DEVELOPMENT OF A MODEL PROJECTING CALWORKS CASELOADS

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OVERVIEW

The traditional role of welfare, especially for families, has been that of income maintenance. Aid for Families with Dependent Children provided families with enough income to meet their basic needs. This was based on the foundation that providing for the basic needs of these families would allow them to avoid physical deprivation but leave them with the desire to improve their quality of life. In recent years there have been limited efforts to assist welfare recipients in joining the labor force. Programs like GAIN have provided limited resources to welfare agencies to provide employment services.

With the Temporary Assistance for Needy Families (TANF) program replacing the Aid for Dependent Families (AFDC) program, the emphasis was shifted. Welfare agencies now have a dual mandate, income maintenance and employment. In California, the implementation of TANF, known as CaIWORKs, requires that clients comply with requirements that are based on their time on aid. Failure to meet these requirements results in sanctions which reduce the cash aid by the adult's portion.

This change in emphasis has been accompanied with a substantial increase in funding. In the early and mid-1990's welfare agencies were primarily concerned with minimizing the effects of stagnant or reduced funding and growing caseloads. With CaIWORKs, welfare agencies must now plan for expanded services in an environment that is characterized by a rapid decline in the caseload, service demands based on the client's particular needs and program requirements based on length of time on aid. This has created a critical need for short- and long-term resource allocation planning. Because of the long lead-time necessary for developing the capacity to provide a particular service and the cost associated with rapidly reducing a service, accurately allocating resources has both program and financial implications. Increasing capacity or starting a new program requires hiring staff. training staff, having adequate cash reserves to cover expenses until revenue is realized, obtaining facilities, obtaining equipment, etc. Meanwhile, if there is excess capacity and the program is reduced or terminated, start-up costs will already have been incurred but the corresponding revenue will not be realized and ongoing cost commitments will continue.

In the past, resource allocation decisions were largely pre-defined. Resource allocations were largely defined by the funder and were capped at levels far below the needs of the total client population. CalWORKS' increase in funding and the flexibility to shifting funds between activities in changes this dynamic. Counties have the freedom to concentrate resources where they see fit and have many fewer program constraints.

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While there is no particular precedent for projecting how to allocate resources in the CaIWORKs era, in many counties there is a certain degree of linear logic that can be imparted to the

CalWORKs process. CaIWORKS recipients follow a basic timeline of activities if they do not have 32 hours of employment a week. They attend an orientation, participate in job club, receive an employment assessment, create a welfare to work plan, participate in the welfare to work activities prescribed by their plan, participate in community service, and finally lose TANF benefits after 60 months. Thus, a mathematical model can be created that projects the net inflow (people enrolling in CalWORKs) and outflow (people leaving CalWORKs). Furthermore. a model can project the amount and types of services that will be needed within a particular component (this is most relevant in the welfare to work activities prescribed by their plan).

RESOURCE PLANNING

In San Francisco, like many counties. projections of caseloads are done at various levels. The total CalWORKs caseload is projected from historical trends. The analyst that develops the projections for the CalWORKs caseload looks at historical trends in the program and accounts for any past or future one-time events that affect the caseload. He is then able to develop mathematical calculations to project the change in the caseload. While this provides general guidance for resource needs. it does not identify where resources need to be directed.

Program management staff frequently has primary responsibility for projecting the resource need in their particular area. With no CalWORKS history to rely on, they have had to develop new methodologies for projecting the resource demands. Because of the complexity of implementing CaIWORKs, and the non-linear path of San Francisco's implementation of Ca1WORKs, creating models that are based on reliable flows between phases presents problems. First, the flow itself between components has been unpredictable as implementation is happening simultaneously. Transfers between components may not take place when expected because a component is simply not ready to accommodate clients. Second, the data, which the projections are being based on, are still being developed and/or being refined. This further increases the level of uncertainty with which the projections are based. Third, in some counties. like San Francisco, the components are not necessarily linear. Thus, it is impossible to be sure which component a person might progress to after completing a component.

San Francisco made projections of how many clients would be referred to contractors for Welfare to Work services and structured payments on the contractor's performance. These projections were based on past employment data, GAIN usage data. worker caseloads, labor market participation and other information. However, the projection for the number of clients referred to the contractors was much higher than has actually occurred. This has made it impossible for the contractors to realize their projected revenue. Fortunately, the vast majority of San Francisco's contractors were building on existing programs. They had not made major investments to increase capacity. Instead, they were planning on increasing capacity largely through existing staff and infrastructure. This was fortunate, as an organization that increases its staffing and infrastructure in anticipation of the increased demand would face a situation where a major investment has been made without the corresponding demand or revenue. This could put a small contractor in serious jeopardy of financial problems.

In the short term, San Francisco continues to develop and implement their CalWORKS, with an acknowledgement that their understanding of needs and how to allocate resources will evolve as

they gain more experience. The Budget Office has accepted that revised projections of need will require a corresponding reallocation of resources.

DEVELOPMENT OF A MODEL

As counties develop a better understanding of CaIWORKs, the development of models that project caseloads, overall and within components, will become more important. While it is probably unrealistic at this point in the implementation of CaIWORKs to have a high degree of precision in a model of this sort, such a model can provide a much stronger basis than what is currently available for understanding where resources need to be allocated. For example, community service will potentially require a rapid expansion when existing CaIWORKs recipients reach 24 months. Currently, only people with community service as part of their plan will require a slot. The number of people needing community service placements will largely be determined by how quickly the county executed welfare to work plans for CaIWORKs recipients, the number of people that exit the caseload permanently, the number of people who exit the caseload temporarily, the number of people who were or are sanctioned, and the number of people who are working more than 32 hours a week. In developing a model that projects caseloads resource allocation needs, it is structured as a "Life Table." A CaIWORKs program, if linear, is much like life expectancy projections, with the various phases of CaIWORKs having an analogous phase in life.

Birth	Enrollment in CaIWORKs
Infant	Ca1WORKs orientation
Child	Job club
Adolescent	Employment assessment
Adult	Welfare to Work activity
Senior	Community service
Death	60 month time limit

This makes using a "Life table" model ideal for a CaIWORKs model. However, there are a number of important factors and differences that must be taken into account. Exiting from CalWORKs is not necessarily a final act. Many people will leave and return to the caseload. Upon their return, they have already expended part of their time, and therefore do not start from the beginning. Thus the model will have to account for people returning in the middle of their progression through CaIWORKs because they lost their employment or remedied a sanction. Studies have shown that the loss of a job is a fairly common event. Thus, a model must be able to account for the return factor.

Besides the return factor, there are numerous other factors that must be accounted for. These include the rate of enrollment in CaIWORKs (in this case I am defining enrollment as having attended orientation), the sanction rate, the length of sanctions, the exit rate, the length of time off of aid, and exemption from participation rate. Within the welfare to work activity component, the model must not only project people but also placements. This is significant because a person can have multiple placements to complete their weekly 32 hour requirement. It is the number of placements that the county must be concerned with to ensure that there are adequate slots available. To determine the total number of placements that are needed to meet the demand, the

length of time and the hours per week that a particular type of placement demands must be determined. The need to convert from people to placements and back was one of the most difficult areas of the model. At the suggestion of San Francisco analyst, Julie Goldsmith, people and placements were converted into hours. This simplified the calculations to some degree and presented an easier to understand measure. As information about placements is needed. they are converted from the hours.

With the number of factors that need to be accounted for in building a credible model, the complexity that is demanded quickly became overwhelming. San Francisco analyst Julie Goldsmith suggested that the model be broken down into several smaller models (mini-models). Each mini-model tracks the people who enroll in CalWORKS in a given quarter. The mini-model then tracks them throughout their time in Ca1WORKs. There are separate mini-models for the high capacity (those with few barriers to employment) and low capacity (those with barriers to employment). This approach minimizes the mathematical complexity by focusing on a single set of factors, while a single model would require that multiple sets of factors be accounted for at a single point in time (as different groups of people are at different points in time in CalWORKs).

This approach also allows for changes in the composition of the caseload, the economy, available services, other external factors, changing assumptions (e.g. the sanction rate declines), etc. This greater flexibility is in many ways essential. It is inevitable that modifications will be made to the model. By having the mini-model approach, it allows gradual changes in factors. The single model approach is much more difficult to change. Either the assumption is changed globally or the model must be redesigned to account a gradual change.

Because counties are still learning about the interplay between CalWORKS, the economy, and the number of clients that are able to exit CalWORKS. any model that is adopted will have to be constantly reevaluated and modified as necessary. Furthermore, as the environment changes, particularly the economy, these will also have to be constantly reevaluated and modifications made to the model as necessary.

The short-term challenge to developing a model of this nature is accurate and timely data. Information for many of the factors that the model is based on are not items that routinely reported items. For these factors, reporting systems must be created. This requires the support of the members of the organization who will have the responsibility of collecting and managing the data. For those factors which are already reported, the quality of the data must be checked. With the ever growing complexity and quantity of data that is collected about clients, the demands on staff to accurately collect and report it are intense. Regular reevaluations should be made to confirm the integrity of the data. As implementation of CalWORKS progresses, it can be expected that the quality of such data will improve. Finally, data on some factors may not be collectable. This may range from barriers that prevent the collection of the data to an excessive demand on resources to do so. In this case, estimates will have to be made. Analysis of related data will help guide the creation of the estimates.

				98 Q2	98 Q3	98 Q4	99 QS	99 Q2	99 Q3	99 Q4	00 Q1	00 Q2	00 Q3	00 Q401 Q2 01 Q301 Q4			
Entering Class																	
existing clients	9,000			1,500													
new clients	440			1,320													
formerly sanctioned	10%				71	71	71	71									
Phase 1 A																	
orientation	75%			2,115	53	53	53	53									
No show-sanctioned	25%			705	18	18	18	18									
Phase 1 B																	
job club	80%			1,692	63	63	63	63									
Didn't show job club-	20%			423													
Phase 1 C																	
left caseload - unknown	5%			85	3	3	3	3									
got ajob	25%			423	16	16	16	16									
Phase 2																	
comprehensive	95%			1,125	42	42	42	42									
No show-sanctioned	5%			59	2	2	2	2									
Phase 3	Wk Hrs	% of People	%of people														
Job training	20	25%	10.0%	281	263	242	219	194	162	129	129	17	13	8	0	0	0
GED	15	10.0%	2.5%	113	99	85	69	52	32	13	13	2	1	1	0	0	0
domestic violence	20	4.0%	1.0%	45	40	34	28	21	13	5	5	1	1	0	0	0	0
substance abuse & mental	26	5.0°,6	5.0%	56	58	60	63	65	65	65	65	8	6	4	0	0	0
structured job search	15	40.0%	40.0%	450	467	484	501	518	518	518	518	68	51	34	0	0	0
Comm Service Job	20	2.5%	5.0%	28	35	42	50	58	65	71	71	9	7	5	0	0	0
Work Experience	20	2.5°,6	0.5%	28	25	21	16	12	6	1	1	0	0	0	0	0	0
Self-Initiated Program	32	5.0%	0.5%	56	48	39	29	18	6	-5	-5	-1	-1	0	0	0	0
got a part time job	20	15.0%	30.0%	169	210	254	300	349	388	427	427	56	42	28	0	0	0
Got a Job (>31 hrs)	32	8.0%	20.0%	90	121	155	190	228	259	290	290	38	28	19	0	0	0
sanctioned	32	10.0°,6	9.0%	113	114	116	118	119	116	114	114	15	11	7	0	0	0
left caseload (unknown	32	3.1 °,6	5.0%	35	41	47	53	60	65	70	70	9	7	5	0	0	0.
Unaccounted hours	10	40.0%	20.0%	450	420	387	350	311	259	207	207	27	20	14	0	0	0
off caseload that quarter				237	276	318	361	407	440	473	473	62	46	31	0	0	0
Active Phase 3 cases				888	891	892	891	887	854	821	821	107	80	54	0	0	0
total hrs				36,006	37,356	38,706	40,056	41,407	41,407	41,407	41,407	5,401	4,051		0	0	0
check				35,943	37,331	38,721	40,115	41,511	41,555	41,600	41,600	5,426	4,070	2,713	0	0	0
difference				63	25	-15	-58	-105	-149	-193	-193	-25	-19	-13	0	0	0
Phase 4		% of People (start)	°h of people (end)														
New Comm Service Job												405	15	15	1	0	0
Total Comm Serv Jobs												354	357	359	3	349	338
got a job		5.0%	10.0%										20	25	30	447	51
sanctioned		5.0%	10.0%										20	25	30	447	51
left caseload - unknown reason		2.5%	5.0%										10	13	15	223	26