

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



August 6, 2004

TO: ALL COUNTY WELFARE DIRECTORS

FROM: GLORIA MERK, Deputy Director
Administration Division

SUBJECT: **HIGHLIGHTS OF THE FINAL 2004-05 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 2004-05 Fiscal Year. Governor Schwarzenegger signed the Budget on July 31, 2004.

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

The final budget provides \$5.348 billion (all funds) for the CalWORKs Program. This includes \$3.158 billion for CalWORKs Assistance Payments, \$1.027 billion for CalWORKs Services, \$376.2 million for CalWORKs Administration, \$491.1 million for Stage One Child Care/Health and Safety Requirements, \$201.4 million for County Probation Facilities, and \$93.8 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 472,941 in 2004-05, a decrease of less than one percent.
- ◆ A 2.75 percent cost-of-living adjustment (COLA) to the Maximum Aid Payment (MAP) will be provided for nine months in 2004-05, for a total cost of \$75.8 million.
- ◆ The Welfare Reform/Work Participation becomes effective in October 2004 and has a CalWORKs grant savings of \$88.4 million.
- ◆ Additional grant costs of \$162.5 million as a result of the implementation of Prospective Budgeting for the CalWORKs Program.

- ◆ A net savings of \$137.2 million is included as a result of cases reaching the 60-month CalWORKs time-limit. A savings of \$381.7 million is projected as cases are removed from the CalWORKs Program, and a cost of \$244.5 million is projected to continue to fund children in the Safety Net Program.
- ◆ Total State General Fund budgeted for Tribal TANF of \$57.8 million (Grants, Services, and Administration) which includes a \$15.0 million reduction.

CalWORKs Services

- ◆ Basic funding for services is \$673.0 million. This amount reflects a \$40 million reduction that will be nullified by the effect of Budget Trailer Bill which provides unspent 2003-04 CalWORKs single allocation funds to counties in 2004-05.
- ◆ The budget continues to include an Employment Services Augmentation of \$50.0 million.
- ◆ The budget includes \$191.9 million available to counties as a Single Allocation adjustment for employment services.
- ◆ The Welfare Reform/Work Participation becomes effective in October 2004 and has a CalWORKs Services cost of \$6.6 million.
- ◆ A net savings associated with cases reaching the 60-month CalWORKs time limit amounts to \$77.1 million. This includes the cost for 12 months of job retention services for the cases with working adults.
- ◆ Funding of \$106.1 million is budgeted for CalWORKs Mental Health and Substance Abuse Services and \$2.1 million for Indian Health Clinics Mental Health and Substance Abuse Services.

CalWORKs Administration

- ◆ Funding for CalWORKs Administration Basic is \$647.5 million.
- ◆ A net administrative savings of \$75.6 million is included as a result of implementation of Prospective Budgeting for the CalWORKs Program.
- ◆ A net savings of \$9.8 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 \$485.4 million.
- ◆ Temporary Assistance for Needy Families (TANF) funds of \$305.2 million are transferred to the California Department of Education for Stage Two Child Care.
- ◆ The impact of Welfare Reform/Work Participation becomes effective in January 2005, and has a CalWORKs child care cost of \$65.6 million.

- ◆ A net savings associated with cases reaching the 60-month CalWORKs time limit amounts to \$40.2 million. This includes \$28.5 million in costs associated with providing child care to cases with working adults.
- ◆ A Child Care Holdback of \$56.2 million is included for either Stage One or Stage Two. Of this amount \$8.9 million is a holdback for 11 and 12 year-olds that may transfer to after school programs.

General TANF

- ◆ The budget provides a TANF reserve of \$114.9 million.

Kin-GAP Program

- ◆ Total funding for Kin-GAP in 2004-05 is \$93.8 million (\$3.7 million less than the 2003-04 Appropriation).
- ◆ The average monthly Kin-GAP caseload will grow to 14,764 in 2004-05, an increase of 10 percent.

Foster Care Program

- ◆ Total funding for Foster Care payments in 2004-05 is \$1.8 billion (\$44.9 million more than the 2003-04 Appropriation).
- ◆ The average monthly Foster Care caseload will grow slightly in 2004-05 to 75,810, an increase of less than one percent.

Adoption Assistance Program (AAP)

- ◆ Total funding for AAP in 2004-05 is \$569.9 million.
- ◆ Average monthly AAP caseload will grow to 66,259 in 2004-05, an increase of 10 percent.

California Food Assistance Program (CFAP)

- ◆ The budget reflects funding of \$27.2 million General Fund (GF) in FY 2004-05. The average monthly persons will be 20,270 in FY 2004-05.

Transitional Benefits

- ◆ The budget reflects funding of \$4.9 million (\$3.0 million GF) in 2004-05, as a result of implementation of a transitional food stamp benefit program. The implementation of the transitional benefits program results in increased costs to CFAP and Federal Food Stamp Administration. The average monthly caseload will be 80,640 in FY 2004-05.

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

SSI/SSP

- ◆ In addition to the \$4.9 billion in federal funds, almost \$3.5 billion in GF is budgeted for SSI/SSP in 2004-05, an increase of 4.1 percent (\$337.9 million) over the 2003-04 Appropriation.
- ◆ Average monthly caseload for the SSI/SSP Program will grow to 1,186,146 in 2004-05, an increase of 2.4 percent.
- ◆ The budget includes \$36.6 million GF for a 2.75 percent State COLA effective April 1, 2005.
- ◆ The budget includes \$83.2 million GF for the Cash Assistance Program for Immigrants.

IHSS

- ◆ The budget includes \$3.3 billion (\$1.1 billion GF) for IHSS Services, a GF decrease of \$126 million or 10.7 percent over the 2003-04 Appropriation.
- ◆ The FY 2004-05 GF savings are the result of a Quality Assurance initiative and a federal Waiver permitting the State to claim additional Medi-Cal funds for the Program.
- ◆ The budget assumes that the IHSS caseload will grow to 358,438, an increase of 8.6 percent.
- ◆ The budget includes \$102.4 million GF for IHSS administrative activities, an increase of 18 percent over the 2003-04 Appropriation.

County Administration and Automation Projects

Food Stamps Administration

- ◆ Funding for Food Stamp Administration is \$733.9 million (\$273.9 million GF) in 2004-05.
- ◆ The budget reflects \$32.1 million (\$11.2 million GF) in net savings associated with implementing a Prospective Budgeting system for the Food Stamp Program.
- ◆ A net savings of \$20.1 million (\$7.2 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 \$306.9 million (\$97.1 million GF) in 2004-05 (\$3.6 million GF more than the 2003-04 Appropriation).

Social Service Programs

Children's Services

- ◆ Total funding for Children's Services amounts to \$2.030 billion (\$637.5 million GF) in 2004-05, an increase of \$43.4 million (\$15.6 million GF) over the 2003-04 Appropriation.
- ◆ In Child Welfare Services (CWS), \$43.1 million in federal Title XX funds transferred from the TANF block grant will be used in lieu of GF.
- ◆ Total funding of \$21.1 million (\$9.2 million GF) is included for Relative Home Approvals representing an increase of \$9.2 million (\$4.0 million GF) over the 2003-04 Appropriation.
- ◆ Total funding for the Program Improvement Plan (PIP) and AB 636 activities in 2004-05 is \$33.2 million (\$6.7 million GF).
- ◆ A County share of \$17.1 million was included for the CWS Augmentation, resulting in a corresponding \$ 17.1 million savings to the GF.
- ◆ Total funding for CWS/CMS is \$89.8 million (\$54.3 million GF) in 2004-05, a decrease of \$.5 million GF over the 2003-04 Appropriation.

Adoptions Services

- ◆ The budget includes \$88.0 million total funds (\$48.1 million GF) for the Adoptions Program, an increase .8 million (6.1 million GF) over the 2003-04 Appropriation.

Special Programs

- ◆ The budget includes \$115.1 million (\$61.6 million GF) for the County Services Block Grant, which includes an Adult Protective Services supplement of \$82.4 million (\$50.2 million GF).
- ◆ Funding for the Maternity Care Program has been discontinued.

Community Care Licensing (CCL)

- ◆ The budget includes \$12.3 million (\$5.1 million GF) for the CCL program in 2004-05.