

**May 2010 Revision
Governor's Budget Solutions/ New Cost Premises
Spring Budget Solutions**

Issue	FY 09/10 GF (In millions)	FY 10/11 GF (In millions)	Reason for Change	People/Consumer Impacts
CalWORKs				
<p>Implement a 15.7 Percent CalWORKs MAP Reduction - Reduces the CalWORKs MAP by an additional 15.7 percent (above the 4 percent reduction implemented in July 2009). In addition to this reduction, the May Revision includes a proposal to eliminate the CalWORKs Program effective October 2010 (see below Spring Budget Reductions)</p>	\$0.00	-\$406.24	<p>The Governor's Budget assumed this reduction would be implemented in June 2010. The May Revision reflects an erosion of savings due to delaying implementation until October 2010 and lower than projected caseload growth (\$183.3 million in the BY). THE SAVINGS AMOUNT DOES NOT REFLECT THE LOSS OF Emergency Contingency Fund (ECF).</p>	<p>All CalWORKs recipients will experience a grant reduction. The cases assumed to be discontinued as a result of the grant reduction are less than estimated in November (8,440 cases vs. 10,921).</p>
<p>Eliminate the CalWORKs Recent Noncitizen Program (RNE) - Reflects the savings associated with eliminating the state funded CalWORKs program for providing aid to RNE. In addition to this reduction, the May Revision includes a proposal to eliminate the CalWORKs Program effective October 2010 (see below Spring Budget Reductions)</p>	\$0.00	-\$40.64	<p>The Governor's Budget assumed this elimination would be implemented in June 2010. The May Revision reflects an erosion savings due to delaying implementation until October 2010 (\$14.7 million in the BY). THE SAVINGS AMOUNT DOES NOT REFLECT THE LOSS OF ECF.</p>	<p>It is estimated that approximately 22,500 recipients would be affected by this reduction in FY 2010-11.</p>
<p>Child Care Rate Ceiling Reduction Proposal - Reduce Regional Market Rate (RMR) Ceilings to the 75th percentile and reduce the reimbursement rate for licensed exempt providers to 70 percent of the family child care home rate (at the 75th percentile). This proposal would impact the Stage One, Two and Three Child Care Programs and the general AP program. The total savings for this proposal is \$91.1 million (\$41.1 million in California Department of Social Services and approximately \$50 million in California Department of Education). Would require a statutory change. In addition to this reduction, the May Revision includes a proposal to eliminate the CalWORKs Program and all Prop 98 Funded Child Care Programs effective October 2010 (see below Spring Budget Reductions)</p>	\$0.00	-\$41.11	<p>Governor's Budget assumed a July 1, 2010 implementation of the reduction for the Stage One Program, and that the reduction to the CDE programs will be implemented June 1, 2010. Estimate shows an erosion of savings (\$13.7 million) due to delaying implementation until October 1, 2010.</p>	<p>All child care providers of CalWORKs recipients will be impacted and providers of the approximately 30,500 children receiving CalWORKs Stage One license exempt care will experience a significant reduction in their reimbursement rates.</p>

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<p>Reduction to Income Eligibility Limit for Child Care Programs / Stage 3 Reduction - This proposal partially offsets the Governor's Budget Proposal for a \$123 unallocated reduction to CalWORKs Stage 3 child care. The income eligibility limit (State Median Income) will be reduced for child care programs from 75% of SMI to 60% of SMI effective October 2010. This proposal will not impact Stage One Child Care, Child Protective Services (CPS) priority children, or preschool, the May Revision maintains a Stage 3 unallocated reduction of \$90.9 million. In addition to this reduction, the May Revision includes a proposal to eliminate all Prop 98 Funded Child Care Programs (with the exception of preschool) effective October 2010 (see below Spring Budget Reductions)</p>	\$0.00	\$0.00	These savings are reflected in the California Department of Education Budget	
<p>TANF Transfer to Student Aid Commission - This premise reflects a shift of federal Temporary Assistance for Needy Families (TANF) program funds from the California Work Opportunity and Responsibility to Kids (CalWORKs) program to the California Student Aid Commission (CSAC) to fund Cal Grants. The funds were a surplus as a result of the Governor's Budget savings proposals.</p>	\$0.00	\$114.70	The TANF transfer of \$18.3 million to CSAC included in the Governor's Budget has been increased to \$114.7 million, as a result of increased TANF surplus associated with lower caseload projections. This number is subject to change based on final May Revision decisions.	N/A
<p>Food Stamps Programs</p>				
<p>Eliminate the California Food Assistance Program - Would eliminate a state-only food assistance program for legal noncitizens who have been in the country for less than five years. Would require a statutory change.</p>	\$0.00	-\$42.80	The Governor's Budget assumed this elimination would be implemented in June 2010. The May Revision reflects an erosion in savings due to delaying implementation until October 2010 (\$13.3 million in the BY).	Approximately 39,000 recipients (in 15,000 cases) will lose eligibility.

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Inter-County Transfer (ICT) - Reflects the implementation of an ICT process to ensure uninterrupted benefits for Food Stamp (FS) households that move from one county to another. Note: Net GF savings in FY 2010-11 is less than \$0.01 million.	\$0.00	-\$0.01	This new premise assumes a January 1, 2011, implementation of the ICT process for FS households who are also receiving CalWORKs and Medi-Cal benefits. The net GF savings of \$6,136 in FY 2010-11 reflects the cost to provide uninterrupted CFAP benefits offset by savings due to administrative efficiencies as a result of the ICT process.	In FY 2010-11, approximately 9,500 FS households will experience no interruption in FS benefits when moving to a new county of residence.
Department of Defense (DOD) Non-Assistance Food Stamps (NAFS) Admin - Reflects additional federal funds provided to California through the Defense Appropriation Act to supplement (not supplant) funds for FS administration. The state received at total of \$29.95 million.	\$0.00	\$0.00	The \$29.95 million DOD funds will be used in FY 2010-11 to replace Federal/State/County NAFS Administration.	
DOD NAFS Admin Savings - Reflects the offset NAFS administration costs with DOD funds, resulting in a GF savings.	\$0.00	-\$10.50	As a result of utilizing the \$29.95 million DOD funds to replace NAFS Administration funding, there will be a GF savings of \$10.5 million in FY 2010-11.	
Children's Programs				
Group Home and SED Rate Increase - This is a new premise as ordered by the court in <u>California Alliance of Child and Family Services v. Cliff Allenby</u> , which granted a rate increase to the Group Home Rate Classifications and included retroactive payments to December 14, 2009.	\$39.60	\$69.61	Includes both waiver and non-waiver county costs. The CY increase reflects costs associated with a 32 percent grant increase to Group Homes and Seriously Emotionally Disturbed (SED) cases starting December 14, 2009. The BY year includes a full year impact and an additional COLA of 1.57 percent starting July 1, 2010, to the newly established rate.	The projected 2010-11 caseload for group homes is 8,300, and for SED is 1,900.
Restructuring the Foster Care Group Home Rate System - This is a new premise which reflects the Group Home rate increase required by court order in the case of <u>California Alliance of Child and Family Services v. Cliff Allenby</u> . This premise provides funding to hire a rate expert and county consultant for conducting a rate study that will assist the Department in restructuring the current GH RCL system.	\$0.00	\$0.38	This project implements in the Budget Year and is projected to be completed in FY 12-13. The overall cost for this project, including the funding for one state position, will amount to \$2.61M of which \$1.32M GF.	

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<p>Foster Care IV-E Eligibility Training - As a result of the recent federal IV-E eligibility review by the federal Department of Health and Human Services, California was found to be out of compliance with child and provider eligibility requirements. CDSS must fulfill its obligation to address deficiencies identified in the 2009 Title IV-E Review Report by providing training to child welfare, probation and court staff as specified in an approved Title IV-E Program Improvement Plan. This new premise reflects the cost of hiring a consultant to develop a training curriculum and website for use as a training tool.</p>	\$0.00	\$0.50	<p>This is one-time only cost in BY of which \$400,000 GF will be dedicated to training and \$100,000 GF will be dedicated to web design.</p>	
<p>ARRA FMAP Increase (FC/AAP/Waiver) - This premise represents the temporary increase in the Title IV-E FMAP rate from 50 percent to 56.2. This premise assumes the enhanced FMAP increase will be extended for an additional six months in FY 2010-11. This would require federal approval.</p>	-\$52.61	-\$55.63	<p>CY reflects twelve months of savings, and BY reflects an additional six months of extended ARRA from Jan. 1, 2011, to June 30, 2011, for a whole year of savings. The six month extension in BY results in a savings of \$27.8M GF. Of this savings, FC 56 county savings account for \$6.2M; FC Waiver county savings account for \$4.5M; and AAP savings account for \$17.1M.</p>	
<p>Redirection of County Savings - The premise realigns the sharing ratios under Children's programs by redirecting county savings associated with the extension of ARRA for FC/AAP and IHSS programs, elimination of recent noncitizen entrants, and 15.7 percent CalWORKs MAP reduction. Would require a change in state statute and regulations.</p>	\$0.00	-\$102.41	<p>The program redirection assumes an October 1, 2010, implementation. The GF savings takes into account all 58 counties and includes \$60.19 M for Foster Care (from 40% GF, 60% county to 30% GF, 70% county), and \$42.22 M for AAP (from 75% GF, 25% county to 63.5% GF, 36.5% county). Further redirection of county savings is reflected under the Spring Budget Solutions.</p>	<p>This proposal would not impact the children served by CDSS.</p>

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<p>Strengthening Health and Safety Protections - This is a new premise associated with the change in visit protocol for both Foster Family Homes (FFHs) and Family Child Care Homes (FCCHs). The BY reflects implementation on Jan. 1, 2011, with a half-year of savings.</p>	\$0.00	-\$0.80	<p>This is the impact to counties that do their own licensing. Current law requires that a random sample of facilities be subject to annual unannounced visits with all facilities visited at least once every five years. Under the new protocol, county licensed FFHs would be inspected annually and county licensed FCCHs would be inspected biennially. The new protocol would reduce inspection time in half with full comprehensive inspections required for problem facilities, resulting in a change in workload standards for FFH from 120 facilities per worker to 163, and for FCCH from 257 facilities per worker to 277.</p>	<p>The full-year impacted caseload for FFHs is projected at 7,269; for FCCH, it is projected at 3,678.</p>
<p>Adult Programs</p>				
<p>Reduce SSP Individuals to MOE Floor - Would lower the SSP payment standards from \$171.00 to \$156.40 for individuals only.</p>	\$0.00	-\$132.83	<p>Estimate assumes an October 1, 2010, implementation. The savings include the impact to: CVCB (\$0.2M) and CAPI (\$3.4M). Non-Medical Out of Home Care, Title XIX, and Restaurant Meal Allowance recipients are exempt from the reduction. This estimate takes into consideration the savings to SSI/SSP basic and administrative costs associated with 8,449 recipients losing their eligibility. This estimate also takes into consideration an administrative fee of \$1 million payable to the Social Security Administration. There is a \$45M erosion of savings compared to November 2009 estimate, of which \$7M is due to lower caseload projection, and \$38M is due to a three-month delay in implementation.</p>	<p>Would reduce the SSP grant for approximately 952,000 SSI/SSP recipients; 8,449 current SSI/SSP recipients and 84 current CAPI recipients would become ineligible for the program and may seek services from DDS.</p>
<p>Eliminate Cash Assistance Program for Immigrants - Would eliminate a state-only program that enables eligible legal noncitizens to meet their basic needs. Would require statutory change.</p>	\$0.00	-\$73.64	<p>Estimate assumes an October 1, 2010, implementation. There is a \$33M erosion of savings compared to November 2009 estimate, of which \$11M is due to lower caseload projection and \$22M is due to a three-month delay in implementation.</p>	<p>Would eliminate the services for 9,927 CAPI recipients.</p>

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ARRA - IHSS FMAP Increase- This premise represents the temporary increase in the Title XIX FMAP rate for IHSS services from 50 percent to 61.594. Both CY and BY reflect a whole year at the enhanced FMAP rate.	-\$384.53	-\$385.10	CY reflects twelve months of savings. BY reflects six months of ARRA under current law, plus an additional six months of extended ARRA from Jan. 1, 2011, to June 30, 2011, for a whole year of savings.	
Spring Budget Solutions				
CalWORKs Elimination - This premise reflects the impact of eliminating the CalWORKs Program effective October 2010.	\$0.00	-\$1,031.63	Reflects the incremental increase in GF savings after assuming the savings associated with the Governor's Reduction Proposals. <i>Total GF savings associated with the elimination of CalWORKs is approximately \$1.5 billion.</i>	Based on the May Revise BY Trend caseload (before impact of CalWORKs Reductions) 580,500 CalWORKs cases including 1,417,000 persons will lose CalWORKs eligibility effective October 2010.
Elimination of Prop 98 Funded Child Care Programs (except State Preschool)	\$0.00	TBD	These savings are reflected in the California Department of Education Budget	
IHSS Service Reduction - In consultation with stakeholders, the Administration will develop specific IHSS cost-containment measures in time for legislative enactment by July 1, 2010, to achieve the proposed General Fund saving amounts.	\$0.00	-\$637.09	In consultation with stakeholders, the service reduction will be made to achieve a \$637M GF reduction in BY and \$750M annually thereafter.	This proposal would impact 466,292 recipients and approximately 385,00 providers.
Redirection of County Savings - The premise realigns the sharing ratios under Children's programs by redirecting county savings associated with the IHSS service reduction.	\$0.00	-\$257.05	The program redirection assumes a October 1, 2010, implementation. The GF savings takes into account all 58 counties and includes \$91.30 M for Foster Care (from the revised: 30% GF, 70% county to 20% GF, 80% county), \$159.71 M for AAP (from the revised: 63.5% GF, 36.5% county to 20% GF, 80% county), and \$6.04 M for FC Administration (from 70% GF, 30% county to 48% GF, 52% county). Combined with the base Redirection of County Savings premise, detailed above, this results in a combined GF savings of \$359.5 M.	This proposal would not impact the children served by CDSS.

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<p>Mental Health Realignment - This premise reflects a decrease of \$602 million to various programs administered by the Department of Social Services due to a shift of county mental health realignment funding in the same amount to county social services programs funded through realignment.</p>	\$0.00	-\$602.00	<p>Of the \$602 million DMH Realignment funds, \$291 million will be used in Child Welfare Services by changing the non-fed State/County sharing ratio to 20% / 80%. The balance of \$311 million will be used to fund Food Stamp (FS) Administration. Using \$311 million for FS Administration results in the non-fed State/County sharing ratio changing to 19% / 81%.</p>	