

CALWORKS COMMUNITY SERVICE: HOW CAN COUNTIES MAKE IT WORK?

INTRODUCTION

One of the primary features of the 1996 federal welfare reform law, which created the Temporary Assistance to Needy Families (TANF) block grant, is a five-year lifetime limit on federally-funded cash assistance. California's TANF program, California Work Opportunity and Responsibility to Kids (CalWORKs), requires recipients, unless otherwise exempt, to work 32 hours a week after being on cash aid for 18 to 24 months in order to continue receiving a full cash grant.¹ Recipients unable to find an unsubsidized position must participate in a "community service" activity that meets "unmet county needs" and provides "participants with job skills that can lead to unsubsidized employment."² Most of these longer-term recipients are likely to face personal difficulties such as mental health or domestic violence problems, learning disabilities, or other barriers such as living in an area where there are very few jobs available. State CalWORKs law requires all counties to provide community service opportunities. As more and more recipients reach their time limits, important questions remain unanswered about community service in California:

- How are counties structuring community service programs? Are counties offering wage-based community jobs or grant-based "workfare" positions?
- Are counties complying with minimum wage and other employment laws in running community service programs?
- How successful are counties in placing recipients in positions that not only meet program requirements, but also are beneficial in moving recipients to well-paying, unsubsidized jobs?
- Are counties complying with non-displacement requirements of state law?
- What types of programs show promise in helping families move toward self-sufficiency?
- How does community service differ from other components of CalWORKs?

This *Update* begins to answer these questions and suggests policy improvements to help ensure that community service programs best serve the needs of CalWORKs recipients.

WHAT ARE THE REQUIREMENTS OF COMMUNITY SERVICE POSITIONS?

A community service position is an "activity of last resort" for people who are unable to find unsubsidized employment, despite the various interventions (e.g., job club, training, work experience) available through the CalWORKs program. Within the broad parameters of CalWORKs and federal laws, counties have great flexibility to mold community service programs to meet the specific needs and conditions of their clients. While doing so, counties may either try to overcome the stigma of "workfare" programs or simply provide work opportunities that fulfill the legal requirements for recipients to continue receiving grants.

Community service job slots must meet both state and federal legal requirements. According to state

law, CalWORKs community job slots should (1) provide participants with job skills that can lead to unsubsidized employment, (2) be temporary and transitional, (3) address “unmet county needs,” (4) be at a public sector or private nonprofit worksite, and (5) not displace existing workers.³ Federal requirements are described below.

In addition to these broad requirements, counties may provide education and/or training as part of the community service assignment as long as they are relevant to, or required by, the assignment. Counties also have the discretion to allow hours spent in substance abuse, mental health, or domestic abuse counseling, to count toward the work requirement if the counseling is necessary in order to fulfill community service program duties. Finally, counties must provide child care and have the discretion to provide transportation and other ancillary support services, which must be described in a county’s community service plan.⁴

HOW MANY PEOPLE WILL NEED COMMUNITY SERVICE POSITIONS?

Counties can assign community service as a “welfare-to-work” activity during the initial 18- to 24-month time period, during which counties have substantial flexibility to offer training and educational activities. The majority of participants, however, will begin community service as a required work activity after reaching their 18- to 24-month initial time limits.⁵ The number of community service participants will grow as recipients increasingly reach these time limits later this year and in early 2001. The 18- to 24-month “clock” begins ticking when a recipient signs a welfare-to-work agreement, so individuals that have received CalWORKs assistance continually since enrollment should reach their training time limits in 2000.

Earlier this year the California Department of Social Services (DSS) predicted that as many as 150,000 positions may be needed, peaking in May 2001.⁶ However, based on conversations with several counties, these estimates may be greatly overstated. Los Angeles County, for example, with nearly one-third of the statewide CalWORKs caseload, estimated that it would need just over 3,000 positions by December 2000.⁷ Using Los Angeles County estimates to extrapolate statewide, about three percent of the

Washington State Runs Largest Wage-Based Community Service Program

Washington State has the largest wage-based community service program in the country. As of May 2000, nearly 3,000 individuals were enrolled in Washington’s Community Jobs program. Participants work 20 hours a week, for up to nine months, in public and nonprofit agencies.

Nearly all participants receive the advanced Earned Income Tax Credit (EITC), which increases participants’ paychecks by the amount of the EITC to which they are entitled. In addition, the state treats Community Jobs participants like other wage earners, so families’ monthly incomes are much higher than if they were receiving a regular welfare check.

The program has been successful at helping people move toward unsubsidized employment. Of those who have successfully completed the program, two-thirds (66 percent) have obtained unsubsidized employment.¹⁰ Earnings begin low (\$914 in the quarter in which participants leave the program), rising to over \$2,000 in the fourth quarter after leaving.¹¹

Participants often have many barriers to employment: over half (58 percent) have three or more barriers.¹² Two out of five (40 percent) lack a high school diploma or equivalent, nearly twice as many as Washington TANF recipients overall.¹³ The program has also been successful in reaching those with a history of non-cooperation; 40 percent of the participants were previously sanctioned for not meeting program requirements.¹⁴

Part of this success is likely attributable to the way in which Community Jobs couples work with training and supportive services. Nearly a third (30 percent) of the participants are enrolled in training activities such as Adult Basic Education (ABE), English as a Second Language (ESL), and General Educational Development (GED). Seventy percent of participants are co-enrolled in special programs that help to resolve barriers to employment such as substance abuse, domestic violence, and mental health.¹⁵

caseload, or just over 10,000 people, will need community service positions by December of this year.⁸ However, even if only 10 percent of current welfare-to-work enrollees move into mandatory community service, 35,000 work slots will be needed.⁹ The number of slots needed is likely to increase as more families reach time limits without finding subsidized employment.

HOW DO FEDERAL WORKPLACE PROTECTIONS APPLY?

Most, if not all, community service participants will likely be considered “employees” under federal employment laws, and thus will be covered by federal requirements such as minimum wage standards, workplace safety, and non-discrimination.¹⁶ The U.S. Department of Labor (DoL), the agency responsible for compliance with the Fair Labor Standards Act (FLSA), has ruled that most welfare recipients in work activities, including workfare, would be classified as “employees.” Such a classification is based on the relationship between the employer and the recipient, not the fact that the recipient is receiving a welfare grant.¹⁷ In response to an inquiry from the Legislative Analyst’s Office, the DoL confirmed that typical community service duties would constitute employment.¹⁸

Moreover, the U.S. Department of Health and Human Services (DHHS) has stated in the final TANF regulations that federal employment laws apply to TANF beneficiaries (such as CalWORKs recipients) “in the same manner as they apply to other workers.”¹⁹ In addition to the FLSA, these laws include the Occupational Safety and Health Act (OSHA) and nondiscrimination laws.

Since community service participants are likely to be considered employees, they must be compensated at least at the minimum wage. The CalWORKs grant for a family of one adult and two children, and no other income, is \$645 per month in a high-cost region, effective October 1, 2000. If a parent worked her full 32 hours per week requirement (approximately 139 hours per month) in community service activities and was paid the maximum grant amount, she would receive the equivalent of \$4.65 per hour – less than the state and federal minimum wage. Thus participants in families like this one would not be adequately compensated if they were participating in an activity, such as community service, in which they are considered employees.

However, California received approval from the U.S. Department of Agriculture’s Food and Nutrition Service to implement a Simplified Food Stamp Program, which permits counties to combine the welfare cash grant amount and food stamp allotment when calculating the “income” that counts toward the minimum wage standard.²⁰ The California DSS expects that when the simplified program is implemented, scheduled for December 2000, 62 percent of CalWORKs families will be able to work the number of required hours and still meet the minimum wage requirement. This percentage may drop when California’s minimum wage increases to \$6.25 per hour in January 2001. Those recipients unable to meet the entire work requirement with community service work activities must make up (backfill) the difference between the required participation hours, and hours worked in community service, by participating in other work activities. Counties must then provide these other activities, such as training, for the backfilled hours.

WHAT IS WAGE-BASED COMMUNITY SERVICE?

Wage-based community service refers to positions in which a participant’s grant is diverted to the employer – the public or private nonprofit entity – to pay the worker a wage. Participants receive payments in the form of a paycheck based on hours worked.

Wage-based community service has several benefits. Participants, as wage earners, are eligible for the federal Earned Income Tax Credit (EITC), which can raise participants’ take-home pay by as much as

40 percent. That is, simply changing the way that recipients are paid can boost a family's income substantially. An assignment that more closely simulates a "real-world" job may translate into additional advantages. For example, recipients can acquire job-related references, which employers value when hiring less educated workers.²¹ This may be one reason why research indicates that paid employment is often a key element in helping disadvantaged recipients obtain unsubsidized jobs.²² In addition, recipients would pay into Social Security and Medicare funds, and may experience psychological benefits from being paid for their work.

On the other hand, payroll taxes add to the cost of wage-based programs for employers and reduce employees' take-home pay.²³ Community service participants who are not otherwise compensated for their share of the taxes will receive a paycheck that is about eight percent lower than a regular welfare check.²⁴ San Francisco pays its wage-based community service participants more than the minimum wage to offset these taxes. Another alternative is to pay workers a stipend or work supplement to offset income lost due to payroll taxes.

Subsidized wages are not considered "assistance" and thus do not count toward the federal five-year limit on cash aid. However, all CalWORKs recipients are subject to the 60-month state time limit regardless of whether community service is grant-based or wage-based.

Counties must take care to design wage-based programs so that the minimum wage standard is not violated. Participants who receive a paycheck in the amount of the diverted grant and who do not work the required 32 or 35 hours per week must engage in other work activities. In this case, counties will likely need to invest additional resources in assigning alternate activities that are required for, or relevant to, a participant's welfare-to-work plan. Alternatively, the county has the option of supplementing the diverted grant so that participants receive at least the minimum wage for the required number of hours.

Philadelphia Program Combines Wage-Based Community Service and Training

Philadelphia@Work assists recipients who have both been on welfare for at least two years and are deemed "hardest to serve," by providing a combination of work, training, and intensive case management. Program entrants have low academic performance, poor work histories, and behavioral health barriers (i.e., substance abuse, mental health, or domestic violence problems). Participants are employees of the Transitional Work Corporation, which administers the program, and earn \$5.15 per hour for 25 hours per week working at nonprofit or public worksites in clerical, custodial, child care, health care, food preparation, and similar positions.

The program also includes a mandatory 10 hours of training per week in areas including basic education, office skills, child care skills, health care training, and job search skills. Participants also benefit from additional financial support, such as an earned income disregard and allowances for work-related expenses. The program is supported by TANF dollars and federal Welfare-to-Work grant funds, in addition to city funds and a private grant.

The ratio of participants to case managers is 25:1, which allows for intensive case management. This approach, called career advising, aims to help participants establish and meet short- and long-term goals. In order to do so, the career advisors help participants learn techniques for managing both personal and professional difficulties and monitor the cash assistance and supportive services (e.g., child care and transportation assistance) aimed at overcoming obstacles to work. Participants receive an additional six months of case management after obtaining permanent employment.

For those completing the program, the success rate is high: 95 percent are placed in permanent positions.²⁵ The average wage upon completion is \$7.12 per hour, and approximately 50 percent have health benefits. Job retention, measured one to six months after placement in unsubsidized employment, is approximately 72 percent.

STATE LAW CHANGE FACILITATES WAGE-BASED PROGRAMS

The state recently removed a legal barrier for wage-based community service programs. A new law

(AB 1233, Chapter 933 of 2000) enables counties to pay wages to community service participants by clarifying that these wages will not be considered “earned income” for the purposes of calculating grant checks. Without this change, participants in wage-based community service slots would receive more than those who continued to receive their traditional grant, and the grant would be higher than the legal maximum aid payment in some cases.²⁶ Counties can use single allocation or fiscal incentive funds to provide stipends to compensate for payroll deductions.

Prior to this change, signed into law in September, only San Francisco County operated a wage-based community service program (see box). Alameda and Los Angeles Counties have awaited resolution of this issue before proceeding with plans for wage-based programs.

HOW ARE COUNTIES STRUCTURING COMMUNITY SERVICE?

State law required counties to submit CalWORKs plans to the DSS in 1997. However, counties were allowed to submit the community service component of the plan later, since recipients were not expected to enter community service until at least 18 months after implementation. As of June 30, 2000, only 13 counties had state-certified community service plans, and 13 more plans were under review by the state.³¹ The department reports that it will remind counties to submit their plans to the state, but there is no specific deadline for submission.³²

County plans vary in terms of depth. State law requires counties to supply only basic information, including:

- Community needs that participants will address;
- Population to be served, e.g., only recipients who have reached time limits;
- Complementary activities, such as job search, education, and training that will be offered to participants;
- Duration of placements, given that the program is to be temporary and transitional; and
- Entities involved in the planning, implementation, and oversight of the program.³³

San Francisco Wage-Based Program Boosts Income, Offers Skills

San Francisco began an innovative pilot program nearly two years ago with help from a DoL Welfare-to-Work grant. The Community Jobs Initiative (CJI) aimed to test a wage-based community service program by placing 200 “hard to serve” CalWORKs recipients in nonprofit organizations throughout the city.

CJI participants are paid slightly above the state minimum wage (\$6.26 per hour) for each hour worked.²⁷ The paychecks are thus delinked from their grant allowance; the more hours a recipient works, the more he or she gets paid. In comparison, a recipient with two children and no other income would receive a monthly grant check of \$645 (October 2000). If that same recipient works the required 32 hours a week through CJI, she would earn nearly double that – over \$1,100 – including the federal EITC.²⁸

A recent evaluation found that CJI clients who had been placed in unsubsidized employment earned an average wage of \$9.53 an hour, substantially higher than the average welfare “leaver,” and that most were working full-time with benefits.²⁹ A person working 40 hours a week at \$9.53 would earn \$1,703 monthly after deducting payroll taxes and adding the EITC, more than double the grant amount.³⁰ Given its early success, San Francisco will use the project as the blueprint for recipients who are required to enter community service once they hit their 24-month limit. The county expects that 500 to 700 CalWORKs participants will need community service positions.

San Francisco attributes the success of this program to several factors: job readiness training specific to the program, a good faith effort to match placements with recipients’ career ambitions, a low recipient-to-case manager ratio, and explicit expectations that placement sites provide both hard and “soft” skills training.

To date, no placements have been made in public agencies due to efforts from organized labor to limit community service placements to nonprofit organizations. San Francisco also limits displacement by requiring sites to sign an agreement that they will comply with state law.

Of plans reviewed by CBP, several fulfill only these basic requirements and some neglect even to address these. Others provide more information, but only a few counties have plans that articulate specific objectives. Of the 13 county plans that the state had certified as of June 30, 2000:

- **No plans include a wage-based model.** Fresno plans to revisit the issue in the future.
- **Four do not mention the types of jobs recipients will fill.** Three counties mention that they will use many of the sites from the former GAIN program.
- **Eight do not list complementary activities, such as training and education, to help move recipients to unsubsidized employment,** as state law requires.
- **Over half (eight) do not expressly allow education and training hours to count** toward the work participation requirement. DSS specifically allows, but does not require, relevant training and instruction to count toward work requirements.
- **Four counties allow hours spent in substance abuse and mental health, and three allow hours in domestic abuse services, to count** toward the work requirement. DSS allows, but does not require, counties to count time spent in those activities toward work participation requirements. However, counties are required to provide needed mental health services or indicate in the county plan how these services will be made available to community service participants.³⁴
- **Two do not specify what supportive services (such as child care and transportation assistance) will be provided.** State law requires counties to provide child care for children under 10 years old for recipients who need it.³⁵
- **Nearly half (six) do not mention the intended length of placement,** as DSS requires.³⁶ Of those that do mention the length, the most common length is three to six months, subject to reassessment of a participant's situation.
- **All but two allow recipients who are not time-limited to participate.** These recipients include those whose welfare-to-work plan includes community service and those who do not have access to transportation.

Counties Do Not Adequately Address Displacement Issues

Of the counties with certified community service plans, five make no mention of ensuring that existing workers are not displaced, while five

Alameda County Ready to Begin Wage-Based Community Service Pilot Program

Alameda County expects that approximately 600 to 900 recipients, out of a total caseload of over 20,000, will need a community service assignment. Most of the community service positions will be in a traditional "workfare" program. One thing that will distinguish Alameda County's program from many other counties is the emphasis on training in addition to the required work assignment.

At the same time, Alameda County plans to begin a demonstration wage-based community service project pending resolution of the state legal barrier described above. The program is designed specifically for limited-English-proficient recipients in the Lower San Antonio and Fruitvale areas of Oakland. The goal of the program is to provide intensive support that is culturally sensitive and linguistically accessible to recipients who are not adequately served by the current program.

Specifically, individuals whose first language is Spanish, Laotian, Vietnamese, or Cambodian, and who require substantial assistance, will be placed in positions at nonprofit organizations for 20 hours per week. They will also attend culturally specific vocational ESL class for 10 hours a week and participate in peer support groups for the remaining two hours. In return, they will be paid the state minimum wage. Funds from a DoL competitive grant will supplement recipients' diverted CalWORKs grant. Participants are not required to have reached the 18/24-month time limits. If the program is successful, the model will be replicated in other areas of the county.

Alameda County will post the displacement grievance process for employees who fear that they have been displaced by CalWORKs community service workers, as state regulations require. In addition, worksites and the county agency will sign a "memorandum of understanding" to ensure that no existing employees are displaced by the workers.

others mention that displacement will be prevented but do not explain how. The remaining three counties describe the same mechanism for ensuring that no displacement occurs: worksites must supply a written guarantee of compliance with statutory provisions (see below). State law requires counties to comply with these provisions, yet DSS did not explicitly require counties to specify in their plans how they would ensure compliance. Therefore, it is possible that some of these counties have a non-displacement mechanism, but made no mention of it in the plan because it was not required.

Appendix A details key features of state-certified plans.

HOW CAN COUNTIES PREVENT DISPLACEMENT?

California state law is quite strong in terms of ensuring that CalWORKs community service participants do not displace existing employees. In particular, state law forbids using community service participants to fill openings that result from or in: partial displacement (including reduction of hours and loss of overtime work) of current employees; loss of promotional opportunities for current employees; filling of unfilled funded public agency positions; a layoff, strike, lockout, or other bona fide labor dispute.³⁷

In addition, TANF requires states to establish and maintain a grievance procedure for resolving complaints of alleged violations of the displacement provisions.³⁸ The final TANF regulations require that the states include a description of this grievance procedure when they submit their state plans or as part of their annual reports.³⁹ California's description of its grievance process is brief and is based on a vague "informal resolution process" at the county welfare department, which can then be appealed to DSS.

In addition to the brief description of the grievance process, California's TANF plan states that county welfare departments "are required to notify the appropriate labor union of the assignment of welfare-to-work participants to a worksite covered by a collective bargaining agreement." Additionally, posters informing employees of the displacement grievance process "are to be posted at non-union work sites [sic] in which welfare-to-work participants are placed."⁴⁰

Despite the strong statutory language, implementation of non-displacement is left almost entirely up to counties. As mentioned previously, counties have taken few concrete steps – at least through their community service plans – of ensuring that displacement does not occur.

Options for reducing the potential for displacement include limiting positions in any one public agency department, limiting assignments to a year or less, and better informing labor unions of the location and duties of community service participants. At a minimum, the state can require that all counties do what some already have: secure written agreements from worksites to abide by the statutory non-displacement provisions.

WHAT CAN THE STATE AND COUNTIES DO?

The state and counties can take several actions to strengthen the community service aspect of CalWORKs without radically changing its character or resulting in unmanageable costs.

The State:

- Should **strengthen implementation of non-displacement guarantees**. While the statutory provisions are strong, they currently have few "teeth." The state can improve monitoring and

reporting (including advanced notice) of the specific location and duties of community service participants. At a minimum, the state can require that counties secure written agreements from worksites that they follow the legal bans on displacing existing workers.

- Should **monitor and evaluate** the effects of wage-based and other community service program models in order to understand which programs best help recipients move toward self-sufficiency.

Counties:

- Should consider implementing **wage-based programs**, at least for a portion of the population. These programs substantially boost recipients' income and likely increase their employability with modest additional county costs.
- Should consider **lowering caseload per case manager** in order to provide more intensive monitoring and support. This can utilize existing funds to help the participants who are likely to be "hardest to serve." Several successful programs emphasize intensive case management.
- Can capitalize on flexibility and available funds by offering **training and education** that complement the work activities and enhance employability.
- Should **strictly enforce non-displacement provisions**. Counties can require worksites to agree in writing to comply with the non-displacement provisions, give advance notice to labor unions about community service placements, limit placements in public agencies, and improve the documentation of the location and duties of program participants.
- Should **monitor and evaluate** the community service programs they implement.

CONCLUSIONS

Given the framework of providing an experience that (1) leads to a possible job, (2) does not displace other people, and (3) is located in public or nonprofit entities, many counties may find it difficult to create enough effective job slots for those recipients needing to be placed in community service activities.

However, it is possible that fewer community service positions will be needed than once predicted. This gives counties the chance to use their resources more intensively for the hard-to-serve population that reaches community service. Moreover, experience in California and other states suggests that wage-based programs, work positions coupled with training and education, and intensive case management, are successful in moving welfare recipients to work. Given available funds and flexibility, counties can implement creative community service programs that help participants make the transition to employment and self-sufficiency.

David Carroll prepared this Update with the assistance of Kate Breslin. The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective and accessible expertise on state fiscal and economic policy issues. The CBP is committed to improving public policies that influence the economic and social well-being of Californians and their communities. Publication of this update was supported by grants from the David and Lucile Packard and William and Flora Hewlett Foundations. This publication is the third in a series monitoring the implementation of welfare reform in California. Future publications will examine topics that include how California counties are implementing welfare reform and what we know about former welfare recipients. Visit the CBP web site at www.cbp.org.

ENDNOTES

¹ The work requirement is 35 hours a week for a two-parent family.

² Welfare and Institutions Code §11322.9.

³ Welfare and Institutions Code §11322.9.

⁴ California Department of Social Services, *California Work Opportunity and Responsibility to Kids (CalWORKs) Welfare-to-Work Program: Questions and Answers Regarding Community Service*, All County Letter No. 99-111 (December 27, 1999).

⁵ Recent CalWORKs applicants and recipients who were receiving cash aid before the implementation of CalWORKs have different initial time limits. New applicants have an 18-month training time limit, which can be extended for an additional six months. Recipients already on the welfare rolls prior to the implementation of CalWORKs have a 24-month limit.

⁶ California Department of Social Services, *Local Assistance Estimates, Governor's Budget 2000-01* (January 2000).

⁷ Los Angeles County Department of Public Social Services, *Community Service Implementation Plan, Grant-Based Model*. As of March 2000, Los Angeles County reported 98,500 enrollees, with approximately 25 percent working in unsubsidized jobs.

⁸ This depends on several factors, including how many leave cash aid before reaching the 18/24-month time limits, how many are employed in unsubsidized positions, how long recipients stay in community service positions, and how many recipients are not complying with welfare-to-work program requirements.

⁹ As of March 2000, there were 344,920 welfare-to-work enrollees. California Department of Social Services, WTW 25 and WTW 25A reporting forms.

¹⁰ Annette Case, Erin Burchfield, and Paul Sommers, *Community Jobs: Outcomes Assessment and Program Evaluation*, (Seattle: Economic Opportunity Institute and Northwest Policy Center, September 2000).

¹¹ Participants who leave the program toward the end of a quarter would only have partial earnings for the "first" exit quarter. Annette Case, Erin Burchfield, and Paul Sommers, *Community Jobs: Outcomes Assessment and Program Evaluation*, (Seattle: Economic Opportunity Institute and Northwest Policy Center, September 2000).

¹² Office of Trade and Economic Development, State of Washington (May 31, 2000). Employment barriers are defined widely here, including domestic violence; substance abuse; learning, mental, or physical disability; mental illness; transportation; child care or child health issues; housing; problem solving skills; workplace behavior; conflict resolution; legal issues; debt.

¹³ Annette Case, Erin Burchfield, and Paul Sommers, *Community Jobs: Outcomes Assessment and Program Evaluation*, (Seattle: Economic Opportunity Institute and Northwest Policy Center, September 2000).

¹⁴ Office of Trade and Economic Development, State of Washington (May 31, 2000).

¹⁵ Office of Trade and Economic Development, State of Washington (May 31, 2000).

¹⁶ See the California Budget Project's *Application of FLSA to CalWORKs Community Service* (July 24, 2000).

¹⁷ U.S. Department of Labor, *How Workplace Laws Apply to Welfare Recipients* (revised February 29, 1999).

¹⁸ The duties described were "(1) filing and clerical activities at a county welfare department, (2) cleaning up a public park, and (3) assisting a nonprofit organization by serving side-by-side with its employees." Legislative Analyst's Office, *CalWORKs Community Service: What Does It Mean for California?* (February 4, 1999).

¹⁹ 45 C.F.R. §260.35 (1999).

²⁰ California Department of Social Services, *Implementation of a Simplified Food Stamp Program (SFSP) that Will Allow Counties to Combine the Amount of the Food Stamp Allotment with the California Work Opportunity and Responsibility to Kids (CalWORKs) Grant Amount to Determine the Number of Hours of Participation in CalWORKs Work Experience and Community Service Activities*, All-County Information Notice No. I-75-00 (August 21, 2000).

²¹ Harry J. Holzer, *What Employers Want: Job Prospects for Less-Educated Workers* (New York: Russell Sage Foundation, January 1996).

²² Julie Strawn and Robert Echols, *Welfare-to-Work Programs: The Critical Role of Skills* (Washington, DC: The Center for Law and Social Policy, April 1999).

²³ Employers and employees split federal payroll taxes, employees pay a State Disability Insurance tax, and employers are responsible for unemployment insurance and workers' compensation premiums.

²⁴ Employee share of federal payroll taxes (7.65 percent) plus State Disability Insurance tax (0.7 percent).

²⁵ Sixty percent who start the program finish successfully.

²⁶ AB 1233 (Arner) makes the CalWORKs "earned income disregard" inapplicable to wage-based community service participants. This "disregard" of the first \$225 and 50 percent of remaining earned income increases the take-home income of recipients who work, in order to encourage employment.

²⁷ Participants are paid above the state minimum wage of \$5.75 in order to compensate for payroll taxes that are deducted from paychecks.

²⁸ California Budget Project calculations, including 7.65 percent federal payroll taxes, 0.7 percent for state disability insurance tax, and the maximum EITC for a family with two dependents of \$3,816.

²⁹ General Accounting Office, *Welfare Reform: Work-Site-Based Activities Can Play an Important Role in TANF Programs*, HEHS-00-122 (July 2000).

³⁰ California Budget Project calculations, including 7.65 percent federal payroll taxes, 0.7 percent state disability insurance tax, and annual EITC of \$2,265.

³¹ As of June 30, 2000, 13 counties had certified community service plans. As of November 2, 2000, 24 counties had approved plans, 22 were under review by the state, and 12 had not yet submitted plans. The following counties had certified

community service plans as of June 30, 2000: Alpine, Colusa, Fresno, Glenn, Imperial, Plumas, San Benito, San Bernardino, Santa Barbara, Shasta, Siskiyou, Stanislaus, and Ventura.

³² Some counties may have postponed submission of plans pending the resolution of the earned income disregard for wage-based participants.

³³ Welfare and Institutions Code §11322.9 (d); California Department of Social Services, *California Work Opportunity and Responsibility to Kids (CalWORKs) Welfare-to-Work (WTW) Program: Questions and Answers Regarding Community Service* (All County Letter No. 99-011, December 27, 1999).

³⁴ Welfare and Institutions Code §11322.9 (f).

³⁵ Welfare and Institutions Code §§11322.9 (f), 11323.2 (a)(1).

³⁶ California Department of Social Services, All County Letter No. 99-111 (December 27, 1999).

³⁷ California Welfare and Institutions Code §11324.6.

³⁸ 42 U.S.C. §607(f)(3).

³⁹ 45 C.F.R. §265.9(b)(7) (1999).

⁴⁰ California Department of Social Services, *State Plan for Provision of Public Assistance Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (October 1, 1999).