

# **California Senate Human Services Committee Hearing On Maximizing Federal Funds for Human Services**

**March 9, 2010**

## **Testimony of Phil Ansell Assistant Director, Los Angeles County Department Of Public Social Services**

My name is Phil Ansell and I am an Assistant Director at the Department of Public Social Services in Los Angeles County. I oversee the Department's Bureau of Program and Policy, which includes the implementation of our County's subsidized employment program expansion and non-recurrent benefits made possible by the Temporary Assistance to Needy Families (TANF) Emergency Contingency Fund (ECF) established by the Federal ARRA.

### **Background**

The TANF ECF was established as part of the federal ARRA in February 2009 to make additional TANF funds available to states struggling to help families during one of the worst economic downturns in the history of the country. It provided \$5 billion nationally, giving each eligible state the chance to draw down an amount equal to 50% of its annual TANF Block Grant. This means that California is eligible to up to \$1.83 billion of the total \$5.0 billion, to the extent that the total national amount is not exhausted. To date, California has received a disproportionately high share of the national total, collecting 36 percent of all TANF ECF. This is due to both Los Angeles County's and many other California counties quick expansion of subsidized jobs programs, as well as California's relatively large share of the nation's total TANF caseload increases as a result of the recession. This has provided the State with greatly needed revenue to create jobs, maintain CalWORKs cash grants for increasing caseloads, and fund certain

non-recurrent benefits designed to keep families afloat in the after-math of the recession.

### **Subsidized Employment In Los Angeles County**

Currently, federal ECF funding is being used in twenty-one states and the District of Columbia to create or expand temporary subsidized jobs programs. These programs have proven to be a cost-effective way to create tens of thousands of jobs in local communities. However, the funding is scheduled to sunset on September 30, 2010. If Congress does not extend the ECF and include additional funding, counties in California with subsidized jobs programs, as well as other states, will be forced to terminate their programs and eliminate the jobs created. This would further weaken local economies and lead to increased hardship and homelessness among the increasing numbers of poor families we see in our offices every day.

Since April 2009 in Los Angeles County, the Department of Public Social Services has worked in partnership with the South Bay Workforce Investment Board and 35 Workforce Investment Act One-Stop Career Centers, to provide thousands of subsidized jobs to the following categories of low-income parents:

- Parents with children receiving CalWORKs cash assistance;
- Parents employed by a business facing closure or significant lay-offs;
- Non-Custodial Parents who were receiving County-funded General Assistance and who have children receiving CalWORKs or Medi-Cal;
- Parents in at-risk families receiving child welfare services, including family preservation services; and
- Parents living in a domestic violence shelter or homeless shelter.

The Los Angeles County jobs initiative model has proven to be popular with private-for-profit, non-profit and public sector employers. As of February 25, 2010, our County had placed 4,642 individuals in subsidized jobs funded with ECF. The jobs we have created in Los Angeles County are with dozens of different types of employers such as, insurance agencies, car rentals agencies, super-markets, County and City Departments, restaurants, schools, and printing companies, to name a few. Our goal is to create 10,000 jobs across Los Angeles County. However, this is unlikely without an extension of ECF beyond September 2010 and additional federal funding.

Our Department and our local Workforce Investment Act partners in Los Angeles County continue to outreach to employers. To date, we have implemented the following types of outreach strategies:

- Workshops across our county with groups of invited private sector employers and directly involving members of our County Board of Supervisors;
- Public Service Announcements;
- Targeted email to extensive databases of contacts in business, non-profit and faith-based organizations, and Department and County contractors;
- Advertising on buses, and
- Sharing of employer and employee success stories with local media to create public awareness.

ECF can cover up to 80% of the total cost of each subsidized worker. In Los Angeles County, we have structured our program so that up to 100% of an employee's wage costs can be subsidized, provided that the subsidy is limited to \$10/hour. Employers contribute the 20% share of the total cost of each new hire by providing supervision, the

costs of which must be documented. New hires work up to 40 hours per week, with jobs lasting from 6 to 12 months.

In Los Angeles County, a company wishing to hire a subsidized employee must complete a worksite agreement with the South Bay Workforce Investment Board (SBWIB). The SBWIB generally serves as the employer of record, and the participating One-Stop Career Centers are under contract with the SBWIB. The subsidized employee works at the employer's worksite but is generally paid by SBWIB.

Many employers have expressed that these subsidized jobs funded through the ECF are a win-win for them, as well as for the people who would otherwise remain unemployed. Some of these employers have also expressed an interest in hiring their subsidized employees into permanent positions once the program ends. However, this is contingent on the economy, each employer's situation and growth plans. Historically, since the inception of our County's subsidized employment program in 2004, when the economy was healthier, we found that 70% of participants completing subsidized employment were able to make a successful transition to unsubsidized employment with either the same or a different employer. But with the weak economy and high unemployment rates forecast to continue through the next year, we do not expect the rate of successful transition to unsubsidized employment to remain as high. Given this reality, federal extension of the ECF with additional federal funding to maintain local subsidized jobs efforts is critical to help employees and employers bridge the gap until the economy stabilizes.

Extension of the ECF will continue to boost local economies still a long way from recovery. Economists have cited how income subsidies, like subsidized wages to low-

income families and basic cash grants which the ECF also supports, are dollars that quickly enter local markets and create significant economic multiplier effects. Based on the Congressional Budget Office's (CBO) January 2010 report, *"Policies For Increasing Economic Growth and Employment in 2010 and 2011"*, extending and expanding the ECF would be one of the most timely and cost-effective policy options for increasing economic growth and employment. The Center on Budget and Policy Priorities further underscored the strong economic stimulus effect of the ECF in its January 27, 2010 Special Series Paper, *"Extending The TANF Emergency Fund Would Create and Preserve Jobs Quickly And Efficiently."* The authors stated, "Research shows that low-income individuals generally spend virtually all of their limited income to meet ongoing needs such as shelter, food, and transportation. That, in turn, helps to sustain local merchants and services and, through them, neighborhood economies and jobs."

### **Non-Recurrent Short-Term Benefits In Los Angeles County**

The ECF has enabled our County to fund the following types of non-recurrent short-term benefits:

- Help to struggling families that have previously been involved in the child welfare system to establish stable housing by assisting with move-in fees, security deposits, rental assistance, utility deposits and payments, other fees and the purchase of appliances and furnishing. Work support payments are also used as needed to assist with auto insurance, vehicle registration and repair.
- Payments to help CalWORKs families avoid eviction or move from homelessness into permanent housing. From July 2009 through December 2009, we have provided:
  - 6,685 CalWORKs families with Emergency Assistance to Prevent Eviction
  - 4,332 CalWORKs families with Moving Assistance

- One-time work allowances for families exiting CalWORKs with employment.

We are also in the process of developing:

- Eviction prevention services for non-CalWORKs families with income below 200% of the FPL, and
- A partnership with the Los Angeles Food Bank on an emergency program to provide food to families below 200% of FPL.

### **The Need For An ECF Extension**

In closing, our economy and communities are a long way from recovery.

Unemployment in California remains over 12% (as of December 2009). Los Angeles County alone shed hundreds of thousands of jobs over the course of the recession, and the number of applications for assistance the County receives each month remains incredibly high. Los Angeles County received almost 12,500 CalWORKs applications and 46,000 Food Stamp applications in December 2009, alone.

It is critical that the federal government take action now to avoid prematurely ending the TANF ECF, which would result in the elimination of tens of thousands of subsidized jobs across California that would only send more families to the unemployment line. We are urging Congress to do the following:

- Extend the TANF ECF through September 2011, and
- Include additional ECF funding during 2011 to enable states to continue subsidized employment as well non-recurring short-term benefits and cash assistance as allowed under current ECF rules.