

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



September 21, 2005

ALL COUNTY INFORMATION NOTICE I-58-05

TO: ALL COUNTY WELFARE DIRECTORS
ALL CalWORKs PROGRAM SPECIALISTS
ALL WELFARE TO WORK COORDINATORS

REASON FOR THIS TRANSMITTAL

- ☒ State Law Change
- ☐ Federal Law or Regulation Change
- ☐ Court Order
- ☐ Clarification Requested by One or More Counties
- ☐ Initiated by CDSS

SUBJECT: PAY FOR PERFORMANCE PROGRAM

Senate Bill (SB) 68, the Fiscal Year (FY) 2005-2006 Budget Trailer Bill (Chapter 78), enacted legislation that affects the California Work Opportunity and Responsibility to Kids (CalWORKs) Welfare-to-Work (WtW) program. SB 68 adds Section 15204.6 to the Welfare and Institutions Code creating a Pay for Performance Program that provides financial incentives in FY's 2006-07, 2007-08, and 2008-09, to counties that meet certain performance standards. Pay for Performance is an investment strategy designed to encourage counties to invest resources in work activities to move families toward meaningful and lasting employment.

The primary features of the Pay for Performance Program are as follows:

- Counties may receive additional funding for meeting particular standards in one or more measures.
- The amount of funding set aside for FY 2006-07 is \$30 million and the maximum available annual funds for each county will be five percent of the single allocation funds, less the amount for child care.
- The established measures are as follows:
 1. The employment rate of county CalWORKs cases,
 2. A modified federal work participation rate of county CalWORKs cases, and
 3. The percentage of county CalWORKs cases that have earned income three months after ceasing to receive assistance.
- Payments in FY 2006-07 will be based on performance in FY 2005-06 measured against FY 2004-05 for measures 1 and 3 above. Performance for measure 2 will be based on the first half of FY 2005-06 (July – December) compared to the second half (January – June) of FY 2005-06, if data is available. Because performance in the current fiscal year will impact the counties' ability to receive pay for performance funding, counties are encouraged to focus efforts in the program's measures immediately.

The Pay for Performance legislation (attached) did not specifically identify the improvement standards or the methodology for earning and distributing incentives. Instead, the California Department of Social Services (CDSS) was directed to consult with the County Welfare Directors' Association (CWDA), legislative staff and other stakeholders in developing the standards.

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A workgroup comprised of CDSS, CWDA, county welfare department representatives, and legal advocates is working together to determine the improvement standards and the methodology for earning and distributing incentives. This information will be provided as soon as it is available.

If you have any questions regarding this ACIN, please contact your Employment Bureau County Consultant at (916) 654-2137.

Sincerely,

KÄREN CAGLE, Chief
Employment and Eligibility Branch

Attachment

**2005-06 BUDGET TRAILER BILL
PAY FOR PERFORMANCE LEGISLATION**

SEC. 34. Section 15204.6 is added to the Welfare and Institutions Code, to read:

15204.6. (a) Contingent upon a Budget Act appropriation, for the 2006-07, 2007-08, and 2008-09 fiscal years, a Pay for Performance Program shall provide additional funding for counties that meet the standards developed according to subdivision (c) in their welfare-to-work programs under Article 3.2 (commencing with Section 11320) of Chapter 2. The state shall have no obligation to pay incentives earned that exceed the funds appropriated for the year in which the incentives were earned.

(b) To the extent that funds are appropriated, the maximum total funds available to each county each year under the Pay for Performance Program shall be 5 percent of the funds the county receives that year, less the amount for child care, from the single allocation under Section 15204.2. If funds appropriated for this section are less than the incentives earned under this subdivision, each county's allocation under this section shall be prorated based on the amount of funds appropriated for that year.

(c) The funds available to each county under the Pay for Performance Program shall be divided each year into as many equal parts as there are measures established for the year under this subdivision. A county shall earn payment of one equal part for each improvement standard that it achieves for the year or by ranking in the top 20 percent of all counties in a measure identified in paragraphs (1), (2), (3), and (4). The department shall consult with the County Welfare Directors Association, legislative staff, and other stakeholders, when developing improvement standards and the methodology for earning and distributing incentives for each of the following measures:

(1) The employment rate of county CalWORKs cases.

(2) The federal participation rates of county CalWORKs cases, calculated in accordance with Section 607 of Title 42 of the United States Code, but excluding individuals who are exempt in accordance with Section 11320.3 and including sanctioned cases and cases participating in activities described in subdivision (q) of Section 11322.6. If valid data does not exist to measure this outcome, the funds for this measure shall be made available for the Pay for Performance Program in the following fiscal year.

(3) The percentage of county CalWORKs cases that have earned income three months after ceasing to receive assistance under Section 11450.

(4) Any additional measures that the department may establish in consultation with the County Welfare Directors Association, legislative staff, and other stakeholders.

(d) Performance measures, standards, outcomes, and payments to counties under subdivisions (a), (b), and (c) shall be based on the following schedule:

(1) For the performance measure described in paragraph (2) of subdivision (c), payments in fiscal year 2006-07 shall be based on outcomes for the period of July 1, 2005, through December 31, 2005, compared to outcomes for the period of January 1, 2006, through June 30, 2006, and payments in fiscal year 2007-08 and 2008-09 shall be based on outcomes for the fiscal year prior to payment, compared to outcomes for the fiscal year two years prior to payment.

(2) For all other performance measures, payments shall be based on outcomes for the fiscal year prior to payment, compared to outcomes for the fiscal year two years prior to payment.

(e) The department may make further adjustments to any of the performance measures listed under subdivision (c), in consultation with the County Welfare Directors Association, legislative staff, and other stakeholders.

(f) The funds paid in accordance with this section may only be used in accordance with subdivisions (f) and (g) of Section 10544.1 and only for the purpose of enhancing family self-sufficiency. Funds earned by a county in accordance with this section shall be available for expenditure in the fiscal year that they are received and the following two fiscal years. Following the period of availability, and notwithstanding any provisions of subdivision (f) of Section 10544.1 to the contrary, any unspent balance shall revert to the Temporary Assistance for Needy Families (TANF) block grant.

(g) Any funds appropriated by the Legislature for the Pay for Performance Program, but not earned by a county, shall revert to the TANF block grant at the end of the fiscal year for which the funds were appropriated.

(h) Notwithstanding the rulemaking provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement this section through all-county letters throughout the duration of the Pay for Performance Program.