DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, California 95814

September 28, 2006

ALL COUNTY LETTER NO. 06-42

TO: ALL COUNTY WELFARE DIRECTORS

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: IMPLEMENTATION OF THE CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS) WELFARE TO WORK (WTW) PAY FOR PERFORMANCE (P4P) PROGRAM

REFERENCES: ASSEMBLY BILL (AB) 1808 (CHAPTER 75, STATUTES OF 2006); SENATE BILL (SB) 68 (CHAPTER 78, STATUTES OF 2005); ALL COUNTY INFORMATION NOTICE (ACIN) I-58-05; ALL COUNTY LETTER (ACL) 06-06; WELFARE AND INSTITUTIONS CODE SECTION 15204.6

The purpose of this letter is to provide instructions for counties to follow in order to participate in the Pay for Performance (P4P) program authorized by AB 1808 (the 2006-07 Human Services Budget Trailer Bill). As mentioned in ACIN I-58-05, the P4P program is a strategy designed to encourage counties to invest resources in work activities that move families toward meaningful and lasting employment, and to assist the State in increasing its federal work participation rate (WPR). As required by statute, the California Department of Social Services (CDSS) has consulted with the County Welfare Directors Association (CWDA), the Legislature, and other stakeholders in developing implementation guidelines for the P4P program.

This letter provides information regarding 1) the P4P measures, as defined in statute and through collaboration with stakeholders; 2) how funds are earned for each measure, as described in attachments to this letter; 3) data, as it will be used in measuring counties' performance and granting P4P awards; and 4) funding, contingent upon appropriation.

Measures

As required by State law, county performance will be evaluated based on three outcome measures:

1. The employment rates of county CalWORKs cases;

2. The federal WPR of county CalWORKs cases, excluding individuals who are exempt and including sanctioned cases and cases participating in mental health, substance abuse, and/or domestic abuse activities; and
3. The percentage of county CalWORKs cases that have earned income three months after ceasing to receive assistance (leavers).

Awards for Measure 2 in the first payment year (State fiscal year [SFY] 2007-2008) will be based on performance outcomes for the first half of the prior federal fiscal year compared to outcomes for the second half of the prior federal fiscal year. In each subsequent fiscal year, awards for Measure 2 will be based on performance outcomes for the prior federal fiscal year compared to outcomes for the federal fiscal year two years prior to payment year. For all other performance measures, awards shall be based on outcomes for the fiscal year prior to payment, compared to outcomes for the fiscal year two years prior to payment.

Funding

The P4P program will provide funding to counties that meet pre-determined standards for each of the three measures. Forty million dollars ($40 million) of SFY 2006-2007 funding has been set aside for P4P program payments in SFY 2007-2008. Subsequent payment years are contingent upon Budget Act appropriation. The maximum amount of funds available to each county for all three measures is five percent of its single allocation, excluding the amount for child care, in the year prior to payment. The funds appropriated will be divided each year into three equal parts, one part for each performance measure. Measure 3, however, includes two components: Measures 3a and 3b. Any unused funds remaining from Measure 3a will be used to fund Measure 3b, up to $5 million. If the funds remaining in Measure 3a equal less than $5 million, any unused funds from Measures 1 and 2 will also be used to fund Measure 3b, up to $5 million (see example in Attachment A). Any unused funds remaining in Measures 1 and 2 *after* bringing Measure 3b up to $5 million will be used to reward counties who exceed the improvement standard in those two measures. See Attachment B for more detailed information about how the funding will be distributed among the three measures.

As required by State law, in the instance that counties earn incentive funds beyond the P4P amount appropriated in the budget, each county's allocation of the P4P funds will be prorated based on their single allocation. Planning allocations for SFY 2006-2007 indicate that the maximum counties can earn (the five percent ceiling) is approximately $65 million; however, the P4P program has $40 million in funding available. Each county’s maximum incentive amount will be prorated based on its single allocation. Please review Attachment C for each county’s prorated amount per measure and potential incentive award for all three measures.

How Funds Are Earned

There are three ways that counties can earn P4P funds in each measure: 1) ranking in the top 20 percent of all counties (top 12 counties), 2) improving performance over a base period, or 3) exceeding a pre-determined performance improvement standard.

1) Top 20 Percent of Counties

Each of the 12 counties with the highest rate of achievement per measure receives its share of the funds for that measure.

2) Performance Improvement

Counties that are not in the top 20 percent may earn incentive funds in each measure by demonstrating improvement in their own rate from one year to the next. The improvement standard for all three measures is based on a percentage point increase from the prior year. To receive the full share of the funds based on performance improvement, a county must show a percentage point improvement equivalent to at least 10 percent of the statewide average in that measure. Prorated awards will also be given based on a range of improvement between zero and 10 percent of the statewide average for performance in that measure. Examples for this improvement standard are provided in Attachment A.

3) Exceeding the Performance Improvement Standard

Since counties that improve, but do not fully meet the improvement standard in each measure, will receive a prorated award, there may be remaining funds. If there are funds remaining within each measure after the distribution of all awards, and if Measure 3b is fully funded to $5 million (see Attachments A and B), those funds will be awarded on a prorated basis to counties exceeding the improvement standard in that measure. For Measures 1 and 2, prorated funding will be based on the proportion of a county's cases relative to the other counties' cases that exceeded the improvement standard. The amount each county will receive is determined by dividing remaining amount of funds by the total number of cases that exceed the improvement standard in all counties, then multiplying that number by the individual county's total number of cases exceeding the improvement standard. However, the maximum amount of funds available to each county in each year for *all* three measures is five percent of its single allocation, excluding the amount for child care—additional incentive funds cannot be earned in excess of this amount. For Measure 3, remaining funds will be awarded based on a separate improvement standard as described in Attachment A. See Attachment A for more information.

Sources of Data

The following sources are used in the measurement of counties' performance. Each measure is described in Attachment A and lists the specific data sources used and methodology for calculating that measure.

1. Medi-Cal Eligibility Data Base (MEDS):

   The MEDS is maintained by the Department of Health Services in order to identify those individuals who are eligible for Medi-Cal. The database contains information on monthly participation in specific programs, including CalWORKs. This data source has individual identifiers (Social Security Numbers) and case identifiers, which permit the construction of CalWORKs case information in each county. CDSS will use the MEDS data to match current and former CalWORKs recipients to their reported earnings in the Employment Development Department Base Wage File (Number 2 below).

2. Employment Development Department (EDD) Base Wage File:

   The EDD Base Wage File contains employer-reported earnings for nearly 95 percent of all California's employment. The exceptions are self-employment, federal government employment, out-of-state employment, and some casual employment. Employers are required to report total quarterly earnings for all employees with quarterly earnings over $50. Again, CDSS will use the EDD Base Wage File data to determine earnings of current and former CalWORKs recipients.

3. CalWORKs Welfare-To-Work Monthly Activity Report All Other Families (WTW 25) and CalWORKs Welfare-To-Work Monthly Activity Report Two-Parent Separate State Program (WTW 25A):

   The WTW 25 and 25A contain statistical information on the number of All Families (WTW 25) and Two-Parent Families (WTW 25A) who are enrolled in mandatory WTW employment preparation activities. Data are provided by the counties on a monthly basis and include a count of recipients who are in work study and who are self-employed. The WTW 25 and 25A will be used for work study and self-employment data because this information is not included in the EDD Base Wage File.

4. RADEP Phase II Lite (EII Lite) County TANF Work Participation Rate:

   The EII Lite application is a set of web-based tools that will be used to both calculate the federal work participation rate and address P4P requirements for each county. EII Lite was designed to collect county-reported disaggregate data and will replace the WTW 30 form, which collects aggregate work participation data. The EII Lite collection of disaggregate data will begin October 1, 2006. It is at county option whether to utilize this application or submit data on a comma delimited flat file. Please refer to ACL 06-06 "Clarification Of Reporting Methodology For County

Temporary Assistance For Needy Families (TANF) Work Participation Rate Monthly Report (WTW 30)" for further information about county work participation rate data reporting.

5. Out-of-State Employment:

   Counties with recipients employed solely in other states (for example, counties that border Nevada, Arizona, or Oregon) may provide supplemental employment information on these individuals. This information must include the number of aided adults, from both one- and two-parent families, with exclusive out-of-state earnings (not receiving any earnings in California) in each month. This should be a subset of the individuals reported on line 10 of the WTW 25 and WTW 25A (Unsubsidized Employment). Counties with documented out-of-state employment that they wish to report should e-mail a Microsoft Excel spreadsheet with the out-of-state employment count by month and year beginning retroactively from July 1, 2005 to present and then at the end of each report month thereafter to Andrea Willits at Andrea.Willits@dss.ca.gov with "P4P Out-of-State Employment" in the subject line. This reporting method will be discontinued beginning October 1, 2006, at which time this data will be captured in the EII Lite application.

Incentive Fund Spending

P4P county-specific performance outcomes will not be immediately available at the end of the fiscal year, and the department will send award letters late in the following fiscal year (payment year) notifying counties of the incentive funds they have earned. P4P funds earned by counties will be available for expenditure in the fiscal year in which they are received (payment year) and the following two fiscal years. Any unearned funds at the end of each appropriated fiscal year and any unspent balance of awarded funds at the end of the availability period will revert to the Temporary Assistance for Needy Families (TANF) block grant.

P4P funds earned by counties may only be used for purposes of enhancing family self-sufficiency in any activity allowable under federal law. Federal law allows for expenditure of funds in any manner that can be reasonably calculated to accomplish the goals of the TANF program. In addition, State law allows counties to spend up to 25 percent of their P4P awards to provide nonassistance services for "needy families." For the purposes of nonassistance services, State law defines "needy families" as any family not receiving aid under CalWORKs in which the minor child is living with a parent or adult relative caregiver and the family's income is less than 200 percent of the official federal poverty guidelines applicable to a family of the size involved.

Planning For Success in the P4P Program

Details about each of the performance measures are described in Attachment A. Please refer to Attachment C for a listing of incentive funds available to each county in fiscal year 2007-2008. To assist counties in planning for success in the P4P program, Attachment D displays counties' employment rates (Measure 1) and Attachment E provides counties' rate of leavers with earnings (Measure 3) for the most recent calendar year. County-specific data are not yet available for Measure 2. As required by statute, incentives for Measure 2 will not be awarded until valid county specific data is available. Statewide data are included in Attachment F providing historical information on the State's success in meeting the federal work participation rate. In accordance with statute, CDSS will periodically publish the outcomes measured by the P4P Program, identified by county.

If you have any questions or need further information regarding the Pay for Performance program, please contact Andrea Willits, Employment Bureau Analyst, at (916) 651-6998 or submit via email to Andrea.Willits@dss.ca.gov.

Sincerely,

Original Document Signed By:
CHARR LEE METSKER
Deputy Director
Welfare to Work Division

Attachment A: Pay for Performance Program Measures
Attachment B: Pay for Performance Funding Charts
Attachment C: Incentive Funds Available in Fiscal Year 2007-08
Attachment D: Counties' Employment Rates
Attachment E: Counties' Rate of Leavers
Attachment F: Statewide Historical Federal Work Participation Rate Chart
Attachment G: Pay for Performance Legislation

c: CWDA
CSAC

Attachment A

PAY FOR PERFORMANCE (P4P) PROGRAM MEASURES

Senate Bill (SB) 68 established a Pay for Performance (P4P) program based on Budget Act appropriation in which counties may receive funding by achieving pre-determined improvement standards. The program was established for the purpose of providing an incentive for counties to improve CalWORKs recipients' opportunities to become more self-sufficient. At the same time, it will position the State more advantageously with respect to recent changes in the Temporary Assistance for Needy Families program. The program was not funded in State fiscal year (SFY) 2005-2006. Forty million dollars ($40 million) of SFY 2006-2007 funding has been set aside for P4P program payments in SFY 2007-2008. Assembly Bill (AB) 1808 made technical amendments to the program for implementation in SFY 2006-2007. As agreed upon with stakeholders, measurement for awarding funds will be based on a comparison of performance in the following fiscal year and comparison periods:

- For payment in SFY 2007-2008;
  - ❖ Measure 2 performance will be based on outcomes in the first half of federal fiscal year (FFY) 2007 (October 2006 to March 2007) compared to outcomes in the second half of FFY 2007 (April to September 2007).
  - ❖ Measures 1 and 3 performance will be based on outcomes in SFY 2006-2007 compared to outcomes in SFY 2005-2006.
- For payments in SFY 2008-2009 and SFY 2009-2010;
  - ❖ Measures 1 and 2 performance will be based on outcomes for FFY 2008 compared to outcomes in FFY 2007, and outcomes in FFY 2009 compared to outcomes in FFY 2008, respectively.
  - ❖ Measure 3 performance will be based on outcomes in SFY 2007-2008 compared to outcomes in SFY 2006-2007, and outcomes in SFY 2008-2009 compared to outcomes in SFY 2007-2008, respectively.
- For payments in all subsequent SFYs;
  - ❖ Measures 1 and 2 performance will be based on outcomes for the FFY prior to payment compared to outcomes for the FFY two years prior to payment.
  - ❖ Measure 3 performance will be based on outcomes for the SFY prior to payment compared to outcomes for the SFY two years prior to payment.

The following paragraphs contain information specific to each of the three measures including data sources, rate calculations, and examples.

MEASURE 1: EMPLOYMENT RATE OF COUNTY CALWORKS CASES

State law requires the California Department of Social Services (CDSS) to evaluate each county's employment rate to determine whether the county may earn funds in the P4P program. There are three ways in which counties may earn funds in Measure 1, based on counties' employment rates:

1. Ranking in the top 12 of all counties with the highest employment rate.
2. Improving performance relative to the base period by ten percent or more of the statewide average (or by improving up to ten percent of the statewide average for a prorated amount).
3. If funds remain in Measure 1 after awards have been given for the first two improvement standards, and after Measure 3b has been fully funded, remaining funds for Measure 1 will be distributed proportionately among counties exceeding the improvement standard based on the number of cases by which they exceeded the standard. (See examples beginning on page 9.)

Performance for Measure 1 will be based on outcomes for the fiscal year prior to payment compared to outcomes for the fiscal year two years prior to payment. In the first year of the program, Measure 1 performance will be based on State fiscal years utilizing a data match. In all subsequent years, Measure 1 performance will be based on a federal fiscal year utilizing a web-based application that will be available for use on October 1, 2006.

Data Sources

Payment in SFY 2007-2008 (SFY 2006-2007 comparison period and SFY 2005-2006 base period):

1. Employer-reported earnings (EDD Base Wage File);
2. Monthly program participation for CalWORKs recipients (MEDS);
3. Recipients participating in work study and/or self-employment, and exempt recipients (WTW 25/WTW 25A); and
4. Out-of-state employment (county-provided reports).

Payment in SFY 2008-2009 (FFY 2008 comparison period and FFY 2007 base period) and subsequent SFY payments (FFY prior compared to FFY two years prior to payment base period):

1. County TANF Work Participation Rate Monthly Report (EII Lite or flat file).

Rate Calculation

The CalWORKs employment rate for each county will be calculated by averaging the CalWORKs employment rates over the prior four quarters. The employment rate measurement will be based on the following calculations:

Payment in SFY 2007-2008 (SFY 2005-2006 base period and SFY 2006-2007 comparison period):

Numerator

- Cases with at least one aided adult recipient who has received cash aid for an entire quarter (MEDS) and has employer-reported quarterly earnings of over $50 in the quarter (EDD Base Wage File); plus
- Cases with at least one aided adult recipient who is self-employed or participating in work study (WTW 25/25A); plus
- Cases with at least one aided adult recipient who is employed out of state (county-reported).

Denominator

- Cases with at least one aided adult recipient who has received cash aid for the entire quarter (MEDS), minus
- Cases in exempt status (WTW 25/25A).

Payments in SFY 2008-2009 (FFY 2007 base period and FFY 2008 comparison period), SFY 2009-2010 (FFY 2008 base period and FFY 2009 comparison period), and subsequent SFYs (FFY prior to payment compared to FFY two years prior to payment base period):

Numerator

- Cases with at least one work-eligible adult who is employed (EII Lite or flat file);
  <u>plus</u>
- Cases with a work-eligible adult who has been sanctioned and is employed (EII Lite or flat file);
  <u>plus</u>
- Cases in exempt status with an adult who is voluntarily employed (EII Lite or flat file).

Denominator

- Cases with at least one aided adult (EII Lite or flat file);
  <u>plus</u>
- Cases with a work eligible adult who has been sanctioned (EII Lite or flat file);
  <u>minus</u>
- Cases in exempt status (EII Lite or flat file).

Examples for Measure 1:

For Payments in SFY 2007-2008

Statewide Average Employment Rate (FY 2006-07) = 48.0%
Performance Improvement Standard = 10.0% of statewide average: 10.0% x 48.0% = 4.8
Each county must improve its employment rate by 4.8 percentage points to receive its share based on performance improvement.

County A's base period employment rate in SFY 2005-2006 is 33.2%.
County A's employment rate in SFY 2006-2007 is 38.0%.
County A receives the county share of Measure 1 funds for performance improvement because it improved by 4.8 percentage points (33.2% + 4.8 percentage points = 38%).

County B's base period employment rate in SFY 2005-2006 is 33.2%.
County B's employment rate in SFY 2006-2007 is 34.4%.
County B receives a proportionate amount of the county share of Measure 1 funds because it improved, but did not improve by the full 4.8 percentage points. The proportionate amount is equal to the amount of improvement in employment. County B improved 1.2 percentage points; therefore, it would receive 25% of the performance award for this measure (1.2 percentage points is 25% of the statewide average improvement of 4.8 percentage points).

County C's base period employment rate in SFY 2005-2006 is 33.2%.
County C's employment rate in FY 2006-2007 is 39.2%.
County C exceeded the statewide average, as it improved by 6 percentage points. Not only does County C receive all of its performance incentive funding for this target based on performance improvement, it will also be eligible for bonus funding if funds remain from Measure 1 (after funds are transferred to Measure 3b) and the county has not reached its maximum award amount for all measures. County C could receive a proportionate share of the remaining

funds equal to the number of cases improved beyond the standard. For example: The remaining funds for Measure 1, after any required transfers to Measure 3b, equal $700,000. The total caseload above the standard for all counties exceeding the standard equals 700 cases. County C's caseload exceeding the standard equals 43 cases. $700,000 divided by 700 equals $1,000. County C's award would be 43 times $1,000, or $43,000.

For Payments in SFY 2008-2009

Statewide Average Employment Rate (FFY 2006) = 48.0%.
Performance Improvement Standard = 10.0% of statewide average: 10.0% x 48.0% = 4.8.
Each county must improve its employment rate by 4.8 percentage points to receive its share based on performance improvement.

County D's base period employment rate in FFY 2007 is 33.2%.
County D's employment rate in FFY 2008 is 38.0%.
County D receives the county share of Measure 1 funds for performance improvement because it improved by 4.8 percentage points (33.2% + 4.8 percentage points = 38%).

County E's base period employment rate in FFY 2007 is 34.2%.
County E's employment rate in FFY 2008 is 35.4%.
County E receives a proportionate amount of the county share of Measure 1 funds because it improved, but did not improve by the full 4.8 percentage points. The proportionate amount is equal to the amount of improvement in employment. County E improved 1.2 percentage points; therefore, it would receive 25% of the performance award for this measure (1.2 percentage points is 25% of the statewide average improvement of 4.8 percentage points).

County F's base period employment rate in FFY 2007 is 30.1%.
County F's employment rate in FFY 2008 is 35.2%.
County F exceeded the standard by improving 5.1 percentage points. Not only does County F receive all of its performance incentive funding for this target based on performance improvement, it will also be eligible for bonus funding if funds remain from Measure 1 (after funds are transferred to Measure 3b) and the county has not reached its maximum award amount for all measures. County F could receive a proportionate share of the remaining funds equal to the number of cases improved beyond the standard. For example: The remaining funds for Measure 1, after any required transfers to Measure 3b, equal $850,000. The total caseload above the standard for all counties exceeding the standard equals 500 cases. County F's caseload exceeding the standard equals 60 cases. $850,000 divided by 500 equals $1,700. County F's award would be 60 times $1,700, or $102,000.

MEASURE 2: FEDERAL PARTICIPATION RATE ADJUSTED FOR COUNTY CalWORKs CASES

State law requires CDSS to calculate a modified federal work participation rate for each county to determine whether the county may earn funds in Measure 2 of the P4P program. The calculation begins with the county's federal work participation rate (WPR) and is then modified for cases in exempt status and recipients participating in substance abuse, mental health and domestic abuse services. The federal WPR now includes safety net, sanctioned, and two-parent families. State law requires an additional modification to include sanctioned cases, however because they are already included in the federal WPR, they will not be reflected as a modification in the rate calculation shown below. There are three ways in which counties may earn funds in Measure 2, based on a modified federal participation rate: 1) ranking in the top 12 of all counties with the highest modified federal participation rate; 2) improving performance relative to the base period by ten percent or more of the statewide average (or by improving up to ten percent of the statewide average for a prorated award); and 3) if funds remain in Measure 2 after awards have been given for the above two methods of earning funds, and after Measure 3b has been fully funded, remaining funds for Measure 2 will be distributed proportionately among counties exceeding the improvement standard based on the number of cases by which they exceeded the standard (see examples below). Payments for Measure 2 in SFY 2007-2008 shall be based on performance outcomes for the first half of the prior federal fiscal year, compared to outcomes for the second half of the prior federal fiscal year. In subsequent years, payments will be based on performance outcomes for the prior fiscal year compared to outcomes for the fiscal year two years prior to payment year. Measure 2 will be measured on a federal fiscal year basis.

Data Sources

1. County TANF Work Participation Rate (EII Lite or flat file).

<u>Rate Calculation</u>

The measurement of the adjusted county work participation rate will be based on the following calculation:

Payment in SFY 2007-2008 (October 1, 2006-March 31, 2007 comparison period and April 1-September 30, 2007 base period) and subsequent SFYs (FFY prior to payment compared to FFY two years prior to payment):

Numerator

- All cases with at least one work-eligible individual in the county work participation rate sample who are meeting the federal work participation requirements (EII Lite or flat file);
  <u>plus</u>
- All cases with at least one work-eligible individual that are participating in mental health, substance abuse, and/or domestic abuse activities (EII Lite or flat file). (Hours in these activities will be counted hour for hour as a core activity to meet the federal required minimum of 30 hours per week.)

Denominator

- All cases with at least one work-eligible individual in the county work participation rate sample (EII Lite or flat file);
  <u>minus</u>
- All cases in exempt status (EII Lite or flat file).

Examples for Measure 2:

For Payments in SFY 2007-2008

Statewide Average Work Participation Rate (FFY 2005) = 25%
Improvement Standard = 10.0% of statewide average: 10.0% x 25% = 2.5
Each county must improve its work participation rate by 2.5 percentage points to receive its share based on performance improvement.

County G’s base period work participation rate in the first half of FFY 2007 (October 2006-March 2007) is 22%.
County G’s work participation rate in the second half of FFY 2007 (April 2007-September 2007) is 24.5%.
County G receives the county share for performance improvement because it improved by 2.5 percentage points.

County H’s base period work participation rate in the first half of FFY 2007 (October 2006-March 2007) is 19%.
County H’s work participation rate in the second half of FFY 2007 (April 2007-September 2007) is 20.5%.
County H receives a proportionate amount of the county share of Measure 2 funds because it improved, but did not improve by the full 2.5 percentage points. The proportionate amount is equal to the amount of improvement in the modified WPR. County H improved 1.5 percentage points; therefore, it would receive 60% of the performance award for this measure (1.5 percentage points is 60% of the statewide average improvement of 4.8 percentage points).

County I’s base period work participation rate in the first half of FFY 2007 (October 2006-March 2007) is 25%.
County I’s work participation rate in the second half of FFY 2007 (April 2007-September 2007) is 39%.
County I improved 4 percentage points, thereby exceeding the standard. Not only does County I receive all of its performance incentive funding for this target based on performance improvement, it will also be eligible for bonus funding if funds remain from Measure 2 (after funds are transferred to Measure 3b) and the county has not reached its maximum award amount for all measures. County I could receive a proportionate share of the remaining funds equal to the number of cases improved beyond the standard. For example: The remaining funds for Measure 2, after any required transfers to Measure 3b, equal $250,000. The total caseload above the standard for all counties exceeding the standard equals 500 cases. County I’s caseload exceeding the standard equals 30 cases. $250,000 divided by 500 equals $500. County I’s award would be 30 times $500, or $15,000.

For Payments in SFY 2008-2009

Statewide Average Work Participation Rate (FFY 2006) = 23.1%
Improvement Standard = 10.0% of statewide average: 10.0% x 23.1% = 2.3
Each county must improve its work participation rate by 2.3 percentage points to receive its share based on performance improvement.

County J’s base period work participation rate in FFY 2007 is 20.1%.
County J’s work participation rate in FFY 2008 is 22.4%.
County J receives the county share for performance improvement because it improved by 2.3 percentage points.

County K’s base period work participation rate in FFY 2007 is 15.7%.
County K’s work participation rate in FFY 2008 is 16.5%.
County K did not meet the full improvement standard, as it improved by .8 percentage points. The county will, however, receive a proportionate amount of the award equal to the amount of its

improvement in the work participation rate. County K will receive 34.8% of the amount available for that county for this measure.

County L's base period work participation rate in FFY 2007 is 19.3%.
County L's work participation rate in FFY 2008 is 23.2%.
County L exceeded the improvement standard, improving by 3.9 percentage points. Not only does County L receive all of its performance incentive funding for this target, it will also be eligible for bonus funding if funds remain from Measure 2 after funds are transferred to Measure 3b as described above. If remaining funds exist, County L will receive a proportionate share of the remaining funds equal to the number of cases improved beyond the standard. For example: The remaining funds for Measure 2, after transfers to Measure 3b, equal $930,000. The total caseload above the standard for all counties exceeding the standard equals 730 cases. County L's caseload exceeding the standard equals 43 cases. $930,000 divided by 730 equals $1,274. County L's award would be 43 times $1,274 or $54,782.

MEASURE 3:   PERCENTAGE OF COUNTY CalWORKs CASES THAT HAVE EARNED INCOME THREE MONTHS AFTER NO LONGER RECEIVING ASSISTANCE

State law requires CDSS to evaluate the percentage of CalWORKs cases that have earned income three months after ceasing to receive assistance to determine whether the county may earn funds in the P4P program. Measure 3 is unique in that it includes two components: Measures 3a and 3b. There are two ways in which counties may earn funds in Measure 3a based on the percentage of cases that have earned income three months after no longer receiving assistance: 1) ranking in the top 12 of all counties with the highest percentage of leavers with earned income or 2) improving performance relative to the base period by ten percent or more of the statewide average (or by improving up to ten percent of the statewide average for a prorated award). For Measure 3b, funds will be awarded based on the county's rate of individuals leaving aid with earnings above 250 percent of the median income of current CalWORKs recipients for each county. Payments for Measure 3a and 3b shall be based on outcomes for the fiscal year prior to payment compared to outcomes for the fiscal year two years prior to payment. Measure 3 will be measured on a State fiscal year basis in all years of the program.

Data Sources

1. Employer-reported earnings (EDD Base Wage File).
2. Monthly program participation for CalWORKs recipients (MEDS).

Rate Calculation for Measure 3a

Each county's percentage of CalWORKs cases that have earned income three months after ceasing to receive assistance (leavers) will be calculated by averaging the employment rates over the prior four quarters.

Numerator

- Cases with an aided adult who left CalWORKs, and has been off aid for the entire subsequent quarter and has earnings of over $50 in that quarter.

[For example, if the individual leaves aid in February (mid-first quarter), he or she must remain off aid for the entire second quarter (April, May, and June) and have earnings of at least $50 in the second quarter].

Denominator

- Cases with an aided adult who left aid and has been off aid for the entire subsequent quarter.

Examples for Measure 3a:

Statewide Average Percent of leavers employed three months after ceasing to receive assistance in SFY 2005-2006 = 54.1%
Improvement Standard = 10.0% of statewide average: 10.0% x 54.1% = 5.4
Each county must improve its percent of leavers with earnings by 5.4 percentage points to receive its share based on performance improvement.

County M's base period rate of leavers employed three months after ceasing to receive assistance in SFY 2005-2006 is 52.5%.
County M's rate of leavers employed three months after ceasing to receive assistance in SFY 2006-2007 is 57.9%.
County M receives the maximum award, having improved by 5.4 percentage points.

County N's base period rate of leavers employed three months after ceasing to receive assistance in SFY 2005-2006 is 53.5%.
County N's rate of leavers employed three months after ceasing to receive assistance in SFY 2006-2007 is 58.0%.
County N did not fully meet the standard, as it improved by 4.5 percentage points. It will, however, receive a proportionate amount of the award equal to the amount of improvement in the rate of leavers with earnings three months after ceasing to receive assistance. In this case, County N will receive 83.3% of the incentive, representing the percentage it met of the statewide standard.

<u>Funding for Measure 3b</u>

Any unused funds remaining from Measure 3a will be used to fund Measure 3b, up to $5 million. If the funds remaining in Measure 3a equal less than $5 million, any unused funds from Measures 1 and 2 will also be used to fund Measure 3b up to $5 million. Please see Attachment B for additional details on performance measure funding. Awards for Measure 3b will be issued only if these funds are available. Measure 3b will be calculated using the percentage of leavers who earn an income at or above 250 percent of the county's median earnings of individuals on aid.

Example for Measure 3b Funding:

Funds remaining from Measure 3a equal $4.3 million. Funds remaining after awards are made in Measures 1 and 2 equal $700,000 and $1,000,000, respectively. To fully fund Measure 3b, $700,000 will be provided from Measures 1 and 2 proportionately. Funds to be made available from Measures 1 and 2 equal $288,400 and $411,600, respectively. (700,000 + 1,000,000 = 1,700,000; 700,000/1,700,000 = 41.2%; 1,000,000/1,700,000 = 58.8%; 41.2% of 700,000 = 288,400; 58.8% of 700,000 = 411,600).

Examples for Measure 3b Performance:

County O's number of leavers whose earnings three months after ceasing to receive assistance exceed 250% of the county's current CalWORKs recipients' median income in SFY 2006-2007 is 103.

Funds remaining after distribution of funds from Measures 1, 2, and 3a equal $930,000.
County O will receive a proportionate share of the remaining funds equal to the number of leavers statewide whose income is beyond 250% of the county's current CalWORKs recipients' median income.

The statewide number of leavers three months after ceasing to receive assistance whose income exceeds 250% of CalWORKs recipients' median income equals 850 cases.

$930,000 divided by 850 cases equals $1,094.
County O's award would be 103 times $1,094, or $112,682.

Attachment B

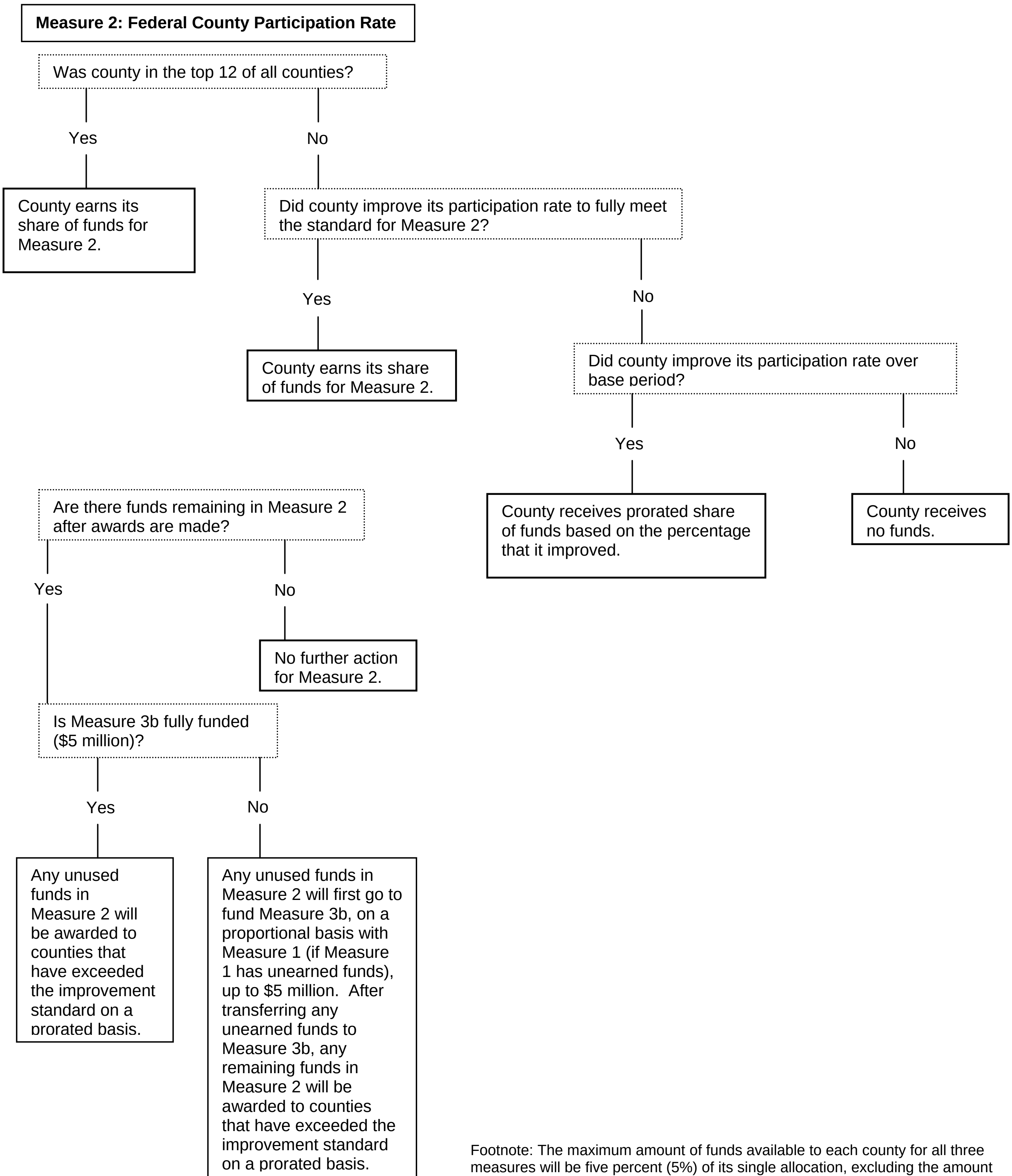
PAY FOR PERFORMANCE FUNDING CHARTS

Measure 1: Employment Rate

- Was county in the top 12 of all counties?
  - Yes → County earns its share of funds for Measure 1.
  - No → Did county improve its employment rate to fully meet the standard for Measure 1?
    - Yes → County earns its share of funds for Measure 1.
    - No → Did county improve its employment rate over base period?
      - Yes → County receives prorated share of funds based on the percentage that it improved.
      - No → County receives no funds.

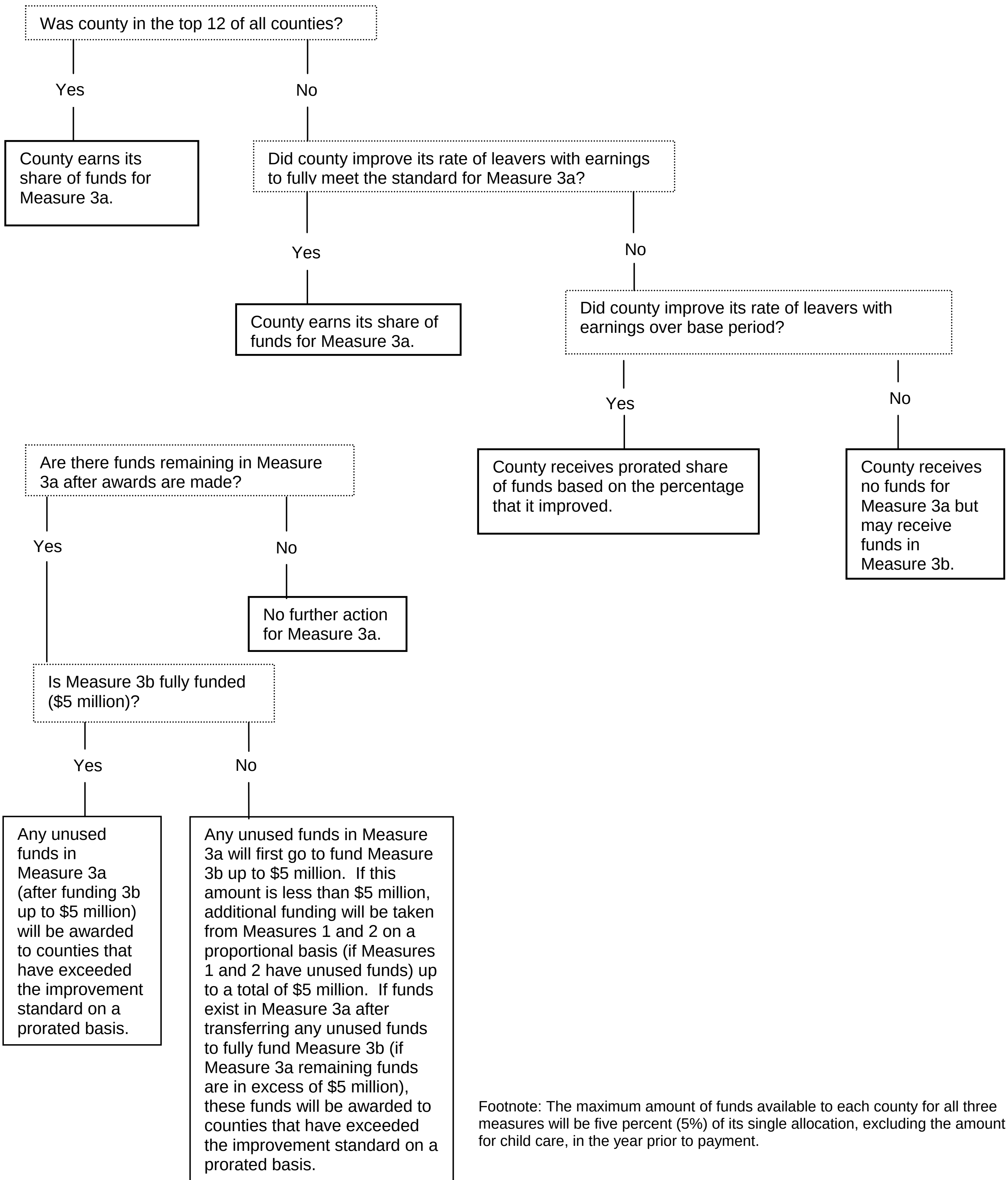
- Are there funds remaining in Measure 1 after awards are made?
  - Yes → Is Measure 3b fully funded ($5 million)?
    - Yes → Any unused funds in Measure 1 will be awarded to counties that have exceeded the improvement standard on a prorated basis.
    - No → Any unused funds in Measure 1 will first go to fund Measure 3b, on a proportional basis with Measure 2 (if Measure 2 has unused funds), up to $5 million. After transferring any unused funds to Measure 3b, any remaining funds in Measure 1 will be awarded to counties that have exceeded the improvement standard on a prorated basis.
  - No → No further action for Measure 1.

Footnote: The maximum amount of funds available to each county for all three measures will be five percent (5%) of its single allocation, excluding the amount for child care, in the year prior to payment.



Footnote: The maximum amount of funds available to each county for all three measures will be five percent (5%) of its single allocation, excluding the amount for child care, in the year prior to payment.

Measure 3: Percentage of County CalWORKs Cases with Earned Income Three Months After Ceasing to Receive Aid



Footnote: The maximum amount of funds available to each county for all three measures will be five percent (5%) of its single allocation, excluding the amount for child care, in the year prior to payment.

Attachment C

PAY FOR PERFORMANCE
INCENTIVE FUNDS AVAILABLE IN FISCAL YEAR 2007-2008

COUNTY	FY 2006/07 CalWORKs PLANNING ALLOCATION \1	FY 2006/07 CHILD CARE PLANNING ALLOCATION \1	FY 2006/07 CALWORKS PLANNING ALLOC EXCL. CHILD CARE	FY 2007/08 5% CEILING PLANNING ALLOC EXCL. CHILD CARE \2	FY 2007/08 PRORATED INCENTIVE AWARD AVAILABLE PER MEASURE \3	FY 2007/08 PRORATED INCENTIVE AWARD AVAILABLE PER COUNTY
Alameda	$61,831,160	$22,329,341	$39,501,819	$1,975,091	$407,369	$1,222,105.76
Alpine	$371,895	$27,493	$344,402	$17,220	$3,552	$10,655.10
Amador	$952,487	$191,668	$760,819	$38,041	$7,846	$23,538.19
Butte	$16,097,447	$1,965,870	$14,131,577	$706,579	$145,734	$437,202.19
Calaveras	$1,273,067	$266,830	$1,006,237	$50,312	$10,377	$31,130.91
Colusa	$947,776	$50,201	$897,575	$44,879	$9,256	$27,769.13
Contra Costa	$46,999,353	$6,312,879	$40,686,474	$2,034,324	$419,586	$1,258,756.57
Del Norte	$3,174,494	$356,879	$2,817,615	$140,881	$29,057	$87,171.26
El Dorado	$4,326,752	$455,483	$3,871,269	$193,563	$39,923	$119,769.18
Fresno	$63,187,238	$17,291,585	$45,895,653	$2,294,783	$473,306	$1,419,917.95
Glenn	$3,123,934	$255,679	$2,868,255	$143,413	$29,579	$88,737.96
Humboldt	$9,942,986	$934,131	$9,008,855	$450,443	$92,905	$278,715.61
Imperial	$10,304,315	$1,857,226	$8,447,089	$422,354	$87,112	$261,335.70
Inyo	$1,165,097	$302,334	$862,763	$43,138	$8,897	$26,692.14
Kern	$51,299,307	$14,543,554	$36,755,753	$1,837,788	$379,049	$1,137,148.08
Kings	$7,602,137	$1,631,604	$5,970,533	$298,527	$61,572	$184,716.12
Lake	$5,048,388	$451,867	$4,596,521	$229,826	$47,402	$142,207.00
Lassen	$1,709,534	$340,740	$1,368,794	$68,440	$14,116	$42,347.70
Los Angeles	$534,666,516	$138,694,554	$395,971,962	$19,798,598	$4,083,522	$12,250,565.37
Madera	$6,608,091	$993,420	$5,614,671	$280,734	$57,902	$173,706.48
Marin	$6,906,547	$1,822,030	$5,084,517	$254,226	$52,435	$157,304.59
Mariposa	$1,202,830	$118,823	$1,084,007	$54,200	$11,179	$33,536.97
Mendocino	$5,252,494	$517,248	$4,735,246	$236,762	$48,833	$146,498.86
Merced	$19,362,064	$3,042,057	$16,320,007	$816,000	$168,303	$504,907.75
Modoc	$1,087,873	$30,030	$1,057,843	$52,892	$10,909	$32,727.50
Mono	$758,687	$36,912	$721,775	$36,089	$7,443	$22,330.26
Monterey	$19,563,699	$3,107,294	$16,456,405	$822,820	$169,709	$509,127.63
Napa	$2,503,187	$569,160	$1,934,027	$96,701	$19,945	$59,834.85
Nevada	$3,354,531	$673,961	$2,680,570	$134,029	$27,644	$82,931.38
Orange	$94,170,620	$11,559,752	$82,610,868	$4,130,543	$851,937	$2,555,811.86
Placer	$8,343,925	$1,741,577	$6,602,348	$330,117	$68,088	$204,263.19
Plumas	$1,327,822	$164,228	$1,163,594	$58,180	$12,000	$35,999.24
Riverside	$76,709,167	$29,911,743	$46,797,424	$2,339,871	$482,606	$1,447,816.91
Sacramento	$102,320,668	$24,996,621	$77,324,047	$3,866,202	$797,416	$2,392,248.40
San Benito	$1,699,039	$565,846	$1,133,193	$56,660	$11,686	$35,058.68
San Bernardino	$100,992,872	$34,338,089	$66,654,783	$3,332,739	$687,388	$2,062,163.12
San Diego	$75,032,985	$20,227,710	$54,805,275	$2,740,264	$565,188	$1,695,563.50
San Francisco	$43,742,318	$10,967,979	$32,774,339	$1,638,717	$337,990	$1,013,971.24
San Joaquin	$28,782,129	$7,104,495	$21,677,634	$1,083,882	$223,554	$670,661.81
San Luis Obispo	$11,711,812	$1,749,436	$9,962,376	$498,119	$102,739	$308,215.61
San Mateo	$14,712,227	$2,454,700	$12,257,527	$612,876	$126,408	$379,222.90
Santa Barbara	$13,076,488	$2,332,148	$10,744,340	$537,217	$110,803	$332,407.98
Santa Clara	$74,224,290	$14,583,113	$59,641,177	$2,982,059	$615,059	$1,845,176.45
Santa Cruz	$13,769,659	$3,940,430	$9,829,229	$491,461	$101,365	$304,096.31
Shasta	$8,856,661	$1,647,326	$7,209,335	$360,467	$74,347	$223,042.13
Sierra	$444,180	$71,870	$372,310	$18,616	$3,840	$11,518.51
Siskiyou	$2,780,691	$360,343	$2,420,348	$121,017	$24,960	$74,880.63
Solano	$20,494,488	$4,555,703	$15,938,785	$796,939	$164,371	$493,113.52
Sonoma	$16,111,358	$1,954,292	$14,157,066	$707,853	$145,997	$437,990.76
Stanislaus	$25,761,224	$1,501,749	$24,259,475	$1,212,974	$250,180	$750,538.72
Sutter	$4,357,934	$1,153,885	$3,204,049	$160,202	$33,042	$99,126.74
Tehama	$5,381,685	$551,640	$4,830,045	$241,502	$49,811	$149,431.75
Trinity	$860,239	$29,819	$830,420	$41,521	$8,564	$25,691.51
Tulare	$25,176,235	$5,063,530	$20,112,705	$1,005,635	$207,415	$622,246.10
Tuolumne	$2,065,225	$211,264	$1,853,961	$92,698	$19,119	$57,357.78
Ventura	$26,184,848	$9,195,365	$16,989,483	$849,474	$175,207	$525,619.97
Yolo	$9,514,973	$2,245,319	$7,269,654	$363,483	$74,969	$224,908.28
Yuba	$9,085,351	$1,054,175	$8,031,176	$401,559	$82,823	$248,468.22
Total	**$1,708,315,000**	**$415,405,000**	**$1,292,910,000**	**$64,645,500**	**$13,333,333**	**$40,000,000.00**

\1 The Pay-for-Performance Incentive calculation is based on the FY 2006/07 CalWORKs Planning Allocation (please refer to CFL 2006/07-11). Ten percent of the CalWORKs Planning Allocation is provisional pending adjustments related to fourth quarter expenditure data. The CalWORKs Planning Allocation includes the $90 million augmentation associated with the CalWORKs Improvement Program.

\2 The sum total of incentives earned for all three measures shall not exceed five percent of any county's Single Allocation, excluding Child Care. The maximum incentive amount is subject to change once the FY 2006/07 CalWORKs allocation is finalized. The 5% ceiling is not an indication of funds authorized in the Budget. If the program is funded at less than the 5% ceiling, the awards will be prorated based on each county's single allocation.

\3 The potential incentive is $13,333,333 per measure ($40 million for all three measures), distributed proportionately with each county's percent to total of the FY 2006/07 CalWORKs Planning Allocation, excluding Child Care. The Pay-for-Performance incentive calculation is subject to change once the FY 2006/07 CalWORKs allocation is finalized.

Attachment D

COUNTIES' EMPLOYMENT RATES

2005 (Preliminary Data, Subject to Revision)	Cases w/ Adults	Exempt Adults WTW 25/A	Adjusted Cases w/ Adults*	Cases w/ EDD Earnings	Self-Employed WTW 25/A	Work Study WTW 25/A	Adjusted Cases w/ EDD Earnings**	% w/ Earnings	Rank	Adjusted % w/ Earnings	Rank
Total	194,362	40,780	153,582	70,824	3,202	831	74,857	36.4%		48.7%	
Alameda	8,376	887	7,489	2,685	337	0	3,022	32.1%	51	40.4%	53
Alpine								12.5%	58	16.2%	58
Amador	120	46	74	41	5	0	46	34.1%	45	61.4%	13
Butte	1,500	350	1,150	562	29	37	627	37.4%	29	54.5%	27
Calaveras	178	41	137	69	5	2	75	38.6%	18	54.5%	28
Colusa	69	27	42	25	0	2	27	35.5%	35	63.9%	9
Contra Costa	3,943	727	3,216	1,366	55	40	1,460	34.6%	40	45.4%	45
Del Norte	418	76	342	139	6	0	145	33.3%	48	42.3%	50
El Dorado	366	118	248	140	28	1	169	38.2%	22	68.2%	7
Fresno	10,098	1,078	9,020	3,585	52	33	3,669	35.5%	36	40.7%	52
Glenn	192	54	138	83	2	1	86	43.3%	4	62.5%	11
Humboldt	806	162	643	234	3	4	241	29.0%	56	37.5%	56
Imperial	1,590	199	1,392	720	8	50	777	45.3%	1	55.9%	25
Inyo	58	22	35	18	7	0	25	30.4%	54	70.7%	6
Kern	5,426	2,190	3,236	2,178	181	41	2,401	40.1%	12	74.2%	3
Kings	1,110	202	908	400	10	16	426	36.0%	33	46.9%	40
Lake	508	234	273	195	4	1	199	38.3%	21	72.8%	4
Lassen	238	75	163	78	7	14	99	32.8%	49	60.7%	14
Los Angeles	61,138	15,148	45,990	20,919	735	0	21,653	34.2%	44	47.1%	39
Madera	1,059	272	787	395	17	12	424	37.3%	30	53.8%	31
Marin	403	114	288	137	7	4	147	33.9%	46	51.0%	34
Mariposa	91	28	63	32	4	1	37	34.9%	38	58.3%	19
Mendocino	676	240	436	242	24	6	271	35.7%	34	62.1%	12
Merced	2,980	554	2,426	1,080	45	35	1,160	36.2%	32	47.8%	38
Modoc	82	26	56	33	2	0	35	40.2%	11	63.0%	10
Mono	20	5	15	8	0	0	8	40.5%	9	57.5%	20
Monterey	1,453	518	936	567	30	20	617	39.0%	14	66.0%	8
Napa	167	59	107	69	3	5	77	41.6%	6	71.8%	5
Nevada	230	89	141	94	18	1	113	41.0%	7	80.3%	1
Orange	5,115	773	4,342	2,305	69	79	2,453	45.1%	2	56.5%	23
Placer	644	88	556	249	28	4	281	38.6%	19	50.5%	35
Plumas	61	17	44	18	0	4	22	29.8%	55	50.5%	36
Riverside	8,652	1,515	7,136	3,769	88	0	3,856	43.6%	3	54.0%	30
Sacramento	14,093	1,365	12,728	5,464	240	27	5,730	38.8%	17	45.0%	47
San Benito	299	15	284	122	7	0	129	40.8%	8	45.3%	46
San Bernardino	14,916	4,603	10,313	5,607	487	94	6,188	37.6%	27	60.0%	16
San Diego	8,858	1,968	6,890	3,582	148	33	3,763	40.4%	10	54.6%	26
San Francisco	2,537	739	1,797	784	7	26	816	30.9%	53	45.4%	44
San Joaquin	4,626	532	4,093	1,758	75	28	1,861	38.0%	23	45.5%	43
San Luis Obispo	707	176	531	295	11	16	322	41.7%	5	60.5%	15
San Mateo	952	205	747	365	4	4	373	38.4%	20	49.9%	37
Santa Barbara	1,673	462	1,211	634	47	27	708	37.9%	25	58.5%	17
Santa Clara	6,615	967	5,647	2,126	98	5	2,229	32.1%	50	39.5%	54
Santa Cruz	1,056	208	848	357	17	2	376	33.8%	47	44.3%	48
Shasta	1,247	580	667	473	30	24	526	37.9%	26	78.9%	2
Sierra	17	3	14	5	0	0	5	26.9%	57	32.9%	57
Siskiyou	449	152	297	144	9	8	161	32.0%	52	54.1%	29
Solano	2,346	178	2,169	917	10	7	934	39.1%	13	43.0%	49
Sonoma	1,075	297	778	377	3	33	413	35.1%	37	53.0%	32
Stanislaus	4,387	578	3,809	1,524	22	10	1,555	34.7%	39	40.8%	51
Sutter	431	120	311	168	7	4	178	38.9%	16	57.3%	21
Tehama	463	133	330	176	8	10	193	37.9%	24	58.4%	18
Trinity	88	13	75	30	4	0	34	34.3%	43	46.1%	42
Tulare	5,371	633	4,738	1,844	5	3	1,851	34.3%	42	39.1%	55
Tuolumne	262	46	217	90	22	2	114	34.4%	41	52.7%	33
Ventura	2,421	599	1,822	907	83	30	1,021	37.5%	28	56.0%	24
Yolo	972	102	870	378	24	6	408	38.9%	15	46.8%	41
Yuba	740	173	567	271	29	23	323	36.6%	31	57.1%	22

Produced by CDSS Estimates Branch
Source Data: MEDS LDB March 2006, EDD Earnings Q4 2005, WTW 25/25A Incomplete for Sonoma and Alameda Counties.

*** Adjusted Cases w/ Adults = Cases w/ Adults - WTW 25 Exempt**
**** Adjusted Cases w/ EDD Earnings = Cases w/ EDD Earnings + WTW 25/A Self Employed + WTW 25/A Work Study**

Attachment E

COUNTIES' RATE OF LEAVERS

P4P Measue #3, Adult Cases Exiting for at Least Three Months*, Earnings in the Quarter After Exit

2005 Annual Average Base on Four Calendar Quarters (Preliminary Data, Subject to Revision)

COUNTY	Cases w/ Adults Average	Exits Average	Exits w/ Earnings Average	Earnings Equal or Above Higher Income Threshold Average	Exits w/ Earnings	Rank	Earnings Equal or Above Higher Earnings Threshold	Exit Rate w/ 1.5 X higher earner exits	Rank	Median Quarterly Earnings of CalWORKs Active*** Cases	Earnings Threshold at 250% of Median Quarterly Earnings	Annualized	Poverty Threshold for Family of 3 $ 15,735
State Total	225,842	18,346	10,130	3,273	55.2%		17.8%	64.1%		$2,163	$5,407		% of Poverty
Alameda	9,362	524	284	136	54.2%	34	26.0%	67.2%	22	$2,199	$5,498	$21,992	140%
Alpine	6	1	0	-	33.3%	58	0.0%	33.3%	58	$1,677	$4,192	$16,768	107%
Amador	158	21	10	5	48.2%	49	22.9%	59.6%	42	$1,876	$4,691	$18,763	119%
Butte	1,945	180	95	27	52.8%	37	15.0%	60.3%	39	$2,089	$5,222	$20,886	133%
Calaveras	221	23	13	4	58.9%	13	18.9%	68.3%	18	$2,124	$5,310	$21,238	135%
Colusa	86	12	9	2	73.9%	1	15.2%	81.5%	1	$2,396	$5,991	$23,962	152%
Contra Costa	4,409	350	208	95	59.4%	11	27.1%	73.0%	6	$2,062	$5,154	$20,618	131%
Del Norte	535	43	17	6	39.8%	55	12.9%	46.2%	54	$1,873	$4,681	$18,726	119%
El Dorado	538	73	37	14	50.2%	44	19.5%	59.9%	41	$1,964	$4,910	$19,642	125%
Fresno	11,388	755	436	124	57.7%	19	16.4%	65.9%	26	$2,127	$5,318	$21,272	135%
Glenn	240	26	13	3	48.1%	50	12.5%	54.3%	49	$2,073	$5,182	$20,728	132%
Humboldt	998	92	43	12	46.1%	51	12.5%	52.3%	52	$1,997	$4,992	$19,969	127%
Imperial	1,942	169	103	22	60.7%	2	13.1%	67.3%	21	$2,224	$5,559	$22,235	141%
Inyo	76	11	4	1	37.2%	57	11.6%	43.0%	57	$1,920	$4,801	$19,204	122%
Kern	6,953	624	364	85	58.4%	14	13.7%	65.2%	27	$2,277	$5,693	$22,771	145%
Kings	1,316	98	53	19	54.6%	32	19.2%	64.2%	29	$1,897	$4,743	$18,970	121%
Lake	669	66	37	10	55.7%	29	15.6%	63.5%	33	$2,322	$5,805	$23,218	148%
Lassen	309	36	14	4	38.0%	56	12.0%	44.0%	56	$2,327	$5,818	$23,271	148%
Los Angeles	70,237	4,788	2,567	785	53.6%	36	16.4%	61.8%	38	$2,172	$5,430	$21,721	138%
Madera	1,325	119	68	15	57.5%	21	12.2%	63.6%	32	$2,243	$5,607	$22,429	143%
Marin	467	35	20	9	56.8%	26	25.9%	69.8%	13	$2,137	$5,343	$21,373	136%
Mariposa	113	11	6	3	51.1%	41	26.7%	64.4%	28	$1,491	$3,726	$14,906	95%
Mendocino	848	79	40	12	50.9%	42	15.5%	58.7%	45	$1,948	$4,871	$19,483	124%
Merced	3,425	272	159	56	58.3%	16	20.6%	68.6%	17	$1,971	$4,926	$19,705	125%
Modoc	103	14	6	3	44.4%	52	18.5%	53.7%	51	$1,599	$3,999	$15,995	102%
Mono	28	5	2	0	42.9%	53	4.8%	45.2%	55	$2,557	$6,392	$25,569	162%
Monterey	1,937	213	128	49	59.8%	7	23.1%	71.3%	10	$2,097	$5,244	$20,975	133%
Napa	224	29	18	7	59.8%	6	24.8%	72.2%	8	$1,850	$4,624	$18,498	118%
Nevada	302	35	17	5	49.3%	46	14.3%	56.4%	48	$2,161	$5,402	$21,608	137%
Orange	6,107	681	411	86	60.3%	4	12.6%	66.6%	23	$2,653	$6,632	$26,527	169%
Placer	790	110	63	31	56.9%	25	28.0%	71.0%	11	$1,765	$4,413	$17,653	112%
Plumas	81	16	8	3	50.0%	45	16.1%	58.1%	47	$1,645	$4,112	$16,447	105%
Riverside	10,357	1,219	670	182	55.0%	31	15.0%	62.4%	37	$2,126	$5,315	$21,260	135%
Sacramento	15,644	1,078	615	228	57.1%	24	21.1%	67.6%	20	$2,306	$5,764	$23,058	147%
San Benito	381	38	22	9	57.3%	22	23.3%	69.0%	16	$2,384	$5,961	$23,842	152%
San Bernardino	17,474	1,888	981	270	51.9%	39	14.3%	59.1%	44	$2,096	$5,240	$20,958	133%
San Diego	10,039	865	483	131	55.9%	28	15.1%	63.5%	34	$2,250	$5,624	$22,497	143%
San Francisco	2,958	193	112	56	58.2%	17	28.8%	72.6%	7	$2,042	$5,105	$20,418	130%
San Joaquin	5,853	471	269	89	57.2%	23	18.8%	66.6%	24	$2,213	$5,532	$22,129	141%
San Luis Obispo	883	108	65	20	60.0%	5	18.8%	69.3%	15	$2,028	$5,071	$20,282	129%
San Mateo	1,124	112	68	34	60.4%	3	30.0%	75.4%	3	$1,946	$4,866	$19,462	124%
Santa Barbara	1,965	203	111	39	54.4%	33	19.3%	64.1%	31	$2,046	$5,115	$20,460	130%
Santa Clara	7,255	536	311	132	58.0%	18	24.6%	70.3%	12	$2,311	$5,779	$23,115	147%
Santa Cruz	1,180	82	44	23	53.7%	35	28.2%	67.8%	19	$1,918	$4,794	$19,175	122%
Shasta	1,585	169	87	28	51.8%	40	16.5%	60.0%	40	$1,846	$4,615	$18,460	117%
Sierra	23	3	2	1	58.3%	15	33.3%	75.0%	4	$1,666	$4,164	$16,658	106%
Siskiyou	579	57	24	9	42.3%	54	15.0%	49.8%	53	$1,637	$4,092	$16,368	104%
Solano	2,567	210	125	62	59.5%	10	29.6%	74.3%	5	$1,978	$4,944	$19,776	126%
Sonoma	1,318	154	91	51	59.2%	12	33.0%	75.7%	2	$1,741	$4,354	$17,414	111%
Stanislaus	4,970	387	204	78	52.7%	38	20.2%	62.7%	36	$2,013	$5,034	$20,135	128%
Sutter	559	63	37	9	59.6%	9	13.6%	66.4%	25	$2,089	$5,222	$20,887	133%
Tehama	623	65	36	9	56.0%	27	13.9%	62.9%	35	$2,036	$5,090	$20,359	129%
Trinity	105	12	6	1	49.0%	47	10.2%	54.1%	50	$1,701	$4,251	$17,005	108%
Tulare	6,059	446	246	80	55.2%	30	17.9%	64.2%	30	$2,107	$5,268	$21,071	134%
Tuolumne	332	39	20	7	50.3%	43	18.1%	59.4%	43	$2,046	$5,115	$20,461	130%
Ventura	2,759	259	155	52	59.7%	8	20.1%	69.7%	14	$2,144	$5,361	$21,443	136%
Yolo	1,130	101	58	28	57.5%	20	27.7%	71.4%	9	$2,032	$5,080	$20,318	129%
Yuba	994	86	42	17	48.8%	48	19.2%	58.4%	46	$1,980	$4,949	$19,796	126%

Produced by CDSS Estimates Branch
Source Data: MEDS - MMEF MARCH 2006
EDD Base Wage File - Q4 2005

**** Exits occur when the case leaves in the prior calendar quarter and is off the entire following quarter.***

***** Higher Income Threshold = Median Quarterly Earning of CW Cases * 2.5.***

6/13/2006

*** CalWORKs active cases were on all three months of the quarter. Same as P4P Measure #1.

Attachment F

STATEWIDE HISTORICAL FEDERAL WORK PARTICIPATION RATE CHART

All Families Work Participation	FFY 1997	FFY 1998	FFY 1999*	FFY 2000**	FFY 2001	FFY 2002	FFY 2003	FFY 2004	FFY 2005***
Required Participation Rate	25.00%	30.00%	35.00%	40.00%	45.00%	50.00%	50.00%	50.00%	50.00%
Caseload Reduction Credit	5.50%	12.20%	26.50%	32.10%	38.60%	43.30%	44.20%	46.10%	45.50%
Adjusted Participation Rate	19.50%	17.80%	8.50%	7.90%	6.40%	6.70%	5.80%	3.90%	4.50%
California's Work Participation Rate	29.70%	36.60%	42.20%	27.50%	25.90%	27.30%	24.00%	23.10%	25.80%

* Last year Work Participation Rate included two-parent families and enhanced data.

** Beginning this year on, reflects single parent Work Participation Rate only.

*** Preliminary Caseload Reduction Credit and Work Participation Rate

Note: County-specific federal work participation rate data is not available at this time. Incentive funds for Measure 2 will not be awarded until valid county-specific data is available.

Attachment G

PAY FOR PERFORMANCE LEGISLATION
WELFARE AND INSTITUTIONS CODE
(UPDATED BY AB 1808 – 2006-2007 BUDGET TRAILER BILL)

15204.6. (a) Contingent upon a Budget Act appropriation, 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 2007-08 shall be based on outcomes for the period of July 1, 2006, through December 31, 2006, compared to outcomes for the period of January 1, 2007, through June 30, 2007, and payments in each subsequent fiscal year 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) The department shall periodically publish the outcomes measured by the Pay for Performance Program, identified by county.

(i) 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.