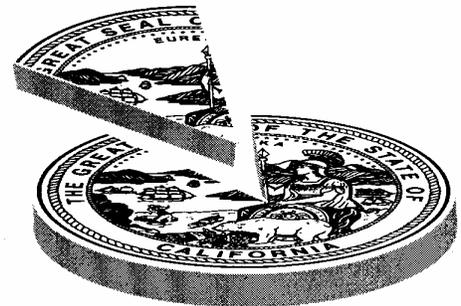


CDSS

CALIFORNIA
DEPARTMENT OF
SOCIAL SERVICES

Highlights of the 2004-05 Governor's Budget



January 2004

INTRODUCTION

This document provides a summary of significant budget and program changes proposed for the California Department of Social Services in Fiscal Year 2004-05. A more complete presentation of these proposals may be found in the Governor's Budget Summary 2004-05 and in the Governor's Budget 2004-05.

The California Department of Social Services is responsible for the direct operation or supervision of a wide variety of social services and income assistance programs. The Department accomplishes its mission through staff located in offices throughout the state; the 58 county welfare departments and a host of community based organizations. The programs of this Department are typically managed and funded through a broad-based partnership of federal, state, and county governments. For 2004-05, the Department will be involved in the delivery of over \$21.7 billion in government services and benefits to approximately four million Californians.

The Department administers four major program areas: welfare programs, social services, community care licensing, and disability evaluation. The goals of the Department are to:

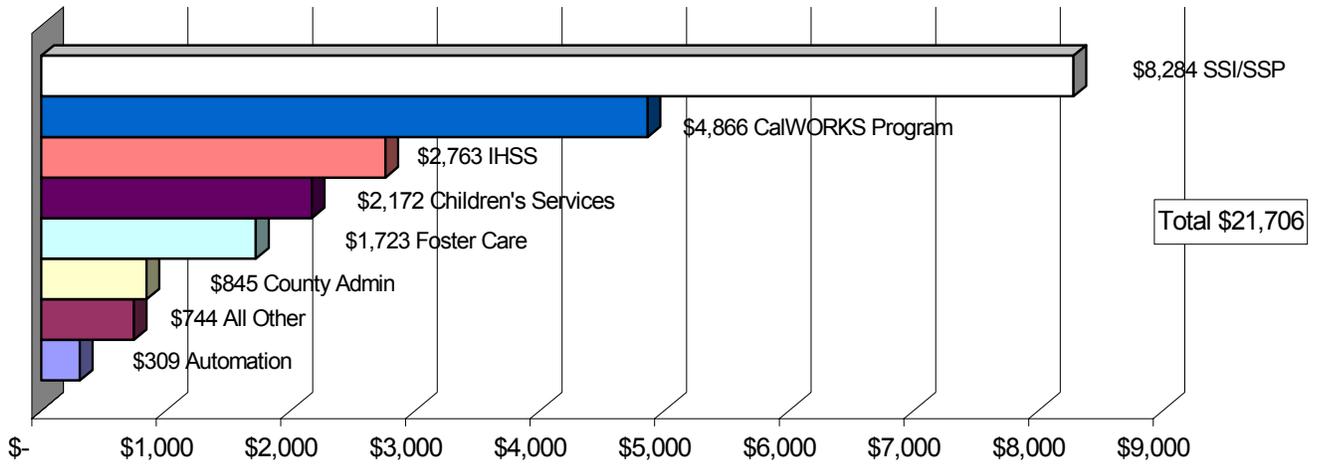
- Provide temporary assistance including cash and services to families with needy children to encourage attainment of family self-sufficiency by moving from welfare to permanent work.
- Provide social services to elderly, blind, disabled and other adults and children; protect them from abuse, neglect, and exploitation; and help families stay together.
- Regulate group homes, nurseries, preschools, foster homes, and day care facilities and assure that they meet established standards for health and safety.
- Evaluate the eligibility of applicants for federal and state programs to aid the aged and disabled in an efficient and equitable manner.

TABLE OF CONTENTS

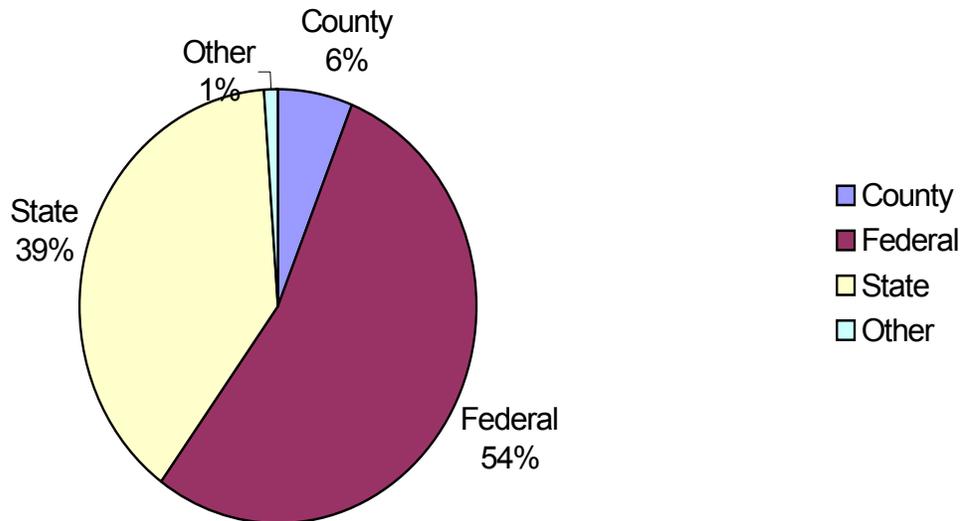
	Page
Expenditures Overview	4
Major Program Caseload Changes	5
Major Program Budget Changes	
Summary	6
California Work Opportunity and Responsibility to Kids Program	7
Children’s Services	8
Foster Care	9
California Food Assistance Program	9
County Administration	10
Supplemental Security Income/State Supplementary Payment	10
In-Home Supportive Services	11
Special Programs	11
Disability Evaluation	11
State Operations	12
Charts	13-18

EXPENDITURES OVERVIEW 2004-05

Local Assistance Expenditures by Program (Dollars in Millions)



Expenditures by Fund Source (Dollars in Millions)



Major Program Caseloads

(Average Monthly)					
PROGRAM	ACTUAL CASELOAD 2002-03	ESTIMATED CASELOAD 2003-04	ESTIMATED CASELOAD 2004-05	2003-04 TO 2004-05 CHANGE	
				Number	Percent
CalWORKs/TANF	482,736	475,406	469,077	(6,329)	-1.3%
SSI/SSP - TOTAL	1,128,289	1,153,305	1,177,391	24,086	2.1%
SSI/SSP - Aged	342,718	347,668	352,858	5,190	1.5%
SSI/SSP - Disabled	763,760	783,874	802,775	18,901	2.4%
Foster Care	76,670	77,685	78,652	967	1.2%
IHSS	302,586	317,639	302,362	(15,277)	-4.8%

CalWORKs

The Budget includes funding for the California Work Opportunity and Responsibility to Kids (CalWORKs) Program, which was implemented on January 1, 1998 pursuant to Chapter 270, Statutes of 1997 (AB 1542). CalWORKs is California's version of the federal Temporary Assistance for Needy Families (TANF) Program.

CDSS estimates the caseload for CalWORKs will decrease from 475,406 cases in 2003-04 to 469,077 in 2004-05, a decrease of 1.3 percent. The 2004-05 caseload includes 47,917 cases in the CalWORKs Safety net. A total of \$2.821 billion is included for Assistance Payments. This represents a decrease of \$203.4 million over 2003-04.

The Budget provides \$721.7 million to fund the CalWORKs basic services.

The budget for CalWORKs Child Care includes \$489.6 million for Stage I Child Care. The total amount for funding for Stage II Child Care is \$530.2 million, of which \$349.6 million is transferred from the CDSS budget to the California Department of Education (CDE). In addition, \$10 million of Title XX funds are transferred to CDE for Stage II Child Care. There is \$51.6 million placed in hold back to be used either in Stage I and/or Stage II Child Care, depending on the need.

CHILDREN'S SERVICES

The 2004-05 Budget contains funding for Child Welfare Services, Adoptions and Child Abuse Prevention. Funding for the Kin-GAP Program in 2004-05 totals \$92.3 million, offset by \$18.9 million in savings in CalWORKs assistance payments, foster care, child welfare services, and related administrative costs.

SSI/SSP - ADULTS - IHSS

The Budget proposes \$4.938 billion in federal funds and \$3.346 billion in General Fund for SSI/SSP in 2004-05 which includes funding for a 2.1 percent increase in caseload. CDSS estimates there will be 1,177,391 average monthly SSI/SSP cases during 2004-05. In addition, \$80.8 million is included for the CAPI program, a decrease of \$13.2 million over the 2003-04 Appropriation.

The Governor's Budget includes \$82.1 million for the Adult Protective Services (APS).

AUTOMATION PROJECTS

The 2004-05 budget includes a total of \$309.5 million for consultant services, technical support and software, continuing maintenance and operation, implementation for the Statewide Automation Projects. These funds include \$243.1 million for the Statewide Automated welfare System (SAWS) \$8.5 million for the Statewide Fingerprint Imaging System (SFIS), and \$57.9 million for the Electronic Benefit Transfer (EBT) program.

❖ California Work Opportunity and Responsibility to Kids Program - CalWORKs

Program Description

The CalWORKs Program is California's largest cash assistance program for children and families, providing financial help to families to meet basic needs (shelter, food and clothing) when they are unable to meet those needs on their own. The CalWORKs Program replaced the Aid to Families with Dependent Children (AFDC) Program and represents a new welfare system based upon principles that place high value on recipients obtaining work and provides maximum county flexibility in the delivery of services and administration. Eligible families must include a child under age 18 who lacks parental care and support due to absence, death, incapacity or the unemployment of one or both parents. Assistance is specifically time limited and most recipients are required to work a minimum number of hours per week. The necessary supportive services, including child care, are provided to ensure employment is possible.

Major Changes for 2004-05:

CalWORKs Assistance

- Total funding for CalWORKs assistance payments amounts to \$2.821 billion in 2004-05 (\$203.4 million less than the 2003-04 Appropriation).
- Average monthly final caseload estimated to decrease from 475,406 cases in 2003-04 to 469,077 in 2004-05, a decrease of 1.3 percent. The 2004-05 caseload includes 47,917 in the CalWORKs Safety Net.
- The 2004-05 budget reflects \$181.2 million savings due to the five percent reduction to Maximum Aid Payment amounts for CalWORKs recipients. This reduction will go into effect on April 1, 2004.
- Funding has not been included for a 2.77 percent July 1, 2004 cost-of-living adjustment.
- The 2004-05 budget reflects savings of \$167 million due to Welfare Reform Proposals.
- The 2004-05 budget includes a reduction of \$30.5 million in the General Fund provided for Tribal TANF Programs.
- The 2004-05 budget reflects a savings of \$2.5 million for Recent Noncitizen Entrants due to efficiencies resulting from including this program in a single block grant along with other programs for immigrants, to be provided to the counties effective October 2004.

CalWORKs Services

- CalWORKs Basic costs are budgeted at \$721.7 million (\$20.5 million less than the 2003-04 Appropriation).
- Funding of \$191.9 million is included as a single allocation adjustment for employment services.
- Net savings associated with cases reaching the 60-month CalWORKs time limit amounts to \$60.2 million.
- Substance abuse services and mental health services are maintained at a combined total of \$117.9 million (\$2 million less than the 2003-04 Appropriation), due to the elimination of the Low-Income Women's Program effective July 2004.

- The 2004-05 budget reflects a decrease of \$2.7 million due to the elimination of mental health and substance abuse services for Indian Health Clinics.
- The 2004-05 budget includes a reduction of \$1.5 million due to the elimination of the Youth Development Services Project.

CalWORKs Administration

- Funding for CalWORKs Administration is \$356.5 million in 2004-05 (\$106.3 million less than the 2003-04 Appropriation).
- Savings for CalWORKs Administration due to prospective budgeting, is \$102.2 million in 2004-05. (\$112.4 million more than the 2003-04 Appropriation).

CalWORKs Child Care

- Funding for Stage One child care is \$489.6 million (\$9.9 million increase from the 2003-04 Appropriation).
- Net savings associated with cases reaching the CalWORKs 60-month time limit amounts to \$40 million.
- The amount budgeted for Stage II Child Care includes the transfer of \$349.6 million in TANF from this Department to CDE, with the remainder funded in the CDE budget. In addition, \$10 million of Title XX funds are transferred to CDE for Stage II Child Care.
- The Child Care Reserve of \$51.6 million in 2004-05 includes a five percent hold back of the estimated need for both Stage One and Stage Two.
- The 2004-05 budget includes \$134 million additional funds associated with the Welfare Reform Proposals.
- The 2004-05 budget includes \$41.8 million savings due to new Child Care Reforms.

CYSA - County Probation Facilities

- The 2004-05 budget decreases funding to \$67.1 million for county probation facilities due to the sunset of authorizing statute effective October 31, 2004. (\$134.3 million less than the 2003-04 Appropriation).

❖ Children's Services

Program Description

Children's Services includes funding for Child Welfare Services, Adoptions, and the Child Abuse Prevention Program. Child Welfare Services provides emergency, in-home care and out-of-home care services for abused and neglected children and their families. The Department of Social Services meets these objectives by providing a continuum of care with Emergency Response, Family Maintenance, Family Reunification and Permanent Placement service components.

Major Changes for 2004-05:

- Total funding for Children's Services amounts to \$2.172 billion in 2004-05.
- Total funding for the Adoptions Program is \$88 million in 2004-05, an increase of \$9.3 million from the 2003-04 Appropriation.
- Funding for CWS/CMS is \$95.8 million in 2004-05 (\$14.8 million less than the 2003-04 Appropriation).
- Funding for CWS Redesign and the Program Improvement Plan in order to improve outcomes for children and to avoid federal penalties.

Kin-GAP Program

- Funding for Kin-GAP in 2004-05 totals \$92.3 million, off set by \$18.9 million in savings in CalWORKs assistance payments, foster care, child welfare services, and related administrative costs.
- Kin-GAP caseload increases from an average monthly figure of 13,393 in 2003-04 to 14,495 in 2004-05.

❖ Foster Care Program

Program Description

The Foster Care Program provides support payments for children in out-of-home care. This program is administered by the counties in accordance with regulations, standards and procedures set by the Department as authorized by law. Costs for this program are adjusted for Child Support Enforcement Program collections and incentives.

Major Changes for 2004-05:

- Total funding for foster care payments amounts to \$1.723 billion in 2004-05 (\$7.2 million more than the 2003-04 Appropriation).
- Average monthly caseload increase from 77,685 in 2003-04 to 78,652 in 2004-05, an increase of 1.2 percent. This increase reflects an additional 1,563 average monthly cases moving from foster care to Kin-GAP.
- Anticipated savings of \$72.1 million (\$20 million General Fund) in the Foster Care Program due to operational efficiencies relating to Foster Care Reforms that will focus on strategies to reduce program costs while increasing permanence and improve outcomes for children and families.

❖ California Food Assistance Program

Program Description

The California Food Assistance Program was established in response to the major non-citizen eligibility cuts made to the Food Stamp Program as part of the federal welfare reform of 1996. The Food Stamp Reauthorization Act of 2002 (HR 2646) restores federal eligibility for disabled legal noncitizens, legal noncitizens who have been in the country five years or more, and all noncitizen children (with varying effective dates).

- The caseload has been capped at the April 2004 level resulting in 2004-05 savings of \$146,000.
- The program is anticipated to achieve additional savings of \$473,000 in 2004-05 due to efficiencies resulting from including this program in a single block grant along with other programs for immigrants, to be provided to the counties effective October 2004.

❖ **County Administration**

- The 2004-05 budget reflects an \$11.2 million increase for Food Stamps Administration Basic above the 2003-04 Appropriation, due to caseload growth of 8.3 percent.

❖ **Supplemental Security Income/State Supplementary Payment Program - SSI/SSP**

Program Description

The Supplemental Security Income/State Supplementary Payment (SSI/SSP) Program provides cash grant assistance to aged, blind or disabled persons who meet the program's income and resource requirements. The SSI/SSP Program is administered by the federal Social Security Administration, which determines eligibility, computes grants and disburses the combined monthly payment to recipients. California supplements the federal SSI payment with an SSP payment. Chapter 329, Statutes of 1998, established the state-only Cash Assistance Program for Immigrants (CAPI) to provide cash benefits to documented persons who are not eligible for federal SSI/SSP benefits. Chapter 147, Statutes of 1999 (AB 1111) removed the sunset date for CAPI and continues CAPI for as long as SSI/SSP is authorized by the federal government.

Major Changes for 2004-05:

- In addition to \$4.938 billion in federal funds, \$3.346 billion in General Fund is budgeted for SSI/SSP in 2004-05 (a total of \$33.9 million less than the 2003-04 Appropriation).
- Average monthly caseload grows from 1,153,305 in 2003-04 to 1,177,391 in 2004-05, an increase of 2.1 percent.
- The CNI COLA scheduled for January 1, 2005 will be suspended.
- The California Veteran's Cash Benefit Program is eliminated effective April 1, 2004.
- Funding of \$80.8 million is included for the CAPI program, a decrease of \$13.2 million over the 2003-04 Appropriation.

❖ In-Home Supportive Services - IHSS

Program Description

The In-Home Supportive Services (IHSS) Program provides specified supportive services to enable eligible persons to remain in their own homes as an alternative to out-of-home care. Eligible persons are aged, blind or disabled recipients of public assistance and similar persons with low incomes. Services include: domestic services and other related services such as meal preparation, laundry, shopping and errands; personal care services; assistance while traveling to medical appointments or to other sources of supportive services; protective supervision; teaching and demonstration directed at reducing the need for supportive services; and certain paramedical services ordered by a physician.

Major Changes for 2004-05:

- Total funding for IHSS services and administration amounts to \$2.763 billion in 2004-05 (\$495 million less than the 2003-04 Appropriation).
- Average monthly caseload drops from 317,639 in 2003-04 to 302,362 in 2004-05, a decrease of 4.8 percent.
- The IHSS Residual Program is eliminated effective April 1, 2004.
- State Participation in wages is reduced to the minimum wage beginning October 1, 2004.
- The mandates for IHSS advisory committees, Public Authorities and County Employer of Record will be removed effective October 1, 2004.
- Domestic services will not be covered if recipients live with family members and the service need is shared in common.

❖ Special Programs

The 2004-05 budget includes \$82.1 million for Adult Protective Services beyond the amount available in the County Services Block Grant. This provides a funding increase of \$9.9 million over the 2003-04 Appropriation.

❖ Disability Evaluation Program

Program Description

The Disability Evaluation Program exists to determine the medical, vocational, and functional eligibility of California residents applying for disability benefits under Title II of the Social Security Act (Disability Insurance), Title XVI (Supplemental Security Income), and Title XIX (Medicaid). The definition of disability and the rules and regulations regarding adjudication of disability cases are provided by the Social Security Administration. Analytical staff and medical consultants in the CDSS Disability and Adult Programs Division determine the severity of the applicant's physical and/or mental impairments and their overall ability to engage in substantial gainful employment.

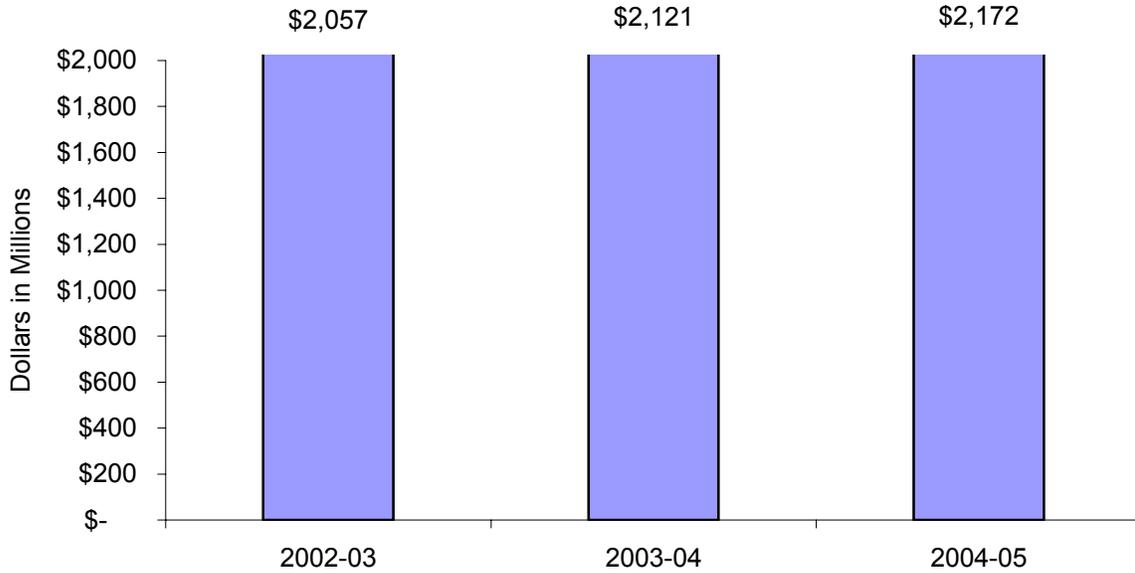
❖ **State Operations**

Major Changes for 2004-05:

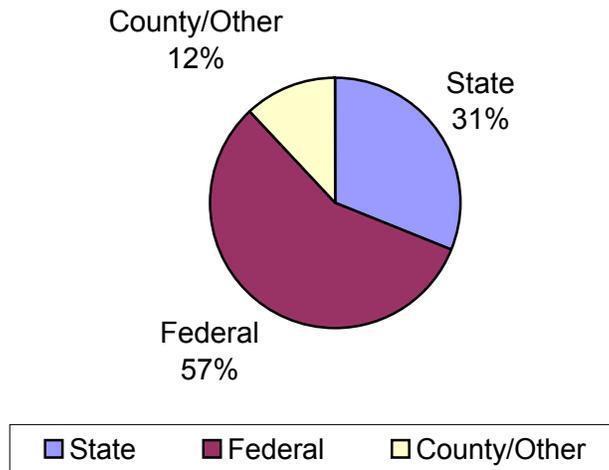
- The California Department of Social Services (CDSS) is reducing \$7.8 million (\$ 4.8 million GF) and 310.8 personnel years per Section 4.10 of the Budget Act of 2003.
- CDSS is proposing an augmentation of 58.2 positions and \$4.5 million (\$2.5 million General Fund) in the Community Care Licensing Program for increase in Background Check Workload. The positions are needed due to significantly increased numbers of rap sheets showing criminal history information received from the Department of Justice.
- CDSS is proposing an augmentation of 45.6 positions and \$4.6 million federal funds in the Disability Evaluation Program to process Social Security (SSA Title II) and Supplementary Security Income (SSI Title XVI) disability claims.

Children's Services

Three Year Comparison

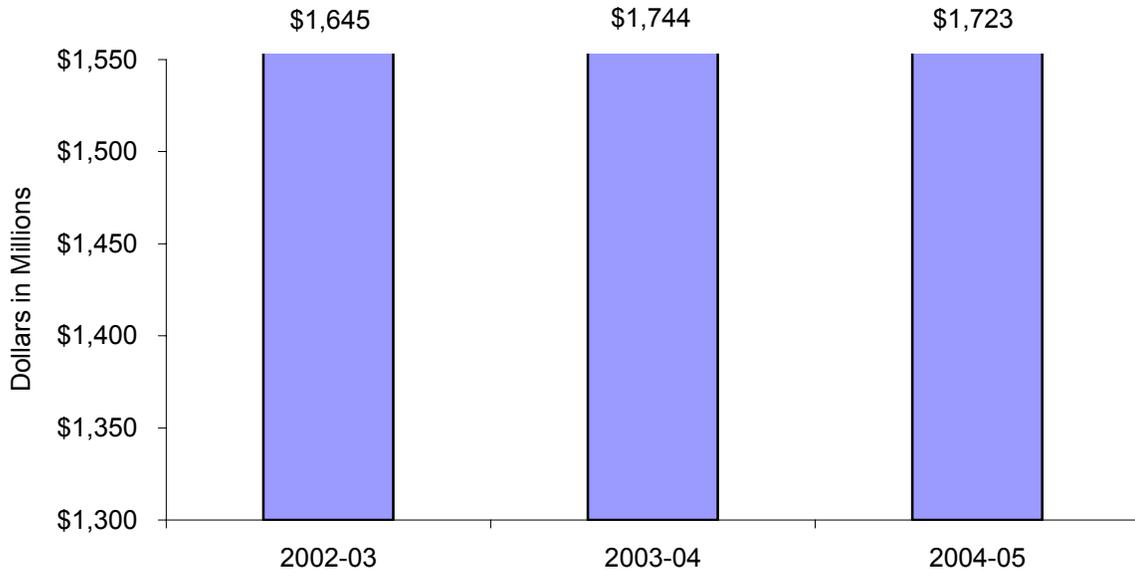


FUND SOURCES 2004-05

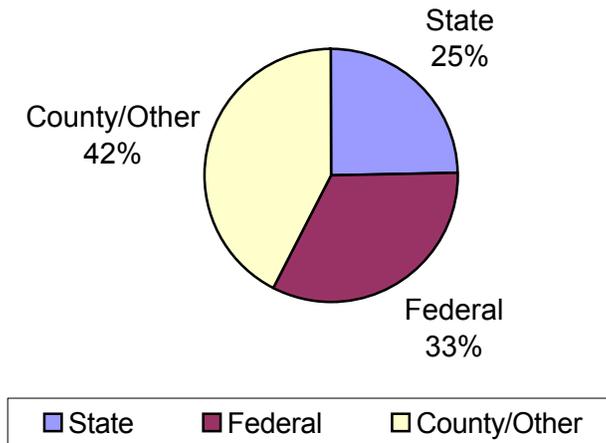


Foster Care

Three Year Comparison

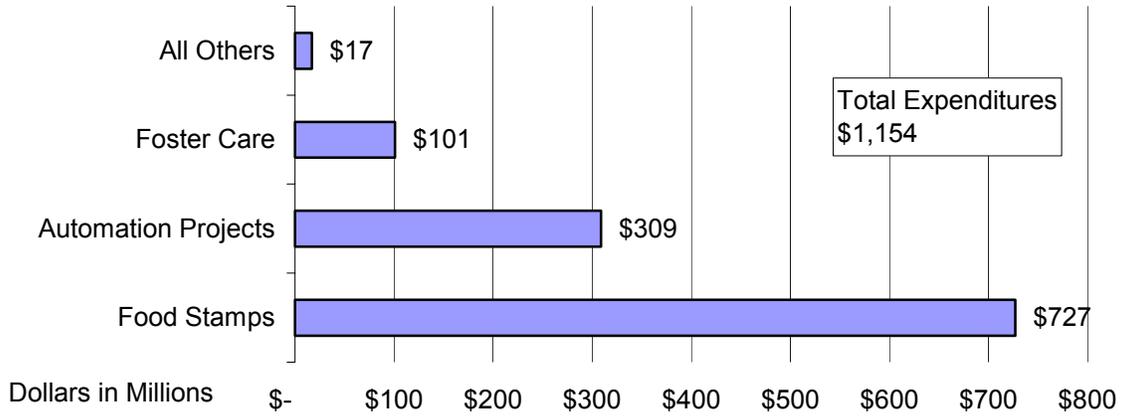


FUND SOURCES 2004-05

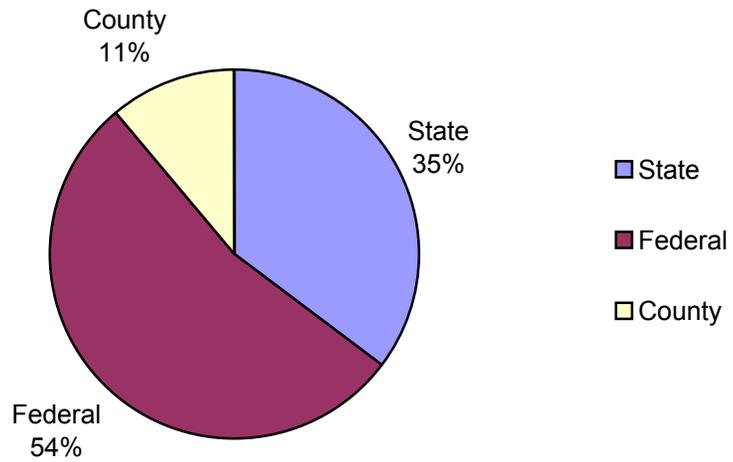


COUNTY ADMINISTRATION

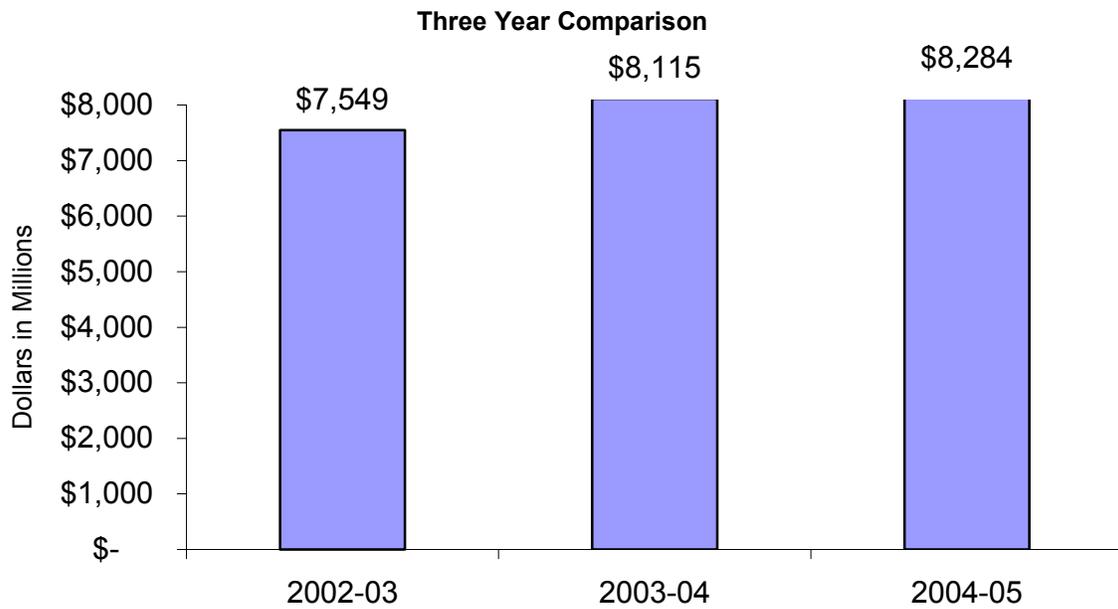
Expenditure by Program Dollars in Millions



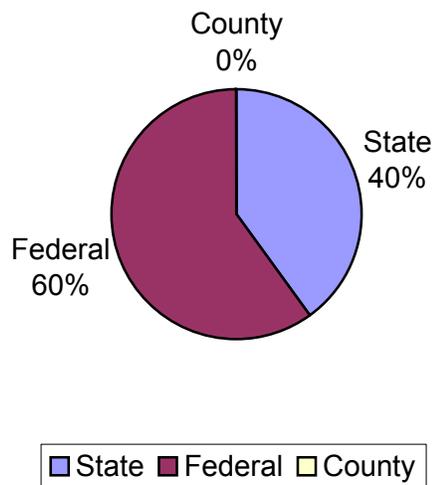
FUND SOURCES 2004-05
(Dollars in Millions)



Supplemental Security Income/State Supplementary Payment

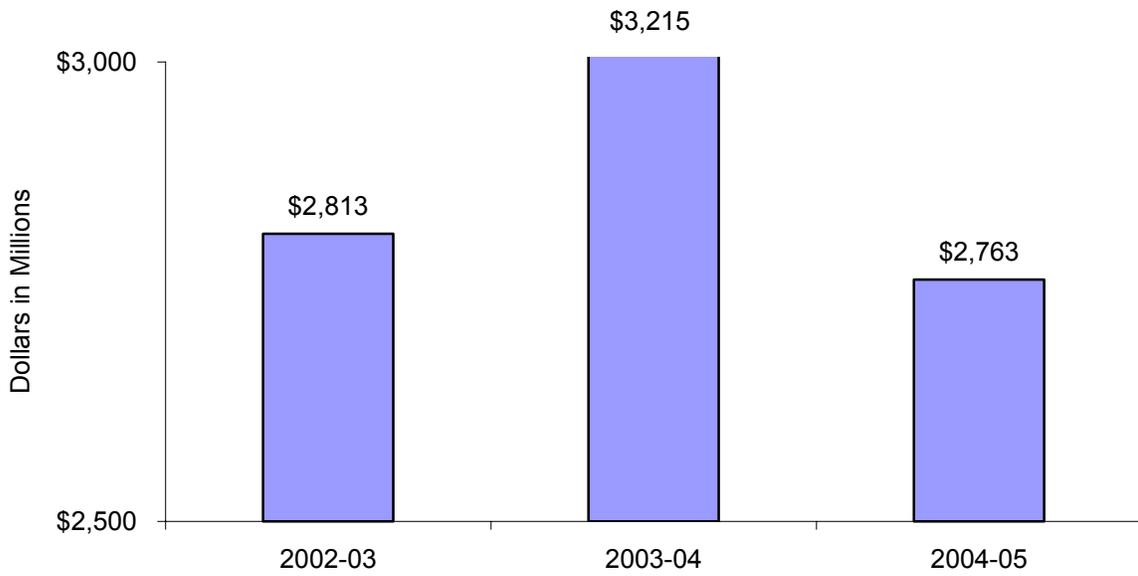


FUND SOURCES 2004-05

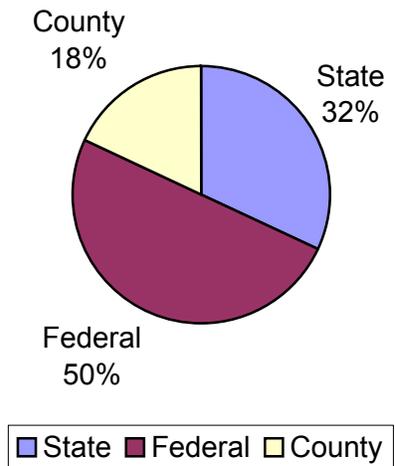


In-Home Supportive Services

Three Year Comparison



FUND SOURCES 2004-05



State Operations 2004-05

