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WELFARE AND INSTITUTIONS CODE - WIC

DIVISION 9. PUBLIC SOCIAL SERVICES [10000 - 18999.98] (Division 9 added by Stats. 1965, Ch. 1784.)

PART 2. ADMINISTRATION [10500 - 10985] (Part 2 added by Stats. 1965, Ch. 1784.)

CHAPTER 1.5. Performance Outcome Incentives Monitoring [10540 - 10546] (Chapter 1.5 added by Stats. 1997, Ch. 270, Sec. 33.)

10540. (a) It is the intent of the Legislature to implement Public Law 104-193 in such a manner as to do all of the following:

- (1) Reduce child poverty in the state.
- (2) Achieve the goals of Public Law 104-193, which include reducing dependence of needy parents on government benefits by promoting job preparation, work, and marriage; reducing out-of-wedlock births; and encouraging the formation and maintenance of two-parent families.
- (3) Meet the requirements of federal law.

(b) It is further the intent of the Legislature to ensure that the implementation of Public Law 104-193 does not result in unanticipated outcomes that negatively affect child well-being, the demand for county general assistance, or the number of families affected by domestic violence.

(Added by Stats. 1997, Ch. 270, Sec. 33. Effective August 11, 1997. Operative January 1, 1998, by Sec. 183 of Ch. 270.)

10540.5. The department shall ensure that performance outcomes are monitored at the state and county levels in order to do all of the following:

- (a) Identify the extent to which the state and counties achieve the goals of Public Law 104-193.
- (b) Identify the extent to which unanticipated negative outcomes do or do not occur.
- (c) Meet the requirements of federal law.
- (d) Assist counties in tracking the effect of CalWORKs program implementation on aided families and on local communities.
- (e) Assist counties, the Legislature, and state agencies in determining what adjustments are required in the program.

(Added by Stats. 1997, Ch. 270, Sec. 33. Effective August 11, 1997. Operative January 1, 1998, by Sec. 183 of Ch. 270.)

10540.6. Commencing no later than April 1, 2007, the department, on a periodic, but no less frequently than a quarterly basis, shall publish available data reported by counties regarding caseload characteristics, welfare-to-work performance outcomes, engagement rates, and other outcomes consistent with Sections 10534 and 10540.5. The department shall consult with the County Welfare Directors Association, legislative staff, and other stakeholders, when developing the data sources, methodology, and format for the data to be published.

(Added by Stats. 2006, Ch. 75, Sec. 27.6. Effective July 12, 2006.)

10541. The department shall consult with experts in monitoring and research, and representatives of counties, the Legislature, and appropriate state agencies in the development and implementation of the system of performance outcomes, which shall include, but are not limited to, the following:

- (a) Success of welfare-to-work, including the rate of movement to employment, earnings for CalWORKs recipients and those who have left the CalWORKs program, and job retention rates. This shall include the extent to which recipients have obtained unsubsidized employment in each of their years on aid.
- (b) Rates of child support payment and collection.

- (c) Child well-being, including entries into foster care, at-risk births, school achievement, child poverty, and child abuse reports.
- (d) Changes in the demand for general assistance.
- (e) Supply, demand, and utilization of support services by CalWORKs recipients, including child care, transportation, mental health services, and substance abuse treatment.
- (f) The number of identified families affected by domestic violence.

(Added by Stats. 1997, Ch. 270, Sec. 33. Effective August 11, 1997. Operative January 1, 1998, by Sec. 183 of Ch. 270.)

10541.5. The department, in consultation with experts in research and program evaluation and representatives of counties, the Legislature, and appropriate state agencies, shall do both of the following, by March 1, 1998:

- (a) Identify methods by which to collect data on the outcomes set forth in Section 10541, using, to the extent possible, data that is available and does not require the establishment of new data collection processes at the county level.
- (b) Develop consistent data collection standards.

(Added by Stats. 1997, Ch. 270, Sec. 33. Effective August 11, 1997. Operative January 1, 1998, by Sec. 183 of Ch. 270.)

10541.7. Each county shall participate in monitoring performance outcomes by collecting and reporting data in the manner established by Section 10541.

(Added by Stats. 1997, Ch. 270, Sec. 33. Effective August 11, 1997. Operative January 1, 1998, by Sec. 183 of Ch. 270.)

10542. (a) Each county shall, as part of its CalWORKs plan, identify outcomes to be tracked on the local level that are in addition to any required to be tracked statewide. These outcomes shall be identified through a collaborative process that includes all local agencies and stakeholders concerned with the implementation of the CalWORKs program and its effects on local communities. The outcomes identified may reflect goals for CalWORKs implementation established by the local community, possible negative outcomes the local community wishes to monitor, or both.

(b) The process of local identification of outcomes shall be designed to contribute to greater collaboration among county public and private agencies that serve current and former CalWORKs recipients. The outcomes identified shall be those that can be tracked in a cost-effective manner. To the extent counties identify the same outcomes, the department shall provide technical assistance to ensure consistency among the counties.

(c) The outcomes that each county plans to monitor shall be included in its county CalWORKs plan. The plan shall identify the outcomes, the data the county intends to collect to monitor the outcomes, and the method of data collection the county intends to use.

(Added by Stats. 1997, Ch. 270, Sec. 33. Effective August 11, 1997. Operative January 1, 1998, by Sec. 183 of Ch. 270.)

10543. (a) Within six months of CalWORKs implementation, each county, in conjunction with the department, shall determine a baseline for the data to be collected to meet both state and local need. The baseline shall be used in subsequent years to determine whether or not the county's outcomes are improving.

(b) If a county fails to meet outcomes required by federal law, the county, in consultation with the department, shall develop and implement a corrective action plan.

(c) If outcomes have not improved over the baseline, the county and the department shall evaluate the reasons. To the extent the county and the department determine that county and state actions could positively influence the outcomes, they shall mutually develop and implement a corrective action plan.

(d) In both cases, the corrective action plan shall identify actions that shall be taken by the county and by appropriate state agencies.

(Added by Stats. 1997, Ch. 270, Sec. 33. Effective August 11, 1997. Operative January 1, 1998, by Sec. 183 of Ch. 270.)

10544. (a) If the department finds that a county is experiencing significantly worsened outcomes, it shall report this finding to the Chairs of the Senate Committee on Budget and Fiscal Review, the Assembly Committee on Budget, the Senate Committee on Health and Human Services, and the Assembly Committee on Human Services.

(b) If the state does not achieve the outcomes required by federal law and, as a result, is subject to a fiscal penalty, the penalty shall be shared equally by the state and the counties after exhaustion of all reasonable and available federal administrative remedies. If a county's single allocation pursuant to Section 15204.2 is reduced by the state to offset the county's share of any federal penalty imposed pursuant to this section, the county shall be required to utilize county general funds to replace the offset amount, so that total funding remains equal to the county's single allocation. These funds shall be in addition to the funds required to meet the maintenance-of-effort requirement pursuant to Section 15204.4. Only those counties that have failed to meet the federal requirements shall be required to share in the fiscal penalty imposed on the state. Those counties' share of the penalty imposed on

the state shall equal 50 percent of that penalty. Each county's share of the penalty shall be based, in consultation with the County Welfare Directors Association, on the county's degree of performance that contributes to the failure to meet the federal requirement.

(c) A county may be provided relief, in whole or in part, from a penalty imposed pursuant to subdivision (b) if the department determines that there were circumstances beyond the control of the county. A county may also be provided relief based on the degree of success or progress in meeting federal requirements, and, to the extent that there are differences between state and federal program requirements, the degree of success in meeting state participation requirements. Any adjustment made pursuant to this subdivision shall be reported to the Chair of the Joint Legislative Budget Committee. If a county is granted relief, that portion of the total penalty shall not be imposed on the other counties that failed to meet the federal requirements.

(d) A county that fails, without good cause, to submit accurate and timely data used to measure work participation, as required by the department, shall be deemed to have failed to meet applicable federal requirements. For purposes of this subdivision, good cause includes, but is not limited to, the lack of accurate, timely, and complete instructions from the department.

(e) The amendments made to subdivision (b) by the amendment of this section in 2006 by Chapter 75 of the Statutes of 2006, clarify existing law, as enacted by Assembly Bill 1542 (Ch. 270, Stats. 1997).

(f) (1) The department shall consult with the workgroup created pursuant to Section 11523, in the fall of 2022, to develop recommendations to address the existing emphasis on the federal work participation rate and penalty pass-on structure, as described in this section, while optimizing the implementation of the first cycle of the CalWORKs Outcomes and Accountability Review (Cal-OAR) process. The department shall submit a report of recommendations to the Legislature on or before April 15, 2023.

(2) A report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

(g) This section does not apply to any federal fiscal penalties imposed as a result of not meeting federal work participation rate requirements on or after October 1, 2025.

(Amended by Stats. 2025, Ch. 79, Sec. 7. (SB 119) Effective July 29, 2025.)

10544.1. (a) It is the intent of the Legislature to provide counties with grant savings as defined in subdivisions (d) and (e) subject to the amounts appropriated in the annual Budget Act.

(b) It is the intent of the Legislature that the counties use the funds, when appropriated, to do all of the following:

(1) Improve the quality of jobs provided to recipients.

(2) Help individuals attain long-term self-sufficiency.

(3) Prevent the need for CalWORKs benefits for those families making the transition from the CalWORKs program.

(c) It is further the intent of the Legislature to evaluate the efforts of counties in using the funds to improve the state's understanding of how best to assist families in attaining long-term and sustained self-sufficiency.

(d) In order to provide counties with additional incentive to move CalWORKs recipients to employment, each county shall receive the state share of savings, including federal funds under the Temporary Assistance for Needy Families block grant subject to the amounts appropriated in the annual Budget Act, resulting from the following outcomes:

(1) Recipients exiting the program due to employment that has lasted a minimum of six months.

(2) Increased earnings by recipients due to employment.

(3) Diversion of applicants from the program pursuant to Section 11266.5 for six months in addition to the number of months equivalent to the diversion payment.

(e) (1) For purposes of subdivision (d), the department, shall apply the method for valuing the outcomes to determine county share of savings that was utilized in fiscal years 1998–99 and 1999–2000, except that increased earning by recipients due to employment shall be valued at 50 percent of actual grant savings instead of 100 percent.

(2) The method shall be adjusted as appropriate, and determined in consultation with program stakeholders, to account for any changes made to the Temporary Assistance to Needy Families program requirements for block grant funding levels as a result of Congressional reauthorization of the program in 2002.

(f) The funds allocated to counties pursuant to subdivisions (d) and (e) that are federal Temporary Assistance for Needy Families block grant funds shall be used only for purposes for which these federal funds may be used. The funds that are state General Fund dollars shall be expended for purposes directly connected to the CalWORKs program and countable towards the state maintenance of effort level required by federal law, unless the Director of Finance determines that all or part of the funds are not needed in that

fiscal year to meet the required maintenance of effort. Any unexpended funds may be retained by each county for expenditure in subsequent fiscal years for purposes consistent with this subdivision.

(g) (1) Notwithstanding Section 11250 or any other provision of law, commencing October 1, 2000, exclusively for purposes of county performance incentives provided under this section and exclusively for purposes of providing nonassistance services pursuant to Section 42 U.S.C. Sec. 601(a)(1) and (2) to families not receiving aid under this chapter, "needy families" also includes any family in which the minor child is living with a parent or adult relative caregiver and the family's income is less than 200 percent of the official federal poverty guidelines applicable to a family of the size involved.

(2) A county shall not expend more than 25 percent of its performance incentive funds for purposes of this subdivision.

(3) For purposes of this subdivision, "nonassistance services" means services that do not constitute assistance as defined in applicable federal law and regulations governing the Temporary Assistance for Needy Families program.

(h) Each county shall submit a plan to the department describing how it intends to expend its fiscal incentive funds and how the benefits and services relate to the issue of sustaining self-sufficiency. The plan shall also describe how these services will be coordinated with other services within the community that are funded from sources such as the county's single allocation, Welfare-to-Work grants, and community college funds.

(i) Each county shall report quarterly on the actual expenditure of funds under this section and shall complete a self-evaluation report annually on the results of the benefits and services provided and any lessons the county has learned from the approach it has taken.

(j) The department shall evaluate the programs that have been supported by county incentive funds to determine the extent to which the goals of the TANF program and the goals specified in this section are achieved.

(k) Acceptance of incentive funds beginning with the 2000–01 fiscal year shall constitute a waiver of any claim, cause of action, or action whenever filed, with respect to fiscal incentives earned through the 1999–2000 fiscal year under subdivision (c) of this section as enacted by Chapter 270 of the Statutes of 1997, but not allocated to counties by the department.

(l) This section shall not be interpreted to entitle any individual or family to assistance or services under any program created and funded under this section.

(Amended by Stats. 2000, Ch. 108, Sec. 24.5. Effective July 10, 2000.)

10544.2. CalWORKs performance incentive funds allocated to counties under Items 5180-101-0001 and 5180-101-0890 of the Budget Act of 2002 shall be available for encumbrance and expenditure by the county until all of the funds are expended, without regard to fiscal years.

(Added by Stats. 2003, Ch. 225, Sec. 26.5. Effective August 11, 2003.)

10544.317. (a) There is hereby created a welfare reform steering committee comprised of a representative of the California Health and Human Services Agency, who shall chair the committee, the Department of Finance, the State Department of Social Services, the California State Association of Counties, the County Welfare Directors Association of California, representatives of the Legislature appointed by the Speaker of the Assembly, the President pro Tempore of the Senate, the minority leader of the Assembly, and the minority leader of the Senate, and two public members appointed by the Secretary of California Health and Human Services.

(b) The steering committee shall:

(1) Provide advice and consultation on implementation issues related to welfare reform.

(2) Perform other duties as described elsewhere in this division.

(Amended by Stats. 2011, Ch. 227, Sec. 26.5. (AB 1400) Effective January 1, 2012.)

10545. (a) The Legislature finds and declares that the direction outlined in the Pilot Projects for Promoting Accountability by Measuring Work Outcomes program pursuant to Section 302 of the federal Fiscal Responsibility Act of 2023 (Public law 118-5; 42 U.S.C. Sec. 611(e)) calls for "innovations that re-envision employment and training opportunities as aligned with family goals," and recognizes that "family well-being occurs when all family members are safe, healthy, and have chances for educational advancement and economic mobility."

(b) The State Department of Social Services shall apply to the United States Secretary of Health and Human Services to participate in the Pilot Projects for Promoting Accountability by Measuring Work Outcomes program pursuant to Section 302 of the federal Fiscal Responsibility Act of 2023 (Public law 118-5; 42 U.S.C. Sec. 611 (e)).

(c) The intent of the Legislature is to continue to reimagine CalWORKs into a trauma-informed, family-centered program that maximizes family and child well-being while building meaningful pathways out of poverty.

(d) To meet the goals of subdivision (c), the department may consider the following reforms: modify the existing welfare-to-work process to be family centered; align sanctions to the minimum federal requirements; and repeal the federal work participation rate penalty passthrough.

(e) The reforms pursuant to subdivision (d) may be as considered part of the department's application to the United States Secretary of Health and Human Services to participate in the Pilot Projects for Promoting Accountability by Measuring Work Outcomes program pursuant to Section 302 of the federal Fiscal Responsibility Act of 2023 (Public law 118-5; 42 U.S.C. Sec. 611(e)) or as statewide initiatives that the department pursues. The department shall provide to the Legislature a set of any necessary statutory changes no later than January 10, 2025, in order to align state policy to the goals of the federal pilot program, including comprehensive cost estimates by policy change as described in subdivision (d), or other changes as part of the application, for the 2025–26 fiscal year and ongoing.

(f) In implementing this section, the department shall consult legislative staff, representatives of county human services agencies, the County Welfare Directors Association of California, advocate representatives, and labor organizations that represent county workers.

(Added by Stats. 2024, Ch. 46, Sec. 11. (AB 161) Effective July 2, 2024.)

10546. It is the intent of the Legislature for clause (ii) of subparagraph (C) of paragraph (13) of subdivision (b) of Section 8257 to measure point-in-time data and trends of homelessness, housing instability, and utilization of housing services among individuals and families in programs administered by the State Department of Social Services, including, but not limited to, the CalWORKs program. Upon access to the data, development of a match and analysis methodology, the successful match of data, and a methodologically feasible approach, the department shall capture this point-in-time data and trends on an annual basis and disclose the data in compliance with the Information Practices Act of 1977.

(Added by Stats. 2024, Ch. 46, Sec. 12. (AB 161) Effective July 2, 2024.)