

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



August 5, 2003

TO: ALL COUNTY WELFARE DIRECTORS

FROM: GLORIA MERK, Deputy Director
Administration DivisionSUBJECT: **HIGHLIGHTS OF THE FINAL 2003-04 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) Budget for the 2003-04 Fiscal Year. Governor Davis signed the Budget on August 2, 2003.

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

The final budget provides \$5.269 billion (all funds) for the CalWORKs Program. This includes \$3.024 billion for CalWORKs Assistance Payments, \$996.0 million for CalWORKs Services, \$463.2 million for CalWORKs Administration, \$487.0 million for Stage One Child Care/Health and Safety Requirements, \$201.4 million for County Probation Facilities, and \$97.5 million for the Kinship Guardian Assistance Payment (Kin-GAP) Program.

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

CalWORKs Assistance

- ◆ The budget assumes an average monthly caseload of 465,751 in 2003-04, a decrease of 2.9 percent.
- ◆ A 3.74 percent cost-of-living adjustment (COLA) to the Maximum Aid Payment (MAP) became effective June 1, 2003, at a cost of \$129.6 million.
- ◆ Additional grant costs of \$60.2 million as a result of the implementation of Prospective Budgeting for the CalWORKs Program.
- ◆ A net savings of \$104.3 million is included as a result of cases reaching the 60-month CalWORKs time-limit. A savings of \$318.9 million is projected as cases are removed from the CalWORKs Program, and a cost of \$214.6 million is projected to continue to fund children in the Safety Net Program.

- ◆ Grant savings in the amount of \$9.9 million reflect the reinstatement of the Senior Parent Deeming Rule. Associated administrative savings are included in CalWORKs Administration.

CalWORKs Services

- ◆ Basic funding for services is \$742.2 million.
- ◆ The budget includes \$191.9 million available to counties as a one-time Single Allocation adjustment for employment services.
- ◆ A net savings associated with cases reaching the 60-month CalWORKs time limit amounts to \$55.4 million. This includes the cost for 12 months of job retention services for the 58 percent of cases with working adults.
- ◆ Funding of \$119.9 million is budgeted for CalWORKs Mental Health and Substance Abuse Services.

CalWORKs Administration

- ◆ Funding for CalWORKs Administration Basic is \$645.1 million.
- ◆ Administrative costs of \$10.1 million are included as a result of implementation of Prospective Budgeting for the CalWORKs Program. The costs are primarily for automation reprogramming and staff training.
- ◆ A net savings of \$3.5 million has been budgeted to reflect the impact of implementing an Electronic Benefit Transfer system for CalWORKs issuance in some counties.

CalWORKs Child Care

- ◆ Stage One Child Care is fully funded at \$479.6 million.
- ◆ The effect of Child Care reforms on CalWORKs Stage One Child Care is a savings of \$23.3 million. The savings come from reducing the amount providers can be reimbursed to the 85th percentile of the Regional Market Rate along with additional rate simplifications.
- ◆ Temporary Assistance for Needy Families (TANF) funds of \$524.9 million are transferred to the California Department of Education for Stage Two Child Care.
- ◆ A net savings associated with cases reaching the CalWORKs 60-month time limit to \$51.5 million. This includes \$29.6 million in costs associated with providing child care to the 73 percent of the cases with working adults.
- ◆ A Child Care Holdback of \$61.6 million is included for either Stage One or Stage Two.

General TANF

- ◆ The budget provides a TANF reserve of \$113.7 million.

Kin-GAP Program

- ◆ Total funding for Kin-GAP in 2003-04 is \$97.5 million (\$21.3 million more than the 2002-03 Appropriation).
- ◆ The average monthly Kin-GAP caseload will grow to 15,807 in 2003-04, an increase of 24 percent.

Foster Care Program

- ◆ Total funding for Foster Care payments in 2003-04 is \$1.7 billion (\$167 million more than the 2002-03 Appropriation).
- ◆ The average monthly Foster Care caseload will decline only slightly in 2003-04 to 76,263, a decrease of less than one percent.

Adoption Assistance Program (AAP)

- ◆ Total funding for AAP in 2003-04 is \$522.7 million.
- ◆ Average monthly AAP caseload will grow to 59,818 in 2003-04, an increase of 11 percent.

California Food Assistance Program (CFAP)

- ◆ The budget reflects the impact of federal legislation (H.R. 2646 Farm Bill) which made all disabled legal noncitizens eligible for the Federal Food Stamp Program effective October 2002; those who have lived in the U.S. five years or more eligible effective April 2003; and all noncitizen children eligible effective October 2003. The total CFAP funding for 2003-04 is \$13.0 million General Fund (GF).

Transitional Benefits

- ◆ The budget reflects new funding of \$2.2 million (\$1.6 million GF) in 2003-04, as a result of implementation of a transitional food stamp benefit program. Federal Legislation (H.R. 2646 Farm Bill) allows states the option to provide up to five months of transitional food stamp benefits to recipients who have been discontinued from CalWORKs. The implementation of the transitional benefits program results in increased costs to CFAP and Federal Food Stamp Administration.

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

SSI/SSP

- ◆ In addition to the \$4.7 billion in federal funds, \$3.4 billion in GF is budgeted for SSI/SSP in 2003-04, an increase of 10.5 percent (\$321.4 million) over the 2002-03 Appropriation.
- ◆ Average monthly caseload for the SSI/SSP Program will grow to 1,151,026 in 2003-04, an increase of 2 percent.
- ◆ The budget includes \$281.5 million GF for a 3.74 percent State COLA effective June 1, 2003.
- ◆ The budget includes \$94.1 million GF for the Cash Assistance Program for Immigrants.

IHSS

- ◆ The budget includes \$3.2 billion (\$1.2 billion GF) for IHSS Services, an increase of 29.1 percent over the 2002-03 Appropriation.
- ◆ The budget assumes that the IHSS caseload will grow to 328,697, an increase of 8.9 percent.
- ◆ The budget includes \$195.9 million GF for Public Authority Wages and Benefits over the minimum wage.
- ◆ The budget also includes \$5.1 million GF for contract mode increases.
- ◆ The budget includes \$86.8 million GF for IHSS administrative activities, an increase of 8.5 percent over the 2002-03 Appropriation.

County Administration and Automation Projects

Food Stamps Administration

- ◆ Funding for Food Stamp Administration is \$768.0 million (\$293.3 million GF) in 2003-04.
- ◆ The budget includes \$14.6 million (\$6.0 million GF) in net costs associated with implementing a Prospective Budgeting system for the Food Stamp Program. The costs are primarily for automation reprogramming and staff training.
- ◆ A net savings of \$6.8 million (\$2.4 million GF) has been budgeted to reflect the impact of implementing an Electronic Benefit Transfer system for food stamp issuance.

Automation Projects

- ◆ Total funding for automation projects is \$290.6 million (\$93.4 million GF) in 2003-04 (\$3.8 million GF more than the 2002-03 Appropriation).

Social Service Programs

Children's Services

- ◆ Total funding for Children's Services amounts to \$2.087 billion (\$679.1 million GF) in 2003-04, an increase of \$47.1 million (\$10.4 million GF) over the 2002-03 Appropriation.
- ◆ In Child Welfare Services (CWS), \$37.0 million in federal Title XX funds transferred from the TANF block grant will be used in lieu of GF.
- ◆ Total funding of \$6.8 million (\$3.0 million GF) is included for Relative Home Approvals representing an increase of \$5.1 million (\$2.0 million GF) over the 2002-03 Appropriation.
- ◆ Total funding for CWS/CMS is \$110.6 million (\$54.8 million GF) in 2003-04, an increase of \$13.4 million GF over the 2002-03 Appropriation.

Adoptions Services

- ◆ The budget includes \$78.7 million total funds (\$42.0 million GF) for the Adoptions Program, an increase of 2.8 percent over the 2002-03 Appropriation.

Special Programs

- ◆ The budget includes \$105.6 million (\$61.6 million GF) for the County Services Block Grant, of which \$72.2 million (\$50.2 million) is for Adult Protective Services.
- ◆ Funding for the Maternity Care Program is \$200,000 in 2003-04, a reduction of \$400,000 from 2002-03.

Community Care Licensing (CCL)

- ◆ The budget includes \$13.3 million (\$5.7 million GF) for the CCL program in 2003-04.