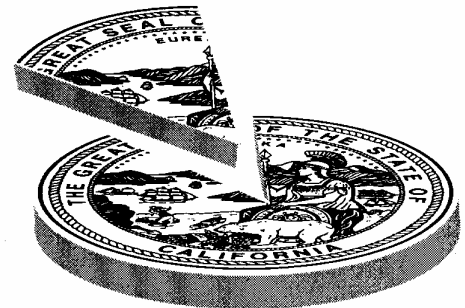


**CDSS**

CALIFORNIA  
DEPARTMENT OF  
SOCIAL SERVICES

# Highlights of the 2006-07 Governor's Budget



**January 2006**

## INTRODUCTION

This document provides a summary of significant budget and program changes proposed for the California Department of Social Services (CDSS) in Fiscal Year (FY) 2006-07. A more complete presentation of these proposals may be found in the Governor's Budget Summary 2006-07 and in the Governor's Budget 2006-07. These documents are available at the following Department of Finance web page, <http://www.dof.ca.gov/Budget/BudgetDocuments.asp>.

CDSS 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 2006-07, the Department will be involved in the delivery of over \$23.9 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:

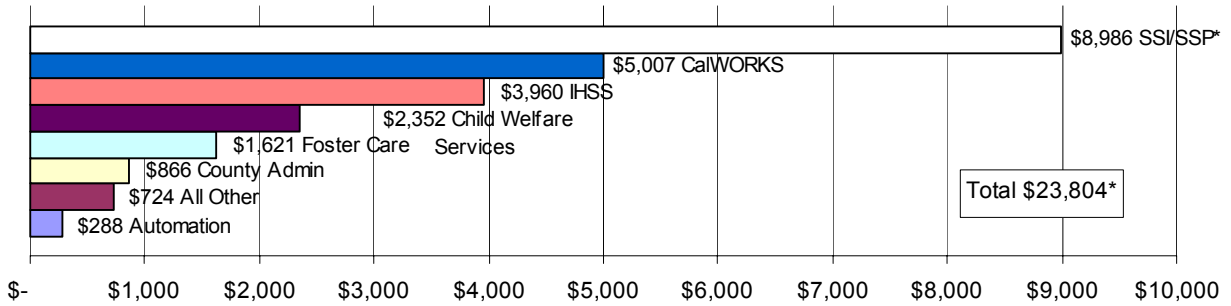
- Provide temporary assistance including cash and services to needy families with children to encourage attainment of family self-sufficiency by moving from welfare to permanent work.
- Provide social services to elderly, blind, disabled and other adults and children; protect them from abuse, neglect, 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.

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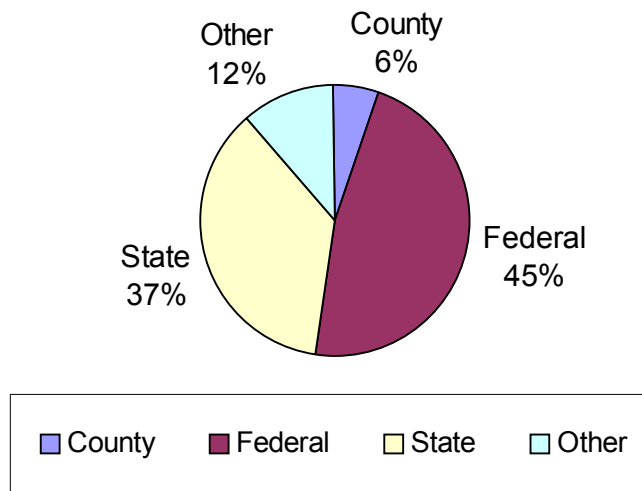
# Local Assistance Expenditures Overview 2006-07

Expenditures by Program (Dollars in Millions)



\*5.4 million in Federal SSI funds

Expenditures by Fund Source



**TWO YEAR BUDGET COMPARISON OF MAJOR PROGRAMS**  
(Dollars in millions)

	FY 2005-06 Revised	FY 2006-07 Proposed
CalWORKs	\$5,118	\$5,007
Children's Services*	4,781	4,881
CWS	2,305	2,352
Foster Care	1,621	1,621
Kinship-Guardianship	98	100
SSI/SSP	8,621	8,986
IHSS	3,793	3,960
Community Care Lic. (Local Assistance & State Operations)	101	107

\* Children's Services includes Child Welfare Services including Adoptions and Child Abuse Prevention, Foster care, Kinship-Guardianship Assistance Payment (Kin-GAP) Program, and the Adoption Assistance Program.

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(Average Monthly)					
PROGRAM	ACTUAL CASELOAD 2004-05	ESTIMATED CASELOAD 2005-06	ESTIMATED CASELOAD 2006-07	2005-06 TO 2006-07 CHANGE	
				Number	Percent
CalWORKs/TANF	490,252	484,034	487,465	3,431	0.7%
SSI/SSP - TOTAL	1,185,253	1,213,284	1,241,831	28,547	2.4%
SSI/SSP - Aged	352,291	357,223	361,965	4,742	1.3%
SSI/SSP - Disabled	811,231	834,368	858,207	23,839	2.9%
Foster Care	74,447	74,797	74,923	126	0.2%
IHSS	347,573	372,335	396,195	23,860	6.4%

## **SIGNIFICANT PROGRAM HIGHLIGHTS**

### California Work Opportunity and Responsibility to Kids (CalWORKs)

- Caseload is expected to increase in FY 2006-07 by 0.7 percent over FY 2005-06. The total estimated caseload is 487,465.
- The budget assumes a delayed implementation of program reforms associated with the Senate Bill (SB) 1104 Trailer Bill of 2005. This results in a loss of an estimated \$147 million in grant savings and a reduction of \$119 million in child care services in FY 2005-06. For FY 2006-07, the budget assumes \$58 million in grant savings and \$30 million in services costs to reflect the needs based upon the revised implementation.
- Due to welfare reform implementation issues the budget assumes a delay of the Pay for Performance program and does not include funding for incentive payments to counties in FY 2006-07.
- No Cost-of-living adjustment for CalWORKs grants is assumed for FY 2005-06 or FY 2006-07 avoiding costs of \$307 million in FY 2006-07.
- A \$40 million reduction in the CalWORKs Single Allocation to counties due to pressures on the Temporary Assistance to Needy Families (TANF) Block Grant funding and the General Fund (GF). Counties may use county performance incentive funds to backfill this reduction.
- The budget includes \$25 million in both fiscal years as a placeholder to fund revised estimates for the administrative impact of quarterly reporting/prospective budgeting

### Children's Services

- \$2.5 million increase for Kinship Support Services Program
- \$1.4 million increase for Transitional Housing for Foster Youth
- \$6.8 million increase to Improve Adoption Outcomes
- Continue funding of \$26.6 million for Children's pilot and outcome improvement projects
- \$7.7 million for SB 1412, identification of significant adults in foster children's lives
- \$296,000 for SB 500 to provide for dependent teen parents and their infant children to live in the same foster care facility.

### Supplemental Security Income/State Supplementary Payment (SSI/SSP)

- Average monthly caseload is projected to increase from 1,213,284 in FY 2005-06 to 1,241,831 in FY 2006-07
- No pass through of the January 2007 federal COLA on monthly grants until July 2008
- Extend the current statutory sponsor deeming period for the Cash Assistance Program for Immigrants (CAPI) Program for an additional five years

### In-Home Supportive Services (IHSS)

- Average monthly caseload is projected to increase from 372,335 in FY 2005-06 to 396,195 in FY 2006-07, an increase of 6.4 percent.
- Funding increase for the IHSS share of costs under the Waiver

Community Care Licensing (CCL) (State Operations and Local Assistance)

- \$6.7 million (\$6 million GF) for Licensing Reform. The additional positions and funding will enable CDSS to meet its statutory mandate to visit all facilities every five years, eliminate backlogs, increase the number of random sample visits from 10 percent to 20 percent annually to comply with statutory requirements, establish a Licensing Program Analyst Training Academy, and implement a series of administrative proposals to improve the operational efficiency of the licensing program and to further enhance client protections.



## **SUMMARY**

### **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 TANF Program.

CDSS estimates the caseload for CalWORKs will increase from 484,034 cases in FY 2005-06 to 487,465 in FY 2006-07, an increase of 0.7 percent. The FY 2006-07 caseload includes 41,787 cases in the CalWORKs Safety net. A total of \$3.2 billion is included for Assistance Payments. The Budget also provides almost \$1 billion to fund the CalWORKs services other than child care.

The budget for CalWORKs includes \$507.9 million for Stage I Child Care. The total amount of funding for Stage II Child Care is \$541.5 million, of which \$392.5 million is TANF, and \$10 million is Title XX. These funds are transferred from the CDSS budget to the California Department of Education (CDE) budget. Of the total child care funding, \$54.1 million is placed in a hold back to be used for either Stage I and/or Stage II Child Care, depending on the need.

### **CHILDREN'S PROGRAMS**

The 2006-07 Budget contains approximately \$4.8 billion in funding for Children's Services. This includes \$2.4 billion for Child Welfare Services (CWS) including Adoptions and Child Abuse Prevention, \$1.6 billion for Foster care, \$100.0 million for the Kinship-Guardianship Assistance Payment (Kin-GAP) Program, and \$674.6 million for the Adoption Assistance Program. The Adoption Assistance Program caseload is estimated to increase from 69,060 in FY 2005-06 to 74,515 in FY 2006-07, an increase of 7.9 percent.

### **SSI/SSP - ADULTS - IHSS**

The Budget proposes \$5.4 billion in federal funds and \$3.6 billion in GF for SSI/SSP in FY 2006-07 which includes funding for a 2.4 percent increase in caseload. CDSS estimates there will be 1,241,831 average monthly SSI/SSP cases during FY 2006-07. SSI/SSP grants will remain at current levels throughout FY 2006-07. In addition, \$75.5 million is included for the CAPI.

The Governor's Budget includes \$4.0 billion for IHSS and \$84.6 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, and 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.

**CCL (STATE OPERATIONS AND LOCAL ASSISTANCE)**

The Governor's Budget includes \$6.7 million (\$6 million GF) for a comprehensive licensing reform initiative designed to increase protections for clients in licensed facilities and improve the efficiency and effectiveness of the CCL program.

## ❖ CalWORKs Program

### **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 2006-07:**

#### **CalWORKs Assistance**

- Average monthly final caseload is estimated to increase from 484,034 cases in FY 2005-06 to 487,465 in FY 2006-07, an increase of 0.7 percent. The FY 2006-07 caseload includes 41,787 in the CalWORKs Safety Net.
- The 2006-07 budget reflects \$134.1 million in grant cost avoidance due to the continued suspension of the July 2005, 4.07 percent cost of living adjustment (COLA) to Maximum Aid Payment (MAP) amounts for CalWORKs recipients.
- The 2006-07 budget reflects \$173.1 million in grant cost avoidance due to the suspension of the July 2006, 5.07 percent COLA to MAP amounts for CalWORKs recipients.
- Funding of approximately \$3 million is included to provide assistance to victims of Hurricane Katrina in FY 2006-07.
- The Budget Act of 2005 assumed \$150.2 million in grant savings associated with reforms initiated in FY 2004-05 to strengthen the work focus of the CalWORKs program. Due to implementation issues, the expected savings did not materialize. The FY 2005-06 grant savings were significantly reduced to \$3.4 million. Due to ongoing implementation efforts, \$58.3 million in grant savings associated with Welfare Reform are budgeted in FY 2006-07, assuming full implementation of the reforms by the end of FY 2006-07.
- The Budget Act of 2005 assumed \$22.2 million in grant savings from implementation of a Pay for Performance incentive program that rewards counties for improvement in specific CalWORKs program outcomes. Due to welfare reform implementation issues, the expected savings has been significantly reduced to \$2.8 million in FY 2005-06. Savings are expected to grow to \$6.3 million in FY 2006-07 to reflect ongoing implementation efforts.

- Funding of \$93.7 million is included for grant costs associated with prospective budgeting.

### **CalWORKs Services**

- Funding for CalWORKs Basic Services costs is budgeted at \$782.2 million in FY 2006-07, which reflects a 1.7 percent decrease in caseload from FY 2005-06.
- Although there were implementation issues associated with Welfare Reform, the funding in FY 2005-06 for employment services costs associated with the reforms was held to the amount appropriated in the Budget Act of 2005. For FY 2006-07 the budgeted amount is \$1.3 million which reflects ongoing implementation efforts with full implementation of the reforms assumed by the end of FY 2006-07.
- Approximately \$1 million is included to provide services to victims of Hurricane Katrina.

### **CalWORKs Administration**

- Funding for CalWORKs Basic Administration is \$611.9 million in FY 2006-07, which includes the restoration of the \$25 million vetoed by the Governor in the 2005 Budget Act.
- The 2006-07 budget reflects a \$40.0 million reduction to the Single Allocation due to pressures on TANF block grant funding and the overall State GF. Counties have the ability to backfill the reduction with county performance incentive funds previously earned but not spent.
- Net administrative savings of \$127.7 million are included for prospective budgeting in FY 2006-07. As a partial offset to these savings, the budget includes a set aside of \$25 million in the FY 2005-06 TANF reserve and a placeholder of \$25 million in FY 2006-07 to account for potential increased expenditures associated with a revised estimate of county impact.
- The 2005 Budget Act reflected the set aside of Pay for Performance Incentive Funds totaling \$30 million in the TANF Reserve for allocation to counties in FY 2006-07. However, due to welfare reform implementation issues and the lack of success in achieving expected outcomes of the welfare reform changes, the budget is delaying the Pay for Performance program until effects of the previous reforms are realized.

### **CalWORKs Child Care**

- Funding for Stage One Child Care Basic services and administration is \$452 million in FY 2006-07, which represents a \$19 million increase over FY 2005-06 in part due to a cost per case increase.
- Due to Welfare Reform implementation issues the budget reflects a reduction of child care funding of \$114 million in FY 2005-06. Because the full impact of the reforms will not occur in FY 2005-06, it is anticipated that the associated child care funding included in the Budget Act of 2005 will not be needed. The budget does include an \$11.5 million set aside in the TANF

reserve in the event that some funding is needed in FY 2005-06. The budget does include \$27.8 million in FY 2006-07 for child care costs associated with ongoing implementation of Welfare Reform changes.

- The Child Care Reserve of \$54.1 million in FY 2006-07 represents a five percent hold back of the estimated need for both Stage One and Stage Two.
- The total amount budgeted for Stage II Child Care is \$542 million which includes the transfer of \$392.5 million in TANF, and \$10 million in Title XX from CDSS to CDE, with the remainder funded in the CDE budget.

## ❖ **Children's Services**

### **Program Description**

Children's Services includes funding for 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. CDSS meets these objectives by providing a continuum of care with Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement service components.

### **Major Changes for 2006-07:**

- A total of \$25.8 million TANF funds are included to fund Emergency Hotline Calls that were found ineligible for Title IV-E funds.
- \$2.5 million GF to augment the Kinship Support Services Program which provides services to caregivers who provide for their relative children within their familiar family settings to ensure safe, stable, and permanent placements for at-risk children. This funding will be allocated on a competitive basis to counties that are able to demonstrate the cost-effectiveness of this program and generate out-year savings
- \$1.4 million GF to augment the Transitional Housing for Foster Youth Program which provides transitional housing placement services to youth that have emancipated from the foster care system and provides supervised independent living arrangements that prepare foster youth to live on their own. This augmentation will enable additional counties to provide services to former foster youth that are at risk of homelessness, unemployment, and incarceration.
- \$6.8 million GF to improve permanency outcomes for children via adoption and increase foster care exits by increasing the number and timeliness of finalized adoptions. This funding will target resources on older, hard-to-place foster youth to improve permanency options and assist the state in meeting federal performance targets for timely adoptions.

Funding of \$26.6 million is included for continued implementation of standard safety assessment protocols, differential response, and permanency and youth services, as well as other enhancements to county service delivery systems. These efforts will lead to improved outcomes for children and will avoid federal penalties.

- \$7.7 million GF to implement AB 1412, which requires social workers to identify adult mentors to promote life-long supportive relationships to help children in foster care succeed.
- Funding of \$1.2 million for the Fee Exempt Live Scan has been suspended for an additional two years and is not included in the budget.

❖ **Kinship-Guardianship Assistance Payment (Kin-GAP) Program**

**Program Description**

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 twelve months if the relative assumes guardianship.

**Major Changes for 2006-07:**

- The Kin-GAP caseload increases from an average monthly figure of 15,091 in FY 2005-06 to 15,492 in FY 2006-07.
- Kin-GAP savings to Foster Care grants, CalWORKs grants and administration, and CWS administration are now included in the respective program's basic costs

❖ **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 CDSS as authorized by law.

**Major Changes for 2006-07:**

- Average monthly caseload is projected to increase slightly from 74,797 in FY 2005-06 to 74,923 in FY 2006-07.
- Funding for the costs associated with the Rosales v. Thompson court case were reduced based on actual claims data. The revised estimate for expenditures is \$4.7 million.
- The federal Department of Health and Human Services reviewed Title IV-E foster care funds for relative cases and disallowed \$33.8 million, to be repaid in FY 2005-06 and FY 2006-07. The amount is backfilled with GF.
- Funding of \$296,000 GF has been included for the costs associated with SB 500 (Chapter 630, Statutes of 2005) which establishes a new category of licensed placement called "Whole Family Foster Care" to provide care and supervision for dependent teen parents and their children in foster care.

## ❖ California Food Assistance Program (CFAP)

### **Program Description**

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 2006-07 budget includes \$21.7 million for CFAP coupons.

## ❖ County Administration and Automation

- The 2006-07 budget includes \$866.1 million in funding to counties for administering the Foster Care, Food Stamps, and Refugee Cash Assistance programs.
- Net Food Stamp Administrative savings of \$63.4 million in FY 2006-07 are reflected for prospective budgeting.
- In addition there is \$287.5 million for automation projects in FY 2006-07.

## ❖ SSI/SSP

### **Program Description**

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. Chapter 329, Statutes of 1998, established the state-only CAPI to provide cash benefits to documented persons who are not eligible for federal SSI/SSP benefits. AB 1111 (Chapter 147, Statutes of 1999) extended the base program indefinitely. AB 1111 also created time-limited CAPI eligibility for immigrants who entered the country on or after August 22, 1996. This bill established a five-year deeming period for these cases. AB 429 (Chapter 111, Statutes of 2001) lengthened the deeming period to ten years.

### **Major Changes for 2006-07:**

- Average monthly caseload is projected to increase from 1,213,284 in FY 2005-06 to 1,241,831 in FY 2006-07.
- The State COLA scheduled for January 1, 2007 will be suspended, and the federal COLA scheduled for January 1, 2007 will not be passed through until July 2008. Additional saving from not passing through the federal COLA is \$48.1 million in FY 2006-07.

- SSI/SSP recipients who will experience a reduction in their benefits as a result of not passing-through the federal COLA for six months in 2007 will be reimbursed to make up for the reduction.
- The current statutory sponsor deeming period for the CAPI Program has been extended for an additional five years.
- Funding of \$214,000 for the cost of providing benefits and services to victims of Hurricane Katrina who have been relocated to California.

❖ **IHSS**

**Program Description**

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.

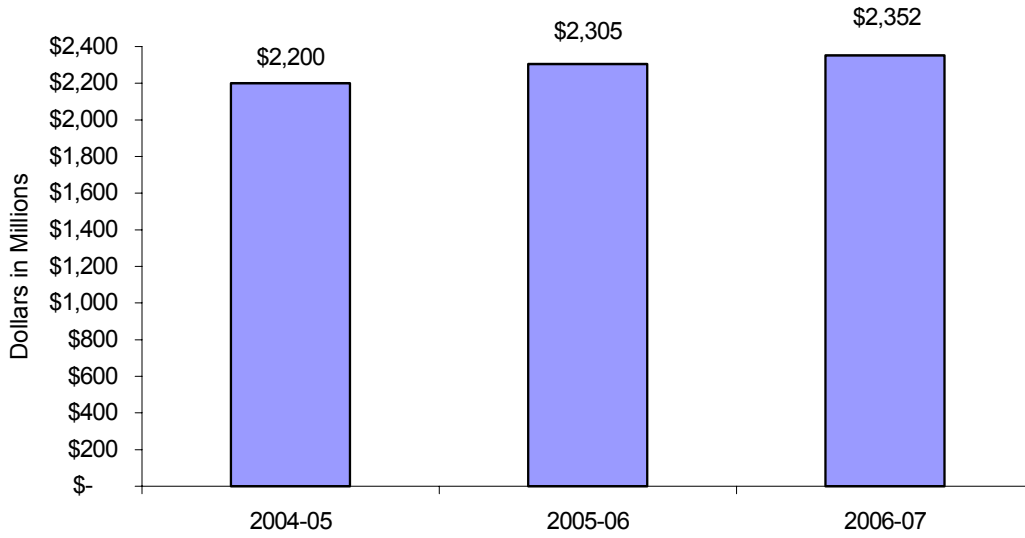
**Major Changes for 2006-07:**

- Average monthly caseload is projected to increase from 372,335 in FY 2005-06 to 396,195 in FY 2006-07, an increase of 6.4 percent.
- Funding has been increased for the IHSS share of costs for the Personal Care Services Program (PCSP) and IHSS Plus Waiver (IPW) recipients whose Medi-Cal eligibility determination has resulted in a higher Medi-Cal share of cost under the Waiver.
- Funding of \$407,000 for the cost of providing benefits and services to victims of Hurricane Katrina who have been relocated to California.

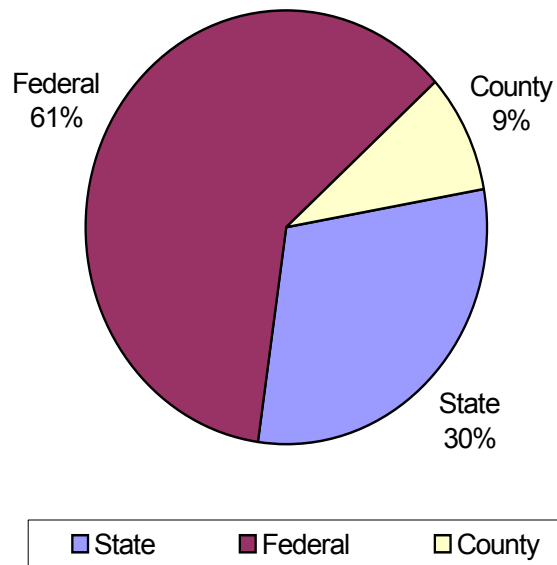


# Child Welfare Services

## Three Year Comparison of Local Assistance Expenditures

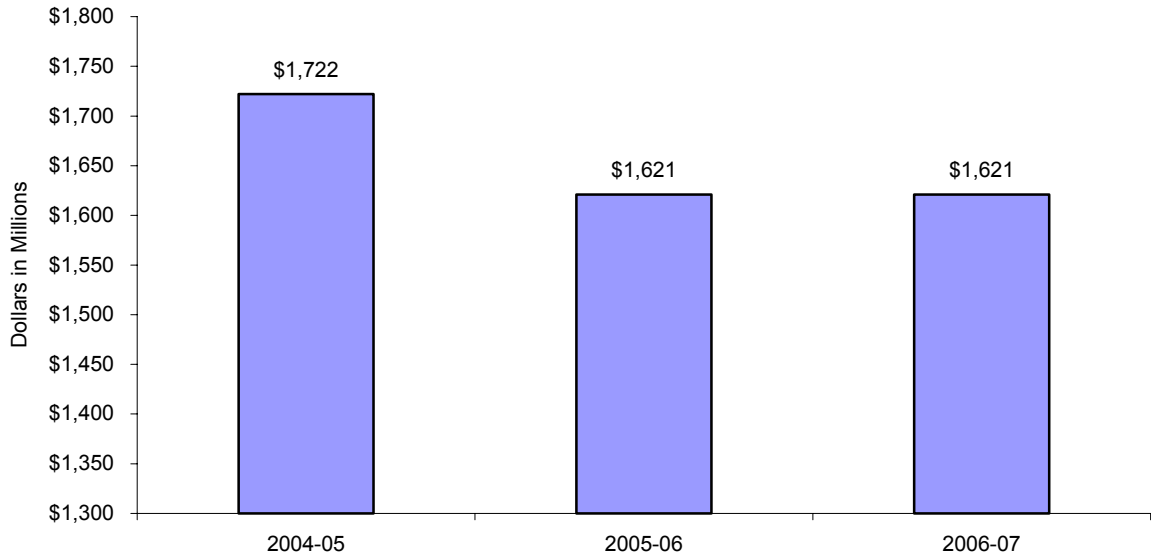


## Fund Sources 2006-07

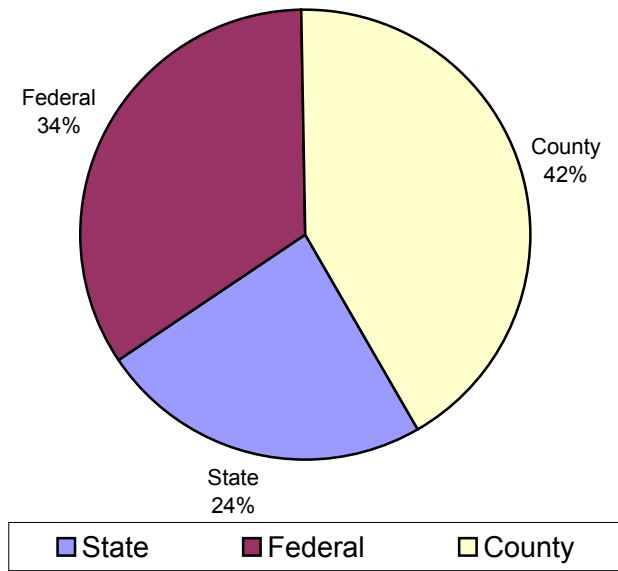


# Foster Care

## Three Year Comparison of Local Assistance Expenditures

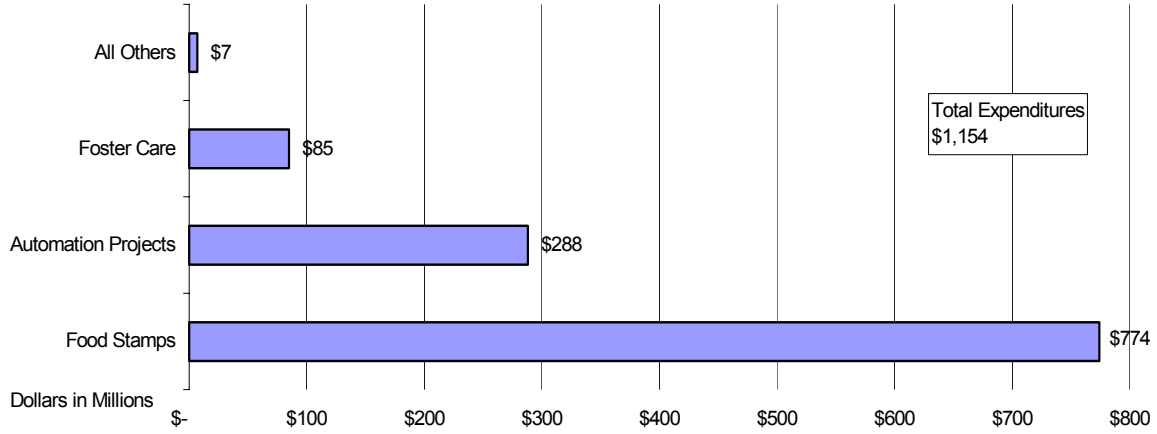


## Fund Sources 2006-07

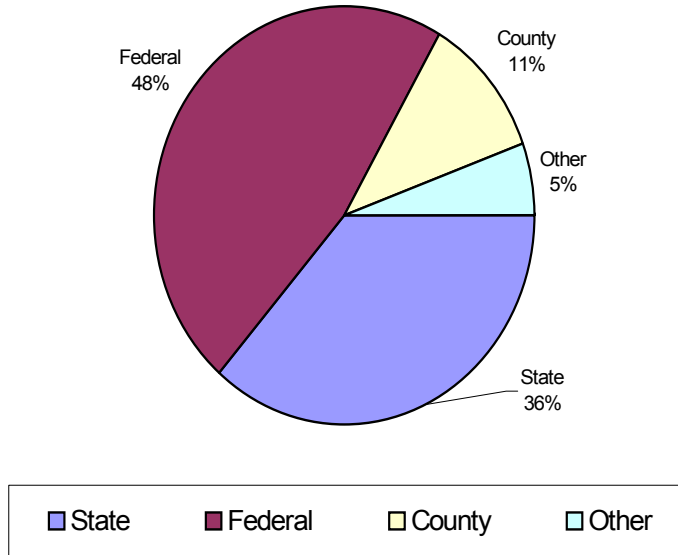


# County Administration

Local Assistance Expenditure by Program Dollars in Millions

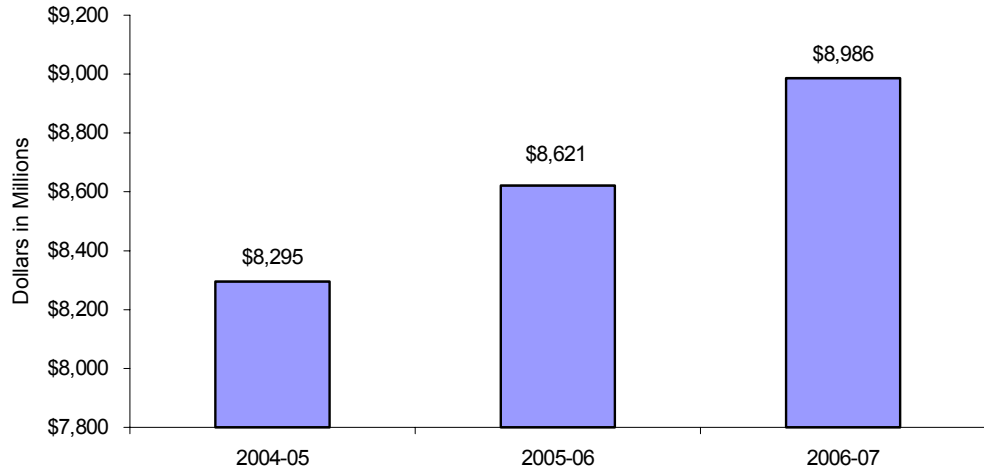


## Fund Sources 2006-07

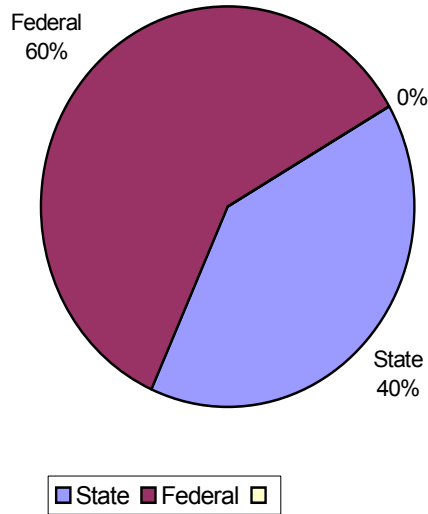


# Supplemental Security Income/State Supplemental Payment

Three Year Comparison of Local Assistance Expenditures

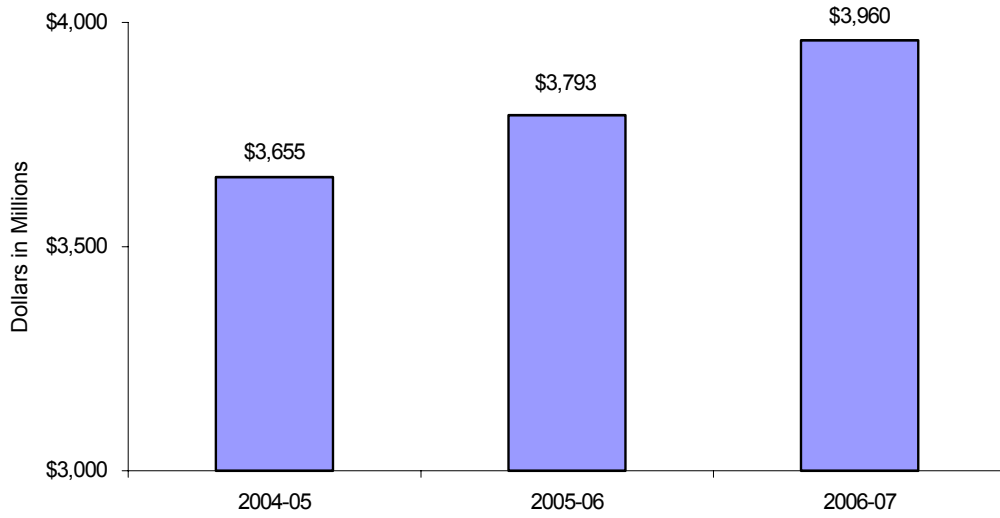


Fund Sources 2006-07



# In-Home Supportive Services

Three Year Comparison of Local Assistance Expenditures



Fund Sources 2006-07

