

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 12, 2011
POSITION: Oppose
SPONSOR: California Food Policy Advocates

BILL NUMBER: AB 6
AUTHOR: F. Fuentes

BILL SUMMARY: CalWORKs and CalFresh

This bill would require the Department of Social Services (DSS) to replace the current Quarterly Reporting/Prospective Budgeting (QR/PB) system for determining monthly benefit levels for California Work Opportunity and Responsibility to Kids (CalWORKs) and CalFresh (previously Food Stamp) recipients with a Semi-Annual Reporting (SAR) system, operative July 1, 2012, to be implemented no later than January 1, 2013. This bill would also prohibit the DSS from assuming county administrative savings resulting from SAR implementation until certain conditions are met.

This bill would require the design, implementation, and maintenance of a utility assistance initiative, under which the DSS would be required to grant applicants and recipients of CalFresh benefits a nominal federal Low Income Home Energy Assistance Program (LIHEAP) benefit.

This bill would eliminate the Statewide Fingerprint Imaging System (SFIS) requirements for applicants and recipients of the CalFresh and CalWORKs program. Lastly, this bill would require the DSS, in consultation with the California Welfare Directors Association, to report to the Legislature in April 2013 regarding the effects of implementing SAR.

FISCAL SUMMARY

This bill would result in net General Fund costs of approximately \$8.3 million in 2011-12, \$75.6 million in 2012-13, and \$117 million annually thereafter, as follows:

SAR Implementation

- One-time costs of approximately \$900,000 in 2011-12 and \$13.2 million in 2012-13 for automation and training.
Costs of approximately \$12.7 million in 2012-13 and \$54.3 million annually thereafter due to CalWORKs recipients retaining higher benefits for a longer time than under the QR/PB system (since grants would be adjusted less often under SAR than QR/PB).
Costs of approximately \$300,000 in 2012-13 and \$700,000 annually thereafter to the California Food Assistance Program (CFAP) due to recipients receiving slightly higher benefits.

SFIS Elimination

- Costs of approximately \$7.4 million in 2011-12, \$53.7 million in 2012-13, and \$65.8 million annually thereafter due to an increase in duplicative aide cases in CalWORKs, CalFresh, and CFAP.
One-time costs of approximately \$4 million in 2011-12 and \$1.6 million in 2012-13 to decommission the SFIS.

Analyst/Principal Date Assistant Program Budget Manager Date
(0533) J. Kapoor

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

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- Automation savings of approximately \$4 million in 2011-12 and \$7.4 million annually thereafter.

LIHEAP

- One-time automation costs of approximately \$260,000 in 2012-13 and \$220,000 in 2013-14 to update the Electronic Benefit Transfer system.
- Costs of approximately \$1.2 million in 2012-13 and \$2.8 million annually thereafter to the CFAP.
- Costs to CalFresh administration of approximately \$50,000 in 2012-13 and \$600,000 annually thereafter due to a slight increase in caseload.

The DSS would need 7.0 limited-term positions for up to four years to implement the provisions of this bill. The costs for these positions would be approximately \$200,000 General Fund annually beginning in 2012-13.

COMMENTS

The Department of Finance opposes this bill because of the following reasons:

- This bill would eliminate the SFIS, which is a valuable tool in deterring fraud and duplicate aid in the CalWORKs and CalFresh programs, resulting in net costs of approximately \$7.4 million in 2011-12, \$47.9 million in 2012-13, and \$58.4 million annually thereafter.
- This bill would prohibit the state from assuming county administrative savings from SAR implementation in the budget until actual savings are realized. These savings are estimated to be \$28.4 million in General Fund in 2012-13 and \$56.9 million annually thereafter.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP	2011-2012		2012-2013		2013-2014		Fund
	RV	98	FC	FC	FC	FC	FC	FC	Code
5180/Social Svcs	SO	No	C	\$0	C	\$200	C	\$200	0001
5180/Social Svcs	LA	No	C	\$8,300	C	\$75,600	C	\$117,000	0001