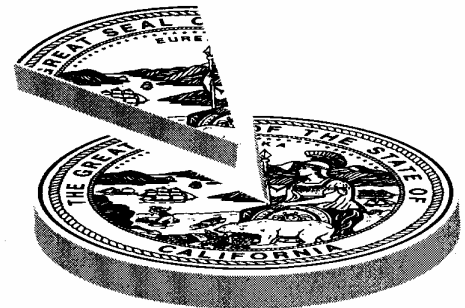


CDSS

CALIFORNIA
DEPARTMENT OF
SOCIAL SERVICES

Highlights of the 2005-06 Governor's Budget



January 2005

INTRODUCTION

This document provides a summary of significant budget and program changes proposed for the California Department of Social Services in Fiscal Year 2005-06. A more complete presentation of these proposals may be found in the Governor's Budget Summary 2005-06 and in the Governor's Budget 2005-06.

The California Department of Social Services is responsible for the direct operation or supervision of a wide variety of social services and income assistance programs. The Department accomplishes its mission through staff located in offices throughout the state; the 58 county welfare departments and a host of community based organizations. The programs of this Department are typically managed and funded through a broad-based partnership of federal, state, and county governments. For 2005-06, the Department will be involved in the delivery of over \$22.8 billion in government services and benefits to approximately four million Californians.

The Department administers four major program areas: welfare programs, social services, community care licensing, and disability evaluation. The goals of the Department are to:

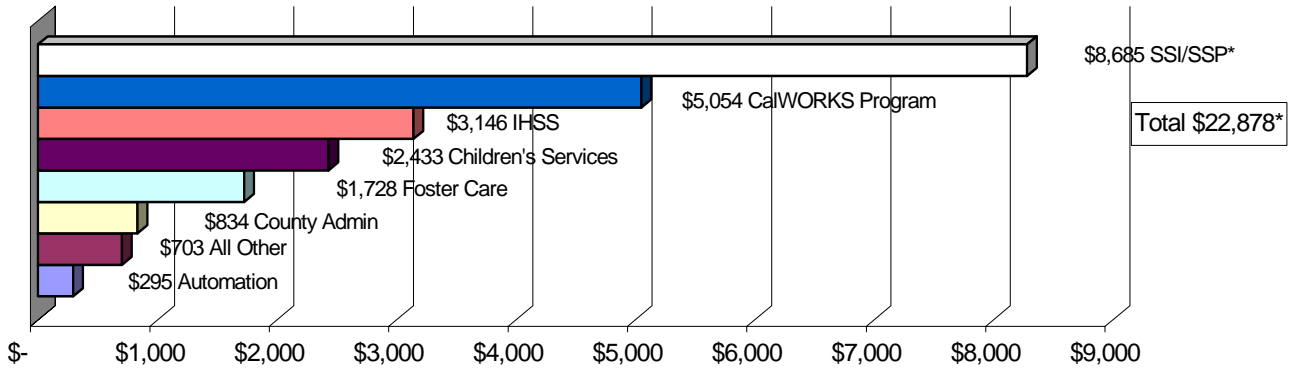
- Provide temporary assistance including cash and services to needy families with children to encourage attainment of family self-sufficiency by moving from welfare to permanent work.
- Provide social services to elderly, blind, disabled and other adults and children; protect them from abuse, neglect, and exploitation; and help families stay together.
- Regulate group homes, nurseries, preschools, foster homes and day care facilities and assure that they meet established standards for health and safety.
- Evaluate the eligibility of applicants for federal and state programs to aid the aged and disabled in an efficient and equitable manner.

TABLE OF CONTENTS

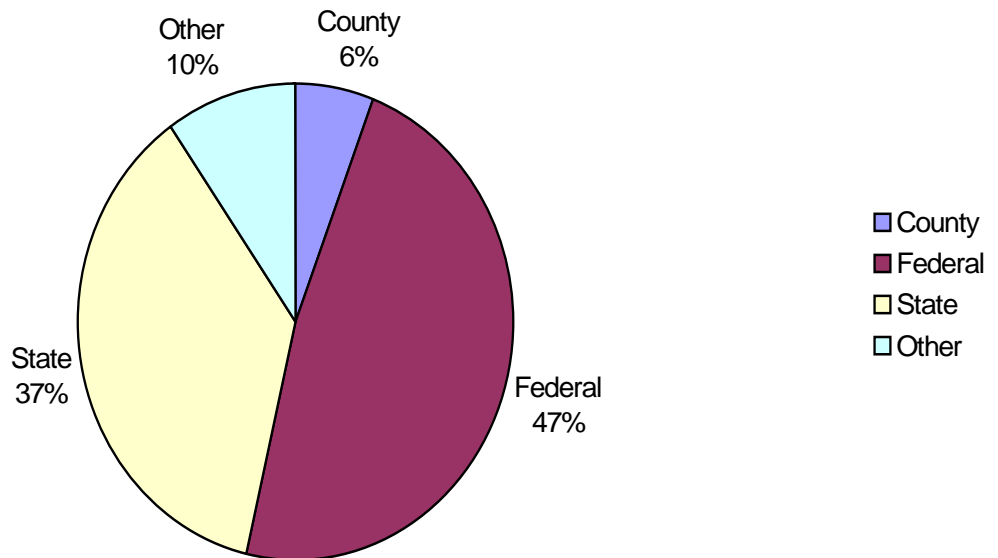
	Page
Expenditures Overview	4
Major Program Caseload Changes	5
Major Program Budget Changes	
Summary	6
California Work Opportunity and Responsibility to Kids Program	7
Children's Services	9
Kin-GAP	9
Foster Care	9
California Food Assistance Program	10
County Administration and Automation	10
Supplemental Security Income/State Supplementary Payment	10
In-Home Supportive Services	11
Special Programs	11
Charts	12-16

EXPENDITURES OVERVIEW 2005-06

Local Assistance Expenditures by Program (Dollars in Millions)



Expenditures by Fund Source (Dollars in Millions)



*\$5.2 million is Federal SSI funds

Major Program Caseloads

(Average Monthly)					
PROGRAM	ACTUAL CASELOAD 2003-04	ESTIMATED CASELOAD 2004-05	ESTIMATED CASELOAD 2005-06	2004-05 TO 2005-06 CHANGE	
				Number	Percent
CalWORKs/TANF	480,893	495,264	472,786	-22,478	-4.5%
SSI/SSP - TOTAL	1,157,847	1,188,515	1,216,388	27,873	2.3%
SSI/SSP - Aged	346,920	352,845	357,769	4,924	1.4%
SSI/SSP - Disabled	789,169	813,909	836,894	22,985	2.8%
Foster Care	74,905	74,283	74,159	-124	-0.2%
IHSS	328,435	354,893	382,124	27,231	7.7%

CalWORKs

The Budget includes funding for the California Work Opportunity and Responsibility to Kids (CalWORKs) Program, which was implemented on January 1, 1998 pursuant to Chapter 270, Statutes of 1997 (AB 1542). CalWORKs is California's version of the federal Temporary Assistance for Needy Families (TANF) Program.

CDSS estimates the caseload for CalWORKs will decrease from 495,264 cases in 2004-05 to 472,786 in 2005-06, a decrease of 4.5 percent. The 2005-06 caseload includes 48,444 cases in the CalWORKs Safety net. A total of \$2.9 billion is included for Assistance Payments. The Budget also provides over \$1 billion to fund the CalWORKs services other than child care.

The budget for CalWORKs Child Care includes \$461.5 million for Stage I Child Care. The total amount of funding for Stage II Child Care is \$558.3 million, of which \$374.3 million is TANF which is transferred from the CDSS budget to the California Department of Education (CDE). In addition, \$10 million of Title XX funds are transferred to CDE for Stage II Child Care. There is an additional \$60.4 million placed in a hold back to be used either in Stage I and/or Stage II Child Care, depending on the need.

CHILDREN'S SERVICES

The 2005-06 Budget contains approximately \$2.3 billion in funding for Child Welfare Services including Adoptions and Child Abuse Prevention.

SSI/SSP - ADULTS - IHSS

The Budget proposes \$5.2 billion in federal funds and \$3.5 billion in General Fund for SSI/SSP in 2005-06 which includes funding for a 2.4 percent increase in caseload. CDSS estimates there will be 1,216,388 average monthly SSI/SSP cases during 2005-06. In addition, \$83.2 million is included for the California Assistance Program for Immigrants (CAPI).

The Governor's Budget includes \$3.1 billion for IHSS and \$83.6 million for Adult Protective Services (APS).

AUTOMATION PROJECTS

The 2005-06 budget includes a total of \$294.7 million for consultant services, technical support and software, continuing maintenance and operation, implementation for the Statewide Automation Projects. These funds include \$236.9 million for the Statewide Automated Welfare System (SAWS), \$8 million for the Statewide Fingerprint Imaging System (SFIS), and \$49.8 million for the Electronic Benefit Transfer (EBT) program.

❖ **California Work Opportunity and Responsibility to Kids Program - CalWORKs**

Program Description

The CalWORKs Program is California's largest cash assistance program for children and families, providing financial help to families to meet basic needs (shelter, food and clothing) when they are unable to meet those needs on their own. The CalWORKs Program replaced the Aid to Families with Dependent Children (AFDC) Program and represents a welfare system based upon principles that place high value on recipients obtaining work and provides maximum county flexibility in the delivery of services and administration. Eligible families must include a child under age 18 who lacks parental care and support due to absence, death, incapacity or the unemployment of one or both parents. Assistance is specifically time limited and most recipients are required to work or participate in welfare to work activities for a minimum number of hours per week. The necessary supportive services, including child care, are provided to ensure employment is possible.

Major Changes for 2005-06:

CalWORKs Assistance

Total funding for CalWORKs assistance payments amounts to \$2.9 billion in 2005-06.

- Average monthly final caseload is estimated to decrease from 495,264 cases in 2004-05 to 472,786 in 2005-06, a decrease of 4.5 percent. The 2005-06 caseload includes 48,444 in the CalWORKs Safety Net.
- The 2005-06 budget reflects \$210.7 million in grant savings due to the 6.5 percent reduction to Maximum Aid Payment amounts for CalWORKs recipients. This reduction will go into effect on July 1, 2005.
- Funding has not been included for a 4.6 percent July 1, 2005 cost-of-living adjustment.
- The 2005-06 budget reflects grant savings of \$148 million due to Welfare Reform changes that went into effect in 2004-05.
- The 2005-06 budget includes grant savings of \$80.4 million for a proposal to reduce the current earned income disregard to \$200 and 40 percent effective October 1, 2005.
- The 2005-06 budget includes a Pay for Performance model to encourage counties to invest resources in activities that are the most effective and efficient in achieving desired outcomes, such as higher work participation rates among CalWORKs recipients. This is estimated to save \$22.2 million in grant costs.
- The 2005-06 budget reflects savings of \$12 million for changes to strengthen the CalWORKs sanction process.
- The net savings associated with cases reaching the 60-month CalWORKs time limit is \$238 million in 2005-06.
- Funding of \$184.4 million is included for grant costs associated with prospective budgeting.

CalWORKs Services

- CalWORKs Basic costs are budgeted at \$773.1 million in 2005-06.
- Funding of \$191.9 million is included as a single allocation adjustment for employment services.
- Funding for the \$50 million Employment Services augmentation will not be provided in 2005-06.
- Net savings associated with cases reaching the 60-month CalWORKs time limit amounts to \$121.9 million.
- Substance abuse services and mental health services are funded at a combined total of \$105.8 million.

CalWORKs Administration

- Funding for CalWORKs Administration is \$337.2 million in 2005-06.
- This amount includes \$123 million in savings for CalWORKs Administration due to prospective budgeting.
- Savings of \$2.9 million associated with Legacy Systems is also included for 2005-06.

CalWORKs Child Care

- Funding for Stage One child care is \$461.5 million.
- Net savings associated with cases reaching the CalWORKs 60-month time limit amounts to \$50.9 million.
- The amount budgeted for Stage II Child Care includes the transfer of \$374.3 million in TANF from this Department to CDE, with the remainder funded in the CDE budget. In addition, \$10 million of Title XX funds are transferred to CDE for Stage II Child Care.
- The Child Care Reserve of \$60.4 million in 2005-06 includes a five percent hold back of the estimated need for both Stage One and Stage Two.
- The 2005-06 budget includes \$122 million additional funds associated with the Welfare Reform changes that began in 2004-05.
- The 2005-06 budget includes \$62.6 million in savings due to a tiered reimbursement proposal and a separate proposal for rates of providers who are not participating in the market.
- The net savings associated with cases reaching the 60-month CalWORKs time limit amount to \$50.9 million in 2005-06.

CYSA - County Probation Facilities

- The 2005-06 budget includes \$201.4 million in TANF for county probation facilities.

❖ Children's Services

Program Description

Children's Services includes funding for Child Welfare Services (CWS), Adoptions, and the Child Abuse Prevention Program. CWS provides emergency, in-home care and out-of-home care services for abused and neglected children and their families. The Department of Social Services meets these objectives by providing a continuum of care with Emergency Response, Family Maintenance, Family Reunification and Permanent Placement service components.

Major Changes for 2005-06:

- Total funding for CWS amounts to \$2.2 billion in 2005-06.
- Total funding for the Adoptions Program is \$87.8 million in 2005-06.
- Funding for CWS/CMS is \$121.1 million in 2005-06.
- Funding of \$26.6 million is included for development of a standard safety assessment protocol, differential response, and permanency and youth services. These efforts will lead to improved outcomes for children and will avoid federal penalties.
- The \$17.1 million general fund augmentation to CWS is restored in 2005-06.

❖ Kin-GAP Program

Program Description

The Kinship Guardianship Assistance Payment (Kin-GAP) Program is intended to enhance family preservation and stability by recognizing that many foster children are in long-term, stable placements with relatives and that these placements are the permanent plan for the child. The Kin-GAP Program provides a subsidy for a dependent child who has been living with a relative for at least twelve months if the relative assumes guardianship.

Major Changes for 2005-06:

- Funding for Kin-GAP in 2005-06 totals \$102.9 million, offset by \$19.5 million in savings in CalWORKs assistance payments, foster care, child welfare services and related administrative costs.
- Kin-GAP caseload increases from an average monthly figure of 14,939 in 2004-05 to 16,089 in 2005-06.

❖ Foster Care Program

Program Description

The Foster Care Program provides support payments for children in out-of-home care. This program is administered by the counties in accordance with regulations, standards and procedures set by the Department as authorized by

law. Costs for this program are adjusted for Child Support Enforcement Program collections and incentives.

Major Changes for 2005-06:

- Total funding for foster care payments amounts to \$1.7 billion in 2005-06.
- Average monthly caseload is projected to decrease slightly from 74,283 in 2004-05 to 74,159 in 2005-06.

❖ California Food Assistance Program (CFAP)

Program Description

The CFAP was established in response to the major non-citizen eligibility cuts made to the Food Stamp Program as part of the federal welfare reform of 1996. The Food Stamp Reauthorization Act of 2002 (HR 2646) restores federal eligibility for disabled legal noncitizens, legal noncitizens who have been in the country five years or more and all noncitizen children (with varying effective dates).

- The 2005-06 budget includes \$23.2 million for CFAP coupons.

❖ County Administration and Automation

- The 2005-06 budget includes \$833.5 million in funding to counties for administering the Foster Care, Food Stamps and Refugee Cash Assistance programs.
- In addition there is \$295 million for automation projects in 2005-06.
- The 2005-06 budget reflects \$22.4 million in administrative savings for the Electronic Benefit Transfer program.
- Food Stamp Administrative savings of \$61.6 million in 2005/06 are reflected for prospective budgeting.

❖ Supplemental Security Income/State Supplementary Payment Program - SSI/SSP

Program Description

The Supplemental Security Income/State Supplementary Payment (SSI/SSP) Program provides cash grant assistance to aged, blind or disabled persons who meet the program's income and resource requirements. The SSI/SSP Program is administered by the federal Social Security Administration, which determines eligibility, computes grants and disburses the combined monthly payment to recipients. California supplements the federal SSI payment with an SSP payment. Chapter 329, Statutes of 1998, established the state-only Cash Assistance Program for Immigrants (CAPI) to provide cash benefits to documented persons who are not eligible for federal SSI/SSP benefits. Chapter 147, Statutes of 1999 (AB 1111) removed the sunset date for CAPI and continues CAPI for as long as SSI/SSP is authorized by the federal government.

Major Changes for 2005-06:

- In addition to \$5.2 billion in federal funds, \$3.5 billion in General Fund is budgeted for SSI/SSP in 2005-06.
- Average monthly caseload is projected to increase from 1,188,515 in 2004-05 to 1,216,388 in 2005-06, an increase of 2.3 percent.
- The State COLA scheduled for January 1, 2006 will be suspended and the federal COLA will not be passed through.
- Funding of \$83.3 million is included for the CAPI program.

❖ In-Home Supportive Services - IHSS

Program Description

The In-Home Supportive Services (IHSS) Program provides specified supportive services to enable eligible persons to remain in their own homes as an alternative to out-of-home care. Eligible persons are aged, blind or disabled recipients of public assistance and similar persons with low incomes. Services include: domestic services and other related services such as meal preparation, laundry, shopping and errands; personal care services; assistance while traveling to medical appointments or to other sources of supportive services; protective supervision; teaching and demonstration directed at reducing the need for supportive services; and certain paramedical services ordered by a physician.

Major Changes for 2005-06:

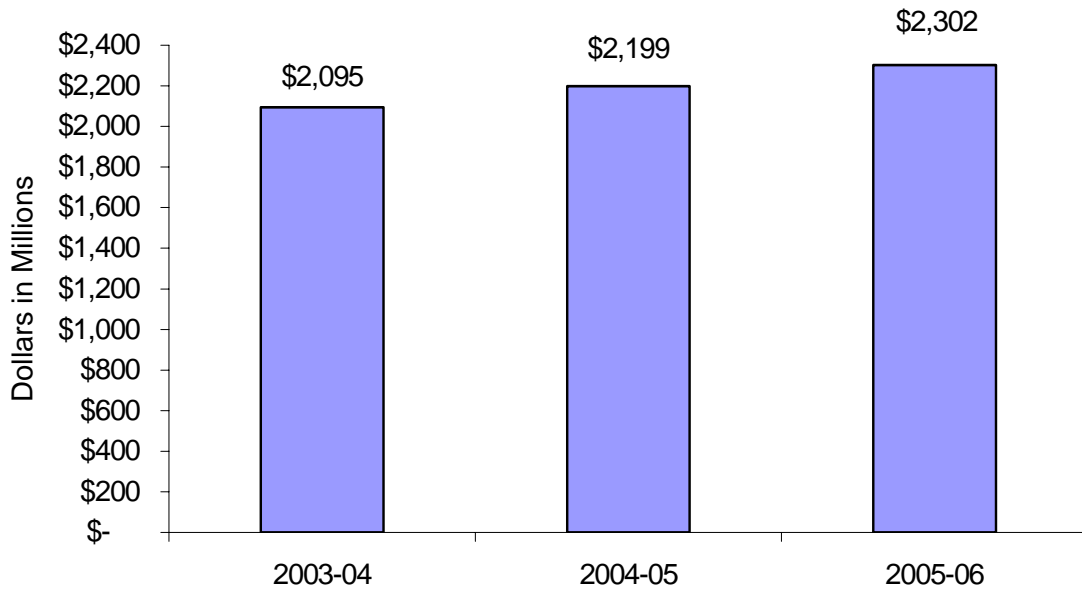
- Total funding for IHSS services and administration amounts to \$2.8 billion in 2005-06.
- Average monthly caseload is projected to increase from 354,893 in 2004-05 to 382,124 in 2005-06, an increase of 7.7 percent.
- State participation in wages is proposed to be rolled back to the June 30, 2004 level effective July 1, 2005.
- State Participation in wages is proposed to be rolled back to the minimum wage beginning October 1, 2005.
- The 2005-06 budget includes \$13.7 million for the Case Management Information and Payrolling System II contract procurement.

❖ Special Programs

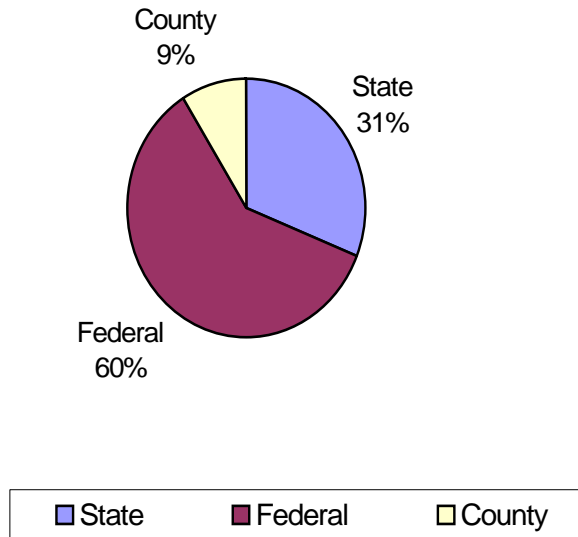
The 2005-06 budget includes \$83.6 million for Adult Protective Services beyond the amount available in the County Services Block Grant.

Children's Services

Three Year Comparison of Local Assistance Expenditures

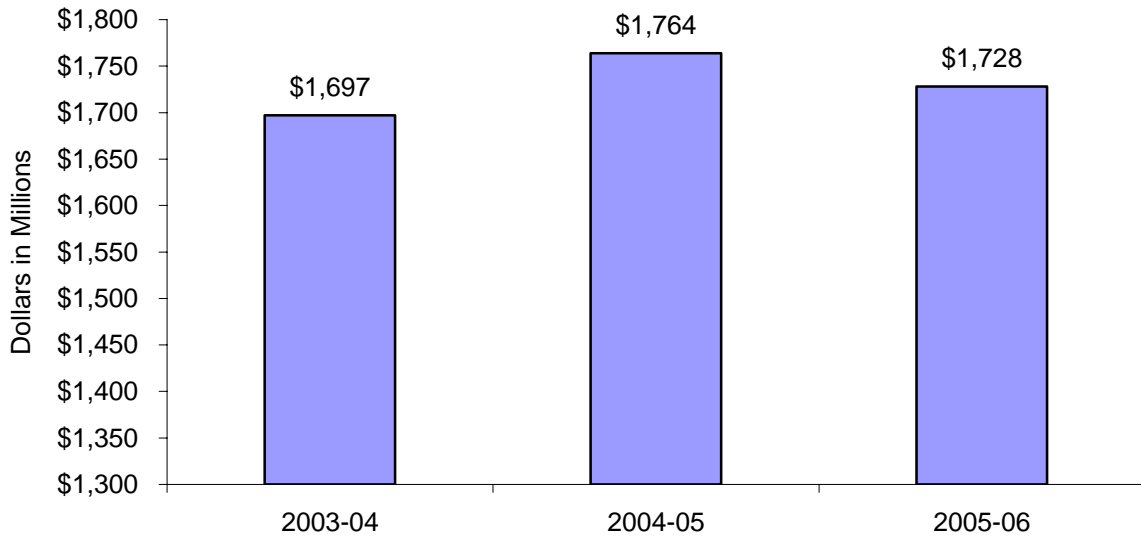


FUND SOURCES 2005-06

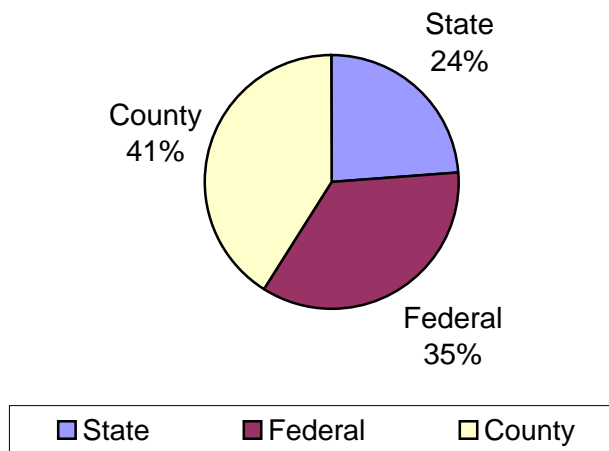


Foster Care

Three Year Comparison of Local Assistance Expenditures

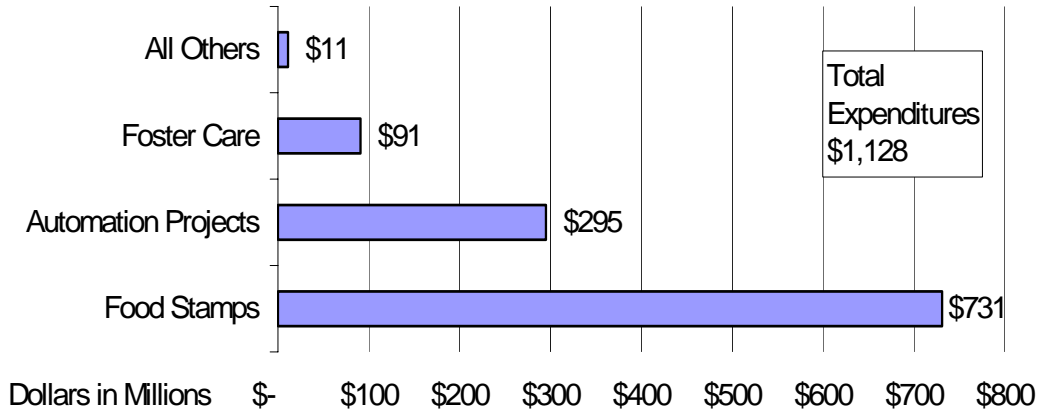


FUND SOURCES 2005-06

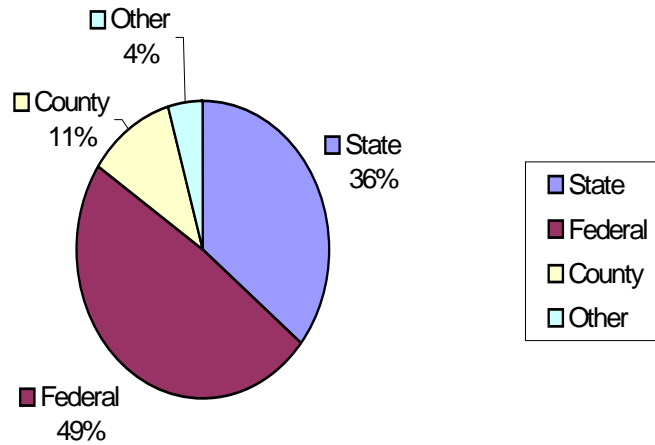


COUNTY ADMINISTRATION

Local Assistance Expenditure by Program Dollars in Millions

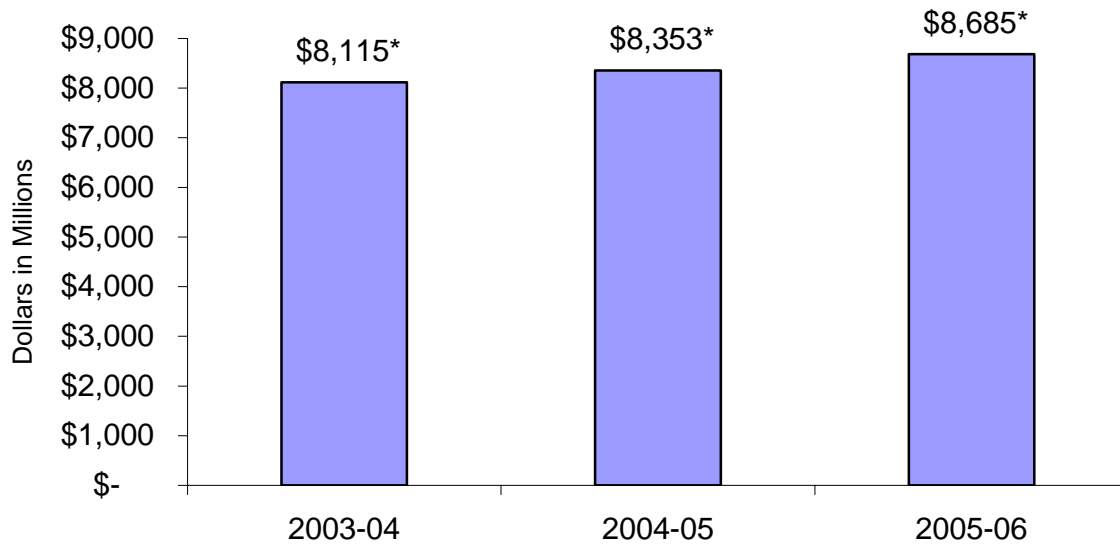


FUND SOURCES 2005-06
(Dollars in Millions)

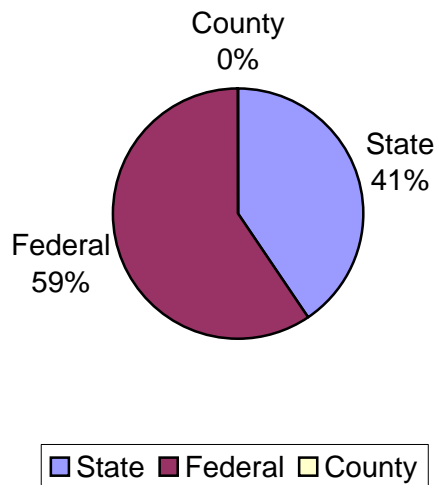


Supplemental Security Income/State Supplementary Payment

Three Year Comparison of Local Assistance Expenditures



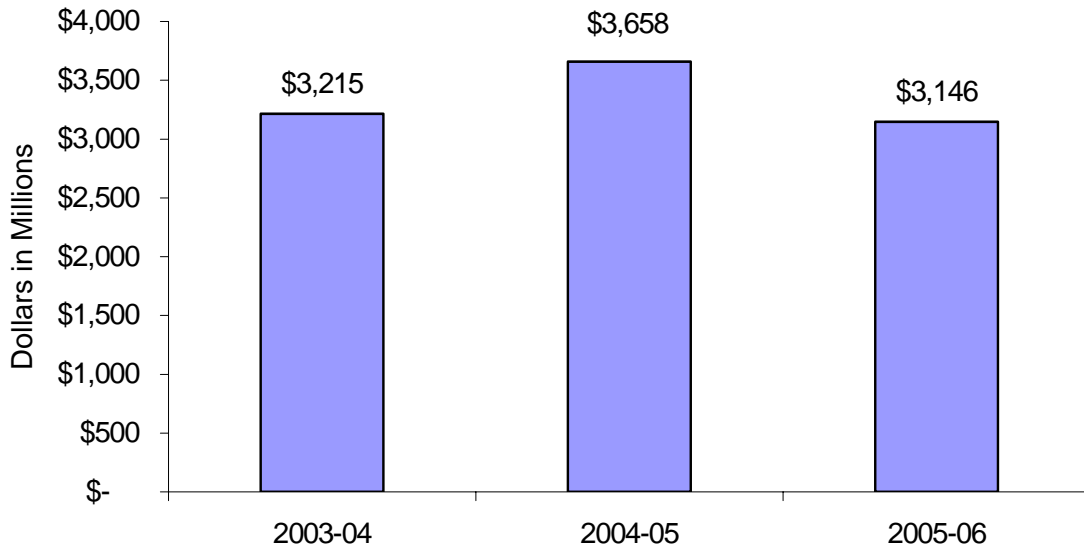
FUND SOURCES 2005-06



*This includes federal SSI funds: \$5.2 mil for 2005-06; \$4.9 mil for 2004-05; \$4.7 mil for 2003-04

In-Home Supportive Services

Three Year Comparison of Local Assistance Expenditures



FUND SOURCES 2005-06

