EXPLAINING GROWTH IN THE PREVALENCE OF HOMELESS FAMILIES IN LOS ANGELES COUNTY'S CALWORKS CASELOAD SINCE THE GREAT RECESSION

Los Angeles County
Chief Executive Office
Chief Information Office

Max Stevens, Ph.D.
Andy Perry

June 2021

TABLE OF CONTENTS

TABLES AND FIGURES

TABLES

FIGURES

EXPLAINING GROWTH IN THE PREVALENCE OF HOMELESS FAMILIES IN LOS ANGELES COUNTY'S CALWORKS CASELOAD SINCE THE GREAT RECESSION

Chief Executive Office
Chief Information Office

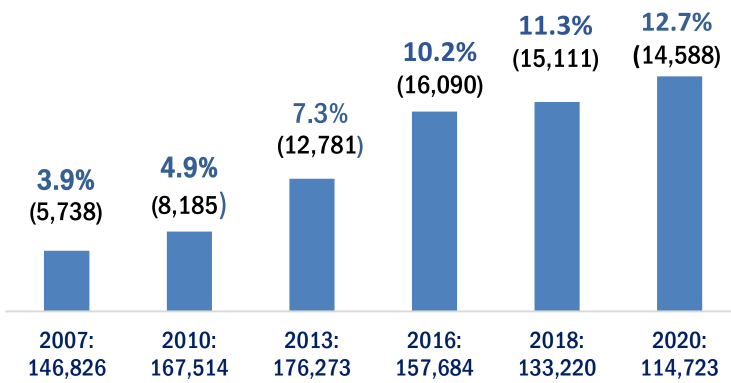
May 2021

BACKGROUND

This report examines growth in the prevalence of homeless families within Los Angeles County's California Work Opportunities and Responsibilities for Kids (CalWORKs) caseload since 2007. CalWORKs is the Temporary Aid to Needy Families (TANF) program established in 1998 to administer and distribute federal Welfare-to-Work benefits to low-income families in California. Families eligible for CalWORKs automatically gain health coverage under Medi-Cal and, in most cases, are eligible for CalFRESH (food stamps) benefits as well. In Los Angeles County, CalWORKs is administered by the Department of Public Social Services (DPSS).

In January 2020, DPSS reported 114,723 Los Angeles County households in receipt of CalWORKs benefits. A total of 14,588 of these households, 12.7 percent, were identified by the department as homeless during the month, roughly one of every eight. By Comparison, the program's January 2007 caseload was 28 percent larger (*n*=146,826 households), yet DPSS identified roughly one in 26 as homeless, fewer than four percent (Figure 1).[1]

Figure 1.
Percentage of Aided CalWORKs Families Identified by DPSS as Homeless at Six January Observation Points, 2007 to 2020



Sources: LEADER and LEADER Replacement System (LRS).

EXPLAINING THE LONG-TERM TREND

A Confluence of Three Factors. The number of homeless households receiving CalWORKs benefits in January 2020 was close to three times than the number in receipt of benefits in January 2007. The research summarized in this report was underwritten by DPSS to determine if the long-term growth in the prevalence of homeless households within the CalWORKs caseload reflects unintended consequences of policies and/or procedures implemented by the department in administering CalWORKs and to otherwise gain a better understanding of factors that account for the expanding numbers of homeless cases over time.[2] The analysis points to a confluence of three explanatory factors:

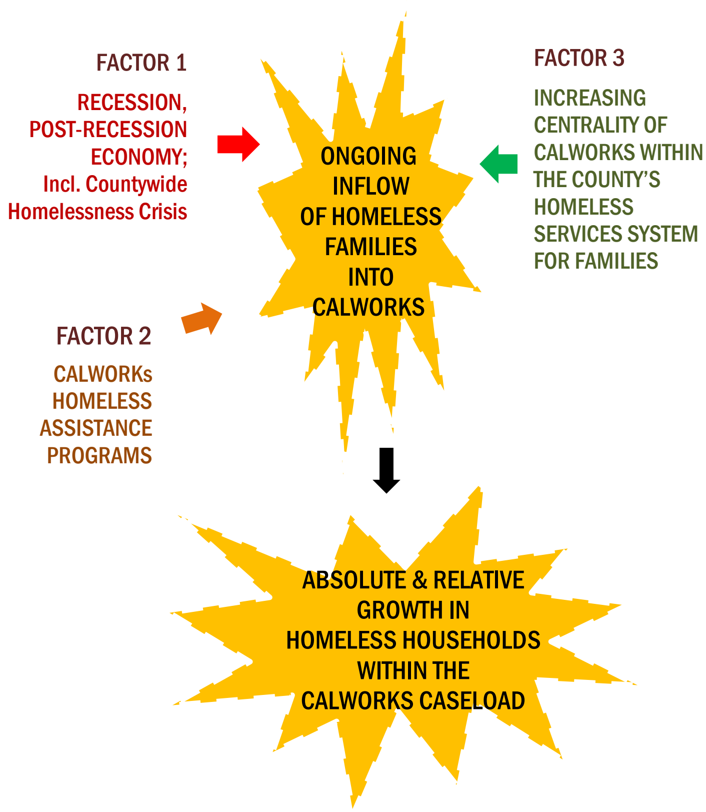
[1]To ensure consistency with DPSS reporting, all monthly aided household counts and month homeless aided household counts were produced by DPSS' LEADER REPLACE SYSTEM (LRS) unit as opposed to being generated more directly by the Chief Executive Office's Chief Information Office (CEO/CIO).

[2]Homeless families in our analysis are technically CalWORKs *cases* flagged in DPSS's case management system as homeless. Families are coded as homeless in a given month based on a proxy identification method, which assigns a homeless flag to any household for which the primary CalWORKs applicant uses a DPSS District Office as their current residential address in records of benefits receipt.

1. *The macroeconomic environment* that emerged from the Great Recession (December 2007 to June 2009) in Los Angeles County and California more generally, created a Statewide affordable housing shortage and a Countywide homelessness crisis, both of which continue to evolve at the present time.

2. *The availability of pre-existing Homeless Assistance Programs* funded through the CalWORKs Single Allocation, which were implemented several years prior to the downturn and, consequently, were fully ramped up when the slowing economy fell into recession in late 2007. These programs have attracted a steady inflow of homeless families to CalWORKs continuously as the severity of the countywide homelessness crisis has intensified.

Figure 2.
Explaining Long-Term Growth in Homeless CalWORKs Families



3. *The emergence of CalWORKs as a critical component in the Countywide implementation and operation of a coordinated homeless services delivery approach for families in crisis.* The evolution of this multi-agency approach can be traced from the Family Transition Pilot (2011-12), through the development and implementation of Family Solution Centers (FSCs) and the launch of the Homeless Family Solution System (HFSS/2013-14), to the transition from the HFSS to the Coordinated Entry System for Families (CESF/2017).

   The development and refinement of coordinated homeless service delivery has positioned CalWORKs at the center of the County's homeless services system for families, extending DPSS's reach into the population of homeless families, thereby reinforcing the inflow of these families into CalWORKs.

THE CALWORKS CASELOAD AND ITS HOMELESS SUBSET SINCE 2007[3]

The CalWORKs Caseload During and After the Great Recession. In June 2011, as shown in Figure 3a, the CalWORKs caseload consisted of 182,231 families, a tally larger by close to 30 percent relative to the count of 140,904 cases for December 2007. This 3 ½ - year period, from December 2007 to June 2011, encompasses a 19-month recession (December 2007 to June 2009), and two recovery years after the official end of the recession. Given the depth of the recession and the sluggishness of the recovery, an increase in the CalWORKs caseload of almost 30 percent over this period is unsurprising.

[3] Appendix A describes the DPSS administrative data sources and used in preparing this report.

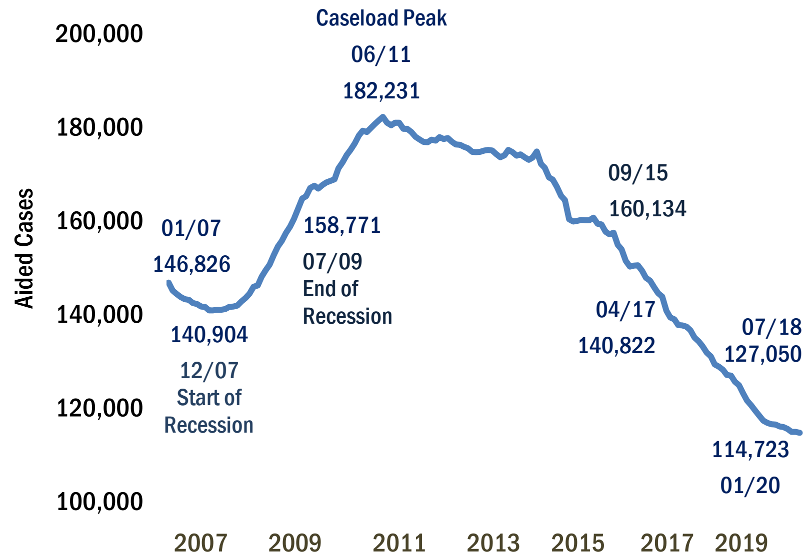
Steady Caseload Decline Over A Decade. The June 2011 caseload count is the peak within the thirteen-year observation window covered in this report. Over the decade following this peak, the number of CalWORKs-aided families in Los Angeles County declined by an average of approximately 7,500 households per year. The January 2020 aided household count of 114,723 represents a net decrease of 37 percent from the June 2011 peak and is smaller than the count at the start of the overall period of observation in January 2007 (146,826 cases) by roughly 22 percent.

Homeless Household Expansion within a Shrinking Caseload. Figure 3b plots monthly counts of families coded as homeless in CalWORKs administrative records within the same observation window. From December 2007 to June 2011, the number of such families grew by almost 67 percent. The trajectory of homeless CalWORKs families thereafter diverged from the broader decline in the size of the overall CalWORKs caseload. Relative to June 2011, the count of 17,169 homeless households in September 2015 is more than two-thirds larger.

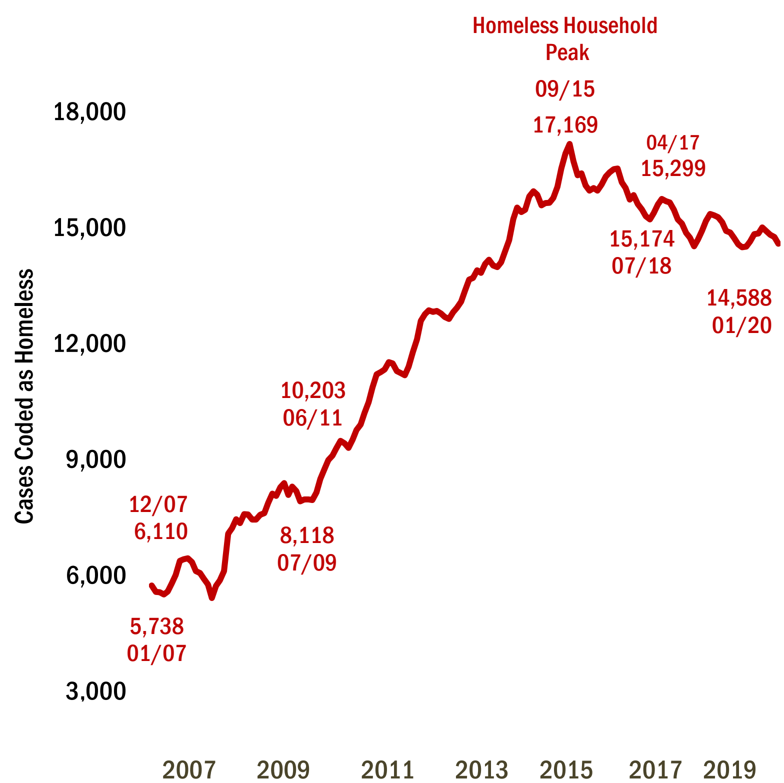
The September 2015 count of homeless was the peak for the CalWORKs homeless subset within this report's full 13-year observation window. Homeless case counts from the second half of 2015 through 2019 were more volatile from one month to the next but the trend was ultimately downward. The tally of 14,588 cases homeless cases for January 2020 is a 15 percent decrease from the 2015 peak but remains 154.2 percent higher than the count of 5,738 for January of 2007.

Figure 3. A Divergent Trend within a Broader Trend: January 2007 to January 2020

3a. Aided Monthly CalWORKs Households



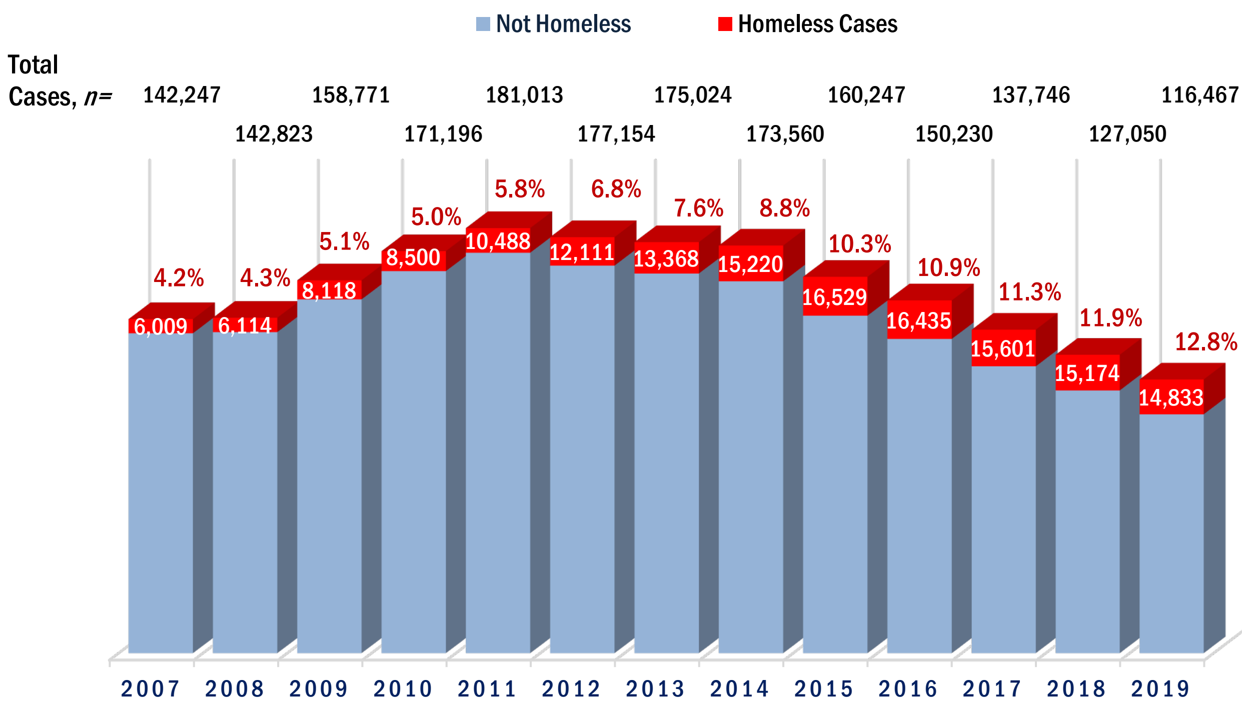
3b. Aided Monthly CalWORks Households Identified as Homeless by DPSS.



During the recession and the first two years of recovery, growth in the homeless segment of the CalWORKs caseload moderately outstripped the expansion of non-homeless cases, which explains the slight increase in the homeless share of the overall caseload, from 4.2 percent in July 2007 to 6.8 percent in June 2011. From June 2011 to September 2015, the overall caseload retracted by roughly 12 percent while the homeless subset increased by more than two thirds. The homeless subset consequently grew proportionally from 5.8 percent to 10.3 percent of the CalWORKs caseload over this period.

The 15 percent decrease in the homeless subset between September 2015 and January 2020 was less pronounced than the decline in non-homeless cases over the same period, during which the overall CalWORKs caseload shrank by 28.4 percent. The considerably slower decline in the homeless subset over this period explains why, despite their decreasing numbers, homeless cases grew from 10.3 percent to 12.7 percent of the caseload between their 2015 absolute high and January 2020. Figure 4 shows the caseload dynamics at July observation points for the full period examined in this report.

FIGURE 4. HOMELESS CALWORKS HOUSEHOLDS AS A SHARE OF TOTAL MONTHLY CASELOADS, JULY OBSERVATION POINTS, 2007 TO 2019

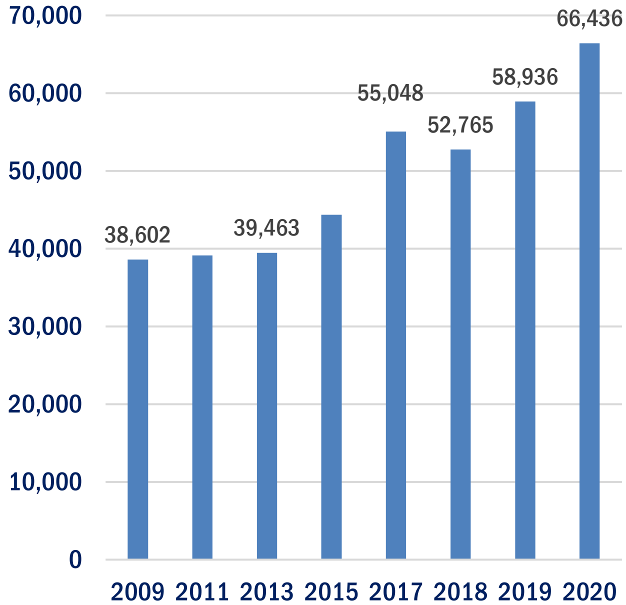


Sources: LEADER and LEADER Replacement System (LRS).

THE MACRO-ECONOMIC CONTEXT: FROM RECESSION TO AFFORDABLE HOUSING SHORTAGE TO HOMELESSNESS CRISIS

Homelessness in the CalWORKs Caseload and in Los Angeles County at Large. The caseload dynamics described in the previous section beg the question of the factors driving the declining caseload as well as those driving the expanding number of homeless families within the caseload. An explanation for the steady increase in homeless CalWORKs families must begin by noting that Growth in the size of the County's homeless population since the end of the Great Recession is well documented, and by recognizing that the program's client population is necessarily affected by broader macroeconomic conditions.

Figure 5.
Los Angeles Homeless Services Authority Point-in-Time Counts of Homeless Individuals in Los Angeles County, 2009 to 2020



As shown in Figure 5, the Los Angeles Homeless Services Authority's Point-in-Time (PIT) count of homeless persons residing in Los Angeles County was roughly 72 percent higher in 2020 by comparison with 2009.[4] While factors specific to CalWORKs, and which will be discussed further below, help explain the growth observed in the number of homeless families in receipt of benefits, an expanding homeless population is not specific to CalWORKs.

Aftereffects of the Recession. The prevalence of homeless families in the CalWORKs caseload is inseparable from a Statewide affordable housing shortage and countywide homelessness crisis, both of which are consequences of the macroeconomic environment that emerged from the Great Recession.

The persistence of the Countywide homelessness crisis at the present time attests to the entrenchment of the recession's aftereffects and helps explain why, despite the decline in homeless CalWORKs households since 2015, the January 2020 count of such cases was 80 percent higher than the count of such families immediately after the official end of the recession.

In examining long-term increases in the number of homeless families receiving CalWORKs benefits each month, factors shown in Table 1 represent the essential macroeconomic drivers within the explanatory framework presented here. These factors constitute the *crisis context* for the framework's policy and programmatic factors.

Table 1. Components of the Crisis Context

CRISIS CONDITION	TIME PERIOD
Housing Market Crash	June 2007-February 2009
Recession	December 2007- June 2009
Sluggish Recovery, First Phase	July 2009 Onwards
Post-Recession Labor Market	2009 Onwards
Homelessness Crisis	2009 Onwards
Real Estate Market Recovery/Rents	2011 Onwards
Statewide Affordable Crisis	2011 Onwards

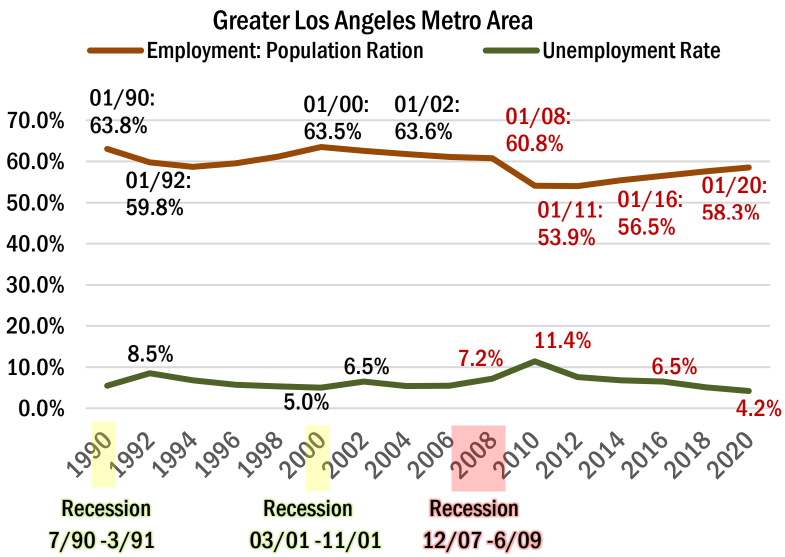
The Post-Recession Labor Market. A number of important analyses of the Great Recession and its aftermath point to a permanently re-structured labor market as among the most impactful legacies of the downturn, one that continues to affect the employment, earnings and economic security of working

[4]Please note that while Figure 5 is illustrative of a long-term trend, varied methodologies were used in producing the counts shown. These totals are therefore not standardized across the years shown for this reason. Nevertheless, a broad consensus among policymakers exists as to the growing severity of Los Angeles County's homelessness crisis.

families and individuals today.[5] The overlap in the timing of the end of the recession in June 2009 and acceleration in growth of homeless populations, not only in Los Angeles County but also a number of other major metropolitan areas across the United States, is not coincidental and highlights changed labor markets as a key factor driving the growth of homelessness across the post-recession landscape.

The concept of a *re-structured labor market* as it generally appears in studies of the Great Recession refers to the elimination of inefficiencies, largely in the lower and lower-middle wage sectors of the employment market. Much of the flight to efficiency was, and continues to be, accomplished by substituting automation for labor and the resulting elimination of jobs tends to be permanent. The intensity of competition for a narrowed range of employment within this environment places downward pressure on wages with a persistence that has compelled a number of prominent commentators to characterize the post-recession economy as one based on a qualitatively new and different labor market.[6]

FIGURE 6.
UNEMPLOYMENT AND WORKFORCE PARTICIPATION RATES IN RELATION TO THREE SUCCESSIVE RECESSIONS*



*Rate plotted at each observation point are 12-month averages.

SOURCE: U.S. Bureau of Labor Statistics Monthly Regional Employment

A Break from Familiar Cycles and Patterns. In all recessions since the end of World War II, including the two immediately preceding the Great Recession, the Employment-Population ratio, a measure of workforce participation, either did not fall below 60 percent or fell slightly below but then returned to the 60 percent threshold during recovery. However, as shown in Figure 6, which is based on data collected by the Bureau of Labor Statistics for the Greater Los Angeles metro area, the distinctiveness of post-recession labor market is expressed in an Employment-Population ratio that has never returned to 60 percent despite unemployment falling to historic lows (4.2 percent in January 2020).

Officially-reported unemployment rates therefore do not capture a significant segment of the population that is employable but has stopped looking for work either because they are unable to find jobs or they are not able to find jobs that pay wages sufficient to meet their basic needs.

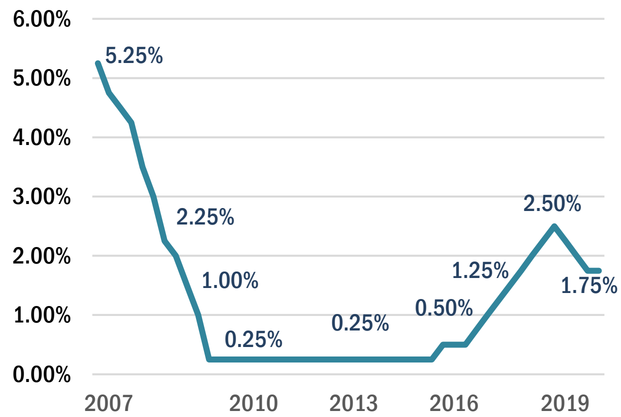
[5] McCorkell, Lisa and Hinkley, Sara. 2019. *The Post Recession Labor Market: An Incomplete Recovery.* Institute for Research on Labor and Employment; University of California, Berkeley. Thiede, Brian and Shanon M. Monnat. 2016. 'The Great Recession and America's Geography of Unemployment,' in *Demographic Research*, Volume 35, Article 30; Verick, Sher and Iyanatul Islam. 2010. *The Great Recession of 2008-2009: Causes, Consequences, and Policy Responses. IZA DP* #4934. Bonn, Germany;

[6] Rothstein, Jesse. 2015. 'The Great Recession and its Aftermath: What Role Do Structural Changes Play? Washington Center for Equitable Growth; Thiede, Brian and Shanon M. Monnat. 2016. 'The Great Recession and America's Geography of Unemployment,'

The Uncoupling of the Housing Sector from the Broader Economy. Under the weight of the downward pressure on wages described in the previous section, the available evidence suggests that working incomes in Los Angeles County have not kept pace with rents that have increased continually as part of a powerful and extended post-recession housing sector recovery.

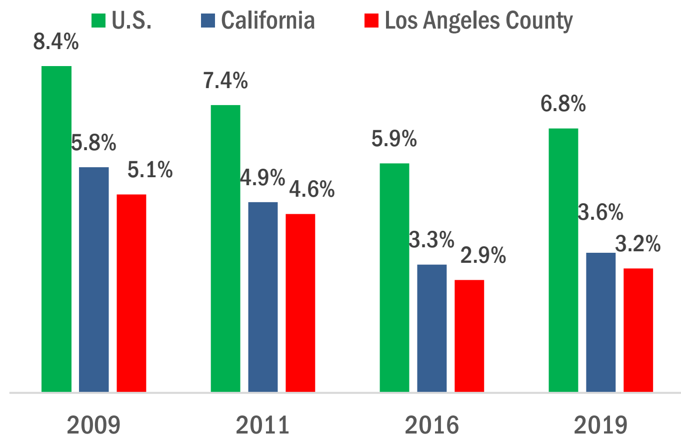
The resulting misalignment of rents and incomes is a central driver of the Countywide homelessness crisis and the Statewide affordable housing shortage. In the typical historical pattern observed after significant housing sector downturns, the sector's recovery is an *effect* of broader economic recovery, i.e. valuations bottom out, stabilize, and then eventually begin to climb when economic growth and employment recover.[7] The real estate turnaround after the Great Recession, however, began in early 2011 at a point when the more general economy remained weak.

FIgure 7.
Fed Funds Rate, 2007 to 2019



Source: www.federalreserve.gov/monetarypolicy

Figure 8.
Rental Unit Vacancy Rates Over 10 Years:
United States, California, and Los Angeles County



Source: Zillow/Historical Data Warehouse

In Los Angeles County, the housing sector recovery accelerated even as the unemployment rate climbed past 11 percent in 2011. The relative independence of housing from the broader economy was a consequence of federal monetary policy that sought to stimulate economic growth through a campaign of maintaining interest rates at historic and indefinite lows. (Figure 7).[8] The outsized effect this policy had on the housing sector effectively divorced the real estate market from the broader economy. In Los Angeles County - and in much of California - valuations have increased on an essentially uninterrupted basis since 2011.

Los Angeles County's Tight Rental Market Since the Recession Land scarcity in Los Angeles County in particular, has re-enforced the policy-driven inflation of the housing sector, pushing growing numbers of residents into increasingly tight rental markets. Between 2011 and 2016, the unit vacancy rate in the County fell from 4.6 percent to 2.9 percent and remained at 3.2 percent in 2019 (Figure 8). Rents in Los

[7] Gelain, Paolo, *et al.* 2018. *Explaining the Boom-Bust Cycle in the U.S. Housing Market: A Reverse Engineering Approach.* Federal Reserve Bank of San Francisco, Working Paper Series, 2015-02

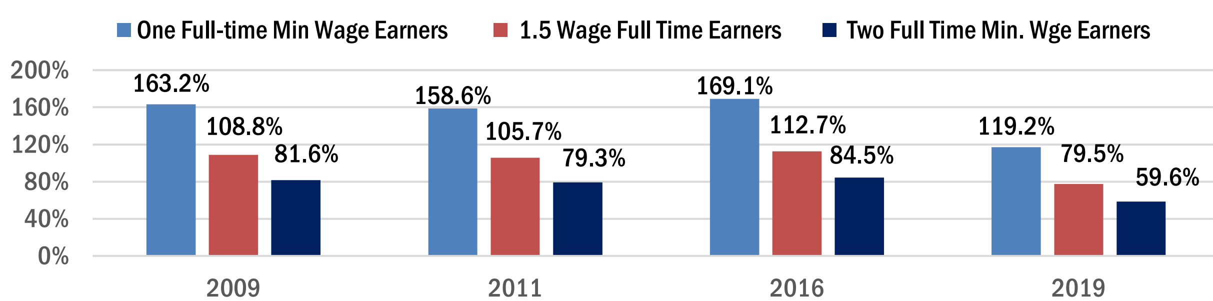
[8] In response to the faltering economy, the Federal Reserve initiated a series of aggressive interest rate cuts that lowered the Fed Funds rate to zero percent by the end of 2008, and then did not raise rates from this level until December 2015.

Angeles County increased by 28 percent between 2011 and 2019 as the County became one of the tightest rental markets in the United States over this period. (Figure 9).[9]

Figure 9. Median Residential Rents Since the Start of the Housing Sector Recovery

The Misalignment of Rents with Incomes in the City of Los Angeles. The tension between incomes and rents in the post-recession environment makes housing increasingly unaffordable to growing numbers of working families. Figure 10 shows median rents in the *City* of Los Angeles as a percentage of income under varying scenarios, which offer particularly stark examples of the misalignment at issue. On the one hand, citywide ordinances elevated the minimum wage by 78 percent between 2011 and 2019, significantly outpacing increases in median rents over this period and easing rent burdens by between 22 and 30 percent, depending on the number of full-time and part time wage earners residing in a given household. Despite this relief, on the other hand, minimum wage households in the city of Los Angeles remained *severely rent burdened* in 2019 on the basis of a widely-cited threshold of rent that is equal to 50 percent of gross household income.[10]

FIGURE 10. CITY OF LOS ANGELES MEDIAN RENTS AS A PERCENTAGE OF MINIMUM WAGE INCOME



Specifically, 2019 median rents in the City of Los Angeles consumed 119.2 percent of earnings in households with one minimum wage earner working full time, 79.5 percent of households with one minimum wage earner working full time and one working at half time, and 59.6 percent of households with two full-time minimum wage earners working full time.[11] The relief provided by the ordinances has

[9] https://www.deptofnumbers.com/rent/california/los-angeles-county/

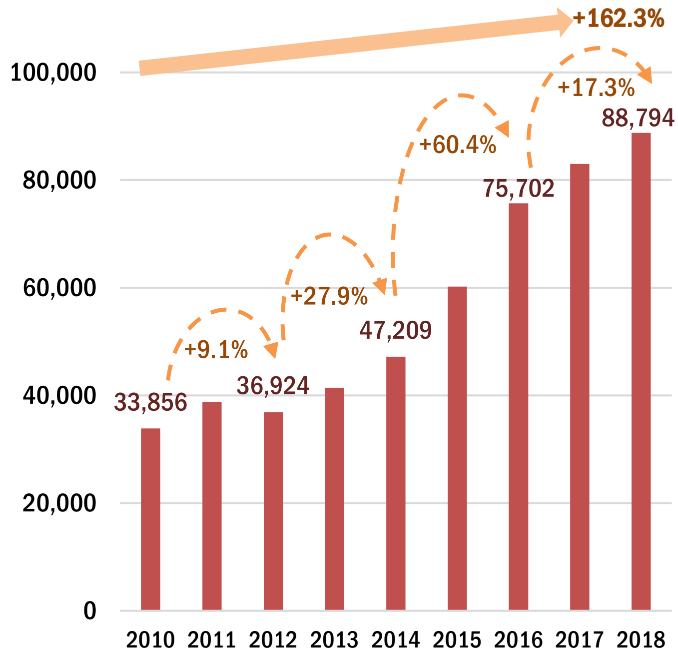
[10] California Housing Partnership. *Los Angeles County Annual Affordable Housing Outcomes Report.* 2019.

[11] These calculations are based on: (1) The Big Business minimum wage rate in the City of Los Angeles, which was raised to $13.25 per hour, effective July 1, 2018. A family with one wage earner working at this rate full time will produce a monthly household income of $2,120; a household with one earner working full time and one earner working a 50 percent work week at this rate will produce a monthly household income of $3,180; a household with two earners working full time at this rate will produce a monthly household income of $4,240. (2) The 2019 median rent in the City of Los Angeles, which was of $2,527, as reported

not sufficiently neutralized the combined impact of the post-recession labor and housing markets in moving rents beyond the reach of low-income households.

A Buyer's Labor Market, A Seller's Rental Market: The Economic Basis for the County's Homelessness Crisis. Los Angeles County's homelessness crisis is a product of a macroeconomic environment characterized by a tight and expensive rental market and a narrowed, increasingly competitive post-recession labor market. Unlike typical patterns of economic recovery, in which the housing sector is a *trailing indicator* of employment, a seller's housing market has emerged alongside - but also become increasingly divorced from - a buyer's labor market, thereby pushing rents out of alignment with working incomes.

FIGURE 11.
LOS ANGELES COUNTY EVICTIONS 2010 to 2018



Source: *Priced Out, Pushed Out, Locked Out.* Public Counsel and the UCLA School of Law Community Economic Development Clinic, 2019

Figure 10 presents post-recession eviction data for Los Angeles County that strengthens the inferred connection between these macro-economic developments, the County's homelessness crisis, and the growing prevalence of homeless families in the CalWORKs caseload. Over the nine years between 2010 and 2018, the number of evictions in the County increased by an annual average of 13.2 percent and only declined year-to-year once (between 2011 and 2012). Most tellingly with respect to the growing degree to which incomes have not kept pace with rents in the County, the eviction total in 2018 was roughly 162 percent higher than the eviction total in 2010.

EXPLAINING THE SHRINKING CALWORKS CASELOAD SINCE THE 2011 PEAK

The scope of the analysis discussed in this report is not limited to the increasing *absolute* numbers of homeless families in the CalWORKs caseload but also their growing *share* of the caseload. An understanding of *proportional* increases observed over time necessitates an explanation for why the overall CalWORKs caseload contracted steadily from 2011 onward.

Between July 2011 and January 2020, the overall CalWORKs caseload declined by 36 percent but, within this trend, the caseload's subset of homeless families increased by roughly 54 percent. Consequently, whereas 6.1 percent of households in receipt of CalWORKs benefits were identified by DPSS as homeless in July 2011, the department flagged 14.7 percent as homeless in January 2020.

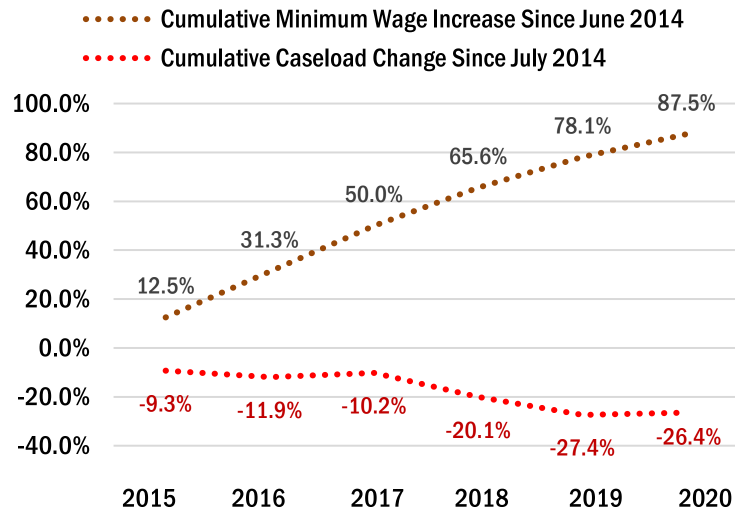
---

here: https://www.rentcafe.com/blog/rental-market/market-snapshots/renting-america-housing-changed-past-decade. This rent is equal to 119.2 percent of the one minimum wage earner household; 79.5 percent of the 1.5 wage earner household; and 59.6 percent of the two wage earner household.

An Improving Economy. Unemployment in Los Angeles County peaked in 2011 and then fell precipitously thereafter. Notwithstanding the previous discussion of workforce participation and the potentially misleading aspects of superficial decreases in reported unemployment rates during the post-recession period, there is little if any reason to doubt that the shrinking CalWORKs caseload from 2011 onwards is in part a reflection of relative improvements in the economy.

Minimum Wage Increases. Within the context of a strengthening economy, a deeper analysis of the available evidence, suggests that minimum wage increases are a critical explanatory factor with respect to the shrinking CalWORKs caseload. Between 2014 and 2020, selected cities in Los Angeles County, including the cities of Los Angeles and Long Beach, raised the minimum wage multiple times. Such increases will affect the caseload by moving a subset of aided working families outside the eligibility criteria for benefits and by compelling families faced with a choice between benefits and employment to gravitate towards the latter.

Figure 12. Correlation between Minimum Wage Increases in the City of Los Angeles/Selected Others in the County & Net CalWORKs Caseload Change



After passing a minimum wage increase that raised the rate from $8 to $9 per hour in July 2014, for example, the City of Los Angeles passed another five increases that together raised the hourly rate to $15.00, effective July 2020, for a total increase of almost 88 percent over the pre-July 2014 rate. Although it is not possible to systematically disaggregate the impact of these increases from other aspects of the improving economy during this period, the strength of the suggested relationship represented in Figure 12 provides a basis for the assumption that the minimum wage is the most significant variable in accounting for the declining CalWORKs caseload in the post-recession period.[12] While the increasing minimum wage and improved economic conditions account for the shrinking CalWORKs caseload, the analyses summarized in the sections below explain why the homeless subset continued to expand within an otherwise contracting CalWORKs caseload.

THE EFFECTS OF HAVING READYMADE HOMELESS PROGRAMS AVAILABLE FROM ONSET OF THE DOWNTURN

CalWORKs Homeless Assistance Programs. The recession and post-recession macroeconomic environment described in the previous section pushed growing numbers of families and individuals residing in Los Angeles County into homelessness and provided impetus for the observed long-term expansion in the homeless segment of the CalWORKs caseload. Economic conditions constitute a *causal context* but are insufficient, by themselves, to account for the growing prevalence of homeless families in receipt of CalWORKs benefits over time. These conditions are separate from the question of whether the

[12] This is especially the case when the correlation is contrasted with to the 30-month period from the CalWORKs caseload peak in July 2011 to January 2014, during which the caseload decreased by 6.3 percent and the minimum wage remained at $8 per hour, a rate set at the State level on January 1, 2008.

program is hospitable to homeless families, which in turn affects the likelihood that families disconnected from the County's social services system when they become homeless will seek assistance through DPSS and CalWORKs, as well as the likelihood that families already in receipt of benefits will convey to DPSS that they have become homeless.

The data available to decisively demonstrate the significance in this regard of the CalWORKs Homeless Assistance programs, which are shown in Table 2 and were already implemented and available with the onset of the Great Recession in 2007, are limited. The centrality of these programs to the explanatory framework provided here therefore relies on timing, correlation with the relevant trends, and inference.

Table 2. CalWORKs Homeless Assistance and Homelessness Prevention Programs*

Program	Service/Benefit	Implementation
Temporary Homeless Assistance	Temporary Shelter for Homeless Families	April 2004
Permanent Homeless Assistance⁺	Move-in Costs, Security, utility deposits	April 2004
Homeless Arrearage Payment	Rent arrearages paid to prevent eviction	July 2006
Moving Assistance Program^	Permanent Housing, Move-in Costs.	January 2002
Four/Eight-Month Rental Assistance**	Short Term Rental Subsidy	April 2004
Emergency Assistance to Prevent Eviction+	Rent, utilities, arrearages payments	January 2002
Housing Re-Location Program	Relocation for employed CalWORKs adults	September 2000
Homeless Case Management	Case management for homeless families	July 2005

***Red typeface** denotes homelessness *prevention* programs, which are not relevant to homeless families but rather families *at-risk* of imminent homelessness. **Green typeface** denotes a program available but not restricted to homeless families.

⁺The Permanent Homeless Assistance program has been mandated by the State of California since the 1980s. The April 2004 implementation date shown above refers specifically to the program a component within the basket of CalWORKs Homeless Assistance programs.

^Moving Assistance and Emergency Assistance to Prevent Eviction for CalWORKs families were initially administered via contracts with LAHSA. After the contracts were terminated, the programs were brought 'in house' to DPSS in April 2004.

**The Four-Month Rental Assistance/Subsidy program was expanded to eight months in October 2009.

Examining the Inflow of Homeless Families into CalWORKs. The net number of homeless families in receipt of monthly CalWORKs benefits grew by one third between the first month of the recession and the first month of the recovery, December 2007 to July 2009. Since administrative records from this period for the programs shown in Table 3 are unavailable, their significance with respect to this initial spike is plausible, particularly in the absence of a more convincing explanation. At the same time, however, the explanatory power of the programs at this level is limited by caseload evidence showing that, despite the observed initial spike, the inflow of homeless families into CalWORKs during this period outpaced the growth of the overall caseload only to a slight degree. Specifically, 5.1 percent of the program's caseload was identified as homeless in July 2009 versus 4.3 percent. in December 2007. Over the first year of the recovery, moreover, the number of homeless families in the caseload grew by only 4.7 percent while the rest of the caseload grew by 8percent, and homeless households did not comprise more than five percent of the CalWORKs caseload in any month (July 2009 through June 2010).[13]

As shown in Figure 12, however, the balance within the caseload changed in the second year of economic recovery as monthly growth in homeless households began to outpace growth in monthly non-homeless

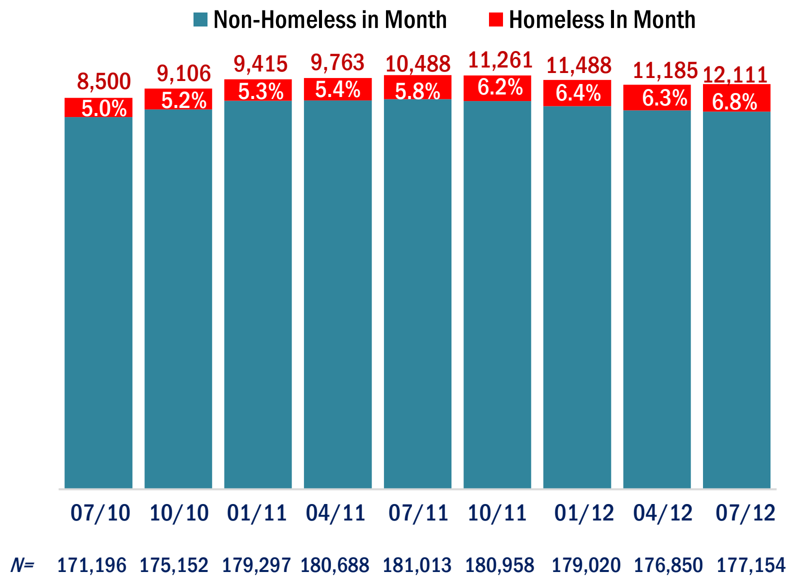
[13] An additional question that cannot be answered in the absence of the required administrative data is the role played by, for example, the CalWORKs Homeless Arrearage Payment and Emergency Assistance to Avoid Eviction programs (both shown in Table 3) in limiting the proportional growth of the CalWORKs homeless subset from the start of the recession through the first year of the recovery.

cases to increasing degrees. The homeless subset continued to expand after the caseload peak in June 2011, at which point the caseload entered a protracted period of decline.

FIGURE 13

THE HOMELESS SUBSET WITHIN THE CALWORKS MONTHLY CASELOAD, QUARTERLY INTERVALS

13a. JULY 2010 - JULY 2012



Inferred Effects of Homeless Assistance Programs. From July 2010 to July 2012, the homeless subset within the CalWORKs caseload expanded by 42.5 percent in absolute terms and from 5 percent to 6.8 percent of the CalWORKs caseload. That a considerable portion of this expansion, as well as the increasingly dramatic growth of the homeless subset observed from the second half of 2012 onwards, took place within an ongoing contraction in the number of families in receipt of monthly benefits more generally, represents compelling inferential evidence of the significance of the CalWORKs homeless assistance programs in boosting the prevalence of homeless households within monthly caseloads.

It is tempting to attribute the growth of homelessness within the CalWORKs client population entirely to the weakness of the economic recovery and the worsening scarcity of affordable housing. By themselves, however, these factors, are unsatisfying explanations for the following reasons:

- Without the inclusion of a specific policy component in the explanatory framework, an account of the growing homeless subset based exclusively on economic conditions cannot account for why the non-homeless portion of the caseload contracted within the same time period and amidst the same economic conditions.

- Intensification of the affordable housing crisis is a key component of an explanation for the County's homelessness crisis, but by itself cannot explain why growing numbers of homeless families turned to the social services system and the CalWORKs program for support.

The explanatory significance of macroeconomic conditions – i.e. the weak recovery and the affordable housing shortage - becomes more convincing when these conditions are combined with the effects of CalWORKs Homeless Assistance programs to account for the growing prevalence of homeless households within the CalWORKs caseload. Despite the unavailability of Homeless Assistance program data, these CalWORKs programs, offer the most plausible explanation for the outsized inflow of homeless families into CalWORKs up to DPSS's involvement in the initial implementation of the Family Solution Centers in 2013. As the post-recession economic environment pushed increasing numbers of families into homelessness, it is reasonable to assume that the Homeless Assistance programs accelerated homeless inflow into CalWORKs by attracting families previously disconnected from the County's social services system. The degree to which the homeless segment within this caseload continued to expand despite the broader caseload contraction is consistent with the inferred significance of these programs.[14]

THE ROAD TO THE COORDINATED ENTRY SYSTEM FOR FAMILIES

A Coordinated Response to a Deepening Countywide Homelessness Crisis. The analyses summarized here were conducted in response to a DPSS request, which asked the County's Chief Information Office to identify the *'leading causes of the growing prevalence of homelessness within the CalWORKs caseload over time.'* The post-recession macroeconomic environment and the readymade availability of CalWORKs homeless assistance programs are two of the three leading causes identified in this report. The third such cause is the emergence in 2011 and subsequent evolution of the CalWORKs program's function as the gateway to the County's homeless services system for families.

Table 3. Coordinated Service Delivery for Families

Program	Time Period
Family Transition Pilot	2011-2012
Family Solution Centers	2013-Onwards
Homeless Family Solution System	2014 -2017
Coordinated Entry System for Families	2017-Onwards

CalWORKs currently plays a vital role in the operation of Family Solution Centers (FSCs) in all eight Los Angeles County SPAs, which serve as primary access point for households in need of homeless services provided through the Coordinated Entry System for Families (CESF). The CESF is the product of a coordinated homeless service delivery model for families developed by multiple agencies over roughly six years in response to a worsening homelessness crisis. Table 3 shows the progression of service delivery mechanisms comprising this developmental process, each of which gave CalWORKs an increasingly vital function in the County's homeless services system for families.[15]

The Family Transition Pilot. In response to the widening severity of the countywide homelessness crisis in 2011, the Board of Supervisors directed the CEO's Office of the Homeless Services Coordinator to facilitate steps that core County departments and LAHSA could take towards a service delivery approach that would be more coordinated across disciplines and agencies Accordingly, The Family Transition Pilot Project, led by LAHSA and other homeless policy stakeholders, with DPSS and DCFS assuming supporting roles, commenced in mid-2011 to test the benefits of shifting administration of homeless services for families from dispersed, independent providers to large-scale County agencies.[16]

The pilot relied on provisions in the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009, federal legislation amending and re-authorizing the McKinney-Vento Homeless Services Act (1986), and which *specifically authorized more expansive use of TANF resources to serve homeless families*.[17] The extent to which CalWORKs benefits and, in particular, CalWORKs Homeless Assistance services were envisioned as the potential keys to a more centralized and coordinated approach

---

[14] Since these programs are a Statewide component of CalWORKs and are not specific to administration of the program in Loa Angeles County, an examination of caseload dynamics in other counties, specifically the relationship of growth and contraction of overall program caseloads versus the homeless portions of these caseloads, could either bolster or weaken the inferred impact of the programs in Los Angeles County. This is discussed in further detail later in this report.

[15] Utilization records for service providers affiliated with the CESF today reside in the Homeless Management Information System (HMIS) administered by LAHSA. Any data on the period prior to mid-2017, however, is spotty and not systematic

[16] Los Angeles County Department of Health Services. 2015. *Developing a Coordinated System for Homeless Families in Los Angeles County.*

[17] U.S. Department of Health and Human Services (Administration for Children and Families/Office of Family Assistance*).* 2013. *Leveraging TANF Funds and Strategic Partnerships to Improve Housing Stability and Economic Outcomes for Low Income Families.*

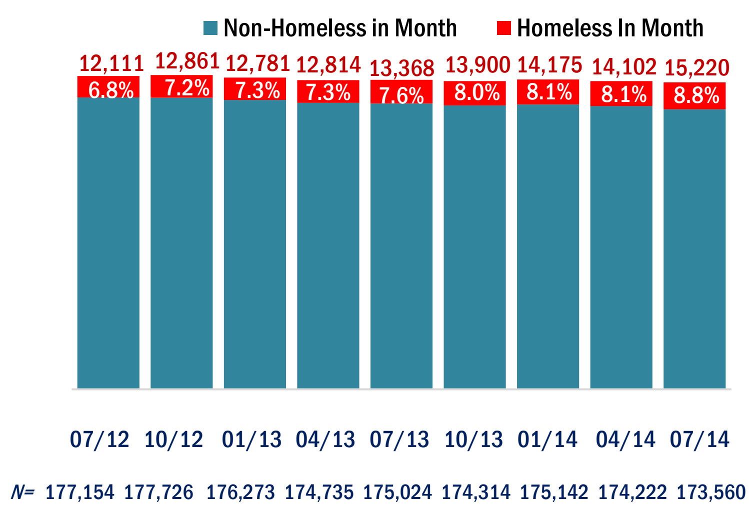
to serving homeless families is among the most consequential aspects of the pilot in establishing a foundation for subsequent enhancements and refinements.[18]

Family Solution Centers and the Launch of the Homeless Family Solution System. The Family Transition Pilot produced provisional but sufficiently promising results with respect to the benefits of coordination via a centralized and family-focused homeless services infrastructure. The Board of Supervisors, in turn, combined an allocation of funding from the County's Homeless Prevention Initiative with Federal Emergency Services Grant (ESG) dollars to broaden the coordinated approach with the establishment of six FSCs during 2012 and 2013, and an additional two FSCs in 2014.[19] The FSCs formed the basis for the HFSS launched in July 2014.

Blurring Traditional Distinctions Between Social Services and Homeless Services. In its use of CalWORKs resources to provide rapid re-housing interventions and its assimilation of an eligibility determination process to link homeless families to CalWORKs and additional DPSS benefits, as well as other needed mainstream services, the operation of the HFSS, as well as the developments since 2011 leading up to its launch in July 2014, collectively and increasingly blurred traditional distinctions between the social services and family homeless services systems.

The caseload dynamics correlated with the expanding reach of the CalWORKs program into the population of families experiencing homelessness are shown in Figure 12b. Over the period from July 2012 to July 2014, the CalWORKs caseload decreased slightly and unevenly by a net total of close to 3,600 households, a decline of 2 percent. Within this net decline, however, homeless households in the monthly caseload grew by approximately 3,100, an increase of 25.6 percent. Such households consequently expanded from 6.8 percent to 8.8 percent of the caseload.

FIGURE 13b, JULY 2012 - JULY 2014



From the HFSS to the CESF. In the three years between the launch of the HFSS and the transition to the CESF, 2014 to 2017, a formalized contractual relationship between DPSS and LAHSA established an arrangement under which the FSCs connected homeless CalWORKs families to LAHSA and similarly ensured that families enrolled with LAHSA were properly linked to social services benefits and mainstream services. Reduction in the number of families receiving monthly CalWORKs benefits accelerated during this period, as noted previously, in connection with continuing improvement in the economy and the passage of minimum wage ordinances.

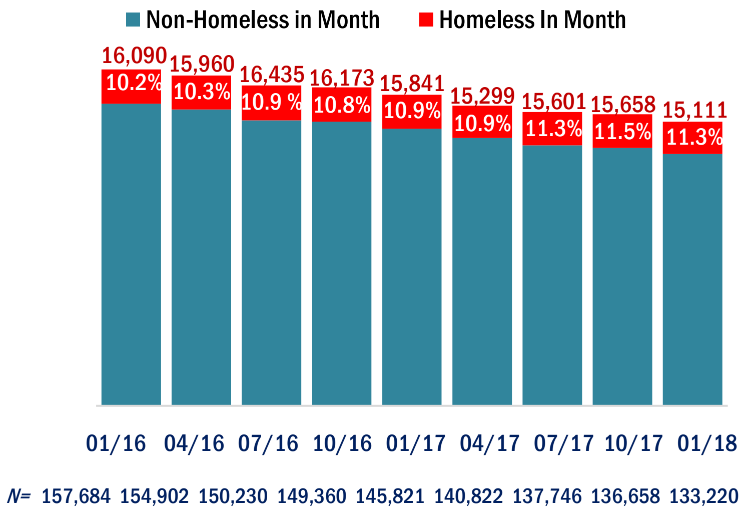
---

[18] Los Angeles County Department of Health Services. 2015. *Developing a Coordinated System for Homeless Families in Los Angeles County.* 2015.

[19] Abt Associates. *A Coordinated Entry System for Los Angeles County: Lessons from Early Implementation.* 2015.

However, the homeless subset continued to grow, reaching a peak of 17,169 in September of 2015 and comprising 10.7 percent of the shrinking caseload. In the 22 months between this peak and the initiation of the CESF in July 2017, the homeless subset declined by a net total of 9 percent whereas the non-homeless portion of the monthly caseload declined by close to 15 percent. Consequently, a larger proportion of the CalWORKs caseload was identified by DPSS as homeless at the time of transition from the HFSS to the CESF (11.3 percent, as shown in Figure 12c).

FIGURE 13c. JANUARY 2016 - JANUARY 2018



In 2017, The HFSS's coordinated administrative structure and service delivery process were absorbed into the CESF including the FSCs. This transition solidified CalWORKs as the primary point of entry for families experiencing homelessness to the FSCs and, by extension to the CESF, which is effectively the organizational structure through which the Family homeless services system is operated.

The CESF and the Co-Occurrence of a Growing Economy and a Growing Homelessness Crisis. Since, as detailed above, post-recession economic growth depends on rising housing sector valuations and rents to a particularly pronounced degree in the Los Angeles metro region, the strengthening regional economy from mid-2017 to January 2020 has been inextricably linked to increasing housing costs and the movement of rents further out of alignment with working incomes. A 21 percent increase in LAHSA's annual Point-in-Time (PIT) Homeless Count for Los Angeles County attests to the growing number of individuals and families this misalignment has pushed into homelessness (Table 4).[20]

Signs of this dual growth – i.e. the co-occurrence in Los Angeles County of a rising economy with an expanding homeless population, as well as of effects from the passage of minimum wage ordnances, are observed in the CalWORKs caseload over this period.

Table 4. Homelessness and CalWORKs Since the Transition to the CESF

	2017	2020	Change	%
LAHSA PIT COUNT, LA COUNTY	55,048	66,436	11,388	20.7
*AIDED CALWORKS FAMILIES	137,746	114,723	23,023	16.7
*HOMELESS CALWORKS FAMILIES	15,601	14,588	1,013	6.5
*HOMELESS % CALWORKS CASELOAD	11.3	12.7		

*Observation points are July 2017 and January 2020

In May 2017, 140,822 CalWORKs families were aided through CalWORKs. This count represented a 22.7 percent decline from the caseload peak (182,231) reached in June 2011 and reduced the number of aided households to a level not seen since one month prior to the start of the 2007-2009 recession. In all 33 successive months up to and including January 2020, the monthly caseload count made a new low.

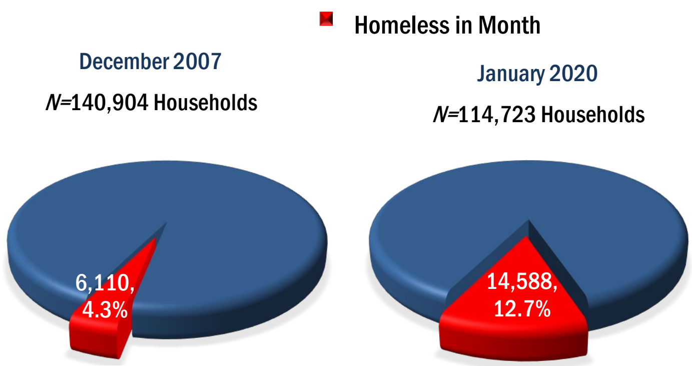
[20] The 20.7 percent increase that the 2020 PIT count represents relative to 2017, in fact, understates the intensification of the crisis since the count decreased between 2017 and 2018. Between 2018 and 2020, the PIT count grew from 52,765 to 66,436, an increase of almost 26 percent.

Economic expansion and the widening effects from passage of minimum wage ordnances helps explain this contraction but also why monthly tallies of CalWORKs-aided *homeless* households decreased by only 6.5 percent between July 2017 and January 2020, a considerably slower rate of decline than the rest of the caseload over the same period. At the same time, however, the complex relationship in this context between economic growth and a deepening homelessness crisis is a necessary component in explaining the ongoing prevalence of homeless households in the CalWORKs caseload, but is also insufficient by itself in explaining the caseload dynamics.

CIO's analysis infers that the comparatively slow rate at which monthly counts of CalWORKs-aided homeless families declined from 2017 onwards would only be possible under the conditions created by an expanding homeless population but was a by-product of (i) *CalWORKs homeless assistance programs, which continued to attract families that fell into homelessness and would otherwise have remained disconnected from or invisible to CalWORKs and the social services system,* and (ii) *the function of the CalWORKs program as it evolved in relation to the HFSS and in the establishment of, transition to, and operation of the CESF*

The CESF is the culmination of a decade of effort geared toward optimizing coordination between the County's social services and homeless services systems in the provision and delivery of homeless services for families. The system extends the CalWORKs program's reach into the population of families experiencing homelessness in Los Angeles County, facilitates the program's ability to serve this population and connect them to cash benefits, and solidifies the program's function as a primary point of entry through which families in crisis access homeless services.

Figure 14.
The CalWORKs Caseload in the
First Month of the Great Recession and in January 2020



The steps DPSS took with other key stakeholders on the path that ultimately yielded the CESF, from the Family Transition Pilot, to the FSCs, to the HFSS, each helped expand the CalWORKs program's ability to serve homeless families and are therefore each factors that promoted the ascension of the homeless subset to the 2015 peak. In January 2020, the last month of observation covered in this report and two months prior to the onset of the COVID-19 pandemic, DPSS identified 14,588 CalWORKs-aided households as homeless, a count down by 15 percent from the 2015 high. Nevertheless, this homeless subset remained 139 percent above the count in December 2007, the first month of the Great Recession. The January 2020 count of aided homeless households, moreover, comprised 12.7 percent of the total CalWORKs caseload, which is near the l high for the full observation period covered by this report.

Within the post-recession economy, and in combination with the effects of homeless assistance programs implemented prior to the downturn, CIO's analysis concludes that an the CalWORKs program's function within the HFSS, and especially the CESF, both of which are policy responses to the County's intensifying homelessness crisis, offers the best explanation for the persistent prevalence of homeless families within the CalWORKs caseload.

THE SEARCH FOR STRONGER INFERENCES

Correlation, Interpretation, and the Elimination of Alternative Explanations. All explanatory analyses rely on correlation and inference to varying degrees.[21] DPSS client-level administrative records for the CalWORKs Homeless Assistance programs, as well as DPSS and LAHSA records for the programs developed and implemented over the decade leading up to the establishment of the CESF, would enable the effects of the programs to be more directly and precisely measured in relation to key dates in the sequences of events discussed in this report, while also permitting more sophisticated statistical manipulations to be deployed for the purpose of testing the power of the causal factors comprising CIO's explanation for the growing prevalence over of homeless households in receipt of CalWORKs benefits over time.[22]

In formal terms, the Homeless Assistance programs examined in this report are not specific to CalWORKs Los Angeles County but are rather a Statewide feature of the program. Nevertheless, CIO explored the possibility of using information readily available through the California Department of Social Services (CDSS) to determine what CalWORKs caseload dynamics over time in other counties could potentially add to an examination of the relationship between Homeless Assistance programs and the prevalence of homelessness among aided households. Three factors prevented comparative analysis across counties at this level:

- Counts of homeless households by County are either not reported to CDSS or are not included in the CalWORKs caseload information CDSS makes readily available online.
- Although the Homeless Assistance programs are a Statewide feature of CalWORKs, counties have latitude in determining how they are administered and the services they provide, which could limit the value of some or all comparisons.[23]
- The size differential separating CalWORKs programs in other counties from the program in Los Angeles County would limit comparability.

The unavailability of the administrative data described above and the problematic aspects of potential cross-County comparisons restricts CIO's effort to identify the leading causes of long-term growth in homeless CalWORKs families to an examination of temporal correlations between the trajectory of this growth, the emergence of a post-recession economic environment, and specific aspects of CalWORKs program and policy. The strength of the resulting causal inferences hinges on the logic, the plausibility of the resulting interpretation, and the ability to eliminate the possibility of stronger causal explanations.

Accordingly, the available sources of information and evidence do not appear to suggest an equally or more powerful explanatory framework, or variables that would otherwise invalidate CIO's account of the CalWORKs caseload dynamics in question. While temporal correlation and the apparent absence of confounding factors boost the plausibility of this account, however, it is necessary to consider opportunities to strengthen CIO's inferential conclusions further through examination of more subtle patterns in the available data.

---

[21] Bunge, Mario. 2009. *Causality in Modern Science.* New York: Routledge.

[22] DPSS shares relatively recent LRS records of homeless services programs administered through CalWORKs with CIO, and LAHSA similarly shares recent CESF data recorded in HMIS, but in neither case do these records date back far enough to use them consistently and meaningfully for the purposes of this report.

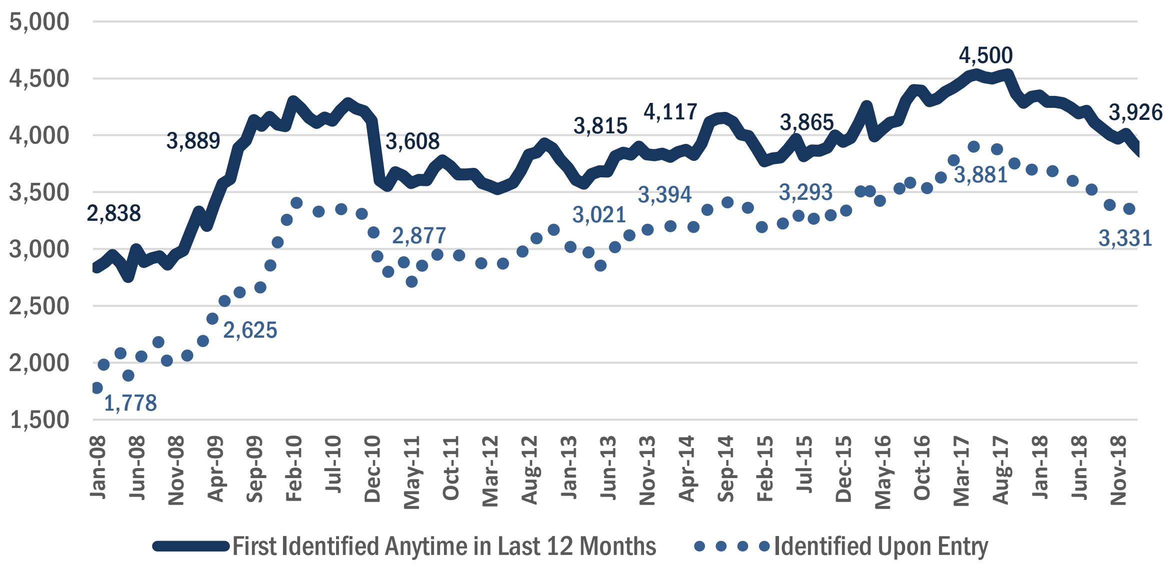
[23] Were comparative analysis of homeless subsets in other counties of interest to DPSS, CIO could convey a request for such information to CDSS on behalf of DPSS, assuming the information is reported by counties and can be shared.

The Significance of Households that are Homeless Upon Entry. The explanatory conclusions CIO draws from the longitudinal analyses of CalWORKs caseload dynamics are enhanced in examining patterns of entry into CalWORKs among households that experience homelessness while in receipt of benefits. Within the context of the macroeconomic environment that emerged and evolved during and after the Great Recession, CIO infers that CalWORKs Homeless Assistance programs and the growing involvement and importance of CalWORKs in the County's homeless services system for families have enabled the program to gain a stronger foothold among families in crises, the numbers of which have multiplied as the County's homelessness crisis has intensified.

For this inferential explanation to be a plausible explanation for the caseload dynamics in question, one would expect the CalWORKs homeless subset over time to consist of increasing proportions of households that are already homeless at the point of eligibility determination, i.e. increasing percentages of households that are homeless upon entry into the program. Figure 15 plots homeless households within the CalWORKs caseload at every monthly observation point from the start of the Great Recession to January 2019. The cases represented along the figure's longitudinal time series are limited to those coded as homeless in DPSS administrative data within 12 months of a given observation point.[24] The subset of households that were homeless upon entry into CalWORKs – i.e. homeless at the time of their CalWORKs Eligibility Determination – are also shown separately.

FIGURE 15. AIDED HOUSEHOLDS WITHIN THE CALWORKS CASELOAD FIRST IDENTIFIED AS HOMELESS AT ANY POINT WITHIN THE PREVIOUS 12 MONTHS: January 2008 to January 2019

Overall Counts and the Subset Identified as Homeless Upon Entry into the Program



	Recession		Caseload Peak	FSCs	HFSS	Homeless Subset Peak	CESF	
HOMELESS SUBSET %	01/08	07/09	06/11	07/13	07/14	09/15	07/17	01/19
	62.6	67.5	79.7	79.2	82.4	85.2	86.2	84.8

[24] These are controls on the maximum amount of time over which these families can be observed and are imposed to avoid patterns that will tend to skew towards cases identified as homeless at some point after their entry into the program. The last month of observation for this analysis is January 2019 to ensure one year of observation for all households included in the analysis.

The most striking pattern observed in Figure 15 is the steady increase over twelve years in the homeless-upon-entry subset, from roughly 63 percent of the tracked homeless population at the start of the Great Recession, to almost 80 percent as the overall CalWORKs caseload reached its 2011 peak, to 82 percent at the time of the implementation of the HFSS, to almost 85 percent in January 2019, 18 months after the CESF was launched

The likelihood that a similar long-term trend would emerge in the absence of the program and policy factors in question is not knowable, but the trajectory is consistent with the inferred causal process presented here to explain the increasing size of the homeless subset within the CalWORKs caseload.

IMPLICATIONS

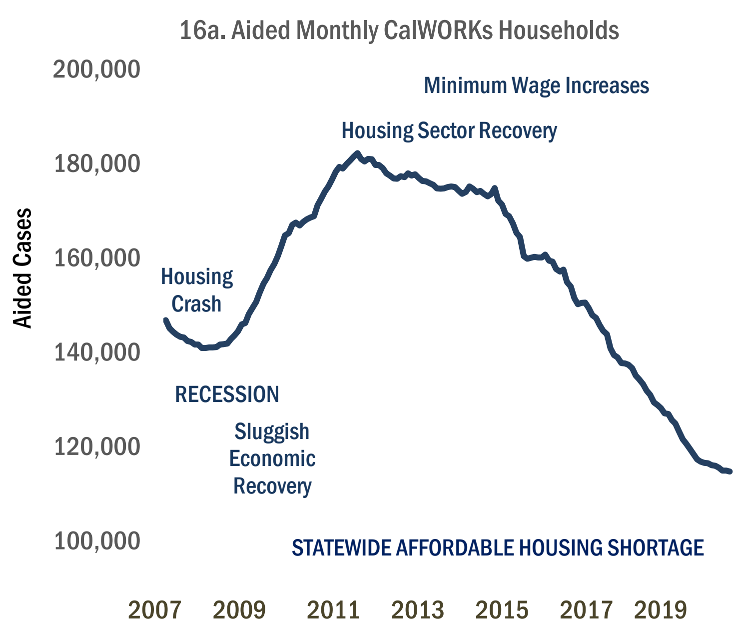
Summary of the Explanatory Framework. Figure 16 revisits the long-term trends shown in Figures 3a and 3b, adding the relevant macroeconomic and policy developments essential to the explanatory narrative constructed by CIO in conducting the research for this report. Evidence showing that that the Great Recession created an economic environment that led to an a statewide affordable housing crisis and, in turn, a countywide homelessness crisis is essential to the narrative. The homelessness crisis is the motive force at the core of long-term growth in homeless households within the CalWORKs caseload.

The outsized growth rate of homeless CalWORKs households relative to the program's overall client population began to take shape slowly during the recession and then accelerated in the post-recession economy, developing into a divergent trend within the larger contraction of CalWORKs families overall after the first two years of sluggish economic recovery.

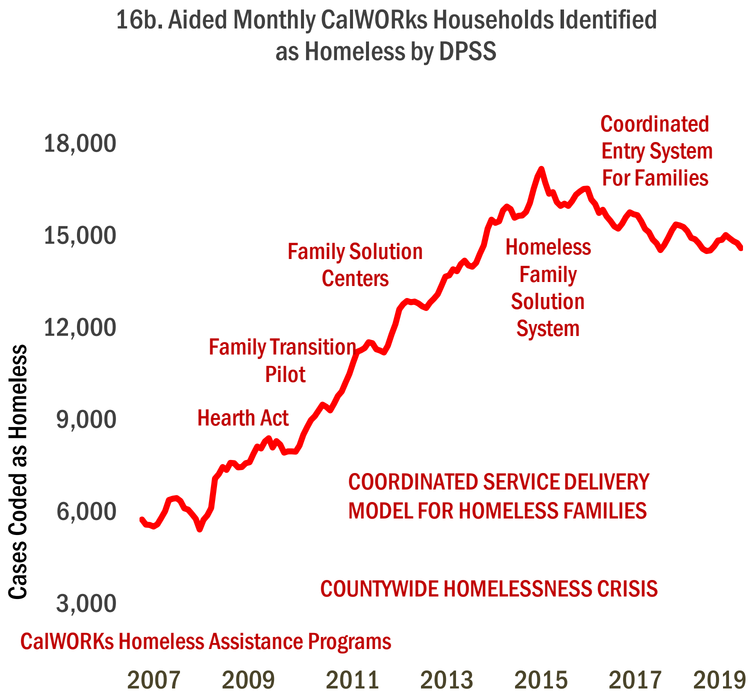
This divergence and the closely-related dramatic proportional increase in households that were homeless upon entry into CalWORKs over the course of the recession and first two years of the recovery, offer the strongest indirect evidence of the caseload impacts of Homeless Assistance programs since more direct client-level administrative records of participation in these programs are not available for this report.

As the severity of the homeless crisis grew after the recession, CalWORKs played an increasingly critical and collaborative role, alongside DCFS, LAHSA and other key non-County stakeholders, in establishing a countywide coordinated homeless service delivery approach for families.

Figure 16.
CalWORKs Caseload Dynamics in Relation to Key Economic and Policy Developments Since the Great Recession



Efforts to develop and refine this approach yielded several significant programmatic iterations along a path that culminated in the launch of the CESF in 2017. The widening divergence observed along this path



to the CESF, where the overall CalWORKs caseload contracted amidst ongoing growth in the inflow of homeless families into the program, including continuing increases in homeless-upon-entry households, is consistent with the inferred enhancement of the CalWORKs program's exposure to homeless families across the County during this period. This broadened exposure was the upshot of the program's growing centrality within the coordinated homeless service delivery model for families and further accelerated the inflow of these homeless families to the program and slowed the net outflow of such families after the 2015 homeless subset peak.

A DPSS Success Story. DPSS's request for an account of long-term growth in homeless CalWORKs families was initially spurred by concerns that increasing counts of such families might be a function of problematic policy decisions or policy execution. While this report is not a program or policy evaluation *per* se, it is important to note that the analysis summarized here, to the contrary, is suggestive of a DPSS success story. From this perspective, the growing significance of homeless households within the CalWORKs client population can be interpreted as the consequence of an effective departmental and programmatic response to the countywide homelessness crisis.

The expanding homeless subset within the CalWORKs caseload is inseparable from homelessness in the County more generally, but CIO's analysis also suggests that this expansion is similarly inseparable from the program's work to gain deeper penetration into the population of families in distress countywide . Given the growing severity of the homelessness crisis over time, a substantively different caseload dynamic – e.g. flat or downward trend line for the homeless subset - would be cause for concern.

CIO's account for the actual upward trendline makes the effectiveness of DPSS's crisis response concrete. The inflow of homeless families attracted to CalWORKs by the program's Homelessness Assistance services, for example, and the related increase in the prevalence of homeless-upon-entry families, suggests a sustained and effective approach to the crisis from CalWORKs, one in which sufficiently-scaled outreach and communications have raised awareness of the availability of these services. Similarly, the correlation of accelerating homeless inflow with the emergence of CalWORKs as a key component in a countywide coordinated homeless service delivery model for families suggests that the program leverages its collaborative relationship with LAHSA and other agencies to connect effectively with communities and families in distress.

A Recommendation to Evaluate Outcomes. The originating question DPSS put to CIO in requesting the analysis summarized in this report - i.e. *what are the leading causes for long-term increases in the prevalence of homeless families within the CalWORKs caseload*? - is descriptive and explanatory but neither evaluative nor tactical. Nevertheless, in identifying the leading causes of interest, CIO's explanatory framework suggests that DPSS has been effective in extending the CalWORKs program's reach into the population of families in Los Angeles County experiencing homelessness. Reaching more families in need and playing an increasingly important role in the provision of homeless services for families are important accomplishments that should be highlighted, particularly in the context of a protracted Countywide homelessness crisis.

At the same time, however, pointing to these accomplishments does not tell the department, nor other policy stakeholders or the Board of Supervisors anything with respect to outcomes associated with CalWORKs Homeless Assistance Services or families served through the CESF and the FSCs via CalWORKs. CIO therefore recommends, as the next logical step in building on the present report, that DPSS consider committing resources attached to the department's annual research agreement with CEO to the development of an approach and plan to conduct an outcomes-oriented evaluation of CalWORKs in its function at the center of the County's homeless services system for families.