California Department of Social Services

Fiscal Year 2010-2011
Budget Facts

May Revision 2010
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CALIFORNIA DEPARTMENT OF SOCIAL SERVICES
BUDGET FACTS – Governor’s 2010-11 May Revision Proposed Budget
FISCAL YEAR 2010-11

The California Department of Social Services (CDSS) provides aid, service and protection to children and adults in need of assistance. CDSS programs are aimed at promoting the well-being of children, strengthening families and helping adults and parents achieve their potential for economic self-sufficiency and independence.

The Governor’s 2010-11 May Revision includes the elimination of the CalWORKs program, proposes a stakeholder process led by the Administration to design reductions in the In-Home Supportive Services (IHSS) program in lieu of IHSS reductions proposed in the January Governor’s Budget, and retains Supplemental Security Income/State Supplementary Payment and Child Welfare Services reductions proposed in the Governor’s January Budget. The May Revision also retains the proposed elimination of certain programs such as the California Food Assistance Program and the Cash Assistance Program for Immigrants.

THE GOVERNOR’S 2010-11 MAY REVISION PROPOSED BUDGET INCLUDES:

- Redirection of County Savings From Various Proposals
  - The Governor’s 2010-11 May Revision assumes savings of $102.4 million General Fund (GF), by requiring counties to use the savings associated with the extension of American Recovery and Reinvestment Act (ARRA) in the following programs: foster care, Adoption Assistance programs and IHSS. Redirection also includes the CalWORKs grant reduction and elimination of the Recent Non-Citizen program to pay for an increased portion of the non-federal costs for foster care, Adoption Assistance Program and Child Welfare Services.
    - Savings are as follows:
      - Foster Care - $60.2 million.
      - Adoption Assistance Program - $42.2 million.
    - Recipients of these programs will see no service reduction.
    - This proposal would become effective October 1, 2010.

- Redirection of County Savings from the In-Home Supportive Services Program
  - The Governor’s 2010-11 May Revision assumes savings of $257 million GF by redirecting county savings associated with the proposed IHSS reduction.
    - Savings are as follows:
      - Foster Care - $91.3 million.
      - Adoptions Assistance Program - $159.7 million.
      - Foster Care Administration - $6 million.
    - This proposal would become effective October 1, 2010.
• Mental Health Realignment
  o The Governor’s 2010-11 May Revision assumes savings of $602 million GF to various programs administered by CDSS due to a shift of county mental health realignment funding.
  o Savings are as follows:
    ▪ Child Welfare Services - $291 million.
    ▪ Food Stamp Administration - $311 million.

• Proposition 10
  o The Proposition 10 funding redirection proposal that was included in the January Governor’s Budget is rescinded.
CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs)

- CalWORKs, California’s version of the federal Temporary Assistance for Needy Families (TANF) program, provides cash aid and services to help people meet basic needs such as housing and food.

- CalWORKs is intended to provide temporary assistance to help families become self-sufficient. It encourages work for those on aid by providing education, employment training, child care, transportation, work expenses and counseling for families.

- CalWORKs currently serves approximately 1.37 million people (557,000 cases) based on the most recent data available (December 2009).

THE GOVERNOR’S 2010-11 MAY REVISION PROPOSES TO ELIMINATE THE CALWORKS PROGRAM AND IS DISPLAYED IN BUDGET DOCUMENTS AS A LAYERED APPROACH, INCLUDING:

- January Reduction Proposal to Reduce CalWORKs Grants by 15.7 Percent
  - The Governor’s 2010-11 May Revision retains savings of $406.2 million GF, a reduced estimate over the $589.5 million GF included in the Governor’s January Budget by reducing grants for all CalWORKs recipients by 15.7 percent.
  - The proposal would reduce the maximum monthly cash grant for a typical family of three from $694 to $585 per month.
  - The $585 grant level is the average grant level of the ten states in the nation with the highest rent prices for low income households.
  - This proposal would become effective October 1, 2010.

- January Reduction Proposal to Eliminate the Recent Noncitizen Entrants (RNE) Program
  - The Governor’s 2010-11 May Revision retains savings of $40.6 million GF, a reduced estimate over the $55.3 million GF included in the Governor’s January Budget by eliminating the RNE program.
  - RNE recipients would otherwise be eligible for CalWORKs benefits but due to their recent entry into the United States, they are barred.
  - The Governor’s 2010-11 May Revision assumes approximately 22,500 recipients will lose eligibility, a decrease from the 24,000 recipients assumed in the Governor’s January Budget.
  - Currently, 23 other states provide a state-funded program such as RNE.
  - The proposal will not eliminate CalWORKs eligibility for undocumented non-citizens victims of human trafficking, domestic violence, and other serious crimes (SB 1569).
  - This proposal would become effective October 1, 2010.
• Elimination of CalWORKs

  o The Governor’s 2010-11 May Revision includes savings of $1 billion GF by eliminating the CalWORKs program.
  o Recipients would no longer have access to cash aid and services, including employment services and child care, provided through this program.
  o Approximately 1.42 million individuals (580,500 cases) would lose eligibility for the CalWORKs program.
  o This proposal reflects the incremental increase in GF savings after assuming the savings associated with the Governor’s January Budget reduction proposals that have been updated for the May Revision.
CHILD CARE

- CalWORKs child care programs provide subsidized child care services for recipients who are engaged in welfare-to-work activities. It is a three-stage system that is administered by CDSS and the California Department of Education (CDE).

- Stage 1 is administered by CDSS through county welfare departments. CalWORKs recipients receive services in Stage 1 upon entry into the program and until the county determines that the recipient is stable or when recipients are transitioning off aid.

- Stages 2 and 3 are administered by CDE through contracts with alternative payment programs. An Alternative Payment Program (AAP) is a non-profit agency that has a contract with CDE to provide child care subsidies to CalWORKs Stages 2 and 3 and other working poor families throughout California.

- A CalWORKs recipient is automatically deemed eligible for Stage 1 child care. A CalWORKs recipient qualifies for Stage 2 child care for up to 24 months after they stop receiving cash aid and must meet age and income requirements (income less than 75 percent of the state median income, child is under age 13).

- Stage 1 child care is funded by TANF federal funds and state Maintenance of Effort (MOE). Stage 2 and 3 are a mix of federal Child Care and Development fund grants and state GF (Proposition 98 funds).

- Stage 3 child care was created to provide continuing services for former CalWORKs recipients who have reached the end of their 24-month limit after leaving cash aid.

THE GOVERNOR’S 2010-11 MAY REVISION PROPOSED BUDGET INCLUDES:

The Governor’s 2010-11 May Revision for Child Care also provides a layered approach to reductions. It retains the child care regional market rate (RMR) reduction proposal advanced in the Governor’s January Budget, and substitutes a proposal to reduce the income eligibility limit (State Median Income, SMI) for subsidized child care services in lieu of the previously proposed unallocated Stage 3 child care reduction. On top of these reductions, all Proposition 98 child care funding is eliminated, except for state preschool and afterschool programs.

- Retains the Proposal to Reduce the RMR Ceilings from the 85th Percentile to the 75th Percentile
  - The Governor’s 2010-11 May Revision assumes savings of $2.2 million GF in Stage 1, a decrease from the $2.9 million estimated GF savings proposed in the Governor’s January Budget, by reducing the reimbursement ceiling for subsidized child care from the current 85th percentile to the 75th percentile.
  - Federal regulations require that states conduct a biennial local market rate survey of private child care providers to ensure that low-income families receiving a
child care subsidy have equal access to a number and variety of providers as well as validate that subsidy payments do not exceed private pay rates.

- CDE is responsible for conducting the market rate survey.
- This proposal brings California’s reimbursement rates in-line with other large states.
- This proposal would become effective October 1, 2010.

- Retains the Proposal to Reduce License-Exempt Child Care Reimbursement Ceiling

  - The Governor’s 2010-11 May Revision assumes savings of $38.9 million GF by reducing the reimbursement ceiling for license-exempt providers from 90 percent to 70 percent of the licensed care reimbursement ceilings, a decrease of $13 million from the $51.9 million GF savings assumed in the Governor’s January Budget proposed budget.
  - There are two types of child care providers, licensed providers and licensed-exempt providers.
  - Licensed providers must meet certain requirements for licensure and are monitored by CDSS Community Care Licensing Division. License-exempt providers can be family, friends, and/or neighbors of the CalWORKs recipient and do not have the same overhead costs as licensed child care providers.
  - Approximately 55 percent of budgeted funding in Stage 1 child care are provided by license-exempt providers.
  - This proposal would become effective October 1, 2010.

- Elimination of Proposition 98 Funded Child Care Programs

  - All Proposition 98 funding child care programs is proposed for elimination, except for the state preschool and after school programs.
  - This proposal will be reflected in the Department of Education budget.
IN-HOME SUPPORTIVE SERVICES

- In-Home Supportive Services (IHSS) provides in-home assistance to low-income adults who are over 65 years of age, blind or disabled, and to children who are blind or disabled. IHSS providers perform household tasks, personal care services and paramedical services that enable recipients to live independently.

- The IHSS program is funded 61 percent federal funds, 25 percent GF, and 14 percent county funds until the end of ARRA. After the end of ARRA, the federal match will revert to 50 percent. A small portion (approximately 2 percent) of IHSS-eligible recipients are not eligible for federal reimbursement—their costs are split 65 state, 35 percent counties.

- As of March 2010, there are a total of 447,277 recipients in the IHSS program. In fiscal year 2010-11, absent any reductions, the IHSS program is projected to increase to 466,292 recipients (an increase of 6.2 percent) served by 385,074 IHSS providers.

- Nearly 60 percent of IHSS providers are family members of recipients, 48 percent live in the recipient’s home. Providers are paid an hourly wage including health benefits ranging from $8.60 to $14.99, depending on the county.

THE GOVERNOR’S 2010-11 MAY REVISION PROPOSED BUDGET INCLUDES:

- The Governor’s 2010-11 May Revision assumes savings of $637.1 million GF in the IHSS program in lieu of the $1.1 billion in IHSS reductions proposed in the Governor’s January Budget.
  
  - 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 targeted savings.

The Governor’s 2010-11 May Revision retains the ARRA extension proposal and removes the reduction of state participation in wages to minimum wage and the limits on services to IHSS recipients proposed in the Governor’s January budget.

- ARRA Extension
  
  - The Governor’s 2010-11 May Revision assumes GF savings of $385.1 million GF, an increase from the $99.7 million GF proposed in the Governor’s January Budget, by assuming enhanced federal participation for an additional 6 months for Title XIX Federal Medical Assistance Payments. Federal participation would remain at 61.594 percent.
CHILD WELFARE SERVICES

- California provides GF support for county-run child welfare programs and responds to approximately 476,000 referrals for child mistreatment each year. Child welfare specialists at the county level respond to reports of possible abuse or neglect, provide prevention and early intervention services, address safety issues, and facilitate access to a broad range of services for families including food, health care, cash assistance and drug treatment.

- Currently, there are approximately 68,000 children and youth in foster care because they have been removed from their homes due to abuse, neglect or living in at-risk environments. Foster care includes placement with family members, foster family homes, foster family agencies, and group homes for those with behavioral or psychological challenges.

- Currently, there are approximately 9,300 children placed in Group Homes, 22,200 in Foster Family Agency placements, 22,800 with family members and 15,700 in Foster Family Homes.

- The majority of foster care providers are family caregivers who receive grants that average $754 per child per month.

- CDSS is responsible for setting foster care payment rates for Foster Family Homes, Foster Family Agencies, and Foster Group Homes. These rates provide for the care and supervision needs of children placed in foster care.

THE GOVERNOR’S 2010-11 MAY REVISION PROPOSED BUDGET INCLUDES:

- Child Welfare Services Reduction
  - The Governor’s 2010-11 May Revision maintains and continues the $80 million GF reduction to the Child Welfare Services allocation reflected in the 2009 Budget Act.
    - $60.9 million is reduced for 56 counties.
    - $19.1 million is reduced for Alameda and Los Angeles which are currently participating in the Title IV-E Demonstration Project.

- Rate Increase for Group Homes
  - As ordered by the court in California Alliance of Child and Family Services v. Cliff Allenby, the Governor’s 2010-11 May Revision includes $69.6 million associated with a 32 percent grant increase to Group Homes which serve child welfare and probation youth and children who are Seriously Emotionally Disturbed (SED).
Currently, a Group Home receives a rate classification by CDSS based on the identified level of care and services that the group home operator expects to provide during the time period for which the rate is established.

Prior to the court order, the reimbursement for rate classification levels (RCL) 1 through 14 ranged from $1,486 to $6,694. Effective December 14, 2009 the schedule of rates for RCL 1 through 14 is $2,085 to $8,835.

The funding is retroactive to December 14, 2009.

There are currently 1,259 Group Homes in California serving 9,300 children. The SED program serves 1,900 children.

- Group Home Rate Restructuring
  
  The Governor’s 2010-11 May Revision includes $800,000 ($400,000 GF) for a multi-year group home rate project to determine the appropriate rate structure for group home payments.
  
  The study would be completed in 2013, and will require a total of $2.5 million ($1.3 million GF) over the life of the Project.

The Governor’s 2010-11 May Revision rescinds the proposal to make all foster care cases eligible for federal funding, but retains the ARRA extension proposal, funding for the Fostering Connections to Success and Increasing Adoptions Act, and continued funding for the KinGAP program.

- ARRA Extension
  
  The Governor’s May Revision retains the proposal to extend ARRA enhanced federal participation for an additional six months for California’s Foster Care and Adoptions Assistance programs, resulting in an additional $27.8 million GF savings, an increase from the $26.8 million GF proposed in the Governor’s January Budget, by assuming enhanced federal participation for an additional six months for California’s Foster Care and Adoptions Assistance programs.
  
  Enhanced participation at 56.2 percent vs. 50 percent.
  
  The extension would continue through June 30, 2011.

- Fostering Connections to Success and Increasing Adoptions Act

  The Governor’s May Revision retains the proposal to include approximately $31.1 million ($7.8 million GF) to provide increased health care coordination for all foster children.

  The federal government contributes 75 percent of funds for this program.
o Locating Relatives

- The Governor’s May Revision retains the proposal to include $3.6 million ($2 million GF) to assist county social workers to locate and inform all adult relatives of a child placed into foster care, and inform them of their options to participate in the care of the child.

- Continued Investment in the Kinship Guardianship Assistance Program (KinGAP)

  o The Governor’s May Revision retains the proposal to include approximately $105.9 million GF to continue California’s investment in KinGAP at the advantageous rates provided by ARRA funding.
  o This program has long furthered the shared federal and state goal of securing stable and permanent placements with relatives who have assumed legal guardianship of an at-risk child.
  o In addition to providing permanent homes to children in foster care, the state KinGAP has avoided millions of dollars in federal foster care costs.
  o Approximately 13,400 children are projected to be served in KinGAP program in fiscal year 2010-11.
**CASH AID TO THE AGED, BLIND AND DISABLED (SSI/SSP & CAPI)**

- Supplemental Security Income/State Supplementary Payment (SSI/SSP) is a federal/state income program that provides a monthly cash benefit to low-income aged, blind, or disabled individuals or couples.

- SSI is a federally-funded benefit, SSP is state-funded and added on to the SSI benefit. The federal Social Security Administration (SSA) administers both SSI and SSP concurrently as one program in local SSA offices throughout California.

- The SSI portion of the total SSI/SSP grant is funded 100 percent federal funds. The SSP portion of the total SSI/SSP grant is funded 100 percent GF. The Governor’s 2010-11 May Revision proposed budget includes $9 billion ($2.7 billion GF) for the SSI/SSP program, an increase of $112.9 million from the $8.9 billion ($2.7 billion GF) proposed in the January budget.

- In California, approximately 1.2 million children and adults receive monthly SSI/SSP assistance. Of that, 871,368 (70 percent) are disabled; 358,955 (29 percent) are aged; and 19,504 (1 percent) are blind. Projected caseload for 2010-11 is 1.3 million.

- California is one of 23 states that supplements the SSI payment for the typical aged individual living independently.

**THE GOVERNOR’S 2010-11 MAY REVISION PROPOSED BUDGET INCLUDES:**

The Governor’s 2010-11 May Revision retains the following proposals advanced in the Governor’s January Budget.

- Retains the Proposal to Reduce SSI/SSP payment standards for individuals to federally allowed minimums
  
  - The Governor’s 2010-11 May Revision includes savings of $132.8 million GF, a decrease from the $177.9 million proposed in the Governor’s January Budget due to delayed consideration of the proposal, by reducing the SSP grant to federally allowed minimum.
  
  - Approximately 952,000 individuals receiving SSI/SSP grants will see their grants reduced to the minimum levels allowed under federal law, from $845 per month to $830, a reduction of $15 per month.

  - The payment standards for couples remain unaffected since they are currently at the minimum levels allowed under federal law.

  - An estimated 71,000 recipients living in special living arrangements in out-of-home care will be exempt from this proposal.

  - This proposal would become effective October 1, 2010.
• Retains the Proposal to Eliminate the Cash Assistance Program for Immigrants (CAPI)

  o The Governor’s 2010-11 May Revision includes savings of $73.6 million GF, a decrease from the $107.3 million GF proposed in the Governor’s January Budget due to delayed consideration of the proposal, by eliminating CAPI.
  o CAPI is a 100 percent GF program that provides cash assistance to certain aged, blind and disabled legal non-citizens who are ineligible for SSI/SSP due solely to their immigration status.
  o CAPI provides monthly cash benefit of $835 per month which is $10 less than the SSI/SSP payment.
  o As of February 2010, there are 8,513 CAPI recipients. Absent the elimination, the program is projected to grow to 9,560 recipients.
  o This proposal would become effective October 1, 2010.
  o Only a few other states (Illinois, Maine, and New Hampshire) have a CAPI-like program.
FOOD STAMP PROGRAM

- The Food Stamp Program (FSP) is a federally-funded program that helps low-income people buy the food they need for good health. For most households, food stamps are only part of their food budget, they must spend some of their own cash along with their food stamps benefits in order to buy enough food for a month.

- Currently, there are 3.2 million people (1.4 million households) in FSP. It is projected that in the 2010-11 fiscal year, that number will grow to 4 million people (1.7 million households).

- The Governor’s 2010-11 May Revision includes $7 billion federal funds for FSP benefits.

- California shares in the administrative costs of FSP (50 percent federal, 35 percent state, 15 county). The Governor’s 2010-11 May Revision includes $1.2 billion ($500 million GF) to cover administrative costs.

- California has its own version of a food assistance program called the California Food Assistance Program (CFAP). CFAP is a state-funded food stamp program for legal permanent non-citizens residing in the U.S. who are determined ineligible for federal food stamp benefits solely due to their immigration status. Currently, there are 33,000 people in the CFAP program. It is projected that in the 2010-11 fiscal year that number will grow to 39,000, absent any reductions.

- Currently, the CFAP program is funded by $46.4 million GF for the cost of benefits, and $2.5 million for administrative costs. Since 2005, the CFAP program expenditures have almost doubled (from $24.8 million to a projected $48.9 million in FY 2009-10).

THE GOVERNOR’S 2010-11 MAY REVISION PROPOSED BUDGET INCLUDES:

- Food Stamp Inter-County Transfer
  - The Governor’s 2010-11 May Revision would establish an inter-county transfer process for FSP recipients. Households will no longer be required to file a new application for benefits when moving from one county to another, thus avoiding delays in receiving benefits in the new county.
  - There is a small net savings associated with this new process of approximately $6,000, which includes a cost of $3,000 in CFAP offset by a savings of $9,000 in FSP administrative funds.
  - In 2010-11, approximately 9,500 households will now experience no interruption in food stamp benefits.
  - This proposal would become effective January 1, 2011.
The Governor’s 2010-11 May Revision retains the following proposals advanced in the Governor’s January Budget:

- Caseload Increase
  - The Governor’s 2010-11 May Revision includes an increase of approximately $65.4 million resulting from increased caseload in FSP.

- California Food Assistance Program (CFAP)
  - The Governor’s 2010-11 May Revision assumes savings of $42.8 million GF, a decrease over the $56.1 million GF proposed in the Governor’s January Budget due to delayed consideration of the proposed elimination, by eliminating CFAP.
  - Approximately 39,000 recipients will lose eligibility.
  - California has urged the federal government to reconsider barring these individuals from the FSP.
  - This proposal would become effective October 1, 2010.

- Expanded Categorical Eligibility for FSP
  - The Governor’s 2010-11 May Revision assumes expansion of a new eligibility standard for food stamps. Known as Modified Categorical Eligibility (MCE), MCE would allow county eligibility workers to approve food stamp benefits for families without regard to assets after August 1, 2010.
  - It is estimated that approximately 45,167 additional families will be served because of the new MCE standard.
  - Funding for this expansion comes from federal reimbursements for the Food Stamp Nutrition Education program.

- Food Stamp Program Benefits Restoration Waiver
  - The Governor’s 2010-11 May Revision allows FSP recipients whose benefits have been terminated to have their eligibility restored without the need for a new application if the reason for termination is “cured” at any time in the month following the termination.
  - Previously, these households would have been required to complete a new application. This will make it easier for recipients to continue to participate in the FSP as well as streamline the benefit reactivation process for county eligibility staff.

- ARRA-funded On-line Enhancements for Food Stamps
  - The Governor’s 2010-11 May Revision maintains the $5.2 million GF in FY 2009-10 and $3.6 million GF in 2010-11 included in the Governor’s January Budget for administrative efficiencies and enhancement of the on-line application for food stamps.
- A trade-out of GF food stamp administration dollars with ARRA food stamp dollars extended the amount of time the automation consortia have to complete their projects.
- Funding is being used for the following projects:
  - Development or continued enhancement of the on-line food stamp applications in the three Statewide Automated Welfare System (SAWS) consortia.
  - Document imaging for the Los Angeles Eligibility, Automated Determination, Evaluation and Reporting (LEADER) system.
  - Development or enhancement of interactive voice response systems in two SAWS consortia.

- The May Revise reflects the use of $30 million Department of Defense Food Stamp funding, resulting in a GF savings of $10.5 million.
The Roles and Responsibilities of Community Care Licensing (CCL) are broken down into 3 main areas. These are:

- **Prevention** - reduces the predictable harm to people in care by: screening applicants and pre-licensing visits to inspect physical plant, among others.

- **Compliance** – ensures community care facilities operate according to applicable laws and regulations. Compliance is maintained through: Unannounced facility inspections and complaint investigations, among others.

- **Enforcement** – corrective action is taken by CCL when a licensee fails to protect the health, safety, and personal rights of individuals in care, or is unwilling or unable to maintain substantial compliance with licensing laws and regulations. Enforcement is maintained through: fines and civil penalties, non-compliance office visits and administrative legal actions.

- CCL licenses child care facilities, children’s residential facilities, adult and elderly facilities, and special agencies (Foster Family Agencies and Adoption Agencies).

- In California, there are approximately 57,000 child care facilities, 12,000 children’s residential facilities, 14,000 adult and elderly facilities, and 600 special agencies.

THE GOVERNOR’S 2010-11 MAY REVISION PROPOSED BUDGET INCLUDES:

- **New Facility Inspection Licensing Protocol**
  - The Governor’s 2010-11 May Revision assumes local assistance savings of $800,000 GF and state operations savings of $1.4 million GF by changing the current licensed facility inspection protocol.
  - The proposal would require annual, unannounced inspections for all facilities and biennial inspections for family child care homes.
  - The proposal would also increase fees by 10 percent.
  - The new protocols would include “zero tolerance” violations such as fire clearance or access to bodies of water.
STATE HEARINGS DIVISION

- The State Hearings Division (SHD) provides full, impartial and timely state hearings to recipients and applicants of various California public assistance programs. Applicants or recipients of state administered public benefit programs may request a state hearing when they disagree with a decision or a failure to act by the administering agency. For example, if an individual is denied benefits from CDSS for the In-Home Supportive Services (IHSS) program, the individual may request a hearing from SHD.

- The hearings are conducted by impartial Administrative Law Judges (ALJ).

- The primary programs are CalWORKs, Food Stamps, Medi-Cal, In-Home Supportive Services, Foster Care and Adoptions Assistance programs. The percentage of requests for hearings are as follows: Medi-Cal (34%), Food Stamps (30%), CalWORKs (29%), IHSS (6%), and 1% for other programs.

- SHD receives approximately 80,000-86,000 hearing requests annually. The number of hearing requests increased 23% and the number of hearings held increased 26% from FY 2005-2006 to FY 2008-2009. No additional staff or resources were made available to deal with this increase.

- The total SHD budget for 2009-10 is $17.6 million ($7.2 million GF). The Governor’s May Revision proposed budget includes $15.2 million ($5.8 million GF) for SHD.

THE GOVERNOR’S 2010-11 MAY REVISION PROPOSED BUDGET INCLUDES:

- Videoconference Hearings
  - The Governor’s 2010-11 May Revision assumes cost avoidance in the amount of $900,000 ($331,000 GF) by requiring an ALJ to conduct a hearing using videoconferencing technology rather than traveling to each county hearing location.
  - Proposed legislation would ensure that a videoconference hearing provides the same due process as having an ALJ physically present.
  - Requests for in-person hearings would be considered if the claimant can show good cause.

- Penalty Avoidance
  - King v. McMahon and Ball v. Swoap required the SHD to pay penalties accrued while a claimant waits for a final decision on his/her case.
  - Currently, a case must be processed within 60 to 90 days depending on the program. The overall monthly timeliness is currently above 90 percent.
  - The Governor’s 2010-11 May Revision results in penalty cost avoidance of $500,000 GF by simplifying the penalty calculation in the following ways:
• Penalties would no longer be paid if the claimant continues to receive benefits prior to the hearing decision [what is called “aid paid pending” (resolution of the case)].
  • Currently, 47 percent of penalty payments are paid to individuals in these cases.
• Penalties would no longer be paid if the claimant is not disputing current benefits. For example, claimant is disputing an overpayment amount.
  • Currently, 40 percent of penalty payments are paid to individuals in these cases.
• Penalties would no longer be paid for cases where claimant is challenging a change in benefits due to a change in the law.
  o In addition, the daily penalty rate would increase only in months that 90 percent overall timeliness is not met, rather than current 95 percent overall timeliness requirement.
  o The daily penalty rate starts at a minimum of $5 per day and increases by $2.50 in every month that 95 percent of all decisions are not completed within 90 days. The rate decreases by $2.50 in months in which 95 percent of decisions are timely.