



CDSS

CALIFORNIA
DEPARTMENT OF
SOCIAL SERVICES

Highlights of the 2008-09 Governor's Budget

January 10, 2008

PREFACE

This document provides a detailed summary of the 2008-09 Governor's Budget and program changes proposed for the California Department of Social Services (CDSS). A more complete presentation of these proposals may be found in the Governor's Budget Summary 2008-09 and in the Governor's Budget 2008-09. These documents are available at the Department of Finance web page at <http://www.dof.ca.gov/budget/>.

CDSS is responsible for the direct operation or supervision of a wide variety of social services and income assistance programs, and 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 CDSS are typically managed and funded through a broad-based partnership of federal, State, and county governments. For Fiscal Year (FY) 2008-09, CDSS will be involved in the delivery of over \$26 billion in government services and benefits to approximately four million Californians.

For further description of CDSS' mission, goals, and programs, please see the website at <http://www.cdss.ca.gov>.

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I. LOCAL ASSISTANCE – BUDGET SUMMARY AND PROGRAM HIGHLIGHTS

Three-Year Budget Comparison by Major Programs

(Dollars in millions)

| | FY 2006-07 Actual | FY 2007-08 Appropriation | FY 2007-08 Revised | FY 2008-09 Proposed |
|---------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------------|
| CalWORKs | \$4,950 | \$5,103 | \$5,051 | \$4,691 |
| Children's Services | 3,725 | 4,006 | 4,082 | 3,940 |
| Foster Care | 834 | 656 | 662 | 605 |
| Adoptions Assistance | 563 | 631 | 625 | 626 |
| Foster Care Admin. | 72 | 41 | 48 | 51 |
| Child Welfare Services | 2,128 | 1,789 | 1,827 | 1,733 |
| Adoptions | 107 | 112 | 112 | 133 |
| Child Abuse Prevention | 21 | 26 | 26 | 26 |
| Title IV-E Waiver | - | 751 | 782 | 766 |
| SSI/SSP* | 3,534 | 3,650 | 3,641 | 3,748 |
| IHSS | 4,325 | 4,595 | 4,776 | 4,763 |
| All Others | 1,202 | 1,254 | 1,280 | 1,234 |
| Total Local Assistance** | \$17,736 | \$18,608 | \$18,830 | \$18,376 |

* Dollar amounts do not include the federally-administered portion which is not part of CDSS' budget.

** Dollar amounts do not include county funds which are not part of the CDSS budget.

Major Program Expenditures by Fund Source

FY 2008-09

(Dollars in millions)

| | State | Federal | County | Other | Total |
|-------------------------------|----------------|-----------------|----------------|----------------|-----------------|
| CalWORKs | \$1,574 | \$3,113 | \$107 | \$4 | \$4,798 |
| Children's Services | 1,547 | 2,306 | 1,132 | 87 | 5,072 |
| Foster Care | 297 | 308 | 452 | - | 1,057 |
| Adoptions Assistance | 318 | 308 | 106 | - | 732 |
| Foster Care Admin. | 20 | 31 | 6 | - | 57 |
| Child Welfare Services | 531 | 1,115 | 180 | 87 | 1,913 |
| Adoptions | 71 | 62 | - | - | 133 |
| Child Abuse Prevention | 17 | 9 | - | - | 26 |
| Title IV-E Waiver | 293 | 473 | 388 | - | 1,154 |
| SSI/SSP | 3,748 | 5,762 | - | - | 9,510 |
| IHSS | 1,597 | - | 48 | 3,166 | 4,811 |
| All Others | 541 | 601 | 182 | 92 | 1,416 |
| Total Local Assistance | \$9,007 | \$11,782 | \$1,469 | \$3,349 | \$25,607 |

Budget Highlights by Program

California Work Opportunity and Responsibility to Kids (CalWORKs)

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

A total of \$2.5 billion is included for Assistance Payments. The Budget also provides almost \$1.1 billion to fund the CalWORKs services other than child care. The caseload for CalWORKs will decrease from 452,000 cases in FY 2007-08 to 377,000 in FY 2008-09, a decrease of 16.5 percent, primarily due to implementation of the following CalWORKs changes: a graduated full family sanction policy, a modified Safety Net program which provides benefits only for cases that meet federal work participation requirements, and a 60-month time limit for child-only cases where the unaided adult is an undocumented noncitizen, a drug felon, or a fleeing felon.

Children's Services

The FY 2008-09 Budget contains approximately \$3.9 billion in funding for Children's Services. This includes \$2.3 billion for Child Welfare Services (CWS) including Adoptions and Child Abuse Prevention, \$1.6 billion for Foster Care, and \$732 million for the Adoption Assistance Program (AAP).

Supplemental Security Income/State Supplementary Payment (SSI/SSP), Adult Protective Services (APS) and In-Home Supportive Services (IHSS)

The Budget proposes \$5.8 billion in federal funds and \$3.7 billion in General Fund (GF) for SSI/SSP in FY 2008-09 which includes funding for a 2.1 percent increase in caseload. The SSI/SSP caseload is estimated to increase from 1,247,575 in FY 2007-08 to 1,274,000 in FY 2008-09. SSI/SSP grants will increase by \$11 to \$881 for a typical recipient and by \$16 for couples to \$1,540. In addition, \$134.1 million is included for the Cash Assistance Program for Immigrants (CAPI).

The Governor's Budget includes \$4.8 billion for IHSS and \$113.8 million for APS.

Automation Projects

The FY 2008-09 Budget includes a total of \$232.3 million for consultant services, technical support and software, continuing maintenance and operation, and implementation of the Statewide Automation Projects. These funds include \$179.8 million for the Statewide Automated Welfare System, \$8.3 million for the Statewide Fingerprint Imaging System, and \$44.2 million for the Electronic Benefit Transfer (EBT) program.

II. LOCAL ASSISTANCE – MAJOR PROGRAMS CASELOAD

| Program | 2006-07 Actual Caseload | 2007-08 Estimated Caseload | 2008-09 Estimated Caseload | 2007-08 to 2008-09 Change | |
|--------------------|-------------------------------|----------------------------------|----------------------------------|------------------------------|---------|
| | | | | Number | Percent |
| CalWORKs/TANF | 459,800 | 452,000 | 377,000 | 75,000 | 16.5 |
| Foster Care | 73,300 | 71,100 | 67,800 | (3,300) | (4.6) |
| SSI/SSP - Total | 1,227,000 | 1,247,600 | 1,274,000 | 26,400 | 2.1 |
| SSI/SSP - Aged | 362,100 | 366,500 | 372,400 | 5,900 | 1.6 |
| SSI/SSP - Disabled | 843,400 | 859,500 | 880,100 | 20,600 | 2.4 |
| IHSS | 371,200 | 390,000 | 407,900 | 17,900 | 4.6 |

III. LOCAL ASSISTANCE – DETAIL OF CHANGES BY PROGRAM

The FY 2008-09 Governor's Budget includes budget-balancing reduction proposals to address the state's structural deficit. The Administration proposes to reduce spending by implementing a ten percent across-the-board reduction to nearly every GF program, and to have those reductions take effect on March 1, 2008. The major reductions for CDSS are described in the program sections below.

CalWORKs Program

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.

CalWORKs Assistance:

- The average monthly final caseload is estimated to decrease from 452,000 cases in FY 2007-08 to 377,000 in FY 2008-09, a decrease of 16.5 percent. The FY 2008-09 caseload includes 15,000 in the CalWORKs Safety Net.
- Based on current law, the Budget assumes that recipients will receive a 4.25 percent Maximum Aid Payment (MAP) Cost of Living Adjustment (COLA) for CalWORKs grants effective July 1, 2008, which results in a \$134.4 million grant cost.
- The Budget assumes the implementation of a Subsidized Employment program, effective January 1, 2008, pursuant to AB 98, in which the State is required to pay 50 percent of a recipient's wage subsidy for up to six months. This program results in grant savings of \$357,000, which is an offset against the projected wage subsidy cost of \$6.1 million.
- The Budget assumes certain child-only cases will be subject to a 60-month time-limit with the discontinuance of cases beginning June 2008. This affects cases where the unaided adult is an undocumented non-citizen, a drug felon, or a fleeing felon. The discontinuance of these child-only cases will result in savings of \$226.7 million in grants in FY 2008-09. This is necessitated by the Administration's Budget Balancing Reduction proposal.

- The Budget assumes the implementation of a graduated full family sanction policy in which adults who remain in sanction status for an accumulated total of six months will receive an escalated sanction: the family's grant will be reduced to 50 percent of the child-only grant. Families with an adult who is sanctioned for a second accumulated six months will receive a full family sanction. Assuming this policy goes into effect in June 2008, the Current Year (CY) reflects a minor impact associated with behavioral changes. The increased sanction for cases that do not comply with federal work participation requirements will result in grant savings of \$61.4 million in the Budget Year (BY).
- The Budget reflects the implementation of a Modified Safety Net program, effective June 2008, which provides benefits only for cases that meet federal work participation requirements. This proposal results in a savings of \$234.4 million in grants from Safety Net cases discontinuing for not fully meeting the federal work participation rate.
- The Budget continues to reflect the effects of the Previous CalWORKs Reform Efforts, including the projected impact associated with the provisions contained in Senate Bill (SB) 1104 and AB 1808. The effects of this legislation are assumed to increase the work participation rate by four percent in Federal Fiscal Year (FFY) 2008 and an additional six percent by the end of FFY 2009 for a total of ten percent. The grant savings associated with this increased work participation is \$65.4 million in the BY.

CalWORKs Services:

- Funding for CalWORKs Basic Services costs is budgeted at \$769.7 million.
- The services costs associated with the Previous CalWORKs Reform Efforts to support the increased work participation strategies are \$92.8 million. This includes the continued \$90 million augmentation for CalWORKs improvements and increased work participation rates.
- The State share of wage subsidy costs associated with the implementation of the Subsidized Employment program (AB 98) is \$6.1 million.
- Services for Safety Net cases are decreased by \$2.5 million due to the discontinuance of cases not meeting the federal work participation requirement. There is no impact in the CY.
- Implementation of a graduated full family sanction policy results in a services cost of \$6.6 million, due to cases curing their sanctions.
- The CY Pay for Performance incentive funding in the amount of \$40 million has been eliminated, however, \$40 million is included for FY 2008-09. This is necessitated by the Administration's Budget Balancing Reduction proposal.

CalWORKs Administration:

- Funding for CalWORKs Basic Administration is \$588.5 million.
- The Budget reflects the continued augmentation of \$140 million to restore basic administration costs.
- The administrative savings associated with the Modified Safety Net Program is \$22.3 million. There is no impact in the CY.
- Implementation of time-limits on certain child-only cases will result in administrative savings of \$14.8 million. There is no impact in the CY.
- The Budget includes \$9.9 million for additional county administration activities associated with increased documentation and verification requirements resulting from the Deficit Reduction Act of 2005.
- Implementation of a graduated full family sanction policy will result in administrative savings of \$240,000. There is no impact in the CY.

CalWORKs Child Care:

- Funding for Stage One Child Care Basic services and administration is \$325.5 million which represents a \$51.5 million decrease over FY 2007-08 due to a caseload decline.
- The Child Care Reserve of \$46.5 million in FY 2008-09 represents a five percent holdback of the estimated need for both Stage One and Stage Two.
- Implementation of a graduated full family sanction policy will result in an increase of \$76.1 million in child care costs.
- The child care costs associated with the provisions of the Previous CalWORKs Reform Efforts to support the increased work participation strategies are \$59.6 million.
- The Budget reflects \$69 million associated with the Regional Market Rate (RMR) increase for child care costs. This amount includes the impacts of the October 2006 RMR and the projected March 2008 RMR.

General TANF/ Maintenance of Efforts (MOE):

- The Budget includes MOE expenditures in excess of the required level in an effort to achieve a greater caseload reduction credit, as allowed by the federal government. A total of \$349.2 million in excess MOE expenditures representing funding from the California Department of Education child care and after school

programs is included and is expected to increase California's caseload reduction credit by approximately five percent.

- The Budget reflects a prudent BY TANF reserve of \$87 million.

Kinship-Guardianship Assistance Payment (Kin-GAP) Program:

The 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 12 months if the relative assumes guardianship.

- Total funding for Kin-GAP is \$158.2 million in FY 2008-09 and reflects the delayed implementation of the Enhanced Kin-GAP Program.
- The average monthly Kin-GAP caseload will significantly decrease in FY 2008-09 due to cases transferring to the Enhanced Kin-GAP Program.
- As part of the Administration's Budget Balancing Reduction proposals, the Budget proposes to reduce the Kin-GAP benefit (rate) by ten percent for 58 counties for a GF savings of \$7.5 million GF in FY 2008-09.

Children's Services Programs

CWS Program:

CWS Program funding includes funding for the CWS, Adoptions, and Child Abuse Prevention Programs. CWS provides emergency, in-home care and out-of-home care services for abused and neglected children and their families. CDSS meets these objectives by providing a continuum of care with Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement service components.

- A total of \$44.3 million GF is included for FY 2008-09 to provide Transitional Housing services. This includes an additional \$5.2 million GF that reflects a full year of funds for those counties who implemented late in FY 2007-08. This amount does not include funds for adding new counties.
- A total of \$74.0 million GF has been included to continue the CWS Outcome Improvement funds for county system improvement activities.
- As part of the Administration's Budget Balancing Reduction proposals, the Budget proposes to reduce the CWS Allocation for 56 counties for a GF savings of \$62.5 million.

- As part of the Administration's Budget Balancing Reduction proposals, the Budget proposes to privatize independent adoptions for GF savings of \$0.8 million.
- As part of the Administration's Budget Balancing Reduction proposals, the Budget proposes to stop implementation of the AB 2488 sibling contact provisions for GF savings of \$1.1 million.

Foster Care Program:

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 CDSS as authorized by law.

- Average monthly caseload is projected to decrease slightly from 72,667 in FY 2007-08 to 72,274 in FY 2008-09, a reduction of 0.5 percent.
- The cost of the rate increase of five percent for foster care cases (Foster Family Home (FFH), Group Home (GH) and Emergency Assistance (EA)) will result in an increase in FY 2008-09 by \$11.0 million GF to reflect a full year of implementation.
- The FY 2007-08 budget increased \$1.8 million GF for additional federal retroactive foster care overpayments that need to be repaid.
- The FY 2007-08 budget increased \$7.8 million GF for the loss of foster care savings due to the late implementation of enhanced Kin-GAP. Savings are estimated to increase by \$3.0 million in FY 2008-09 due to additional cases shifting to the Kin-GAP Program.
- As part of the Administration's Budget Balancing Reduction proposals, the Budget proposes to reduce the foster care rate for 56 counties for a GF savings of \$28.0 million GF.

AAP:

- The AAP caseload is estimated to increase from 76,800 in FY 2007-08 to 81,000 in FY 2008-09, an increase of 5.6 percent.
- As part of the Administration's Budget Balancing Reduction proposals, the Budget proposes to reduce the AAP rate for 58 counties for a GF savings of \$26.8 million.

Title IV-E Waiver:

The Budget reflects \$1.2 billion (\$292.7 million GF) for the Title IV-E Child Welfare Waiver Demonstration Capped Allocation Project (CAP) that allows

Title IV-E funds, which are restricted to pay for board and care costs and child welfare services administration, to be used for services and supports in order to avoid the over-reliance on out-of-home care and reunify families more expeditiously. The intent of the CAP is to test a "capped allocation" strategy which would block grant a portion of the federal Title IV-E and State GF Administrative and Assistance costs.

- As part of the Budget Balancing Reduction proposals, the Budget proposes to reduce the CWS Allocation for the Waiver counties only for savings of \$21.2 million GF.
- As part of the Budget Balancing Reduction proposals, the Budget proposes to reduce the foster care rates for the Waiver counties only for savings of \$12.4 million GF in FY 2008-09.

SSI/SSP

The 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.

- Average monthly caseload is projected to increase from 1,247,575 in FY 2007-08 to 1,274,000 in FY 2008-09, an increase of 2.1 percent.
- As part of the Budget Balancing Reduction proposals, the Budget proposes to suspend the State COLAs for June 2008 and June 2009 for savings of \$300.3 million GF.
- The typical SSI/SSP recipient will experience an \$11 increase in SSI benefits from \$870 to \$881, and couples will receive an increase of \$16 in SSI benefits from \$1,524 to \$1,540.
- The Budget includes \$134.1 million GF for CAPI. Total funding includes \$112.7 million for cases becoming eligible due to the end of the ten-year sponsor deeming period.

IHSS

The 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.

- Average monthly caseload is projected to increase from 390,010 in FY 2007-08 to 407,897 in FY 2008-09, an increase of 4.6 percent.
- Funding has been increased for wages and benefits, including increases due to the higher state minimum wage.
- Quality Assurance reflects elimination of savings as the actual hours paid to providers did not decrease on average as anticipated.
- As part of the Administration's Budget Balancing Reduction proposals, the Budget proposes to reduce the IHSS Hours of Service for a GF savings of \$109.4 million.
- As part of the Administration's Budget Balancing Reduction proposals, the Budget proposes to reduce the IHSS County Administration for GF savings of \$10.2 million.

Other Programs

California Food Assistance Program (CFAP):

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 non-citizens, legal non-citizens who have been in the country five years or more and all non-citizen children (with varying effective dates).

- The Budget reflects \$25 million GF for CFAP benefits and \$2.0 million for CFAP administration.
- The Budget proposes a reduction in CFAP benefits effective June 2008, resulting in the average monthly benefit per person decreasing from \$91 to \$82. The FY 2008-09 savings is \$2.5 million. This is necessitated by the Administration's Budget Balancing Reduction proposal.

Work Incentive Nutritional Supplement (WINS):

The Budget reflects \$8.4 million in automation costs for the implementation of the WINS Program. This program would provide a \$40 supplemental food benefit (paid with TANF MOE funds) to non-assistance food stamp families if they are fully meeting the federal work participation requirements. This program will be fully implemented by January 2010.

County Administration and Automation:

- The FY 2008-09 Budget includes \$837 million in funding to counties for administering the Foster Care, Food Stamps, and Refugee Cash Assistance programs.
- The Budget proposes a reduction in the Non-Assistance Food Stamp Program allocation which results in total savings of \$34.9 million (\$14.4 million in GF savings). There is no impact in the CY. This is necessitated by the Administration's Budget Balancing Reduction proposal.
- A total of \$232.3 million is included for automation projects in FY 2008-09.
- As part of the Administration's Budget Balancing Reduction proposals, the Budget proposes to eliminate the Interim Statewide Automated Welfare System Migration project for GF savings of \$3.4 million in FY 2007-08 and \$44.0 million in FY 2008-09.

APS:

The APS Program provides services, without regard to income, to elders aged 65 and older, and dependent adults aged 18-64 who are functionally impaired, unable to meet their own needs, and who are victims of abuse, neglect or exploitation. The APS Program is administered locally by the APS program agencies in each of California's 58 counties

- As part of the Administration's Budget Balancing Reduction proposals, the Budget proposes to reduce the APS Program by ten percent for GF savings of \$6.1 million.

Community Care Licensing (CCL):

The CCL Program provides funding for Foster Family Home and Family Child Care Home licensing and recruitment services.

- As part of the Administration's Budget Balancing Reduction proposals, the Budget proposes to reduce CCL random licensing visits from 30 percent to 14 percent for GF savings of \$0.3 million.

Deaf Access Program:

The Deaf Access Program contracts with local, non-profit agencies to provide services to deaf and hard of hearing individuals. Services provided include: communication services, counseling, advocacy services, independent living skill

instruction, job development and placement, information and referral and community education.

- As part of the Administration's Budget Balancing Reduction proposals, the Budget proposes to reduce the Access/Assistance Deaf Services by ten percent for savings of \$0.3 million.