



CDSS

JOHN A. WAGNER
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
744 P Street • Sacramento, CA 95814 • www.cdss.ca.gov



ARNOLD SCHWARZENEGGER
GOVERNOR

January 9, 2009

TO: ALL COUNTY WELFARE DIRECTORS

FROM: ERIC FUJII
Deputy Director
Administration Division

SUBJECT: **HIGHLIGHTS OF FISCAL YEAR (FY) 2009-10 GOVERNOR’S BUDGET**

The purpose of this letter is to provide information on the major program funding adjustments that are included in the California Department of Social Services (CDSS) FY 2009-10 Governor’s Budget. Governor Schwarzenegger released the Governor’s Budget on January 9, 2009.

Local Assistance

California Work Opportunity and Responsibility to Kids (CalWORKs)/Assistance Payment Funding

The Budget provides \$4.936 billion (all funds) for the CalWORKs program. This includes \$2.49 billion for CalWORKs Assistance Payments, \$1.073 billion for CalWORKs Services, \$489.5 million for CalWORKs Administration, \$707.3 million for Stage One Child Care/Health and Safety Requirements, and \$176.2 million for the Kinship Guardianship Assistance Program (Kin-Gap).

Major features in the CalWORKs/Assistance Payment budget include the following:

CalWORKs Assistance

- ◆ The average monthly final caseload is estimated to decrease from 477,000 cases in FY 2008-09 to 417,000 in FY 2009-10, a decrease of 12.6 percent. The FY 2009-10 caseload includes 15,000 in the CalWORKs Safety Net.

- ◆ The Budget assumes suspension of the July 2009 2.94 percent Maximum Aid Payment (MAP) Cost of Living Adjustment (COLA), resulting in a cost avoidance of \$81 million.
- ◆ As introduced during the Special Budget Session, the Budget assumes certain child-only cases will be subject to a 60-month time-limit with the discontinuance of cases beginning May 1, 2009. 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 grant savings of \$39.4 million in FY 2008-09 and \$250.7 million in FY 2009-10.
- ◆ As introduced during the Special Budget Session, the Budget reflects the implementation of a Modified Safety Net program, effective May 1, 2009, which provides benefits only for cases that meet federal work participation requirements. The discontinuance of Safety Net cases for not fully meeting the federal work participation requirements will result in a grant savings of \$37.4 million in FY 2008-09 and \$240.2 million in FY 2009-10.
- ◆ As introduced during the Special Budget Session, the Budget reflects the implementation of a self-sufficiency review requirement, effective May 1, 2009, for cases not working or meeting federal work participation requirements. The reviews will be conducted every six months and will help assess what services or resources might be necessary to help adults increase their work participation hours or remove barriers that might be preventing participation. For child-only cases, the review would determine what services or resources may be needed to reduce their dependence on public assistance. This proposal is projected to result in grant savings of \$9.4 million in FY 2008-09 and \$112.3 million in FY 2009-10 from cases that discontinue due to not complying with the self-sufficiency review requirement.
- ◆ As introduced during the Special Budget Session, the Budget also reflects the implementation of a ten percent MAP reduction for CalWORKs grants, effective May 1, 2009. This proposal results in a projected grant savings of \$46.3 million in FY 2008-09 and \$295 million in FY 2009-10.
- ◆ 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 Assembly Bill (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, not already reflected in the expenditure trends, is projected to be \$35.5 million in the Budget Year (BY).

CalWORKs Services

- ◆ Funding for CalWORKs Basic Services costs is budgeted at \$824.5 million.
- ◆ The services costs associated with the previous CalWORKs Reform Efforts to support the increased work participation strategies are \$91.6 million. This includes the continued \$90 million augmentation for CalWORKs improvements and increased work participation rates.
- ◆ Services for Safety Net cases are decreased by \$2.1 million due to the discontinuance of cases not meeting the federal work participation requirement. There is no impact in the Current Year (CY).
- ◆ The Pay for Performance incentive funding in the amount of \$40 million has been eliminated for FY 2008-09 and FY 2009-10.
- ◆ The Budget continues to reflect the Governor's veto of \$60 million from the CalWORKs' Single Allocation in FY 2009-10.
- ◆ In FY 2009-10 the Substance Abuse Services premise will be financed using funds from the Drug/Alcohol Prevention/Treatment Fund. The total anticipated contribution from this fund in FY 2009-10 is \$54.1 million.

CalWORKs Administration

- ◆ Funding for CalWORKs Basic Administration is \$683.6 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 \$24.5 million. There is no impact in the CY.
- ◆ Implementation of time-limits on certain child-only cases will result in administrative savings of \$17.3 million. There is no impact in the CY.
- ◆ Implementation of ten percent grant reductions will result in administrative savings of \$6.2 million as a result of cases that will discontinue due to excess income. There is no impact in the CY.
- ◆ The Budget includes \$12.2 million in county administration funding associated with the implementation of the Self Sufficiency Review requirement. This amount reflects the net impact of increased costs necessary to conduct the 30 minute semiannual reviews and savings associated with cases that discontinue due to not complying with the self sufficiency review requirement. The net impact during FY 2008-09 is \$5.6 million.

CalWORKs Child Care

- ◆ Funding for Stage One Child Care Basic services and administration is \$644.8 million which represents a \$64.2 million increase over FY 2008-09 due to a caseload increase.
- ◆ The Child Care Reserve of \$34.5 million in FY 2009-10 represents a five percent holdback of the estimated need for Stage One.
- ◆ The child care costs associated with the provisions of the Previous CalWORKs Reform Efforts to support the increased work participation strategies are \$14.5 million.
- ◆ The Budget reflects a cost of \$32.2 million in FY 2009-10 associated with updating the Regional Market Rate (RMR) Ceilings (at the 85th percentile) in March 2009. The Budget also includes \$30.9 million in savings associated with reducing the RMR to the 75th percentile effective July 2009. The net effect of the RMR change in FY 2009-10 is a cost of \$1.3 million.

General TANF

- ◆ The Budget reflects the transfer of \$192.6 million in TANF to the California Student Aid Commission (CSAC) for Cal-Grants.
- ◆ The Budget reflects the shift of \$45.9 million from GF to TANF to fund the Emergency Assistance Foster Care Program in FY 2009-10.

California Food Assistance Program (CFAP):

- ◆ The Budget reflects the elimination of the CFAP program effective July 1, 2009, resulting in savings of \$37.8 million.

Kin-GAP

- ◆ Total funding for Kin-GAP is \$176.2 million in FY 2009-10 and reflects the movement of foster care cases into the Kin-GAP Program.
- ◆ The average monthly Kin-GAP caseload will significantly increase in FY 2009-10 due to foster care cases transferring to the Kin-GAP Program as a result of the enhanced program.

Children's Services

- ◆ The FY 2009-10 Budget contains approximately \$4.2 billion in funding for Children's Services. This includes \$2.1 billion for Child Welfare Services (CWS) including Adoptions and Child Abuse Prevention, \$1.1 billion for Foster Care, and \$0.8 billion for the Adoption Assistance Program (AAP). The budget additionally contains funding of 1.2 billion for the Title IV-E Waiver counties.
- ◆ The Budget includes \$275 million through elimination of the state First 5 commission and redirection of 50 percent of funds allocated to counties to support state-level children's health or child care programs. This reduction would target resources to high-priority state programs that would otherwise require General Fund (GF) support, while also allowing some funding to be retained by counties for local priorities.

CWS Program

- ◆ A total of \$1.9 million GF has been included in order to implement provisions of House Resolution 6893 Fostering Connections to Success & Increasing Adoptions Act (HR 6893). For the non-Title IV-E Waiver counties, the Budget includes \$0.1 million GF for the Personalized Transition Plan to provide foster children a final transition plan 90 days before aging out of foster care and \$0.7 million GF for Notification of Relatives to notify relatives within 30 days that a child has been removed from parental care. An additional \$1.1 million in federal incentive funds is reflected for Adoptions Incentives that California could receive for increasing the number of adoptions over the base year of FFY 2007.
- ◆ The Budget includes \$3.3 million GF for the non-Title IV-E Waiver counties to Increase Family Case Planning Meetings in order to involve youth in case planning activities.
- ◆ The Budget includes \$6.8 million GF for the non-Title IV-E Waiver counties to Increase Relative Search and Engagement in order to find more stable relative-placements and connect youth with family members prior to emancipation.
- ◆ The Budget includes \$0.4 million GF in the CY and \$0.1 million GF in the BY for the Dual Agency Supplement to the Rate which will require social workers to complete additional forms necessary to determine eligibility.
- ◆ In order to comply with federal law that requires states, by Federal Fiscal Year (FFY) 2011, to visit foster children each month, preferably in their place of residence, the Budget includes \$5.3 million GF for the non-Title IV-E Waiver counties to Increase Funding for Caseworker Visits. The FFY 2009 Promoting Safe and Stable Families Caseworker Visits grant will be used to offset some of the funding.
- ◆ In order to comply with federal law that requires states to submit demographic and outcomes data on foster youth who receive Independent Living Program services

and those who age-out of foster care, the Budget includes \$0.6 million GF for the non-Title IV-E Waiver counties for the Chafee Federal National Youth in Transition Database.

- ◆ The Budget includes \$0.4 million GF for detecting the presence of a Registered Sex Offender in prospective and approved relative and non-relative extended family member homes and taking appropriate action.
- ◆ As a result of a federal Cost Allocation Plan review, costs for Emergency Assistance Case Management were determined to be non-federally eligible for Title IV-E funding. Therefore, in the CY the Title IV-E funds are replaced with GF and in the BY the Title IV-E funds are replaced with TANF funds.

Foster Care Program

- ◆ Average monthly caseload is projected to decrease slightly from 68,800 in FY 2008-09 to 67,500 in FY 2009-10, a reduction of 1.8 percent.

Adoption Assistance Program (AAP)

- ◆ The AAP caseload is estimated to increase from 80,500 in FY 2008-09 to 84,600 in FY 2009-10, an increase of 5.1 percent.

Title IV-E Waiver

The Budget reflects \$1.2 billion (\$333.8 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 CWS 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.

- ◆ A total of \$0.5 million GF has been included in order to implement provisions of HR 6893 which include Personalized Transition Plan and the Notification of Relatives.
- ◆ A total of \$7.6 million GF has been included to fund the new premises which include Increase Family Case Planning, Increase Relative Search and Engagement, Increase Funding for Caseworker Visits, and the Chafee Federal National Youth in Transition Database.

Supplemental Security Income/State Supplementary Payment (SSI/SSP)/In-Home Supportive Services (IHSS)

The Budget proposes \$6.2 billion in federal funds and \$2.6 billion in GF for SSI/SSP in FY 2009-10 which includes funding for a 2.4 percent increase in caseload. The Budget

assumes the elimination of the Cash Assistance Program for Immigrants (CAPI) as of May 1, 2009. The Governor's Budget includes \$5.4 billion for IHSS and \$113.8 million for APS.

SSI/SSP

- ◆ Average monthly caseload is projected to increase from 1,271,500 in FY 2008-09 to 1,301,700 in FY 2009-10, an increase of 2.4 percent.
- ◆ As introduced during the Special Budget Session, the Budget proposes to suspend the state COLA for June 2010.
- ◆ The typical SSI/SSP recipient will experience a \$37 increase in SSI benefits from \$870 to \$907, and couples will receive an increase of \$55 in SSI benefits from \$1,524 to \$1,579.
- ◆ As introduced during the Special Budget Session, the Budget proposes to reduce SSP payment standards to the Federal minimum level, effective May 1, 2009. This proposal results in a projected GF savings of \$180.1 million in FY 2008-09, of which \$1.7 million is attributable to CAPI, and \$1.1 billion in FY 2009-10, of which \$11.2 million is attributable to CAPI.
- ◆ As introduced during the Special Budget Session, the Budget also proposes to eliminate the CAPI program, effective May 1, 2009. This proposal results in a projected GF savings of \$20.0 million in FY 2008-09, and \$129.6 million in FY 2009-10.

IHSS

- ◆ Average monthly caseload is projected to increase from 428,100 in FY 2008-09 to 456,100 in FY 2009-10, an increase of 6.5 percent.
- ◆ As introduced during the Special Budget Session, the Budget proposes to establish a threshold for need eligibility for IHSS recipients to be authorized as domestic and related services recipients. Individuals with a Functional Index (FI) ranking of only 4 or 5 will be eligible to receive domestic and related services effective May 1, 2009. This proposal results in a projected GF savings of \$11.9 million in FY 2008-09 and \$71.4 million in FY 2009-10.
- ◆ As introduced during the Special Budget Session, the Budget proposes to reduce the states participation in minimum wage, effective May 1, 2009. This proposal results in a projected GF savings of \$44.5 million in FY 2008-09 and \$266.8 million in FY 2009-10.

- ◆ As introduced during the Special Budget Session, the Budget proposes to Limit Share of Cost Buyout to recipients with FI score of four and above, effective May 1, 2009. This proposal results in a projected GF savings of \$6.4 million in FY 2008-09 and \$46.0 million in FY 2009-10.
- ◆ The Budget includes a reduction to IHSS County Administration for a GF savings of \$5.3 million in FY 2009-10.
- ◆ A total of \$2.4 million GF has been included to administer the Provider Enrollment Statement Form (SOC 426) required by SB 1104 to comply with current Federal requirements.

County Administration and Automation:

- ◆ The FY 2009-10 Budget includes almost \$1 billion in funding to counties for administering the Foster Care, Food Stamps, and Refugee Cash Assistance programs.
- ◆ The Budget continues to reflect a reduction in the Non-Assistance Food Stamp (NAFS) Administrative allocation, resulting in total savings of \$21.0 million (\$8.6 million in GF savings) in FY 2009-10.
- ◆ In an effort to mitigate the NAFS administrative reduction, the Budget continues to reflect the implementation of a waiver to the Face-to-Face interview requirement for certain NAFS households where a single head of household is working at least 30 hours per week and for couples that are each working at least 20 hours each per week. As a result of the projected caseload increase associated with this waiver, the Budget includes an increase of \$1.5 million (\$0.8 million in GF) for NAFS administrative costs.
- ◆ The Budget reflects the costs associated with implementing expanded categorical eligibility for the FSP as required by AB 433. This legislation expanded categorical eligibility for the FSP to individuals who are members of households that are eligible to receive TANF-funded benefits. The FY 2009-10 Budget includes \$5.7 million (\$2.9 million GF) to fund the administrative costs resulting from the anticipated caseload increase associated with this premise. As directed by the Governor's signing message, the GF portion will be paid using federal reimbursements received for the Food Stamp Nutrition and Education (FSNE) program, thus eliminating any potential GF cost impacts.
- ◆ The Budget reflects the implementation of mandatory federal changes included in the Food Conservation and Energy Act of 2008 (Farm Bill) that increase benefits and administrative costs of the CFAP and the Federal FSP. The Budget includes \$1.3 million (\$0.5 million in GF) for increased federal food stamp administrative costs in

FY 2008-09 and \$1.7 million (\$0.6 million in GF) in FY 2009-10. The budget includes \$0.6 million GF costs in FY 2008-09 and \$0.8 million in FY 2009-10 for increased CFAP benefits.

- ◆ A total of \$338.5 million is included for automation projects in FY 2009-10.
- ◆ The Budget reflects a decrease of \$14.6 million in 2009-10 due to delaying the replacement of Los Angeles County's automated benefit and eligibility system by six months.

Community Care Licensing (CCL):

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

- ◆ The Budget includes \$0.1 million GF for detecting the presence of a Registered Sex Offender in prospective and approved licensed facilities and taking appropriate action.

For further information, you may wish to contact me at (916) 657-3266 or Kären Cagle, Chief, Estimates and Research Services Branch at (916) 657-1668.

Original Document Signed By:

ERIC FUJII
Deputy Director
Administration Division