



March 25, 2024

The Honorable Jesse Gabriel
Chair, Assembly Budget Committee
1021 O Street, Room 8230
Sacramento, CA 95814

The Honorable Scott Wiener
Chair, Senate Budget & Fiscal Review
Committee
1021 O Street, Room 502
Sacramento, CA 95814

Re: CalWORKs Budget Cuts

Dear Chair Gabriel and Chair Wiener:

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

UCC and RCRC oppose the following CalWORKs reductions:

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

The FS Program stands apart from most other CalWORKs services, as its services extend beyond the adults to the children in the family, recognizing that families may be facing immediate crises due to challenges experienced by the children. Aligned with the CalWORKs 2.0 effort towards a supportive, person-centered, and collaborative relationship between program participants and county staff, and a two-generation approach, the program utilizes strategies and tools to enhance engagement through intentional service selection and family-centered case management. The Governor's Budget proposes a retroactive cut of all funding in the current

fiscal year, totaling \$55 million, and complete elimination of the program in FY 2024-25 and annually ongoing. FS program provides participants access to critical supports and assistance during times of crisis linked to mental health, violence, substance use, economic crisis, and other stressors to find a pathway to stability. These additional services and interventions make a substantial difference in the lives of participants.

CalWORKs Expanded Subsidized Employment (ESE) Program: Operating in 56 out of 58 counties, the ESE Program offers CalWORKs participants subsidized employment placement, providing crucial training, skills, and experiences essential for securing and maintaining permanent employment. Through this initiative, counties have cultivated relationships with local public, private, and non-profit employers, committed to fostering an inclusive and diverse workforce and to professional development. The program has successfully transitioned CalWORKs participants from subsidized to unsubsidized employment, showcasing increased earnings for clients leaving the program while aiding small businesses with wages. The Governor's Budget proposes a retroactive cut of all funding to the ESE Program in the current year, totaling \$134.1 million, and proposes to eliminate the program in FY 2024-25 and annually ongoing. Elimination of the program would create a void in the continuum of services, as ESE plays a pivotal role for CalWORKs participants in need of additional training and skills within a supportive work environment. Participation waned during the height of the COVID-19 pandemic but rebounded beginning in 2022. Ultimately, the elimination of the program would limit participants' opportunities to progress toward higher wages and acquire the skills necessary to retain employment.

CalWORKs Single Allocation: The CalWORKs Single Allocation is comprised mostly of two major components: 1) the Eligibility component, which provides counties funding to process CalWORKs applications, redetermine eligibility, and maintain cases; and 2) the Employment Services component, which provides counties funding to provide services and supports to clients in Welfare-to-Work activities, case management, and job-related supports.

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

Although most of the proposed cut is to the Eligibility component, counties are required by state and federal mandates to perform eligibility activities within a specified amount of time. Therefore, counties will have to shift funding from Employment Services, which is already proposed to be reduced, to fund mandated Eligibility work. This significant reduction to services funding, will affect counties' ability to not only re-engage existing CalWORKs parents, but also

counties' ability to meet the CalWORKs 2.0 framework and CalOAR metrics, and will impede the state's participation in the WPR alternative federal pilot program should the state be chosen.

For years, the Administration, the Legislature, and counties have collectively worked to shift the CalWORKs program from compliance driven and siloed to one that not only meet the immediate financial needs of a family but that also improves the lives of families. Counties believe these proposed cuts stop the positive movement we have collectively made. We look forward to continued collaboration to ensure the well-being of California's most vulnerable families and urge the Legislature to reject these significant cuts.

For the reasons outlined above, UCC and RCRC oppose the CalWORKs reductions. Please do not hesitate to reach out with any questions.

Sincerely,



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cc: Members and Consultants, Senate Budget & Fiscal Review Subcommittee No. 3
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