

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



January 10, 2003

TO: ALL COUNTY WELFARE DIRECTORS

FROM: GLORIA MERK, Deputy Director
Administration DivisionSUBJECT: **HIGHLIGHTS OF THE FY 2003-04 GOVERNOR'S BUDGET**

The purpose of this memo is to provide information on the major program funding adjustments that were included in the California Department of Social Services (CDSS) Governor's Budget for the 2003-04 Fiscal Year.

Local Assistance

Program funding for 2003-04 is estimated at \$16.5 billion total funds and \$4.2 billion General Fund (GF), this excludes \$4.7 billion in federal SSI funds.

In light of the State's fiscal situation, the Governor's Budget proposes to realign the State and county sharing ratios in a number of DSS programs. As a result of this realignment, the DSS Budget contains \$3.5 billion less GF.

CalWORKs Assistance

Total funding for CalWORKs assistance payments amounts to \$3.056 billion in 2003-04, \$372.9 million less than the Appropriation.

Average monthly final caseload increases from 511,414 cases in 2002-03 to 513,938 in 2003-04, an increase of 0.5 percent.

The projections for time limits have been adjusted using information from the Welfare Data Tracking and Implementation Project (WDTIP). Updated projections indicate that 36,912 cases will hit the time limit in January 2003, and a total of 72,032 will hit by June 2003. That number will grow to 122,895 by June 2004.

The net savings associated with the time limits are \$51.7 million in 2002-03 and \$169.6 million in 2003-04.

In order to live within the constraints of the State's current fiscal situation, the CalWORKS Program will experience the same type of budget adjustments that all program areas will incur. Scheduled cost-of-living increases will not be made, and the basic grant levels will be reduced by 6.2 percent.

The suspension of the COLAs and the grant reduction will result in \$496.4 million in savings in 2003-04 (additionally, the current year reflects \$12.2 million in savings).

Funding is included for increased grant costs of \$113.3 million associated with the implementation of a Quarterly Reporting/Prospective Budgeting System effective September 2003.

CalWORKs Services

CalWORKs Basic costs are budgeted at \$745.5 million, \$51.2 million less than the Appropriation. Due to Realignment, the TANF/MOE share of costs decreased by \$370.7 million.

The net savings to employment services associated with cases reaching the 60-month CalWORKs time limit amounts to \$204.7 million. This includes the costs for 12 months of job retention services for the 58 percent of the timed out cases that have working adults.

No funds are budgeted to provide County Performance Incentives in 2003-04. (An adjustment was made to increase the County Performance Incentives paid in 2002-03 by \$82.4 million.)

The Governor's Budget includes \$241.5 million available to counties as a one time Single Allocation adjustment for employment services.

Substance abuse services and mental health services are maintained at a combined total of \$119.9 million (the same as the 2002-03 Appropriation).

The 2003-04 budget reflects \$69.4 million in GF for the Welfare-to-Work Match. This funding represents all of the remaining match dollars that must be spent by the end of FY 2003-04.

The Welfare-to-Work Overlap Match savings is \$69.4 million which represents 100 percent of the Welfare-to-Work Match dollars.

The 2003-04 budget reflects \$21.1 million in savings from the overlap with the federal Welfare-to-Work monies. This is down from the savings of \$32.0 million in the 2002-03 Appropriation.

The Governor's Budget does not assume receipt of the FFY 2001 High Performance Bonus. (The current year budget was adjusted to reflect that the Department received \$41.0 million in High Performance Bonus funding, \$20 million of which is passed to the Department of Health Services).

The Governor's Budget includes a General TANF Reserve of \$200 million. This Reserve will be available for pressures on the TANF Block Grant.

CalWORKs Administration

Funding for CalWORKs Administration is \$386.4 million in 2003-04, \$35.1 million less than the Appropriation. Due to Realignment, the TANF/MOE share of costs decreased by \$117.1 million.

Administrative Savings of \$56.3 million are associated with the implementation of Quarterly Reporting /Prospective Budgeting system effective September 2003.

Net Savings of \$9.9 million are associated with the implementation of Electronic Benefit Transfer (EBT) for CalWORKs in participating counties.

CalWORKs Child Care

Funding for Stage One child care is \$474.1 million in 2003-04, an increase of \$18.7 million from the Appropriation. (The current year budget increased by \$41.7 million due to an increase in caseload and cost per case.)

The net savings associated with cases reaching the CalWORKs 60-month time limit amounts to \$65.9 million. This includes the costs associated with providing child care to the 58 percent of the timed out cases that have working adults.

The total amount budgeted for Stage Two in 2003-04 is \$643.3 million. This amount includes savings of \$40.7 million associated with the CalWORKs 60-month time limit. Of the total amount budgeted, \$354.3 million is the amount of TANF budgeted dollars for Stage Two child care.

The Child Care holdback of \$57.4 million in 2003-04 reflects a five percent holdback of the estimated need for both Stage One and Stage Two.

Kin-GAP Program

Funding for Kin-GAP in 2003-04 totals \$100.8 million, offset by \$51.5 million in savings in CalWORKs assistance payments, foster care, child welfare services, and related

administrative costs. Due to Realignment, the GF share of costs decreased by \$18.6 million.

Kin-GAP caseload increases from an average monthly figure of 13,009 in 2002-03 to 16,139 in 2003-04.

Foster Care

Total funding for foster care payments amounts to \$1.689 billion in 2003-04, \$139.7 million more than the 2002-03 Appropriation. Due to Realignment, the GF share of costs decreased by \$460.1 million.

Average monthly caseload declines from 76,413 in 2002-03 to 75,432 in 2003-04, a decrease of 1.3 percent. This decrease is primarily the result of additional cases moving from foster care to Kin-GAP.

No funding is provided for a 3.48 percent CNI cost-of-living adjustment in 2003-04.

Adoption Assistance Program

Total funding for Adoption Assistance Payments amounts to \$503.8 million in 2003-04, \$76.2 million more than the 2002-03 Appropriation. Due to Realignment, the GF share of costs decreased by \$217.0 million.

Average monthly caseload increases from 54,294 in 2002-03 to 60,811 in 2003-04, an increase of 12.0 percent.

California Food Assistance Program

Funding for CFAP in 2003-04 totals \$14.6 million. This reflects a \$99.7 million savings to CFAP as a result of the implementation of the Food Stamp Reauthorization Act of 2002 (H.R. 2646 Farm Bill). The Budget reflects an increase of \$31.8 million for the administration of the federal Food Stamp Program due to the restoration of federal eligibility for the large majority of CFAP recipients.

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

Approximately \$4.7 billion in federal funds and \$2.3 billion in GF are budgeted for SSI/SSP in FY 2003-04.

Average monthly caseload grows from 1,126,375 in 2002-03 to 1,133,789 in 2003-04, an increase of 0.7 percent.

On January 1, 2003, SSI/SSP recipients received a 1.4 percent federal COLA, and are scheduled to receive an estimated federal COLA of 2.4 percent effective January 1, 2004.

In order to live within the constraints of the State's current fiscal situation, the SSI/SSP Program State cost-of-living adjustments will be suspended, and the basic grant levels will be reduced to the minimum maintenance of effort levels allowed by federal law.

The suspension of the COLAs and the grant reduction will result in \$1.0 billion in savings in 2003-04 (additionally, the current year reflects \$24.1 million in savings).

A total of \$95.3 million is budgeted for the CAPI Program, a decrease of 6.8 percent from the 2002-03 Appropriation. The GF costs are shifted from State to county as part of Realignment, resulting in GF savings of \$95.3 million.

In-Home Supportive Services (IHSS)

Total funding for IHSS services amounts to \$2.917 billion in 2003-04, \$507 million more than the 2002-03 Appropriation. Total IHSS administration funding is \$235.3 million in 2003-04, \$16.7 million more than the 2002-03 Appropriation. Due to Realignment, the GF decreased by \$1.171 billion.

Average monthly caseload grows from 297,343 in 2002-03 to 320,622 in 2003-04, an increase of 7.8 percent.

Funding for IHSS administrative costs is increased for higher caseload in 2003-04, but no cost-of-doing-business adjustment is provided for 2003-04.

The 2003-04 budget includes \$487.2 million in total funds for public authority wage increases above the minimum wage and for benefits. The budget assumes that the public authority rate will not grow by an additional \$1.00 in 2003-04.

The 2003-04 budget also includes \$11.1 million total funds for augmentations to contract rates and service hours in the contract mode of service.

Children's Services

Total funding for Children's Services amounts to \$2.178 billion in 2003-04, \$137.6 million more than the 2002-03 Appropriation. Due to Realignment, the GF decreased by \$596.2 million.

Total funding for CWS/CMS in 2003-04 is \$127.3 million, \$43.4 million more than the 2002-03 Appropriation.

Total funding of \$1.4 million in the current year and \$2.4 million in the budget year is included to assess multiple relative homes when more than one relative is interested in receiving a placement.

Total funding of \$0.5 million in the current year and \$1.0 million in the budget year is included to provide for a grievance review for relatives whose homes are unapproved.

Total funding for the Adoptions Program is \$78.7 million in 2003-04, \$2.2 million more than the 2002-03 Appropriation. This funding includes \$4.4 million in federal incentives the State has received on behalf of the statewide number of finalized adoptions.

The Governor's Budget reflects the transfer of \$65.7 million additional TANF funds to Title XX for transfer to the Department of Developmental Services.

Adult Protective Services

The 2003-04 budget includes \$72.2 million total funds for Adult Protective Services, in addition to the \$31.6 million total funds available under the County Services Block Grant (CSBG). Due to Realignment, the GF decreased by \$50.2 million in APS and \$10.5 million in CSBG.

Community Care Licensing

Total funding for the CCL Program is \$16.9 million in 2003-04, \$4.1 million less than the 2002-03 Appropriation. This reduction is a result of the implementation of Targeted Visits by the CCL Program.

County Administration and Automation

Funding for County Administration is \$819.7 million, \$94.3 million less than the Appropriation. Due to Realignment, the GF decreased by \$214.0 million.

Food Stamp Administrative Savings of \$18.5 million are associated with the implementation of a Quarterly Reporting/Prospective Budgeting system effective September 2003.

Net Food Stamp Administrative Savings of \$25.5 million are associated with the implementation of Statewide Electronic Benefit Transfer for the Food Stamp Program.

Total funding for Automation Projects in 2003-04 is \$292.8 million, \$19.2 million more than the Appropriation.

Transitional Housing for Foster Youth

New funding of \$1.4 million in the budget year, as a result of AB 1119, is included to provide transitional housing placement services to emancipated foster youth. In addition, this program eliminates the requirement that youth participate in the Supportive Transitional Emancipation Program to be eligible for these services.

Energy Programs & Community Services

A total of \$87.4 million in the budget year reflects the consolidation of this program into the CDSS budget to provide the federal Low-Income Home Energy Assistance Program, the U.S. Department of Energy's Weatherization Assistance Program, and funding for various utility discount programs for low-income housing.

A total of \$57.5 million in the budget year reflects the consolidation of this program into the CDSS budget to provide the federal Community Services Program to the low-income populations of all 58 counties in California.