



County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

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Chief Executive Officer

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September 2, 2009

To: Supervisor Don Knabe, Chair
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From: William T Fujioka
Chief Executive Officer

**USE OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES EMERGENCY
CONTINGENCY FUND TO AVERT COUNTY EMPLOYEE LAYOFF AND AID
PRIVATE BUSINESSES**

The purpose of this memo is to provide a response to the August 18, 2009 motion by Supervisor Molina related to the American Recovery and Reinvestment Act (ARRA) Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund (ECF). The motion instructs the Chief Executive Officer – in collaboration with the Department of Public Social Services (DPSS) and other relevant departments – to report back in 15 days with an implementation plan for county departments to follow in order to utilize TANF ECF, where appropriate, to continue county services and avert employee layoffs. Further, the implementation plan should also address measures to make the funds available to private businesses to prevent closure and avert layoffs.

On July 28, 2009, the Governor signed AB4X4, which expands the eligible service population under the TANF ECF to include non-CalWORKs needy families. Specifically, counties can draw down ECF to cover 80 percent of the cost of subsidized employment and short-term, non-recurrent benefits for families with a minor child (including non-custodial parents), where the family income is less than 200 percent of the federal poverty level (FPL). Note that TANF ECF is available through September 2010.

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Given the expanded definition, Los Angeles County is moving forward to expand ECF-funded subsidized employment to the following populations:

- General Relief participants who are non-custodial parents of CalWORKs/Medi-Cal children;
- Parents who are employed by a business that is facing closure;
- Parents who are employed by a business that is facing mass-lay-offs;
- Parents living in a domestic violence or homeless shelter; and
- Parents who are County employees where the provision of the wage subsidy would prevent layoff or release of the parent or of another employee in the same County department.

County Departments

As a result of a budget shortfall, the Public Library (Library) has been planning to release 150 part-time, temporary aides and pages. Given the expanded definition, as referenced in the fifth bullet above, TANF ECF may be used for families below 200 percent of the FPL. It is likely that some of the temporary aides and pages will qualify under the TANF ECF.

For those individuals who qualify, the TANF ECF will be used to cover 80 percent of total costs of salary and benefits. Attributable costs such as supervision will comprise the additional 20 percent, resulting in no cost to the Library. TANF ECF will be used to supplement the Library budget and enable the Library to retain some or all of the employees who would otherwise be released. The number of employees whose salary and benefits will be subsidized through TANF ECF will depend on the number of qualifying employees.

The plan for the Library to access TANF ECF has been initiated with the distribution of a DPSS-produced eligibility form to be completed by employees in the affected classes. The application form and supporting documents were due by 5:00 p.m. on August 27, 2009. DPSS is in the process of determining eligibility for individual employees. A Departmental Service Order (DSO) will be established between DPSS and the Library for a transfer of funds.

The CEO and DPSS plan to meet with other affected departments – Parks and Recreation and Beaches and Harbor - to discuss their respective issues and develop options for using TANF ECF.

Legal Restrictions

There is no prohibition on using ARRA TANF ECF to supplant other funding. Federal and state law do prohibit using subsidized employment to displace or prevent promotions of existing employees, but the use of TANF ECF funding to prevent layoffs or the release of temporary employees is permitted, because no employee is displaced.

The 20 percent of the cost that will be covered through attributable costs such as supervision cannot include federal funds or nonfederal funds that are used to match federal funds or meet a federal maintenance-of-effort requirement, other than TANF. DPSS will work with the Library and any other affected departments in ensuring that the 20 percent cost is covered with allowable funds.

The Office of County Counsel has recommended that DPSS wait until the release by the California Department of Social Services of the All County Letter (ACL) for TANF ECF subsidized employment before any funds are exchanged. We anticipate the ACL will be released within the next few weeks. DPSS will continue to move forward with determining eligibility on the surveys received. This delay should not impact DPSS' ability to recover TANF ECF back to August 1, 2009. However, it would require the Library to sustain the number of staff that would have their release averted due to TANF ECF from now until the release of the ACL.

Private Employers

On August 25, 2009, a workgroup was convened to discuss development of a plan for private employers to access TANF ECF to avert layoffs and business closures. Participating entities included CEO, DPSS, Community and Senior Services (CSS), the Employment Development Department (EDD) and the Los Angeles County Economic Development Corporation (LAEDC).

This workgroup will continue to explore and refine the development of a plan. DPSS will draft a concept paper identifying a business profile (size of business, targeted industries, number of layoffs to be averted, etc.) to share with the workgroup. DPSS will also draft outreach materials with input from LAEDC to share with employers accessing business assistance services. It is envisioned that the South Bay Workforce Investment Board (SBWIB) would act as the pass-through entity for TANF ECF to private businesses to avoid layoffs, as part of the current DPSS subsidized employment contract with SBWIB, and that LAEDC would subcontract with SBWIB to work with individual employers.

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Targeted efforts to facilitate layoff aversion, prevent business closures and promote re-hiring of recently laid-off employees will need to be done in collaboration with existing entities such as the LAEDC, EDD, CSS, and the other Workforce Investment Boards in the County.

If you have any questions or need additional information, please let me know or your staff may contact Jenny Serrano at (213) 974-0801, or via e-mail at jserrano@ceo.lacounty.gov.

WTF:JW
JS:ljp

c: Public Social Services
Public Library
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Parks and Recreation
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TAND ECF.bm