

**AGENDA
SUBCOMMITTEE No. 1
ON HEALTH AND HUMAN SERVICES**

ASSEMBLYMEMBER PATTY BERG, CHAIR

**WEDNESDAY, APRIL 16, 2008
STATE CAPITOL, ROOM 444
1:30 P.M.**

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VOTE-ONLY ITEMS

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: REMAINING BBRs IN ADMINISTRATIVE SUPPORT

BACKGROUND

There are two remaining BBRs in this area for the Legislature's consideration:

- Reduction of \$42,000 GF to reduce the CalSTARS contract that provides for accounting services, which would reduce the number of error reports for eight months of the fiscal year from nightly to weekly. In addition, the number of special batches would be reduced. The Department acknowledges that these reductions will limit the ability to obtain ad hoc accounting data and may delay some reports.
- Reduction of \$11,000 GF for payroll support by reducing 1.0 Management Services Technician in the Human Resources Services Branch. The position provides assistance in obtaining medical clearances as part of the hiring process for certain classifications and monitors compliance with conflict of interest.

STAFF COMMENT

Staff recommends approval of the two outstanding BBRs and the associated funding reduction, as is consistent with action taken by the Subcommittee in Operating Expenses and Equipment costs on April 9 and action in the Special Session.

ITEMS TO BE HEARD

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: GOVERNOR'S PROPOSALS FOR IN-HOME SUPPORTIVE SERVICES

The In-Home Supportive Services (IHSS) program provides various services to eligible aged, blind, and disabled persons who are unable to remain safely in their homes without such assistance. An individual is eligible for IHSS if he or she lives in his or her home—or is capable of safely doing so if IHSS is provided—and meets specific criteria related to eligibility for the Supplemental Security Income/State Supplementary Program. In August 2004, the U.S. Department of Health and Human Services approved a Medicaid Section 1115 demonstration waiver that made about 93 percent of IHSS recipients eligible for federal financial participation. Prior to the waiver, about 25 percent of the caseload were not eligible for federal funding and were served in the state-only “residual” program.

The budget proposes about \$1.6 billion from the General Fund for support of the IHSS program in 2008–09, an increase of \$2.8 million (0.2 percent) compared to estimated expenditures in the current year. This slight increase is largely offset by the Governor’s proposal to reduce IHSS domestic and related care service hours.

BACKGROUND AND CONTEXT

The Governor’s budget proposes to reduce the hours of domestic and related services provided to the In-Home Supportive Services recipients by 18 percent, resulting in estimated General Fund savings of about \$110 million in 2008–09. Additionally, the budget includes a proposal to reduce county administrative funding and workload by 10 percent, resulting in estimated General Fund savings of about \$10 million in the budget year.

After the needs of an IHSS recipient are assessed by a social worker, the recipient is authorized to receive a specific number of hours of care each month for a variety of services. This care is allocated among certain tasks to create a package of services to assist recipients in remaining in their own homes thereby potentially avoiding being placed in a residential care or nursing facility. The table below from the LAO provides a list of the tasks for which IHSS recipients may receive service hours.

In-Home Supportive Services Task Categories	
Task	Examples
<i>Domestic and Related Services:</i>	
Domestic Services	Cleaning; dusting; picking up; changing linens; changing light bulbs; taking out garbage
Laundry	Sorting; washing; hanging; folding; mending; and ironing
Shopping and Errands	Purchasing groceries, putting them away; picking up prescriptions; buying clothing
Meal Preparation	Planning menus; preparing food; setting the table
Meal Cleanup	Washing dishes and putting them away
<i>All Other Services:</i>	
Feeding	Feeding
Ambulation	Assisting recipient with walking or moving in home or to car
Bathing, Oral Hygiene, Grooming	Cleaning the body; getting in or out of the shower; hair care; shaving; grooming
Routine Bed Baths	Cleaning the body
Dressing	Putting on/taking off clothing
Medications and Assistance With Prosthetic Devices	Medication administration assistance; taking off/putting on, maintaining, and cleaning prosthetic devices
Bowel and Bladder	Bedpan/ bedside commode care; application of diapers; assisting with getting on/off commode or toilet
Menstrual Care	External application of sanitary napkins
Transfer	Assistance with standing/ sitting
Repositioning/ Rubbing Skin	Circulation promotion; skin care
Respiration	Assistance with oxygen and oxygen equipment
Protective Supervision	Ensuring recipients are not harming themselves

Domestic and related services include general housekeeping activities, meal preparation, meal clean-up, shopping for food, and errands. For 2008–09, the IHSS caseload is estimated to be about 408,000 persons. Over 95 percent of these recipients are estimated to receive some level of domestic and related care service. Currently, the average number of hours authorized for IHSS domestic services is 37 hours per month, and the average number of hours for all other tasks is about 50 hours per month. In other words, for an average IHSS recipient, domestic and related services make up about 43 percent of their total care hours each month.

The Current Assessment Process. The IHSS program relies on county social workers to conduct individualized assessments to determine the number of hours of each type of IHSS service that a recipient needs in order to remain in his/her home. Recently, social workers have received training in order to implement a standardized assessment process throughout the state.

Reassessment Process. Current law requires social workers to reassess most recipients' need for service every 12 months. The length of time between assessments can be extended for an additional 6 months (to a total of 18 months between assessments) if recipients meet certain criteria relating to their health and living conditions.

IHSS Appeals. Currently, if IHSS recipients disagree with the hours authorized by the social worker, they have a right to request a reassessment, and if still not satisfied, they can appeal their hour allotment by submitting a request for a state hearing to DSS.

18% REDUCTION IN DOMESTIC AND RELATED SERVICE HOURS

The Governor's budget proposes to reduce the number of hours provided for IHSS domestic and related services by 18 percent in 2008-09. This reduction is estimated to save \$110 million General Fund in the budget year. Because most recipients receive domestic care services, this reduction will have an effect on nearly all IHSS recipients and providers. The average IHSS recipient will go from having 37 hours of domestic and related services to 30.4 hours per month, and their total services will be reduced from 86.6 hours to 80 hours per month.

**Domestic and Related Services Reduction
Impact of the 18 Percent Reduction
Average Monthly Hours**

	Current Level	Governor's Proposal	Change	
			Amount	Percent
Domestic and related care service hours	37.0	30.4	-6.6	-18%
All other hours	49.6	49.6	—	—
Totals	86.6	80.0	-6.6	-8%

DSS states that there will be no change in the assessment process at the county level. Social workers will continue to use their training and existing guidelines to perform an individualized assessment and determine the amount of care that they believe a recipient should receive to avoid institutionalization. Pursuant to the proposed trailer bill language, after their hours are reduced by 18 percent, all IHSS recipients will receive a notice in the mail with information about (1) the amount of hours the recipient received prior to the reduction and the number of hours the recipient will receive as a result of the reduction, (2) the reason for the reduction, (3) when the reduction will be effective, and (4) how all or part of the reduction may be restored if the recipient believes he/she will be at serious risk of out-of-home placement if the care is not restored.

Changes to the Appeals Process. Current law states that IHSS recipients do not have the right for a state hearing if they are appealing a reduction in hours that occurred as a result of a change in federal or state law. However, when describing how all or part of the 18 percent reduction in domestic and related care service hours may be restored, the trailer bill language implementing the Governor's proposal refers to a section in current law that allows IHSS recipients to apply to have their hours restored through an IHSS care supplement, which is designed to provide additional hours of service. If the recipient disagrees with the county's determination regarding the need for a care supplement, the recipient may then request a hearing on that determination. Additionally, under the Governor's proposal, recipients retain the right to request a social worker reassessment and to appeal their reassessment if not satisfied.

REDUCTION IN ADMINISTRATIVE COSTS AND CHANGE IN REASSESSMENT

The Governor's budget proposes to reduce county administrative funding by about \$10 million General Fund (about 10 percent) in 2008–09. He also proposes to reduce the workload for county social workers by extending the interval between IHSS recipient assessments from 12 months to 18 months. The Governor's proposal allows for assessments more frequently than 18 months if recipients meet certain criteria relating to their condition or at any time that a recipient requests an assessment.

QUALITY ASSURANCE – ADMINISTRATION'S TRAILER BILL PROPOSAL

The Quality Assurance (QA) Initiative as enacted in SB 1104 outlined a number of enhanced activities to be performed by counties to improve the quality of IHSS needs assessments, enhance program integrity, and detect and prevent program inaccuracies. Each county then established a dedicated, specialized QA function or unit to perform specified activities. The state's role remains, as is required by the IHSS Plus Waiver's QA Plan, as a reviewer of county discovery, remediation, and system improvements plans and activities and as a conductor of its own discovery, remediation, and system improvement activities.

The Administration proposes trailer bill language to do the following:

- Repeal the requirement for DSS to develop protocols on QA monitoring.
- Repeal the authorization for counties to consult with DSS.
- Amend law to provide counties with the sole authority to establish policies, procedures, and timelines for QA activities by deleting state role.
- Eliminate language to remove requirements for stakeholder consultation.

LAO

The LAO cautions that the reduction proposed by the Governor may not lead to equivalent workload reduction and savings.

10 Percent County Administrative Reduction. Although the proposal to reduce funding for county administration by 10 percent results in savings, there is the potential that it will not result in a 10 percent reduction to county workload. Although the proposal extends the allowable time between reassessments, it does not change the recipient's ability to request a reassessment at any time. As more time passes between assessments, recipients may experience changes in their conditions and request a social worker reassessment. This may require social workers to perform more assessments than would be budgeted under the Governor's proposal.

Implementing Hour Reduction Proposal. Although the 18 percent reduction in domestic and related care service hours will be applied automatically by CMIPS, it is not clear whether there will be administrative or reprogramming costs to enable the reduction. The Governor's budget does not include any administrative or reprogramming costs that may be required for CMIPS to

apply the reduction. To the extent that these costs exist, some of the savings in this proposal will erode.

Appeals for Additional Hours. As recipients become aware of the 18 percent reduction in domestic and related services, there will likely be an increase in the number of recipient requests for hour restorations (whether through reassessments or requests for an IHSS care supplement). This is because the proposal does not change the ability of the recipient to request these reevaluations, and the notice they receive will inform them of their ability to restore hours if they believe that they are at serious risk of out-of-home placement. If these reassessments or appeals result in restored domestic and related care services for recipients, the savings due to this proposal will be less than estimated in the Governor's budget.

Additionally, increased reassessments and appeals would raise administrative costs. This is because it will take a social worker time to process the increase in the requests and appeals. As social workers become aware of the 18 percent reduction, there may be an incentive to increase the hours in nondomestic categories of care, or inflate the assessed hours for domestic care, to make up for the lost hours. Social workers might do this in order to avoid requests for reassessments and appeals which take additional social worker time. It should be noted that these additional hours could be assigned to domestic or nondomestic services. This is because IHSS recipients typically use their hours as if they are a block grant

State Plan Amendment May Be Required for Both Proposals. The DSS indicates that a Medi-Cal state plan amendment, approved by the federal Centers for Medicare and Medicaid Services, is needed in order to implement the extension of time between recipient assessments and the 18 percent reduction in domestic and related care hours. Given this requirement, the implementation date will be delayed and the proposed savings will be further reduced.

The LAO additionally makes proposals to cap hours for certain IHSS services and for the Legislature to consider a tiered wage structure.

SUPPLEMENTAL REPORT LANGUAGE

In 2006 and 2007, the Legislature adopted Supplemental Report Language (SRL) requiring DSS to report to the Legislature quarterly on IHSS utilization data by county, task, and client level. The data was also to report the number of exceptions by county, task and client level. Budget bill language was also adopted to require DSS to report at budget hearings on the impact of the IHSS QA regulations. The IHSS Coalition is requesting that this same language be adopted for the budget year.

STAFF COMMENT

The LAO advises that the estimated savings of the Governor's BBR proposals for IHSS are likely to be offset by increased appeals and hour restorations, reassessments, and potential administrative costs, including unaccounted-for automation system changes. In addition, given that the Legislature has not approved his requested course of action, necessary work with federal agencies has not occurred and this delay would further erode potential savings here.

Beyond the questionable resulting savings here, the concerns for impact on clients and the potential for institutionalization or poor health as a result of diminished service hours are key in consideration of this set of proposals.

PANELISTS

- Department of Social Services
- Department of Finance
- Legislative Analyst's Office

INVITED PUBLIC TESTIMONY

- Service Employees International Union – State Home Care Council
- United Domestic Workers of America / AFSCME
- Congress of California Seniors
- Protection and Advocacy, Inc.
- Herb Meyer, Chair, Marin IHSS Public Authority Board
- Mark Beckwith, Consumer, Alameda County and representing Northern California ADAPT
- California Association of Public Authorities for IHSS

ISSUE 2: UPDATE ON DIRECT DEPOSIT – INFORMATIONAL ITEM**BACKGROUND**

The Department will report on the implementation status of the direct deposit program and adherence to reporting language adopted last year for the 2007-08 budget.

The Department has provided the following milestone timeline for the Subcommittee:

- All activities are on time and on target for the May 1, 2008, implementation.
- System modifications for both the CDSS and SCO have been completed, tested and are ready to move into production at the end of April.
- On March 17, 2008, the Department of Social Services (CDSS) achieved a major PDD milestone with the mailing of the first of 369,899 outreach letters and enrollment forms to eligible IHSS providers. The mailing was completed on March 27, 2008.
- Also on March 17, 2008, the PDD Help Desk began operation. This includes the P. O. Box for receipt of PDD enrollment documents and a toll-free number for providers to call when they have questions about PDD.
- On April 1, 2008, the CDSS and SCO held its quarterly PDD stakeholder update meeting and shared this information with representatives from the labor organizations, Legislative Analyst's office and the Department of Finance.
- In March 2008, the CDSS issued ACIN I-23-08 providing information about PDD and the CMIPS modifications. The letter also included an outreach letter and enrollment form as attachments. A second ACIN is being prepared to transmit the Frequently Asked Questions to the counties for their use if a provider calls the county with questions about PDD.
- Additionally, the CDSS has included information about PDD on its website, with links to the outreach letter and enrollment form. CDSS Internet site is <http://www.cdss.ca.gov/agedblinddisabled>. The outreach letter and enrollment form have been translated into the 11 languages making up 98.5 percent of the primary languages of providers according to CMIPS data. These translations will be available on the CDSS website.
- The Frequently Asked Questions document prepared for the labor organizations is being adapted to assist providers who access the CDSS website. This adapted document will be posted on the website in April 2008.
- PDD is proving to be very popular with the IHSS provider population. The initial response has been overwhelming. The following are data available as of April 7, 2008:
- The PDD Processing Center has received more than 50,000 enrollment forms since the mailing began on March 17, 2008. The PDD Processing Center reports the influx of forms is beginning to taper off to some degree, although they expect a smaller influx in response to the mailing of approximately 11,000 outreach letters and enrollment forms each month to newly-eligible providers.
- The PDD Processing Center has reviewed and entered approximately 25,000 enrollments in CMIPS.
- The PDD Help Desk has received more than 5,000 telephone inquiries since March 17.

PANELISTS

- Department of Social Services
- Department of Finance
- Legislative Analyst's Office

ISSUE 3: UPDATE ON CALWORKS CHILD CARE – SHORTFALL ISSUES IN CURRENT YEAR

The Subcommittee heard this issue at its April 9 hearing and asked the Department of Finance to return on April 16 with an update on timeline and response from the administration to address the current year shortfall issues in CalWORKs child care.

The administration has been engaged in arriving at an accurate assessment of the need in CalWORKs child care in the current year. The California Department of Education (CDE) and DSS testified that they have transmitted the requested information to Finance, where decision-making is now focused.

BACKGROUND

Counties receive funding for Stage One child care as part of their CalWORKs Single Allocation. Each year five percent of the Stage One child care budget is set-aside in a reserve that counties can apply for mid-year based on need. For the current year, there is \$21 million in the Stage One reserve and counties submitted \$20 million in requests last month. However, due to under funding in Stage Two child care, a number of Stage Two providers have indicated they will no longer accept new child care cases and/or have begun disenrolling existing Stage Two cases.

As a result, some Stage Two cases are being pushed back into Stage One, and are being funded by counties' CalWORKs Single Allocations, rather than Stage Two funding from CDE. This has already led to \$4.2 million in additional county costs through March 31, 2008 in the 26 counties that have been impacted by a freeze and/or dis-enrollment in Stage Two. All of these cases have been held or sent back to Stage One, increasing pressure on counties to cover the additional cost through reductions in other components of the Single Allocation, such as employment services.

The total estimated amount needed to fully fund both stages is approximately \$58 million. To the extent that Stage One and Stage Two funding is insufficient to fund current year child care costs, or that resolution of this issue is not imminent, counties have no choice but to immediately begin cutting their employment services program to cover the unfunded costs. Doing so would result in decreasing the CalWORKs work participation rate at the very time when there is significant attention to increase the rate to avoid federal penalties.

PANELISTS

- Department of Finance
- Department of Social Services

STAFF COMMENT

Provider feedback on notices to cease enrollment and retain families in Stage 1 beckon a hasty resolution to the current year issue to ensure that child care capacity does not constrict. Staff recommends that the Subcommittee request a concrete timeline for response from the administration on addressing the shortfall issues in the current year.

ISSUE 4: GOVERNOR'S PROPOSAL TO REDUCE ADULT PROTECTIVE SERVICES

The Governor's Budget proposes to reduce funding for the Adult Protective Services (APS) Program by \$11.4 million (\$6.1 million General Fund). This represents a ten percent cut to the total program funding.

PROGRAM BACKGROUND

In 1998, SB 2199 (Chapter 946) established a statewide mandated APS program. Prior to this bill, the state was using County Services Block Grant funding for APS, but there was no mandate for counties to respond to adult abuse on a 24 hour emergency hotline. The passage of this bill required the state to begin funding an APS augmentation, which started as a \$1 million additional General Fund for 1998-99 and grew to an additional \$56.2 million for the program by 2001-02. The original concept for the program envisioned further expansion to a total of \$80 million General Fund for APS as counties ramped up their programs. However, the state's poor fiscal condition beginning in 2001-02 prevented this expansion from occurring.

In fiscal year 2002-03, as part of an overall ten percent reduction to county administered programs human services, APS was cut by \$6 million General Fund. Since 2002-03, the state funding level has been essentially frozen for APS, although there has been a slight increase in federal County Services Block Grant funding devoted to the program. As part of the 2007-08 budget, the Legislature provided a \$12 million GF augmentation to the program. The Governor ultimately vetoed this additional funding.

The California Legislature has recognized that financial abuse of older and dependent adults is a growing problem. As such, it passed SB 1018 (Simitian, Chapter 140, Statutes of 2005) to include personnel of financial institutions as mandated reporters of financial abuse toward older adults and adults with disabilities.

The budget includes \$114.3 million (\$61.3 million General Fund) for APS and the proposed 10 percent reduction would result in total funding of \$102.9 million in 2008-09.

Each county has an APS agency to help elder adults (65 years and older) and dependent adults (18-64 who are disabled), when these elders and dependent adults are unable to meet their own needs, or are victims of abuse, neglect or exploitation.

The California Department of Social Services (CDSS) provides policy development and oversees the administration of the APS program. County APS agencies investigate reports of abuse of elders and dependent adults who live in private homes and hotels or hospitals and health clinics when the abuser is not a staff member. (The Licensing & Certification program of the California Department of Health Services handles cases of abuse by a member of a hospital or health clinic.) County APS staff evaluates abuse cases and arranges for services such as advocacy, counseling, money management, out-of-home placement, or conservatorship. The CDSS' Community Care Licensing Division (CCLD) is responsible for investigating reports of abuse or neglect that occur in or under the supervision of CCLD licensed facilities, e.g. residential care facilities for the elderly and adult residential facilities.

Reports of abuse that occur in a nursing home, a board and care home, a residential facility for the elderly, or at a long-term care facility are the responsibility of the Ombudsman's office,

which is administered by the California Department of Aging, discussed in more detail below. APS staff also provides information and referral to other agencies and educates the public about reporting requirements and responsibilities under the Elder and Dependent Adult Abuse Reporting laws.

APS TRENDS AND DATA

Recent data for APS provided by CDSS further illuminate trends in the APS program. From 2000-01 to 2006-07:

- The number of reports of abuse/neglect received by APS each year increased by 33.6 percent, an increase of 27,665 reports. A report is defined as a verbal or written account of an incident of suspected elder or dependent adult abuse that is received by a county.
- The number of opened cases increased 27.8 percent, an increase of 19,994 cases.
- The number of investigations completed increased by 29.0 percent, an increase of 19,734 investigations. Investigations are defined as an activity undertaken by APS to determine the validity of a report of elder or dependent adult abuse.
- The monthly average for active APS cases decreased 3.3 percent, a decrease of 711 active cases a month.

In addition:

- APS hotline responses that are identified as needing "No Initial Face to Face Investigation" increased 178 percent from 2002-03 to 2006-07, an increase of 9,348 cases.
- Information and referral calls made to counties increased by 15.1 percent from 595,015 in 2001-02 to 684,912 in 2006-07, an increase of 89,897 calls.

Additionally, the California Welfare Directors Association provides the following statistics:

- There has been a 40 percent increase in "confirmed" and "non-conclusive" reports between January 2004 and June 2006.
- Financial abuse cases alone have increased 21 percent since 2001. Counties reported a 32 percent increase in the number of cases alleging financial abuse.
- Self-neglect cases have increased by 7 percent since 2001. Neglect by other has increased by 16 percent.
- The number of active cases managed by APS social work staff increased by 18 percent between January 2004 and June 2005.
- There was a 23 percent increase in the number of cases assigned to APS staff for investigation between 2001 and 2005.
- Between 2001 and 2005, county APS staff increased by four percent.

Over the last five years, the number of mandate reporters has grown, resulting in more APS cases. The inclusion of banks as mandate reporters next year (due to SB 1018 Simitian) will continue to increase the number of cases sent to APS. In addition, APS casework often involves complicated legal and financial elements that require more work than was anticipated

when the program was established in 1998. However, counties have been provided essentially flat funding to meet an increasing workload. As a result the array of services provided has been reduced and counties are pressured to close cases early to keep up with the mandated workload. The California Welfare Directors Association (CWDA) reports that the trend for case increase is 14 percent and that there is a simultaneous 21 percent decrease in the time spent investigating cases.

In the near future, the state will either need to revisit the scope of the APS mandate or invest more resources into the program. If the state fails to invest additional resources into the program, it will need to give counties the ability to "triage" cases and not investigate all APS abuse reports. However, the alternative path is for California to invest in resources to fully fund the existing mandated workload and then expand the scope of services to better tackle complex elder abuse issues, like abusive conservatorships.

PANELISTS

- Department of Social Services
- Department of Finance
- Legislative Analyst's Office

INVITED PUBLIC TESTIMONY

- County Welfare Directors Association
- Paul Greenwood, Office of the District Attorney, San Diego County
- Juana Rivas, APS Consumer, Los Angeles County
- Alzheimer's Association witness will be Darby Duke, RN.
- Congress of California Seniors
- California Alliance of Retired Americans

STAFF COMMENT

As the population of older adults continues to grow, so does the problem of elder abuse and neglect. Elder abuse is one of the fastest growing crimes in the United States. According to Senate Special Committee on Aging, as many as five million older Americans are the victims of abuse or neglect every year (National Center on Elder Abuse (NCEA) website). The problem is compounded by the fact that elder abuse is grossly underreported. It is estimated that for each case of elder abuse that is reported, as many as five other cases are not reported (NCEA, 1998).

Elder abuse encompasses the categories of physical abuse, financial abuse, neglect, mental suffering, abandonment, abduction, and isolation. Of the categories of elder abuse, neglect is the most common form of abuse followed by financial abuse (NCEA, 2006).

The number of victims of elder financial abuse is expected to continue increasing due to the rapidly growing numbers of older adults and three other main factors. Older adults own a disproportionately large share of the wealth in the United States. Vulnerability to abuse increases with age because most mental, physical, and social problems also increase with age. Elder financial abuse is increasing in that the variety, complexity, and creativeness of ways to take financial advantage of older people are also increasing.

<p>ISSUE 5: GOVERNOR'S PROPOSAL TO REDUCE DISABILITY DETERMINATION SERVICE DIVISION</p>
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<p>BACKGROUND</p>

The Disability Determination Service Division-State Programs is responsible for determining medical eligibility for California residents who have applied for Medi-Cal disability under the provisions of Title XIX of the Social Security Act. These determinations are made by the state under federal regulation. In California, the determinations are made by this Division through an interagency agreement with the California Department of Health Care Services. The processing time standards for these cases are set in federal regulations and cannot be altered by the state.

The BBR proposes to reduce the Division appropriation by \$1.2 million (\$589,000 GF) and 10.2 positions in 2008-09, along with decreases in overtime, temporary help positions, and operating expenses. The annualized reduction is \$2.4 million (\$1.2 million GF) and 20.4 positions.

Current workload at the Division is influenced by its backlog in casework, which is illustrated below.

QUARTERLY REPORT ON BACKLOG - MARCH 2008

Fiscal Year	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
2005-06				
Number of Cases in Backlog	15,346	14,925	13,765	13,296
Mean Processing Time (days)	145.2	147.8	151.5	153.4
2006-07				
Number of Cases in Backlog	11,876	9,182	6,477	5,508
Mean Processing Time (days)	145.2	139.9	134.3	126.0
2007-08				
Number of Cases in Backlog	4,655	1,172	0	
Mean Processing Time (days)	94.7	91.4	88.7	

Backlog: Number of cases not assigned to disability analyst for case processing.

Mean Processing Time: For State Fiscal Year-to-date, the average number of days a disability case is in DDSD-SP for processing (time starts at the date of receipt from the County Welfare Department (CWD) until the date the case is returned to the CWD for applicant notification).

PANELISTS

- Department of Social Services
- Department of Finance
- Legislative Analyst's Office

ISSUE 6: SSI/SSP CASELOAD AND COLA**BACKGROUND**

The Supplemental Security Income/State Supplementary Program (SSI/SSP) provides cash assistance to eligible aged, blind, and disabled persons. The budget proposes an appropriation of nearly \$3.8 billion from the General Fund for the state's share of SSI/SSP in 2008–09. This is an increase of \$107 million, or 2.9 percent, over estimated current-year expenditures. This increase in funding is primarily due to increases in the SSI/SSP caseload.

In 2008–09, it is estimated that there will be an average of about 366,500 aged, 21,600 blind, and 859,500 disabled recipients. In addition to these federally eligible recipients, the state-only Cash Assistance Program for Immigrants is estimated to provide benefits to an average of 11,419 legal immigrants in 2008–09, for whom federal financial participation is not available.

GOVERNOR'S PROPOSAL

The Governor budget proposed to delete the June 2008 and 2009 state statutory cost-of-living adjustments (COLAs), while passing through the federal COLAs. The budget estimated that this proposal will save \$23.3 million in the current year, and \$300.3 million in 2008–09. Due to revisions of the California Necessities Index and the Consumer Price Index, the LAO estimates that the Governor's budget understates the savings from deleting the state COLA by \$5.3 million in 2008–09.

The SSI/SSP payment is funded with federal and state funds, with the SSI component supported with federal funds and the SSP portion funded with state funds. Under current law, both the federal and state components of the SSI/SSP grant are adjusted annually for inflation. In the past, the federal and state COLAs were both applied to the SSI/SSP grant each January (with the exception of several years when the state COLA was deleted and the federal COLA was not passed through). Chapter 171, Statutes of 2007 (SB 77, Ducheny) permanently rescheduled from January to June the annual SSP state COLA.

The state COLA is based on the California Necessities Index (CNI) and is applied to the combined SSI/SSP grant. It is funded by both the federal and state governments. The federal COLA, which is applied each January, (based on the Consumer Price Index for Urban Wage Earners and Clerical Workers, or the CPI-W) is applied annually to the SSI (federal) portion of the grant. The remaining amount needed to cover the state COLA is funded with state monies.

SPECIAL SESSION ACTION

The COLAs as seen in the overall monthly grant level under current law are displayed below in contrast to the Governor's proposal and the action taken in the Special Session by the Legislature.

SSI/SSP Maximum Monthly Grants	January 2008	June 2008	October 2008	January 2009	June 2009
<i>Current Law</i> Natural Increase in Both January and June	Individual - \$870 Couples - \$1,524	Individual - \$888 Couples - \$1,558	-	Individual - \$903 Couples - \$1,581	Individual - \$935 Couples - \$1,640
<i>Governor's Budget</i> Deletes State Portion for June 08 and 09	Individual - \$870 Couples - \$1,524	Individual - \$870 Couples - \$1,524	-	Individual - \$885 Couples - \$1,547	Individual - \$885 Couples - \$1,547
<i>Special Session Action</i> Delays June 08 COLA to October 08 and retains June 09 COLA increase	Individual - \$870 Couples - \$1,524	Delayed to October 1 →	Individual - \$888 Couples - \$1,558	Individual - \$903 Couples - \$1,581	Individual - \$935 Couples - \$1,640

LAO

As part of the LAO alternative budget package, the LAO recommends the deletion of the June 2008 and 2009 state statutory COLAs. This is because prior pass-throughs of the federal COLA has kept both individuals and couples above the federal poverty guideline. Moreover, the alternative continues to pass-through the federal COLA in 2009, thus ensuring that SSI/SSP recipients remain above poverty. The LAO additionally recommends reducing SSI/SSP couples grants to 125 percent of the 2008 federal poverty guideline to bring it closer to the standard for individuals, who are at 100% of the 2008 federal poverty guideline. The 2008 federal poverty level for one person is \$10,400.

CASH ASSISTANCE PROGRAM FOR IMMIGRANTS

Background. In 1996 with the enactment of federal welfare reform, Congress eliminated legal immigrant eligibility for SSI and Food Stamps. The Cash Assistance Program for Immigrants (CAPI) was created to provide a safety net for the frail and vulnerable elderly, blind, and disabled legal immigrants who were no longer federally eligible. It is a safety net program mirroring SSI/SSP. In alignment with this state response, the California Food Assistance Program (CFAP) was created as the safety net for food stamps.

CAPI/SSI Advocacy Program. Prior to this change in eligibility, it was not necessary for the state to review disability applications for individuals over age 65. If the individual age 65 or over met the income and other eligibility standards, SSI was granted. Due to the loss of this eligibility, the federal government developed disability standards to address the legal immigrant population over 65. With the advent of revised federal regulations, it became clear that due to their frailty, most CAPI clients who entered the United State prior to enactment of federal welfare reform would be eligible for federal SSI. Los Angeles expanded its existing SSI advocacy program to encompass CAPI clients, generating impressive results in moving CAPI clients to the federal SSI program. Given LA's success, the Legislature in 2004 enacted a requirement for counties with a base CAPI caseload of more than 70 to institute a CAPI/SSI advocacy program in SB 1104 (WIC 18939).

PANELISTS

- Department of Social Services
- Department of Finance
- Legislative Analyst's Office

INVITED PUBLIC TESTIMONY

- Western Center on Law and Poverty
- California Immigrant Policy Center

STAFF COMMENT

The Administration recently issued a report regarding this program concluding that it generated savings and resulted in a more stable, permanent situation for the elderly, blind and disabled. The program sunsets July 1, 2009 and many individuals remain in CAPI who would benefit from the move to SSI. Therefore the CAPI/SSI Advocacy program remains a necessary program.

Staff recommends that the Subcommittee affirm the action taken in the Special Session delay the state-portion, June 2008 COLA for SSI/SSP to October 1, 2008 on a one-time basis and that it adopt trailer bill language to extend the sunset for CAPI to July 1, 2013.

ISSUE 7: GOVERNOR'S PROPOSALS ON FOOD PROGRAMS**TEN PERCENT ADMINISTRATIVE REDUCTION**

The Governor proposes to cut county administration by \$34.9 million (\$14.4 million GF). The Food Stamp Program (FSP) provides benefits to low-income Californians and is the nation's largest nutrition program. County allocations for the administration of the federal FSP are proposed to be reduced by approximately four percent to meet a ten percent reduction in the FSP.

The Administration acknowledges that reducing county administrative allocation will impact county operations in a negative fashion. DSS states that it is committed to pursuing strategies to mitigate this impact on counties by streamlining the application process. Strategies under consideration include extension of the phone interview option by waiving the existing requirement for working program applicants and recipients to come into a county office for a face-to-face interview.

Advocates cite California's poor performance and error rate in the FSP and suggest other, additional alternatives for consideration to mitigate "food insecurity" and provide better access, such as removal of the finger imaging system, reducing in-office interview burdens, and removing duplicative asset tests. These advocates oppose the cut to county administration and contend that this reduction will set back and diminish the positive efforts of several counties focused on outreach, outstationing, and other creative approaches to providing access to food and nutrition for more eligible families.

TEN PERCENT REDUCTION IN CFAP BENEFIT

The Governor proposes to reduce the benefits in the California Food Assistance Program (CFAP) by ten percent. CFAP was created in 1997 to mitigate the impact of federal food stamp rule changes on legal non-citizens. The program provides food assistance to legal immigrants who are otherwise eligible for food stamps, but for their citizenship status. Recipients must meet all other FSP rules and requirements. Participation has changed as the federal government has restored benefits and currently, an estimated 23,400 are expected to receive CFAP benefits in 2008, compared to 97,000 people in 2002.

The cut proposal will affect all participants in the program and the average monthly benefit per person would drop from \$91 to \$82. Advocates point to research findings showing that citizen children in non-citizen households are affected by vulnerability to food deprivation, and that their food insecurity increases as a result of a reduction like the one being proposed. Advocates additionally contend that the emergency food system would be in an unlikely position to respond appropriately to needs created by this reduction, as that system is severely strained by the higher needs for food, driven in part by a worsening economy and rising food costs.

PANELISTS

- Department of Social Services
- Department of Finance
- Legislative Analyst's Office

INVITED PUBLIC TESTIMONY

- California Food Policy Advocates
- California Association of Food Banks
- California Welfare Directors Association
- Western Center on Law and Poverty
- California Immigrant Policy Center

STAFF COMMENT

Some food items experienced a double-digit increase in price during 2007, including an increase in milk by 17 percent, cheese by 15 percent, and bread by 12 percent. Increasing food costs may prove to be a greater problem for families than soaring oil prices. The average household spends three times as much for food as for gasoline, with food accounting for 13 percent of household spending compared to four percent for gas. Given these challenges and the real hunger experienced by low-income families, there is serious concern on the impacts of even the most seemingly modest reduction in this area. Attention to innovative alternatives to ease access has been an area of attention for the Legislature over the past several years, including many of the proposals currently being offered by advocates.