



April 8, 2009

Honorable Denise Moreno Ducheny, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review Committee

Honorable Noreen Evans, Chair
Assembly Budget Committee

Honorable Christine Kehoe, Chair
Senate Appropriations Committee

Honorable Kevin de Leon, Chair
Assembly Appropriations Committee

Section 28.00—California Department of Social Services, Federal Stimulus Funds

Pursuant to the provisions of Section 28.00, Budget Act of 2008, the following report is respectfully submitted.

The Department of Finance has received the attached Section 28.00 application from the Department of Social Services (DSS). The DSS requests an increase of \$3,111,000 in federal expenditure authority in order to spend recently approved federal funds for the Emergency Food Assistance Program (EFAP). The funds were authorized as part of the American Recovery and Reinvestment Act (ARRA) of 2009.

The DSS received official notification of the availability of additional, unanticipated funds for the EFAP on March 2, 2009. The ARRA provides California with United States Department of Agriculture commodities valued at \$12.4 million (this does not flow through the state budget). California will receive \$3.1 million in 2009-10 for administrative costs to be used for food storage and distribution costs. We subsequently will request increased federal fund expenditure authority for 2009-10 EFAP storage and distribution costs. Any funds that are unobligated as of September 30, 2009 may be recovered by the federal government and redistributed nationwide the following year.

This request meets the following criteria, as required in subdivision (b) of Section 28.00:

- The funds will be expended for food storage and distribution costs for EFAP, which is consistent with state law.
- The funds are made available to the state under conditions permitting their use only for the specified purpose, and the additional expenditure proposed would apply to this specified funding purpose.
- Acceptance of the additional funding does not impose on the state any requirement to commit or expend new state funds for any program or purpose.
- The need exists to expend the additional funding during the current fiscal year because the federal government intends for the funds to be spent immediately upon appropriation in order to stimulate economic growth.

We concur with the necessity of this change to the approved budget and will be approving the Section 28.00 application not sooner than 30 days from the above date.

If you have any questions or need additional information regarding this matter, please call John Fitzpatrick, Principal Program Budget Analyst, at (916) 445-6423.

MICHAEL C. GENEST
Director
By:



ANA J. MATOSANTOS
Chief Deputy Director

Attachment

cc: Honorable Bob Dutton, Vice Chair, Senate Budget and Fiscal Review Committee
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Honorable Mark Leno, Chair, Senate Budget and Fiscal Review Subcommittee No. 3
Honorable Jerry Hill, Chair, Assembly Budget Subcommittee No. 1
Mr. Mac Taylor, Legislative Analyst (3)
Mr. Danny Alvarez, Staff Director, Senate Budget and Fiscal Review Committee
Mr. Bob Franzoia, Staff Director, Senate Appropriations Committee
Mr. Seren Taylor, Staff Director, Senate Republican Fiscal Office
Mr. Craig Cornett, Senate President pro Tempore's Office
Mr. Christian Griffith, Chief Consultant, Assembly Budget Committee
Mr. Geoff Long, Chief Consultant, Assembly Appropriations Committee
Mr. Peter Schaafsma, Staff Director, Assembly Republican Fiscal Committee
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Michael Wilkening, Undersecretary, Program and Fiscal Affairs, Health and Human Services Agency
Mr. Pete Cervinka, Assistant Secretary, Health and Human Services Agency
Mr. Eric Fujii, Deputy Director, Administration Division, Department of Social Services
Ms. Fran Mueller, Chief, Financial Management and Contracts Branch, Department of Social Services
Mr. Brian Dougherty, Chief, Budget Bureau, Department of Social Services

icc: BRADSHAW, PROSIO, CAP-OFFICE, FO, MANGAT, BUCHEN, FITZPATRICK,
WONG, NUNES, C/F (3), SUSPENSE FILE

Please report dollars in thousands.

DEPARTMENT Social Services	ITEM NO./ FISCAL YEAR 5180-001-0890/ 2008-09	NOTIFICATION LETTER TO LEGISLATURE: <input checked="" type="checkbox"/> 30-DAY NOTICE <input type="checkbox"/> REQUEST WAIVER OF 30-DAY NOTICE
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PROGRAM TITLE PER GOVERNOR'S BUDGET:
16-Welfare Programs

FUNDING (SPECIFY FUND)	CURRENTLY BUDGETED	REQUESTED CHANGE (+) OR (-)	TOTAL
5180-001-0890	\$362,970	+\$3,111	\$366,081

(Check appropriate boxes)

- The funds will be expended for a purpose that is consistent with state law (explain use of funds in Part A below).
- The funds are made available to the state under conditions permitting their use only for a specified purpose, and the additional expenditure proposed under this section would apply to that specified funding purpose (as supported by explanation for the purpose of the funds).
- Acceptance of additional funding does not impose on the state any requirement to commit or expend new state funds for any program or purpose.
- The need exists to expend the additional funding during the current fiscal year (explain in Part B below).
- This application is provided to Finance within 45-days of official notice of receipt of funds.
- Explanation of delayed notification to Finance is attached (required if 45-day notification period is exceeded).
- A copy of the official notice of fund availability is attached to this application.
- One-time expenditure. (\$3,111 per year for FFY 2009 and FFY 2010)
- Ongoing commitment from this source (if checked, explain under Program Proposal).
- Matching funds required (if checked, explain under Program Proposal).
- Expenditure either supplements or supplants an existing state-funded program (if checked, explain under Program Proposal).

PART A: For what purpose will the funds be expended?

The funds will be expended for food storage and distribution costs for the Emergency Food Assistance Program (EFAP). They are in addition to the state's regular allocation for this purpose, and may only be used for allowable EFAP administrative costs.

PART B: Explain the need to expend the funds in the current fiscal year, including the consequence of waiting until budget year to expend the funds:

These funds, as well as \$12.4 million in additional United States Department of Agriculture (USDA) commodities, are being provided to California as part of the federal stimulus effort. As stimulus funds, this money is intended to be made available immediately. Also, any funds that are unobligated as of September 30, 2009 may be recovered by the federal government and redistributed nationwide the following year.

PROGRAM PROPOSAL (Attach additional information as necessary)

TITLE:
REQUEST FOR FEDERAL SPENDING
AUTHORITY

STATUTORY AUTHORITY: (state, federal, as appropriate)
Section 28.00, Budget Act of 2008

DESCRIPTION:

The American Recovery and Reinvestment Act (ARRA) of 2009 provides additional funding for EFAP, effective immediately, as part of the federal stimulus package. ARRA contains a total of \$150 million for EFAP for Federal Fiscal Year (FFY) 2009 and FFY 2010, including \$100 million for the purchase of food and \$50 million for administrative costs.

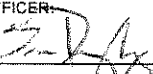

California's share of this funding is \$12.4 million in USDA commodities and \$3.1 million per year for FFY 2009 and FFY 2010 for administrative costs. The administrative funds will be used for food storage and distribution costs. Additional federal expenditure authority is requested by the California Department of Social Services (CDSS) so that this funding can be provided to local food banks and California Emergency Foodlink.

JUSTIFICATION:

As the economy has worsened, the demand for emergency food assistance has increased. The federal government is making additional food and administrative funds available to the state to help to meet these needs.

The budget contains funding for EFAP, but does not currently include the funds provided by ARRA since they were part of the federal stimulus package and were therefore not known at the time the budget was developed. An adjustment to the CDSS budget is needed to increase expenditure authority so the additional funds can be spent.

These funds do not require a state match, so approval of this request will not result in any cost to the General Fund.

SUBMITTED BY:		APPROVED BY DEPARTMENT OF FINANCE:	
BUDGET OFFICER: 	DATE: 3/19/09	DATE SUBMITTED TO LEGISLATURE: 4/8/09	
DIRECTOR: 	DATE: 3/27/09	PPBA:	DATE: