

# Summary of Options for the Provision of Diaper Assistance to Low-Income Families



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Prepared by the California Department of Social Services in  
collaboration with stakeholders



## **Summary of Options for the Provision of Diaper Assistance to Low-Income Families**

Pursuant to the Supplemental Report of the 2016-17 Budget Act, this summary reviews various options for the provision of diaper assistance to low-income families. The California Department of Social Services (CDSS) collaborated with the Office of Systems Integration (OSI), California Department of Public Health (CDPH), the County Welfare Directors Association of California (CWDA), legislative staff, and other stakeholders and have assembled options for the Legislature's consideration regarding the provision of diaper assistance to low-income families. This summary also provides (1) caseload information on various CalWORKs subpopulations and (2) the estimated cost of diapers. This information may be used to estimate the cost of the diaper benefit itself, as distinct from the delivery method, which is the primary focus of this document.

### **Supplemental Reporting Language**

*Options for the Provision of Diaper Assistance to Low-Income Families. The Department of Social Services, with the Office of Systems Integration and the Department of Public Health, in collaboration with stakeholders, including the County Welfare Directors Association of California and legislative staff, shall consider and inform the Legislature of options to provide diaper purchase assistance to low-income families.*

*Approaches for consideration shall include, but not be limited to, the following:*

*(1) options for delivering the benefit by way of a paper voucher system or other distribution approach for the larger CalWORKs population*

*(2) ways to provide this as a supportive service to the CalWORKs welfare-to-work caseload, potentially using a voucher or ancillary expense benefit approach, and*

*(3) the feasibility of providing this as an automated benefit long-term, to include a range of potential options based upon functionality for the commodity-based delivery of a CalWORKs benefit.*

*The involved state agencies shall provide the Legislature with a summary of the various approaches and automation options, and, to the extent available, their initial estimated costs by February 1, 2017.*

Pursuant to this language, CDSS convened three stakeholder meetings in October through December of 2016.

### **Legislative History**

In 2014 and 2016, two bills were brought forward to address the provision of diaper assistance to CalWORKs families; however, neither was signed into law. Introduced in 2014, AB 1516 (Gonzalez) proposed adding an \$80 cash aid supplement per child under two in a CalWORKs family. In 2016,

AB 492 (Gonzalez) proposed a \$50 diaper supportive service per child two years old or younger in a CalWORKs, Welfare-to-Work family.

### **Overview of Options**

The workgroup discussed seven potential delivery methods and summaries of those methods are provided. It was found that two delivery methods, delivery through Medi-Cal and adding a diaper benefit to the forthcoming Electronic Benefit Transfer (EBT) for the Special Supplemental Nutrition Program for Women, Infants, and Children program (WIC), are nonviable due to current restrictions detailed further in summaries provided later in this report. These methods were removed from further evaluation. The remaining five delivery methods include a Welfare-to-Work supportive service, CalWORKs special need, delivery that is restricted by automation (diaper-only benefit through EBT), county welfare department (CWD) diaper bank partnership, and a supplement to child care providers.

### **Overarching Considerations**

The cost estimates provided in this summary are rough orders of magnitude. Some of these cost estimates are dependent on the size of the caseload and would vary depending on the design of the program, as directed by the Legislature and the Governor. The Legislature and the Governor could establish varying levels of state and county reporting requirements. Generally, the costs of such reporting have not been included in the cost estimates. Also, costs shown typically represent total costs from all fund sources. If implemented, we would assume the typical sharing ratios, when applicable, between the federal government, state, and county apply to all the options.

Assumptions had to be made for many of the more innovative delivery methods (e.g., CWD diaper bank partnership). One such assumption made for all the potential delivery options is that the diaper benefit would be a statewide mandate and not an optional program.

Electronic Benefit Transfer (EBT) is the automated issuance, delivery, redemption, settlement, and reconciliation of California's food and cash assistance program benefits. On a monthly basis, the California EBT system provides over two million recipients with electronic access to food and cash assistance benefits through the use of magnetic-stripe cards at point-of-sale (POS) terminals and automated teller machines (ATMs). The food and cash assistance programs issuing benefits via EBT include, but are not limited to, CalFresh and CalWORKs.

Program integrity concerns were taken into consideration for all of the delivery methods. Generally, when a commodity is distributed in lieu of cash there is the potential that the commodity (in this case diapers) may be resold. In the case of a cash benefit, there are ways it could be restricted to its intended purpose; however, such methods of restriction are either potentially burdensome on the client or are extremely expensive with long implementation timelines.

## CalWORKs Population Characteristics (April 2016)

Caseload Characteristic	Definition	Total Number of Cases	Number of Cases with a Child Under 3	Number of Children under 3 years of age
All Cases	Includes WTW and Non-WTW Cases	487,000	138,000	156,000
Welfare-to-Work (WTW) Non-Exempt	Included in this population are WTW mandatory participants, TANF timed-out individuals, and individuals participating in Family Reunification or Family Stabilization plans.	142,000	49,000	54,000
WTW Exempt	Cases with WTW exempt/excused individuals and exempt/excused volunteers.	70,000	37,000	44,000
Child Only (Non-WTW)	Cases in which only the children in the case are aided because the parents are ineligible due to immigration status or being an SSI recipient or a non-parent, non-needy caretaker relative is caring for the children	150,000	26,000	29,000
Non-MOE (State Only Funded)	<p>Cases with an unaided but federally work-eligible adult funded with state general fund.</p> <p>Safety Net: Cases in which only the children in an assistance unit are aided due to the parent(s) being discontinued from cash aid due to their reaching the 48-month lifetime assistance limit. Safety-net cases are funded with non-MOE state-only funds and not subject to federal TANF reporting rules.</p> <p>Fleeing Felon: Cases where a parent is fleeing to avoid prosecution, or custody, or confinement after conviction for a crime or attempt to commit a crime that is a felony.</p> <p>Long-Term Sanctioned: Cases where a parent/caretaker has been sanctioned due to failing or refusing to comply with WTW program requirements, without good cause, for 13 consecutive months or longer, without a break in aid of one month or more.</p>	90,000	14,000	16,000
CalWORKs/WTW Sanctioned	Cases with a work-eligible adult(s) who have not been assisted due to a sanction for 12 consecutive months or fewer.	35,000	12,000	13,000

Note: Narrowing of eligible population increases administrative complexity and cost.

Source: Population- MEDS and WDTIP

## Cost of Diapers

Source	Cost of Diapers per Month	Cost of Diapers Per Year
Smith, Megan V. et al. "Diaper Need and Its Impact on Child Health" <i>Pediatrics: Official Journal of the American Academy of Pediatrics</i> . 7/28/13. Accessed online 9/21/16.	\$78	\$936
National Diaper Bank Network. <a href="http://nationaldiaperbanknetwork.org/what-is-diaper-need/diaper-facts/">http://nationaldiaperbanknetwork.org/what-is-diaper-need/diaper-facts/</a> Accessed 9/27/16.	\$70-\$80	\$840-\$960
Muñoz, Cecilia. "The Diaper Divide" <a href="http://www.whitehouse.gov/blog/2016/03/10/diaper-divide">http://www.whitehouse.gov/blog/2016/03/10/diaper-divide</a> Accessed 9/21/16.	\$78 <sup>1</sup>	\$936 <sup>1</sup>
Gonzalez, Lorena. AB492- Diaper Supplement for Eligible CalWORKs Families- Fact Sheet. 8/15/16.	\$72-\$100	\$864-\$1,200
Jet Cares. <a href="https://jet.com/jetcares#">https://jet.com/jetcares#</a> Accessed 9/28/16	Estimated highest corner store cost (\$0.50/diaper): \$155 <sup>2</sup>	\$1,860
	Estimated National Average (\$0.33/diaper): \$102 <sup>2</sup>	\$1,224
	Jet.com diapers for nonprofits (\$0.13/diaper): \$40 <sup>2</sup>	\$480
Informal Online Research done 9/26/16 <sup>3</sup>	\$50-\$74	\$601-\$891

<sup>1</sup> This may be based off of the article by Smith et al.

<sup>2</sup> Monthly cost assuming 10 diapers a day and a 31 day month

<sup>3</sup> Research limited to online, bulk buying, and only examined a few brands

## **Summary of Potential Delivery Methods**

### **Diaper Benefit as a Welfare-to-Work Supportive Service**

Under California Work Opportunity and Responsibility to Kids (CalWORKs), Welfare-to-Work (WTW) participants are entitled to receive necessary supportive services in order to participate in the program activity to which they are assigned or to accept or retain employment. Current CalWORKs regulations list supportive services as transportation, child care, and ancillary expenses (e.g., books, tools, clothing required for work, and fees). Under this option, diapers would become an additional supportive service. At the option of the county, these services are issued via electronic benefit transfer (EBT), check, or direct provision from the county to participant. Generally, supportive services require participants to purchase the most reasonably priced item and/or provide receipts. The diaper benefit as a supportive service could include an advanced payment for eligible WTW participants to cover the cost of diapers. Participants may then be required to provide receipts showing that they used that money to purchase diapers. (We note that capping or establishing a limit on the amount the county will pay for a participant's necessary supportive services is prohibited so long as the cost of the service does not exceed the regional market rate.)

### **Diaper Benefit as a CalWORKs Special Need**

Special needs benefits are available to CalWORKs clients who demonstrate their eligibility for a recognized need. Current special needs are granted to accommodate additional expenses of recipients who are homeless, pregnant, have costly dietary restrictions, etc. Under this option, diapers would become a special need for CalWORKs families with an age-appropriate child(ren). Special needs are usually added to the maximum aid payment amount (which is distributed as a cash benefit via EBT) for eligible families. Unlike supportive services, receipts or other verification of diaper purchase would not be required. Therefore, CalWORKs would be unable to track or restrict the use of the benefit.

### **Restricted by Automation (Diaper-Only benefit through EBT)**

This delivery method would offer a restricted benefit via EBT that could only be spent on diapers (some refer to this as an electronic voucher) and would be modeled after other similar restricted benefits like EBT for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (projected to be implemented in 2020). Currently, the technology does not exist in any of our systems (i.e., SAWS or EBT) to restrict purchasing in the method that EBT for WIC program will in the future. This technology will need to be developed, and it is difficult to estimate the time or cost needed for such a highly complex and innovative program.

This method does have the potential to be expanded beyond the scope of CalWORKs; with costs commensurate to the size of the population to be served.

### **New Diaper Benefit on EBT for WIC**

It has been suggested that the diaper benefit for CalWORKs recipients be delivered through WIC's new EBT card; however, federal regulations prohibit adding another program to the WIC EBT card. Furthermore, federal regulations state that no external entities (including local or state CalWORKs offices) can access WIC's Management Information Systems (MIS), which tracks client's eligibility, benefits, UPC information, and vendor management. Due to these restrictions, this delivery method was not explored further.

### **County Welfare Department (CWD) Diaper Bank Partnership**

This proposed delivery method is inspired by San Francisco County's partnership with their local diaper bank. Under this proposal, counties would partner with local diaper banks or other community-based organizations to purchase, store, and distribute diapers. If this is mandated by legislation and a county cannot ascertain any organizations to partner with, then the county may have to take on the responsibility of purchasing, storing, and distributing the diapers. Under this delivery method, counties would be responsible for maintaining monthly distribution and expenditure reporting to the state.

### **Diaper Supplement to Child Care Providers**

Under this delivery method, a supplemental payment would be issued to licensed and license-exempt child care providers that care for children participating in the CalWORKs Child Care program. The child care providers would use this payment to purchase diapers. Funding could be modeled after federal Child and Adult Care Food Program currently offered to child care providers where the child care provider would be reimbursed each month for the number of diapers purchased for the CalWORKs children in their care.

### **Medi-Cal**

California currently allows for diapers to be prescribed and funded under Medi-Cal for children five and older when a doctor has verified a medically necessary reason for the diaper. Many other states allow for children three and older to receive this benefit funded (mostly) by federal Medicaid dollars. While it may be possible for the state to lower the age restriction, this delivery option would only benefit children with a medically-based need for diapers and not infants. Given this limitation, this method was not further evaluated.

### **Option Matrices**

Evaluation matrices are presented below. The costs shown in the matrices are for administration and automation at the state and county level. Benefit costs are not included.

## Delivery Method: Welfare-to-Work Ancillary or Supportive Service

Considerations	Observations
Allowable under current law? (yes/no/maybe) Relevant code and regulation sections	Maybe. For clarity, Welfare and Institutions Code (WIC) section 11323.2 could be amended to add diapers to the list of ancillary costs.  Manual of Policy and Procedures (MPP) Section 42-750.113 would also be amended to include clarity for the diaper benefit.
Federal restrictions	May need general funds for non-federal cases.
Population to be served	CalWORKs Welfare-to-Work (WTW) population only.
Statewide (58 county) feasibility?	Yes, but requires legislation if it is going to be a mandate.
Diaper only benefit (Yes/No) If yes, restricted by automation or program rules?	Yes, through program rules and the requirement of receipts.
Impact on other benefits (e.g., CalFresh)	Per current federal regulations, a WTW ancillary or supportive service for diapers may be excluded from impacting the CalFresh benefit.
Projected implementation timeline (post enactment)	At least three months for the All County Letter (ACL) and corresponding County Fiscal Letter (CFL), at least three months for counties to implement after the ACL, and 18 months for regulations.  Estimated Total Timeline for Initial Implementation: at least 6 months
Automation necessary prior to implementation (yes/no)	No, a work around could be created while automation is completed if issued as cash or using existing county EBT/Ancillary reimbursement process.
Statewide Automated Welfare System (SAWS) automation timeline and complexity (Complexity scale of 0-5) 0 is easy, 5 is very complex	Timeline: 6 months-1 year  Complexity: 1-3
Non-SAWS automation timeline and complexity (e.g., EBT or other) (Complexity scale of 0-5)	Complexity: 0 No changes would need to be made to EBT; however, it is possible to get better data tracking by making it a benefit type. To do so would add additional cost and complexity not already captured here.
Mandatory one-time set up costs (e.g., automation, county set up, state set up)—provided in order of magnitude (excluding cost of diaper benefit)	SAWS: \$700,000-800,000 County: Costs anticipated to be minimal and likely absorbable State: Costs anticipated to be minimal and likely absorbable  Estimated One-Time Total Cost: \$0.7 million- \$0.8 million
Ongoing annual costs (excluding cost of diaper benefit)	SAWS: None  County: Protocol for supportive services varies amongst counties. Generally, case workers would need to authorize supportive services and check receipts on a monthly basis. Assuming it could take between 15 (once automated) and 25

## Delivery Method: Welfare-to-Work Ancillary or Supportive Service

Considerations	Observations
	<p>minutes (prior to automation) per child per month the estimated cost is \$13 million- \$22 million/year. With an estimated timeline of 6-12 months for SAWS automation, the ongoing cost is likely to be closer to the lower end of the estimate range after the first year.</p> <p>State: Costs anticipated to be minimal and likely absorbable</p> <p>Estimated Ongoing Annual Total Cost: \$13 million once automated</p>
Non State or County third party requirement (yes/no) (e.g., retailer, diaper bank, CBO)	No additional third party resources would be required since participants would have funds to purchase from retailers directly.
Client convenience (Scale 0-5; 0 – not convenient, 5 – very)	Convenience: 4. However, if individuals were not required to provide receipts it would be very convenient (5).
Client choice (yes/no)	Yes, with the caveat that currently clients are required to purchase the least costly item/option (which may not line up with their preference).
Summary of pros	<ul style="list-style-type: none"> <li>• Delivery system already exists</li> <li>• Minimal automation required</li> <li>• Relatively quick implementation timeframe</li> <li>• Minimal increase in county staff workload and administrative cost</li> <li>• Minimal increase in state staff workload</li> </ul>
Summary of cons	<ul style="list-style-type: none"> <li>• Only available for families currently eligible for WTW</li> <li>• Cannot put a cap on supportive services, which makes it challenging to control the cost of the benefit</li> </ul>

## Delivery Method: CalWORKs Special Need—Cash Benefit

Considerations	Observations
Allowable under current law? (yes/no/maybe) Relevant code and regulation sections	No. WIC section 11450 and MPP Section 44-211 would need to be amended to add the diaper benefit.
Federal restrictions	May need general funds for non-federal cases.  In order to not impact the client’s CalFresh benefit, CDSS would need a new federal waiver (see below).
Population to be served	Entire CalWORKs population
Statewide (58 county) feasibility?	Yes, but requires legislation if it is going to be a mandate.
Diaper only benefit (Yes/No) If yes, restricted by automation or program rules?	Not truly a diaper only benefit. A special need is added to the grant and under current law, the state can indicate what a special need is intended for, but cannot tell clients how to spend their grant. Under this methodology actual purchases would not be verified.  The diaper benefit as a special need would operate similarly to the pregnancy special needs. The pregnant woman receives an extra \$47 per month to her grant with the intention that it be spent on goods that pregnant women need (e.g., prenatal vitamins). Unlike supportive services, there is not a requirement for CalWORKs recipients to provide receipts for special needs benefits.
Impact on other benefits (e.g., CalFresh)	Special needs are added directly to the CalWORKs grant and, for CalFresh purposes, are counted as income. Generally, as the CalWORKs grant increases, the CalFresh benefit decreases at a ratio of roughly 3 to 1 (i.e., for every additional three dollars added to the CalWORKs grant the CalFresh benefit decreases by one dollar). The state can apply for a federal waiver of Supplemental Nutrition Assistance Program (SNAP) rules so that the diaper special needs would be excluded from the income calculation; however, there is no guarantee it would be granted.
Projected implementation timeline (post enactment)	At least three months for the All County Letter (ACL) and corresponding County Fiscal Letter (CFL), at least three months for counties to implement after the ACL, and 18 months for regulations.  Estimated Total Timeline for Initial Implementation: at least 6 months
Automation necessary prior to implementation (yes/no)	No, a work around could be created while automation is completed if issued as cash or using existing county EBT process.
Statewide Automated Welfare System (SAWS) automation timeline and complexity (Complexity scale of 0-5)	Timeline: 6-10 months  Complexity: 1-2

## Delivery Method: CalWORKs Special Need—Cash Benefit

Considerations	Observations
0 is easy, 5 is very complex	
Non-SAWS automation timeline and complexity (e.g., EBT or other) (Complexity scale of 0-5)	Complexity: 0 No changes would need to be made to EBT; however, it is possible to get better data tracking by making it a benefit type. To do so would add additional cost and complexity not already captured here.
Mandatory one-time set up costs (e.g., automation, county set up, state set up)—provided in order of magnitude (excluding cost of diaper benefit)	SAWS: \$550,000- 650,000 County: Costs anticipated to be minimal and likely absorbable State: Costs anticipated to be minimal and likely absorbable  Estimated One-Time Total Cost: \$550,000-650,000
Ongoing annual costs (excluding cost of diaper benefit)	SAWS: None  County: Case workers would need to do a one-time entry per child. Assuming it could take between 5 (once automated) and 15 minutes (prior to automation) per child it is estimated to cost \$1 million- \$2.3 million/year. With an estimated timeline of 6-10 months for SAWS automation, the ongoing cost is likely to be closer to the lower end of the estimate range after the first year. CDSS is still studying the cost and feasibility of age-linked automation that would require less caseworker time.  State: Costs anticipated to be minimal and likely absorbable  Estimated Ongoing Annual Total Cost: \$1 million once automated
Non State or County third party requirement (yes/no) (e.g., retailer, diaper bank, CBO)	No additional third party resources would be required since participants would have funds to purchase from retailers directly.
Client convenience (Scale 0-5; 0 – not convenient, 5 – very)	Convenience: 5 because clients can use at any location where EBT is accepted and receipts are not required.
Client choice (yes/no)	Yes. Clients would also have the option to choose cloth diapers.
Summary of pros	<ul style="list-style-type: none"> <li>• Delivery system already exists</li> <li>• Minimal automation required</li> <li>• Quick implementation timeframe</li> <li>• Minimal increase in county staff workload and administrative cost</li> <li>• Minimal increase in state staff workload</li> </ul>
Summary of cons	<ul style="list-style-type: none"> <li>• Not truly a restricted diaper benefit</li> <li>• Would have a negative impact on the CalFresh benefit, unless a SNAP waiver is granted</li> </ul>

<b>Delivery Method: Restricted by Automation (Diaper-Only Benefit through EBT)</b>	
<b>Considerations</b>	<b>Observations</b>
Allowable under current law? (yes/no/maybe) Relevant code and regulation sections	No. Changes to the Welfare and Institutions Code and Manual of Policy and Procedures (MPP) would be needed; however, specific citations would depend on program design and what population(s) the benefit is intended to serve.  MPP Division 16 would need to be amended for EBT.
Federal Restrictions	Depends on funding source which depends on population being served.
Population to be served	Depends on program design. See the CalWORKs Population Characteristics Chart for additional information about potential populations.
Statewide (58 county) feasibility?	Yes, with some limitation to benefit accessibility in areas of California with few approved shopping options.
Diaper only benefit (Yes/No) If yes, restricted by automation or program rules?	Yes, by automation.
Impact on other benefits (e.g., CalFresh)	It may depend on the population to be served. If this delivery method is used to deliver a Welfare-to-Work supportive service then it may not impact the CalFresh benefit. However, if it is used to deliver a CalWORKs special need then it would likely be viewed as assistance and would result in a decrease of the CalFresh benefit at a roughly three to one ratio (i.e., for every three dollars of the diaper benefit the CalFresh benefit would decrease by one dollar). As mentioned in the CalWORKs special needs matrix, the state can apply for a waiver so that the diaper benefit is not counted as income for CalFresh purposes.
Projected implementation timeline (post enactment)	This is a major undertaking and there are three main elements that would need to be created or amended. One element is the restricted EBT automated module. Another element is updating SAWS to include the ability to track client eligibility, approved UPC codes, and approved retailers. The last element is the program itself which would include authorizing retailer applications, creating an approved product list, reimbursement/reconciling procedure with retailers, program integrity, etc.  Timeline: potentially 4-6 years
Automation necessary prior to implementation (yes/no)	Yes.
Statewide Automated Welfare System (SAWS) automation timeline and complexity (Complexity scale of 0-5) 0 is easy, 5 is very complex	Timeline: 1- 1.5 years within broader implementation timeline  Complexity: 5+ A new module/subsystem would have to be created.
Non-SAWS automation timeline and complexity (e.g., EBT or	A restricted EBT program would need to be created (likely modeled after EBT for WIC). Unlike CalWORKs or CalFresh, the reconciling process would be different

**Delivery Method: Restricted by Automation (Diaper-Only Benefit through EBT)**

Considerations	Observations
<p>other) (Complexity scale of 0-5)</p>	<p>for a diaper benefit (it would be similar to WIC) and would take additional time to develop and test. In the near-term the benefit would have to be on a separate card.</p> <p>Currently, the technology does not exist in any of CalWORKs' systems (i.e., SAWS or EBT) to restrict purchasing in the method that EBT for WIC's program will in the future. This technology will need to be developed, the extent of which is unclear. Regardless, the timeline for something this innovative would be lengthy, the degree of complexity would be high, and the cost would be substantial.</p> <p>Timeline: Potentially 24-36 months within broader implementation timeline; however, this is a rough estimate. Complexity: 5</p>
<p>Mandatory one-time set up costs (e.g., automation, county set up, state set up)—provided in order of magnitude (excluding cost of diaper benefit)</p>	<p>Automation: Due to the complexity and number of unknown elements in this method a precise cost estimate is unavailable. It is expected that the one-time automation costs are likely to be in the tens of millions.</p> <p>State: In order to provide a delivery method this complex, staff will need to be hired and trained.</p> <p>County: At this time the level of detail required to assess the impact on county caseworkers is unknown; however, county policies, training, data tracking, and other administrative responsibilities will need to be calculated if this delivery method is further pursued.</p> <p>Estimated Total One-Time Cost: tens of millions</p>
<p>Ongoing annual costs (excluding cost of diaper benefit)</p>	<p>Automation: Due to the complexity and number of unknown elements in this method a precise ongoing cost estimate is unavailable. (Typically, some of the costs become embedded in the per transaction base contract. These costs could be comparable to what WIC will pay per transaction, which is \$.555/transaction.)</p> <p>State: The Department of Public Health has over 200 staff to administer WIC; it would not be unreasonable to assume that CDSS would require close to that number. The cost of 150 to 200 additional staff to administer this method would be approximately \$15 million to \$20 million for salary and benefit costs alone. This does not include any operating expense or equipment costs (especially facility related costs), or the cost of support from other divisions that would be required, such as accounting, IT, or legal support. Additional staff and funding outside of the WTW division would likely be required to fully implement the diaper program using the WIC model.</p> <p>County: At this time the level of detail required to assess the impact on county caseworkers is unknown; however, CDSS estimates that the amount of time required of case workers would likely be similar to the calculations for the</p>

<b>Delivery Method: Restricted by Automation (Diaper-Only Benefit through EBT)</b>	
<b>Considerations</b>	<b>Observations</b>
	<p>CalWORKs special needs. Assuming it would be a one-time eligibility determination and it would take between 5 and 15 minutes per child it is estimated to cost \$1 million- \$2.3 million/year. It should be noted this does not include additional time for other county administrative duties or additional data tracking.</p> <p>Estimated Ongoing Annual Total Cost: tens of millions</p>
Non State or County third party requirement (yes/no) (e.g., retailer, diaper bank, CBO)	Yes, following the WIC model, retailers will need to apply, go through the approval process, participate in oversight, download the authorized product list, and apply for reimbursement/reconciliation after the purchase is made in the store. CDSS will also have to work closely with manufacturers to stay updated on product changes (including UPC codes).
Client convenience (Scale 0-5; 0 – not convenient, 5 – very)	Convenience: 4- Potentially extremely convenient. While there may be limitations due to retailer participation, clients would be able to shop at a variety of stores and have a variety of choices. (Second only in convenience to the CalWORKs special need delivery method.)
Client choice (yes/no)	Yes, however client choice would be limited to the approved product list and approved retailers.
Summary of pros	<ul style="list-style-type: none"> <li>• Easy for clients, though not the easiest</li> <li>• Clearly restricts the benefit to just diapers</li> <li>• Under this delivery method there is potential to expand the diaper benefit beyond the CalWORKs population</li> <li>• There is also the potential for card-not-present purchases (e.g., online purchases); however, at this time current EBT business rules do not allow for this.</li> </ul>
Summary of cons	<ul style="list-style-type: none"> <li>• Requires the creation of extremely complex systems</li> <li>• This approach constitutes an IT project entailing all necessary approvals</li> <li>• Automation is required before the program can be administered, and automation would take many years</li> <li>• This benefit would likely have to be issued on a separate EBT card</li> <li>• Significant increase in state workload (administer and oversight)</li> <li>• Given the higher ongoing administrative and set up costs, this option only makes sense if provided to a large population</li> </ul>



## Delivery Method: County Welfare Department Diaper Bank Partnership

Considerations	Observations
Allowable under current law? (yes/no/maybe) Relevant code and regulation sections	While San Francisco County is currently operating a similar county program, legislation creating a state mandate would be needed. The Welfare and Institutions Code would need to be amended to create this program, and regulations would likely be required.
Federal Restrictions	Depends on funding source which depends on population being served.
Population to be served	Depends on program design. See the CalWORKs Population Characteristics Chart for additional information about potential populations.  This delivery method is modeled after San Francisco County's diaper bank program and their program is designed to serve the entire CalWORKs population with a child up to three years old.
Statewide (58 county) feasibility?	Yes, if mandated. However, there are areas of the state with no diaper bank programs. Some counties may need to work with other local community-based organizations.
Diaper only benefit (Yes/No) If yes, restricted by automation or program rules?	Yes, clients would be receiving diapers directly (there would be no cash payment or reimbursement).
Impact on other benefits (e.g., CalFresh)	None
Projected implementation timeline (post enactment)	At least three months to issue an All County Letter (ACL) calling for county plans with a corresponding County Fiscal Letter (CFL) following shortly thereafter. It could take up to an additional six months for counties to implement.  Timeline: 9-12 months
Automation necessary prior to implementation (yes/no)	Yes, depending on how the county structures their program, non-SAWS automation may be required for counties to be able to securely communicate client eligibility to distribution sites.
Statewide Automated Welfare Systems (SAWS) automation timeline and complexity (Complexity scale of 0-5) 0 is easy, 5 is very complex	Complexity: 1-2 – Adhering closely to San Francisco's model, there will not be any changes needed to the consortia. Eligibility would be determined by identifying those who are a CalWORKs recipient (or Welfare-to-Work participant) and have a child under a specified age (e.g., up to three). That eligibility information will need to be communicated to distribution sites; San Francisco provides this information via ad hoc reporting from their SAWS.  Timeline: Time will be needed for counties to provide ad hoc eligibility reports to participating sites.
Non-SAWS automation timeline and complexity (e.g., EBT or other) (Complexity scale of 0-5)	Counties will need to develop a secure system to communicate eligible diaper benefit recipients with their local diaper distributor (e.g., diaper bank, CBO).  San Francisco has a cloud-based system (Brite Pearl) to allow for automatic

## Delivery Method: County Welfare Department Diaper Bank Partnership

Considerations	Observations
	<p>updates between the list of eligible clients (updated monthly and provided via an ad hoc report from SAWS) and the various distribution sites.</p> <p>Timeline: 3-9 months Complexity: 2-5 – some counties have a greater ability to implement new technology than others.</p>
Mandatory one-time set up costs (e.g., automation, county set up, state set up)—provided in order of magnitude (excluding cost of diaper benefit)	<p>State: Additional staff time would be necessary for data tracking and technical assistance— possibly \$25 thousand to \$50 thousand per year.</p> <p>County: San Francisco County reported spending between \$100,000- 125,000. Extrapolating from San Francisco County’s experience, the set up costs for all 58 counties is \$13 million to \$17 million.</p> <p>Estimated One-Time Total Cost: \$13.025 million - \$17.05 million</p>
Ongoing annual costs (excluding cost of diaper benefit)	<p>State: Additional staff time would be necessary for data tracking and technical assistance— possibly \$50 thousand to \$75 thousand per year.</p> <p>County: Potential for increased administrative and delivery costs depending on the county’s contracts with third parties and their level of responsibility in providing the diapers to clients. There may also be additional costs needed to maintain any additional IT systems that are created to communicate between the county and contractors. San Francisco is experiencing an ongoing cost of \$170,000/year, not including the cost of diapers. Extrapolating from San Francisco’s experience, the ongoing cost for all 58 counties is roughly estimated at \$22.5 million.</p> <p>Estimated Ongoing Annual Total Cost: \$22.5 million- \$22.58 million</p>
Non State or County third party requirement (yes/no) (e.g., retailer, diaper bank, CBO)	<p>Counties will need to account for purchasing, storage, and distribution. Any of these three aspects may be contracted out or done internally.</p> <p>San Francisco contracts with their local diaper bank (Help a Mother Out), who negotiated, purchases, and delivers diapers to storage. Both the county and Family Resource Centers store and distribute diapers to CalWORKs clients.</p>
Client convenience (Scale 0-5; 0 – not convenient, 5 – very)	<p>Convenience varies depending on geographical proximity to diaper distribution sites. Transportation and hours of operation could be an issue for some families. Since there are very few diaper banks across the state, counties may need to partner with community-based organizations or other local entities to store and provide diapers.</p>
Client choice (yes/no)	<p>Client choice is dependent on what the diaper distribution site has available and how the program is structured. San Francisco’s diaper bank provides just-in-time restocking, and as the program has continued, they have been monitoring which sizes are most requested. Diaper banks, or the other community service agency</p>

## Delivery Method: County Welfare Department Diaper Bank Partnership

Considerations	Observations
	<p>serving in the diaper bank role, could collect data about client needs and preferences.</p>
Summary of pros	<ul style="list-style-type: none"> <li>• From a state workload perspective this would present minimal implementation challenges</li> <li>• Each diaper bank would operate differently which means they could be more responsive to the community’s needs</li> <li>• Provides leveraging opportunities to link clients to community-based organizations or family resource centers</li> <li>• San Francisco has reported that distributing diapers at the county welfare office has helped build relationships between clients and case managers</li> <li>• Building the capacity of diaper banks could also benefit low-income parents or caregivers caring for infants and toddlers not in the CalWORKs program</li> <li>• Bulk pricing may be available to the diaper banks.</li> </ul>
Summary of cons	<ul style="list-style-type: none"> <li>• From a county workload perspective, this is among the more complex options to implement because it is outside of their existing scope of work.</li> <li>• Diaper banks are not yet statewide. In fact, there are only 19 diaper bank members in the state. So some counties may have to be responsible for purchasing, storing, and distributing, which could mean a delay in delivery.</li> <li>• Would need to ensure that diapers intended for CalWORKs recipients are not mistakenly given out to others in need.</li> <li>• In rural counties (or large counties) it may be difficult for clients to get to the diaper bank (or other distribution center)</li> <li>• San Francisco has reported that outreach to clients is difficult since this is a new program. A survey is currently being conducted to research how to increase participations.</li> <li>• Recipients would be restricted to the distribution site(s) within their own county (i.e., they cannot go to another county’s distribution site because it is more convenient). Potentially, counties could partner to allow for cross county partnerships; however, such partnerships would have additional complexities and costs associated with it.</li> </ul>



## Delivery Method: Supplement to Child Care Providers

Considerations	Observations
Allowable under current law? (yes/no/maybe) Relevant code and regulation sections	No. Legislation would be required to include a supplemental diaper assistance payment as a necessary supportive service for eligible children participating in the CalWORKs Child Care program.  Changes will need to be made in Welfare and Institution Code section 11323.2(a), regulations in MPP's Division 42 & 47, and Education Code.
Federal Restrictions	Depends on funding source which depends on population being served. (There is currently no restriction against using Child Care Development funds for diapers.)
Population to be served	Depends on program design. See the CalWORKs Population Characteristics Chart for additional information about potential populations.
Statewide (58 county) feasibility?	Yes.
Diaper only benefit (Yes/No) If yes, restricted by automation or program rules?	Yes, a supplemental diaper assistance payment would be issued to the child care provider. Automation will be needed to issue these payments.
Impact on other benefits (e.g., CalFresh)	No, the supplement diaper assistance payment to child care providers will not affect CalFresh or CalWORKs because the payment will not be counted as income for the CalWORKs recipient.
Projected implementation timeline (post enactment)	At least three months for an All County Letter (ACL) with a corresponding County Fiscal Letter (CFL) following shortly thereafter, up to 18 months automation and regulations, and additional time for county implementation.  Timeline: 18-24 months
Automation necessary prior to implementation (yes/no)	Yes, automation would be necessary prior to implementation to add the supplemental diaper assistance payment to the child care provider.
Statewide Automated Welfare System (SAWS) automation timeline and complexity (Difficulty scale of 0-5) 0 is easy, 5 is very difficult	Estimated Timeline: TBD  Complexity: TBD
Non-SAWS automation timeline and complexity (e.g., EBT or other) (Difficulty scale of 0-5)	Estimated Timeline: Up to 18 months  Complexity: 3 -5. Currently, 40 counties contract out their Stage 1 child care to an Alternate Payment Program (APP). An APP is an agency that distributes federal and state child care and development subsidies (vouchers) and offers consumer information about various child care services and resources available for CalWORKs eligible families. These APPs have multiple data systems in which payments are issued for child care in each county, resulting in unknown operational and cost implications.
Mandatory one-time set up costs	Will require automation, county set up and state set up.

## Delivery Method: Supplement to Child Care Providers

Considerations	Observations
(e.g., automation, county set up, state set up)—provided in order of magnitude (excluding cost of diaper benefits)	<p>State: Costs anticipated to be minimal and likely absorbable</p> <p>One-time SAWS automation costs are TBD, and, at this time, we are unable to provide an estimate for APP.</p>
Ongoing Annual costs (excluding cost of diaper benefit)	<p>State: Costs anticipated to be minimal and likely absorbable</p> <p>Although no formal estimates could be conducted, the costs related to the administration of the supplement and the procuring and storing of diapers for the child care providers would likely be comparable to the CWD diaper bank partnership since there are similar elements in both methods (e.g., procuring and storing diapers). Under the CWD diaper bank partnership method, the estimated cost is \$22.5 million annually, and it would not be unreasonable to assume that this cost would be similar to the cost necessary for a supplement to child care providers.</p> <p>Ongoing SAWS automation costs are TBD. Unknown ongoing costs for APPs.</p>
Non State or County third party requirement (yes/no) (e.g., retailer, diaper bank, CBO)	Yes, the child care provider would be required to purchase diapers for the CalWORKs child(ren) in their care. This is typically outside the business model of child care providers.
Client convenience (Scale 0-5; 0 – not convenient, 5 – very)	5. No action required from the CalWORKs client. Limitation of this option is that diapers would only be available during the time the child is in child care.
Client choice (yes/no)	This would depend on what is supplied by the child care provider and if there are any purchasing guidelines mandated by the state.
Summary of pros	<ul style="list-style-type: none"> <li>• Welfare-to-Work parents would not have to supply diapers to their child care provider.</li> </ul>
Summary of cons	<ul style="list-style-type: none"> <li>• Benefit is limited to those in subsidized child care.</li> <li>• Parents would still need to provide some diapers at home.</li> <li>• Placing a new diaper requirement on subsidized providers could further limit the availability of CalWORKs child care providers.</li> <li>• Administration cost associated with verification of receipts.</li> <li>• Creates potential inequity between CalWORKs and non-CalWORKs parents and may impact CalWORKs parents' privacy.</li> </ul>