

CAN SAN FRANCISCO COMBINE ADMINISTRATION OF CASH ASSISTANCE AND FOOD STAMPS? - LESSONS FROM ALAMEDA COUNTY*

Leo Levenson**

EXECUTIVE SUMMARY

As the case study portion of my participation in the Bay Area Social Services Consortium (BASSC) Executive Development Program, I examined prospects for streamlining the administration of San Francisco's separate County Adult Assistance Programs (CAAP) and Non-Assistance Food Stamps (NAFS), drawing on relevant experience from Alameda County and elsewhere. The objectives would be to provide administrative savings and improve customer service. My primary findings and recommendations are:

1. SF's CAAP programs are currently too complicated to combine successfully with food stamps. The current four CAAP programs (GA, PAES, SSI-P and CALM) are too complicated for us to expect intake workers to master both Food Stamps and CAAP. With CAAP's four separate ordinances, legally-challenged amendments added by the recent Care not Cash Initiative, and additional policy directives, CAAP workers have difficulty staying abreast of their own program's policies. Adding responsibility to learn the complicated food stamp regulations as well would be difficult for workers under current circumstances.

2. CalWIN is not going to eliminate the CAAP administrative complexity. The complexities of the CAAP program guidelines, with their numerous gray areas of interpretation are going to be impossible to program into the upcoming CalWorks Information Network (CalWIN) infor-

mation management system to match current practice. As a result, CAAP eligibility determination will continue to require extensive staff policy interpretation and judgment calls even after CalWIN implementation.

3. Proposed long-term vision: Simplify CAAP. That said, I believe the department's long-term vision should not be to accept the CAAP complexities, but rather to simplify CAAP in a way that would allow for combined CAAP/NAFS intake and carrying processes. Such simplification might involve replacing the separate CAAP ordinances and programs with one General Assistance program that would potentially include:

- Basic work requirements as in the current GA program,
- Optional employment assistance services,
- A specified list of exemptions and grant adjustments, monthly instead of biweekly benefits,
- Harmonization with Food Stamp requirements where desirable, and
- Streamlined remedy/sanction procedures. This would reduce the complexity caused by clients moving from PAES to GA and back as separate programs. This process could remove eligibility for assistance for a small group of clients who are barred from GA by state regulations. It may be possible to leave a specialized separate program just for that small group of clients.

*The opinions expressed in this paper are those of the author in a personal capacity only, and in no way speak for departmental policy.

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4. Goals are to streamline administrative costs and improve client service, not to reduce client benefits. As I see it, the purpose of reform would be to reduce administrative costs and improve client service, not to cut benefits to the poor. Any reform can be done in a way so that average per capita direct expenditures on clients need not be reduced, or might even be increased if we achieve administrative savings. In particular, I see the objectives as:

- Harmonize more CAAP requirements and processes with food stamp guidelines so that we can simplify the application and eligibility review processes.
- Make it easier for applicants to apply for CAAP and food stamps at the same time with one interview.
- Reduce administrative costs by an estimated \$2M or more by:
 - a. Reducing the time it takes to process CAAP and food stamp applicants,
 - b. Reducing the time it takes to re-certify eligibility for CAAP and food stamp programs for ongoing cases, and
 - c. Allowing strategic use of technology (e.g. CalWIN, cash EBT) to assist with case management and customer service.

5. Changes may happen to CAAP whether we like it or not. So let's be prepared to have the most positive influence we can on the discussion. When I broached the subject of simplifying CAAP within DHS, I was often warned that DHS would be under strong attack from unions, client advocates, and members of the Board, and the discussion would bog down in accusations that any proposal is really a smokescreen for cutting aid to the poor. Further, some have said that we shouldn't encourage the Board to re-open CAAP legislation because they might make things more complex.

I know these concerns arise from experience. Still, my feeling is that if our judgment is that simplifying CAAP would improve our services to the poor of San Francisco and provide significant administrative cost savings, we have a responsibility to brainstorm both internally and with the Mayor's office about how we might move the proposals forward. At a minimum, proposals should be fleshed out and ready for some future opportune time.

As to the concern about what the Board might do with any CAAP legislation, there is a flip side. The Board is likely to take up legislation to further change CAAP imminently, whether we like it or not, due to the recent court decision on "Care not Cash" (CNC). If legislation comes to the table, it would make sense for us to be prepared to offer our advice on technical improvements to the status quo in the format of well-considered legislative language that the Board can actually use.

6. Next Steps: Confirm vision and convene working group as soon as possible. If the Board takes up CAAP reform, it would be useful to have a discussion of CAAP simplification, if only to get the subject on the agenda for the future. However, if CNC for some CAAP programs still goes forward July 1, then it will be difficult to find time for detailed work on other changes until the implementation is well underway. Taking that into account, I would say the next steps for this strategic planning process are:

- Executive Director and Deputy Directors to decide whether they agree that the department's vision should ultimately be for a combined intake process for CAAP and Food Stamps, if it can be made feasible. Establishing this as a clear objective of the department is the key first step for making this a reality.
- Establish a working group on preparing the

groundwork for CAAP/NAFS integration, with the understanding that detailed work products may need to be delayed until we figure out where the Department is going with CNC. The working group would include program, fiscal and planning staff, and at an appropriate time, client advocates, union representatives and other interested parties.

Further research should be conducted on the fiscal implications of certain potential simplifications, such as going to monthly instead of bi-monthly payments.

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INTRODUCTION

When an adult, childless resident of San Francisco runs out of money and decides to seek help from the San Francisco Department of Human Services, they are typically directed to our facility at 1235 Mission Street. Once there, they are asked to fill out two separate applications—one for cash assistance, known in San Francisco as “County Adult Assistance Programs” (CAAP), and a separate application for food stamps, known as “non-(CalWorks)-assistance food stamps” (NAFS). The applications ask many of the same questions, such as name, address, social security number, income, assets, names and assets of other household members, etc. Eventually, much of the information is transferred into two separate paper folders and electronic database records—one for the CAAP case and one for the Food Stamps case. The potential client is scheduled for separate interviews with a CAAP intake worker and a NAFS intake worker. After an initial interview with the CAAP intake worker, the client will usually be told to come back with additional documentation for a final intake interview. The client may also need a follow-up interview with their food stamps worker if further documentation is needed to process that claim.

Meanwhile, in Alameda County, such a client would be seen by a single eligibility worker, who could handle applications for both cash “General Assistance” (GA) and NAFS at the same time. I went to Alameda County to see why they were able to combine GA and NAFS, while San Francisco was still using separate groups of employees.

ALAMEDA COUNTY MOVED TO COMBINED INTAKE SEVERAL YEARS AGO

Until a few years ago, Alameda County also had separate GA and NAFS intake and ongoing eligibility review (“carrying”) processes. Alameda County moved to combined intake and carrying for the two programs after making changes to their GA ordinance which among other things, harmonized certain requirements of their GA and NAFS programs. Their carrying workers are trained to review not just GA and NAFS, but also CalWorks and Medi-Cal cases for ongoing compliance.

My interviews with Alameda County staff found general agreement that the combined intake and carrying processes are working well for the county and create an improved client experience, as well. They did not report any increase in administrative errors resulting from combining the two programs. Food stamp program error rates are tracked particularly closely, since federal sanctions may apply when error rates get too high. From December 2001 through November 2002, Alameda County’s average Food Stamps error rate was 8%, which was below the statewide average over this period of about 9%. During the same period, San Francisco’s Food Stamps error rate was 6.6%.

WHY COMBINED ELIGIBILITY WOULD BE DIFFICULT IN SAN FRANCISCO UNDER CURRENT PROGRAM DESIGN

Unlike Alameda County’s single GA program, San Francisco’s cash assistance “CAAP” programs con

stitute four separate programs, each with their own County statute:

- **Basic General Assistance (GA)** for indigent adults, as mandated by the State Welfare and Institutions Code Section 17000 et seq.
- **Personal Assisted Employment Services (PAES)**, which provides enhanced stipends and services to those indigent adults willing to follow an approved self-sufficiency plan.
- **Supplemental Security Income-Pending (SSIP)**, which provides the same stipends as PAES for those clients determined to have mental or physical health impairments that may potentially make them eligible for federal or SSI payments, and
- **Cash Aid Linked to Medi-Cal (CALM)**, which provides the same level stipends as PAES for legal immigrants who would qualify for Medi-Cal and SSI, except for their immigration status.

Since each of the CAAP programs is established under separate county legislation, a client who is dropped from one program for violating its terms is eligible to reapply for a different program. For example, a client who is sanctioned from receiving PAES stipends for three months because they failed to participate in a self-sufficiency activity, may then apply for GA. However, this is not automatic—the client must go through a new application process for GA, requiring additional DHS eligibility worker staff time to process.

CAAP benefits are issued twice monthly, on the 1st and 15th of the month. This means that if a client is sanctioned from PAES, switches to GA, remedies the PAES sanction, then goes back to PAES and so forth, numerous calculations and corrections must be carried out to figure out the right dollar amount

for each semi-monthly check. Each change also creates work for the NAFS eligibility workers, since the client's correct food stamp allotment is tied to the client's household income, including CAAP grants. Many counties issue benefits once monthly in order to reduce the administrative costs surrounding check issuance and corrections. However, twice-monthly checks do provide some savings on grant costs, since clients who are discontinued in the middle of a month have only received half of their monthly aid.

Further adding to the CAAP complexity is Care Not Cash legislation passed by San Francisco voters in November 2002, currently under legal challenge.¹

Most other counties in California allow such a client to see a single eligibility worker, who can take the client's information and determine eligibility for both county general assistance and food stamps. Alameda County is one such county with combined intake. To see what San Francisco could learn from Alameda County's practices, I visited Alameda County, both by myself and in the company of former CAAP and current NAFS staff. I also conducted interviews within San Francisco's CAAP and NAFS programs.

Most of the San Francisco CAAP and NAFS program staff that I spoke with stated that they did not think that it would be possible for most employees

¹Care not Cash reduces cash payments to homeless GA, PAES, CALM and SSIP clients if the department can guarantee them shelter and food, effective July 1, 2003. Care not Cash" provisions for GA were struck down by a San Francisco Superior Court judge in May, 2003 based on the judge's interpretation that the Welfare and Institutions code delegates the authority to set GA payments to the Board of Supervisors, and that voters do not have the authority to make changes on their own. The City is appealing the ruling. Meanwhile, the provisions of Care not Cash for the other three CAAP programs: PAES, SSIP and CALM are unaffected by the judge's ruling and are still scheduled to go into effect July 1, 2003.

to do a good job handling combined intake interviews, due to the complexities of San Francisco's CAAP regulations and client mix.² They also state that one major previous attempt to combine intake several years ago caused chaos and had to be quickly reversed.

The CAAP complexity arises not just from the challenge of understanding the four separate CAAP programs, but also from the intricate web of rights and procedures established for clients to remedy or appeal sanctions for noncompliance with CAAP regulations. The rules surrounding remedies and appeals are much more complicated in San Francisco than in Alameda or most other counties.

NAFS staff are concerned that bringing CAAP employees on board to help administer the NAFS program would result in an increase in errors, and vulnerability to potential federal sanctions. NAFS staff are justly proud of the tremendous decrease in the error rate achieved in the past two years, ranking San Francisco among the best counties in the State in this regard.

THE PROMISE AND CHALLENGES OF CALWIN

The CalWORKs Information Network (CalWIN) is due to be on line in San Francisco in 2005. This system is being designed to have a single electronic case record for welfare clients, including those receiving CAAP, NAFS, and CalWORKs (for families), so that county staff will only have to enter information once from a client for it to be available for making benefit calculations for the separate wel-

²One San Francisco unit is conducting combined intake for a special group of clients: those with AIDS and other severe illnesses. The unit is currently being reviewed to see how its accuracy rate compares to other units.

fare programs. The system is specifically designed to make it easier for a single worker to review information and calculate benefits for multiple programs.

However, CalWIN implementation staff have discovered that it will be difficult to program current CAAP program criteria into the CalWIN system. Because of the numerous subtle program differences between the four separate CAAP programs, and the complex current intake processes for a client applying for CAAP and NAFS, it looks as though CalWIN will not be able to fulfill all of its promise to streamline eligibility calculations. San Francisco is spending a great deal of staff and consultant time trying to mimic current CAAP and NAFS practices in CalWIN, and may still be left with a system that requires CAAP specialists to make their own calculations of client eligibility.

SIMPLIFYING CAAP WOULD ALLOW SIGNIFICANT CLIENT AND ADMINISTRATIVE BENEFITS

Should San Francisco be resigned to this complicated CAAP program with separate CAAP and NAFS program staffs? Or could San Francisco follow Alameda County's lead, and simplify CAAP sufficiently so that workers could administer both programs effectively?

I believe CAAP can and should be simplified in San Francisco, both for the potential administrative savings to the county, and for the improved client service that would result. Such simplification might involve replacing the separate CAAP ordinances and programs with one general assistance program that would potentially include:

- Basic work requirements as in the current GA program,

- Optional employment assistance services,
- A specified list of exemptions and grant adjustments, monthly instead of biweekly benefits,
- Harmonization with Food Stamp requirements where desirable, and
- Streamlined remedy/sanction procedures.

This would reduce the complexity caused by clients moving from PAES to GA and back as separate programs. This process could remove eligibility for assistance for a small group of clients who are barred from GA by State regulations. It may be possible to leave a specialized separate program just for that small group of clients.

**ESTIMATING POTENTIAL
ADMINISTRATIVE SAVINGS FROM
COMBINED CAAP/NAFS INTAKE**

Current caseworker and projected salary and overhead expenses for CAAP and NAFS are shown in Table 1.

Table 1. CAAP/NAFS Eligibility Staff and Annual Salaries/Overhead		
	CAAP	NAFS
Intake Eligibility Worker Filled Positions (not including supervisors, as of 1/03)	47	39
Carrying Units Eligibility Worker Filled Positions (not including supervisors, as of 1/03)	39	53
Projected FY 02/03 Salary and overhead	\$17M	\$20M
Estimated Intake share of FY 02/03 salary/overhead	\$ 9.3M	\$ 8.5M
6-month average new applications per month	1,900	2,300
6-month average total caseload	9,000	12,000

**POTENTIAL ADMINISTRATIVE SAVINGS
FROM COMBINED INTAKE OF \$1.25M**

San Francisco's current caseload standards for CAAP are four per day for initial intake or final intake under most circumstances. Since most clients require both an initial and final intake interview, this means that CAAP staff would average 2 intake cases per day over the course of a month. The San Francisco Food Stamps intake standards are 4 – 6 clients per 8-hour day (up to seven clients for staff working 9-hour alternative work schedule days). We have about been averaging about 2,300 NAFS applications per month, divided by 39 intake workers, comes out to about 60/worker/month. Assuming the NAFS applications from our CAAP clients represent 1900/2300 = about 80% of the total workload, then the number of NAFS intake workers working on the CAAP client applications would be approximately 80% * 39 = 31.

Thus there are a combined total of roughly 78 CAAP and NAFS eligibility workers doing CAAP/NAFS intake for the 1900 new CAAP applications per month.

In Alameda County, the standards for GA/NAFS combined cases are 45 per month. If San Francisco staff were working at the efficiency level of Alameda County, it implies that we could get by with about 42 workers instead of the 78 we are currently using. Even if we thought our programs were so complicated that it would require 50% more work than in Alameda County, that would imply we would need about 63 intake workers, or 15 fewer than the current level (equal to approximately 80% of the current level). It is also likely that we could make do with at least two fewer clerical workers, and two fewer eligibility worker supervisors. As shown in Appendix 1, the direct salary/fringe sav-

ings associated with these reductions would be about \$1.4M. This is slightly offset by a reduction in food stamps revenue estimated at \$150K providing a net general fund savings in this scenario of \$1.25M.

Combining carrying functions would provide an equivalent level of savings, bringing the total general fund savings to \$2M or more.

Even under current staffing levels, combined intake could bring \$250K extra revenue:

Even if current staffing levels were maintained, a combined intake program with 50% claiming to NAFS could draw down an additional \$250K in federal food stamps revenue, because more of the staff time currently charged to CAAP with no reimbursement potential, could instead be charged to NAFS, which receives 50% federal reimbursement. (See Appendix 1 for assumptions and calculations).

NEXT STEPS

Changing current program practices would not be easy. To simplify CAAP would require detailed planning, legislative drafting, explaining the impacts of the proposals to the Board and interested parties, facilitating the legislative process, drafting of new DHS regulations, and extensive staff training.

To implement such major changes successfully requires three major prerequisites:

1. Clear support by executive management of the vision of why the changes are being promoted.
2. Active participation by line staff in the design of program details, along with opportunities for clients, client advocates and union representatives to be consulted and have their suggestions

and concerns considered during the program design process.

3. Clear lines of authority and timetables for resolving questions that will arise during program design.

DHS program management is being stretched in two different directions. The uncertain status of Care not Cash implementation requires urgent attention, and makes it difficult to imagine launching a major separate discussion on additional CAAP program changes. On the other hand, the Board of Supervisors may act soon to launch a major discussion of CAAP programs in the context of the Care not Cash debate, making it an opportune time to get the idea of the potential for CAAP administrative savings and improved client service on the table while people are listening.

I think it is worthwhile at least to seek senior management consensus on whether the Department should support the basic idea of CAAP simplification and CAAP/NAFS combined intake (and potentially carrying) activities. This will set the stage for further debate when we are prepared to offer a detailed proposal.

Accordingly, I recommend the following next steps:

- a. The DHS Executive Director and Deputy Directors, in consultation with program managers, should discuss whether they agree that the department's vision should ultimately be for a combined intake process for CAAP and Food Stamps, if it can be made feasible. Establishing this as a clear objective of the department is the key first step for making this a reality.
- b. The Executive Director should establish a work-

ing group on preparing the groundwork for CAAP/NAFS integration, with the understanding that detailed work products may need to be delayed until we figure out where the department is going with CNC. The working group would include program, fiscal and planning staff, and at an appropriate time, client advocates, union representatives and other interested parties. The working group should have a coordinator with a clearly defined responsibility for keeping the project on track with assigned timetables.

- c. Further research should be conducted on the fiscal implications of certain potential simplifications, such as going to monthly instead of semi-monthly payments

APPENDIX 1: GENERAL FUND SAVINGS CALCULATIONS

The estimate of \$1.3M in general fund savings for the scenario described in the case is calculated as follows:

ASSUMPTIONS

- a. Combined intake reduces combined CAAP/NAFS staffing needs by 15 eligibility workers, 2 eligibility worker supervisors and 2 clerical workers.
- b. From DHS 03-04 budget work papers, the department's average salary and fringe for all eligibility workers and eligibility worker supervisors is \$73K.
- c. The average clerical salary/fringe is \$56K.
- d. Other overhead costs associated with staff are not considered in this analysis (e.g. computers, furniture, telephone costs, paper, etc). To the extent such other costs would also be reduced, the savings would be greater.
- e. CAAP intake share of total program salaries/fringe/overhead is \$9.3M
- f. Costs associated with CAAP intake are general fund-only (this analysis does not include costs or revenues associated with helping clients get access to health-related services and SSI/SSP).
- g. NAFS intake share of program salaries/fringe/overhead is \$8.5M
- h. NAFS federal reimbursement rate is close to 50% (ignoring impact of state-only cases on reimbursement rate)
- i. State reimbursement of NAFS expenditures from the State general fund NAFS allocation will be fully used under either scenario, and so does not need to be considered in this analysis.
- j. Under the combined intake scenario, workers would time-study 50% to CAAP and 50% to NAFS, as is reported to be the case in Alameda County.

CALCULATIONS

Expenditure savings: $\$73\text{K} * (15 \text{ eligibility workers} + 2 \text{ supervisors}) + \$56\text{K} * (2 \text{ clerical workers}) = \1.4M

Offsetting revenue reductions:

- a. Revenues from current program = \$8.5M NAFS expenditures * 50% federal revenues = \$4.25M
- b. Total expenditures for CAAP/NAFS intake under current operations is \$17.8M
- c. Expenditures under combined intake scenario would be \$1.4M less, or \$16.4M
- d. 50% of the combined intake expenditures, or \$8.2M would be allocated to NAFS.
- e. Federal revenue from the combined intake expenditures would be $50\% * \$8.2\text{M} = \4.1M .
- f. Reduction in revenue under the combined intake scenario = $\$4.25\text{M} - \$4.1\text{M} = \$150\text{K}$.

Net general fund savings from combined intake scenario: $\$1.4\text{M}$ expenditure savings minus $\$150\text{K}$ revenue reductions = $\$1.25\text{M}$ general fund savings.

Alternative Calculation if no reduction in staff:
Even with no reduction in staff or costs, there could be an increase in revenues under combined intake. This is calculated as follows:

- a. Total costs of intake staff under current program: \$17.8M
- b. Share allocated to NAFS under combined intake/full staff scenario = $50\% * \$17.8\text{M} = \8.9M
- c. Federal revenues under combined intake/full staff scenario = $50\% * \$8.9\text{M} = \4.45M
- d. Revenue increase over current program = $\$4.45\text{M} - \$4.25\text{M} = \$250\text{K}$.