its clients employed 32 hours or more each week through their Job Retention Incentive program. Through the program, a WTW worker calls employed clients on a regular schedule (two weeks, one month, two months, three months, six months, and one year) to offer them vouchers or gift certificates (e.g., for groceries, supplies, transportation) for maintaining their job. The program provides an incentive for clients to retain their employment and an opportunity for CWD to contact clients.

A second PES goal is to help the CalWORKs participant develop or improve her skills enough so that she becomes more valuable to her current employer or a new one and can advance in her job. This goal is focused on achieving wage gains and eventual self-sufficiency. Some of these programs are reminiscent of the "human capital development" component from the GAIN program. What recipients need are better skills so they can command a higher wage and once individuals enter the workforce, they see the value of education and training and they can identify specific skills that will allow them to advance. Some counties are designing explicit programs that combine work with education and training. Other counties encourage employed participants to continue in an education program, and some counties are actually providing training to build skills on-site, either at lunchtime or after work.

A third, often implicit goal of PES is to be able to continue contact with participants so that if serious barriers to continued employment emerge (such as behavioral health or domestic abuse issues), the county can initiate the

appropriate referrals quickly, before continued employment is threatened. (See Chapter 10 for a discussion of such referrals.) Another aspect of such case management is that if people are having problems keeping jobs because of lack of "soft skills" or if they lose their job, they can be sent to a follow-up Job Club for help in this area and in finding a new job. Fresno County, for example, has a re-employment service.

While limited, the national research on post-employment case management is not encouraging. From the spring of 1994 to the fall of 1996, Mathematica Policy Research ran a national four-site (including Riverside County), random assignment evaluation of a PES program involving intensive case management.[194] The results are discouraging. The program stayed in contact with most recipients (60 to 80 percent), but had "little effect on increasing earnings, reducing welfare, or promoting the move toward self-sufficiency" (Rangarajan, 1998, p. 4).

These results are unlikely to be the final conclusion about PES programs, but they do suggest that intensive case management alone is unlikely to be a complete solution. If clients seek ongoing case management, it seems reasonable that counties provide it. Whether major outreach efforts and continued intensive contact is worthwhile is less clear.

These results refer to case management. Another approach is to try to increase the human capital of recipients. The evidence from Riverside GAIN is that while a work-first program increases employment and lowers total CWD costs, effects on welfare exits are small. It appears that simply getting recipients a first job is not, by itself, sufficient to get them off of aid. Welfare recipients are missing more than a first job. Getting that first job and beginning to build a resume does not put them on an escalator of rising hours and earnings. Some other intervention appears to be necessary for much of the caseload.

County PES Programs

Counties' PES programs often address more than one of these goals. Counties are funding PES primarily out of CalWORKs/TANF funds. In some counties (e.g., Sonoma), DoL WtW funds are also used to provide PES. Services are provided by a participant's ongoing JS, specialized JSs, or contractors. Some counties (e.g., Santa Clara) are referring clients to PES-like services provided through programs in the community (e.g., DoL-WtW funds through the PIC), but

[194] See Rangarajan and Novak (1999). See also Rangarajan (1998).

the CWD is not providing PES as part of its CalWORKs program. Table 6.17 describes the nature of PES offered by the 24 study counties.

The table shows that counties' PES programs are primarily focused on job retention services and secondarily on case management. Few programs focus on job advancement, and one-quarter of the counties do not offer PES services to CalWORKs clients. The challenges to successful delivery of PES are many, but three stand out.

First, as noted above, PES is not mandated in the CalWORKs legislation, though the legislation permits the use of CalWORKs funds for PES. Many counties are offering some form of PES. Most counties that are not currently offering PES

Table 6.17

PES Provided by 24 Study Counties

County	Does Not Currently Provide	Job Retention	Provides Job Advancement	Case Management
Alameda		X		
Butte	X			
Contra Costa				X
El Dorado	X			
Fresno		X		
Humboldt				X
Kern			X	X
Los Angeles		X		X
Monterey				X
Nevada		X		
Orange		X	X	X
Riverside	X			
Sacramento		X (minimal)		
San Bernardino	X			
San Diego		X	X	X
San Francisco		X		
San Joaquin		X		
Santa Clara				X
Sonoma		X	X	X
Stanislaus	X			
Sutter				
Tulare				X
Ventura				X
Yolo		X		

plan to, but have been focused on the initial components of the WTW process—enrollment, Job Club, and, increasingly, assessment and noncompliance—so PES has been a less urgent priority. These counties, such as El Dorado, San Bernardino, and Sacramento, have PES planned or being piloted. Administrators describe PES as "the next iteration of our program" and "still a glimmer in our eye." A few counties, including Butte and Santa Clara, have chosen not to develop their own PES programs for CalWORKs clients, instead choosing to refer clients to existing employment services available to the general public. San Diego County has deliberately not considered PES because they believe their obligation is to focus on getting the entire caseload enrolled and participating rather than spend resources on those who are already achieving an expectation of CalWORKs.

Second, counties must determine the nature of the PES to offer. Counties have structured their programs differently, sometimes providing assistance to all CalWORKs clients who become employed or, more frequently, providing assistance to those employed clients who remain on aid. Counties offer a variety of services, through clients' ongoing caseworkers, specialized caseworkers, or contractors.

Third, as long as participants are meeting their 32-hour participation requirement, they are not required to attend PES. Counties find it difficult to engage employed CalWORKs clients in PES, and they report that the uptake for PES is low.

Indeed, ACIS data reveal that utilization of PES is the one CalWORKs' program element that challenges counties more than any other. The general feeling seems to be that once they are working and meeting hours requirements, participants are extremely reluctant to continue to interact with the CWD unless necessary. It is not clear whether this reflects a simple lack of time and energy—holding a full-time job and being a single mother is a challenge for anyone, and doing it with a limited budget, often relying on public transportation, is even harder—or whether people simply want to be free of county involvement in their lives as soon as possible. The low take-up rate of transitional MediCal suggests this latter reason is at least partially correct.

The WTW 25 form requests information on PES services in the past month for those who have left aid—a subset of the group considered in this section. Statewide, only 2,594 cases received such services in August (less than 1 percent of the mandatory enrollees). Only seven counties report more than 100 cases (Los Angeles—642; Madera—195; Marin—155; Mendocino—101; Orange—368;

Santa Clara—584; and Shasta—288). Less than half the counties report any activity.

Presumably, the number using PES while still on aid is higher. Los Angeles County's internal reports show 20,952 participants enrolled in PES case management, most of them still on aid. This is 40.4 percent of all employed cases.

The lack of use of these services by participants suggests that CWDs may need to change their approach to the delivery of services, including PES. In the short term, it is clear that counties cannot rely on PES to deliver important messages or inculcate important skills. In the longer term, counties may need to actively market PES to make it seem attractive and valuable and offer it at times and locations that make it most attractive and accessible to working participants. Indeed, one CWD official remarked, "If you don't make it exciting, the clients won't listen to you. If it looks like the typical NoA stuff, it looks boring, boring, boring." Nontraditional hours, evening child care, and evening transportation are important considerations for services being offered to employed parents. For an agency that has long depended on mandates and requirements to get people in, this is a new role. However, the high noncompliance levels for attendance at orientation and Job Club discussed earlier have begun to convince some CWDs that relying only on rules and threats (and even sanctions) is not sufficient.

Conclusions

This chapter has reviewed the range of CalWORKs programs and the early experience with implementation. To date, implementation experience has been dominated by three realities: (1) slow ramp-up leading to slow movement through the steps of the CalWORKs WTW model; (2) very high no-show rates, leading to large portions of the caseload in some form of noncompliance—often not yet dealt with formally through an NoA and sanction; and (3) a good economy leading to relatively high levels of employment. The second phase of the CalWORKs implementation process—assessment, a WTW plan, and WTW activities—remains relatively small.

This slow progress through the initial phase, along with high levels of noncompliance and work, explain much of the low levels of referrals to DoL WtW programs and to behavioral health (mental health, substance abuse, and domestic abuse). In a work-first program, such referrals might not be expected in volume until after job search, at assessment. Similarly, entry into community service will be later, because 18/24-month time-limit clocks do not start until a

WTW plan is signed, and plans are not signed until after appraisal, job search, and assessment.

The CWDs also need to deal with noncompliance. The limited evidence suggests that a substantial fraction of noncompliance is generated by CWD deficiency—requiring participation from those who should be exempt, notices that are not understandable, and failure to identify the need for transportation and child care and provide for them—and another substantial fraction results from recipients' reluctance and fears. Home visit programs appear to be a promising programmatic approach toward raising compliance, but those programs are resource-intensive and, thus, expensive.

This early stage of program implementation has important implications for the impact analysis. The direct effect of CalWORKs programs occurs through CWD interaction with participants—in job search/Job Club, in WTW activities, and in post-employment services case management. Actual program activities had affected only a small share of recipients as of early 1999, and in some counties even as of late 1999. Thus, it seems unlikely that CalWORKs programs explain much of the observed steep decline in the caseload through the end of 1998. Some of the decline may result from the 1995 GAIN reforms (AB 1541), and some may result from "announcement effects" and impending new program requirements. However, little of the caseload decline through late 1998 can plausibly be attributed to the direct effect of the new CalWORKs programs. The timing is wrong.

This is arguably good news. In as much as CalWORKs programs will have a direct effect on the caseloads, that effect would not be expected until late 1998 at the earliest, early 1999 in the main, and much of it would be yet to come. In California, those who attend Job Club appear to be getting jobs. As the program is implemented, it should cause the caseload to decline even more.

7. Child Care

Welfare programs have always supported large numbers of very young children and their mothers. According to 1997 data, nearly one-third of children receiving welfare benefits, whether as part of an assisted family or on their own, are younger than four years old. Another 27 percent are between six and nine years old—elementary school–aged children who require after-school supervision. As welfare policy has increasingly required that mothers work as a condition of continued welfare receipt, the need for child care has become more pressing.

In this section, we examine child care issues, beginning with a background discussion that examines the policy and legislative context of the pre-PRWORA (Personal Responsibility and Work Opportunity Act)/CalWORKs welfare reform efforts. We then discuss the policy and legislative context within the PRWORA/CalWORKs context, and conclude with a discussion of the institutional context and funding streams associated with child care. We then examine the statewide California Department of Social Services (CDSS) and county-level child care concerns that have surfaced as a part of our analysis. We draw on the state and county-level interviews we conducted (in both the focus and follow-up counties),[195] field interviews with Alternative Payment Providers (APPs), and data from this year's APP supplement to the All-County Implementation Survey (ACIS) (see Appendix A for further discussion of this survey), designed to more formally elicit information about those agencies who serve as the brokers between the counties and the providers of child care. The perspectives of the CWPs themselves were collected in the main ACIS and in key informant interviews in the focus and follow-up counties.

Background

Policy and Legislative Context—Before PRWORA and CalWORKs

Child care had been a significant part of welfare reform legislation prior to PRWORA. When the Family Support Act (FSA) of 1988 established the Job Opportunities and Basic Skills (JOBS) training program—which required not merely registration but the participation of welfare mothers in work activities—

[195] As discussed in Appendix A, we pursued child care issues in detail in three of the six focus counties and in two of the 18 follow-up counties.

child care, transportation, and reimbursement for other work-related expenses were a part of the package of support services covered by the program.

In 1996, prior to welfare reform, the Administration for Children and Families (ACF) administered three programs to assist low-income families. Title IV-A funds were provided through Aid to Families with Dependent Children (AFDC) for eligible families through the Transitional Child Care (TCC) program, which provided subsidies for families leaving AFDC and At-Risk Child Care for families who would be on AFDC if they did not have subsidies, and child care for participants in JOBS/GAIN. In 1995, the average number of children served by these programs was 233,027 in AFDC (JOBS part); 209,020 in AFDC; 141,017 in TCC; and 198,991 in At-Risk Child Care.

The Child Care and Development Block Grant (CCDBG) was created in 1990 to provide child care for low-income families. In 1995, more than $573 million in federal funds was spent in the CCDBG, primarily serving school-aged children (6–18 years) in center-based care. In all, 668,735 children received subsidies through the CCDBG in 1995; the allocation for the CCDBG in 1996 was $935 million. In addition to the programs administered through ACF, federal funds pay for Head Start.

According to an Urban Institute (UI) report (March 1998), California spent $2,622 in state funds per poor child in 1995, prior to CalWORKs.[196]

Policy and Legislative Context—After PRWORA and CalWORKs

Both the federal (PRWORA) and state (CalWORKs) welfare reform legislation recognized the need for child care. The Republican-controlled Congress's 1995 reform bill (H.R. 4, The Welfare Reform Act) was vetoed by President Clinton because, he stated, it contained insufficient funding for child care—a step that paved the way for the child care provisions that emerged in PRWORA. Welfare reform combined the funding streams for all Title IV-A programs into a block grant to the states.[197] The federal allocation for the Child Care Development Fund (CCDF) was $3.2 billion for the entire country in FFY 1999. The fund provides subsidies for eligible families through certificates or contracts with providers administered through state and local agencies. A small percent of the

[196] In a 1992 survey (Urban Institute, 1998, p. 41), California ranked sixth in per-child expenditures on child care and early childhood development programs; in 1994, it ranked fifth in the percentage of sales tax revenues spent on child care and early education. According to that same report, California is also one of only ten states that has had a state-funded pre-kindergarten program since 1980.

[197] Head Start continues to be funded directly.

money must be used to improve the quality of child care or parental education. The 1998 allocation for California was nearly $100 million, based on historical spending in 1994–1995.[198] Despite these child care provisions, critics of the legislation worried that—as with the FSA—the legislation did not include sufficient funds to provide the required services, including child care.[199]

The explicit intent of the CalWORKs legislation was "to provide sufficient funding through an appropriation in the Annual Budget Act to fund the estimated cost of providing child care for all individuals who are anticipated to need child care to participate in welfare-to-work (WTW) programs and to transition to work" (Section 8359.1). This intention was consistent with the legislation's strong push to enroll and engage a large share of welfare recipients in work and training activities for which child care would be necessary.

Both the CDSS and the California Department of Education (CDE) were historically involved in the delivery of child care for welfare and low-income families, respectively. Concerns about ready access to child care and ensuring parental choice led legislators and Governor Wilson's staff to decide that both agencies should be involved in the new system.

A compromise was reached that created three stages of care designed to correspond with families' child care needs as they moved from welfare to work under the CalWORKs program (as shown in Table 7.1). Stewardship of the stages would change from Stage 1, to be managed by CDSS, to Stages 2 and 3, run by CDE.

Most county- and state-level staffers hoped that welfare reform would provide the impetus for the creation of a simpler, less categorical system than the many separate programs under AFDC/Greater Avenues for Independence (GAIN). Advocates hoped that a simpler, more unified system would be a first step toward child care entitlement for the working poor. Indeed, said one interviewee, "(the) three stages evolved to assure that working poor families had access to child care." Contrary to their hopes, the three-stage compromise did not fulfill any of these goals.

According to the legislation, counties could choose whether the County Welfare Department (CWD) or one or more APPs would handle Stage 1 care. Although the legislation sets a six-month limit on being in Stage 1, it notes that that limit

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[198] See http://www.acf.dhhs.gov.

[199] The legislation permitted counties to excuse with good cause adults from participating in GAIN because of a lack of child care, and most did so.

Table 7.1

The Three-Stage Child Care System: A Legislative Compromise

Stage	Description	Lead Agency	Local Provider
1	Families in "unstable" work or educational activities; first six months of assistance or until "stable" while eligible for aid and for two years after leaving aid (or if Stage 1 funds are not available)	CDSS	CWD, may contract to APP
2	Families with "stable" WTW situations; while eligible for aid and for two years after leaving aid	CDE	APP
3	For grant diversion cases and families making the transition off welfare[200]	CDE	APP

may be extended "if the county determines that the recipient's situation is too unstable to be shifted to the second stage or if no funds are available to provide child care services in the second stage" (AB-1542, Section 8361a). In practice, each county could and did define "stable" differently; these definitions dictate the timing of movement from Stage 1 to Stage 2. (See below in the "County Concerns" section for a discussion of this issue.)

The passage to Stage 2 is intended to be primarily administrative. Responsibility for child care payment moves to one or more APPs overseen by the CDE. In law, the second stage begins when the recipient's work or approved work activity is "stable": "The second stage shall be administered by agencies contracting with the CDE. These contractors may be either agencies that have an alternative payment contract pursuant to Section 8220.a or CWDs that choose to administer this stage" (AB-1542, Section 8353). While the family's actual child care provider is unlikely to change as the recipient moves, for example, from Job Club to subsidized work, administrative oversight of payments has changed from CDSS to CDE, even if the same APP makes the child care payment at Stage 2. Families can remain in Stage 2 while on cash aid and for up to two years upon leaving cash aid.

Stage 3 provides subsidized child care to current and former CalWORKs recipients. Under current policy, the subsidies are available without a time limit as long as the family has a young enough child and low enough income.[201] Because policymakers recognize that child care costs account for a large share of a low-income family's total income expenditures, this stage is designed to help

[200] For SFY 1999/2000, Stage 3 is limited to families "timing out of Stage 1 or Stage 2."

[201] As discussed below, the entitlement status of Stage 3 care may change as the current administration struggles to provide some degree of equity between former CW families and those who were never on aid, while still controlling child care allocations.

recipients maintain some child care subsidy even when they are no longer eligible for cash assistance.

CalWORKs recipients are to be moved to Stage 3 care "when a funded space is available" (AB-1542, Section 8353). At the end of our fieldwork (late summer of 1999), few clients had reached the two-year post-aid limit, so that the considerably lower funding level for Stage 3 than Stages 1 and 2 had not yet caused problems.[202]

CalWORKs and former CalWORKs families were to receive preference for Stage 3 subsidies, creating concern that working poor families with no welfare history might be induced to go on aid simply to qualify for subsidized child care. Demand exceeded the initial estimates; the supply of child care subsidies in Stage 3 has since been augmented, as discussed below. In fact, several interviewees told us that their county puts applicant families on the "greater arena" waiting list even as they enter Stage 1. Some believe that by dividing child care into three stages and using the CCDBG funds for Stage 3 care, the plan recognized in theory the child care needs of working poor families, who would be served in Stage 3. The structure of the priority system, which gives CalWORKs and former CalWORKs families first call on available Stage 3 slots, means that without adequate funding, the needs of the working poor with no welfare history will necessarily be eclipsed. Governor Davis has taken a number of actions to address these issues including the establishment of a working group headed by the Secretary of the State Consumer Services Agency to study ways to provide care for low-income working families, as well as the legislative appropriation. This $17.5 million in FY 1999/2000 for "greater arena" child care is for families that have never been on welfare.[203] There was also an appropriation of like amount to extend the period of eligibility for subsidized care for former recipients. A separate $6 million appropriation was then added to Stage 3 for former CalWORKs families, which was not matched.[204]

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[202] Some believed that the lower level of funding for Stage 3 was justified in the early years of CalWORKs because few families had reached that point. Funding levels have begun to shift as more families are close to needing Stage 3 child care services. (See discussion below on the three-stage system for more on funding initiatives.)

[203] Some respondents viewed money from Proposition 10 (California Children and Families Act, 1998) as a potential windfall for subsidized child care.

[204] It was noted by a CDSS staffer that the same appropriation may not produce equity between the two groups. Former CalWORKs families are entitled to a child care subsidy for two years post aid as long as their income is below the 18 percent state median income (SMI). Thus, ex-CalWORKs recipients with higher incomes receive subsidies while others (not recently on cash aid) do not receive subsidies.

A provision was included in the legislation to support parental choice and license-exempt care. This provision (AB-1542, Section 8208.1) specifically notes that parents may decide what type of care their children will receive, including care in a licensed center, licensed family day care home, or care provided by a relative, friend, or neighbor in the provider's or the child's home. Section 8208.1 specifically notes that "child care exempt from licensure is a valid parental choice of care[;] . . . no provision . . . shall be construed to exclude or discourage the exercise of that choice."

The CalWORKs legislation also addresses the provision of training for licensed and license-exempt child care providers. In particular, the legislation specifies in Section 8358(c) that all "CWDs and alternative payment programs shall encourage all providers . . . to secure training and education in basic child development." Only a few CWDs and APPs, discussed below, have acted on this provision. Consistent with this provision, CDSS approved U.C. Davis's "Child Care at Its Best" training, which provides 16 hours of training for licensed family child care providers that includes infant and toddler development and quality improvements. As of January 2000, more than 18,000 providers across the state have enrolled in this training, which is also provided in Spanish. However, the program was never mentioned during our fieldwork.

The legislation also stipulated that child care providers must be licensed or be "Trustlined," which means their fingerprints are checked to determine if the providers have committed felonies.[205] However, as discussed in detail below, some license-exempt providers were also exempted from Trustline requirements.

Under the legislation, counties have significant discretion in determining how and when recipients are to be screened for child care needs, as well as which agencies will provide the services. Counties also may excuse welfare recipients from CalWORKs participation by certifying that child care is not available. The CalWORKs legislation and ACL 97-72 specifies that the good cause criteria include child care; an exemption from the requirement to participate in WTW activities may be granted if "licensed or license-exempt child care is not reasonably available during the individual's hours of training or employment." The lifetime time limit, however, continues to apply and such months count toward the time limit.

Results from our survey of local APPs indicate a lack of available child care, especially for infants and mildly ill children, and for recipients working

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[205] Trustline is a process developed by the Department of Justice in response to concerns about child safety in license-exempt care.

nonregular hours. (See Table 7.10 below.) However, to date, senior CDSS staff members report that well under 50 families statewide have been granted good cause for a lack of child care; CDSS staff note that lack of child care has not kept CalWORKs participants from involvement in WTW activities. It seems probable that participants are managing by turning down certain shift jobs or relying on license-exempt care when they might have preferred licensed care. (See discussion below on child care choice.)

Under CalWORKs, individual counties were to oversee child care services. Each county's CalWORKs plan was required to provide assurances that child care would be made available to CalWORKs participants. ACL 97-54 specified that county plans were to indicate "how child care services will be provided to CalWORKs participants . . . [including] a description of how the county will provide child care for families transitioning from county-funded providers [CWD] to non-county-funded providers [Alternative Payment Programs, APPs] of child care services."

A number of other child care debates were raised as the CalWORKs legislation was written. The counties—through the California State Association of Counties (CSAC) and the California Welfare Directors' Association (CWDA)—argued unsuccessfully for an across-the-board exemption for children under one year from WTW participation requirements because of the high cost of infant care and the limited number of infant slots available. Senior officials in some conservative counties wrestled with the proposal: They wanted women to work as soon as possible, but did not want to pay for costly infant care. The final legislation included a compromise that allowed each county to decide how long it would exempt new mothers.

Institutional Context

The complexity of this system helps to explain many of the state-level issues we consider in the next section. Responsibility for child care and child development services has historically been split between CDSS, for welfare recipients; and CDE, for the working poor. To the extent that low-income families move between these two categories, the division of programs between the two agencies, as well as multiple funding streams, makes low-income child care complicated. CDSS has administered most federally funded, AFDC-related child care programs. CDE is responsible for all state-funded child care and early childhood development programs, as well as for the federal CCDBG. These CDE programs, which prior to CalWORKs accounted for the bulk of public child care

funding in California, are delivered in the counties by APPs, local agencies that administer vouchers for child care to the working poor.

The two agencies differ in the emphasis they put on education as a goal of publicly subsidized child care, and thus differ in their approaches to providing it. CDE is more child-focused and thus views these programs primarily as an opportunity to facilitate child development and education by providing enriched, developmentally appropriate experiences for children. The child development focus means that CDE programs are almost always costlier; therefore, their funding does not go as far, and they are not able to serve all eligible families.[206] According to a CDE staffer, CDSS initially perceived the CDE programs as "the Cadillac of children's programs," a term that is generally used by child development outsiders to portray such programs as full of unnecessary frills (Zellman and Johansen, 1995).

DSS views child care programs through a different, more adult-focused lens. While also concerned about quality, CDSS sees publicly funded child care programs primarily as a means of enabling parents to find and keep employment. While child development and education is important, this latter perspective emphasizes availability and stability.

A 1998 Urban Institute report notes that prior to CalWORKs implementation, the two different systems have resulted in "inconsistent policies and procedures" (p. 41). Moreover, the report argues that these two systems have made it difficult for many families to receive services to which they are entitled; this is particularly the case for families who are moving from welfare to working poor status. The Policy Analysis for California Education (PACE) report echoes this view: "Child care governance and administration is fragmented at the local level. . . . There is no well-defined, unified local government role for governance, planning, coordination of services, or program administration."

In the counties, CalWORKs programs administered by CDSS through the CWDs represent the "front end" of the system. At the "middle" of the system are the APPs, which receive the funding provided by CDE (and, in some counties, by

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[206] For example, at the time of our site visits, licensed care was reimbursed at $4.76 per hour in Alameda County; for 40 hours per week of care, the cost per month is $818.72. License-exempt care was reimbursed at the rate of $2.54 per hour, which, at 40 hours per week, comes to $436.89. (These figures are for children age two to five; rates for infants are higher, and rates for school-age care are lower.)

some CWDs) and distribute it to the various providers of the child care services themselves—the "back end" of the system.[207]

Providers themselves may be licensed (mostly child care centers or agencies but also family child care providers who provide care in their own home) or unlicensed (providers who may care for only one family's children in addition to their own in their own home or in the family's home).

Funding Context

As with most of the funding streams for support services, there are different sources of funding for child care services. Separate streams flow through CDSS and CDE. Federal Temporary Assistance to Needy Families (TANF) Stage 1 money flows through CDSS down to CWDs which, if they choose not to administer Stage 1, contracts with APPs. The CWD (or APP on contract) then distributes funds to providers. Similarly, some TANF dollars transferred to the Child Care and Development Fund (CCDF) and state child care funds for Stages 2 and 3 flow through CDE and to APPs which, in turn, distribute the money to providers of child care services. (See Appendix B for more discussion of child care funding streams.)

State-Level Issues

Most of the state-level issues that surface in the analysis have to do with the institutional division between CDSS and CDE. They center on the three-stage system of parental choice, equity issues, and quality issues. There are also concerns about the lack of up-front local-level planning and the implications of the Fair Labor Standards Act (FLSA).

Interagency Cooperation in the Three-Stage System

The three-stage system born of legislative compromise was understood by both CDSS and CDE to potentially complicate the delivery of child care to CalWORKs participants. When the CalWORKs legislation passed, the two agencies had different regulations, different ways of calculating eligibility, and very different cultures. From shortly after the passage of the legislation, both agencies worked together on several initiatives to make the system as seamless as possible.

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[207] APPs can be resource and referral agencies for providers as well as be providers in and of themselves. Our survey of APPs revealed that 45 percent of APPs provide child care themselves; 79 percent provide resource and referral services. (See Appendix A for details on this survey.)

CDSS and CDE continued a joint working group, referred to as the CalWORKs Implementation Workgroup, to consider child care issues jointly. It met in June 1997 (before the final CalWORKs legislation passed) to discuss implementing ACLs and continued meeting approximately monthly at least through the end of our fieldwork (in the summer of 1999). Among the issues considered by that work group were fiscal claiming issues, Trustline, health and safety certification, fraud and double payments, informing notices, capacity building, data collection, minimum wage, two-year time limits, and the implications of child care in other state regulatory issues and the proposed federal regulations.

This work group developed a single application that could be used in all three stages of child care to collect the information to determine whether families are eligible for CalWORKs child care. A Joint Management Bulletin (JMB, 98-01) was issued in January 1998 providing the unified form and instructions on its use.

The work group also identified a series of issues that could be resolved by statutory changes, many of which were included in AB 2779 (passed August 21, 1998). For example, CDE no longer counts Supplemental Security Income (SSI) in computing eligibility for Stages 2 and 3 care, a change that brought it in line with CDSS policy. Before this change, families who were receiving Stage 1 care and SSI found themselves ineligible for care when they were ready to move to Stage 2. CDE and CDSS also had been operating under different eligibility requirements.

The two departments also worked together to develop data collection forms. CDE released its data collection form, the CD 802 form, in April 1998 (in Management Bulletin 98-07). CDSS released its form, the CW 115, in May 1998 (in ACL 98-30).

Despite these CDSS-CDE coordination efforts, nearly everyone to whom we spoke during our fieldwork at the state and county level agreed that the three-stage system should end. Said one CDE staffer, "it is not good government to pay for complexity." The three-stage-system problems are many—something that is apparent to county-level participants. Notes one, "Give us either CDE or CDSS to administer child care. . . . We (APPs) each send five reports to the state every month." In the late summer of 1999, one county representative said on the ACIS:

> Until the state provides adequate funding for Stage 2 and 3, we are unable to have an effective child care program that allows for "transparent transition" between stages. Also, there is much confusion due to different rules that are applicable to the three stages. In spite of the diverse program, this county has been successful in contracting with the Resource and Referral agencies for Stage 1 services, which allows one local

administration for the three stages. One stage administration for the stages could improve the program's efficiency.

Most county-level interviewees noted that CDE and CDSS speak with two voices. Said one interviewee, "no matter what issue, the two departments view it differently." For example, this same interviewee asked CDSS and CDE for guidance concerning how to allocate cases between the two county's APPs. One department told her it would be micromanaging if the county split cases by geography. The other advocated such a geographic delineation. Said another, "This [three-stage system] is a byzantine, bizarre system." At least some of the assumptions underlying the three-stage system—e.g., that families do become stable and that most Stage 3 families will eventually earn enough so that they will not need a child care subsidy—may be wrong.[208] A CDE staffer noted, with regard to the latter assumption, "some families will not income out. Where will we get the dollars for their child care?"

At the beginning of SFY 1999/2000, interaction between CDSS and CDE and the three stages were further complicated by funding issues. Governor Davis line-item vetoed $50 million of Stage 3 funds. Furthermore, a large fraction of the remaining child care funds were held in a reserve controlled by the Department of Finance. CDE experienced difficulty in drawing those funds because of a process that an informed observer called "cumbersome and time-consuming." As a result, there were widespread reports of problems with the arrangement of child care and the transition between stages. We will examine this sequence of events and its implications in more detail in next year's report.

Parental Choice

Many families believe that the most desirable child care provider is a close family member, such as a grandmother, aunt, or uncle. According to the Census Bureau, the primary child care delivery system for preschoolers in families with employed mothers is home-based care. Only 30 percent of all preschoolers were cared for in organized facilities in 1993 (the last year for which data are available). Further, families where mothers are employed at "shift work"—the primary mode for many CalWORKs families—use the following types of care, as shown in Table 7.2.

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[208] The idea that many families will eventually earn enough to no longer need a child care subsidy is part of the work-first idea that labor market participation will, by itself, lead families to become self-sufficient. As discussed in Chapter 12, many counties have begun to doubt the validity of this assumption and are tilting their WTW programs toward education and training.

Additionally, poor children are more likely than nonpoor children to be cared for by relatives (57 percent versus 46 percent). As mentioned above, the CalWORKs legislation explicitly recognized—in its parental choice provision—the strong preference that some parents have for such providers by creating an exemption in the legislation that allows immediate family members who are not living in the aided unit to be paid to care for the children of CalWORKs participants without a license. As was true before CalWORKs, they also continued to be exempted from a Department of Justice Trustline procedure that checks for a criminal record. Trustline-exempt relatives include grandparents, aunts, and uncles. However, as a Trustline manager to whom we spoke noted, "there are slightly different requirements for Stages 2 and 3 than for Stage 1." In particular, great grandparents and great aunts and uncles are not Trustline-exempt in these stages (an example of differing CDSS and CDE regulations).

Interviewees within and outside CWDs expressed serious concerns about such Trustline exemptions. The problem with these exemptions, said the same Trustline manager, is that no verification is required to establish one's entitlement to a Trustline exemption. Most CWDs and APPs, following the legislation, are satisfied to ask parents about the relationship of the potential child care provider to the child. However, our interviewee noted, "boyfriends become uncles very quickly." Responses to the APP/ACIS survey indicate that all APPs are very or somewhat concerned about fraud in license-exempt care. In comparison, only 29 percent worried about fraud in licensed family care.

Table 7.2

Percentage of Children in Child Care for Employed Mothers by Work Shift

Type of Care	Percentage of Children in Child Care for Mothers on Day Shift	Percentage of Children in Child Care for Mothers on Night Shift
Care by relative	35	51
Care in the child's home (nonrelative)	23	18
Organized child care	35	21
Other arrangements[a]	6	9

[a]Includes mothers who care for their children at work and preschoolers in kindergarten and school-based activities.

SOURCE: Casper (1996).

Moreover, the Trustline process is slow, which subjects children to risk. Said one interviewee, "the APPs get notice through certified mail from Trustline if payments to a provider must be stopped because of a negative screen. . . . It takes 4 to 6 weeks for Trustline clearance." And a nontrivial percentage of Trustlined providers receive a negative report. Said one interviewee, "Eight

percent of providers sent to Trustline are not given clearance because of criminal activity."

Consistent with its focus on providing developmentally appropriate care, CDE had concerns about the parental choice provision. Said one respondent at CDE, "license-exempt care is generally lower-quality. Our challenge is to accept this as a parental choice and try to provide quality improvement outreach for training and health and safety."

Policymakers in CDE viewed the TANF legislation as an unprecedented opportunity for poor children to receive high-quality, developmentally appropriate care in settings where well-trained staff provided that care. Some in CDE even argued that restricting parental choice to such centers would constitute an enormous "bonus" for children. The market value of this care would far exceed the value of the cash welfare payment to the family, particularly in families with multiple preschoolers;[209] even more important, the value of the learning opportunities would remain with the children throughout their lives.[210]

Consistent with its vision of child care as a necessary service to get parents employed and as a parental choice, CDSS took a different view. It wanted to ensure the availability of child care and minimize the logistical difficulties that parents might encounter in getting their children to child care and themselves to work, particularly in the earliest Stage 1 period when some parents are using care for the first time. Further, CDSS wanted to lower any psychological barriers that might be imposed by the "institutional" nature of child care centers that in addition would not provide care in a non-English-speaking family's native language. They were well aware of studies that showed significant differences in child care preferences among parents (e.g., Casper, 1996). Immigrant and language-minority parents in particular tend to prefer family care over nonfamily care, home-based over institutional care. CDSS was also concerned that CalWORKs families could not continue to pay for the enriched care that CDE preferred because few would be able to afford market rates for such care after their transitional child care subsidy ended.

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[209]The "going" rate for licensed care for preschoolers is $4.76 in one of our focus counties, as discussed above, with a higher fee for infants. If a family has three children under five, the welfare payment is easily exceeded by the cost of child care, which would be more than $800 per child per month for full-time (40 hours per week) care.

[210]Recently released results of the Abecedarian Report study of poor children who were randomly assigned to receive high-quality early education for a five-year period beginning in early infancy found that in early adulthood these individuals were significantly more likely to attend college, delay child-bearing, and score higher on cognitive tests (Campbell et al., 1999).

Certainly, family child care minimizes both out-of-pocket and logistical costs. Family child care providers can usually be found in the neighborhood, obviating the need for an additional trip to drop off the children before reporting to work or training, sometimes in the opposite direction, often on public transportation. In addition, costs of family child care are generally lower, which may enable parents to continue to use the same provider once they transition off aid and begin to assume responsibility for the cost of care themselves. Moreover, the ability of parents to maintain the same child care provider constitutes a bonus for children. Numerous studies have documented the disadvantages of staff turnover for children (e.g., Whitebook et al., 1998). Some in CDSS have argued that family child care providers may be able to connect more strongly with their charges because the ratios are smaller (except for the youngest children). Finally, family child care providers can provide a degree of flexibility in child care arrangements that is virtually never offered in child care centers. Family child care providers may allow parents to bring children who are slightly ill and may be available to care for children during evening and weekend times when centers are almost always closed. Such flexibility with regard to time is particularly important to parents who are just beginning to work, since the minimum-wage, service-sector jobs they typically qualify for when they first (re)enter the workforce often require work at odd hours on constantly varying schedules.

Unlicensed providers are allowed to care for the children of only one other family (in addition to their own children). They are not required to undergo any training. Some APPs do not require that such unlicensed providers appear in person at the APP to set up payment, but most do. These latter agencies told us that by requiring the provider to make an appearance, the agency conveys a message that the relationship that is being established is something other than informal and that the caregiver should regard herself as more than a babysitter. But some in CDSS suggest that such required appearances create a "seam" in the system and may interrupt movement from Stage 1 to Stage 2. Data from the APP component of the ACIS indicate that 81 percent of responding APPs required license-exempt providers to appear in person; another 13 percent encourage them to do so.[211]

Equity

Child care advocates hoped that the impetus created by CalWORKs to "get people off cash aid and into a lifestyle of the low-income poor," as one

[211] Nearly two-thirds of our respondents cited clients missing appointments as an important barrier to service delivery. APPs reported an average no-show rate of 34 percent.

interviewee described it, would highlight the needs of the working poor to subsidized child care. However, many advocates worry that CalWORKs is simply taking money away from the working poor to fund child care for CalWORKs participants and former participants. As discussed earlier, Stage 3 funding, for which CalWORKs participants and former participants as well as the working poor are eligible, was funded inadequately at the outset of CalWORKs. While this made sense at the time, since CalWORKs was just gearing up, advocates worried that the funding increases necessary for Stage 3 care might not be forthcoming, and former recipients would need to cycle back on aid when they could not find the subsidized care they needed to continue to work.[212] As discussed above, one of the two new pots of Stage 3 funds added to the governor's SFY 1999/2000 budget should help to reduce equity concerns by funding more slots for the working poor who have not been on CalWORKs.

Another aspect of equity concerns the CWD staff who help CalWORKs participants find care. We heard repeatedly from managers during our visits and interviews that many eligibility workers (EWs) are very resentful of CalWORKs participants, who get child care along with other services while the EWs, many of whom are single parents themselves, struggle on low salaries to pay for child care and other needs.

Yet another equity concern is about the adequacy of funding. As we show later in Table 7.12, all of the counties in which we pursued child care issues substantially increased child care expenditures from SFY 1997/98 to SFY 1998/99. Indeed, some county interviewees to whom we spoke are concerned that they will not have nearly enough. Under TANF requirements most families must work. By 2002, 50 percent of the caseload will have to be working at least 30 hours weekly. At the same time, the legislation eliminated an entitlement to child care assistance. The National Center for Children in Poverty (p. 4, Issue Brief 2) noted that nationally, initial funding would be insufficient to meet the need for child care. Under that scenario, policymakers would be forced to target virtually all child care subsidy funds to working welfare recipients, raising an issue of equity in relation to poor and working families with no history of welfare recipiency and creating a perverse incentive to seek welfare. Governor Davis has recognized this problem and taken steps to provide additional Stage 3 funding, discussed above, which may reduce equity problems.

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[212] Indeed, spending just a few months on aid resets the clock on services availability. A family coming off a month of welfare is entitled to two years of subsidized child care.

Child Care Quality

Many child care advocates are deeply concerned about the parental choice provision in the legislation because it often is paired with a distinctly hands-off approach by the counties. The parental choice provision in the CalWORKs legislation elicits tensions between work-focused and child-focused CalWORKs observers and implementers who recapitulate chronic issues in the debates over child care. For some, parent choice implies nothing about child care quality. Parents can pick high-quality, moderate-quality or poor-quality care. Moreover, knowing that in-home care, often provided by a family member, is unlicensed says little about the quality of that care, but, as one county-level child care staffer noted, "Just because you are license-exempt doesn't mean we can't encourage you to meet quality standards."

Those who are less sanguine about parental choice feel that way because they believe that parental education and knowledge about how to recognize and select high-quality care is generally inadequate. Said one interviewee, "The child care people saw CalWORKs as a golden opportunity to get kids into better care. However, under the guise of parental choice, the social services folks took the position of 'get the kid taken care of.'" The literature tends to support the view that parents' choices may not adequately weigh quality. A number of studies (e.g., Johansen, Leibowitz, and Waite, 1997) find that parents base child care decisions foremost on convenience and cost. Some, believing that quality is not ascendant because parents do not know what to look for, have attempted education and the development of rating systems to help parents choose high-quality care (e.g., Educare, 1999). Said a county-level interviewee, "I do not think most people would chose grandma if they knew grandma just stuck the kids in front of the TV all day."

APPs who responded to our survey appear to be ambivalent about parental choice and license-exempt providers. As shown in Table 7.3, opinions about license-exempt care are strong. They are also inconsistent; while most of the people who responded to our APP survey recognize and support parental choice, they also express clear preferences for licensed care. Finally, a child care advocate to whom we spoke noted that parental choice sometimes is not a choice at all, but is forced by CalWORKs program requirements. Parents who are told that they must report within days for a CalWORKs activity generally cannot find licensed care so quickly. Some feel forced to use license-exempt care or risk

Table 7.3

Percentage of APP Respondents Who Agree with Statements About Parental Choice

Statement	Percentage Agreeing
Parents are the best judge of the types of child care their children should have	71
All children would benefit from licensed care	69
License-exempt care might be convenient, but is not good quality	64

sanction, even though in practice a phone call to their worker would provide them more time to find care without penalty.

As many observers expected, most of the Stage 1 care that is being provided to CalWORKs recipients is license-exempt. According to the Trustline manager to whom we spoke, between 1,900 and 2,000 clearances are run monthly; over 1,000 are for Stage 1 care. (According to this same Trustline manager, about 8 percent of providers are denied a clearance.) Moreover, this number does not include the many Trustline-exempt Stage 1 providers. As shown in Table 7.4, data from the APP/ACIS indicate that almost half the APP clients use license-exempt care. The figure is even higher for Stage 1 families.

The counties have dealt with this quality concern differently. In most counties, the APPs absolve themselves of responsibility for kinship verification, citing the law and regulations: "The regulations don't require proof of kinship," said one county manager responsible for child care. Moreover, concerns about the Fair Labor Standards Act, discussed below, have led at least a few of the counties in which we pursued child care issues to retreat even further from any kinship verification effort. At the same time, Fresno County has taken a proactive stance on Trustline-exempt providers. After several cases where a Trustline-exempt provider was later determined to have a crim nal record, the county has refused to make payments in cases where there is good information that a relative would not be granted a clearance if they were Trustlined. According to a Trustline

Table 7.4

Mean Percentage of Families Who Use Type of Care

Type of Care	All Families	Stage 1 Families
License-exempt care in the child's home	11.64	15.45
License-exempt care not in the child's home	37.70	47.82

NOTE: Cell entries are simple tabulations of APP responses.

manager to whom we spoke, in nine out of 10 such cases, the parent switches providers after payment is denied.

The Fair Labor Standards Act

The Fair Labor Standards Act (FLSA) has presented a major challenge to CDSS in terms of some of the child care services it pays for. The FLSA specifies that regular work in other people's homes must pay at least the minimum wage. The terms of the act apply to child care providers who deliver care to the children of CalWORKs recipients. Because licensed care providers may serve up to six children, FLSA requirements are generally moot in licensed care. However, FLSA requirements can become an issue when an unlicensed provider (who may care only for her own children and those of one other family) delivers in-home care and that family has just one child. In this case, the provider cannot earn the minimum wage based on CDE reimbursement rates. According to a CDE interviewee, the U.S. Departments of Labor and Social Security, as well as the Franchise Tax Board (FTB), CDSS, and CDE have all tried to deal with this issue but are unsure how they can settle it. At the county level, APPs in Los Angeles and Orange Counties have refused to pay such "in-home" providers because of FLSA concerns; Sacramento County awaits clarification from its County Counsel. These payments are processed by each of the counties.

County Concerns

County concerns that have surfaced during our analysis center on a number of issues, including planning, how the various counties define stability—the key criterion for moving between Stage 1 and Stage 2—and how to organize staff to deal with child care issues. The concerns also include training for county staff, training for providers, and training for participants about selecting child care for their children. In addition, there are concerns about fraud and about how the institutions involved—CWDs, APPs, and providers—will work together. Finally, we examine some county variations in spending child care funds and in organizing the administration of child care funds across the three stages.

The Lack of Local-Level Planning

Just like every other aspect of CalWORKs, local-level planning for child care services for CalWORKs recipients suffered from the accelerated CalWORKs implementation schedule. According to a CDE respondent, the law passed with relatively little thought about implementation of new requirements.

Neither was there time to consider, much less to plan for, the difficulties that have arisen because of other initiatives, including the expansion of Head Start and California's Class Size Reduction Initiative. This latter initiative prescribed class sizes of no more than 20 in first- and second-grade classrooms in participating districts throughout the state in its first year (school year 1997–1998), with expansion to two more elementary grades each year. This initiative has created a strong demand for early childhood teachers, thus reducing both the numbers and the aggregate education level of child care providers.[213] It has also reduced available space in local schools for preschool programs.

Definitions of Stability

As noted above, while the CalWORKs legislation suggested that participants stay in Stage 1 care for six months, most interviewees believe that the intent of the law was to have participants use Stage 1 care until their work or training situation was stable. The authority to define stability and to establish rules and procedures for moving from Stage 1 to Stage 2 care devolved to the counties.

Transferring a case from Stage 1 to Stage 2 represents a change in funding streams and, in those counties that retained Stage 1 care, a change in sponsoring and payment agency. The CalWORKs legislation stipulated that families are to move to Stage 2 when they become "stable"; each county defined stable as part of its CalWORKs plan, as shown for our six focus counties and Riverside County in Table 7.5. These definitions vary in terms of specificity and in terms of who decides whether or not a family is stable. Data from the APP/ACIS survey show that 80 percent of APPs report that their county has issued guidelines "about the criteria for transitioning a CalWORKs family from Stage 1 to Stage 2." Eighty-nine percent of responding APPs in the seven counties represented in Table 7.5 believe that their county has issued such a guideline.

The key feature of these guidelines is their enormous flexibility in practice. We asked respondents to the APP/ACIS about seven factors that may influence APP decisions to transition families from Stage 1 to Stage 2. As shown in Table 7.6, the importance of these factors varies substantially. The availability of Stage 2 slots was considered an important factor in transition decisions by virtually all (96 percent) the responding APPs. County rules or definitions were ranked next in importance, with 85 percent of APPs making county rules this way.

[213] Since teachers must have a college degree and a teaching credential to teach (some with less preparation may teach with an emergency credential), many of the most qualified child care providers have left child care for better-paying elementary teaching jobs.

Table 7.5

Definitions of Stability for Selected Counties

County	Stability	Source
Alameda	Work activities are stable and there is sufficient money in Stage 2	Key informant interviews
Butte	Work activities have become stable or are transitioning off aid	CalWORKs plan
Fresno	Working full-time for six months; can shorten to one month (on a case-by-case basis)	Key informant interviews
Los Angeles	In long-term WTW activity or stable employment child care is stable and funds are available	County communication
Sacramento	Contracting out all stages means that APP (Child Action) determines move, based on employed or in an SIP six months, and availability of funds	Key informant interviews
San Diego	Determined by case managers; when work activities have been in place for a minimum of sixty days, are stable, and are expected to continue for a minimum of six months	CalWORKs plan, key informant interviews
Riverside	Off assistance	Key informant interviews, CWD

Table 7.6

APP's Ratings of Importance of Factors in Determining Transition Between Child Care Stages

Factor in Transition Decisions	Important	Not Very Important	Not At All Important
Availability of Stage 2 slots	95.5	1.5	3.0
Amount of time in Stage 1	39.3	49.2	11.5
Full-time employment	52.5	37.3	10.2
Length of time employed in a full-time job	54.1	41.0	4.9
County rules or definitions of "stability"	84.6	12.3	3.1
Agency policies	55.7	29.5	14.8
Desire to stop the TANF clock	44.2	30.8	25.0

Interestingly, some of the county definitions shown in Table 7.5 were not often considered important by APPs. For example, less than 40 percent of APPs considered amount of time in Stage 1 to be an important factor in their decision to transition families to Stage 2.

In a few counties where the CWD administers Stage 1 care, the lack of flow of participants into the Stage 2 APP at the outset of CalWORKs led to pressure on the CWD from APPs to transfer cases. Since APPs are paid on the basis of caseload, holding participants in Stage 1 care reduces income flow to the APP. For example, in Sacramento County, the APP told us that the CWD promised to send cases in batches (office by office). However, as was true with many other CalWORKs functions, slow start-up and limited caseworker training led to a "trickle" of clients. Moreover, the CWD told us that they were concerned that they would flood the APP with cases if staff from all offices referred at once, because the APP was not fully at staff capacity. Responding to the APP's complaints, the CWD quickly dropped the office by office approach and organized Saturday workdays to facilitate transfer of cases to the APP. A similar outcome occurred in Alameda County, but there the impetus was different. The county had been sending "invitations" to CalWORKs orientation to small numbers of AFDC recipients. Included in the invitation was an explanation about child care availability and how to access it. When large percentages of invitees failed to show and orientation slots went empty, the county changed its policy. A mass mailing to all those receiving aid produced a torrent of recipients clamoring for APP services.

According to one interviewee familiar with child care in many counties, "a lot of counties are keeping them in Stage 1 until they are off aid. That's an option, not a good one, but an option."

Indeed, according to one high-level CDSS staff member, "many" county officials have expressed a desire to define stability as "off aid" in order to make a cleaner break between CDSS- and CDE-funded care. A compelling argument for this approach is that CDSS has, in fact, been able to quickly move Stage 1 funds to the counties as they were assumed to be able to do in assigning CDSS Stage 1 care. The speed with which CDSS has moved Stage 1 funds to the counties stands in some contrast to the delays on the part of CDE in making Stages 2 and 3 funds available at the county level. These delays reflect the much more complex administrative and financial arrangements required of CDE in moving funds into the field. For example, while CDSS can allocate funds to the counties and they are sent out, CDE must, after allocating funds, draft contracts with providers that often must be reviewed and signed by County Boards of Supervisors and then returned to the state for additional signatures of scrutiny by the Department of Finance. This process, which is time consuming to put in place and time consuming to complete, may lead to perceptions in the field that there is less money available than is the case.

Who Should Staff Child Care?

In addition to the decision to keep or contract out Stage 1, counties chose who at the welfare office would serve as liaison (or staff) for child care services. The counties also made different decisions about which staff would work directly with CalWORKs participants to ensure that child care needs are met. As shown in Table 7.8, there are five approaches to assigning this responsibility. In those counties with a combined worker, that worker generally handles child care. In counties where the workers divide eligibility and WTW responsibilities, it may be either the EW or the job specialist (JS) worker who assumes this task, depending on when in the process child care is needed. (See Table 7.7, Alameda County entry, for an example of this model.) Orange County has created a unique supportive services worker category: Ancillary Child Care and Transportation Team (ACTT) workers are responsible for participants' support services needs. The ACTT worker stays with a CalWORKs participant throughout the time the person is receiving welfare. Referrals are made to the ACTT worker at appraisal, so that a child care plan can go into effect almost immediately. The final model, shown in Table 7.7 for Riverside County, involves allowing any worker to arrange child care when it is needed.

Table 7.7

Organization of Workers Who Authorize Child Care in Selected Counties

County	CWD Staff
Alameda	An eligibility worker authorizes child care for clients employed at same time of application; an employment counselor handles it for clients who began work or training past orientation.
Butte	A specialized EW unit handles all child care for the county (it also handles all Spanish-speaking cases).
Fresno	Job specialists authorize child care hours as needed; clerks cut the checks to providers.
Los Angeles	EW, GAIN worker, or child care coordinator makes referrals to APP, or collocated APP staff accept and process requests.
Sacramento	The CW sends the authorization for child care to the AP.
San Diego	Initially, each case manager referred the client to child care; under the revised system, the case manager schedules the child care referral appointment. An EW refers working non-WTW clients to Stage 2 and Stage 3.
Orange	An "ancillary child care and transportation team" unit of workers processes all support services payment, including child care.
Riverside	Any worker can refer a participant to the APP staff member who authorizes payments.

Providing Training for CWD Staff in Child Care Needs

There is a general consensus in the counties that those CWD staff who help CalWORKs participants with their child care needs should have some training. The training would ideally explain the three-stage system and would focus on what constitutes quality child care to help these gatekeepers provide appropriate information to participants. Interviewees generally agreed that if we expect parents to make good child care choices, the workers who present those choices should be able to educate parents. They also agreed that staff for the most part are not receiving or not receiving enough such training. We were told in Fresno County that while new staff training receives serious attention, in-service training happens on a "hit or miss" basis. In some counties, child care training has simply been pushed aside by the bigger issues involved in implementing CalWORKs. In other counties, poor labor relations affected training negatively.[214] In Sacramento County, because of a pending lawsuit filed by the union, EW training about the referral process was limited to the proper procedure for completing a transfer form but not about coordinating with the APP.

In Alameda County, nonmandatory child care training was available to EWs. The EWs to whom we spoke explained that they had muddled through the first year of CalWORKs implementation without this training. Training was voluntary because unions protested training and referral for services such as child care, arguing that these responsibilities were outside the negotiated scope of work. Said one interviewee, "EWs are not very well trained under CalWORKs. They didn't know anything about child care."

In Los Angeles County, resource and referral (R&R) staff train county workers; the county also sets up a team in each district office so there is a child care resource on-site. "We wanted a contact person in every district for the public and advocates," as one CWD interviewee indicated. These teams comprise former eligibility staff and report to a district deputy for child care. CWD administrators noted that there was so much training needed about so many topics that child care training has had to "take its place in line." In San Bernardino County, a respondent noted in September 1999 that the county is "just now getting to child care (training)." One respondent in Butte County remarked that in terms of managing WTW activities and providing child care services, "the right hand doesn't know what the left hand is doing." In San

[214] In one of these counties, the hostility was tied to the fact that the county employees union had filed a lawsuit alleging, among other things, that the county staff could do the child care referrals that had been outsourced.

Diego County, child care procedures were redesigned in the spring of 1999 with training in the fall of 1999.

Given the inconsistent delivery of training, it is not surprising that the content of training has received limited attention. The initial assumption in many counties is that training will focus on negotiating what may be a complex system and on helping workers understand the importance of quality licensed care, the latter so that they can help parents make more informed child care choices.

This general approach has broken down in several counties. In one county, we were told that the goal of understanding the value of quality licensed care was lost because of limited training time and the complexity of the child care system. Training in this CWD has ended up becoming a presentation of what everyone does and how to cope with the administrative difficulties of a system of multiple stages and multiple APPs. In another county, we were told that the training system was clearly inadequate. It relied on a supervisor who had sat on the child care planning committee to convene and train supervisors in two groups. According to our interviewee, each supervisor group got different information—from the same trainer. As our interviewee noted, if the same person gave different information and if those different supervisors then instructed their workers, a consistent message is clearly impossible.

Providing Training for Child Care Providers

Many APPs to whom we spoke felt strongly that license-exempt care was inappropriate and government subsidization of it even more so. There has been discussion in a number of counties about establishing some training for license-exempt providers as a means of improving the quality of care in license-exempt settings. A number of counties have taken the voluntary route, offering classes to CalWORKs child care providers. A few offer incentives for training, as shown in Table 7.8. Some counties have attempted to require license-exempt providers to participate in child development training but have failed to get approval from the Board of Supervisors (BoS) to implement such provisions.

According to the head of a county Child Care Planning Council, APPs in this county would like to have "a minimum of three hours of training . . . that would at least ensure some intentionality on the part of the license-exempt providers." It would also convey the county's expectation that child care provision is not being done exclusively to increase family resources, or as a favor, and would also convey some expectations of professionalism.

Table 7.8

Training and Support for Child Care Providers in Selected Counties

County	Proposed or Approved Plans
Alameda	The BoS rejected a proposal to require training for license-exempt providers because the requirements are too burdensome.
Los Angeles	Los Angeles CDE established an incentive for providers completing a voluntary training institute; providers receive fire extinguishers and toys.
Orange	Providers are put on a mailing list for future optional training opportunities.
Riverside	Riverside is planning a workshop for license-exempt providers; on completing the course and providing care for a CalWORKs family, the provider would be given a stipend of $100.
Sacramento	The county contracted with Child Action to provide training; Child Action provides toys, books, and household supplies to encourage participation, but enrollment has been low.
San Francisco	The county is using city funds to provide training stipends and is providing respite and nutrition education to providers through community-based organizations (CBOs).

Child Care Availability

One of the key issues in providing a large amount of care to CalWORKs participants is whether enough care, of the right type, is available in the right places. Sacramento County's CalWORKs plan, for example, noted that 26,704 additional licensed and license-exempt child care slots are needed. "This will require a child care system which is roughly double that which currently exists in Sacramento County."

Data from the APP survey indicate that at this point in CalWORKs, APPs perceive that significant gaps in the availability of child care in their communities. While they report that care for preschoolers and school-age children is not hard to find, toddler care is less available, and infant care is not easy to find.

Given the distribution of the ages of children in CalWORKs families, shortages in infant and toddler care could negatively effect the success of CalWORKs. Child care advocates have long bemoaned the lack of care for mildly ill children, a shortage our survey supported. For CalWORKs parents not working in jobs with flexible schedules, generous family leave time, or other options to care for sick children, a child's minor illness could cost a parent a job or at least a great deal of stress finding an alternate provider. Other results of note are the relative unavailability of weekend (58 percent) and night-shift (65 percent) care, often the only shifts available to welfare recipients.

Table 7.9

Availability of Child Care, as Reported by APPs (%)

Type of Care	Very Available	Somewhat Available	Rarely Available	Not At All Available
Infant	1.5	58.8	39.7	—
Toddler	16.2	58.8	25.0	—
Preschool	73.1	25.4	1.5	—
Mildly sick	—	13.4	58.2	28.4
Night shift	1.5	30.9	64.7	2.9
Weekend	1.4	39.1	58.0	1.4
Before and after school	23.5	67.6	7.4	1.5
Center-based	43.3	52.2	4.5	—
Licensed family	56.7	41.8	—	1.5
Licensed cultural	14.5	59.4	26.1	—
Licensed linguistic	17.4	52.2	29.0	1.4
Licensed near homes/jobs	13.4	79.1	7.5	—

NOTE: Rows may not add to 100 percent because of rounding errors.

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In addition to meeting the need for age-appropriate child care, the cultural needs of children are an important developmental concern. Child care provided in a "first language" or with culturally sensitive providers is a priority for many families. Indeed, we heard mention of this lack of culturally and linguistically sensitive care as one reason families choose license-exempt care. Licensed care of this type was considered fairly difficult to find, according to our APP respondents. Respondents in the field told us that families that value first-language or culturally sensitive care may feel forced to choose license-exempt care.

Providing Training Enabling Participants to Become Licensed Providers

One way that counties have attempted to fill gaps in care and meet other needs at the same time is to develop programs to train CalWORKs participants (and

sometimes others) to become licensed child care providers in their own homes, or to train them to provide care in licensed centers. By becoming a licensed, in-home child care provider or working in a licensed setting, a CalWORKs participant can find employment for herself while simultaneously enabling several other CalWORKs participants to find work outside their homes. In contrast, unlicensed providers can care for only the children of one other family in addition to their own.

We asked those who responded to the APP/ACIS survey whether they were receiving any child care capacity–building funds from the county or state, and, if so, what they were using them for. Just over one-quarter of responding APPs (28 percent) reported that they were receiving such funds. As shown in Table 7.10 below, nearly all (82 percent) were using these funds to train license-exempt providers; virtually all (96 percent) were using some portion of these funds to train licensed providers. Nearly all (86 percent) reported that they were using the funds in other ways to expand child care in their county. For example, in Sacramento County, the APP has partnered with the local community college to train CalWORKs recipients in child development and the licensing process. A second class of 40 students finished in the spring of 1999, with a placement rate of 50 percent in local licensed child care settings. This meets the dual needs of increasing the number of providers in the community and moving some clients closer to self-sufficiency, although the scale is small for child care capacity and numbers of CalWORKs clients trained.[215]

Table 7.10

APP Use of Capacity-Building Funds[a]

Purpose	Percentage of APPs Using Funds for This Purpose
Training license-exempt providers	82
Training licensed providers	96
Expanding child care	86
Serving more families in Stage 3	2
Other	32

[a]Only 28 percent of responding APPs reported receiving these funds from the county or state.

[215]The provision of child care is not an easy way to become self-sufficient. Reimbursement rates for license-exempt care are just over $2.00 hourly, depending on each child's age, as discussed above. Moreover, unlicensed providers may care for the children of only one family, which substantially limits income. Licensed providers may care for up to six children. Wages in licensed settings for inexperienced providers are also low. Even more experienced staff may not earn above the $8.54 hourly wage required for self-sufficiency in a three-person family.

Butte County participates in an AmeriCorps training program for child care providers that involves 32 hours a week of classroom instruction and work experience. This program has a goal that is similar to the one in Sacramento County, but at the end of the program, participants receive a stipend of $2,400. The two classes that have completed the program have a combined 51 percent completion rate, with 60 percent of completers working in the child care field.[216]

San Francisco County began a program in 1999 to train providers for licensure. The county general fund is the source of support—providing $3 million. To date, the training program, including forgivable loans, has produced "540 slots in the pipeline," according to a high-level CWD staffer.

Programs to prepare CalWORKs participants to become child care providers have been criticized by child care advocates. Chief among the objections is the coerced aspect of the programs. Since CalWORKs participants must work, and many do not want to leave their children, they accept an assignment to these child care provider training programs to meet their key goal: getting to be with their children without sanction.[217] Advocates argue that providing child care is not like most other jobs, where it is generally understood that were it not for the pay, and perhaps a work requirement, no one would be there. Child care is supposed to be a labor of love. People should be child care providers only if they really want to be; this provides the best environment for children.

Child care advocates who criticize these programs also cite the low pay for child care workers—quoted in one county as $7.00 per hour—as the major drawback to training participants for careers in child care. It is unlikely that any CalWORKs participant can earn enough money to be off aid on this low salary. According to one county grappling with this problem, "it's important to figure out how to subsidize child care worker wages without distorting the market." Using $1.5 million from city funds, San Francisco County was able to subsidize wages from $5.75 to $9.00 per hour. One model that might be considered is being implemented in the military child care system. Under this model, the Department of Defense supplies a training program to child care workers in military child development centers and family child care homes. Workers complete the program modules at work, during nap times. Wage increases are tied to timely completion of the training, which also counts toward a Child

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[216] An additional 29 percent did not complete the program, but left to start paid employment. The CWD considers this a success.

[217] Some have argued that these programs provide valuable training that women can use in raising their own children even if the participant does not wind up being a child care provider.

Development Associate (CDA) degree (for which some course work is required.) (See Zellman and Johansen, 1995.)

APP and Provider Issues with CalWORKs Clients

The new CalWORKs clientele is different from the clientele the APPs had been serving, according to virtually all our APP interviewees. Unlike in the past, when most APPs provided child care for waiting families, they are now serving many families who do not want to participate. The APP representatives to whom we spoke told us that CalWORKs has been difficult. One APP director compared CalWORKs with GAIN and described GAIN as "a piece of cake compared to CalWORKs." We asked respondents to the APP/ACIS to indicate the importance of a range of issues in "impeding the delivery of child care to your CalWORKs APP families." As shown in Table 7.11, the barriers most often endorsed can be grouped into two types: client interactions and administrative barriers.

The most often cited barriers, both in our survey and in field interviews with APP staff, are client interactions and characteristics. Under the CalWORKs regulations, clients must communicate changes in work hours or school schedules to the APP. This information determines provider pay. Most APPs (73 percent) note that parents are not communicating these changes. The lack of accurate information is a major barrier to successful implementation. In the field,

Table 7.11

Importance of Factors That Impede APP Delivery of Child Care (%)

Factor	Important	Not Very Important	Not At All Important
Too few families	11.9	16.4	71.6
Too many families	58.8	33.8	7.4
Too much paperwork	47.1	38.2	14.7
Clients come on CalWORKs just to get child care	10.4	28.4	61.2
Contract monitoring too demanding	22.7	39.4	37.9
Contract monitoring too lax	4.5	40.9	54.5
Child care paperwork not current with client status	45.6	39.4	15.2
Parents don't communicate changes	72.6	21.0	6.5
Staff stability/turnover is high	20.9	34.3	44.8
Participant frustration	43.9	48.5	7.6
Lack of cooperation from CWD	34.4	34.4	31.3
Clients missing appointments	64.2	32.8	3.0

NOTE: Rows may not add to 100 percent because of rounding errors.

we heard stories of belligerent clients and general problems with client-caseworker interactions compared with the voluntary GAIN participants. Variation in client needs and work activities also has proven to be a challenge for APPs. In one county, the APP expressed frustration about Self-Initiated Program (SIP) clients in particular; their approved hours for child care changed nearly every semester, requiring reauthorization of payment. This, plus clients missing appointments, was the most often mentioned impediment to child care delivery.

Administrative barriers include paperwork requirements, contract monitoring issues, and staff turnover. They appear to be moderately important in impeding problems with service delivery. In particular, too much paperwork was discussed as an important impediment for nearly half (47 percent) the responding APPs. Said one interviewee in a study child care county, "We each (APP, CWD) send five forms to the state each month." Nearly half the APP respondents (46 percent) also noted that child care paperwork is not current with client status. This is a serious problem because it often leads to under- or overpayment of providers when a mother's activity hours change; incorrect payment leads to more paperwork.

APPs in several counties, including Alameda and Los Angeles, have found that CalWORKs families require more case management than other APP clients. Sacramento and Los Angeles County APPs report hiring more staff to ensure that these additional needs are met.

Payment to Providers

The new system of child care delivery also altered the way in which child care subsidies are delivered. AB-1572, Section 8357e, changed the mode of delivery from income disregards in computing the family's cash grant to subsidies paid directly to child care providers by counties or APPs.

One very significant (although to this point, unmeasured) effect of the switch to direct payments to providers was that provider income now had to be reported and taxed, unlike in the past. This new payment system may be deterring people from providing child care to children of CalWORKs participants.

APPs essentially have the same compliance problems as the CWD, but without the threat of sanction to force participation. APP and/or CDE requirements for contact with an additional agency only increase the likelihood of

noncompliance.[218] In addition, and perhaps more significantly, license-exempt providers in Stages 2 and 3 have to be legal residents to receive those payments, since a social security number is required by the APP to make payment. This, according to a number of our interviewees, has made it impossible for many people living in minority communities who had been caring for welfare recipients' children to continue to be paid for doing so.[219]

Coordination Between CWDs and APPs

CalWORKs participants are not the only new "client" for the APPs. APPs must now work more closely with their respective CWDs. Sacramento, Butte, and San Diego Counties all mentioned problems with communication, authorization of child care, and changes in approval hours.

In some counties, many agencies involved in child care as well as some with no previous experience stepped forward to take on the role of APP. The huge funds and caseloads involved held the promise of a steady flow of income to agencies that had, in some cases, been working on a shoestring for a long time. The APP/ACIS survey data indicate that most responding APPs (77 percent) are private, nonprofit agencies; the remaining 23 percent are county education departments.

The substantial CalWORKs funding created considerable potential for competition among APPs. Alameda and Los Angeles Counties solved this problem by creating APP catchment areas. This led, according to a county staffer, to a high level of cooperation among the APPs who often work together now to make demands of the county. Fresno County, which also has multiple APPs, did not establish catchment areas. There were some reports that this led to conflict between APPs and to difficulties in managing case flow among the APPs.

Across the responding APPs, 43 percent reported that they were the only one in their county; of those in counties with multiple APPs, 6 percent indicated that the county assigned cases to APPs on the basis of location; another 10 percent reported that their county assigns cases on the basis of stage; and 16 percent by location and stage. In 19 counties, another method was used.

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[218]Some CDSS staff have argued against requiring contact with the APP by the participant on grounds that required appearances, particularly when the family moves from Stage 1 to Stage 2, violate the intent of the legislation to develop a seamless system in which CalWORKs participants would not be aware of stage changes.

219In the field, we heard about "missing" children—families who received the income disregard for child care under AFDC but who are not getting CalWORKs-funded child care. One theory is that these children are getting care through license-exempt providers living in the assistance unit.

Once the contracts were awarded, the county and APP still had to operationalize transferring cases between the agencies. This involves both the definition of stability, discussed earlier, and a set of policies and procedures for the transfer. One respondent noted, "we would like to see three months of employment [before we move a family to Stage 2], but since APPs need families to . . . cover their administrative cases," the county sends cases over after one month.

Concerns About Fraud

Child care advocates are wont to cite fraud concerns when talking about parental choice and license-exempt care. Many believe the less professional nature of this care leaves it more open to fraud. This concern was echoed by interviewees in five of the counties we visited, a number of whom indicated that they had received such reports themselves. For example, one interviewee who manages child care in her county was visited by an estranged father who had learned that his children's mother, who worked nights, had been listing a close family member as the children's caregiver, even though he had been caring for his children while their mother worked. Other interviewees reported hearing about mothers who were told by their extended families to exercise their parental choice in favor of the family's bottom line. In more than one county, we were told that parents may be negotiating child care payment "deals" with providers. One CWD staffer responsible for child care told us she had heard stories that parents were using only those unlicensed providers who agreed to split the take 50-50 with the parent.

Nevertheless, few counties appear to have dealt with child care fraud aggressively. Fraud investigation and control efforts largely have focused on cash aid. Orange County put a welfare fraud investigator on the task force on child care in the CalWORKs planning stage, but most of the concern there focused on establishing appropriate guidelines for moving from Stage 1 to Stage 2. Said one interviewee, "we're not really concerned about (child care) fraud." This seems to be the stance even in rather egregious cases, for example, when a parent has requested payment for multiple providers, by working with multiple APPs, as we heard in one county.

One reason for the limited emphasis on fraud in child care is that direct payments to providers put a "broker"—the APP—in the middle of the transaction. This necessitates that the recipient report changes in work patterns both to her CWD worker and to the APP. Thus, if a parent decides to change her schedule and add child care hours, she will tell the provider because she will be using more care, but she may not inform her worker. When the provider submits

the bill for the increased hours, the worker, who was never informed that the hours increased, will deny additional payment pending resolution. Indeed, as shown in Table 7.11, 73 percent of APPs who responded to our survey described this as an important issue that impedes the delivery of child care services. More than one APP to whom we spoke in the field stressed that the contract/relationship is between parent and provider. Said one interviewee, "I think that the parent needs to be held responsible for the accuracy of the information and the terms of the services." She went on, "Without getting people paid on time and accurately, you are not creating incentives for more providers to come into the system . . . or to move from license-exempt to licensed, in-home care."[220]

Under the new CalWORKs system, providers provide care, then they present an invoice to the parent who presents it to the APP (or the county). If they provide care for children whose mother is subsequently denied aid or becomes ineligible, they can be out a lot of money. They may continue to provide care for a substantial period if no one informs them of the mother's changed status. We asked APPs who responded to the APP/ACIS survey about how they most often handle payments for families whose eligibility is ultimately denied after a delay. (This also may occur if a participant is sanctioned, but using child care.) The data indicate that many agencies (44 percent) either absorb the cost of care completely or for a set number of days. For agencies that pay for days, the mean number of days they absorb is 8.8—almost two weeks of child care.

Variation in County Spending on Child Care Services

Stage 1 child care in SFY 1998/99 was funded from several different sources (see Table 7.12): an initial allocation, funds from the child care reserve, and unspent SFY 1997/98 child care funds. Final spending in SFY 1998/99 was often above the initial allocation. However, with the funds from the Child Care Reserve, there were considerable unspent Stage 1 funds. Statewide over the full year, less than half of all funds were spent. Several factors explain this low level of expenditures. First, SFY 1998/99 was a very unsettled year. As discussed in Chapter 6, counties expected a high level of CalWORKs participation, which

[220] An article in the *Sacramento Bee* (8/19/99), "Day Care Operators Find Welfare Reform 'Nightmare'," makes the point strongly. "In many cases, [day care] operators said, they have unknowingly provided care for weeks or months to children of parents who were axed from the program because of attendance lapses. The county has refused to reimburse these costs. . . . " The article continues, "industry experts said the problem [of non-reimbursement] is occurring, to varying degrees, across the state. . . . [T]hey worry that day care operators, a key element in the success or failure of welfare reform, will start to bail out in droves if things fail to improve. . . . [S]ome already are balking at accepting CalWORKs clients."

Table 7.12

SFY 1998/99 Stage 1 Child Care Spending in Focus and Follow-Up Counties, Allocated Versus Actual ($ millions)

County	Initial Allocation	Child Care Reserve	Child Care Rollover	Total Funding	Total Expenditures	Percentage Spent
Alameda	16.6	10.7	4.1	31.4	24.0	76
Butte	4.3	2.1	1.0	7.4	2.6	35
Contra Costa	7.9	4.6	1.9	14.4	10.1	70
El Dorado	1.0	0.5	0.3	1.8	0.7	39
Fresno	16.8	3.3	4.1	24.2	10.9	45
Humboldt	2.0	0.0	0.5	2.5	0.9	36
Kern	11.5	0.0	2.8	14.3	10.0	70
Los Angeles	131.2	40.7	32.7	204.6	83.6	41
Monterey	3.7	0.5	0.9	5.1	3.0	59
Nevada	0.7	0.2	0.2	1.1	0.5	45
Orange	18.8	0.0	4.6	23.4	16.9	72
Riverside	16.2	12.1	4.0	32.3	23.4	72
Sacramento	24.5	9.0	6.0	39.5	24.5	62
San Bernardino	29.5	2.3	7.3	39.1	26.3	67
San Diego	29.9	12.0	7.4	49.3	26.2	53
San Francisco	5.9	13.9	1.5	21.3	9.3	44
San Joaquin	10.6	24.6	2.4	37.6	15.3	41
Santa Clara	13.6	10.5	3.3	27.4	12.5	46
Sonoma	3.6	2.9	0.9	7.4	6.0	81
Stanislaus	7.7	1.2	1.9	10.8	2.6	24
Sutter	1.2	0.0	0.3	1.5	0.6	40
Tulare	8.3	0.0	2.1	10.4	4.4	42
Ventura	5.1	2.6	1.2	8.9	8.4	94
Yolo	2.3	0.5	0.6	3.4	2.5	74
Total	372.9	154.2	92.0	619.1	325.2	53

NOTE: Allocated funds are reported in County Fiscal Letters (CFL): CFL 98/99-33, CFL 98/99-60, CFL 98/99-65, CFL 98/99-71, and CFL 99/00-24 (as reconciled by CDSS in memo dated February 8, 2000). Actual spending is from submitted expense reports.

implied a need for a high level of child care funds, but participation rates were low for a variety of reasons, as also discussed in Chapter 6. Moreover, counties had had little experience that would help them to predict the level of CalWORKs participation, the extent to which parents would take up child care, or the types of care parents would choose (which have very different costs-per-child implications, as discussed above). As well, funding changed under CalWORKs. Most notably, providers were paid directly for the first time. Some believe this has decreased the take-up of the child care subsidy, particularly in some immigrant communities, as discussed above.

Overall, child care spending patterns differ dramatically by county, which bears out the view of county groups such as the California State Association of

Counties that argued strongly for local-level child care planning during the legislative process, on grounds that local needs vary. While some counties (e.g., Contra Costa, San Bernardino) overspent their child care dollars, other counties (most notably Los Angeles, but many others as well) have large child care surpluses in SFY 1998/99. However, most of the counties we spoke with told us that they do not expect surpluses in the next year. For one thing, most people do not lose eligibility for a child care subsidy through earnings. As more people participate in CalWORKs, demand for child care will therefore increase. In addition, the counties have learned not to trust assurances of rollover funding. The usual government agency incentive to spend down funds is firmly back in place. Finally, the counties now have some experience with CalWORKs child care on which to base their plans and take up projections.

The reasons for and implications of these cross-county disparities are not clear. The allocation formula may be inappropriate. If the spending levels reflect the very different speeds at which counties are rolling out CalWORKs services, the disparities may lessen over time. Alternatively, these disparities may be driven by political views that differ markedly across counties. Orange County, for example, was profoundly affected by its 1994 bankruptcy; CWD staff there believe that the public is resistant to spending any taxpayer dollars, not making the distinction that CWD staff elsewhere make between county ("our money") and state funds.

Variations in How Counties Organized the Administration of Child Care Funds Across the Three Stages

Under California's CalWORKs legislation, key decisions about the delivery of child care to CalWORKs participants devolved to the counties, as noted above. According to state-level interviews, 31 counties chose to contract child care services to local APPs, while the remaining 27 counties kept the management of Stage 1 care in the welfare department. More specifically, as shown in Table 7.12, three of our six focus counties chose to keep Stage 1 care, while the other three contracted it out to one or more local APPs. Two of the three follow-up counties in which we included a child care focus module kept Stage 1 care.

There were a number of reasons for these decisions. Those counties that kept Stage 1 care generally believed they were acting in concert with legislative intent. In Fresno County, they kept doing it because they had done it under GAIN and, according to administrative policy, outsourcing functions already performed by county staff would have required "meet and confer" with union representatives.

In Sacramento County (after the union brought suit),[221] CWD planners were told that county Measure B implied that any Stage 1 plan could not displace county workers. The county nevertheless outsourced Stage 1 to Child Action. The five workers who had processed child care payments under GAIN were reassigned to other positions. Los Angeles County convened a child care working group that was part of the larger CalWORKs planning process to decide on the structure of the child care system. This committee, made up of county staff, APP representatives, child care advocates, union representatives, and community members, decided that the value of "seamlessness" should be the driving force of the child care system. Los Angeles contracted Stage 1 to multiple APPs, and the same agencies provide Stages 2 and 3 child care (as shown in Table 7.13).

The decision to keep Stage 1 care in the CWD was reinforced in Butte County by the limited APP options. County CalWORKs planners assumed that Stage 1 would involve large numbers, at least initially, but as one interviewee noted, the volume "could not have been predicted." An APP would need to expand substantially and quickly to take on Stage 1 administration, so that issues of capacity and capacity building would be key. These concerns proved to be prescient. An interviewee in Fresno County told us that the volume of payments tripled from GAIN to CalWORKs. An interviewee in San Diego County described "a tidal wave of needs" that was unleashed by the CalWORKs work requirement. In San Diego County, the Stage 1 APP proved unequal to the task. At the time of our initial visit, delays in processing checks were so long that the APP stopped issuing checks entirely. The county was forced to step in and take over. But because San Diego County has such a strong commitment to outsourcing, the APP took back Stage 1 responsibilities soon thereafter.

Those who contracted with APPs for Stage 1 care did so for very different reasons. Alameda County wanted to open CalWORKs to the community as much as possible, and there were multiple strong CBOs available to take on the work. The BoS let the CWD know that it would be looking for active CBO involvement in all aspects of CalWORKs. San Diego County made the same choice for very different reasons. The BoS in this politically conservative county let the CWD know that CalWORKs was not to be viewed as an opportunity to increase CWD staffing. Outsourcing (which, of course, occurred on a much broader level in this CWD, as discussed above) was to be done whenever possible. The "yellow pages test" revealed that a nongovernment agency, the

[221] The union in Sacramento County that represents EWs sued the county in part because the contract with Child Action was displacing county workers. The suit also alleged that the bidding and selection process was unfair.

Table 7.13

Child Care Administration in Selected Counties

County	Stage 1	Stage 2	Stage 3	R&R Agency
Alameda	• Child Care Links and Community[a] • Community Child Care Council (4Cs) of Alameda[c]	• Bananas, Inc.[b] • Berkeley-Albany Lic. Family DC[b] • Child, Family, and Community Services, Inc.[c] • Child Care Links[b] • Davis Street Community Center, Inc.[b] • Oakland Licensed Day Care Association[b]	• Bananas, Inc.[b] • Berkeley-Albany Lic. Family DC[b] • Child, Family, and Community Services, Inc.[c] • Child Care Links[b] • Davis Street Community Center, Inc.[b] • Oakland Licensed Day Care Association[b] • Community Child Care Council (4Cs) of Alameda[c]	• Community Child Care Council (4Cs) of Alameda
Butte	• Butte County Department of Social Welfare[a]	• Valley Oaks Children's Services[c]	• Valley Oaks Children's Services[c]	• Valley Oaks Children's Services
Fresno	• Fresno County Human Services System[a]	• Supportive Services, Inc.[b] • Professional Association for Childhood Education[b]	• Fresno County Human Services System[a] • Support Services, Inc.[b] • Children's Services Network[b] • Professional Association for Childhood Education[b]	• Central Valley Children's Services Network
Los Angeles	• Los Angeles County Department of Public Social Services[a] • Los Angeles contracts with all 10 of the Stage 2 agencies effective November 1998	• Pomona Unified School District[c] • Equipose, Inc.[c] • Crystal Stairs[c] • Mexican-American OPP Foundation[c] • Child Care Information Service[c] • Child Care Resource Center[c]	• Pomona Unified School District[c] • Equipose, Inc.[c] • Crystal Stairs[c] • Mexican-American OPP Foundation[c] • Child Care Information Service[c] • Child Care Resource Center[c]	• Pomona Unified School District • Equipose, Inc. • Crystal Stairs • Mexican-American OPP Foundation

Table 7.13 (continued)

County	Stage 1	Stage 2	Stage 3	R&R Agency
Los Angeles (cont.)		• Options—A Child Care and Human Services Agency[c] • Children's Home Society of California[c] • Child and Family Services[c] • Connections for Children[c]	• Options—A Child Care and Human Services Agency[c] • Children's Home Society of California[c] • Child and Family Services[c] • Connections for Children[c]	• Child Care Information Service • Child Care Resource Center • Options—A Child Care and Human Services Agency • Children's Home Society of California • Child and Family Services • Connections for Children
Orange	• Orange County Social Services Agency[a]	• Children's Home Society of California[c] • Orange County Office of Education[b]	• Children's Home Society of California[c] • Orange County Office of Education[b]	• Children's Home Society of California
Riverside	• Riverside County Department of Public Social Services[a]	• Riverside County Office of Education[c]	• Riverside County Office of Education[c]	• Riverside County Office of Education
Sacramento	• Child Action, Inc.[c]	• Child Action, Inc.[c]	• Child Action, Inc.[c]	• Child Action, Inc.
San Diego	• YMCA Child Care Resource Service[c] (County staff as of March 2000)	• San Diego County Health and Human Services Agency[a] • Child Development Associations[b] • Child Care Resource Service[c]	• San Diego County Health and Human Services Agency[a] • Child Development Associations[b] • Child Care Resource Service[c]	• YMCA of San Diego County—Child Care Resource Service
San Francisco	• Children's Council of San Francisco[c] • Wu Yee Children's Services[c]	• Children's Council of San Francisco[c] • Wu Yee Children's Services[c]	• Children's Council of San Francisco[c]	• Children's Council of San Francisco • Wu Yee Children's Services

[a]CWD; [b]APP; [c]APP and R&R agency.

Young Men's Christian Association (YMCA), was already performing these functions. One respondent summed up the situation in San Diego as follows: "[C]DSS is not concerned with child care; the focus is on work."

In San Francisco, the decision to contract was made early, because "that is what we were doing with mental health." Child care was seen as part of a package of supportive services and, as such, subject to the same considerations as other supportive services: that agencies closer to the recipients could do a better job. The CWD in San Francisco was "happy to give it away," according to a CWD staffer, but it specified how child care would be provided. One priority was increasing utilization from the low GAIN numbers.

Sacramento and San Diego Counties mounted a formal RFP process to select the agencies that would administer Stage 1. Both of these counties had limited response to their RFPs, and awarded the contract to an APP with whom they had a relationship under GAIN. A respondent in Sacramento County noted "Child Action [the APP] is the only game in town."

Conclusion

The CalWORKs legislation included a complicated three-stage child care system. In order to ensure that child care was available to allow prompt entrance into required WTW activities, CDSS and the CWDs were to run Stage 1. To ease the transition into the broader child care subsidy system for the poor, CDE was to oversee Stage 2 and Stage 3; at the county level, APPs were to administer payments under contract to CDE.

As should have been expected from such a complicated arrangement, the interface between the two systems has been problematic, often requiring additional effort from participants, providers, and administrative agencies. CDSS and CDE have worked together to better integrate the two systems, but problems remain. In particular, CDE's system for providing funds to APPs does not seem well suited to the demand-based system implied by the CalWORKs legislation. CDE is considering a revision of its procedures. In the next year's report, we will explore the success of CDE's efforts.

Despite efforts by CDSS and CDE to improve the child care system—both separately and together—it continues to be true that the emphases of the two departments are different. Partially because of these different emphases, interactions between CDSS and CDE at the state level and between Stage 1 and Stages 2/3 at the county level remain less than ideal.

While, as in other parts of the CalWORKS program, there were substantial start-up problems in the administration of child care programs, real progress is being made. Some counties have moved aggressively to colocate APP staff in CWD offices to help participants connect to this system, and to provide training and support to providers.

As important, over half of the CWDs have moved to do what they could to streamline the system. Specifically, they outsourced the administration of Stage 1 child care to the same APPs running their county's Stage 2 and Stage 3 programs. For the participant, this outsourcing simplifies the transition from Stage 1 to Stage 2 and provides a single consistent point-of-contact for child care issues. We heard no major concerns about such decisions beyond those focused on initial APP capacity. Even in the one county where the APP could not handle Stage 1 at first, a reorganization led to the rapid reinstatement of the APP responsibility over Stage 1. This predominance of counties in which all stages are overseen by APPs suggests that a smoothly running CalWORKs WTW program may not require that the CWD administer Stage 1 child care; instead, CWDs may be able to contract the administration of Stage 1 to the APPs already administering Stage 2 and Stage 3. Perhaps this option was chosen in counties with more-capable APPs; if the other counties had chosen (or would in the future choose) this option, it might not be as successful. Nevertheless, complaints about seams in the system when the CWD runs Stage 1 and the experience in those counties that have outsourced Stage 1 to an APP suggest that the other counties should consider outsourcing Stage 1 to an APP.

8. Transportation

Along with child care, transportation is a need for virtually all welfare clients as they move from welfare to work. Getting to work, keeping appointments, and taking advantage of employment preparation services are essential for participating in welfare-to-work (WTW) activities or for maintaining employment, and all require transportation. However, most Californians travel to work by car. Since most welfare recipients do not own cars and, outside of large urban areas, public transportation resources are limited, transportation is likely to be a barrier to work.[222]

In this section, we examine transportation issues, beginning with a background discussion that examines the policy and legislative context of the pre–Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)/California Work Opportunity Responsibility to Kids (CalWORKs) welfare reform efforts, moving on to a discussion of the policy and legislative context within PRWORA/CalWORKs, and concluding with a discussion of the institutional and funding stream context associated with transportation.

We then examine the statewide (CDSS) and countywide transportation concerns that have surfaced in our fieldwork, drawing on the state and county-level interviews we have conducted in both the focus and follow-up counties. Within those counties, we focused on transportation in five specific counties in which we conducted a transportation module—Alameda, Fresno, Sacramento, San Diego, and San Joaquin. As part of the module, we interviewed CWD staff and staff from other organizations with responsibility for transportation issues. In other counties, we also discussed transportation issues with CWD leaders but did not conduct transportation-specific interviews.

Background

Policy and Legislative Context—Before PRWORA and CalWORKs

Prior to CalWORKs, the Greater Avenues for Independence (GAIN) program addressed some transportation issues facing welfare recipients. Aid to Families with Dependent Children (AFDC) recipients—in this case, clients who were

[222] See, for example, GAO (1998c).

considered to live in "rural" areas of the state—could be exempted from GAIN participation because of a lack of transportation. For those not exempted, the CWD issued bus passes for clients participating in GAIN services, and the value of the pass was disregarded in an individual's grant computation. However, because of the ability to exempt clients without adequate transportation services, limited program funding, and an organizational mission focused on providing cash aid, CWDs under GAIN had little leverage or incentive to engage local transportation authorities.

Policy and Legislative Context—After PRWORA and CalWORKs

Unlike GAIN, CalWORKs requires near-universal participation in WTW activities, which means more clients need transportation to get to work, to orientation, to Job Club, and to other CalWORKs WTW activities. The CalWORKs legislation requires counties to provide transportation and other services to allow recipients to participate in WTW activities or to accept or retain employment, rescinding the prima facie exemption for remoteness granted under GAIN, and allows them greater flexibility in how to provide transportation services (WIC 11323.1 (a)(2)). The legislation also provides a more qualified exemption, stating that clients may have good cause for failure or refusal to comply with program requirements only if

> employment, offer of employment, activity or other training for employment requires travel to and from the place of employment, activity or other training and one's home that exceeds a total of two hours in round-trip time, exclusive of the time necessary to transport family members to a school or place providing care, or when walking is the only available means of transportation, the round-trip is more than two miles.[223]

Even this good-cause provision is qualified; rather than provide a wholesale exemption, the CalWORKs legislation requires that remote clients participate in community service (11320.31(c)). Additionally, asset restrictions on car ownership in practice usually are less restrictive than they were under AFDC. CalWORKs participants can exclude up to $4,650 from value of vehicles in determining family household resources.[224]

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[223]Welfare and Institutions Code Sec. 11320.31(c).

[224]The exemption criterion has increased from $1,500 to $4,650. However, there is no longer a deduction for encumbrances on the vehicle. Applicants and registrants can exclude up to $4,650 from the fair market value (usually the wholesale value listed in "blue book") of licensed vehicles in determining family household resources.

The CalWORKs legislation also requires that counties address the transportation needs of CalWORKs clients by developing local transportation plans. California is one of three of the largest ten states that require transportation planning as part of welfare reform.[225] In fall 1998, according to our All-County Implementation Survey (ACIS) data, only ten counties reported having completed transportation plans, 27 counties were in the planning process, and 19 had yet to begin transportation planning. Of the ten plans required for CalWORKs, transportation and community service lagged the other areas in planning and implementation.

Institutional Context

Public transportation is a complex system of local, state, and private entities operating with multiple funding streams, with responsibility for transportation planning and operation being disbursed. Transportation services are provided by a myriad of agencies and authorities with overlapping or unaligned jurisdictions. Regional transportation planning agencies, designated by the governor and local elected officials, coordinate transportation planning in California. Federal law controls transportation planning in urbanized areas with populations over 200,000. However, counties and cities are often not contiguous with Metropolitan Planning Organizations, and cities within counties often run their own public transit systems. The result is that public transportation—roads, buses, transit lines, and stop-gap programs—rarely coheres as a system.

In addition, transportation is highly politicized. Highways, roads, and mass transit systems are big-ticket items that are often controversial because of their cost and environmental and demographic impact. Highway projects have long been considered "pork" in federal and state spending bills. Policymakers debate the value of building and operating mass transit systems, which are highly subsidized and often perceived as the system for the poor.[226]

Finally, social services agencies at the state and county levels have not historically been players in transportation policymaking. Welfare reform provided new opportunities and new funding, but developing new interagency relationships, understanding the needs of new clients, and developing new programs take time. One CDSS official expressed: "Providing efficient and appropriate public transportation is a national issue. Finding appropriate

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[225] Waller and Hughes (1999).

[226] See, for example, Paul Weyrich and William Lind (undated), *Conservatives and Mass Transit: Is It Time For a New Look?* Washington, D.C.: American Public Transit Association.

solutions to this is not solely a social services issue. CWDs are not in the business of running transportation programs."

Funding Context

Federal and state welfare reform legislation provided CWDs with more discretion and funding to develop transportation programs and provide transportation assistance. For example, federal Temporary Assistance to Needy Families (TANF) regulations permit TANF funds to be used to establish new transportation services or to expand existing transportation services; however, there are restrictions on how federal dollars may be used. For example, federal funds may not be used for new construction or to subsidize current operating costs. Additional state regulations of CalWORKs transportation are intentionally minimal, providing counties flexibility to develop local transportation strategies. CWDs may spend TANF and CalWORKs funds on transportation initiatives at their own discretion, as there are no funds specifically earmarked for transportation. CDSS reported that CWDs statewide spent approximately $19.6 million for transportation services in SFY 1998/99.[227] Other federal funds were made available for CalWORKs transportation initiatives through competitive grant processes. These grant programs are discussed later.

State Implementation

As mandated by the CalWORKs legislation, CDSS required the counties to "briefly describe how transportation will be provided" (ACL-97-54) when the counties submitted their county plans to the state by December 31, 1997. During the planning period, Caltrans Mass Transportation Program provided CWDs with a draft of a "Public Transportation Guide for Assistance in Implementing County CalWORKs Plans," dated November 16, 1997. However, with the short time frame to develop their plans, most counties did little more than describe their intent to pay for clients' use of existing transportation rather than more ambitious efforts to increase or improve the capacity or means of transportation available. Table 8.1 shows the transportation services described in the county plans for the five counties in our transportation module.

Since then, some counties have begun more aggressive transportation initiatives that address the systematic transportation issues facing welfare recipients.

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[227] For comparison, in SFY 1998/99, CWDs spent $407.3 million for Stage 1 Child Care from earmarked child care funds.

Table 8.1

How Transportation Module Counties Described Transportation Services in Their County Plans Submitted by December 31, 1997

County	How County Described Transportation Services in Its CalWORKs Plan as Initially Submitted
Alameda	• Distribute bus passes
	• Directly reimburse when a private vehicle is used
Fresno	• Reimburse at fixed rate for transportation
	• Distribute bus passes
Sacramento	• Reimburse for gas
	• Reimburse for bus passes
San Diego	• Distribute bus tokens or tickets
	• Issue partial or full-month bus passes
	• Reimburse for mileage and parking costs
San Joaquin	• Issue bus passes
	• Reimburse mileage

Federal programs through the U.S. Department of Transportation (DoT) and the U.S. Department of Labor (DoL) fund transportation-related projects to facilitate WTW for the welfare population. The federal Transportation Equity Act for the 21st Century (TEA-21), which authorized federal transportation programs through 2004, was established under the Jobs Access and Reverse Commute (JARC) Grant Program to develop new transportation services or expand existing ones. Annual funding is $50 million in FFY 1999 and increases by $25 million per year to $150 million in FFY 2003.

Local entities may apply for JARC grants in annual competitions. TANF money may be used to match the JARC grant. Caltrans and CDSS distributed information about JARC grants via letters, video conferences, and orientation meetings.[228] These workshops sponsored by Caltrans targeted transportation planning agencies. Thirty-two California organizations applied for the nationally competitive funds, and 18 grants, listed in Table 8.2, were awarded to California applicants. However, about half the counties did not apply for JARC funds. In explaining their failure to apply, county key informants noted a lack of coordination between CWDs and local transportation authorities, other competing priorities, and/or the level of funding available. One CWD administrator said that "I looked at the (JARC) RFP and decided that it revolved around public transportation, and we aren't there yet." One CDSS administrator

[228] Activities in preparation for the 1999 grants included four CDSS WTW coordinator letters dated 12/29/97, 8/26/98, 11/4/98, and 11/13/98. Activities in preparation for the 2000 grants included ACIN I-44-99 that described regional workshops sponsored by Caltrans in July and August 1999.

explained the modest number of applications was the result of "common knowledge among transportation planning entities that the JARC grant was not a significant source of transportation funds." In SFY 1999/2000, California received approximately $4 million of the $70.8 million awarded nationwide. This represents about six percent of the grants; Californians make up 25 percent of the nation's welfare recipients.[229]

A portion of the Department of Labor's Job Training Partnership Act (JTPA) funds is reserved by the Employment Development Department (EDD) funds at the state level (15 percent) for competitive grants. In September 1998, EDD awarded $28.5 million in "special projects to assist long term welfare recipients in obtaining jobs." Of these DoL-funded grants, 40 percent addressed transportation issues. Table 8.3 shows 12 of the "Governor's Fifteen Percent" grants awarded to focus and follow-up counties. Eight of the 12 grants provide transportation to support clients' participation in WTW activities. Only four projects address transportation directly.

A major challenge for addressing transportation for CalWORKs recipients is the way public transportation is organized. As mentioned earlier, multiple transportation agencies are responsible for transportation. Transportation agencies have historically been focused on roads and mass transit for the general population, not on moving a specific group of people with erratic transportation needs from home to child care to work and back again, often during off-peak hours. The transportation agencies do not have a mandate to assist CWDs with WTW activities.

The comments of Nuria Fernandez, a FTA deputy administrator, sum up transportation agencies' traditional focus:

> I have tremendous sympathy for the view that the [public transit] industry has important internal business it should be addressing and attending to before accepting a new responsibility [WTW] . . . including modernizing older rail transit system, more buses running before new service patterns, build new light rail lines, and get paratransit[230] up and running.[231]

The CalWORKs legislation mandated interagency coordination at the local level: "There shall be close coordination between local transit providers and CWDs in

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[229]See the figures for June 1999 at http://www.acf.dhhs.gov/news/stats/caseload.htm.

[230]Paratransit is a specialized, shared rate, curb-to-curb service most commonly used for people with disabilities and seniors unable to ride fixed-route public transportation.

[231]Nuria Fernandez, deputy administrator, U.S. FTA, address to the American Public Transit Association Meeting, 9/23/97.

Table 8.2

JARC Grants Awarded in Focus and Follow-Up Counties, FFY 1999

Agency	Funding Amount	Purpose
City of Davis (Yolo County)	$52,148	• To expand the demand response service of Davis Community Transit • To educate CalWORKs participants and staff about commute options
Contra Costa AC Transit	$143,000	• To increase frequency of late night or off-peak service
County of Tulare Health Services Agency	$200,000	• To promote rideshare Programs, expansion of route services, on-demand transportation, and "Transit Training Component" to assist clients in determining their transit needs
East Bay Asian Local Development Corporation on Rides (Alameda, Contra Costa Counties)	$271,111	• To service a community deterred from using public transit and ridesharing because of cultural and linguistic barriers
Kern Regional Transit	$239,000	• To expand existing intercity routes (additional trips, weekend service, extended routes) and new intercity routes to bring workers from outlying rural communities to jobs in Bakersfield
Orange County Transportation Authority/Social Services Agency	$31,250	• To provide guaranteed rides home and a reverse commute shuttle
Outreach (Santa Clara County)	$499,882	• To provide transportation planning and guaranteed ride home program
Sacramento Regional Transit District	$822,849	• To increase bus service during nontraditional hours • To increase Yolo bus service for reverse commute trips and Saturday service to Roseville
Santa Rosa Department of Transit and Parking (Sonoma County)	$200,000	• To add a new bus route in low-income neighborhood
Southern California Association of Governments (including San Diego, Riverside, Los Angeles Counties)	$425,502	• To fund a Transportation Information Project to facilitate information about transportation options (e.g., transit itineraries, carpool match lists, vanpool routes)
Yolo County Transportation Commission	$139,695	• To provide additional bus service, expanded Saturday service, on-demand vanpool, and guaranteed ride home
Yuba-Sutter Transit Authority	$101,700	• To establish a shuttle and on-demand service in a region

Table 8.3

Transportation-Related Governor's WtW 15 Percent Funds Awarded in Focus and Follow-Up Counties, September 1998

Agency	Funding Amount	Purpose
Community Career Development (Los Angeles County)	$1,570,560	• To provide employment and transitional skills training for TANF custodial parents residing in or near Los Angeles City and County Housing Authority units; services include coordinated transportation
Contra Costa County Social Services	$784,031	• For WTW to become operators of shuttle service for children • For an information project to assist WTW recipients in locating current transportation options in county and adjacent counties where work is available
Housing Authority of San Bernardino	$942,336	• To provide job placement and an entrepreneurial program; services include transportation assistance to individuals who live in public housing, who are non-English speaking, and also are substance abusers
Humboldt County Workforce Development Partnership	$233,333	• To identify potential job sites and activities in outlying areas • To deliver information and services to communities in outlying areas
Kern County Employers' Training Resource	$785,280	• To provide transportation to the Bakersfield transportation hub and then to the job site; cost will be paid directly to provider
Rubicon Programs, Inc. (Contra Costa County)	$664,893	• To provide job search or work experience for those with jobs following assessment and job readiness activities; services include transportation
Sacramento County Department of Human Assistance	$808,917	• To expand transportation services to existing Regional Transit bus and light rail lines using a van fleet; participants are hired to drive, maintain, and dispatch van fleet • For other transportation gap strategies, including a guaranteed car repair pilot project, a bicycle link pilot program, and a trip planning service
Vietnamese Community of Orange County	$954,129	• To provide training and support services (including transportation) to monolingual Vietnamese recipients
Youth Employment Partnership, Inc. (Alameda County)	$1,575,154	• To provide work experience and training in construction trades; support services include transportation

SOURCE: State of California Employment Development Department. Report on the Welfare to Work Grant Program Calendar Year 1998. A report to the California Legislature, Sacramento, 1998.

order to ensure that transportation moneys available for the purposes of assisting recipients of aid . . . are expended efficiently for the benefit of that population" (P.U.C. Section 22. 99144.1). The CalWORKs legislation allows CWDs to use CalWORKs funds to support transportation initiatives. Furthermore, the legislation directs "local transit providers [to] consider giving priority to the use of transit funds to the enhancement of public transportation services for WTW purposes, [and] in areas where public transit services are not available . . . [to] consider giving priority to transportation alternatives, such as, but not limited to, subsidies, vouchers, van pools, contract paratransit operations, in order to promote WTW purposes" (P.U.C. Section 22. 99155.1). Despite this legislative attention to transportation issues, no CalWORKs funds are specifically earmarked for transportation.

At most, there are competitive grant programs that transportation agencies may apply for, such as the JARC and JTPA competitive grants. However, transportation agencies are not traditionally funded through such competitive grant programs or through the social service or employment agencies. These competitive grants often require collaboration between applicants and the CWD. However, "a power struggle in who should be the transportation boss in the area of CalWORKs-transit providers who have the expertise or CWDs who have the money" was reported. Some CWDs reported that their participation in grant applications was pro forma rather than collaborative, and some transit providers reported that CWDs submitted applications "without any input from transit."

At the state level, CDSS and the Caltrans Mass Transportation Program have collaborated on CalWORKs issues. CDSS notified CWDs of workshops and videoconferences sponsored by Caltrans to provide information about JARC grants. CDSS Work Support Services staff participated in Caltrans' grant review committees and other Caltrans meetings. However, a CDSS administrator reported that, especially at the county level, interagency collaboration still needed to overcome "turf battles, lack of information of other programs, and an unwillingness to see the need to cooperate."

Implementation

CWDs' initial transportation plans were modest, focused on meeting the immediate transportation needs of recipients through existing transportation services. Over time, some CWDs, transportation planning agencies or providers, and CBOs have envisioned and begun implementing more ambitious initiatives.

These more ambitious initiatives address the more systemic transportation problems facing welfare recipients: the lack of public transportation available at off-peak hours or in particular areas. These efforts often focus on expansion of public transportation capacity, the CWD's development of programs, or collaboration with partners outside the transportation field, such as CBOs, education providers and foundations to provide trip planning assistance, funding for transportation initiatives, and referrals to transportation services. The historical role of CWDs in transportation planning, as well as the economics and politics of public and mass transportation, have all contributed to the challenges of local interagency coordination required for planning and implementing more ambitious transportation initiatives.

County Transportation Strategies

Counties' transportation initiatives can be classified in three broad categories: (1) identifying and maximizing use of existing transportation services; (2) expanding existing transportation services; and (3) developing new transportation services. Counties often employ more than one of these strategies, though the majority of counties' initiatives focus almost exclusively on the first strategy.

Identifying and Maximizing Use of Existing Resources. All counties are engaged in identifying and maximizing use of existing transportation services. These initiatives include subsidizing clients' use of public transportation through distribution of bus tokens and passes, reimbursement for mileage in a personal vehicle, and taxi vouchers—the kinds of payment-related concerns discussed above and shown in Table 8.1. These initiatives are an extension of the transportation services offered under GAIN and are handled as a transportation authorization within the CWD. Additionally, some counties (e.g., Sonoma and Butte) found the cost of subsidizing taxi service for clients in remote areas to be cost-prohibitive. These counties have either set up alternative programs in remote areas (community service) or exempted the clients from state time limits.

A complementary approach seeks to improve the use of existing services by providing additional information about public transportation options, such as ride-share kiosks and trip-planning assistance. This requires that clients use existing transportation services but that the CWD facilitate their use. In some counties, providing information means making bus schedules available in county welfare offices. In the Bay Area, the Metropolitan Transportation Commission developed a comprehensive Web site listing information about public transportation in the region. This guide compiles the route information for the multitude of regional and local transportation providers in an area where many

employees commute across transportation authority jurisdictions from their residence to work. These initiatives help recipients to better utilize available public transportation, but they do not increase the availability of transportation options.

Some counties have provided clients with access to functioning cars. In order to help a potential recipient keep her job, some counties authorize diversion payments for repair of a car.[232] Of the 20 approved diversion cases in Fresno County from January through May 1999, four were to pay car insurance and, in 1998, eight of 33 approved requests were car-related. Other counties mentioned using diversion funds for paying car registration. Car-related assistance represents a sizeable share of diversion payments, indicating the role of functional transportation as a critical support service for the working poor. However, diversion is a very small program, as described in Chapter 6. In Fresno, 19,034 people were registered for WTW.

Expand Capacity of Existing Services. A second set of initiatives involves expanding the capacity of existing transportation by adding routes or stops. These efforts address the criticism that public transportation does not meet the needs of welfare clients whose neighborhoods or whose off-hour shifts are not well served. In Alameda County, for example, AC Transit (Alameda–Contra Costa Transit District) established another run on an existing bus line for those on the graveyard shift. The CWD allocated $400,000 toward this initiative. In Ventura County, the local transit agency extended its hours of services, re-routed some lines, and developed new services to some remote locations being used as work experience sites. Sacramento and Kern Counties have added a stop on bus lines that are often used by CalWORKs clients to take them closer to their homes. This strategy required concerted effort on the parts of the CWD and local transit authorities. Kern County interviewees noted that transit providers were reluctant to implement this strategy because CWDs could not assure future funding and, in the past, retracting bus lines had generated bad publicity.

Expanding existing capacity requires partnerships between transportation providers and CWDs to identify the transportation needs of CalWORKs clients. However, such partnerships are difficult to establish for a number of reasons. First, transportation agencies are not traditionally funded through competitive grant programs or through agencies other than the Federal Transportation Administration (FTA). Using CalWORKs funding requires establishing new relationships which takes time and effort on both sides. Second, transportation

[232]To receive diversion assistance, people must be eligible to receive aid.

agencies have been traditionally focused on roads and mass transit, not on moving a specific group of people with erratic transportation needs from home to child care to work and back again. Third, the economics of service delivery stack the cards against adding new service. Public transportation operates with significant public subsidy, which often accounts for more than one half of the total operating budget.[233] CalWORKs funds can be used only to assist with the start-up of new transportation services, not to fund operating costs or maintenance of such routes, described by one respondent as "the most expensive part." Also, in a highly subsidized system, adding new routes is often a zero-sum game, and adding routes to address the needs of CalWORKs clients is viewed as taking routes away from current riders.

Developing New Means of Transportation. A third set of initiatives revolves around creating new means of transportation for CalWORKs clients. These initiatives do not rely on existing public transportation to get CalWORKs clients from welfare to work. One strategy is to provide shuttle or van services exclusively for the CalWORKs population. Some counties are establishing door-to-door service using the paratransit model. The Butte County PIC purchased the vehicles and trained CalWORKs clients to drive the shuttles as work experience or on-the-job training. A few counties have tried to use existing paratransit vehicles to provide services for CalWORKs participants, but it has been difficult to establish partnerships to design these services. Some CWDs have purchased and operated shuttles and vans for transporting CalWORKs clients, but this option is a more costly strategy than working with existing paratransit agencies. Further, this approach duplicates services, facilitates transportation only as long as an individual is on aid, and does not compel a dialogue between agencies about more systematic solutions.

An increasing number of counties are making car ownership available to CalWORKs clients. Sacramento, San Mateo, Santa Clara, Santa Cruz, Sonoma, and Humboldt Counties have programs that provide loans for purchasing cars, car insurance, and/or car repair. These programs are designed as revolving loan funds and are funded using CalWORKs incentive funds, donations from local businesses, and/or foundation funds for capital. The McKnight Foundation, through Ways to Work, an affiliate of the Alliance for Children and Families, has a national program that provides matching grants to counties to establish such revolving loan funds.[234] A different twist on these programs may be found in

[233] Waller and Hughes (1999).

[234] See ACIN I-13-00 (2/15/00).

San Joaquin County, where the CWD is purchasing vehicles being retired from the county motor pool and distributing them to CalWORKs clients.

In most counties, clients are referred to car programs through their caseworker. Most counties are contracting with CBOs to administer these programs. Counties worry whether subsidizing car ownership is the best use of their funds. Those counties that have decided to do this note that car ownership provides transportation beyond the period of aid, and, in remote locations, is virtually the only means available. Further, one CWD administrator believed that subsidizing car-related expenses or loans of $1,000–$2,000 that enable ongoing transportation and steady employment is a net savings to the county when compared with the cost of aid and employment services. Some counties have attempted to lower the costs and increase the benefits of these programs even more. For example, the Butte County Regional Occupation Program (ROP) offers a car repair class to train CalWORKs clients for mechanic jobs.

Providing Service to Clients in Remote or Rural Areas

CWDs are still struggling with transportation for clients who live in remote, often rural areas. Public transportation in rural areas has long been a major logistical and fiscal challenge for the general population.[235] As mentioned above, many counties routinely exempted AFDC clients from GAIN participation if the clients lived in remote areas. However, fewer counties are choosing to continue exempting those in remote areas under CalWORKs because of the county-level participation requirements and/or a philosophy that nearly all adult CalWORKs recipients are expected to work.

Counties have chosen to address the challenge for remote clients in a variety of ways. Several counties (e.g., Sonoma County) require remote clients to participate in community service activities.

Some counties are trying other strategies, such as bringing the services and jobs to more remote locations. Humboldt and Monterey Counties are attempting to develop jobs in remote areas. Fresno County is expanding access to services by establishing offices in the more remote areas through contracts for case management with Proteus, a CBO. Fresno, Kern, and Ventura Counties have established new offices in different locations around the counties. Sonoma County has contracted out its job search with CBOs to provide clients with

[235]See, for example, GAO (1998c).

services locally, to connect clients to jobs in their neighborhoods, and to take advantage of CBOs' relationships with local employers.

Finally, a few counties are taking a different approach in dealing with the challenges of remote location. Arguing that job development prospects in the remote areas are not promising, San Bernardino County is encouraging clients to move from remote areas. This approach echoes the approach of a few counties that have established relocation programs to assist families in moving to other states where the economy is stronger.

Conclusion

Most transportation initiatives have focused on subsidizing clients' use of existing transportation. This is consistent with the American Public Transit Association's report[236] that nearly all WTW efforts that transportation service providers are involved with are an enhancement to, or expansions of, earlier WTW services, not "new services." A handful of CWDs and other agencies have begun solo or collaborative efforts to expand transportation services or develop new means of transportation for CalWORKs clients. However, most of these initiatives are in the developmental stages, either being proposed or being planned, and are not yet operational.

The need for transportation will likely grow as more and more clients work or are engaged in CalWORKs employment activities. Indeed, surveys of clients who fail to participate frequently indicate the lack of transportation as their reason for "no-shows." (See Chapter 5.) Some CWD administrators stated that they "are not there (with transportation) yet" because of the immediate need to address the demands of enrollment, Job Club, and child care. Counties have been focusing their efforts thus far on compliant clients—ones who have found their own means of transportation. However, as CWDs focus increasingly on the noncompliant cases in the next year, they may need to address the transportation needs of no-shows who cite transportation difficulties as a barrier to participation.

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[236] American Public Transit Association (October 1998), *Welfare to Work Survey Summary Report.* Washington, D.C.: Author.

9. Education and Training

Although its main emphasis is on employment, or work-first, the California Work Opportunity and Responsibility to Kids (CalWORKs) program provides access to educational and training services to aid recipients. In a strict work-first model, education and training are almost the options of last resort, targeted mainly to recipients with extremely low skill levels who cannot otherwise find a job. This contrasts with a human-capital approach, which stresses skill acquisition in classroom and apprenticeship-like settings for most recipients. The tension between the two approaches is reflected in the national debate over welfare reform, in the legislative debate in California, and in the policy debates in the counties. Of course, there is a middle ground. While in their most extreme versions, work-first and human-capital philosophies are at odds; in practice, counties straddle the fence, some leaning one way or another. The CalWORKs legislation is a modified work-first program. Education and training are county options at several points, but for the most part counties consider the two approaches complementary. To date, however, there have been few referrals into the education and training systems. (See Chapter 6.) It is not yet clear if that is the result of the slow pace of implementation, or the new work-first focus discouraging education and training for welfare recipients, or the economic boom making it easier for recipients to find work without education or training.

However, it appears that in many cases work alone will not be enough to move recipients off of aid, preferably through employment, and preferably through employment that pays enough to make the family ineligible for cash aid. For a single mother with two children, this would be a full-time job paying approximately $8.53 an hour.[237] In other words, while a full-time minimum wage job is a beginning, it is not enough to make a single mother and her children ineligible for aid. One theory about wage growth, more oriented toward the work-first approach, posits that on-the-job experience will increase workers' skills sufficiently over time that eventually workers will earn their way off aid. Another theory, more oriented toward human-capital investment, is that welfare recipients need additional education and training to achieve self-sufficiency:

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[237] For comparison, California's minimum wage is $5.75 per hour. The median hourly wage for an entry-level cashier in Los Angeles County was only slightly higher, $6.00 in 1998; a unionized welfare eligibility worker (EW) in Riverside County earned $9.39 an hour. (EDD 1999 Directory of California Local Area Wages.)

Recipients should receive education services because their skills are too low to find work and because they need additional training to advance in the jobs they have or to find better jobs. We do not yet know which theory better promotes desired outcomes under CalWORKs; our impact analysis will study earnings and employment of families on aid and those who have moved off aid. The evidence from Riverside County's work-first GAIN program is not encouraging. Effects on welfare exit or even full-time employment were much smaller than effects on any employment. Nonetheless, now that many of their clients are working, counties are reconsidering the role of education and training in their welfare-to-work (WTW) programs.

The Workforce Investment Act (WIA) will replace the Job Training Partnership Act (JTPA). Planning for WIA is, in some places, causing some rethinking of the training system. An additional impetus for these considerations is the impending implementation of the Workforce Investment Act (WIA) on July 1, 2000.

In this section, we examine education and training issues, beginning with a background discussion that examines the policy and legislative context of the pre–Personal Responsibility and Work Opportunity Act (PRWORA)/CalWORKs welfare reform efforts. We then discuss the policy and legislative context of PRWORA and CalWORKs, outlining the institutional and funding structure of education and training in California. We then examine the state-level (CDSS) and county-level education and training concerns that have surfaced as a part of our analysis, drawing on the state- and county-level interviews we have conducted and, as appropriate, on the results of the All-County Implementation Survey (ACIS) and the California Staffing Survey (CSS).

Background

Policy and Legislative Context—Before PRWORA and CalWORKs

Prior to passage of PRWORA, California's WTW program, Greater Avenues for Independence (GAIN), served as the employment program for Aid to Families with Dependent Children (AFDC) recipients. Programmatically, GAIN was notable for its emphasis on education and training. Most counties implemented long-term education and vocational training programs, such as Adult Basic Education (ABE), English as a Second Language (ESL), and general equivalency diploma (GED) preparation; some counties, most notably Riverside and later Los Angeles, favored training that emphasized work through short-term on-the-job or vocational programs.

GAIN focused on education and skill building as a means for moving welfare recipients to self-sufficiency by investing in the skills they would need to find employment that enabled them to learn enough to get them off aid. In fact, participants who had not received a high school diploma or GED, who had low reading and math skills, or were not fluent in English were required to enroll in educational services.[238] This was a large fraction of participants. A 1994 Manpower Demonstration Resource Corporation (MDRC) study of GAIN reported that 65 percent of clients enrolled in GAIN over a three-year period were in need of educational services (Martinson and Friedlander, 1994).

In 1995, the GAIN legislation was amended to increase funding and to emphasize a work-first approach like that of Riverside County, rather than on long-term educational investments. This was the result of MDRC findings in evaluating GAIN in six counties. MDRC found that educational activities increased earnings only modestly and were expensive; a follow-up study of participants' reading and math skills also showed very little increase in their skills (Martinson and Friedlander, 1994). Moreover, the Riverside County program, which had a work-first approach, showed the largest effect on earnings. After five years, the employment rate of Riverside GAIN experimental group members was 16 percentage points higher than that of the control group, their average earnings over the entire period were 50 percent higher, and their welfare payments were lower (Riccio et al., 1994; Freedman et al., 1996).

Of course, as many analysts have noted, Riverside's results were not unambiguous. The experimental group was no more likely to be off aid than was the control group, with about one-third of each group still on AFDC after five years; in addition, although the experimental group members' earnings were statistically significantly higher than those of the control group, they were still low. Finally, the effect of the work-first intervention declined over the five-year period studied.

Nonetheless, the results were encouraging to many lawmakers, and the Riverside work-first approach was adopted in the 1995 GAIN reforms. Its example also influenced the 1996 federal reform (PRWORA), as well as CalWORKs a year later (Legislative Analyst's Office, 1997).

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[238] Not all actually attended classes. Those who refused to enroll or to attend classes could be referred to job search activities instead; this was more common in Riverside than in the other counties. Also, about one-third of recipients referred to GAIN never appeared in GAIN offices; most of these people eventually either left welfare or were deferred from the program (Martinson and Friedlander, 1994).

Policy and Legislative Context—After PRWORA and CalWORKs

As mentioned above, PRWORA was influenced by the experience in California under GAIN, which suggested that work-first approaches were more effective than human-capital ones. Thus, PRWORA had a distinctly work-first flavor. This orientation is reflected in the provisions for participation rate requirements. Participation is broadly defined and includes many other options besides education and training: unsubsidized work, subsidized work, job search and job readiness assistance, and community service. Moreover, for the purposes of calculating the federal work participation rate, no more than 30 percent of the caseload in vocational education may be considered "engaged in work." For individuals, vocational education is explicitly limited; it can count toward participation rate requirements for just 12 months.

While the CalWORKs legislation seems to imply a strong work-first approach, the statute allows considerable county discretion which counties could use to increase the human capital component of their CalWORKs programs.

In particular, in the CalWORKs WTW model, there are four main ways clients can enter education or training. First, they can already be enrolled in an approved undergraduate or certificate educational program when they apply for aid. The CalWORKs legislation specifically allows such recipients to continue in such programs, referred to as Self-Initiated Programs (SIPs).[239] Second, some recipients are flagged as in need of basic education during the pre–Job Club appraisal. They go directly to education before Job Club.[240] Third, they can be referred to education and training as a post-assessment WTW activity after failing to find work through Job Club. Fourth, they can be referred to education and training as part of post-employment services (PES), in which they would combine work and schooling to meet or exceed the required hours of participation.

Institutional Context

A number of institutions are involved in providing education and training to welfare participants. Table 9.1 summarizes the key players. Each is described in more detail below.

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[239] The legislation allows recipients to enroll in such education between their application for aid and appraisal, and still be exempted from other WTW participation requirements.

[240] Welfare departments can exclude such participants from attending Job Club if it is determined that "participation in job search . . . would not be beneficial" (ACL 98-41).

Table 9.1

Education and Training Institutions

Program	Agency Responsible	Service
Adult education	CDE with local school districts	• ESL, GED, ABE, vocational education • Remedial education, occupational training, training support services (counseling, assessment, soft skill straining)
K–12 education system (Cal-LEARN)	CDE, with local school districts	• Education and supportive services for pregnant and parenting teens
Regional occupational programs (ROPs)	CDE, with local school districts	• Occupational training • On-the-job training • Job placement services
Community college	California Community College system	• Employment-focused courses, job training, basic skills and remedial classes • Work study, job placement
Four-year college	California State University system	• Education • Work study, job placement
Miscellaneous training programs	CBOs	• Work experience, on-the-job training, language-specific services

Adult Education and ROPs. The California Department of Education (CDE) funds ABE programs for remedial education, which target many more people than just welfare recipients. In 1995–1996, GAIN participants represented about 1.3 percent of adult education enrollment. CDE also funds the vocationally oriented Regional Occupation Programs (ROPs) and the K–12 school system. ROPs offer employment training, placement, and support services to high school students and adults. Courses can prepare students for careers in home health, food preparation, accounting (as clerks), and a variety of other occupations depending on local employment patterns.

Community College and State University System. Community colleges (and to a lesser extent the California State University system) provide a variety of programs, from basic education classes to more vocationally oriented programs, such as computer programming. The colleges are required to work with their local welfare office to develop a list of programs that are suitable for CalWORKs clients and count toward their hours requirements.

The Community College Chancellor's Office estimates that over 140,000 AFDC recipients were enrolled in community colleges across the state in 1995 (prior to

CalWORKs), though only 20,000 were estimated to have been referred directly from GAIN. Based on data from 1996–1997, the office projected that 136,976 Temporary Assistance to Needy Families (TANF) recipients would be enrolled.[241] In both college systems, most welfare recipients were SIPs, rather than referrals from the welfare agency.

Community-Based Organizations (CBOs). CBOs provide a variety of training programs for welfare recipients. These can range from programs teaching soft skills (such as time management, conflict resolution, or interviewing and seeking jobs), to programs teaching more vocational skills (such as typing), to programs providing work experience. Many counties also rely on CBOs to provide WTW services for non-English speakers, refugees, and immigrants, including vocational ESL programs.

Funding Context

As was true under GAIN, educational services for the most part are not funded with CalWORKs dollars nor do they reside in the welfare department. Instead, services are provided by a network of schools, colleges, nonprofits, and other CBOs. Similarly, funding for education and training for welfare recipients can come from multiple sources including standard education funding as well as funding targeted all or in part to welfare recipients, such as CalWORKs (TANF), Job Training Partnership Act (JTPA)/WIA, and the Department of Labor—Welfare-to-Work (DoL-WtW). Table 9.2 shows the funding sources for the educational programs discussed above and shown in Table 9.1.

State Education Funding. Programs in the traditional educational system—colleges, K–12 education, adult education, and ROPs—consolidate funding from school districts, JTPA, Perkins funds, vocational education funding, and various federal training resources. Most CDE funding is based on state average daily attendance (ADA) funds, which as the name suggests, are allocated according to a formula based on student attendance. This is combined with other funding. For example, the governor's budget for 1999–2000 includes $25 million for instructional services from adult education and ROP programs, earmarked for CalWORKs recipients. Similarly, CDE has received funding directly from the California Department of Social Services (CDSS) for instruction and instructional

[241] The numbers are based on a data match between the California Department of Social Services (CDSS) and the community colleges. Many students never reveal their welfare status; college CalWORKs programs report serving 46,521 TANF recipients.

Table 9.2

Education and Training Funding Sources

Funding Program	Funding Source	Main Funding Recipients
State educational funding	State general funds (Proposition 98)	• K–12 educational system • Adult education and ROP programs • Community college system • State university system
CalWORKs	Budget Act language	• Community college system
JTPA programs	U.S. Department of Labor, EDD, and 52 SDAs, in partnerships with local communities and PICs	• Subcontracted to adult education, ROPs, community colleges, CBOs
DoL-WtW	U.S. Department of Labor	• PICs • CBOs
Miscellaneous other	Community services block grants; Foundation grants	• Various providers

support, as well as federal JTPA 8 percent funds for ABE, with the provision that half the money be spent on GAIN participants.

CalWORKs. The fiscal year 1997/1998 state budget specified that $65 million of CalWORKs funding flow directly to the 106 community colleges (based on enrollment)[242] for curriculum development, child care, work study, and job placement, in addition to $16 million in TANF funding.

JTPA. Traditional schools are supplemented by a variety of other vocational training programs. Since the 1960s, the government has funded short-term training programs designed to be more occupationally specific than general education programs and which can be delivered by an array of providers, including CBOs and schools. Most prominently, in 1982, Congress passed the Job Training Partnership Act, which provides federal dollars through the DoL to education and employment programs for economically disadvantaged youths and adults, dislocated workers, and others who face serious barriers to employment.[243] Adults age 22 and older are covered by programs (under Title II-A) designed to increase their earnings and employment and to reduce their use of welfare. Services include skills assessment, job search assistance, classroom

[242] More specifically, the allocations were based on the unduplicated headcount of AFDC recipients in 1995–1996.

[243] The Employment Training Panel, funded through the Employment Training Tax levied on California employers who participate in the Unemployment Insurance system, also contributed $20 million toward WTW programs in FY 1997/1998. The funds are granted to employers, public and private training agencies, employer consortiums, and PICs through performance-based contracts.

and on-the-job vocational training, counseling, basic skills education, and support services.

Though funded federally, the dollars are passed through the Employment Development Department (EDD), to be administered at the county and city level through local service delivery areas (SDAs). Services within an SDA are provided in a partnership between local government (city or county) and a private industry council (PIC) whose advisory board consists of representatives from local businesses, social service organizations—including education and training organizations—and unions. In some SDAs, PICs serve mainly as advisory boards; in other SDAs, PICs directly deliver services, sometimes even as departments within county or city government. In other counties, such as Riverside (and in the past, Los Angeles), the welfare department and PIC have had little to do with each other. Similarly, PIC relationships with local educational institutions vary.

Beginning in the 1990s, EDD has promoted a One-Stop model of service to address the fragmented nature of education and training service delivery. The goal is to have a single office in an SDA (though there may also be multiple one-stops) that can deliver information about employment and training services to the general public (not just CalWORKs recipients). Sometimes programs colocate so that providers can reach applicants directly at the One-Stop and applicants can use the One-Stop as their point of entry into the education and training system. Some counties were farther along than others in implementing this vision when CalWORKs went into effect and have worked on incorporating CalWORKs into the One-Stop (for example, in Butte County, whose CalWORKs staff are housed in the One-Stop). This is not to say that considerable coordination does not otherwise go on at the local level in the absence of colocation. GAIN and JTPA programs, for example, could and did subcontract or set up memorandums of understanding (MoUs) with community colleges and other adult education providers to supply assessment, basic educational, and vocational services. The extent of coordination seems to depend on local circumstances, such as historical relationships between the various providers, or the county political and economic climate. In rural Butte County, for example, the community college works with the One-Stop; in urban Los Angeles County, Santa Monica College and the Verdugo PIC also work closely together.

Though some federal regulatory changes were made in the 1980s and 1990s, until 1998 the basic program structure remained essentially the same. This changed in 1998 with the passage of WIA, which, as of July 2000, replaces JTPA and the

SDAs with local Workforce Investment Boards;[244] WIA is also designed to consolidate most of the funding for training into one authorizing act and establishes One-Stops as the primary service delivery mechanism.

DoL-WtW. In its 1997 Balanced Budget Act, Congress authorized the DoL to spend $1.5 billion in each of fiscal years 1998 and 1999 for WtW grants targeted to the hardest-to-employ TANF recipients. The legislation required that PICs or other grantees spend a minimum of 70 percent of their funds on the hardest to serve. The hardest to employ were defined as TANF recipients who have been on aid for more than 30 months and who also meet two out of three other criteria: They lack a high school degree or GED and have very low reading and math skills, have a poor work history (not having worked three consecutive months out of the last 12), or have substance abuse issues preventing employment.[245] States were required to pass through 85 percent of their allocation to WtW organizations providing services and could reserve 15 percent for competitive grants.

The 85 percent portion of the DoL-WtW money is largely distributed to the PICs by the EDD. Other organizations can also receive funding; these have tended to be nonprofits and other organizations with whom the local PIC has subcontracted JTPA work (Perez-Johnson and Hershey, 1999—Mathematica report). California received $190 million initially and in the second year will receive $177 million.

While the state's 85 percent of the DoL-WtW monies pass through to JTPA programs, the governor can award the state's remaining 15 percent to PICs or other service providers; both of these organizational entities can also apply for competitive grants directly from DoL (DoL 86 grant program). This money is in addition to formula-based JTPA funds that can be spent on welfare recipients. In particular, all aid recipients qualify for Title II-A funds for adult training.

State Concerns

At the state level, most of the concerns that have surfaced so far focus on issues of coordination and collaboration between CDSS and the other agencies and organizations responsible for education and training, in particular between CDSS

[244] Some SDAs intend to apply to be designated local Workforce Investment Boards; local areas with more than 500,000 people are automatically approved.

[245] Noncustodial parents whose minor child (or the custodial parent of the noncustodial parent's minor child) has received aid for 30 months or more and the noncustodial parent satisfies two of the three criteria also qualify.

and EDD and between CDSS and educational providers (i.e., the community colleges).

CDSS Collaboration with EDD

Under CalWORKs, CDSS has increased its interactions with EDD, attending a lot of the same meetings, including a WIA-related intergovernmental departmental working group of 19 agencies anticipating changes under the new workforce system. TANF agencies are not among the 14 agencies required by federal legislation to cooperate on WIA, even though public assistance recipients have top priority in the new system. In California, CDSS intends to work closely with the WIA implementing agency. In fact, CDSS now has a designated manager whose job description includes serving as a liaison with EDD and DoL.

The two organizations have quite different bureaucratic cultures: CDSS conceives of itself as a social service organization serving low-income families, whereas EDD is more oriented toward employers. (In addition to distributing JTPA money to the local SDAs, EDD runs the Unemployment Insurance system, develops local area employment estimates, and is responsible for maintaining CalJOBS, a Web-based listing of job openings.) For both organizations, however, considerable power rests at the local rather than the state level—counties and SDAs—so there is little impetus and little apparent need at the state level for more comprehensive integration, such as consolidating the agencies or shifting funds from one to the other to administer programs targeted toward recipients. This is not the case in every state, especially in those that have not devolved control to local governing bodies. In a few states, TANF dollars are brought into the workforce delivery system under a WIA reorganization. In California, coordinating policy at meetings is the extent of integration between CDSS and EDD; nonetheless, it is more coordination than occurred prior to CalWORKs.

CDSS Collaboration with Educational Providers

The relationship between CDSS and the educational providers (in particular, the college systems and the U.S. Department of Education) was shaped by differing attitudes toward work-first. Not surprisingly, educators argued that a more in-depth investment in the skills of welfare recipients would pay off more in the long run than a work-first program of short-term training programs designed to find clients work. Recognizing that the work-first approach was inevitable, the community colleges lobbied successfully to be written into the budget language of the CalWORKs legislation and thus have TANF dollars that go directly to them.

However, now that CalWORKs is under way, CDSS and the educational systems attend many of the same meetings and have designated liaisons. They consistently are on opposite sides of the work-first debate--such as whether to count homework as an allowable work activity--but the organizations seem committed to working together at the state level on issues that arise from the local level, such as clarifying policy on data sharing and confidentiality.

This spirit of cooperation does not mean there have not also been battles over policy issues. The most significant of these thus far has been over the treatment of SIPs. As noted above, a data match between CDSS and community college records revealed that approximately 140,000 community college students were welfare recipients in 1995–1996 and that all but 20,000 were SIPs. Some counties interpreted the CalWORKs regulations on policy toward SIPs to imply that educational programs taking longer than 18/24 months would not be counted as an allowable activity, and that people referred for education would need to complete their program within 18/24 months.

At some community colleges, counselors were advising students to accept a sanction to continue with their educational program. Other students were told by their welfare office that they had to quit their programs and switch to something that could be completed in that amount of time. This was not an issue simply for college students. ESL and GED programs also can take longer than 18/24 months to raise people's skills.

Eventually, under pressure from advocates and concerned about possible lawsuits, CDSS published ACL 99-32, clarifying that students could enroll in programs that would take longer then the 18/24-month time line, but that after that amount of time, CDSS would no longer pay the adult portion of the grant nor pay for services (child care and transportation). The Chancellor's Office for the community colleges also published a memo advising counselors not to advise students to accept a sanction. It then took additional time for CDSS to establish rules for appeals and due process for students who had been given the wrong advice about SIPs. In fact, ACL 99-77 extended the deadline for appeals, stating that counties had been slow to comply with the original instructions.

County Concerns

Given the decentralized structure of the welfare, education, and training bureaucracies in California, most of the interesting bureaucratic implementation issues occur at the local level, in the interactions among county welfare offices, local SDAs, school districts, and community colleges. We begin with a discussion of the tension between local players over the work-first CalWORKs

philosophy. We then turn to organizational issues, including county organizational infrastructure, duplication of services, coordination between agencies, and complicated funding and reporting requirements. We conclude with a brief discussion of the low referral rates into education and training.

Work-First Versus Human-Capital Approaches

In a strict work-first program, education is a last resort, something that is advised only for those whose low skills make them unemployable. Educators, in contrast, are committed to the idea that education will improve the life circumstances of welfare recipients and make it possible for them to achieve self-sufficiency. This does not mean that they see no value in the work-first system. It appears that the most ardent opposition to work-first arises from the academic side of the community college system. Other providers, including the vocational instructors at the community colleges, recognize that many who end up on welfare have already failed at school and do not necessarily want to go back into the classroom. They suggest that work may provide the impetus for additional training (as opposed to education for its own sake), as people seek the skills they need to move ahead in their careers.

Nonetheless, many educators believe that the current success of the work-first program has more to do with the strong economy than with the inherent superiority of that approach. They expect that the number of welfare recipients in education and training will increase in an economic downturn, when those who easily found entry-level jobs will find themselves out of work, and many others will not find that first job.

CWDs also differ in their enthusiasm for the work-first program, though no county rejects it entirely. For example, prior to the CalWORKs enrollment period, Alameda County mailed notices to people about to be enrolled into CalWORKs (with appraisal to follow, closing the window for SIPs) that described the available education programs and indicating that recipients still had time to enroll so that they could declare as an SIP at their CalWORKs enrollment. Laney College responded with group orientations, enrolling 375 new students the same month. Other counties were more aggressive about limiting SIPs to 18-month programs and encouraging recipients to work.

Most movements away from work-first are relatively small, not outright rejections but modifications to the program. For example, in some counties, a contentious issue is how to streamline the process for people judged to have low skills prior to or during Job Club and whether to quickly screen for literacy and learning disabilities early in the WTW process. Los Angeles County has

instituted a literacy test the day someone applies for aid. Some argue that this deflects from the work-first message, while others argue that it quickly matches people to the services they need in an environment where welfare is time-limited.

This is not the concern of only urban, diverse populations. Humboldt County administers a battery of skills tests, used under GAIN, at appraisal rather than at assessment. By making this screening formal and up-front, whether a quick literacy test or in-depth skills assessment, counties signal their recognition that work-first does not adequately serve some percentage of their caseload. The extent of this recognition depends on the interaction of the county's overall philosophical orientation toward work-first, its political climate, its caseload mix, and even its economic climate. For example, counties with high unemployment rates tend to recognize they may need a variety of education and training initiatives, even if their political climate is conservative and business-oriented. Similarly, counties with very diverse caseloads, especially those with large numbers of immigrants, are also quick to recognize the limitations of work-first.

Similarly, CWDs express their stance toward education and work-first in their list of approved classes. Some counties appear to approve any course, as long as it can be shown—by something as simple as a single want ad—that it leads to a skill demanded by employers. Some counties also allow homework time to be counted in program participation hours. A creative solution that enables homework to be counted unambiguously as an allowable activity toward hours requirements with minimal controversy could be to form "learning resource classes" that include lessons on time management study skills, as well as tutoring and a supervised study hall.

Unlike many educators, CWDs are focused on time limits and on how recipients will eventually lose access to cash aid and supportive services. Said one CWD staffer, "I told COE [County of Education] and community college that because time is limited, we can't have clients in one-year ESL and then one-year vocational education/training. We need to have short-term training programs with ESL and basic skills mixed in." A concern about time limits was expressed by a number of CWD employees we spoke with. Time-limited welfare brings an urgency to the discussion and reinforces the work-first message, since caseworkers are hesitant to refer people into education programs that can go on for years (particularly if a participant knows little or no English and has no job skills). To serve the needs of their clients, counties have pushed education providers toward providing more short-term programs with open enrollment and nontraditional hours.

Many CWDs are also encouraging clients to combine education and work, for example, by pairing a 20-hour job with a 12-hour training program. This appears to be more true as time goes on, as county leadership turns its attention to client self-sufficiency. This policy shift is already explicit in some counties: In Fresno County, we heard that "everyone was only doing work-related activities but not skills training or education. It's a philosophical change for the county to combine work and education."

This education *and* work approach speaks directly to the goals of CalWORKs. A single mother working full-time at minimum wage does not earn enough to be ineligible for cash assistance. To earn that much money, many CWDs and other stakeholders argue that aid recipients are going to need additional training to increase their skills. By encouraging both work and school simultaneously, counties can reinforce the employment focus of CalWORKs while building clients' skills. Similarly, many recipients who were not inclined to return to the classroom full-time can both work and invest in skills that can lead to a better job. Combining the two is aided by coordination between CWDs and educational institutions about curriculum, length of courses, and scheduling.

Organization of Agencies at the Local Level

In general, the relationships between the CWDs and education and training providers have evolved through GAIN and continue to evolve in the face of the impending WIA reforms. The difficulties inherent in such a complicated system are the obvious ones associated with coordinating services and funding across programs that have somewhat different objectives and different requirements and that were designed for different purposes. For example, CalWORKs clients have hours requirements to meet, so that if an educational or training program does not fill those hours, clients must also engage in additional activities. This raises practical considerations such as how to treat school vacations (e.g., a one-week spring vacation) or whether or not to count hours spent on homework, as discussed above. Similarly, CalWORKs clients need programs that are modular or that are held in the evening and on weekends; this conflicts with a traditional semester system in which one course builds on the next.

This cooperation (or lack thereof) can manifest itself structurally in different ways at the local level. It can take the form of outsourcing funding and administrative responsibility to another agency. In Los Angeles County, for example, one of the eight PICs is responsible for moving non-English speakers through the CalWORKs WTW process. In a few counties (Alameda to a certain

extent, as well as Sonoma and Yolo), PICs are formally part of the county welfare agency.

There is also a move toward colocation. Butte County's One-Stop not only houses the CalWORKs program and the PIC, but also the administrative offices for the ROP. More common than wholesale colocation, some staff are outstationed and sometimes agencies share the funding for these positions. The community colleges in Sacramento and Sonoma Counties, for example, have a CalWORKs-funded coordinator who serves as liaison to the welfare agency and to community partners, faculty, and curriculum committees committed to designing fast-track programs. This can include cross-training staff. Finally, there are the less formal arrangements, in which providers serve as resources for other local providers. Some community colleges run Job Clubs, provide client assessments for WTW, develop curricula for One-Stops, and can be sources of in-service training for One-Stop and/or CWD employees.

Duplication of Services

These various forms of collaboration were intended by the CalWORKs and WIA legislation not only to smooth client referrals across systems, but also to avoid some duplication in the services being offered. The extent to which duplication has been avoided appears to be mixed. In some cases, agencies coordinate functions. For example, the Butte County ROP left early-childhood education classes to the community colleges and ESL to the adult education providers. However, under CalWORKs, everyone is thinking about job development and job placement, including organizations that did not do so in the past.

Local variation makes it quite difficult to draw general conclusions about duplication by various providers at the local level. Coordination could help reduce duplication, while turf battles and the programmatic requirements of CalWORKs encourage it. Consider the number of short-term, stand-alone programs. Adult education and ROP providers already had a history of providing modularized classes with open enrollment and nonstandard schedules (evenings and weekends), but this process accelerated under CalWORKs. CWD officials often reported that community colleges had a harder time adjusting to these needs given their traditional emphasis on weekday classes on an academic calendar. Some colleges have shown themselves to be rather nimble in responding to employer and student demand. Long Beach City College's GAIN coordinator put together a one-week training course on forklift operations in response to a request from a local employer.

Many community college staff across the state (especially on the academic side, as opposed to the vocational side) question whether such vocational training is an appropriate development for their schools and they are not alone in wondering if such short-term, employee-specific training will lead to long-term self-sufficiency. However, many colleges found that their non-CalWORKs students also were quite interested in these programs. In Alameda County, one educator noted that "[i]n an urban community college setting like this, most are not coming here to transfer to a university[;] most [students] are here to get skills to get a job."

Nonetheless, assessors complain that too many organizations, from educational programs to the CBOs, propose the same programs. Similarly, we heard complaints that providers want to fit clients into their programs rather than design new programs tailored to clients' needs.

In general, organizations are trying to integrate CalWORKs recipients into their general clientele. Many courses developed with CalWORKs funds give priority to CalWORKs recipients, but there does not seem to be a push toward separate classes for recipients. This is as much the result of practicalities as philosophy: Classes need to be a minimum size for ADA requirements. More important, CalWORKs referrals are sporadic. There is not a critical mass of people starting and ending a class at the same time, making it difficult to design courses entirely for welfare recipients. Moreover, the flow of participants into education and training systems is smaller than anyone expected, as we discuss below.

Coordination

Even with the history of coordination that began under GAIN, additional coordination issues needed to be worked out for CalWORKs. More than one person we interviewed complained that everyone goes to the same meetings now, but nothing ever gets done. Outside the welfare agency, a common complaint was that information never flows back to the caseworkers. Butte, Glenn, and Lake Counties started coordinating early on to combine CalWORKs and JTPA. The consensus is that this is easier in smaller areas where personal relationships facilitate cooperation: Los Angeles County has eight SDAs, which makes coordination harder. It is also possible to be too small: Some SDAs stretch across county lines, which also can complicate coordination.[246]

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[246] This is particularly true of the smaller northern counties. For example, Alpine, El Dorado, Placer, Reseda, and Sierra Counties along the Nevada border belong to the Golden Sierra SDA.

The standard cross-agency and cross-jurisdiction frictions have occurred. In Los Angeles County, one CWD staffer commented that the PICs behaved as though CalWORKs clients became "theirs" once they were referred over, as if the CWD was supposed to simply step aside after the referral to assessment is made. Community colleges interpreted the state regulations to mean that they would jointly develop the list of approved programs with CWDs; some CWDs interpreted the regulations to mean they had the final approval authority. Establishing an agreed-upon list can be even more complicated when more than one county refers to a school or training program. Most people find the education and training system under CalWORKs complex; one interviewee remarked that the unofficial motto circulating was, "CalWORKs: if you are not confused, you are not listening."

Despite these start-up problems, there is a sense that these issues are resolving themselves over time. Service providers are beginning to market themselves to welfare clients and caseworkers to an extent that they have never done in the past. In Sacramento County, educators had the sense that CalWORKs caseworkers were more open to education and training now that the push to enroll everyone and get them through Job Club had passed. They also thought that it helped that schools and training organizations are beginning to market themselves. The community colleges held an open house for caseworkers and their supervisors to familiarize them with what the colleges could offer. The colleges and the adult education programs also held open houses for the population at large, at which eligibility workers (EWs) were present to enroll people in CalWORKs as well. Despite some growing frustration with the lack of action resulting from joint meetings, everyone expressed generally favorable opinions toward the regularly scheduled meetings between service providers and county welfare agencies—meetings that did not occur prior to CalWORKs.

Complicated Funding Streams and Reporting Requirements

It is difficult to get a sense of how well the reporting, monitoring, and tracking systems are evolving. Complicated funding streams create complicated reporting requirements. For example, PICs have monthly reporting requirements to DoL, EDD, CWDs, housing authorities, and to any other sources of training funding. Agencies are also reimbursed on different criteria. JTPA performance requirements track job placement, retention, and wages at retention; colleges and schools receive most of their money based on ADA. Some GAIN contracts and subsequent CalWORKs contracts switched from fixed-price contracts to performance-based ones that emphasize job placement rates and wage growth (JTPA funds already had these standards), as well as school

duration and completion rates. CBOs that received lump-sum subcontracts under GAIN now face per-person service fees with mandates for attendance, job placement, and wages. In many cases, CBOs are not set up for such extensive monitoring and are trying to adapt to the new system.

For that matter, many CWDs do not appear to be fully engaged in closely monitoring and auditing these contracts. Rather than enforce strict reporting requirements (which entails considerable monitoring), some CWDs seem to take a somewhat passive stance with the idea that the contract will not be renewed if there is a continuing problem. Some outcomes are easier to track than others. Attendance, for example, is straightforward. The hours mandate can be somewhat harder to track exactly; for the most part, many CWDs trust subcontractor reports that clients are meeting their hours requirement.

There are also, as ever, the perennial practical considerations about how to track performance in the face of different and sometimes incompatible data systems. This emerges at every stage, from referrals to tracking and reporting. From the beginning, CWDs had difficulty producing lists of welfare recipients who would be eligible for the DoL-WtW programs (e.g., long-term aid recipients who had not worked more than three out of the last 12 months). In fact, almost everyone we talked to about the DoL-WtW funds wanted Congress to relax the eligibility requirements.

Low Referral Rates

Underlying much of the implementation of the education and training component of CalWORKs is a tension directly related to the low referral rate to these activities. Given the falling caseloads and the rising employment rates among aid recipients, PICs, CBOs, and schools are all going after a shrinking pool of clients. In particular, because they have a great deal of WtW money to serve long-term, low-skilled aid recipients that is not being spent, PICs have been alarmed at the low rate of referrals. By mid-1999, only about 10 percent of the funds had been spent in California, in part because funding did not arrive until mid-1998, when most counties were focused on getting CalWORKs recipients enrolled by the January 1, 1999, deadline, and in part because of falling caseloads.

There are two ways to interpret the low referral rate. The first is that it is transitory. The program is still somewhat early in its implementation; thus, as more people come through Job Club without finding work (especially if the no-shows who are suspected to have low skills begin to participate) and as caseworkers become more familiar with the options available, more people will be referred over. In some counties, welfare agency caseworkers triage new cases

with WTW caseworkers to immediately refer people eligible for DoL-funded programs. A variation on this theme is that if the economy sours, fewer people will find work and will end up in training programs.

A second way to interpret low referral rates is that they are a permanent feature of CalWORKs. Some observers in the CWDs expressed concern that welfare caseworkers are reluctant to encourage clients to attain more education than they themselves have. Consistent with those observations, the caseworker survey results suggest that a large fraction of workers think "clients get better services than they deserve." Alternatively, they resist referring their clients over to external organizations. (In San Diego County, there was also the concern that some for-profit case managers are rewarded based on placements, and so may be unwilling to refer people to skill-building programs.) CWDs can also be suspicious that these outside organizations, and the colleges in particular, are too willing to keep students enrolled without ever encouraging employment as the end goal.

CWDs also sometimes argue that the problem lies with education and training providers—that either the content and variety of programs is inadequate or that programs do not market themselves to clients who, in the end, are the ones who decide what to do. Providers, according to this argument, need to adjust to the schedules of CalWORKs clients, including their need for nontraditional hours and days, as well as to the fact that clients do not appear in large cohorts at regular intervals but instead trickle into the education and training system.

More commonly, though, CWDs argue that clients simply prefer to work. One of the most common responses in our caseworker survey (the CSS) to the question of where they were likely to refer clients who did not find work through Job Club was that it depended entirely on the client. From senior state leadership, senior county leadership, and caseworkers interacting with clients daily in the CWD field offices, we heard that clients are leery of returning to an educational system in which they have already failed. The comments of a Job Club leader capture this position: "I am a pessimist about training. Many of our people are not educated because this is not a process that they have been successful at in the past. I think that sometimes we set them up for failure in the classroom. ...The young ones should not be in OJT or fast, short vocational training. The education should be ongoing."

There is also a serious practical consideration that limits educational enrollments: If clients can meet their hours requirements through work, they are unlikely to want to spend additional hours in school. Some counties are exploring a middle ground, encouraging simultaneous work and education, for example, by asking clients to combine 20-hour-a-week jobs with a skill-building class for 12 hours, to meet the 32-hour requirement. Already, some counties report that they view such job retention services as being the key to moving people toward self-sufficiency and off the aid rolls.

10. Substance Abuse, Mental Illness, and Domestic Abuse Services

Substance abuse, mental illness, and domestic abuse can, especially when they occur in combination, be significant barriers to work and self-sufficiency. The California Work Opportunity and Responsibility to Kids (CalWORKs) legislation mandates that the services needed to overcome these employment barriers be provided to CalWORKs participants. Yet unlike the need for child care, which is almost universal, these problems affect only a subset of the population and do not always prevent employment. Those affected by these conditions are usually reluctant to disclose them, and county welfare departments (CWDs) have little experience in identifying and referring those affected with these conditions to services.

Therefore, the new mandate from CalWORKs to provide services for these problems has posed major implementation challenges for the state and for the counties. These challenges include not only identifying the problems when they exist and making referrals to services, but also coordinating with agencies that have long administered the existing service systems and interacting with service providers on CalWORKs case management issues.

In this section, we examine issues surrounding substance abuse, mental illness, and domestic abuse services. We begin with a review of the policy and legislative context prior to CalWORKs. We then discuss the policy and legislative context within the Personal Responsibility and Work Opportunity Act (PRWORA)/CalWORKs context. We conclude with a discussion of the institutional and funding stream context associated with substance abuse, mental illness, and domestic abuse services.

We then examine statewide and county-level concerns about substance abuse, mental illness, and domestic abuse services that have surfaced as a part of our analysis, drawing on the state- and county-level interviews we have conducted (in both the focus and follow-up counties). At the state level, we interviewed staff from the California Department of Social Services (CDSS), the California Department of Mental Health Services (CDMHS), and the California Department of Alcohol and Drug Programs (CDADP), as well as with advocates around the state about these issues. We monitored implementation issues discussed by the Joint CalWORKs Committee at its meetings and by counties that participated in

the CDADP-sponsored information forums, "Implementing CalWORKs," held in several locations throughout the state. At the county level, we conducted a special module—in Alameda, Butte, Fresno, Los Angeles, Sacramento, San Diego, Sonoma, and Yolo Counties. As part of the module, we interviewed CWD staff with responsibility for these support services, representatives from county departments of behavioral health, and staff of several agencies (public and nonprofit) that provide these services. In addition, we provide the results from the 1999 All-County Implementation Survey (ACIS) and from the California Staffing Survey (CSS) as appropriate to issues about substance abuse, mental illness, and domestic abuse.

Background

Policy and Legislative Context—Before PRWORA and CalWORKs

Prior to CalWORKs—during the Job Opportunities and Basic Skills (JOBS) and Greater Avenues for Independence (GAIN) eras in California—welfare programs were not involved with substance abuse, mental illness, or domestic abuse services. While these problems were sometimes evident among their caseload, workers, whether in the eligibility division or the GAIN program, were not expected to intervene to assist with these problems. As a result, if a candidate for GAIN seemed unlikely to succeed because of substance abuse or mental illness or explained that she could not work out of fear of spousal abuse, she was simply deferred or waived from participating.

Policy and Legislative Context—After PRWORA and CalWORKs

With two exceptions, PRWORA was silent on the topics of mental health, substance abuse, and domestic abuse. First, in the case of substance abuse, PRWORA specified that, unless states opted out, individuals convicted of drug felony offenses were barred for life from participating in Temporary Assistance to Needy Families (TANF) and Food Stamps programs. And second, with regard to domestic abuse, PRWORA included a Family Violence Option that states could also adopt at their discretion. This option required identifying, screening, and providing services for victims of domestic abuse and included language stating that states will not be penalized based on domestic abuse good cause waivers of work requirements. As for mental health, there is no mention in PRWORA of mental illness waivers or services for the mentally ill. None of these services is included as allowable federal work activities. Federal regulations did, however, explicitly allow using TANF block grant funds for services for the mentally ill, substance abusers, and victims of domestic abuse.

Despite the state option and considerable discussion, the CalWORKs legislation denied assistance to drug felons. CDADP leadership argued that these were some of the people most in need of treatment, and that convicted robbers and other felons were not excluded. However, repeated efforts at compromise language (e.g., allowing assistance for those with convictions for use or possession, but not for distribution) failed during the legislative process. Even an effort to provide funding for treatment instead of cash assistance failed.[247] More recently, Governor Davis vetoed a bill that would have permitted participation by drug felons.

CalWORKs, unlike the federal legislation, did include participation in treatment for substance abuse and mental illness as an allowable welfare-to-work (WTW) activity. CDADP leadership, advocates in the legislature, and treatment providers successfully lobbied to ensure an adequate treatment benefit was provided, obtaining in the legislation a benefit for six months in treatment with extensions permitted upon agreement of the client's clinician and caseworker. In addition, fearing the establishment of a separate network of unlicensed providers, the CDADP also lobbied successfully to ensure that CalWORKs mandate the use of state licensed and certified treatment providers, many of which had existing contracts with county departments of alcohol and drug programs (ADPs). The final CDSS CalWORKs regulations directed CWDs to refer to the existing treatment system administered by local ADPs, as long as services are available and meet the need.

As we discuss in more detail below, the state provided set-aside funding for the counties to use for providing substance abuse and mental health services. However, there was some uncertainty among the counties about whether this funding could be used for activities related to providing these services beyond direct services to individual CalWORKs clients. To resolve some of the uncertainty about the use of this set-aside funding and to help encourage more referrals to treatment, ACIN 1-82-99 (issued October 28, 1999) states that mental health and substance abuse allocations may be used for "capacity building." Further, it offers "expanding residential treatment services for mothers and their children" and "community outreach" as examples of ways that some counties are using their funds. This clarification has been long awaited at the local level (though local interpretations may still vary, as we discuss in more detail below); it also may help to increase capacity, so that if referrals begin to increase, there will be treatment slots to match the demand.

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[247] For the treatment provider community, which were also against this provision, that meant a loss of revenue to treatment programs that use clients' Food Stamp benefits to cover some of the costs of food at treatment programs.

As for domestic abuse, CalWORKs adopted the federal-level Family Violence Option but provided no funding for domestic abuse services. CalWORKs does take advantage of the language in PRWORA stating that states will not be penalized based on domestic abuse good-cause waivers of work requirements. Because of concerns about the physical safety of many women who are victims of domestic abuse, the legislation provided that victims could receive a good-cause waiver from work requirements.

Institutional Context

Institutionally, the key players that interact with the CDSS and the CWDs at the county level come from the substance abuse, mental health, and domestic abuse policy, services, and advocacy communities. At CDSS, responsibility for these areas rests with the Work Services and Demonstration Projects Branch. Staff of this branch have participated in interagency groups and have begun to actively investigate the factors associated with low referrals to substance abuse, mental illness, and domestic abuse services, discussed below.

The CDADP, already mentioned above, has been an active participant dating back to the legislative debate. CDADP has several staff funded from its own budget to monitor emerging issues, to facilitate information sharing, and to tackle implementation problems. However, according to CDSS staff, the lack of a department director has meant that the organization has lacked strong leadership on the legislative front.

The main state-level agency on the mental health side is CDMHS. CDMHS has been somewhat less involved than CDADP in the legislative and regulatory development process and implementation. Its main issues were ensuring that clients would have access to quality services and that the funding be provided to meet the demand that the CalWORKs population was expected to generate. Because its client base is the seriously mentally ill, for whom MediCal was the payor, the existing mental health provider network was not a major stakeholder. During the CalWORKs debates, the state and providers were involved with the implementation of a managed care system for MediCal mental health care, and the main concern was how the CalWORKs program was going to fit into that model at the local level. The added funding made a big difference in the state's ability to make its system of managed mental health care available for Californians with affective and personality disorders, who previously had been rationed out of the system.

Unlike for mental health and substance abuse, there is no state agency with responsibility for services for victims of domestic abuse. Advocates we

interviewed had mixed comments about the CalWORKs legislation. They noted that it adequately addresses the need to waive participation for victims of domestic abuse who could be at greater risk if they worked. They argued, however, that it should have included funding to provide services and stronger mandates on the counties to identify those in need of such waivers. CDSS sent a strong message to every CWD that it must deal with domestic abuse. Advocates felt that the CWDs already knew that they had to deal with mental health and alcohol and drug abuse but that domestic abuse is the issue no one wants. At the local level, domestic abuse has traditionally been left to community-based organizations (CBOs).

It is worth noting that prior to CalWORKs there was little interaction among the key agencies at the state and county level. CalWORKs changed that by requiring CWDs to rely on the existing services administered by county departments of mental health and alcohol and drug programs[248] and on existing community organizations serving victims of domestic abuse. CWDs hold the CalWORKs purse strings and have the access to the target population. Behavioral health departments act as gatekeepers to the services networks, which were totally unfamiliar to CWDs. Building the relationships to make the needed coordination possible has not been easy according to many of our key informants.

Counties began CalWORKs with different organizational structures. In some counties, welfare, mental health, and substance abuse were all departments within the same super-agency. In some counties, such a merger has occurred since CalWORKs. In other counties, each department is part of a separate agency. In at least one of our focus counties, there is a local government agency with responsibility for domestic abuse, but this is not common throughout the state. Preexisting structures and relationships may have played a part in how well the needed services have been coordinated between CWDs and the partner implementing departments. Finally, while mental health and alcohol and drug departments in most counties have been merged into a single behavioral health department, their relationship has been traditionally more competitive for scarce resources than collaborative in providing integrated services.

Funding Context

Prior to CalWORKs, substance abuse and mental health services were not available to Aid to Families with Dependent Children (AFDC) participants

[248] CalWORKs regulations provide for CWDs to interact directly with providers if the county ADP does not have services available.

through the welfare system. Instead, they were provided through a variety of other funding mechanisms. First, MediCal pays for some alcohol and drug treatment and mental health care, and AFDC participants are categorically eligible for MediCal. Second, both mental health and substance abuse services are funded in part by federal block grants administered by county agencies that contract for services with community-based providers and/or operate clinics and treatment programs directly. In addition, many providers have private donors and other revenue that help cover the costs of treatment for the low-income population.

Mental health care in California costs about $2 billion a year, and with that level of funding, only the seriously mentally ill have access to care. During the past three years, the CDMHS and local provider networks have been implementing a managed care system for mental health, which in principle is designed to cover treatment both for episodic disorders and impairments and for long-term care for the seriously mentally ill. However, the state added only $20 million dollars in funding to meet the needs of Californians with less serious mental disorders. CalWORKs added another $45 million in set-aside funding for CalWORKs participants in the fiscal year 1998/1999, a major increment for treating less serious mental illness. However, some mental health experts at the state and local levels are concerned that the mental health conditions identified so far appear to require more expensive, long-term treatment and case management than they had expected.

A recent report by the Legislative Analyst's Office (LAO) documents that publicly funded alcohol and drug treatment in California has been woefully underfunded. For these services, the state budget is about $354 million and the CDADP estimates that it would take another $330 million to fully fund treatment services (Legislative Analyst's Office, July 1999). The state provided $60 million in set-aside funding for CalWORKs clients in FY 1998/1999, which in effect gave CalWORKs participants priority in the largely underfunded state treatment system.

CDADP argued unsuccessfully to become the agency to administer substance abuse services funding for welfare recipients. It wanted to be in charge of the substance abuse treatment allocation, passing funding on to county ADPs for administration, as it does with other federal and state funding. CDADP argued that it already had in place a system for pass-through of the federal Substance Abuse Prevention and Treatment Block Grant and was already the drug MediCal reporting agency. However, in the final legislation, CDSS retained the dollars and passed them on to CWDs for administration. In addition, while CDSS provided separate allocations for substance abuse and mental health, it allowed

the CWDs discretion in blending the two allocations and administering them as they saw fit, including using some of the resources for domestic abuse services.

As mentioned above, the legislation did not provide funding for domestic abuse services. In addition, unlike with substance abuse and mental health services, funding for domestic abuse services does not go through a state agency with administrative and regulatory responsibility for services; instead, it goes directly to CBOs that provide shelter and a variety of counseling and support services with these funds. These funds come from a variety of sources, including the state Office of Criminal Justice Programs and the state Health Services Agency, which otherwise have little or no connection with CalWORKs. Few counties have local government agencies with responsibility for domestic abuse services.

State Concerns

At the state level, the attention of CDSS, CDADP, members of the legislature, the Joint CalWORKs Committee, and others has been focused on the problem of very low rates of referral and utilization of services for substance abuse, mental health, and domestic abuse. Low referrals raise the question of whether the problems are not there or whether policies and procedures are presenting barriers to identifying these problems.

In the face of this challenge, new and increasing interagency coordination and leadership have developed, which may affect CalWORKs implementation in general. As remedies are suggested and implemented, these remedies will need to be assessed, and data for monitoring referrals and utilization will be very important. This raises a concern about the quality and type of information available for monitoring implementation. In addition, if efforts to increase the number of CalWORKs participants receiving needed services are successful, additional issues related to the availability of treatment and adequacy of funding will take on new significance.

The Problem of Few Referrals and Lower Than Expected Utilization of Services

Despite significant disagreement in the literature (Grant and Dawson, 1996; Weisner and Schmidt, 1993), advocates for behavioral health services argued successfully that there are very high rates of behavioral health problems in the target population and that resources should be available for treatment. The Senate Welfare Reform Conference Committee estimated need for services at 15 percent of the caseload for mental health treatment, 25 percent of the caseload for

substance abuse treatment, and 20 percent for domestic abuse services. Together, $130 million of state maintenance of effort (MOE) funding was provided in FY 1998/1999 for substance abuse and mental health services.

The results have been disappointing. Throughout the state, only about $20 million dollars was reported by the counties as expenditures for substance abuse and mental health services in FY 1998/1999. Late data from CDADP's statewide treatment admissions reporting system, California Alcohol and Drugs Data System (CADDS),[249] indicate that overall less than 1 percent of the CalWORKs caseload (using September 1998 caseload estimates) were admitted to treatment for substance abuse between January and December 1998. Figure 10.1 shows the total number of admissions (not persons) to CADDS programs who were CalWORKs participants for quarterly periods beginning January 1998.

While the numbers are low, totaling 13,550, they do show an increase of 15 percent between the first half of 1998 and the first half of 1999. When calibrated against the caseload, which has continued to decline, the increase is even greater.

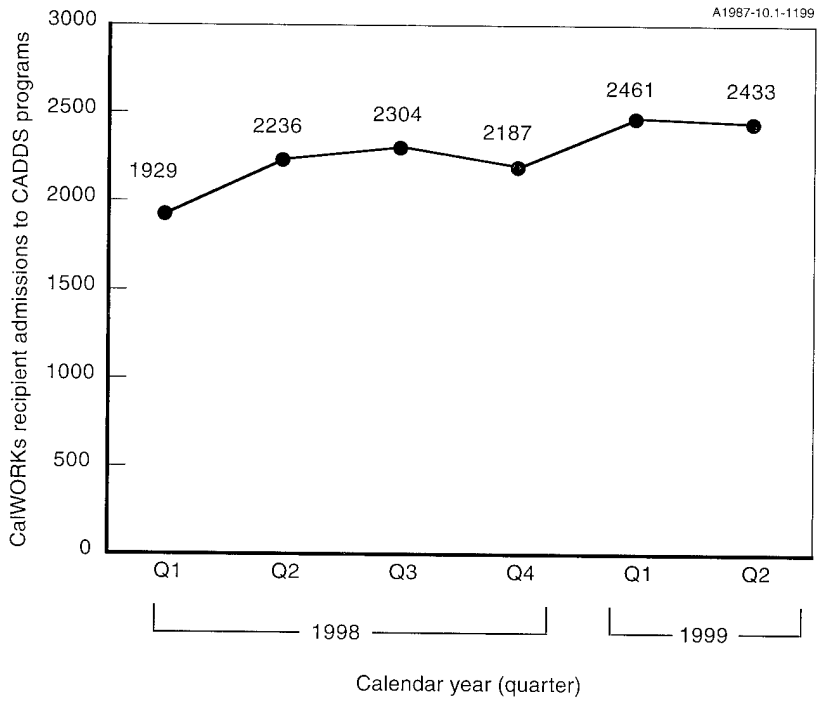


Figure 10.1—Total Number of CalWORKs Recipient Admissions to CADDS Programs

[249] See description of CADDS provided below.

Data from the counties Welfare to Work Monthly Activity Reports (WTW25) for the period July–September 1999 show statewide increases in the number of persons receiving services. During the quarter ended September 1999, persons receiving mental health services increased about 300 per month, while for substance abuse and domestic abuse the increases averaged 85 and 104 persons a month receiving services. According to the WTW25 for September 1999, there were a total of 3,061 persons receiving mental health services, 1,261 receiving substance abuse treatment, and 840 receiving domestic abuse services in the 49 counties that reported in these categories. Another indicator collected by the WTW25 is the number of persons per month referred for assessment. In September, reporting counties referred 883 participants for mental health, 334 for substance abuse, and 223 for domestic abuse assessment. Regardless of the measure used, far fewer CalWORKs participants have been utilizing these programs than even the most conservative estimates of the need for services.

As noted in earlier chapters, noncompliance is a major problem throughout the CalWORKs program, one that no doubt carries over to services targeted to remove work barriers associated with substance abuse, mental illness, and domestic abuse. In addition, welfare reform programs around the country have experienced low utilization of these services. The General Accounting Office (GAO) noted one of the most challenging implementation issues reported by states was finding ways to involve recipients with multiple barriers to participation in WTW activities (GAO, 1998).

Here, we examine some reasons at the state level for why the referral rates are as low as they have been and briefly describe state-level responses to these problems. Probably most often mentioned as an explanation for why substance abuse, mental illness, and domestic abuse has gone undetected is that clients are unwilling to self-disclose their problems to welfare workers. Reasons include embarrassment, fear of losing their children and/or their aid, and denial of the problem by the recipient. One substance abuse treatment provider doing outreach in a Los Angeles CWD district office told us that clients she spoke with universally expressed fear of losing their kids. In addition, respondents in a recent survey of welfare recipients noted embarrassment, loss of aid, and loss of children as the main reasons why people would not want to talk with welfare workers about their problems (Dertouzos and Ebener, 2000). One CDSS official referred to this as the "trust" issue—not an issue that can be quickly overcome.

Trust concerns are not without basis. County practices on reporting child abuse and neglect seem to vary. In Sacramento County in 1998 following several child deaths relative to substance abuse, the BoS changed child service policy from an emphasis on family preservation to an emphasis on child protection. Rates of

child removal increased sharply. Given this "aggressive stance," recipients are concerned.

In Yolo County, we learned that this is not routinely done and the "trust" issue was not of great concern there. In Ventura County, child welfare specialists are involved with CalWORKs case management as a prevention resource, not in an investigative capacity, although how clients perceive their involvement is not known.

CDSS addressed client confidentiality and Child Protective Services (CPS) reporting issues in its recent All-County Information Notice (ACIN) on mental health and substance abuse services, reminding CWDs that under California law, disclosure of substance abuse by a CalWORKs participant "in itself, may not be sufficient basis for a CPS report" (ACIN 1-82-99, issued October 28, 1999) and encouraging adherence to rules of confidentiality for CalWORKs participants. It noted that further guidelines will be issued by the state for making referrals to CPS.

Some advocates for treatment argue that the low participation rates occur because of the work-first approach that underlies CalWORKs. These advocates argue that "Work-First Equals Fail First" and that CWDs should make an effort to identify work barriers before rather than after participants fail to obtain or retain employment. Others argue that mental illness, substance abuse, and domestic abuse can be, but are not always, significant work barriers (CSAT news Release, September 1999). That many who have these problems can and do obtain employment is one of the reasons that many CalWORKs workers and officials believe that using the work-first approach is more appropriate than making intensive efforts up front to uncover these problems.

CDSS officials continue to emphasize the work-first approach of CalWORKs but pointed out at a recent forum on substance abuse and mental health services that "Work-first doesn't mean work only" and that while the goal of the program is to have participants work as soon as possible to preserve their assistance for the future, there are some exceptions, including participation in treatment for substance abuse and mental health and services for domestic abuse.

Some point to the large sanction and noncompliance rates within CalWORKs and suggest that alcohol and other drug abusers, the mentally ill, and victims of domestic abuse make up a substantial portion of those who are not participating and, therefore, who are not identified. If this were so, we would expect to see a high prevalence of undetected behavioral health problems among those who do not comply with CalWORKs. However, preliminary evidence from counties investigating noncompliance and sanctioned households (e.g., San Bernardino,

Ventura) suggests that there are many reasons for noncompliance, including, but not limited to, mental health, substance abuse, and domestic abuse.

A fourth potential explanation often suggested for the low participation rates is that CWDs have difficulties in identifying the likely candidates for services, either because staff are inexpert and inadequately trained for outreach, screening, and referral or because programs are designed and operated in ways not conducive for disclosing these issues between clients and caseworkers. For example, eligibility and employment staff rarely have work spaces where private conversations with clients can take place.

The Joint CalWORKs Committee, which comprises county representatives from the California Mental Health Director's Association (CMHDA), the County Alcohol and Drug Program Administrators Association of California (CADPAAC), and the California Welfare Directors Association (CWDA), is drafting in collaboration with CDSS, CDADP, and DMH protocols for counties to use that are expected to address some of the operations issues. In addition, CDSS has drawn attention to some of the suggested solutions in its recent ACIN on this topic. For example, it suggested the need for outreach, the potential payoff of colocated behavioral health specialists with CWD staff, and the need for privacy for clients to discuss these topics.

CalWORKs program design and implementation is left to each county, but many CWDs seem to agree that greater collaboration is needed and are increasingly turning to behavioral health experts for assistance with outreach, screening, referral, and case management tasks. We expect to see increases in the number of counties with colocated staff, though hiring difficulties may curtail these efforts in some locations. County approaches are described further below.

Leadership and Coordination Efforts

The problem of low referrals and utilization of services gained attention at the state level through several channels. One was treatment advocates, county behavioral health departments, and treatment providers, who focused attention on anecdotal evidence of low referrals through CWDs. They reported that CalWORKs clients were not entering their programs. Another channel was the new CDSS director, Rita Saenz, who had been the director of CDADP under Governor Edmund G. Brown, Jr. She made it clear that she expected that services mandated to help remove work barriers should be provided. She championed the view that these problems were going undetected in the CalWORKs population and that CalWORKs goals could not be achieved if these problems were not addressed. A third channel was from preliminary spending reports

released by CDSS, which showed that through the third quarter of FY 1998/1999, the counties had drawn down only about 10 percent of the funds allocated for that year.[250] This information raised concern in many quarters that the allocated funds would be taken back in future budgets if they were not used. Many interviewees, including both treatment services advocates and CDSS staff, declared the lack of spending on these support services a lost opportunity for CalWORKs clients and county services. All sides had major stakes in helping the counties to do better in FY 1999/2000.

In the face of the concern about undetected problems, low referrals, and little utilization of funding, several efforts at the state level have been under way to focus attention on some of the likely explanations, identify promising practices, and clarify state policies and regulations. In a context where much is at stake for many participants, these efforts appear to have been largely collaborative and relatively free of finger pointing.

At the state level, the Work Services and Demonstration Projects Branch of CDSS recently sent a strong message to county welfare and treatment administrators that "[p]rovision of mental health and alcohol and drug treatment services for CalWORKs clients is of the highest priority for CDSS" (ADP Forum, Fresno, CA, November 1999). Members of the legislature have also been investigating the reasons for low referrals and have urged counties to develop innovative approaches.

Assemblywoman Dion Aroner convened a meeting in July 1999 to discuss her concern "about the low number of CalWORKs recipients receiving assessment or treatment for mental health, substance abuse, and domestic abuse problems" with county representatives. CDADP staff have included this topic in the agenda for the information forums they have been sponsoring throughout the state.

Also at the state level, a number of coordinating groups have emerged. First, there is the very active Joint CalWORKs Committee, which began to meet regularly in the fall of 1998. This group initially comprised representatives of the state's associations of county welfare department directors (California Welfare Directors Association, CWDA), mental health (California Mental Health Directors Association, CMHDA) and alcohol and drug program administrators (County Alcohol and Drug Program Administrators Association of California, CADPAAC). CDSS and the other state agencies are now also regular

[250] The numbers at the end of the fiscal year reporting were still well below the allocation, although several counties report that they have spent more than the fiscal spending reports show. If the spending on mental health and substance abuse services is being reported by CWDs with other spending rather than under its separate allocation, it might account for some of the discrepancies.

participants in California Joint CalWORKs Committee meetings, as are experts on domestic abuse. As noted above, the group is working with CDSS to promulgate protocols for the counties on serving CalWORKs participants. This group also works jointly on issues related to the conflicts in goals between CalWORKs and treatment services and on identifying promising practices for sharing among counties. It provides a forum for information sharing and identifies policy issues, such as why CWD spending reports submitted to CDSS and county level data do not agree. It draws participation at its meetings from throughout the state and is chaired by a team representing county welfare, mental health, and alcohol and drug agencies.

In addition, the state agencies involved—CDSS, CDADP, and CDMHS—have formed their own steering committee that now provides a forum for staff from these agencies to meet regularly to deal with issues of information and coordination needed at the state agency level. Prior to CalWORKs, staff from these agencies did not know very much about each other's programs, funding streams, or other federal and state mandates. Those we interviewed at each agency remarked on the enormous amount that they have had to learn and that working on problems jointly may accelerate this process. In the case of CDADP and CDMHS, staff had no CalWORKs funding to support their efforts. At CDMHS, the lack of funding has contributed to a low level of involvement in CalWORKs issues, while at CDADP, the problem of low referrals has garnered much involvement of staff in efforts to improve coordination and information exchange and to promote solutions to the various problems. CDADP has used other funding to support its staff involved with CalWORKs.

While state-level leadership has been evident in focusing attention on this problem, further leadership will be required to resolve some of the barriers that limit identification and referrals, protect funding while modifications are made, and continue to tackle the problem of low referrals if current efforts are not successful.

Monitoring Utilization of Services

To assess the changes in referral rates that ongoing efforts produce and to monitor the adequacy of their treatment capacity, the state and counties need timely, shared information on the various steps in the process, from the number of cases identified as needing treatment to the numbers actually enrolled and completing treatment. The new WTW 25 form requests monthly aggregate counts of participants in substance abuse, mental health, and domestic abuse. The quality of these reports is unclear, especially since only about half of

California CWDs reported in the 1999 ACIS that they have regular statistics on referrals and utilization for mental health, substance abuse, and domestic abuse. For more detailed individual level data, the situation is as follows:

- **Mental Health.** At the state level, there is no statewide statistical system maintained by the CDMHS that captures utilization of mental health care in California. Thus, there is no source for comparison with CDSS statistics obtained from the counties on numbers of referrals and spending on mental health for CalWORKs. In some cases, MediCal may be the payor for such services; thus, it might be possible to analyze MediCal claims for mental health care and compare those data at the claimant level with CDSS data on spending of the CalWORKs mental health funding.
- **Substance Abuse.** For substance abuse, the CDADP operates CADDS, which is composed of provider-level reports on individual clients admitted to and discharged from treatment. Reporting at the client level by providers is mandated for all alcohol and other drug treatment programs that receive any public source of funding and includes all admissions to those programs. CADDS was modified in 1997 to obtain CalWORKs participation for all admissions. That is, all program representatives were required to ask each person admitted to their program whether they were on CalWORKs at the time of admission. All CADDS information is submitted by providers to their county ADP, which, in turn, supplies it to CDADP. Thus, for alcohol and drug treatment there are data separate from those that CDSS obtains from the CWDs on referrals to treatment and utilization of services. Reconciling the differences in these sources of information poses significant challenges because CWDs count referrals for assessment and person per month receiving services and CADDS counts admissions to treatment. In addition, there are reporting problems with each system and time lags in the updating process.
- **Domestic Abuse.** There is even less known from any source other than the WTW 25 about the use of services across the state by victims and survivors of domestic abuse. In this area, providers are not participating in any uniform system, and indeed in most counties, no government agency has regulatory or other authority over domestic abuse service providers. When asked about the number of referrals to domestic abuse services, one of our key informants explained that there is no way to determine how many there are because there is no system in place for tracking referrals. Los Angeles County is a notable exception. There, the Department of Community and Senior Services has a budget for domestic abuse and oversees and coordinates contracts with service providers.

Available Treatment Capacity

As mentioned earlier, CDSS has recently clarified for the counties that use of the CalWORKs mental health and substance abuse funds for "capacity building" is permitted. This may enable counties to increase treatment capacity in advance of the effects of efforts to increase referrals. In California, as elsewhere in the United States, subsidized mental health and substance abuse treatment for the low-income population is chronically underfunded (LAO, 1999; Woodward et al., 1997). There has been no such thing as treatment on demand. In the mental health system, only the seriously mentally ill, with diagnoses such as schizophrenia and other psychotic disorders, were seen in the public clinical care system. Concern about limited capacity on the substance-abuse side is such that the federal government began to mandate that states track the size of their waiting lists for entry to treatment services. Such a system has never been perfected, but California has tracked statistics on applicants for treatment who are placed on waiting lists for the past several years. During the first quarter of 1999, the number of treatment applicants unable to gain immediate admission and placed on waiting lists for a slot to open topped 11,000 persons per month statewide (CDADP, DATAR output July 1999).

With welfare reform, many in California felt that there would simply be added demand placed on a treatment system already overburdened in the case of substance abuse and nonexistent in the case of expected mental health problems. Yet based on alcohol and drug treatment waiting list data, there is little evidence that this has occurred. In the first quarter of 1998, arguably before most counties began making CalWORKs referrals to treatment, waiting lists topped 13,000 per month statewide, two thousand per month higher than a year later in the CalWORKs era when many became concerned about low rates of referrals.

Is this because capacity was increased using the set-aside CalWORKs funds? In some counties, it was. For example, Merced County nearly doubled the size of one of its residential programs for women with children from 18 to 32 slots (though waiting lists remain for entry to that program). Los Angeles County has also allowed programs to use their CalWORKs dollars to expand programs to meet CalWORKs demand.

However, in many counties, despite the claims and arguments of proponents for increased treatment capacity, county financial officials (and state auditors) reportedly had interpreted the CDSS regulations on using the funds (discussed earlier) to mean that programs could charge for services only to specific CalWORKs clients. In both Alameda and San Joaquin Counties, for example, funds were used strictly for individual clients in treatment. Reportedly,

substance-abuse treatment programs in several counties had invested in capacity expansion, only to find that counties would not reimburse their costs and that, simultaneously, CalWORKs clients failed to materialize. In Alameda County, providers who needed to add employment counseling to their domestic abuse programs could not hire staff without having clients, creating a chicken-and-egg problem that could delay implementation. Some counties found private provider networks to provide mental health services, and others hired mental health professionals to provide services through CalWORKs offices.

Some counties have begun to work around this problem. In Los Angeles County, the need for providers to prepare to meet CalWORKs demand and to assist with improving referral rates led to negotiations between the CWD and the local ADP about what would be allowable spending and to major revisions in the structure of contracts between the ADP and providers that allowed greater flexibility to the providers for billing a variety of services, such as outreach, and for acquiring equipment, in addition to clinical care.

Available capacity could become an important issue. What evidence there is in the substance abuse area suggests that CalWORKs participants do not always obtain a treatment slot promptly, even with set-aside funding and the presently low referral rates. Only since welfare reform's passage have the statistics on treatment admissions and wait lists included counts of those on CalWORKs. Many believe that these statistics were very unreliable during a transitional period of a year or more while treatment programs learned the new reporting requirement and became consistent at supplying the information about CalWORKs participation by their applicants and clients. Thus, the number of CalWORKs participants accounted for in waiting lists may be fewer than the actual number applying for treatment, especially during 1998. By early 1999, however, while almost every county we spoke with reported that referrals were low, the state's waiting list numbers show that about 3 percent of the monthly waiting list applicants were on CalWORKs.

Concerns About Spending Allocated Funds

In addition to inconsistencies and discrepancies in the reporting of rates of referral and utilization of treatment services, there are also discrepancies in the statistics on spending that add to the difficulty of monitoring implementation. For example, while CDSS records of spending by the counties show that few of the substance abuse and mental health dollars allocated for last year were spent, a few counties report that they had used their entire allocations and had major concerns that cutbacks would leave them with shortfalls for the current year.

According to ACIS returns, five counties have current funding shortfalls for substance abuse and domestic abuse services and ten have a mental health funding shortfall. The discrepancies in spending reports may be the result of a variety of reporting problems and may help explain in part why so many counties appear to have spent so little of their allocations.

As noted above, concern about unspent funds galvanized many to action. Most of our key informants expressed some concern that the unspent funds may soon be diverted to other purposes. Many have reported a sense of urgency about increasing referrals to draw down the dollars before they disappear. Others suggested that uncertainty about the sustainability of funding thwarts efforts to expand capacity. The funds made available to date provided a major increment to existing budgets. In the mental health services system, for example, the CalWORKs funds represent more than a doubling of the dollars available to treat episodic disorders. Our state agency key informants expressed concern that the opportunity to improve services in the counties had already been partially lost as a result of the low spending. Some counties share this concern. Others believe that while start-up has been slow, successful strategies will soon result in greater utilization of the available funding and future shortfalls in funding. Either way, improved data on the numbers at each step in the process will be needed to gauge the success of efforts presently under way. Our analysis of CalWORKs implementation will continue to monitor these issues over the next year.

County Concerns

At the county level, the key concern related to drug and alcohol problems, mental health, and domestic abuse has also been the low uptake of services. In county interviews, we learned of some additional explanations for low referrals and utilization of services and about variations in staffing, timing, and approaches to identifying these problems. Of particular concern in the counties is the day-to-day coordination needed across agencies to put in place some of the recommended strategies for increasing referrals. Our fieldwork also identified a coordination concern related to case management for those in treatment. With most of the concern focused on getting people into services, little attention has focused on the issue of quality of care for those receiving services. This issue will become even more important if utilization increases.

The Problem of Few Referrals and Lower Than Expected Utilization of Services

To date, all counties have experienced lower than expected rates of services utilization. Rates for substance-abuse referrals as high as 10 percent, as they have been reported for Sonoma County, are very rare. In reality, few counties reach 5 percent referral rates. While prevalence rates are likely to be lower than those used in advocating for treatment resources, they are most likely far higher than what the counties have so far identified (Speiglman et al., 1999). Mental health referrals are reported in some counties to be a little higher, but these too are well below realistic projections, as are referrals to domestic abuse services.

Actual participation in services is even lower than referrals. Almost all key informants mentioned the dropout or attrition that occurs between the point of screening and enrolling in services. A completely accurate estimate of the number of CalWORKs participants receiving these support services is not available. For alcohol and drug treatment, we do (as discussed above) have statistics from CADDS on CalWORKs participants admitted to public-sector programs. Most agree that these numbers represent a floor rather than a ceiling on actual numbers. Underreporting may result from treatment providers that do not obtain the required information from their clients or from clients who do not accurately report their CalWORKs status to providers. In addition, CalWORKs participants may be using treatment services other than the mandated CADDS reporters. For example, in Butte County and Sonoma County, on-site behavioral health department staff provide some of the clinical services. The clients they serve are probably not being recorded in CADDS as treatment program admissions, although all alcohol and other drug (AOD) treatment programs with CalWORKs contracts are mandated by CDSS reporting requirements to report CalWORKs admissions to CADDS (CDSS, ACL 98-60, August 1998).

Table 10.1 shows the number of CalWORKs admissions for our focus and follow-up counties from January 1998 through June 1999. While the numbers are low and in no case account for more than 2.6 percent (Sonoma County) of the CalWORKs caseload, they have been increasing over time in 15 of the 24 counties. In seven counties, the numbers have more than doubled during this period. As noted above, in the state as a whole, according to the CADDS data, just over 13,000 CalWORKs clients have gained admission to substance-abuse treatment since CalWORKs implementation began.

One possible explanation is that the decreases over time may be an artifact of CADDS reporting to CDADP by the counties. If counties, or some of their programs, were late in reporting first-half 1999 admissions, they may not all be

Table 10.1

Total CADDS Admissions of CalWORKs Clients

County	Total Admissions Jan. 1998–June 1999	Percentage Change Between Jan.–June 1998 and Jan.–June 1999
Alameda	805	–42
Butte	19	166
Contra Costa	327	17
El Dorado	69	176
Fresno	124	–38
Humboldt	137	111
Kern	381	80
Los Angeles	3,146	–2
Monterey	228	–19
Nevada	22	14
Orange	97	18
Riverside	440	885
Sacramento	1,058	153
San Bernardino	660	8
San Diego	1,745	–3
San Francisco	458	–40
San Joaquin	723	–7
Santa Clara	221	136
Sonoma	320	41
Stanislaus	351	154
Sutter	74	21
Tulare	107	3
Ventura	200	–3
Yolo	141	–31

included in the November report used for this table. Similarly, some of the rate of change may be the result of improvements in reporting to CalWORKs admissions that occurred during the year in addition to actual increases in the number of admissions. As noted above in our state discussion, there is sometimes disagreement on the numbers between the ADP, which tracks admissions through CADDS, and the CWD, which counts referrals by caseworkers. In addition, CWDs know only about treatment that is part of a WTW plan. According to CADDs data for the first quarter of 1999, only about half of CalWORKs admissions have treatment as part of their WTW plan. Together, some counties have been attempting to reconcile differences, while others are at a loss to understand them. Reconciling reporting differences and sharing information across agencies will help counties to assess their progress in increasing services utilization and to pinpoint where the specific problem resides (e.g., low screening versus high attrition between referral and admission).

Additional Reasons for Low Referrals. From our interviews with key informants, we identified another possible explanation for low referrals, which has not been widely discussed at the state level. A number of key informants in CWDs and behavioral health agencies noted the problem of caseloads that are too high and caseworkers who are too busy to spend the needed time to establish relationships with clients, inform them about the benefits of treatment and protection of their confidentiality, conduct thorough screening, and modify treatment plans to incorporate these services. Behavioral health experts added that in many cases, CWD staff lack the expertise needed to make effective identification and referrals.[251,252] In a large Los Angeles County CWD District with about 15,000 clients, only one worker is responsible for cases with these work barriers. In Butte County, when behavioral health staff began screening and assessment, waiting lists for assessment soon grew out of control, and in Sonoma County, staff reported that they keep opening new cases, but have too little time for thinking about what kind of services their referrals need. In some counties, including Sonoma, staff are being added to alleviate delays and overload, but in others, there was concern that approval would not be forthcoming to add positions. The alternative of finding contract services was also being considered in some counties.

An additional operation problem occurs in making the links or handoffs—screening, identification, referral to assessment, referral to program, entry to program—necessary from the point of identifying a client with a problem to the point of admission to treatment. At every stage, the number of participants dwindles. In part, there are delays and distance to be overcome in moving a client to services. Staff complain that every delay causes further dropout and no-shows. With regard to behavioral health services, this is not surprising. Many who are reluctant to enter treatment use delay as an excuse to change their minds. However, insufficient staffing means delays are built in.

County Approaches to Address the Low Referral and Utilization Problem. Although there has been no consensus on a single source of the problem, there

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[251] There are a number of characteristics that the mentally ill, substance abusers, and victims of domestic abuse share in common that contribute to making the identification of their conditions by persons without expertise in the area very difficult. First, these conditions are all stigmatized in our society; thus, many people try hard to keep them hidden from others. Second, the populations are often in denial or ignorance of their conditions. Third, in part because of the second, these populations can include disagreeable and difficult individuals to interact with and to assist, and fourth, as noted above in the case of alcohol and drug abuse (and to a lesser extent domestic abuse and mental illness), disclosure of the problem can put a parent at risk of investigation for child abuse or neglect.

[252] Research on diagnosis of depression shows that medical practitioners also often fail to diagnose this condition. See Meredith, et al., "Treating Depression in Staff-Model Versus Network-Model Managed Care Organizations," *Journal of General Internal Medicine*, Vol. 14, No. 1, 1999.

has been a great deal of interest in finding ways to address it. Counties throughout California are trying various approaches to address the problem.

Interagency Coordination and Leadership. Low referral rates into services has led to increased coordination between CWDs and behavioral health departments in some counties. The problem has forced county alcohol and drug agencies and local CWDs to negotiate and renegotiate about sharing the challenge of increasing referrals. In Los Angeles County, for example, the CWD and ADP have had a committee since July 1999 to work out the logistics of placing treatment providers in CWD district offices to do outreach and conduct orientations. ADP and CWD also negotiated added uses of CalWORKs funds to expand the role of treatment providers in the effort to increase admissions to treatment. In Alameda County, an interagency Oversight Committee meets monthly and has a subcommittee to address the barriers to obtaining behavioral health referrals. In Sacramento County, CalWORKs fit into a process already under way there to expand outreach activities by behavioral health staff to increase access to treatment.

The attitudes of the county Board of Supervisors (BoS) also have an effect on how aggressively counties pursue innovative interagency approaches to the referral problem. Leadership on behavioral health issues at the BoS level reportedly varies throughout the state. Some BoS have taken an interest in the problem and have been encouraging departments to work together to increase referrals. For example, officials in Los Angeles County credit the interest its BoS had in the underutilization of services with stimulating greater coordination on this issue. In other counties, the BoS is less interested and providers feel the lack of support makes it difficult for CWDs to push forward with such services as drug and alcohol treatment or for behavioral health departments to gain much of a role.

Successful Strategies. Some CWDs report that they are implementing successful strategies in identifying need and providing services for substance abuse, mental health, and domestic abuse. For example, as shown in Table 10.2, 41 of the 58 counties report in RAND's 1999 ACIS that they have successful strategies for identifying needs and providing behavioral health services. For example, Monterey County sends trained clinicians to orientation sessions. They talk to recipients when the orientation leader has left the room. This has increased self-disclosure of behavioral health problems.

This number of counties is somewhat surprising given the widespread concern expressed by key informants we spoke with in many of these counties about the

Table 10.2

Counties Reporting Successful Strategies for Identifying Needs and/or Providing Services

Alameda	Marin	San Luis Obispo
Butte	Mendocino	San Mateo
Contra Costa	Merced	Santa Cruz
Del Norte	Monterey	Shasta
El Dorado	Nevada	Solano
Fresno	Orange	Sonoma
Humboldt	Placer	Stanislaus
Imperial	Plumas	Sutter
Inyo	Riverside	Tehama
Kern	Sacramento	Trinity
Kings	San Benito	Tuolumne
Lake	San Bernardino	Ventura
Lassen	San Francisco	Yolo
Madera	San Joaquin	

low referral rates they have experienced, but it may reflect early findings by CWDs that improvements result when strategies to increase referrals are put into place. For example, San Bernardino County showed a significant increase in mental health referrals in the first few months after colocating mental health specialists in CalWORKs offices. However, it is obviously too soon to tell what long-term changes will result. In the same survey, about half the counties named above indicated that one or more of their behavioral health and domestic abuse services areas were among the weakest components in their CalWORKs program.

Multiple Points of Entry. Another approach counties are pursuing is allowing more flexible routes of entry for participants into treatment. Speaking of substance abuse in particular, Toni Moore, ADP administrator in a large county, referred recently to the "front door, the back door, and the side door for linking alcohol and other drug treatment needs with CalWORKs." Those remarks are also applicable to mental health and domestic abuse. The "front door" is what CalWORKs planners envisioned—CalWORKs workers and clients incorporating treatment participation into WTW plans, referring clients to locally contracted providers, and monitoring progress in treatment.

However, other doors—or points of entry—are beginning to be used more frequently. For example, in the treatment community, many clients are eligible for CalWORKs, and providers are beginning to work with CWD to enroll them. Domestic abuse shelters have long advocated for their clients with CWDs and welcomed the opportunity for stronger links with CWDs. They observe that

many of their clients have a significant need for income assistance and for support in obtaining a job. In Los Angeles County, shelters and counseling programs assist their clients in applying for and complying with CalWORKs. In Los Angeles County, the CWD will soon begin to place CalWORKs staff at substance-abuse treatment programs.

Another door, reportedly used quite commonly in Sonoma and Los Angeles Counties, begins at a treatment program when a client or new admit reports he or she is on CalWORKs. In this scenario, the treatment program, after obtaining the client's consent, informs the CalWORKs worker of the client's treatment participation, which can then be added to the WTW plan. In the past, some counties have forbidden this approach, but that has begun to change. Over time, CADDS data on treatment admissions shows that the percentage of CalWORKs admissions whose treatment is part of their CalWORKs WTW plan was greater in almost all the focus and follow-up counties during 1999 than 1998.

It is probably true that each of these doors or multiple points of entry could be opened further in ways that would result in more CalWORKs participants having treatment services incorporated into their WTW plans. CDSS seems to be encouraging this by including in its recent ACIN that treatment for CalWORKs family members is another allowable use of CalWORKs funding for mental health and substance abuse.

Variations in County Approaches to Identifying and Referring CalWORKs Participants

Some of the variation in approaches to identifying and referring CalWORKs participants to these services is described below.

Variations in Staffing Patterns: CWD Versus Area Experts. In Alameda County, CWD workers and their union have refused to screen clients for substance abuse and mental health problems, arguing that these tasks are outside their job description. Instead, behavioral health outreach teams at CalWORKs sites take on screening activities in place of CWD staff.

In Butte, Contra Costa, Sacramento, San Bernardino, Sonoma, Ventura, Yolo, and several other counties we visited, mental health and/or ADP staff or contractors are colocated with CWD CW staff and perform a variety of tasks, including providing information about services to clients at orientation and in Job Club, providing assessments, making referrals, providing services, and/or assisting with case management. Often, these specialists are also tasked with identification and referral for domestic abuse problems.

In other counties, e.g., Fresno, CWD staff have received training in screening, and either eligibility workers (EWs) or job specialists (JSs) perform this task. When candidates are identified, they can be referred to CWD social workers or to treatment or service programs for further assessment. Fresno County trained staff to be domestic abuse resource specialists (DARS). This training included work with community health and law enforcement agencies and mentoring from social workers. Between 25 and 30 DARS are spread throughout the department.

Fresno and Los Angeles are in the process of colocating behavioral health experts with CWD CW staff. Los Angeles will use staff from substance abuse treatment programs to provide outreach. Domestic abuse service providers are already in place at DPSS district offices. San Diego reported that it considered colocation but decided against it.[253]

Counties with colocated staff reported that relationships are largely cooperative but identified several problems with putting colocation in place, including finding space that all parties were satisfied with, dealing with initial turf concerns, recruiting behavioral health staff who share CalWORKs goals and understand that services are about removing employment barriers, and meeting caseload demands. One county noted that colocation was agreed upon early on but space was an issue and CWD line staff did not share the understanding that colocation was necessary. In retrospect, the county felt more effort was needed to build support for colocated staff early in the process.

Training is another important issue that was raised in almost all our interviews related to behavioral health. Virtually all CWDs provided mandatory training for caseworkers, but most interviewees recognized that staff turnover, lack of experience, and the complexity of all the changes at once have made ongoing training necessary. Experts in the separate fields are sometimes hired to provide the training and are sometimes critical that training has been too superficial to be effective in dealing with the specific problems. Moves to colocate may mitigate some of the training issues, but as noted above, orientation about the purposes and procedures for colocation is also needed for line staff.

Variation in Timing of Screening and Identification Efforts: Early Versus Later. Initially, most county plans called for screening for alcohol and drug problems during assessment, which would take place if participants failed to obtain a job during their Job Club/job search participation. Key informants in Fresno County recognized the problem associated with this timing. There,

[253]Since our fieldwork in mid-1999, San Diego County reports that it has collocated and that referrals have increased.

problems need to be job-related before someone gets referred. However, when people are put in jobs and then fail (e.g., because of on-the-job alcohol or drug use), key informants reported that the CWD loses credibility in the eye of the employers. In some counties, concern about the reactions of employers has led to training job applicants on how to pass a drug screen or only referring obviously sober clients to jobs that require drug testing.

In Sonoma County, officials indicated that they do not like to bombard applicants with questions about sensitive topics at intake and assume instead that everyone is employable. They stated that "the disclosure of these intensely personal issues is more likely to occur with a worker that has extended contact with the client rather than during the few hours that someone participates in intake." There, they find that behavioral health problems are identified mostly during job search by case managers who have more extended contact with clients than intake workers; lack of participation in job search is fairly common, which might mean that many in need of treatment go unidentified.

In Alameda County, behavioral health department staff assigned to the CWD reported that they are involved at all stages of the process. For example, department staff will go to orientation and try to address stress management early on. They might be able to identify issues there and make the connection to help with drug and alcohol abuse. They have found that there is a much greater willingness to admit to "stress" than to "drug problems."

Rather than screening during job assessment some counties have moved this task to an earlier stage, e.g., during orientation. There are critics of this approach, who argue that it is too early to expect clients to self-disclose such problems during the application process because no trust or relationship has been established. The CWD in Los Angeles is working with ADP and domestic abuse experts to place staff from service providers at CWD offices to conduct outreach as part of CalWORKs orientation, with the intention of trying to identify more participants in need of services sooner rather than later, but to use experts in the problem areas who can more readily identify and facilitate referrals for those in need of services.

Variation in Approaches and Tools Used for Screening and Identification of Problems: Formal Versus Informal. Protocols for defining and screening for domestic abuse were provided to the counties by CDSS with the input of a statewide Domestic Abuse Task Force. Some counties, however, have developed their own custom protocols with the help of domestic abuse consultants. Such a protocol is used in Sonoma County. Clients there are given information about domestic abuse services and exemptions during orientation and sign a statement

that they know about the policy. During appraisal, clients are asked one-on-one about domestic abuse. No outside staff are colocated for domestic abuse because there were no funds earmarked for domestic abuse. In a different county, our key informant on domestic abuse told us that few exemption requests were anticipated because "people don't even know they're eligible for waivers."

For mental health and substance abuse, CDSS and the Joint CalWORKs Committee are drafting protocols for screening, assessment, and referral to treatment services; in the meantime, the counties are using a variety of tools, including structured and unstructured one-on-one interviews; administration of standardized clinical assessment tools, such as the Beck Depression Inventory (BDI); the Miller Substance Abuse Subtly Screening Inventory (SASSI); much briefer rapid assessment tools; and modified or custom-designed self-administered questionnaires that have never been tested for validity and reliability. With no standard in place, it is most likely that measurement error alone is responsible for some of the failure to identify behavioral health problems. Some counties do universal screening, while some do not. Some look for signals or "red flags" that there may be a need for assessment for services. Others ignore signals and refer based only on self-disclosure by clients.

Some counties rely on written material to inform clients of services available. Others describe these services in orientation sessions. In Fresno County, a self-report appraisal form is provided to everyone at orientation for self-disclosure. Another county told us their staff prefer an Employee Assistance Program (EAP) approach asking "Is there anything in your life that may cause a problem?" rather than confronting clients with questions about substance abuse and mental disorders.

Coordination Between CWD Staff and Behavioral Health and Domestic Violence Services Providers

As discussed above, services for substance abuse, mental illness, and domestic abuse were not part of the GAIN program effort. Thus, except for relationships between the child welfare or general relief divisions of welfare departments and alcohol and drug departments, the various agencies involved at the county level had little or no prior working relationship. Typically, they were in separate agencies of local government and did not know very much about each other's areas. This lack of previous coordination added to the difficulties of planning for these services in the short space of time available in advance of CalWORKs implementation.

However, the need to deal with the problem of low referrals has led to greater interaction and cooperation among CWD staff and behavioral health and domestic abuse service providers and to some innovative approaches. Still, the two sides have very different focuses. The work-first orientation of welfare reform and CalWORKs in particular means that CWD staff place a greater priority on employment than on identifying problems that might prove to be a barrier to getting a job. As one county welfare administrator said, we "assume everyone is employable." At the start of CalWORKs implementation, the chief focus of the CWDs was on enrollment and start-up of Job Club, child care, transportation, and other work-participation activities and supportive services. Most on the CWD side took the view that, as one administrator explained, "behavioral health problems will emerge during program participation."

While obtaining employment is not incompatible with the goals of treatment, the clinicians tend to focus on the disorder or condition rather than employment status. Their primary goals are more likely to be abstinence in the case of alcohol and drugs, stability in the case of mental health, and safety in the case of domestic abuse services.

Given the divergence in focus, CDSS recognized that collaboration at the local level was an important ingredient in implementation, initially charging the counties to include in their plans a discussion of how they would ensure collaboration between CWDs and county substance abuse programs and mental health departments to ensure effective service delivery. Key informants in some counties reported that these collaborative efforts have been very inclusive, thorough, and successful. In other counties, behavioral health workers and, in particular, representatives from the community organizations that provide services for domestic abuse felt mostly left out of the process and felt that CWDs were too busy with other CalWORKs implementation issues to focus on the challenges posed by those who need their services.

While we have seen increased coordination in efforts to increase referrals to treatment, further coordination will be needed between CWDs and services providers to ensure quality of services provided and positive treatment outcomes.

Quality of Care Issues

We also learned of considerable variation across counties in the content of clinical services and who provides services. Given how few CalWORKs participants have been referred, we did not devote significant resources to understanding treatment protocols in detail. However, there are some interesting differences

across counties in what the CalWORKs treatment dollars are covering and in how counties and providers interact on issues of case management and monitoring of treatment program participation and progress. These are highlighted below.

Required Services. CalWORKs legislation specifies little about the content of services to be provided. The law requires counties to certify that substance abuse treatment services include at least the following: evaluation, case management, substance abuse treatment, employment counseling, and the provision of community service jobs. It requires that CWDs use state-licensed programs for drug and alcohol treatment. Further, the law allows for six months of treatment and allows discretion in extending the time in treatment. It also requires that counties make available continued mental health treatment for individuals in treatment who are transitioning off assistance.

Service Providers. When problems are identified, CWDs are required to refer to mental health or drug and alcohol departments for services, unless these departments are unable to provide treatment. In some counties, these administrative agencies have also provided clinical services, while in other counties there has been a tradition of contracting out all treatment. In the counties where the administrative agency had its own clinical personnel, it was easier for CWDs to make arrangements with that agency for treating CalWORKs clients. In Sonoma County, mental health department staff provide mental health treatment, while contractors provide alcohol and drug treatment. The interface with CBOs has required extensive interaction between the provider community and the administrative agencies. In the case of mental health, one commentator suggested that CalWORKs needed to use county staff rather than private providers, because private providers were not familiar with the goals of CalWORKs and were unaccustomed to treating the disorders most frequently presented by CalWORKs participants. One county talked about devoting considerable time to developing treatment approaches to match the needs of those referred to the county. In another county, our contact told us the county referred primarily to the existing network of private mental health clinicians.

Some counties rely on licensed clinical social workers and other counties on marriage and family counselors, or some combination of the two. A part-time psychiatrist may also be on-site, who reviews medication and writes prescriptions, or there may be a psychologist, mostly for making diagnoses.

Content of Services. In some counties, behavioral health clinicians do intake and provide individual and group counseling on a variety of topics. In others, clinical services involve little one-on-one interaction. Most clients are moved to a group

counseling format because there is insufficient time and staff for individual counseling, although some clinicians feel that many of the clients need one-on-one clinical care. Staff in one county reported spending considerable time on the task of developing new services that people need (e.g., anger management, stress management, and self-esteem).

In Butte County, behavioral health care is provided by a CalWORKs team. Rather than focusing on a clinical services model, the county aimed at removing employment barriers related to behavioral health and helping with transition to work. People who need specialist services are referred to the regular mental health services network. The CalWORKs behavioral health staff provide the assessment and work with the social workers in developing a plan that will help deal with the barriers to employment. The coordinator there has been setting up some contracts for groups on anger management and adult survivors. As CalWORKs implementation began, staff recognized that needs were different from what they were in the specialty mental health services side, where the focus is on the seriously mentally ill. What they have found with CalWORKs participants is that these are difficult clients, but that it is a combination of issues that make them difficult, not just their mental health needs. Similar comments were made by state mental health services officials who have been observing implementation across counties.

Effects on Outcomes. In the current environment of low referrals, little attention has been paid to how variations in providers and content of services affect the quality of care. However, if referrals increase, CWDs and treatment providers may face further compromises in negotiating about treatment outcomes and the role of work activities and treatment. In some counties, for example, the CWD has required that treatment be combined with work. However, clinicians may find that progress for some clients is slower or hindered by work activities during treatment. Still, for the most part, it seems that treatment providers recognize the value and utility of employment for their clients and welcome the opportunity to offer increased work training and job skills preparation in concert with CalWORKs. One drug treatment provider in San Diego told us that she was working closely with the One-Stop near her program to ensure that her clients could participate in the services offered at the One-Stop while in treatment. However, accommodating work-first values into treatment may require considerable program modifications that affect results. For example, shortening treatment protocols or reducing the time in treatment before adding employment may have effects on outcomes that are not yet known. Combining work and treatment may or may not slow treatment progress, increase dropout rates, or reduce treatment effects.

As CalWORKs clients complete treatment programs, there will be additional issues about ongoing participation in recovery programs or support groups and about whether CalWORKs will fund these services. There are big questions about what will happen to treatment funding when clients transition off CalWORKs. Over time, counties will need to focus more on the legislative mandate to make mental health services available to those who exceed the 18/24-month time limits.

In addition, when CalWORKs clients fail in treatment,[254] issues related to provider accountability in addition to participant noncompliance will emerge. Few examples to date exist about how these scenarios are being handled. It may be that the draft treatment protocols under development by the CDSS, CDADP, DMH, and the Joint CalWORKs Committee may offer some guidance to counties. We expect that if referrals increase, we will hear more about these problems during our next round of fieldwork.

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[254] CADDS data on CalWORKs participants in treatment showed that among a cohort discharged from treatment those with unsatisfactory progress outnumbered those who completed the program or had satisfactory progress by over two to one. As an example of innovative use of funding, the CWD in one county (Alameda) has begun to offer financial incentives to providers for each person who completes a full three months of treatment.

11. Child Well-Being and Welfare

The California Work Opportunity and Responsibility to Kids (CalWORKs) program has multiple goals, including reduced welfare dependence, increased self-sufficiency, and decreased nonmarital childbearing. Some have argued that an additional goal should be added to this list—improved child well-being; others have argued that improved child well-being is the ultimate outcome of all the above outcomes.

Whether improved child well-being is the ultimate CalWORKs goal or just one of many, program rhetoric rarely focuses on children. Indeed, some child advocates argue that child well-being is not a CalWORKs program goal at all, in and of itself. Instead, these advocates contend, the program assumes that parental employment will improve child outcomes, which, in turn, justifies the strong CalWORKs focus on employment. Some child advocates are not so sure that CalWORKs's underlying assumption that parental employment leads to improved child outcomes is a valid one. They cite the stresses of being a poor, single mother who must juggle child-rearing and a low-paying job, the pressure to move quickly through CalWORKs activities, and the cutbacks in programs such as Supplemental Security Income (SSI) benefits for disabled children as being changes that may make children's lives worse or, at least, no better.

In this section, we examine the many and varied child welfare issues that surround the CalWORKs program and its implementation in the counties. The section begins with a background discussion that examines the policy and legislative context of the pre–Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA)/CalWORKs welfare reform efforts, moves on to a discussion of the policy and legislative context of PRWORA and CalWORKs, and concludes with a discussion of the institutional context and funding stream associated with child welfare.

We then examine the statewide and countywide child welfare concerns that have surfaced as a part of our analysis, drawing on the state- and county-level interviews we have conducted (in both the focus and follow-on counties). Consistent with our methodology (see Appendix A), we focused on child welfare in four of the 24 focus and follow-on counties—Alameda, Kern, Sacramento, and San Francisco Counties—by using a child welfare module. In that module, we conducted interviews with county welfare department (CWD) staff with

responsibility for child welfare, representatives from Child Protective Services (CPS), and staff of agencies that provide child welfare services (e.g., community centers that provide respite care for foster parents). Although child welfare concerns were voiced in numerous counties, these counties were selected because in each, one or more staff were particularly involved in tracking child welfare outcomes or in dealing directly with child welfare concerns in the implementation of CalWORKs. We also had discussions at the state level with staff in the California Department of Social Services (CDSS) and the California Department of Education (CDE), as well as with advocates around the state about these issues. In addition, we provide child welfare-relevant results from the All-County Implementation Survey (ACIS) where appropriate.

Background

Policy and Legislative Context

With its work-first and end-to-entitlement focus, PRWORA strove to improve child welfare by altering the behavior of adult welfare recipients, carrying over much of the intent of the family-cap waivers granted to states earlier on. In fact, language in PRWORA's preamble focused on "promoting . . . marriage . . . [,] prevent[ing] and reduc[ing] the incidence of out-of-wedlock pregnancies and establishing annual numerical goals for preventing and reducing the incidence of these pregnancies, and encourag[ing] the formation and maintenance of two-parent families." However, some observers expressed concerns that PRWORA's narrowed eligibility for cash assistance (e.g., the end to the entitlement, time limits) would hurt some children.

Like the PRWORA legislation, the CalWORKs legislation sought to achieve the goals of protecting children by altering the work, fertility, and marriage choices of adults. Consequently, there is little in the CalWORKs law or regulations that focuses directly on strategies to improve child welfare.

An important exception is the provision for an "adult-only" sanction that leaves the child portion of the grant intact after sanction. The adult-only sanction reduces the strength of the sanction, which some decry. (See discussion of sanctioning in Chapters 6 and 12.) Others believe it is critical to protect children against the consequences of their parents' compliance failures. The legislation on child well-being throughout appears to be a major tenant of the reform. Chapter 1.5 states "it is the intent of the Legislature to implement PL 104-193 [Federal Welfare Reform] in such a manner as to do all of the following: 1) reduce child poverty . . . 2) encourage the formation and maintenance of two-parent

families . . . 3) . . . ensure that the implementation . . . does not result in unanticipated outcomes that negatively affect child well being."

The CalWORKs legislation also adds provisions to require school attendance and child immunizations. These two additions, along with new requirements for assisting with paternity and child support enforcement activities, represent the major operational intersections between the CalWORKs statute and child welfare issues. Section 54 adds a school attendance requirement to the Welfare and Institutions Code (WIC). All children in assistance units for whom school is compulsory (under 18 in California) are required to attend school. Consistent with state-level devolution of CalWORKs operations, counties were given the authority to define "regular school attendance" and operationalize this mandate. An All County Letter (ACL) issued in 1997 (ACL 97-70) outlines implementation guidelines for ensuring school attendance. Individual school districts, the boundaries of which may or may not correspond to county lines, determine what constitutes "failure to attend" school. However, school attendance is written into the welfare-to-work (WTW) plan, enabling counties to sanction an adult if the child fails to attend school. For children under 16, the grant is reduced by the adult portion; for children over 16, the grant is reduced by that child's portion.

Section 57 adds an immunization requirement: "[A]ll applicants for aid . . . shall provide documentation that all children in the assistance unit . . . have received all age appropriate immunizations." According to ACL 97-70, the appropriate immunizations are those recommended by the American Academy of Pediatrics and the American Academy of Family Physicians. These immunizations must be updated annually. The state regulations specify that immunizations should be verified at the yearly redetermination meeting. Counties were encouraged to work with their local health department's immunization coordinator in implementing this provision.

In addition, AB-1542 authorizes the Comprehensive Youth Services Act (CYSA), a new link between the county probation department and CalWORKs funding. This section states that federal Temporary Assistance to Needy Families (TANF) funds can be used to fund services for children who are "habitual truants, runaways, at risk of being wards of the court . . . or under juvenile court supervision."

Institutional Context

CDSS has state-level responsibility for child welfare services. Its Child and Family Services (CFS) division houses adoptions, foster care, children's services, child welfare, and the office of child abuse prevention. The division head reports

up the chain of command that eventually rests with CDSS's appointed director (currently Rita Saenz). Specifically,

> The California Department of Social Services' Children and Family Services Division is responsible for designing and overseeing an array of programs and services for California's at-risk families and children, providing a statewide system for out-of-home care providers and appropriate services to children in out-of-home care, and facilitation of adoptions for children who need permanent homes.[255]

CFS devolves responsibility to the counties for programmatic and operational decisionmaking, but because of the nature of child protection work, some additional constraints are present. The stated goal of the CalWORKs legislation was to improve the well-being of children in the state; improving the financial status of the households in which children are raised is one method for meeting the goal, and it is the one on which the CalWORKs legislation and CalWORKs operations focus.

At the county level, an analogous structure, which includes a Children's Services Department (variously named) has responsibility for child welfare programs and policies. Within this department, separate bureaus manage adoptions, foster care, child protective services (CPS), and other child welfare programs. In some counties, CFS is a department separate from the department that manages CalWORKs; in others, a "superagency" structure puts them under the same director or program manager.

The nature of this structure is important in understanding CalWORKs implementation for two reasons. First, as one respondent (in Humboldt County) pointed out, child welfare issues, and particularly CPS, takes up relatively more of any agency director's time than any other program, including CalWORKs. Both the sensitivity of services provided to families in crisis or at immediate risk and the potential for grave misfortune in child protection bring CPS to the forefront. Second, if these services are housed in the same superagency, information sharing is facilitated and confidentiality issues are less of a problem, as discussed below.

Children's Services Departments are staffed primarily by social workers. Master's degrees are much more prevalent in the Children's Services divisions than in CalWORKs or other parts of the county social services structure. The higher level of education ensures that a licensed professional is making decisions about child welfare, particularly decisions about whether to remove a child or

[255] See http://www.childsworld.org/about/index.htm.

allow a child to remain in the home.[256] Social workers are, of course, paid more, which recognizes the intensity of the work and the amount of training necessary to perform this job.

CPS can and will remove children from abusive homes, CPS will report child abuse and neglect to authorities with the power to bring charges against parents, and CPS will case-manage families that must participate in court-ordered services to get a child back or keep a child at home. Interventions in CPS are more intense, sanctions for noncompliance are more personal, and, as a number of interviewees said, families are in "very bad shape" when they come under CPS scrutiny.

Funding Context

The CalWORKs program provides several sources of funds for providing families with child welfare resources and services. Counties may use federal TANF funds, state CalWORKs funds, and TANF incentive funds to supplement Title XX–funded child welfare services. Use of each of these CalWORKs funding streams requires that the programs in question are meeting either the goals of the CalWORKs legislation—determining or maintaining eligibility for CalWORKs—or are a county-level priority for child welfare services. The circumstances under which each funding stream may be used to fund child welfare activities are discussed below.[257] Note that the probation allocation, CalWORKs diversion and cash payments, and CalWORKs Single Allocation (county block grant) and incentive monies are all TANF funds that the state has split up into these funding streams.

Federal TANF Funds. Federal TANF funds may be used for child welfare services, depending primarily on each state's TANF legislation and regulations.

State CalWORKs Single Allocation. Since counties were essentially given a block grant for funding most CalWORKs programs and services, child welfare concerns compete with other eligibility worker (EW) activities for support from this allocation at the county level. State law indicates that the Single Allocation can be used to provide services that are included in the WTW plan. These

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[256]Workers in both these departments are also bound by mandatory reporting requirements for child abuse and neglect; they have a legal and professional responsibility to report child maltreatment.

[257]The Interface Advisory Committee (IAC) took up this discussion in its second meeting; the consensus was that some child welfare activities may be covered. Using a broad definition of "needy families" (the legislation did not supply one), many activities, including after-school care for families at risk of welfare dependency, may be covered. (Los Angeles County did this.)

services can include child welfare services if these are deemed to be addressing a barrier for the adult working. This is not a problem, according to county interviewees, if an activity is court-ordered. The critical definition for being able to fund these services through the Single Allocation is that the child welfare intervention is a "required work activity" that will help the client become self-sufficient. According to our interviewees, any activity in a CalWORKs participant's WTW plan qualifies.

Probation Allocation. As mentioned above, the CalWORKs legislation authorized the CYSA, which, in turn, led to the Comprehensive Youth Services program. This provided a means for funding juvenile probation services as part of welfare reform. The money used for the probation allocation is essentially the Title IV-A funding under PRWORA—CalWORKs made no significant restrictions on the use of these funds. The goals of this program, and thus the parameters of the funding stream, are to keep probation youth from further crime; and to help probation and "at-risk" youth develop essential skills to avoid dependence on public assistance. This money is administered through the Chief Probation Officers of California (CPOC), not CDSS.

Title XX Funds. CFS is funded in part through Title XX funds from the federal budget. The following are some programmatic goals attached to Title XX funding: achieve or maintain economic self-support to prevent, reduce, or eliminate dependency; prevent or remedy neglect, abuse, or exploitation of children; preserve, rehabilitate, or reunite families. These funds can therefore be used for a variety of child welfare services. These funds, along with state funds, are the major supports for children's services in the counties. These funds have always been quite limited. For this reason, CFS staff are very interested in the possibilities of tapping into CalWORKs' more generous funding streams. Some of this is encouraged in regulation. Each state can choose to transfer up to 10 percent of the TANF block grant to the Title XX fund at the state level. In the current fiscal year, the state transferred $183 million from the child care reserve to Title XX.

State Concerns

At the state level, our interviewees reported concerns about coordination between CDSS and CFS, as well as concerns about funding sufficiency and time limits.

Coordination Between CDSS and CPS

Much as the CalWORKs child care block grant and the CDSS-CDE oversight structure forced collaboration between CDSS and CDE; the CalWORKs goal of improved child well-being suggested an opportunity within CDSS for CFS and WTW to work together. WTW recognized early on that the combination of considerable funding and considerable requirements that CalWORKs would bring to the CWDs posed both opportunities and problems for families involved or potentially involved with both CalWORKs and with the child welfare agencies, especially CPS.

The major concern was that the work demands, time limits, and sanctions imposed by CalWORKs would result in increased child abuse reports and foster care placements because of increased parental stress. There was also concern that CWDs and others in the system might be motivated to use child welfare services, particularly foster care, described as "the only entitlement left" by Mark Courtney of the University of Wisconsin's Institute for Research on Poverty, rather than offer costly services funded by fixed funding streams. In other words, there was a concern that there may be a perverse incentive in CalWORKs to break up families. (See discussion below.)

Since the ultimate goal of CalWORKs is to improve child well-being and child outcomes, CDSS felt it was important to convene a group charged with maximizing these opportunities and minimizing the problems that CalWORKs requirements might impose on families. Thus, CDSS convened the CalWORKs/Child Welfare Services Interface Advisory Committee (IAC) to coordinate CalWORKs and child welfare concerns. The IAC, which began meeting in January 1999, included CDSS staff from a number of branches and bureaus. These included staff from the Children's Services Branch, the Financial Planning Branch, the Fiscal Systems and Accounting Branch, the Program Planning and Performance Branch, and the Child Welfare Services Bureau. The committee also included several California Welfare Directors' Association (CWDA) committee members, most of whom work in counties that had been active in addressing these issues, a CalWORKs Regional Advisor (RA) whose background is in children's services, and social work researchers from U.C.

Berkeley. The IAC was organized to encourage cooperation in developing regulations of joint concern (e.g., domestic abuse), to draft protocols in such areas as domestic violence/emergency response, and to discuss ways that available resources might be deployed most efficiently to help those families being served by both CalWORKs and CPS.

In its first meeting, the committee agreed on several purposes:

- Identify and prioritize emerging interface issues
- Develop recommendations for CDSS and/or CWDA for independent or joint exploration and resolution of the interface issues
- Identify best-practice models
- Explore the use of technology and identify technical barriers to enhance collaboration and improve services to families.

These items were understandably vague, and many members continued to be uncertain about just what this committee could or should do. It took the better part of the committee's first year before the committee drafted its mission statement, which reads:

> To develop strategies to enable the counties and the state to maximize resources and services in order to assist needy families to be healthy and self-sufficient.

Although the mission statement was not finalized until September 1999, the IAC was quite active between January and September. The committee has met approximately monthly since it began, and attendance is good. Approximately 15 members show up for each meeting, with some traveling considerable distances to do so. As early as February 1999, the committee heard a research report on the overlap between CalWORKs and child welfare cases and the likelihood that children in families receiving welfare would become involved in the child welfare system. Discussions were also held about funding issues, particularly the funding streams available to support CalWORKs and child welfare activities. The committee was particularly interested in finding ways in which some child welfare activities might be charged against the much larger CalWORKs budget. This inevitably led to discussions about the definition of needy families, which was absent from the CalWORKs legislation. (See the discussion of the definition of needy families in Chapter 3.) If this definition could be understood in a way that was more inclusive, CalWORKs funds might

be used to fund more child welfare activities. In addition, as CWDs began to consider making home visits to increase low CalWORKs participation rates, the possibility of serving multiple functions in these visits when the family had an open child welfare case was discussed. Again, issues about allocating costs were pursued in detail.

A number of work groups have been formed by the IAC as needed to deal with such issues as domestic violence/emergency response. These work groups coordinate outside the formal meetings, usually through conference calls, to pursue their assigned topic. They often bring in representatives of other agencies as appropriate. In the case of the domestic violence/emergency response work group, representatives of the Office of Criminal Justice Planning also participated in drafting the protocol and regulations.

Outside the committee, some CDSS staff were talking about how state-level regulations and guidance might facilitate case coordination in the counties. One CDSS staffer noted that some of these joint CalWORKs/child welfare families may actually have open cases in a number of agencies, including juvenile justice/probation, CalWORKs, and child welfare. In these cases, it was suggested, joint case planning at the local level could help to deploy resources more efficiently and facilitate the planning that is often essential to keep these families from failing to comply with the many different requirements of the different agencies. (See below for a discussion of the problems that may occur when, for example, the court orders parenting classes for a CPS family that conflict with WTW requirements.) Indeed, one staffer noted that the time devoted to a single family involved with multiple agencies, if combined, might provide that family with the support of a single worker for as much as one-quarter of her time. Such intensive worker involvement, this interviewee contended, might really be a positive influence for a family.

Concern About Funding Sufficiency Using the Block Grant Approach

Unlike the state's welfare block grant, foster care remains a program that will support every child referred. There are some child advocates who are concerned that if there is an economic downturn and the state's welfare block grant cannot fully fund eligible families, foster care may begin to look like an appealing option. Says Courtney, "some observers worry that the combination of fixed

funding streams for prevention and direct services to children and families, but open-ended federal support for out-of-home care creates an incentive for public agencies to place children in out-of-home care rather than offering services that could keep their families intact."[258]

Concerns About the Five-Year Time Limit

The radical five-year lifetime limit on aid has direct and indirect child welfare implications. The direct implications concern child well-being when the adult is sanctioned and after the time limit when the adult is dropped from the case; though in both cases in California, the aid payments for the children continue. The indirect effects concern reunification plans for families when a child has been in foster care. According to a county manager tasked with the interface between welfare and child welfare, welfare entitlement has always been a building block of reunification plans. The guaranteed and open-ended flow of welfare funds into the family in the past put a floor under a child as he or she returned from foster care.

Now that this entitlement is not there indefinitely, foster care and welfare staff will need to work together to plan for the reunification of families. In particular, such staff will need to pay more attention to ensuring stability and monitoring the flow of resources that is now much more dependent on parental behavior than in the past.

County Concerns

As was true at the state level, concerns about coordination between those responsible for providing welfare and those responsible for protecting children—in this case, the CWD's WTW and children's services components, respectively—are paramount. In addition, there are concerns about child support, school attendance, and immunization.

Coordination Between CWD and CPS

One of the more significant changes effected by CalWORKs is that its more intense program model encourages CWD staff to become more involved in the lives of clients in areas that have already been dealt with by children's services,

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[258] Governor Davis's initiative for rapid termination of parental rights, thus enabling children to move quickly out of foster care, attempts to reduce the consequences of such an incentive on children.

and particularly CPS staff, such as drug, alcohol, or domestic abuse issues. For clients using or abusing drugs or alcohol or for victims of domestic abuse, this represents significantly more opportunities for a caseworker to suspect or find such barriers to employment.

These changes to the welfare system have supported and, in some cases, compelled much closer coordination between WTW and child welfare services, particularly CPS. As one respondent observed, "in counties where the agency head had a child welfare background, there was no problem" incorporating child welfare concerns into the CalWORKs planning and implementation process. However, many counties did not have a leader with a child welfare background. In these cases, the county started from scratch on collaboration.

Three coordination concerns have brought together people concerned about children in the counties with which we discussed child welfare issues: (1) how the two divisions are structured; (2) how crossover cases are managed; and (3) the need for efficient use of CalWORKs/child welfare funding.

Structuring the Two Divisions. As mentioned above, how the two divisions—cash assistance and child protective services—are structured can bear importantly on ease of coordination. Table 11.1 displays how the six focus counties have structured CalWORKs and children's services within the CWD.

Managing "Crossover" Cases. "Crossover" is the term that CWD staff consistently applied to the not uncommon situation in which families had open CalWORKs and child welfare (CPS) cases. A children's services program manager in San Diego County told us that about one-third of their clients are also being served in CalWORKs. Data from a paper by Barbara Needell entitled "From Welfare to Child Welfare," prepared for the IAC and drawn from *Child Welfare in a CalWORKs Environment: An Empirically-based Curriculum*, indicate that in their ten-county longitudinal study, more than one in four children who were new to aid (welfare) in 1990 had some child welfare system contact within five years of coming on aid, and approximately one in 30 entered the foster care system. Kern County estimates 400 crossover cases in a total caseload of 14,000.

Table 11.1

Structure of Two Divisions Within Focus Counties

Focus County	Division Structure
Alameda	• Agency director has responsibility for both • CFS and CalWORKs are separate departments
Butte	• Assistant directors have responsibility for both • Program managers are separate
Fresno	• System director has responsibility for both CFS and Employment and Temporary Assistance • Separate directors head each department
Los Angeles	• CalWORKs is a separate bureau • Director has responsibility for both
Sacramento	• Two separate departments in a single agency
San Diego	• Regional managers are responsible for both CPS and CalWORKs[259]

Our county interviews revealed difficulties everywhere in collecting good data on the interface. Our San Diego respondent told us that the way that the child welfare and welfare systems work makes the collection and monitoring of crossover data difficult. For example, if an only child is removed from the family and is put into foster care, the family loses its CalWORKs eligibility. When the child returns to the family, in some counties the family may receive a new CalWORKs case number, so that tracking is difficult. This may have an impact on the CPS's ability to match data with the CWD, since the months on aid may not overlap. Another county interviewee told us that overlap is hard to determine in her county as well, because a family may or may not have the same case number in CalWORKs and Children's Services. Further, the statewide child welfare computer system does not interface or talk to the welfare computer system.

Some county-level interviewees noted that the inability of these two computer systems to talk may be appropriate. Given the stigma attached to a child abuse report, CPS staff are very reluctant to share information with welfare staff. Advocates worry that CalWORKs might become a door into the child welfare system. A number of interviewees told us that CWD efforts to get participants to disclose their mental health problems and particularly substance-use issues are stymied by the view among participants that CWD staff are the "baby snatchers." Said Jennifer Friedenbach, project coordinator for the San Francisco Coalition on

[259] With the outsourcing of CalWORKs in San Diego County, the relative amount of resources and time spent by the CWD on child welfare issues and staff is necessarily larger than it is in the other counties.

Homelessness, "if you cop to your issue," substance abuse and mental health treatment "can be considered a CalWORKs work activity and you can also get child care" while in treatment. "But parents are not copping to it because of fears around Children's Protective Services" (*Children's Advocate*, p. 6, November–December 1998).

County managers recognize this is a real problem. A San Diego County manager referencing an article in the *Children's Advocate* (1998) notes "only 'a very small number of people' have taken advantage of mental health or drug treatment 'because of a fear of CPS referral'" (p. 5). A mental health staffer to whom we spoke (in Alameda County) noted that women are more willing to disclose mental health than substance-use problems, believing that admitting "stress" is far less problematic than admitting substance use. Declaring a mental health problem may still get them an appointment with a counselor, where they can discuss whatever they need in a confidential setting.

In response to these concerns, the Coalition for Ethical Welfare Reform (CEWR) in San Francisco County has developed protocols on confidentiality and communication, which the San Francisco County has agreed to use. Part of the protocol includes language that says that parents who reveal their substance abuse or mental health problem will not be referred to CPS. However, no CWD staff member can guarantee that CPS will not take action. Furthermore, CWD staff are mandated reporters of child abuse, so they must convey the information to CPS for its determination.

The other key confidentiality issue that counties worry about concerns informing WTW staff that a family has an open child welfare case, and why. As noted above, CPS staff in particular are inclined to want to withhold evidence of a family's CPS involvement, as such involvement conveys important and negative information about a family's level of functioning. CalWORKs staff often told us that they are not interested in the details of a family's Children's Services involvement, but may need to know if there is any. Further, if the family's parenting class is part of the WTW plan, then the WTW staff do need to know if the parent is attending.

CalWORKs staff have a legitimate need to know some aspects of a family's child welfare case, e.g., whether a child has been removed from the home. Other information might be helpful to the family, if parenting classes are court-mandated, they could be part of the WTW plan. Further, as members of Contra Costa County's child welfare and CalWORKs team noted, there is a lot of

potential for coordination.[260] For example, a child welfare worker is supposed to visit each child in the caseload once monthly. CalWORKs is also supposed to make monthly contact with clients (either by phone or face-to-face). If the two sets of workers could coordinate, the family could come in just once. In some superagency structures, the agency head (with advice from attorneys) has concluded that information can be freely shared because it is the same agency. In other structures, CPS and WTW staff spend a lot of time discussing how much can be shared and how to do it.

Confidentiality issues are exacerbated in the counties by status disparities between department staff. CPS workers in all the counties in which we discussed child welfare must be social workers, a job category that demands at least a BA and in some cases an MSW degree. In contrast, eligibility workers and WTW staff may have only a high school diploma, with work experience substituting for educational requirements. This means, said one worker to whom we spoke, that "CalWORKs staff cannot find out if a participant is going to treatment because they are not social workers. However, CPS can access that information."

Another important issue in managing crossover cases concerns the often competing requirements that each system imposes on parents. CalWORKs requires the parent to work or participate in a work-oriented activity, while Children's Services may require that the parent attend parenting classes, therapy, or appointments with child welfare workers. Said one county manager who oversees both, "if parents don't meet CalWORKs requirements, they risk losing money; if they don't meet child welfare requirements, they risk losing the children, which, if all the children are lost, means they lose CalWORKs eligibility as well." Permanency planning often includes parenting classes, abuse counseling, or group counseling for adults or families. With full-time employment also required, there are sometimes not enough hours in the day to fulfill both plans. Said another interviewee, "if we don't know about these competing requirements, we are 'setting them up to fail.'"

Some counties have taken these issues very seriously, establishing ongoing work groups (e.g., San Diego and Contra Costa Counties) or piloting joint case management. Kern County has implemented a small pilot program combining the case management of CPS/CalWORKs cases. This program, known by its acronym KITE, includes social workers and EWs who coordinate services for

[260] In Contra Costa County, for example, one worker cannot see another worker's case without special permission. In Kern County, at the time of our visit, its director had just written a blanket policy that everyone with a need to know can share case information.

CPS families who are receiving CalWORKs grants. "The philosophy is back to treating the family as a whole." During our time in Kern County, these combined case managers were just beginning to take responsibility for cases. As this program evolves, a joint team of CPS and CWD staff will write WTW plans, assess clients, and monitor their progress toward both work and reunification/discharge from the CPS system.

In Contra Costa County, collaboration and coordination between WTW and Children's Services are perceived to be important "so people do not have to choose between getting the money and getting their kids." A pilot study mandated coordination of child welfare and WTW plans, so they would not conflict. The biggest benefit of that study, according to a key CalWORKs manager, was the increased awareness of the other agency; the 368 cases that overlap benefit from this awareness in their program requirements. Since parenting classes and counseling can "count" toward participation requirements for CalWORKs, the needs of both systems are met. In addition, the increased coordination has increased the use of CalWORKs funds to cover some child welfare activities and has reduced service duplication.

The year after TANF became law, the 1997 Adoption and Safe Families Act was passed. With the goal of reducing the number of children who languish in foster care, the legislation imposed a time clock on the families of children in foster care placements. When a child has been in state custody for 15 months of the most recent 22-month period, the state is obligated to start the process of terminating parental rights. This means that cooperation with child welfare workers is particularly important as they develop a family reunification plan that must operate on an accelerated schedule.

Efficient Use of CalWORKs/CPS Funding. As mentioned above, there are two fundamental funding streams for child welfare—CalWORKs money that comes from WTW to the counties and separate child welfare money that goes to CPS. The two streams cover services such as drug treatment, domestic violence counseling, and child care that may be prescribed as part of either WTW or child welfare plans. At the moment, child welfare workers, who never have enough money to support the families with whom they work, view generous CalWORKs funding jealously. Child welfare has "very limited resources," said one child welfare worker. A child welfare worker in another county said, "We [child welfare] have a capped allocation—we are trying to access some of their [CalWORKs] money."

One respondent noted that "CalWORKs is or can be a resource for child welfare families." The large TANF allocations and generous funding of county-level

CalWORKs programs makes leveraging CalWORKs money to serve families at-risk an attractive proposition. If adults can actually become better parents through involvement with the CPS system, through treatment for behavioral health problems or through working, this will improve the lives of the children who depend on them. This is certainly a CalWORKs goal.

However, the CalWORKs money does not come without conditions. The key condition is the five-year lifetime limit on receipt of welfare. If pulling down CalWORKs funds for overlapping services that families clearly need and from which they could clearly benefit "ticks the clock"—meaning that the time during which the family receives these funds counts against the five-year limit even if the family is not receiving cash support, which always and unambiguously "ticks the clock"—then it is not at all clear that using such funds is in the family's best interests. If, however, the use of such funds in the absence of cash support does not "tick the clock," everyone gains from coordinating these services and funding them with CalWORKs money.

The answer to the "ticking" question was not at all clear as recently as February 1999, when the topic was discussed at length at a meeting of the IAC. Since then, the Final Federal Regulations appear to imply that the clock does not "tick."

Lack of Reporting on Measures of Child Well-Being

Although the guidelines for writing and submitting county plans for CalWORKs (ACL 97-54 September 10, 1997) do not explicitly require that child outcomes be included, many counties listed child outcomes in the Performance Outcomes section of these plans. Table 11.2 describes the child-related outcomes that appear in our focus county CalWORKs Plans. We made an effort in our focus counties to collect management and board reports regularly produced; what we discovered is that most of them were lacking child outcomes as indicators of success, as shown in column 3 of Table 11.2.

Stresses on Child Welfare Caused by Work Requirement for Single- and Two-Parent Families

By the time this report goes to press, single-parent families are expected to be working 32 hours weekly; the comparable figure for two-parent families is 35 hours per week. For children in single-parent families (which represent the vast majority of the caseload in every county), maternal employment 32 hours a week represents a substantial change in the functioning of the family. Assuming that the mother works during the day or evening hours, young children (not yet in

Table 11.2

Child-Related Outcomes in County Plans of Six Focus Counties

Focus County	Child-Related Outcomes to Be Measured as Described in County Plan	Outcomes Reported
Alameda	• Entries into foster care • Number of at-risk births • School achievement • Child poverty • Child abuse reporting	• 1998 year-end report does not have these outcomes • Quarterly board report shows outcomes in school attendance and immunizations
Butte	• Child well-being, including entries into foster care and rate of births to teen mothers	• None
Fresno	• Did not identify local performance outcomes.	• None
Los Angeles	• Infant deaths per thousand • Low birthweight • Increased access to health care • Increased child functioning • Increased child safety • Enhanced school performance	• Outcomes measured are employment and job retention
Sacramento	• Did not identify child welfare performance outcomes	• Outcomes measured are process oriented
San Diego	• Did not identify child welfare performance outcomes	• Outcomes measured are economics, health, access to services, safety, and education

school) who may never have been separated from their mother are finding themselves in day care for the first time, and for substantial periods. As noted in Chapter 7, many of them may be cared for by close relations or neighbors, so the transition may not be as great as it could be. Nevertheless, it represents a substantial change.

Some supporters of welfare reform see the work requirement as a boon to families. Under CalWORKs, families have more resources when mothers work. Children see mothers getting up to go to work, which creates a role model who works and an expectation of employment in the next generation. One respondent called work "the best preventive service" for child welfare families.

However, working nearly 32 hours when a mother may not have worked since she had children inevitably creates some stress. The mother needs to find a job, find child care, get the children to the child care provider each day, and appear at work on time. Then, after work, she needs to pick up the children, get home, often on public transportation, make dinner, supervise homework, and prepare

to do it all again the next day. If the mother has unresolved personal problems, such as substance abuse, these challenges are exacerbated. This stress may play out in different ways. For example, the mother may be short-tempered, may not make dinner, and may leave the children to fend for themselves.

Child Support As a Replacement for Welfare

Child support from absent parents has always been a part of the government's approach to reducing welfare payments and to ensuring child well-being, as well as to ensuring equity between parents. Since TANF, child support payments have gained prominence in the thinking of some women worried about losing welfare as a means of ensuring income in the absence of any welfare payment (in most states past the five-year lifetime limit) or reduced payments (in those few states, including California, that continue the child-only portion of the grant past the five-year adult cutoff).

Child support has been in the news a great deal of late in California, unfortunately more for its failures than for its successes. Current estimates of uncollected child support hover near $9.6 billion. As a state, California will amass $300 million in federal penalties by 2003 for failure to have a functional computer system. Governor Davis signed a bill on September 24, 1999, to establish a state-level department of child support. The bill removes local district attorney offices from the child support collection business, designating the State Franchise Tax Board to work with the new department to establish a computer system and centralize more power at the state level. Critics of the previous system cited "58 chiefs" as the main problems with the existing system. However, some of the problems inhere in the task itself. Indeed, the *Los Angeles Times* reported that some Board of Supervisor (BoS) aides privately admitted that they had hoped the program stayed with the district attorney. Supervisor Yvonne Brathwaite-Burke noted, "no one really wants this kind of responsibility." What she proposed last year was moving the program from the district attorney's office to another county agency. She found that no agency wanted it. "The person who takes it on is going to be beleaguered and criticized."

Some critics contend that changes to the current system will be slight. In Ventura County, parents will visit the same building and caseworkers, with a new name stenciled on the door. But most advocates see the new agency as a boon for children.

The Department of Child Support will be formed January 1, 2000, and will formulate local performance standards and begin guiding the third attempt to

construct a statewide computer system. Local transition is not required until January 1, 2001. These agencies will likely be forming and active on local CalWORKs programs during our third round of fieldwork. Indeed, Los Angeles County has begun the task of taking control of the child support system this fall.

We were told by an attorney in a district attorney's office that she repeatedly cautions women who come looking for child support: "don't expect it; it's a windfall if it comes." Nevertheless, mothers facing loss of welfare entitlement and the welfare system both are clearly banking on improved child support collections to cushion the blow of timing-out of welfare.

The CalWORKs legislation established a set of incentives to improve collections. First, it provided incentives to mothers to establish paternity, such as sanctions for noncooperation and a higher disregard for child support monies collected, which means that a higher proportion of the money collected goes to the mother than was true previously. According to one interviewee in Sacramento County, 23 percent more of the money collected goes to the family and 19 percent less to the CWD because of this reform. The same interviewee also indicated that the district attorney's office goes to court to help the fathers find jobs. One court in particular was running a sort of "Job Club" for fathers, requiring fathers to show proof they have looked for a job, at hearings where they plead financial inability to pay back support.

In the CalWORKs legislation, mothers also get child support money very quickly. One interviewee told us that district attorneys' offices have just two days after they collect it to get her share of the money to the mother. Second, CWDs have strongly encouraged district attorneys' offices to locate "branch" offices in One-Stops to encourage CalWORKs participants to begin the process of seeking child support.

At the time of our visits in the spring of 1999, most counties had district attorney staff colocated to work with child support collections, as shown in Table 11.3. In San Diego County, we talked to one woman whose sole responsibility was to interview each applicant about palimony and child support. She indicated that most applicants complied with her questions, rather than be referred to the district attorney for further investigation of our focus counties.

However, many believe that the removal of child support collections from district attorneys' offices and the creation of a new state-level Department of Child Support will have a negligible effect on collections.

The fathers of children on welfare are often unemployed or, even if working, are making very little money. Said one interviewee, "fathers who are not working

Table 11.3

Colocation and Child Support/District Attorney Services in CWD Offices in Six Focus Counties

Focus County	Services
Alameda	No offices
Butte	All offices
Fresno	"Part-time as needed"
Los Angeles	Colocated at most offices
Sacramento	Colocated at largest offices
San Diego	Colocated at most CWS intake offices

cannot pay child support. For this reason, it is not realistic to make the parent dependent on child support as a replacement for welfare." At the same time, this same interviewee noted that the good part of the emphasis on child support collections is that it has expanded the focus from the mother alone. "For such a long time, welfare has worried about the mother. . . . [CWDs] are starting to see the issue as a 'family' issue."

School Attendance and Immunizations

The state legislation added two tasks for counties and parents: ensuring aided children are attending school regularly and ensuring they have received all age-appropriate immunizations. Counties have mixed views about these requirements, but virtually all have substantially delayed their implementation. For many, these requirements represent a "sidebar" to CalWORKs implementation—something so peripheral that counties were unwilling to divert staff and resources to them at first. Lack of state pressure for counties to implement these requirements did not disabuse the counties of this view.

Below, we report on some of the information we have on how the counties are implementing these two programs.

Implementing School Attendance Rules. As shown in Table 11.4, counties vary in the extent to which implementing the new provisions for school attendance creates a burden to operations.

Some of this variation is likely the result of the size of the county. For example, one respondent in Alameda County—which reported a major ongoing problem—noted that the county needed to work with numerous separate school districts to track attendance. The county is currently in a "meet and confer" stage

Table 11.4

Selected County Responses About Whether CalWORKs School Attendance Rules Pose Implementation Problems

Responses	Counties
Not a problem to date	El Dorado Los Angeles Riverside Sacramento San Diego Stanislaus Sutter
Start-up/transitional problem only	San Joaquin Tulare Ventura Yolo
Minor ongoing problem	Butte Fresno Humboldt Kern Nevada
Major ongoing problem	Alameda Contra Costa Orange San Bernardino San Francisco

SOURCE: ACIS results.

with the EW unions about adding the responsibilities for tracking attendance and immunizations.

Other large counties that report a major ongoing problem in implementing school attendance provisions include Contra Costa and San Francisco Counties. Contra Costa County mentioned coordination problems with the school districts as one source of delay. "We hoped that it could all be automated using social security numbers, but the school district refused to provide these without parental consent because they could be an immigration status flag."

San Francisco County has issued an RFP for "truancy prevention services in high truancy areas. We are pursuing data matches for active CalWORKs cases with school district data, including attendance. This is difficult because there is no common identifier." While CalWORKs data are centered on social security numbers, the truancy information is not.

However, other large counties—such as Sacramento and San Diego—have not reported a problem with implementing school attendance provisions. They have

implemented both specific programs and policies to address the requirement. In Sacramento and San Diego Counties, staff social workers sit on the School Attendance Review Board (SARB) to develop an attendance plan for truant kids. CWD officials considered such approaches to be a promising way to address the school attendance requirements. However, formal evaluation of case management in other settings is not encouraging.

In Sacramento, the model goes a step further by emphasizing intervention with parents of kids who are at risk of being truant—those who miss some school on a regular basis. The liaison staff are trained with a variety of scenarios to address problems of school attendance. One planner found that 90 percent of the kids who were truant were part of welfare-receiving families. Policies for intervening with specific schools and families are devolved to the bureau level, and "some bureaus are farther along than others" in targeting resources to families. The drive behind this program was summarized by one staffer: "Work-first is good because it sets role models to show constant daily activity, but we will create more working poor without sufficient education."

Implementing Immunization Rules. Tracking immunizations appears to be less burdensome than the requirement for school attendance, as shown in the comparable ACIS results on immunization in Table 11.5, where only one, as opposed to five, of the counties report major ongoing problems. However, at the time of our spring–summer 1999 visits, some counties were just beginning to implement these requirements. The counties anticipate more development of these areas over the next year.

Riverside County—one of those counties reporting no problems to date—has tasked its initial contact case managers (ICCM) with providing information about the immunization requirement. Since these workers are the first contact a client has with the CalWORKs program, they do an orientation to the program.

Sacramento County—another of the counties reporting no major problems to date in this area—had public health nurses in their GAIN offices to deal with immunizations and chose to extend the program under CalWORKs. These public health nurses are outstationed in the district offices and, in addition to immunizing children on the spot, help with both training and the day-to-day demands for assessments.

However, in the job descriptions and the front-line responsibilities of the EWs, "immunizations took a lower priority than 'back-to-work' things," said one Sacramento County interviewee, who could have been describing virtually all the counties we visited. The department tracks assessment completions by worker. One of the benefits of the immunization screen is that it gets families into the

Table 11.5

Selected County Responses About Whether CalWORKs Immunization Rules Pose Implementation Problems

Responses	Counties
Not a problem to date	El Dorado Fresno Humboldt Los Angeles Monterey Nevada Orange Riverside Sacramento San Diego San Francisco Sonoma Stanislaus Sutter
Start up/transitional problem only	San Joaquin Tulare Ventura Yolo
Minor ongoing problem	Butte Contra Costa Kern San Bernardino
Major ongoing problem	Alameda

SOURCE: ACIS results.

health care loop—one respondent noted that if a child is not immunized, then the child probably has not had preventive or primary care. The EWs can help them through MediCal eligibility and application.

With incentive money, Yolo County—one of the counties reporting transitional or start-up problems—is evaluating a plan to focus on immunizations as well as decreasing individual caseloads.

12. Issues for Further Consideration

This report has reviewed the first two years of California Work Responsibility to Kids (CalWORKs)—from the passage of the legislation on August 11, 1997, to the first county implementation efforts that we observed in fall 1998 visits, and through the conclusion of field data collection and the writing of this report in the fall of 1999. During that interval, the radically changed vision for California's welfare programs embodied in the CalWORKs legislation has begun to affect the lives of California's welfare recipients. As discussed in Chapters 3 and 4, the California Department of Social Services (CDSS) translated the legislation's statutory language into formal regulations and allocated funding for CalWORKs to the counties. In response to their new authority under CalWORKs and the CDSS regulations, county welfare departments (CWDs) rethought and altered their organizational structures, hired new staff, and let new contracts pursuant to the CalWORKs plans they wrote, as shown in Chapter 5. And, as discussed in Chapter 6, senior county program leadership, managers, and line staff began to implement the new CalWORKs program. Both those who had received cash assistance under the pre-CalWORKs rules and those who began to receive cash assistance under CalWORKs are now being moved through the sequence of activities specified in the CalWORKs legislation that constitutes each CWD's CalWORKs program (see Figure 12.1) and are taking advantage of—or beginning to take advantage of—the supportive services discussed in Chapters 7 through 11.

This concluding chapter identifies some issues that have emerged this year and warrant consideration as the county programs continue to mature in the coming year. For each "issue," we attempt to characterize the decision currently facing CWDs or other policymakers, to present the arguments for and against each approach, and finally (if appropriate at this time) to use our experiences in the field (along with other supporting material) to suggest promising approaches. We realize, however, that which approach will be most appropriate will vary from county to county. Each county's history, political context, access to resources, and economic conditions (as discussed in Chapter 1) will bear on the challenges for each county and the best ways to resolve them. The combination of county heterogeneity and the limited knowledge base available on a new program makes explicit "recommendations" inappropriate at this time.

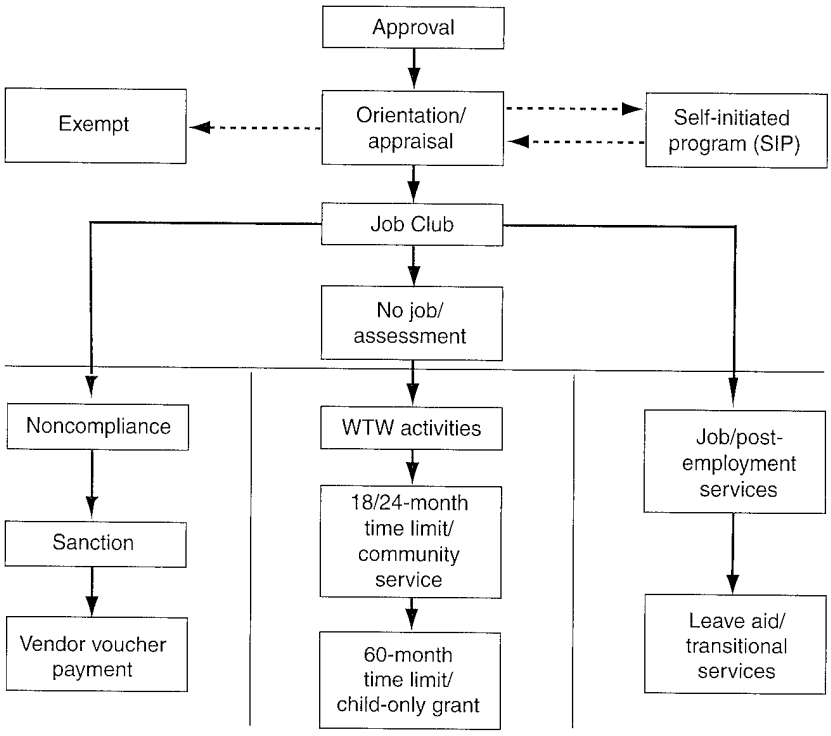


Figure 12.1—Pathways in Implementing CalWORKs

In discussing areas where further consideration of policy issues—by CDSS, by CWD senior management, and by CWD line staff—are appropriate, we organize the discussion around the pathways figure originally presented in Chapter 6 and reproduced here as Figure 12.1 (this figure is highly stylized and does not include all possible paths). We begin with a discussion of issues related to the path in the center of the figure—the path that moves through the core CWD functions—eligibility, Job Club, and welfare-to-work (WTW) activities. After discussing issues along this path, we turn to issues related to the path shown on the left of the figure—those that involve noncompliance and sanction—and then to issues associated with the path on the right of the figure—those that have to do with post-employment services (PES). Finally, we consider issues related to two supportive services—child care and behavioral health.

The Central WTW Path: Issues for Further Consideration

As we discussed above in Chapter 6, the central path in the figure represents the process of moving participants through the mandated sequence of activities, from intake through the end of the five-year time limit for those still on aid and

not employed. Below, we discuss issues for further consideration that emerge along this path.

Combining Eligibility and WTW Operations

CalWORKs presented county welfare departments with an unprecedented opportunity to reorganize the delivery of services. Before CalWORKs eligibility and WTW (i.e., Greater Avenues for Independence (GAIN)) funding streams had been separate and the GAIN program had often been small. In most counties the WTW operations set up under GAIN related only tangentially to the CWD's eligibility operations. GAIN programs were usually housed in separate buildings, with their own staff, chains of command, and culture.

CalWORKs merged the funding streams and made WTW programs nearly universal, giving counties the option of merging eligibility and WTW operations. As we saw in Chapter 5, counties' choices have ranged from continuing the status quo (i.e., two totally separate operations) to completely merging the two operations (including assigning both eligibility tests and WTW tests to a single worker). Our fieldwork suggests some concern about pursuing either extreme. Some counties report success with each approach. Here we note the concerns that could be considered in making an initial choice and the possible problems that could be monitored if one of these extreme options is chosen.

Since under CalWORKs both eligibility and WTW are to be nearly universal and since both operations should convey a single unified message, completely merging the two jobs in one combined worker (CW) seems compelling. Doing so minimizes handoffs and meetings for workers, and appointments (often at different times and in different places) for recipients. Furthermore, merging the two jobs guarantees a unified message about work expectations and encourages the development of a relationship between the worker and the recipient. Through ongoing contact, the worker could come to know the recipient—her past experiences, her current circumstances, and her plans. As important, the worker could develop a rapport with the recipient—a rapport that might help the worker identify barriers and the recipient to reveal them. Furthermore, such rapport might also help the recipient accept and carry out the guidance of the worker.

While these considerations suggest merging the two positions into a CW position, a combined job also raises concerns. First, the two jobs are very different. The eligibility worker (EW) position ideally involves objective decisions arrived at by treating each recipient the same. The job specialist (JS) position ideally involves subjective decisions about what is best for this

individual recipient, decisions best arrived at through a close interaction between the worker and the recipient. Many observers suggested that workers who can perform well in one position may have trouble performing well in the other position.

Second, even those who could do either job well often have trouble doing them both at the same time. The two jobs require maintaining two different relationships with the recipient—EW as gatekeeper/rule enforcer; JS as mentor/motivator. It is hard for a single worker to play both roles. Furthermore, the explicit deadlines and requirements of eligibility tasks often push out WTW tasks. This is especially true when EW tasks seem easier or are more familiar to the worker (as will be true in the common case when new combined workers are drawn from the old EW ranks).

Third, the combined job may simply be too big. A skilled EW must master the complicated eligibility rules of the CalWORKs program and, in many cases, also the different, but equally complicated, rules of the Food Stamp program and the Medi-Cal program. Mastering those rules once and then keeping current as they change is a nontrivial accomplishment. Similarly, a good JS must master the rules of the WTW program, as well as the interpersonal techniques of a successful JS and the resources to which participants can be referred (e.g., education and training and supported work) and their evolving success. Again, mastering these rules, these techniques, and the resources available is a nontrivial accomplishment. Keeping current—with the rules, with the techniques, and with the available services and their evolving track record—is an ongoing challenge. Simply attending in-house training for both jobs could consume a large share of any worker's time.

Finally, standard management and cost-control perspectives also suggest keeping the jobs separate. EWs are traditionally paid less than JSs; indeed, the EW job was originally created, in part, so that the non–social work function of welfare programs could be handled by lower-paid staff. Standard cost-minimization arguments suggest assigning work to the least-cost worker who can do the job equally well, as long as the communication and coordination costs of having two workers are not too great.

There are ways to minimize handoffs and convey a unified message without the problems inherent in a CW structure. As we saw in Chapter 5, some counties have taken small, creative steps to merge the two operations short of assigning EW and JS work to a single worker. Most counties have moved to colocate eligibility and WTW operations. Considerations of space availability and configuration limit the short-term flexibility of some counties, but over the

intermediate term, this constraint should be less binding. Counties are urged to increase the amount of colocation of eligibility and WTW operations.

In addition, several counties have moved to some form of a "combined worker" for the front-end/pre–Job Club activities. These configurations vary, but the general idea is that a single worker, usually an EW, moves the case from intake through orientation appraisal, and into Job Club. These roles have a common function—scheduling. Ideally, they orient the new recipient to the welfare system and, in particular, to the expectation of participation in work or WTW activities beginning with Job Club. Having one worker handle all the steps until Job Club, including intake, orientation, Job Club scheduling, and arranging child care and transportation services, preserves the unified message. Dividing the work between an EW and a JS suggests that WTW is not really integral to the receipt of aid.

As important, combining these early pre–Job Club responsibilities under a single person minimizes the number of different appointments (potentially at different offices) that a recipient must attend in the crucial period leading up to Job Club. As we discuss below, Job Club would ideally begin on the Monday following approval of the application. A single pre–Job Club worker obviates the need for the recipient to meet with another worker in order to schedule Job Club. This eliminates a point of possible noncompliance and may also speed the beginning of Job Club.

This perspective is not intended to downplay the importance of close coordination between eligibility operations and WTW operations. Several counties are considering strategies short of merger. These strategies involve pairing individual EWs and JSs so that they can develop an interpersonal relationship, standard operating procedures, and lines of communication when procedures or individual cases seem not to be "working." Colocation is a first step in this direction. Pairing units or placing the two groups of workers under a single program manager is a more aggressive step in that direction.

We conclude this section by noting that our two comments—suggesting combining the two jobs at intake and expressing concern about a full merger of the jobs—are not inconsistent. In fact, they reflect the same perspective. The tasks that workers must perform under CalWORKs are many and varied. There is real value in minimizing the number of workers and the number of contacts required of all participants. When the job can plausibly be done by a single worker, it should be done by a single worker (e.g., the pre–Job Club activities). However, when the job requires specialized knowledge, creating a specialized position may be appropriate.

For these reasons, our fieldwork suggests caution before assigning the performance of assessments and the development of WTW plans to the regular JS. The core JS tasks require someone who can monitor participant status, assess support services needs, and motivate participants. Doing assessments and developing WTW plans require a very different set of skills, including mastery of the interpretation of the battery of tests given at assessment and thorough knowledge of the programs available and their recent success. These two skill sets are very different, suggesting that careful consideration should be given to assigning assessment and perhaps writing WTW plans to a specialist. Consideration of "continuity of care" suggests that this specialist should work in close coordination with the Job Club facilitator, who knows the participant best, and with the JS, who will need to oversee the plan's implementation.

Pace of Implementation Through the Sequence of Activities

As discussed in Chapter 6, the counties face twin goals in trying to move their participants through the steps of the CalWORKs WTW model. They must both work off the backlog of old cases (cases carried over from Aid to Families with Dependent Children (AFDC)) and promptly move new cases through the sequence of activities. Moving the old cases through the system requires assembling and then disassembling some form of surge capacity. Moving the new cases promptly through the system requires leaving in place after the surge sufficient capacity that backlogs do not develop at any stage in the CalWORKs sequence of activities shown in Figure 12.1: orientation and appraisal, Job Club, assessment, signing a WTW plan, and WTW activities.

While most counties appear to be making progress toward these twin goals, some counties have significant backlogs. As of the fall of 1999—a third of the way through some recipient's five-year clock—several counties report a backlog of a thousand cases or more awaiting Job Club. In several counties we visited, the wait from ending Job Club until signing a WTW plan (not even beginning the WTW activity) was several months. By contrast, as we argued in Chapter 6, given the recipient's ticking 60-month time clock, the time from an approved application to a signed WTW plan and to the beginning of the first WTW activity should be as short as possible, perhaps ten weeks.

Large numbers of cases stuck at early stages of the CalWORKs sequence of activities or waiting a month or more between activities are a cause for serious concern. If current trends continue, in some counties a large number of cases will have spent a third (perhaps half) of their five-year lifetime time limit waiting to

sign their WTW plans. This is problematic. With time limits, recipients should receive WTW services promptly.

Moreover, by having such long delays, the counties are sending a message different from the one conveyed in Job Club. In Job Club, facilitators argue that the welfare check brings with it a responsibility for either work or WTW activities and that time limits imply an urgency to job search efforts; by allowing recipients to languish between activities, a county sends a message to participants that there is no urgency and that the connection between participation and receipt of aid is tenuous at best.

Counties can adopt goals for how long it should take for a case to exit this initial phase. Such exits can occur in several ways: (1) some cases will be exempted from WTW activities; (2) some cases will be pre-screened to activities other than job search/Job Club (e.g., Self-Initiated Programs, adult basic education, and treatment for behavioral health problems); (3) some cases will find work; (4) some cases, not finding work during job search, will need to be assessed, to sign a WTW plan, and to begin a post-assessment WTW activity; (5) some cases will refuse to participate in program activities, which means they should receive a noncompliance NoA and then be sanctioned; and (6) some cases will leave aid.

Our analysis in Chapter 6 suggests that in a well-operating CalWORKs program with sufficient capacity and with compliant participants with no major barriers, such an exit from the initial phase could occur in 12 to 16 weeks. If it takes longer, there is some system problem, probably related to insufficient capacity. The first two places to examine are long lags between activities (usually because of insufficient capacity for Job Club or assessment) or cases that are "falling through the cracks" (usually because of insufficient case management staff, poor computer support, or insufficient oversight of caseworkers by their managers). In practice, many cases were noncompliant or have barriers preventing them from following this idealized schedule, so even in a program with sufficient capacity, many participants would not meet this schedule.

A similar analysis applies to the existing caseload. As of the publication of this report in mid-2000, it will have been about two years since the counties began to implement CalWORKs. Any adult who has been on aid continuously since that time should have exited the initial phase. As of late-1999, it appeared that in some counties a large fraction of the cases would not yet have exited the initial phase. It seems likely that in most counties there are at least some people who have fallen through the cracks. Counties might want to consider devoting extra attention to identifying these cases and moving them through the steps.

As the management adage and several interviewees stated: "What gets measured gets done." Counties might consider monitoring movement out of this initial phase. Such monitoring would be useful at all levels of the welfare system. Individual caseworkers could monitor these outcomes for each of their cases. Supervisors could monitor these outcomes for each of their supervisees. Office managers could monitor these outcomes for their offices. County leadership (in the county welfare department, at the board of supervisors) could monitor these outcomes for their counties as a whole. CDSS could monitor these outcomes for each county in the state.

In principle, these outcomes could be easily monitored—each supervisor could review the cases of each of his/her JSs regularly (perhaps monthly). Although this can be done manually, in many counties this does not appear to be occurring. JSs often report that their supervisors do not monitor the status of their cases. Such monitoring at the caseworker level would also allow easier satisfaction of federal and state reporting requirements. The CalWIN system may provide such functionality, but it is still in the planning stages. A fully operating system is still years away.

Instead, the state's primary method for meeting federal reporting requirements is a modification of the review of paper records system developed from the old Food Stamps Quality Control (QC) system. Recent revisions to that process appear to have improved its quality to acceptable levels. The resulting system, however, is of only limited use for program monitoring beyond the narrowly defined federal reporting requirements for which it was designed. The current samples are too small to provide precise county-level estimates of program flow (appropriate for computing annual error rates), only the largest 19 counties are included, and the results become available too slowly (many months after the outcomes) to be of use in real-time program management.

At the county level, one of the computer support consortia is putting such a system into place now. The other three consortia are moving toward implementing such a system, but implementation is years away. In the interim, many counties are designing their own ad hoc reporting systems. However, both the main computer systems and the ad hoc systems in place could be more helpful to caseworkers in aggressively monitoring their cases, and to supervisors in aggressively monitoring their caseworkers.

The systems should be monitoring people who appear to be falling through the cracks. Noncompliant cases should be automatically identified and flagged for NoAs. Cases about to finish an activity should be automatically identified and flagged for appointments. Cases between activities (and certainly for more than

a week or two) should come up on an exception list. No current county system comes close to this type of true computer support for caseworker activities. As a result, the program's success relies unnecessarily on the initiative of individual supervisors and caseworkers, on such serendipitous factors as a strong union that has been able to keep caseloads low enough so workers have time to concern themselves with case flow, or on strong interest from administrators in individual recipient flow through the program.

Outcomes-Based Management

Most counties now have some initial program in place. As we noted above, there are some counties with significant bottlenecks and backlogs in the flow of cases through the CalWORKs sequence of activities. However, in most counties, most of the old cases have passed through the earlier phases of the CalWORKs sequence and are now working, or in WTW activities, or in the noncompliance process. In addition, new cases are moving through the CalWORKs sequence at a reasonable, if not speedy, pace. CWD managers are developing second-generation programs, reworking problematic parts of initial programs and processes, and developing programs to serve niche populations; i.e., the expected continuous quality improvement is under way.

Along with these incremental changes, some counties are moving toward more systemic changes. As we discussed earlier (particularly in Chapters 2 and 5), CalWORKs represents a fundamental change in the CWD mission. Under AFDC, the CWD's primary task was the correct computation of the grant. Under CalWORKs, the responsibility to correctly compute the grant has not gone away. However, the CWD's primary task is now to help recipients to become employed and, shortly thereafter, to achieve self-sufficiency and leave cash aid.

This change suggests a shift in management strategy. Under AFDC, the fundamental outcome was the accuracy of the grant computation, which could be verified by checking the case file. By definition, the grant had been correctly computed if there was appropriate supporting documentation in the case file. Thus, supervisors could manage line workers by auditing their case files.

Under CalWORKs the situation is quite different. The fundamental outcomes are employment, welfare exit, and self-sufficiency. Unlike the situation for an AFDC EW, for a CalWORKs JS there is no explicit book of regulations detailing what a caseworker should do to help a recipient achieve employment and self-sufficiency. Perhaps a supervisor would know good casework "when she saw it," but there is no explicit manual against which caseworker actions can be compared and deemed to be in error. If anything, the "correct" actions are

individual-specific. Furthermore, many of these actions (e.g., listening carefully, encouraging the recipient, tailoring advice to her individual situation) are not directly recorded in the case file. Therefore, it is no longer possible for supervisors to manage caseworkers solely by auditing case files to verify that correct (or even appropriate) actions were taken.

However, an alternative strategy is possible and was already used in some work-first GAIN programs. The fundamental outcomes of interest—employment and welfare exit (which partially proxies for self-sufficiency)—are observable. In fact, these outcomes should be recorded in the case file. Rather than managing caseworker *actions*, it is possible for supervisors to manage caseworker *outcomes*; that is, supervisors should monitor which caseworkers' clients are becoming employed and which caseworkers have more welfare exits.

Such outcomes-based management is the fundamental tenet of recent work on management in government (e.g., see Osborne and Gaebler, 1992). Doing so requires a fundamental shift in management style. Appropriate outcomes need to be identified. Then, they need to be measured, promptly and accurately, and attributed to a single individual (or a small group). Finally, workers need to be motivated to improve their performance as measured by the specified outcomes. Similar issues arise with outsourcing and a shift away from paying for services delivered (e.g., Job Club cases handled) to paying for outcomes (e.g., job placements).

What seems straightforward in the abstract requires substantial management effort in practice. Management in government changes slowly, current data systems often do not allow for the prompt measurement of outcomes, and supervisors often do not track outcomes. In addition, the incentives available to induce performance among workers are limited, and culture change slowly.

Nevertheless, such outcomes-based management appears worth pursuing. It is the approach of the positively evaluated work-first programs in Riverside County and Los Angeles County. Evidence from the Job Training Partnership Act suggests that workers are responsive to incentives. If the incentives are structured properly, their reactions can contribute to a much more effective program. Moving in the direction of outcomes-based management is one of the major challenges for CWDs during the third year of CalWORKs.

"Pure" Versus "Modified" Work-First Approach

Based on the experience in Riverside County and later Los Angeles County in GAIN, the CalWORKs WTW model is "work-first." (See the discussion of this in

Chapters 3 and 6.) In this model, the job market is viewed as the best test of employability. Proponents of a pure work-first approach argue that some people who might have been thought unemployable will find jobs if they participate in Job Club; some people who might have been thought sure to find a job will not.

This line of argument yields a program in which almost everyone is referred immediately to Job Club. Only the most extreme physical and mental handicaps would exempt a recipient from Job Club. Youngest-child exemptions exempt only mothers of the very youngest children. In such a "pure" work-first model, screening for barriers to work would take place in the assessment stage after a recipient failed to find work through Job Club. Relatively "pure" work-first models were the approach early on in most counties (e.g., in the fall of 1998).

More recently, however, a combination of factors appears to be moving many counties to a "modified" work-first position, as reflected in Figure 12.1 by the positioning of a screen at intake, where barriers to work, such as learning disability problems and the need for behavioral health services, are assessed. Those advocating such a modified work-first approach argue that they do have the ability to identify those who are unlikely to find a job through Job Club.

Furthermore, they argue that requiring such people to attend Job Club will not only not succeed in finding the recipients jobs, but will instead have other negative effects. First, welfare recipients have failed often in their lives; another failure will further damage their self-esteem, leading to another negative experience that will need to be compensated for when they are otherwise employable. Second, sending them to Job Club wastes Job Club slots that could be successfully used by other job-ready recipients, who in some counties are on long waiting lists. Third, sending non-job-ready recipients to apply for jobs damages the reputation of the county welfare department with employers. Finally, recipients' clocks are ticking. For a recipient who needs education, training, or supported work, or treatment for substance abuse, mental health, or domestic abuse to become employable, being assigned to Job Club, failing to find a job, and then being reassigned to a WTW activity will "waste" at least a month. In practice, in many counties where there are significant lags and backlogs, this would waste several months.

For a number of reasons, these arguments for a modified work-first approach during the pre–Job Club period became more salient over CalWORKs' second year. First, counties got more experience with the pure work-first approach and found that it did not always work: Not everyone found a job. Moreover, as the harder-to-place begin to participate, such failures appear to be becoming more common.

Second, the modified work-first approach is a more complicated program. Many counties began by rolling out the simpler pure work-first program. Once that program was in place and operating smoothly, program leadership had the time and resources to develop a more complicated (perhaps "second-generation") program, to develop the necessary contracts and programs for those who would be diverted from Job Club, and then to train workers to do the required screening and referral.

Third, there have been subtle, but important, changes in the direction provided by CDSS, as discussed in Chapter 3. Compared with their predecessors in the Wilson administration, officials in Governor Davis's administration bring with them a slightly more social service-oriented approach to welfare programs. This slightly different perspective is reflected both in affirmative guidance to pre-screen for some barriers and in a lack of negative guidance to counties that have begun to pre-screen aggressively.

Fourth, many counties appear initially to have strongly discouraged Self-Initiated Programs (SIPs). However, a threatened lawsuit yielded explicit guidance from CDSS to the counties, mandating both that counties treat requests for SIPs more positively and that counties affirmatively notify anyone who might have been inappropriately discouraged from pursuing an SIP after the fact.

Finally, provider demand and available funds have pushed counties toward a modified work-first approach. The CalWORKs legislation included dedicated funds for substance abuse treatment, mental health treatment, and education and training (in the county departments of education and in the community colleges). Furthermore, in anticipation of future demand, many counties put in place arrangements (often contracts) for large numbers of education and behavioral health referrals. In practice, referral rates have been low, as we saw in Chapters 9 and 10. Providers who put capacity in place have suffered (some of them have been at risk of bankruptcy), and dedicated CalWORKs dollars have gone unspent. Counties have responded by providing more training to front-line staff, by screening more intensively and earlier, and by colocating specialists.

As a result of these changes, many counties have moved from a pure work-first perspective to a modified work-first perspective. Some are now administering basic education tests before referring to Job Club, and many are developing a variety of strategies (self-report, observation by caseworker) to pre-identify those needing treatment for substance abuse, mental health, and domestic violence.

The Noncompliance and Sanctions Path: Issues for Further Consideration

As discussed in Chapter 6, the central path (of Figure 12.1) is not the only path participants take. A large number of participants have ended up along a path starting with noncompliance and leading to sanction. Here, we examine some of the issues that need further attention along this path.

The Issue of Noncompliance

Noncompliance continues to be a major problem. While some evidence suggests that compliance rates have increased since last year, it continues to be true that a third or more of those instructed to participate in an activity fail to do so. As more cases are instructed to participate in more activities, the total number of noncompliant cases appears to be rising. In some counties, more than 10 percent of all cases are currently in sanction. Many more cases are in some earlier stage of the noncompliance process, while others have left aid. These rates are even higher once it is noted that more than a third of the caseload is working and approximately another third has no adult; neither of these groups is subject to WTW sanctions. Thus, in many counties it appears that a quarter or more of those potentially subject to sanctions are actually in sanction. Processing sanctions is extremely time-consuming for caseworkers, and after three months of cumulative sanction time these cases count against federal participation requirements, making these high sanction rates even more problematic.

As we discussed in Chapter 6, the causes of these high rates of noncompliance and sanction are unclear. It seems likely that many recipients are simply fearful of the world of work, or believe they can never succeed in it. For these reasons, they refuse to even participate in Job Club.

Some interviewees argued that the high rates of noncompliance result from broadly defined CWD deficiencies. They posit that some of those in sanction never received the notices, while some received them but did not understand them. Other recipients noted that their benefit had been cut but did not understand that the benefit cut was related to their noncompliance. Still others did not understand how to "cure" the sanction. Some should have been exempted from participation requirements, but their eligibility for exemption was not identified. Others would have participated if child care or transportation had been provided and did not understand that the CWD would provide those services. Others have major, but unidentified, barriers to

employment—substance abuse problems, mental health problems, significant learning disabilities, and domestic abuse issues.

Recent analyses by MDRC (1999) suggest that CWDs' most serious deficiency may be their limited enforcement efforts. The MDRC study finds that programs that forcefully communicate mandatory participation requirements, closely monitor participation in program activities, impose sanctions at a moderate level, and encourage and reward participation had higher participation rates than programs that did not actively pursue these enforcement activities. As we discussed in Chapters 3 and 6, many CWD have not actively sanctioned and do not monitor participation.

Finally, other interviewees argue that the cause of some noncompliance is willful disregard. According to this argument, recipients understand what is expected of them, but choose not to participate. They evaluate the cost (the lower benefit) and decide that noncompliance is preferable to participation. Some proponents of this position argue that fraud—in particular, unreported income—underlies such behavior. According to this line of argument, participating in WTW programs would require forfeiting unreported employment. The child-only check, plus the unreported income and no WTW requirement, is preferable to the full check, but no employment, and the WTW requirement.

It seems likely that there is some truth to each view—recipient fears, CWD deficiencies, and willful noncompliance. The available evidence is insufficient to provide firm numerical estimates. Several ongoing studies—by CDSS, with funding from the University of California's Welfare Policy Research Project, and as part of this Statewide CalWORKs Evaluation—are exploring non-compliance and sanctions. Several county-based surveys of noncompliance suggest that perhaps a third of the noncompliance is a CWD deficiency, one-half is recipient fears, and something less than a third is willful noncompliance.

More attention needs to be paid to enforcement of program requirements and monitoring of participation. This will require more caseworker time, and possibly more caseworkers. Improved data systems could have a major effect.

Home Visits

Regardless of the cause, home visits are an active and potentially useful strategy for dealing with noncompliance. Through home visits, observers claim that county welfare department deficiencies can be identified and ameliorated. Home visits provide a natural vehicle for inducing compliance among the reluctant and fearful. Finally, home visits provide an opportunity to identify fraud—to

determine, for example, if the recipient is not available for a home visit, if the children are not present, or if other adults appear to be living in the household. Home visits, however, are time-consuming and to be done properly require specially trained staff. Many counties have pilot programs in place or under development, but a universal program—whether immediately following noncompliance or after imposition of the sanction—would require the commitment of major resources. A multi-county randomized experiment to identify the effects of home visits is probably feasible and is worthy of serious consideration.

A less resource-intensive approach also seems worthy of consideration. Some of the benefit of a home visit comes from the one-on-one meeting between a senior caseworker and a person whom that CWD has not seen for some time. Much of the cost comes from sending the caseworker into the field; cost is increased when the worker does not find the recipient at home. A simple, lower-cost way to ensure a meeting, although without the potentially large benefit of observing the recipient's home situation, would be to hold the next check at the desk of a designated senior caseworker(s) and to require the recipient to appear in person and to meet with the caseworker before receiving the check. There is, however, some question about whether such a procedure would require new legislation. Clearly, appointments would need to be readily available and a statutory change may be required.

Sanctions

While sanctioning is now occurring in nearly all the counties, it appears that, despite the sanction, some recipients are choosing not to comply with program requirements, in particular Job Club. Some observers express concern that the problem is the size of the sanction As discussed in Chapter 2, California is one of only 14 states that does not have a full-family sanction. Critics of the adult-only sanction argue that many of those currently in sanction are working under the table. In order to participate in Job Club—full time for several weeks—these recipients would have to forfeit their unreported job. Given the choice of (a) receiving the full welfare payment but losing their unreported job, or (b) accepting a smaller benefit—a family of three would lose only $121 per month—but keeping their unreported job, some recipients choose to accept the sanction.

The current CalWORKs legislation does not allow CWDs to impose a full-family sanction for failure to participate in WTW activities under any circumstances. Whether counties should be given the option of a full-family sanction requires weighing two considerations. The first consideration concerns the effect of a full

family sanction on participation. While there are claims (from the state of Hawaii and from the recently suspended demonstration in San Mateo county) that full family sanctions increase compliance, the formal evaluation evidence is mixed (Fein, 1999; Hamilton and Scrivener, 1999). Second, there are real concerns about the effects of a full family sanction on the children whom the CalWORKs program is intended to protect. There are several ongoing studies of full-family sanctions. As the results of those studies are released, the state could revisit the option of full family sanction.

The Post-Employment Services Path: Issues for Further Consideration

As was true of the noncompliance and sanctions path, a large fraction of recipients are employed and therefore on the post-employment services path shown on the right side of Figure 12.1. Some recipients got jobs right out of orientation and appraisal; others got jobs through Job Club. As we noted in Chapter 6, counties report that Job Club is successful for most of those who participate. Recipients are finding jobs, and the share of the caseload that is working is rising.

While such a first job (e.g., 20 hours per week, at the minimum wage), when combined with the remaining cash aid payment, Food Stamps, and the Earned Income Tax Credit, is enough to lift a family of three out of poverty, it is only the beginning of the CalWORKs WTW model's path to success. To achieve self-sufficiency and leave aid (the end of the right path shown in the figure), recipients need to turn that first job into one paying much more than the minimum wage. The conventional computation implies that the break-even point for a family of three is full-time employment (40 hours per week) at $8.53 per hour, a third again as high as California's $5.75 per hour minimum wage. Arguably, true self-sufficiency would require a wage several dollars higher, enough to cover the costs of child care and health insurance. (For a fuller discussion, see Zellman et al., 1999.)

Counties are now struggling with how to move recipients from such a first job to self-sufficiency. Greater Avenues for Independence (GAIN) did not fund such post-employment services, so the knowledge base in California is thin. However, on four counts, the evidence is discouraging. First, the Riverside County GAIN results suggest that Job Club and a first job is not enough. It is not true that once recipients get a first job, the accumulation of experience and good references will put them on a rising escalator to better jobs and higher pay. The Riverside GAIN program raised employment and earnings relative to the control group, but the

percentage of recipients who had significant earnings (e.g., half-time at the minimum wage) or who left aid because of the program was small.

Second, as discussed in detail in Chapter 6, a randomized trial of an intensive case-management experiment (in Riverside County and in several other counties nationwide) was a failure. Despite significant case management efforts, there was no measurable effect on employment, earnings, or welfare exits. While it is not clear that one would want to deny case-management services to recipients who seek them (e.g., those who call their WTW worker), this experimental evidence suggests that intensive case management alone is unlikely to have large effects.

Third, if case management is not the answer, then a natural alternative is additional education and training. While education and training may not be appropriate before testing the labor market, once a recipient has more experience with the world of work (and presumably sees the value of education and training), such human capital development is perhaps again appropriate. While this line of argument is appealing, it is not clear that implementing it is feasible. Is it really reasonable to expect that a single mother raising a child (or several children) alone and working full time (32 or perhaps 40 hours per week), often on an irregular work schedule, will also be able to go back to school, especially if child care is not funded or not available? Many people to whom we spoke answered this question in the negative.

In response, some counties are moving to encourage combining work and school. In these counties, as long as the participant is working 20 hours per week, the county welfare department will allow—or even encourage—the last 12 hours to be filled with education and training. This is an option worthy of careful consideration in more counties.

Fourth, many of the counties offering post-employment services report little recipient interest. As long as the participant is working 32 hours per week, participation in post-employment services is voluntary. Furthermore, if education and training replaces work, in the short-term household resources (the sum of earnings and the welfare benefit) will drop. For a newly working recipient enjoying the additional income, this can be a powerful disincentive.

We heard repeatedly that simply maintaining contact with recipients once they are meeting hours requirements through employment is a challenge. One county is offering small gift certificates for employment, which can be collected only in person. These bonuses have the effect of encouraging ongoing contact with caseworkers. Other counties are moving to try to make their post-employment services more attractive and to market them to the potential beneficiaries. Both

making programs more attractive and marketing them are new tasks for county welfare departments, and the initial efforts to do so have not always been successful.

Nonetheless, post-employment services are likely to be a crucial part of mature CalWORKs programs. They are likely to be necessary to move much of the caseload from employment to self-sufficiency. Clearly, more study is needed, starting with identifying promising program models and then rigorously evaluating them.

During the next year, counties will be in a better position to address this CalWORKs component as implementation of the early CalWORKs components matures. We will be asking more about post-employment services when we return to the counties in the coming year. Counties will also need to make decisions about how best to target their CalWORKs efforts when resources are limited. For example, will they focus on those who do not yet have jobs, or will they focus on those with jobs who still need services? Will incentive funds and other resources go to provide underfunded services that keep people employed, such as Stage 3 child care (as one county has done), or will funds go to case management and emergency services?

Other Services

Services are a critical aspect of CalWORKs because they enable employment (in the case of child care and transportation) or they overcome barriers (in the case of behavioral health and domestic abuse services). These services are delivered by a range of providers using many different delivery mechanisms. Below, we highlight two services because of unique issues they pose for CalWORKs implementation.

Child Care

If welfare recipients with preschool children are to participate in WTW activities and work, they will need child care. (Although child care is not explicitly represented in Figure 12.1, it is implicit because it is a critical enabler for participation in the WTW sequence of activities.) As we discussed in Chapter 7, the need for child care was recognized in the CalWORKs legislation and funding was provided. Unfortunately, as we also saw in Chapter 7, the CalWORKs child care system is, at several levels, troubled. First, CDSS and the California Department of Education (CDE) often emphasize different aspects of child care. CDSS is more likely to emphasize the role of child care in enabling work. CDE is

more likely to emphasize the role of child care in child development. These differing views were not resolved in the CalWORKs legislation. Instead, the legislation established a cumbersome three-stage system, with two different lead state agencies, two different funding streams, and rules that sometimes varied with agency sponsorship. Neither "seamless" nor "streamlined" are adjectives that anyone would use to describe the present system. CDSS and CDE have worked to better integrate the stages, but the current arrangement is still far from ideal. Inconsistencies with regard to child eligibility and provider screening across sponsoring organizations are reported to be causing problems in some cases. In counties where the CWD handles Stage 1, additional appointments and paperwork are sometimes required in the transition to stage 2.

Second, there have been funding issues. Despite unspent funds at the state level in state fiscal year 1998/99, county welfare departments and alternative payment providers expressed concern about insufficient funding. Many counties manipulated the transition between stages of child care to ensure sufficient child care funding for families. Additional appropriations and other policy changes after the close of our fieldwork in the fall of 1999 have the potential to improve the situation. We will return to these issues in next year's fieldwork.

More broadly, the current system raises equity issues. While on aid and for two years thereafter, welfare recipients receive priority for the limited available child care subsidy funds. The present system gives women an incentive to collect welfare (if only for a short period of time) in order to get preference for child care subsidies when no longer collecting welfare. Perhaps consideration should be given to better integrating and equalizing child care subsidies for current welfare recipients, recent welfare recipients, and the working poor. However, a broad effort could be very expensive. Governor Davis has announced his intention to reopen these issues as part of the 2000–01 state budget. We will consider that process in next year's report.

Behavioral Health

As we saw in Chapter 10, in the pre-CalWORKs period, there were widely cited reports claiming that large percentages of welfare recipients had serious substance abuse, mental health, or domestic abuse problems. In reaction to these reports and the new funding, many counties put in place moderate to large service networks to address these issues.

Referrals, however, have been considerably lower than expected. The low referrals are likely the result of several related causes. These include unrealistic expectations of the time it would take to put an effective referral system into

place, the lack of detailed planning for these supportive services (not surprising considering how many components of CalWORKs had to be put into place simultaneously), and the brief planning period that existed. In addition, there is a lack of trust among clients who accepted behavioral health services for the CWDs.

Two years into CalWORKs implementation, counties are giving more attention to behavioral health referrals amid concerns about funding cuts and unaddressed need. Several counties have procedures in place that appear worthy of careful consideration by counties moving to increase behavioral health referrals. These procedures include new staff-deployment approaches, such as colocating treatment staff with CWD staff, which enables in-person, right-now referrals; introducing treatment staff in orientation and Job Club, thus giving treatment a human face; and conducting outreach efforts outside CWD, in community settings where welfare recipients tend to congregate (e.g., neighborhood markets). These efforts also include much closer cooperation with other agencies (e.g., working with Drug Courts to provide notification to the CWD) when welfare recipients are ordered to drug treatment and working with treatment providers to move clients who are receiving treatment and welfare into CalWORKs-funded treatment. Finally, pre–Job Club screening for behavioral health problems (part of the move away from a strict work-first approach) and more aggressive responses to noncompliance are likely to identify more recipients in need of services. To the extent that these efforts are successful in increasing referrals, a related issue will arise—whether existing treatment resources are adequate.

Final Thoughts

We are now more than two years into the implementation of CalWORKs. Implementation is proceeding more slowly than some observers had hoped, but about as fast as could realistically have been expected in most counties. During CalWORKs' third year, county programs will move into a new phase.

From a management perspective, counties will need to move from an emphasis on putting an initial program in place to an emphasis on refining the program to achieve the best possible outcomes. Doing so will often require a combination of program revisions, new approaches to management, and reworked computer and data systems.

CDSS and the counties begin work on these tasks from a solid base. The changed operating philosophy embodied in the CalWORKs legislation has stimulated real cultural change in CDSS and in the counties. Resulting from a combination of

earlier welfare reforms, announcement effects, and the good economy, caseloads have declined and continue to decline rapidly. This caseload decline both provides an aura of success and frees up program resources, which can be used to develop new initiatives and to help those who are not finding success despite participation.

Nevertheless, the task before CDSS and the counties is daunting. Over the next few years, they need to show that their programs can continue to contribute to the caseload decline. Furthermore, they need to do so quickly. For recipients, the 18-, 24-, and 60-month clocks are ticking. For the state as a whole and for the individual counties, the federal PRWORA legislation will be up for renewal in two years and changes to California's CalWORKs legislation seem likely to follow. It is too early to predict what changes will be enacted at renewal, but it seems likely that funding will be considerably tighter. Thus, the next few years provide both a challenge and an opportunity.

A. Methods

This report relies on a number of different strategies to produce the findings presented. As mentioned in Chapter 1, the major data collection tool was a series of field interviews with key informants in the six focus and 18 follow-up counties. Interviews were also conducted with people working at the state level—in the California Department of Social Services (CDSS), in the legislature, and in agencies connected to the California Work and Responsibility to Kids (CalWORKs) program, such as the California Department of Education (CDE) and the California Department of Transportation (CDT), among others.

We also drew on data from two surveys. The first is the All-County Implementation Survey (ACIS), a mail survey sent to every county, now in its second year. This year, as part of RAND's effort to survey many of the other agencies involved in delivering CalWORKs, a supplement was designed that was sent to all agencies that serve as Alternative Payment Providers (APPs) for disbursement of child care funds to providers. The second survey is the California Staffing Survey (CSS) (a caseworker survey), which was designed to supplement field interviews with caseworkers in county welfare agencies.

In addition to interviews and surveys, we were able to draw on administrative data from the state and counties (both focus and follow-up). These data sets provide statewide information about CalWORKs enrollment, wages, sanctions, and other key CalWORKs indicators. Each of these data sets is discussed below.

Finally, we reviewed the pertinent documents and literature surrounding CalWORKs, including public documents, such as the relevant federal and state statutes and regulations; the state's All County Letters (ACLs), County Fiscal Letters (CFLs), and All County Information Notices (ACINs); county plans; and federal and state budgets. We also reviewed the relevant secondary literature, including reports from the Legislative Analyst's Office (LAO), the California Budget Project, the Urban Institute, the General Accounting Office (GAO), and the Manpower Demonstration Research Corporation (MDRC).

Here we discuss each method in more detail.

Field Interviews

Field interviews provided the largest share of information for this report. Field interviews were conducted in the six focus counties—Alameda, Butte, Fresno, Los Angeles, Sacramento, and San Diego. CDSS chose these six counties to ensure that the process analysis would cover the various geographic regions of the state and reflect both urban and rural considerations in implementing CalWORKs.[247] To increase the geographic scope of our study and include a larger share of the state welfare caseload, we also visited 18 follow-up counties—Contra Costa, El Dorado, Humboldt, Kern, Monterey, Nevada, Orange, Riverside, San Bernardino, San Francisco, San Joaquin, Santa Clara, Sonoma, Stanislaus, Sutter, Tulare, Ventura, and Yolo. The follow-up counties include a mix of counties that we specifically asked to participate because of unique county characteristics (e.g., Riverside for its successful GAIN experience), and counties that asked to be a part of the study. Focus county visits occurred over the course of 78 person-days (with an average of 13 person-days per county); visits to the follow-up counties were limited to 52 person-days, averaging three person-days per county. State-level visits totaled 12 person-days.

In the focus counties, we conducted a total of 253 semistructured interviews. These interviews focused on key county welfare department (CWD) staff at all levels of the organization, including planners, administrators, office managers, and caseworkers. We also interviewed people in a number of related agencies, including mental health providers, child care payers (APPs), transportation officials, education and training providers, and community-based organizations (CBOs). In each focus county, we also interviewed a member of the Board of Supervisors (BoS) and a union representative. In each of the focus counties, we visited two welfare offices, the largest one and a randomly selected one.

In the follow-up counties, we conducted a total of 189 semistructured interviews. These interviews were limited to the CWD head; the CalWORKs director; key policy people; module-relevant policy staff (see discussion below); and in an office visit, an interview with the office manager and two caseworkers. If time allowed, we also interviewed a union representative, a member of the BoS, and key players in the module of interest. (See below for a discussion of "modules.")

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[247]Most of the focus counties are veterans of previous studies. For example, MDRC's study of Greater Avenues for Independence (GAIN) included four of our focus counties (Los Angeles, San Diego, Alameda, and Butte); the Work Pays Demonstration included two of our counties (Los Angeles and Alameda).

How the Site Visit Interviews Were Conducted

To conduct the site-visit interviews, we sent teams of interviewers into each focus county and follow-up county. In each focus county, we conducted a series of CWD interviews that focused on changes to the CalWORKs program that had occurred since our last visits in the fall of 1998. When changes had occurred, we explored the factors that had motivated the changes. To the extent possible, we asked interviewees to compare the current situation with the situation in the previous year.

In the follow-up counties, we tried to understand the contours of the CalWORKs plan and why it looked the way it did. In a less intensive way, we talked about changes that had occurred over the first CalWORKs year.

In every county, we attempted to interview the CWD head and the CalWORKs director. In addition, we interviewed senior staff persons responsible for planning, CalWORKs, and evaluation. Depending on the specialty areas we had selected (as discussed below), we also interviewed high-level people in the CWD responsible for this area. Because we were very concerned in this second year with street-level implementation of CalWORKs, we visited at least one office in every county, usually the office that handled the most cases, reasoning that this would be the office where key CalWORKs changes and challenges would be most apparent. In each office, we interviewed the director of the office and two caseworkers. We also completed an observation form that focused on the physical environment of the office and the degree to which it enabled staff to protect client privacy when dealing with highly personal issues.

In each focus county, interviews were arranged by the coordinator for the evaluation study. This person, whose position is funded by CDSS to assist the evaluation with its work, provided us with an organization chart and advised us as appropriate on recent changes to it. (See the Acknowledgment section for a list of the county coordinators.) Using the chart, we selected respondents and worked with the county coordinator to establish agreeable dates for the two site visits. We promised interviewees that we would not use their names in our report, and would otherwise protect their identities to the extent possible. However, unless an interviewee asked that some material be "off the record," we would use it freely.

As the visits progressed, we asked each county coordinator to provide us with copies of any written materials discussed in the interviews. We also occasionally requested additional information from each focus county, which we relied on the county coordinators to collect. These requests ranged across a broad spectrum of

organizational data. For example, we requested caseloads by month from January 1994 to November 1996, as well as the number of full-time equivalents assigned to CalWORKs. These data enabled us to make more accurate comparisons across focus counties than otherwise might have been possible.

In the follow-up counties, we did not have the services of a coordinator on whom we could rely for scheduling. However, we had asked each participating county to provide us with the name of a point of contact (POC) with whom we could work in arranging a schedule and determining with whom we might speak during our visit. These POCs were unfailingly helpful in directing us to the right people and helping us to understand their county in a short time. (See the Acknowledgment section for a list of the county POCs.)

In this second year of our work, we particularly wanted to include information about the many specialized and supportive services that are key to the CalWORKs WTW model and its underlying theory. To do so, we assigned a specialty area to each senior site visitor.

Since we could not conduct interviews in all specialty areas in all counties, we adopted a two-stage strategy. In two focus counties (Los Angeles and San Diego), we conducted interviews on all specialty areas. These interviews helped us to clarify how many interviews would be necessary in each area, how we might best find the right people to interview for each, and how well our semistructured forms were working. Once these interviews were complete, we proceeded to make selections among the specialty areas for the remaining four focus counties (Alameda, Butte, Fresno, and Sacramento). A specialty area was selected in a given county if something particularly noteworthy was happening in that area in that county. It was usually something innovative that drove our choice (e.g., we chose economic development in Fresno County because the CWD had identified this as an important means of dealing with an unemployment rate that was higher than in most other counties). It could also be something challenging or problematic that led us to focus on a particular specialty area (e.g., had we not already chosen to conduct virtually all modules in San Diego County, we certainly would have chosen child care there, as the Alternative Payment Provider had stopped issuing checks just before our visit). Specialty visits were of two types: comprehensive and abbreviated (designated by C and A on Table A.1, respectively). The shaded columns are the state and the six focus counties. Comprehensive areas involved interviews with the relevant CWD staff as well as interviews with related agencies, e.g., the APP for child care. Abbreviated specialty areas involved an interview only with the CWD liaison for that area.

Table A.1

Specialty Area Module Selection, by Study County

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Specialty Area	**State**	**Alameda**	**Butte**	Contra Costa	El Dorado	**Fresno**	Humboldt	Kern	**Los Angeles**	Monterey	Nevada	Orange	Riverside	**Sacramento**	San Bernardino	**San Diego**	San Francisco	San Joaquin	Santa Clara	Sonoma	Stanislaus	Sutter	Tulare	Ventura	Yolo	Total Number
Leadership	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	24
Interest Group	C	C	C		C	C	C		C	C		C		C	C	C			C			C			C	14
WTW (including office visit)	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	C	24
Extended WTW	C	C	C		C	C	C	C			C		C	C		C	C			C						12
Behavioral Health	C	C	C			A								C		C				C					C	7
Child Care	C	C	A			A						C		C		C	A									7
Child Welfare	C	C						A						C		A	A									5
Education and Training	C	C	C		C	A					A			C		C				C				C		9
Transportation	C	C				A								C		A		A								5
Economic Development	C	C				C				C								C								4
Other				A											A		A									3
Caseworker survey		C	C	C	C	C	C	C	C		C	C		C	C	C		C		C		C	C	C	C	19

C = Completed module.
A = Only met with CWD liaison for the designated area.

Once the focus county visits were completed, we made the same set of choices for the follow-up counties. In making these choices, we also strove to ensure that we had reasonable coverage of each specialty area across our 24 study counties. (See Table A.1 for a display of the specialty area selections.)

We also spent a total of 11 days (20 person-days) interviewing senior staff in CDSS and the California Department of Education (CDE). We spoke with each of the four CDSS regional advisors (RAs); other staff included high-level leadership and unit managers and bureau chiefs who oversee work and relevant services. We also spoke to legislative staff from both political parties and to people outside the state or county bureaucracies whose organizations monitor welfare issues closely.

We interviewed a number of state-level stakeholders who could tell us about the specialty areas and about different perspectives on CalWORKs. Interviewees

included staff in the California Department of Transportation (CDT), staff of the Economic Development Department (EDD), the California Department of Mental Health (CDMH), CDE, and the legislature. We also interviewed advocate groups concerned with welfare rights and child care at the state and local levels.

All-County Implementation Survey

Following on a similar effort in the fall of 1998, an ACIS was mailed to the CWD director in each California county in August 1999. The purpose of the survey was to collect data about the progress of CalWORKs implementation from each county in the state. The survey posed 22 questions of CWDs about the problems and successes they have encountered in implementing CalWORKs in the last year. Questions focused on program structure, community capacity to deliver a range of welfare-to-work (WTW) and supportive services, and program strengths and innovations. Respondents were also asked about challenges they face in complying with program requirements and rules, and how they have chosen to deal with several program components over which the counties could exercise discretion (e.g., infant exemption period). A final set of questions focused on staffing and reporting.

As was true last year, all 58 counties responded to the survey. This enabled us to paint a picture of the entire state's experience by using these data.

Consistent with our commitment to expand the survey beyond the CWD, this year we designed a second instrument for APPs—the agencies that pay child care providers who serve families in Stages 2 and 3 care and, at county discretion, may also serve Stage 1 families. (The "stages" of child care are discussed in Chapter 7.) This survey was mailed to the 65 APPs on a list of APPs provided by CDSS. (Some APPs represent multiple counties; CWDs that have kept all three stages were not surveyed out of concern for CWD burden, but this category was limited to a single county.) We received completed surveys from 46 APPs; another ten surveys were completed on the phone. Three APPs were ineligible for inclusion in the survey. Excluding the ineligible APPs, the final response rate was 90 percent. These surveys represent all but three counties.

The APP survey asked agencies to describe their main functions, the magnitude of their CalWORKs caseload, and how the agencies interact with CalWORKs families. A number of questions asked about the ways that the APPs manage the different stages, and the degree to which the CWD has been clear about issues of transition between stages. Several questions focused on child care delivery problems that had been identified in field interviews, including payment for care provided after a family lost CalWORKs eligibility, fraud, and availability of care.

CalWORKs Program Staff Survey

Another of the methods on which we relied to analyze CalWORKs implementation was a mail survey of line workers, the CalWORKs Program Staff Survey (CPSS). This survey was integral to understanding the implementation process. As the "front line" of CWD staff, caseworkers translate legislation, regulations, and programs into practice as they interact daily with the CalWORKs participants who are the focus of the program.

The survey was sent to eligible caseworkers in all six focus counties and to caseworkers in 13 of the 18 follow-up counties—Alameda, Butte, Contra Costa, El Dorado, Fresno, Humboldt, Kern, Los Angeles, Nevada, Orange, Sacramento, San Bernardino, San Diego, San Joaquin, Sonoma, Sutter, Tulare, Ventura, and Yolo. (The remaining five follow-up counties requested that we not conduct the CSS in their county.)

In each county, we surveyed all staff eligible for the survey or a random sample of 150 eligible staff members if there were more than 150 caseworkers in the county. Eligible staff members were those workers who have substantial contact with CalWORKs clients in the areas of eligibility and WTW activities, including child care and other support services. We did not survey staff who work exclusively on MediCal, Food Stamps, General Assistance, fraud, or child or adult protective services, nor in most counties did we survey contract staff (the only exception was San Diego County).

The survey was mailed directly to staff, who returned it to RAND after completion. We mailed a reminder card with a second copy of the questionnaire to those respondents who did not return the survey. In the focus counties, we also called and sent an additional mailing to those respondents who had not returned the survey. The overall response rate was 76 percent, ranging from 59 percent to 100 percent across counties. In the focus counties, the response rate was higher—79 percent—than in the follow-up counties, where it was 75 percent.

Official System Data

Data from official data systems are included in this document at a number of points. These systems include a variety of data that counties are required to report to the state: caseload data, reported on the CA 237/CW 237; aid payments, reported on the CA 237/CW 237; expenses, reported on the CA 800 and the County Expense Form; and the status of recipients in the WTW program, reported to the state on the GAIN 25/WTW 25. Counties also report individual-

level information about who is receiving aid to the MediCal Eligibility Determination System (MEDS).

As we conducted our fieldwork, we heard about and noted instances where caseworkers were not using certain data fields or were using them in a nonstandardized way. Upon our return from the field, we alerted those of our colleagues who were working with these data to nonstandardized uses of these data. We have taken into account these variations in analyzing official system data.

We also used information from the six focus counties that was reported to us by the county coordinators on forms that we devised. This information enabled us to gather information about selected issues that were too complex to collect in field interviews but that was not available in the data sets noted above.

Written Documents

These fieldwork, survey, and data analysis efforts were supplemented by our review of written documents. In particular, we reviewed the CalWORKs legislation and the official regulations: CDSS's series of All County Letters (ACLs), County Fiscal Letters (CFLs), and All County Information Notices (ACINs). We also read the official County Plans, the county Notices of Action (NoA), county policies and procedures, and reports to BoS and senior CWD management.

Finally, we surveyed the secondary literature, including newspaper and magazine articles; government program reviews (e.g., those of the U.S. General Accounting Office (GAO), the U.S. Congressional Budget Office (CBO), and the California Legislative Analyst's Office (LAO)); the academic and policy literatures on welfare reform (e.g., the Urban Institute, Manpower Demonstration Research Corporation (NDRC), Joint Center for Poverty Research, Mathematica Policy Research, California Budget Project); and relevant public management and social science literatures.

Methods and Data for Financial Issues

Our analysis of funding and expenditures is based on a combination of published materials and expense data reported by participating governmental entities. These data sources are summarized here in Table A.2, followed by descriptions of how we worked with them to extract the needed financial data.

Table A.2

Summary of Sources of Spending Data

	State Level	County Level
Planned Spending	Published federal allocations CDSS May revisions of the governor's annual budgets	CFLs published by CDSS
Actual Spending	Quarterly TANF reports submitted by the CDSS to DHHS	Quarterly county expense reports and CW-801s and monthly CA 237 statistical reports submitted to CDSS by the counties

All the federal-level data obtained for the analysis were published by the Administration for Children and Families (ACF), in the U.S. Department of Health and Human Services (DHHS). These include estimated state Temporary Assistance to Needy Families (TANF) grants, child care allocations, and reports on actual expenditures by states under TANF. In addition, we obtained a copy of a memorandum by the ACF Office of Program Support that reports "Backup Data for State Family Assistance Grant (SFAG) Calculations," which documents the source data used to establish California's TANF block grant.

CDSS support materials for the governor's annual budgets were key resources for the analysis of planned CalWORKs spending. Each budget is revised several times during a budget cycle. CDSS prepares subvention reports that specify the details of the department's proposed budget, including a "May Revision" containing the most current budget pending legislative action on appropriations. The funding data in the annual May revision subvention reports are used in this analysis of overall budgeted funding for the California welfare program, reaching back to the California fiscal year 1992/1993. Although actual appropriations differ from budget proposals, the legislative deliberations are guided by the budget proposals, which reflect the policy and administrative priorities of the CDSS. In addition, some augmentations to initial appropriations are appropriated by the legislature later in each fiscal year, which typically are guided by the policy reflected in the May revision budget document.

The TANF/CalWORKs format for budget line items was first used in the fiscal year 1997/1998 May revision. We picked up these line items from earlier-year reports to establish comparable budgets for pre-TANF years. To be sure that we had the most accurate budget figures, we obtained May revision data for each year from the following year's May revision report, which reports funding line items for both the current and previous years. (We found that the May revision reports were updated from the original document before reporting the numbers in the following year's report.) The specific welfare-related line items were

aggregated into five categories to achieve consistent comparisons of funding over a series of fiscal years encompassing both AFDC and TANF programs: assistance payments, county administration, social service programs, state support costs, and Aid to Families with Dependent Children (AFDC)/TANF child care.

The data used to analyze planned spending for the CWDs include the CDSS May revision reports and CDSS CFLs that report the county allocations and related information and instructions. Beginning in state fiscal year 1997/1998, the county allocations for specific programs, along with county costs for administering cash assistance activities, were combined into a single allocation for each county under the new CalWORKs program. We tracked the full series of CFLs issued within each year to ensure that the allocations we used included all funding augmentations by the legislature or other adjustments that were made during the year. The pertinent CFLs were obtained for all allocations from fiscal year 1994/1995 through fiscal year 1998/1999, with the exception of the net allocations for fiscal year 1995/1996. We imputed the fiscal year 1995/1996 net allocation as the average of the net allocations for the preceding and following years, reflecting the fact that net allocations were increasing during that time period. The estimates reported here include the federal, state, and county shares of funding, which vary depending on the welfare function.

CDSS does not establish county allocations for cash assistance payments because cash assistance is an entitlement. Prior to CalWORKs, no county allocations were made for the counties' administrative costs to carry out the cash assistance function. Therefore, we had to impute county-level estimates for planned cash assistance payments for all years and for administrative costs for fiscal year 1994/1995 through fiscal year 1996/1997. To distribute these funding amounts across counties, we calculated for each year the proportion of total state welfare caseload that resided in each county, and we allocated the total planned funding (cash assistance or administration costs) from the May revision reports by those proportions.

Actual welfare service activity and related spending by the counties are reported on several forms or reports, which we used as our sources for estimates of actual welfare spending at the county level. Caseload data from the monthly CA 237 Statistical Report were used to establish the average number of welfare cases and recipients each year. We used these data to estimate funding and expenses per case (or recipient). We also used the actual cash assistance expenditures reported on the CA 237s. These amounts are the cash assistance payments reported by counties on the Form CA-800 less the child support amounts collected by the CDSS, which reduce the cash assistance amounts that must be taken out of the General Fund. Two quarterly reports served as the data sources for the

remaining county spending for welfare recipients. The Quarterly County Expense Reports contain data on all actual expenses incurred by the counties for administration of the cash assistance program and operation of the welfare-to-work, child care, and other support programs for recipients. CDSS uses the information on these reports as the basis for reimbursing the counties for the state's share of their expenses. The other reports are the Form CW-801s, on which the counties report the performance incentive amounts they should receive.

B. Federal Welfare Funding after PRWORA

PRWORA consolidated most federal funding into a single "TANF Assistance Block Grant," with an associated maintenance of effort (MOE) requirement on state spending. In addition to the block grant, there are three categorical funding streams for child care ("Child Care and Development Grant"), training (U.S. Department of Labor (DoL), "Welfare-to-Work Formula Grant," referred to as "small t WTW Funds"), and substance abuse ("Substance Abuse Prevention and Treatment Block Grant"). In this appendix, we provide details on each funding stream.

TANF Family Assistance Block Grants

PRWORA replaces the formula grants of the Aid to Families with Dependent Children (AFDC) program with block grants that are established for federal fiscal years (FFY) 1996 through 2002. The grant amounts are calculated with reference to baseline AFDC funding levels, and they are fixed through FFY 2002. Any inflation will therefore erode their real value.

Each state's Family Assistance grant is the greatest of (1) the average of AFDC-related funding to the state for FFY 1992 through 1994, (2) AFDC-related amounts paid to the state in FFY 1994, or (3) 4/3 of AFDC-related amounts paid to the state in the first three quarters of FFY 1995. Grants are adjusted for states that had Emergency Assistance funding during FFY 1994 or FFY 1995, and state amounts also may be reduced for Tribal Family Assistance Grants. For California, the annual Family Assistance Block Grant was fixed at $3.7 billion and was based on annualizing the first three quarters of FFY 1995 AFDC-related spending.

In addition to the basic block grant, states may receive TANF funds through one of three other mechanisms:

1. *Bonus for Decrease in Illegitimacy.* Up to five states that achieve the largest reductions in out-of-wedlock births or induced pregnancy terminations may receive grants in the amount of $20 million each. If there are fewer than five eligible states, those that achieve reductions will receive grants of $25 million each. California received this bonus for FFY 1999.

2. *Supplemental Grant for Population Increases.* Beginning in FFY 1998, some states may qualify for a supplemental grant equal to 2.5 percent of the FFY 1994 AFDC-related funding, which will continue to be paid at a compounded rate for states that remain qualified in succeeding years. States are deemed qualified if their 1994 level of welfare spending per poor person is less than 35 percent of the national average or if the state population increased by more than 10 percent between 1990 and 1994. Other states may qualify if, for the preceding fiscal year, their levels of welfare spending are less than the national average and their population growth rates exceed the national average. To support these grants, PRWORA authorized a maximum total appropriation of $800 million each year for FFY 1998 through FFY 2001. California does not qualify for the supplemental grant.
3. *Bonus for High-Performance States.* An annual funding amount of $200 million, for an aggregate total of $1 billion for five bonus years, was established to provide performance bonuses to states. The secretary is directed to develop a formula and thresholds for measuring states' performance in operating their Temporary Assistance to Needy Families (TANF) programs. Bonuses are to be awarded in FFY 1999 through FFY 2003 according to that formula. California received this bonus for FY 1999.

In addition, PRWORA's MOE provisions require states to maintain levels of spending at 80 percent of historic expenditures for the states' AFDC populations in FFY 1994. This standard is lowered to 75 percent of historic spending levels for states that meet requirements for participation rates by recipients in work activities. For FFY 1998, since California did not meet the federal two-parent participation requirement, its annual MOE requirement was based on 80 percent of historic spending. For FFY 1999, California was judged to have met all federal participation requirements, thus lowering the MOE to 75 percent of historic spending, about $2.7 billion. With the establishment of the Separate State Program (SSP) for two-parent families and the large caseload decline since the passage of PRWORA, it seems likely that California will be subject to only the 75 percent MOE for the remaining years until the renewal of PRWORA (effective FFY 2002).

The federal legislation delineates 11 penalties for noncompliance with the TANF provisions. Each of these penalties, which are listed in Table B.1, take the form of reductions to the TANF block grants. They vary in severity of impact on the states, with the most substantial penalties being for failure to satisfy minimum participation rates, maintain MOE, or comply with the five-year limit on assistance to welfare recipients. If a state's TANF grant is reduced because of a

Table B.1

Penalties for Noncompliance of State Programs with Federal Law 104-193

Failure to:	Reduce TANF block grant by:
1. Satisfy minimum participation rates	An amount equal to 5 percent in succeeding year; greater reduction each year rates not satisfied
2. Maintain certain level of historic effort of state spending on welfare recipients	Amount by which state's previous year spending is less than the MOE
3. Comply with 5-year limit on assistance to welfare recipients	An amount equal to 5 percent in succeeding year
4. Participate in the income and eligibility verification system	Up to 2 percent in succeeding year
5. Comply with paternity establishment and child support enforcement requirements	Up to 5 percent in succeeding year
6. Repay in a timely manner a federal loan fund for state welfare programs	Outstanding loan amount for immediately succeeding quarter
7. Achieve substantial compliance of state child support enforcement program with federal requirements, based on review findings	1 to 5 percent for succeeding quarters until compliance is achieved; larger penalties for multiple findings
8. Receive amounts from contingency fund to maintain 100 percent of MOE	Amounts paid to the state for succeeding year
9. Maintain assistance to adult single custodial parent who cannot obtain child care for child under age 6	Up to 5 percent in succeeding year; reductions based on degree of noncompliance
10. Use grant funds in compliance with federal law	The amount so used for succeeding quarter; if intentional, further reduce grant by 5 percent in succeeding quarter
11. Submit required report within 1 month after the end of a fiscal quarter	Reduce TANF block grant by an amount equal to 4 percent in succeeding year; rescind if submitted in next quarter

penalty, an amount equal to the penalty reduction must be added to state's MOE spending in the succeeding fiscal year.

Child Care and Development Grants

Three federal child care programs—AFDC/Job Opportunities and Basic Skills (JOBS) Child Care, Transitional Child Care, and At-Risk Child Care—were repealed by PRWORA and replaced by a single, integrated child care system,

which was placed under the existing Child Care and Development Block Grant Act (CCDBG) of 1990.[247] Named the Child Care and Development Fund (CCDF), this new program is charged with making child care available to low-income families, families receiving TANF assistance, and those transitioning from public assistance so they can work or attend training or education. A total of $2.8 billion has been made available to states in FFY 1997 for child care support, representing a funding increase of $698 million over FFY 1996. States are required to spend at least 70 percent of their funding for child care services to families receiving TANF assistance, and at least 4 percent must be applied to improving the quality of child care services.

The CCDF funding consists of mandatory, matching, and discretionary funds. For the mandatory funding, annual federal funding amounts are allocated to the states based on the federal share of IV-A child care in baseline years using the TANF block grant formula. Matching funds may be used by the state after all mandatory funds have been liquidated and the state has met a CCDBG MOE requirement. Federal matching funds are allocated across states based on the proportion of children in the country under age 13 who live in each state. These funds are available for state spending in excess of its child care MOE based on the FFY 1995 FMAP rate, which is 50 percent for California (a one-to-one match). The discretionary fund was created under the original CCDBG, and it continues to operate along with the new TANF-related mandatory/matching child care funding.

Welfare-to-Work Formula Grants

The Balanced Budget Act of 1997 created the Welfare-to-Work (WtW) grant program, which is administered by the DoL. This program targets the hardest-to-employ TANF recipients for the purpose of helping states move them into stable employment. With total funding of $1.5 billion per year for FFY 1998 and FFY 1999, 75 percent of the funds are used for formula grants for states and the remaining 25 percent are for competitive grants to local communities, after reserving funds for Indian tribe grants, evaluation, and state performance bonuses. The DoL allocates formula grant funds to the states based on a formula that considers states' shares of poor persons and TANF recipients. This is a matching grant. A state is awarded two federal dollars for each dollar it spends on WtW up to its maximum allocation. California's WtW grant allocations are $190 million for FFY 1998 and $177 million for FFY 1999.

[247] In addition, TANF block grant funds can be transferred to the Child Care and Development Fund (CCDF).

The state is required to distribute 85 percent of its WtW funds to local private industry councils (PICs; after the Workforce Investment Act—WIA, Workforce Investment Boards—WIBs) to support its job training and placement programs, and it may use the remaining 15 percent of the funds for its choice of WTW projects. The state may establish its own formula for allocating PIC funds, based on three factors. First, at least 50 percent of the allocation must be based on the number of persons in each area in excess of 7.5 percent of the population below poverty level. The other two factors that a state may consider are the relative number of persons who are welfare recipients and the relative number of unemployed persons in the area.

Substance Abuse Prevention and Treatment (SAPT) Block Grants

The Center for Substance Abuse Treatment (CSAT) in the Federal Substance Abuse and Mental Health Services Administration administers state block grants to support activities related to the diagnosis, treatment, and prevention of substance addiction disorders. The law gives states broad latitude in using these funds to best serve their targeted populations, although it requires states to spend at least 55 percent of the funds on prevention and education activities and it prohibits use of funds for inpatient hospital services.[248] The California SAPT block grant is administered by the State Department of Alcohol and Drug Program (DADP). The California Department of Social Services (CDSS) received $5 million in SAPT funds from DADP in SFY 1998/99 as a reimbursement to supplement its funding for substance abuse services for CalWORKS recipients. According to the May Revision of the SFY 1999/2000 budget, no SAPT reimbursement has been budgeted for CalWORKS in SFY 1999/2000.

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[248]The applicable law is 42 U.S.C. 300x-21-300x-35.

C. Process for Categorizing Counties for Analysis Using WTW 25 Data and County-by-County Analysis

To provide a quantitative statewide portrait of the status of implementation, Chapter 6 presents summary information from preliminary versions of the August 1999 WTW 25 form. The presentation and analysis of these data are complicated by missing and apparently erroneous reports. In this appendix, we discuss how we have categorized the data for analysis and present the detailed county-by-county analyses that underlie the summary tables in Chapter 6.

In particular, the tables in Chapter 6 present simple totals and percentages and adjusted totals and percentages. The adjusted totals and percentages are computed dropping some counties with apparently erroneous data. The first section of this appendix divides the counties into those that were "Not Used" and those that were "Used" in the adjusted tabulations and discusses why each county was so classified. It also discusses some other data issues and adjustments that were made.

These tabulations were made based on preliminary, not-for-public-release versions of the WTW 25 data. Most of the data issues identified here are also known to CDSS and the counties. CDSS continues to work with the counties to improve the quality of the data, both for the months collected to date and for future months. Future reports (as part of this evaluation) will include later versions of the data.

Not-Used County Data

The county WTW 25 filings for September 1999 that were not used were grouped into three categories.

Group A: Most Data Missing

Contra Costa (N/Av for sanctions, noncompliance, and L30 unduplicated count; county reports data are "incomplete primarily due to programming delays and

Y2K preparation";[247] "estimated data"); **Placer** (N/Av for noncompliance, N/Av for L30 unduplicated count; 9/99 count of 11 sanctions appears to be the count of new sanctions; see the 6/99 GAIN report of 15 new sanctions; county reports data are "incomplete primarily due to programming delays and Y2K preparation"; "estimated data"); **San Francisco** ("not reporting"); **San Luis Obispo** (N/Av for enrollees, noncompliance, and L30 unduplicated count; 9/99 count of 10 sanctions appears to be the count of new sanctions; see the 6/99 GAIN 25 report of 18 new sanctions; county reports data are "incomplete primarily due to programming delays and Y2K preparation"; "estimated data"); **San Mateo** (N/Ap for noncompliance; 9/99 count of 0 sanctions is implausible; county reports data are "incomplete primarily due to programming delays and Y2K preparation"; "estimated data"); **Santa Clara** (9/99 count of 54 sanctions is implausible; see the 6/99 GAIN 25 report of 206 new sanctions); **Solano** (N/Av for all entries except enrollees); and **Yolo** (N/Av for noncompliance and L30 unduplicated count; 9/99 count of 0 sanctions is implausible; see the 6/99 GAIN 25 report of 94 new sanctions; count of 98 unsubsidized employment is implausibly low with 212 enrollees; county reports data are "incomplete primarily due to programming delays and Y2K preparation"; "estimated data").

Group B: Missing or Zero "Noncompliance"

Calaveras (9/99 count of 0 is implausible with 387 enrollees); **Colusa** (9/99 count of 0 is implausible with 103 enrollees); **Glenn** (9/99 count of 0 is implausible with 380 enrollees); **Imperial** (9/99 count of 0 is implausible with 4173 enrollees); **Marin** (9/99 count of 0 is implausible with 688 enrollees); **Modoc** (9/99 count of 0 is implausible with 90 enrollees); **Plumas** (9/99 count of 0 is implausible with 156 enrollees); **San Benito** (9/99 count of 0 is implausible with 441 enrollees); **San Diego** (N/Av for noncompliance and L30 unduplicated count; also detailed program counts are mostly missing; county reports data are "incomplete primarily due to programming delays and Y2K preparation"; "estimated data"); **Santa Barbara** (N/Av for noncompliance; 9/99 count of 76 sanctions is implausibly low; see the 6/99 GAIN 25 report of 91 new sanctions in 6/99; 106 count for unsubsidized employment is implausibly low with 2051 enrollees; county reports data are "incomplete primarily due to programming delays and Y2K preparation"; "estimated data"); **Trinity** (9/99 count of 0 is implausible with 290 enrollees); and **Yuba** (8/99 count of 195 enrollees appears to be new enrollees; 7/99 count of 2365 substituted; 0 noncompliance is implausible with 2365 enrollees).

[247] This notation appears on the official CDSS WTW 25 compilation.

Group C: Key Values Implausible or Missing

Alpine (9/99 count of 0 for L30 unduplicated count is inconsistent with other nonzero reports; **Fresno** (L30 unduplicated count is less than 15 percent greater than total employed, which equals number entered employment, and appears much too low—4.3 percent of enrollees; also 9/99 count of 388 sanctions appears to be the count of new sanctions; see the 6/99 GAIN 25 count of 429 new sanctions; county reports data are "incomplete primarily due to programming delays and Y2K preparation"; "estimated data"); **Lake** (9/99 count of 0 for L30 unduplicated count is inconsistent with other nonzero counts); **Orange** (9/99 count of 58 sanctions appears to be the count of new sanctions; see the 6/99 GAIN 25 count of 83 new sanctions); and **Tuolumne** (9/99 count of 29 enrollees is less than count in unsubsidized employment of 259).

Used County Data

The county WTW 25 filings for August 1999 that were used were also categorized into three groups.

Group D: Missing or Zero "Good Cause"; Otherwise Complete and Plausible

Los Angeles (county reports data are "incomplete primarily due to programming delays and Y2K preparation"; "estimated data"; also note that Los Angeles County's own "CalWORKs Welfare-to-Work Summary Report appears to show another approximately 20,000 mandatory cases neither enrolled nor in sanction; they are listed as "Pending Imposition of Sanction; not enrolled in GAIN" and "Referred to GAIN—Appointment Pending"); **Siskiyou**; and **Tehama**.

Group E: Apparently Complete and Plausible Report

Alameda (county reports data are "incomplete primarily due to programming delays and Y2K preparation"; "estimated data"); **Amador**; **Butte**; **Del Norte**; **El Dorado**; **Humboldt**; **Inyo**; **Kern**; **Kings**; **Lassen**; **Madera**; **Mariposa**; **Mendocino**; **Merced**; **Mono**; **Monterey**; **Napa**; **Nevada**; **Riverside** ("estimated data"); **Sacramento**; **San Bernardino**; **San Joaquin** (county reports data are "incomplete primarily due to programming delays and Y2K preparation"; "estimated data"); **Santa Cruz**; **Shasta**; **Sierra** (0 sanctions, 0 noncompliance, and 0 good cause are implausible with 22 enrollees); **Sonoma** (county reports data are "incomplete

primarily due to programming delays and Y2K preparation"); **Stanislaus**; **Sutter**; **Tehama**; **Tulare**; **Ventura**; and **Yuba**.

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