

## Options to Strengthen the Safety Net

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October 22, 2024

### INTRODUCTION

On April 22, 2024, the Board of Supervisors directed the Employment & Human Services Department (EHSD) to engage with community advocates to return to the Board with the following:

#### Answer Questions related to the MX recommendation for Guaranteed Income

1. How do we use these limited resources to serve the most people?
2. What is or should be the role of required or optional supportive services?
3. What is the evidence of long-term outcomes?
4. What about the benefits cliff (abrupt ending of a safety net benefit)?

#### Present a Plan to potentially allocate \$5m for a MX Funded GI Pilot

- a. Intended population(s)
- b. Expected outcomes
- c. How much in stipends for how long
- d. Overhead costs
- e. Evaluation
- f. Opportunities for matching (non-governmental) funding

These two options respond to Question #1

### PURPOSE

To serve the most county residents and receive a high return on investment, the Board of Supervisor could 1) fund a pilot to incentivize continued eligible enrollment in CalWORKs, and/or 2) fund a pilot to increase participation in safety net services.

### AMERICAN SAFETY NET

The American Safety Net, driven primarily by federal legislation and funding, and supplemented by state regulation and funding, provides a number of programs to mitigate the negative impacts of poverty. These programs include the following:

#### County Administered Safety Net Programs

- Temporary Assistance to Needy Families (TANF, and CalWORKs in California)
- Supplemental Nutrition Program (SNAP, and CalFresh in California)
- Medicaid (Medi-Cal in California)
- Women, Infants and Children (WIC)

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- Head Start (and additional state funded child care)
- Low-Income Home Energy Assistance Program (LIHEAP)
- Workforce Innovation and Opportunity Act (WIOA)
- In Home Supportive Services
- Various housing programs

In California, these county-administered programs are largely funded by federal and state funds. For example, In FY24/25, the total benefits to Contra Costa County program recipients for CalWORKs, CalFresh, and Medi-Cal is projected to be approximately \$1,683,241,221. This does not include the other safety net programs listed above. Nor does it include administrative allocations received by the county to administer these three programs. In FY24/25, the County share-of-cost for these three programs is \$11,017,321. (\$4,733,065 for CalWORKs, \$6,284,526 for CalFresh, and \$0 for Medi-Cal).

### Local Safety Net Programs Administered by Other Jurisdictions

- K-12 public education
- Pell grants
- Social Security
- Supplemental Security Income (SSI)

## PROBLEM STATEMENTS

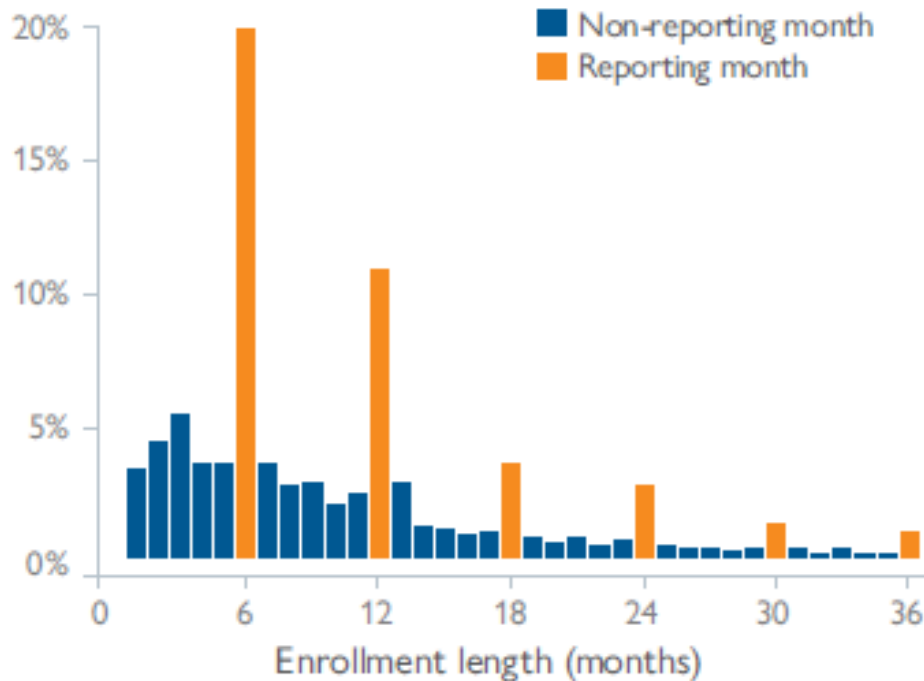
1. *Churn*: On average, each month, safety net program recipients intentionally end their program participation for various reasons, including but not limited to moving out of the county, change in family composition, or increased income (for CalFresh, see blue bars in Chart 1 below). Over the first 12 months after enrollment, approximately 34% dis-enroll. However, when an income verification (every 6 months) or renewal (every 12 months) is due (for CalFresh, see orange bars below), an additional approximately 24% dis-enroll. The difference between the number of households dropping off at these six-month interviews (orange bar) and naturally dropping off monthly (blue bars) is likely related to churn -- households that are still eligible but for various reasons fail to complete their renewal and then reapply later. Churn is financially difficult for households that were, in fact, continuously eligible for benefits, and leads to unnecessary workload for EHSD.
2. *Rescinds*. When a household fails to complete an annual renewal or financial report by the due date, they are discontinued from the program. They can “rescind” the disenrollment by submitting their required documentation within 60 days after the due date. For EHSD, rescinds are processed like a renewal. But for the household, they have lost one or two months of benefits.
3. *Under enrollment*: There are many Contra Costa County households eligible for safety net services but not engaged. For CalWORKs it is estimated that only 28% of eligible households are enrolled, compared to 35% at the state-level and 18% nationally. For CalFresh it is estimated that only 65% of eligible households are enrolled compared to 68% at the state level and 56% nationally.

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*Chart 1: Percent of CalFresh households that dis-enroll each month for 36 months after enrolling. Blue bars represent natural disenrollment. Orange bars represent high levels of disenrollment during reporting months (6 month income report and 12 month renewal) likely reflecting challenges in successfully submitting these report. Source: "Pushed out by paperwork: Why eligible Californians leave CalFresh (2021).*



### OPTION 1: Fund a three year pilot to incentivize continued enrollment in CalWORKs

Implement and evaluate a three-year pilot to provide a \$100 renewal incentive to each CalWORKs household which successfully and timely completes the annual renewal. As described above, churn in program participation introduces financial difficulties for recipient households and increased workload for EHSD. This annual renewal completion incentive encourages CalWORKs households, the most economically impacted households in the county, to complete their annual renewal process. Total estimated cost for a three-year pilot is \$2,000,275. Total return on investment is estimated as \$126 in recipient household benefits for each \$1 invested.

*Table 1: Option 1 Estimated Costs and Return on Investment*

Fiscal Year	Aug	Projected		
	2024	FY25/26	FY26/27	FY27/28
1. Monthly Households	6,686			
2. Plus estimated annual economy driven increase ~1,000		7,686	8,686	9,686
3. Plus annual Option 2 increase ~498		8,184	9,184	10,184

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Table 1: CONTINUED

Fiscal Year	Aug 2024	Projected		
		FY25/26	FY26/27	FY27/28
4. Maximum estimated annual renewals due (66% due to natural 34% attrition; Row 3 x 66%)		5,401	6,061	6,721
5. Cost of \$100 incentive for completed renewals (Row 4 x \$100)		\$540,100	\$606,100	\$672,100
6. EHSD 10% administrative overhead (Row 5 x 10%)		\$54,010	\$60,610	\$67,210
<b>7. Estimated total annual cost (Row 6 + Row 5)</b>		<b>\$594,110</b>	<b>\$666,710</b>	<b>\$739,310</b>
8. Estimated number of renewals incentivized by this incentive (Row 3 x 24%)		1,964	2,204	2,444
9. Average monthly benefits as of October 2024* x 12 months with 4% COLA in FY26/27 and FY27/28.		\$36,732	\$38,201	\$39,729
10. Estimate total annual benefits retained due to incentive (Row 8 X Row 9)		\$72,141,648	\$84,195,004	\$97,097,676
<b>11. Annual return on investment (Row 10 / Row 7)</b>		<b>\$121</b>	<b>\$126</b>	<b>\$131</b>

\*For a family of three, a typical monthly CalWORKs benefits as of October 2020 totals about \$3,061 (\$1,175 in cash, \$768 in CalFresh, \$30 in annualized SunBucks, \$30 in diapers, \$100 in transportation, and an unknown amount in medical services through Medi-Cal). See 10/22/24 BOS presentation Guaranteed Income Part 2, slide 29 for details. The largest number of CalWORKs dis-enrollments likely occurs within the first 12 months after enrollment. An estimated 34% naturally dis-enroll, approximately 24% churn, and approximately 42% successfully renew. This option, incentivizes all active CalWORKs families to renew, but the return on investment applies only to the 24% that would otherwise likely churn.

### OPTION 2: Fund a three-year pilot to increase participation in safety net services

Through an RFP, EHSD proposes to contract with community-based organizations (CBOs) to support households in applying for, managing, and renewing CalWORKs, CalFresh, Medi-Cal, and General Assistance. These CBOs will assist their communities with enrollment and case maintenance tasks that include but not limited to the following. Community members choosing to accept assistance from a CBO will sign a Release of Information (ROI) to authorize EHSD to communicate with the CBO on behalf of the community member.

- Understand the benefits of these safety net programs
- Encourage households to participate
- Understand program rules and participation expectations
- Gather documents required for applications and renewals
- Submit application and renewal documents (online, mail, FAX, or at an office)
- Join households on phone calls with EHSD
- Understand and respond to correspondence received from EHSD
- Communicate in the household's language of choice. (The California Department of Social Services sends safety net program documents to households in the language of their choice. EHSD is also mandated to, and desires to, serve customers in their language of choice. EHSD uses Language Line for verbal interpretation. In 2023, EHSD used Language Line for 64,236 conversations in 67 languages. However, it can still be beneficial for households to speak to a trusted native speaker in

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their own community and have the opportunity to more fully ask questions, express concerns, and understand the responses.

To support CBOs in these tasks, and to continually learn about barriers to program participation and implement improvements, EHSD will host monthly meetings with all contracted CBOs to identify and solve problems, provide training, share information, etc.

### Desired outcomes

1. Over 3-years, improve access to safety net programs by, at a minimum, reaching the California average participation rates of 35% for CalWORKs and 68% for CalFresh by enrolling ~1,494 more CalWORKs households and ~11,385 more CalFresh households.
2. Over 3 years, increase the annual amount of CalWORKs and CalFresh benefits provided directly to households \$125,196,468.
3. Increase trust and collaboration between EHSD and residents and CBOs.
4. Increase EHSD understanding of resident barriers to applying for and maintaining enrollment in CalWORKs and CalFresh. Use this information to implement measures to continually improve access to services.

### Oversight

To quantify achieved outcomes, EHSD will continuously monitor and evaluate program activities and outcomes. EHSD will also implement standard internal and contractor monitoring provisions and will provide annual reports to the Family & Human Services Committee and the Board of Supervisors.

### Return on Investment

The ~1,494 new CalWORKs households will receive an anticipated annual \$18,615,187 in CalWORKs benefits, and the ~11,385 new CalFresh households will receive an anticipated annual \$44,297,611 in CalFresh benefits, for an anticipated annual total of \$62,912,798 in new safety net benefits for our Contra Costa County households and local economy. If this is actualized as 33% the first year (\$20,761,233), plus an additional 33% the second year (\$41,522,447), and plus an additional 34% the third year (\$62,912,798), the total return over three years of \$125,196,468 for a return on investment of \$41.73 for every \$1 invested (\$125,196,468 new benefits / \$3,000,000 investment).

*Table 2: Option 2 Anticipated Costs and Return on Investment*

Line Item	Amount
1. EHSD Overhead (10%)	\$300,000
2. CBO Overhead (20%)	\$540,000
3. CBO reimbursement per submission (goal = 1,493 new CW households and 11,385 new CF households for a total of 12,878 new households)	\$150 per approved new application \$110 per approved renewal or income verification \$75 per approved rescind \$35 per any denial \$2,160,000
4. Three Year Total cost	\$3,000,000
5. Three year total increase in benefits (see paragraph above)	\$125,196,468
6. Return on Investment	\$41.73