AGENDA
SUBCOMMITTEE NO. 1
ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER PATTY BERG, CHAIR

WEDNESDAY, APRIL 2, 2008
STATE CAPITOL, ROOM 444
1:30 P.M.

VOTE-ONLY ITEMS

5175 DEPARTMENT OF CHILD SUPPORT SERVICES

ISSUE 1: BBR – STATE OPERATIONS REDUCTIONS, SELECT ISSUES

The Subcommittee considered the department's comprehensive BBR on state operations reductions at its March 12, 2008 hearing. While information is continuing to be gathered regarding the impact of many of the proposals, the following are recommended by staff to act upon, partially conforming to actions on these BBR items in the Senate.

- **Information Technology (IT) Support –** Reduce by $307,000 ($104,000 General Fund) and three positions that provide internal DCSS IT support.

- **Administrative Overhead –** Reduce by $4.844 million ($1.644 million General Fund) and 19 positions for various administrative functions and contracts including: technology infrastructure support, business process re-engineering, information security, accounting and financial planning, human resources, regulations coordination, policy coordination, office support, operating expense and equipment, and temporary help.

4200 DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

ISSUE 1: BCP – SAPT BLOCK GRANT REQUIREMENTS

The Governor's Budget requests the redirection of $173,000 in federal funds and two permanent positions to address expanded federal planning and reporting requirements for the Substance Abuse Prevention Treatment (SAPT) Block Grant.

BACKGROUND

Beginning in the Federal Fiscal Year (FFY) 2008, the federal government is changing the SAPT application requirements for states to include more outcome information. The application has been revised to include 23 new performance measurement tables related to treatment and prevention outcomes, and to develop and report on state policies, procedures and leadership in implementing and using performance measures. The ADP will not be able to complete 12 of those tables because of incomplete or nonexistent data at the state level, and does not have the policies and procedures in place to implement and use performance measures as required. The requested positions will analyze existing business processes, work with counties, and develop policies and procedures to adequately meet the changing SAPT Block Grant application requirements, as well as work with counties to establish performance criteria and monitor progress toward meeting outcome measures on an ongoing basis.

The total SAPT block grant is $250 million, which includes: $132 million in discretionary local assistance funding, which is used by counties to provide prevention, treatment, and recovery services, and county support activities. The $173,000 proposed for redirection results from historical savings due to audit findings, unliquidated contract balances, and other operational variances.

ISSUE 2: BCP – CALIFORNIA ACCESS TO RECOVERY EFFORT (CARE) PROGRAM

The Governor's Budget requests increased federal fund expenditure authority of $4.83 million and four, three-year limited-term positions to maintain and expand the existing CARE program. Of the total funding, $930,000 will be for state support and $3.9 million will be for local assistance.

BACKGROUND

On August 1, 2004, ADP received $7.6 million in federal Access to Recover (ATR) grant funds over three years to provide vouchers to individuals seeking alcohol and other drug treatment services. California's ATR program, called CARE, provided these vouchers to substance abusing 12 to 20 year olds in Los Angeles and Sacramento counties for treatment and recovery support services. Eligible youth were able to choose from an expanded network of 250 providers, including faith-based and other nontraditional providers. The CARE program has provided services to over 10,000 youth who otherwise would not have been served, increased the quantity and type of providers, improved outcomes among clients, and decreased substance abuse and criminal involvement and increased social connectedness among clients.

In October 2007, California was awarded a second, three-year ATR grant of $14.3 million ($4.8 million in 2008-09). The new grant will expand the current grant into a new region (Butte, Shasta, and Tehama counties) and will target youth with methamphetamine problems in all counties. The four requested positions (two more than were provided for the original ATR award), will implement the grant in the new counties, expand the treatment network in the two existing counties, and conduct other grant oversight activities. In addition, $450,000 of the requested funds for state operations will be for the contract to manage the voucher system and call center.

ISSUE 3: BCP – INDIAN HEALTH CENTER

The Governor's Budget proposes to shift $2.1 million General Fund and one position from ADP to the Department of Social Services (DSS) to transfer responsibility for the administration and oversight of the Indian Health Clinic (IHC) program back to DSS. There is a corresponding increase in DSS that will come before the Subcommittee in a later hearing. The dual responsibility between ADP and DSS for the administration and oversight of the IHC program has become a barrier to prompt payment to the clinics and has caused unintended challenges for some clinics to continue to provide services. The proposed shift will streamline the administrative process by having only one department approve and submit claims for payment, issue instructions to the clinics, and provide technical assistance.

BACKGROUND

Beginning in 2001-02, as part of the California Work Opportunity and Responsibility to Kids (CalWORKs) program, a clinician is funded in each of the 36 Indian Health Clinics to assist CalWORKs clients who are eligible and applying for CalWORKs assistance or Tribal Temporary Assistance for Needy Families who need mental health or substance abuse services in order to obtain or retain employment or to participate in welfare-to-work activities. The DSS originally contracted with ADP to administer the program because ADP had authority to have a contractual relationship with the IHCs for service, while DSS did not have clear authority to pay the clinics for any services provided to CalWORKs recipients. The DSS has proposed trailer bill language to provide them this authority once program administration transfers back.

ISSUE 4: BCP – PROBLEM GAMBLING PREVENTION PROGRAM

The Governor's Budget requests $400,000 in increased expenditure authority to expand research and prevention services for problem and pathological gamblers. Of the $400,000, $150,000 is from fees imposed on licensed card clubs pursuant to Assembly Bill (AB) 1973 (Chapter , Statutes of 2006) to be deposited in the Gambling Addiction Program Fund and $250,000 will be a one-time reimbursement from the California State Lottery.

BACKGROUND

The Office of Problem and Pathological Gambling was established in ADP in 2003. The Office currently has annual funding of $3.3 million and is statutorily dedicated to prevention efforts, development of a statewide plan, operation of toll-free telephone helpline services, research, and public awareness campaigns. AB 1973 requires each entity with a state gambling license to pay an additional $100 for each licensed table for deposit in the Gambling Addiction Program Fund for allocation to community-based organizations that directly provide assistance to persons with a gambling addiction. The California State Lottery also currently operates a toll-free helpline and provides gambling awareness materials to the 19,000 lottery retailers in the State. The ADP will take over these functions for 2008-09 through an interagency agreement with the Lottery.

ISSUE 5: BBR – HIPAA

This reduction represents a decrease of contract dollars in support of Health Insurance Portability and Accountability Act (HIPAA) activities. There is a corresponding $87,000 reduction in federal fund reimbursement from the Department of Health Care Services.

No significant impact is anticipated, as this project on the assessment and implementation of HIPAA changes is near completion.

5160 DEPARTMENT OF REHABILITATION

ISSUE 1: BCP – ELECTRONIC RECORDS SYSTEM (ERS)

The administration requests an increase of $1.1 million in Federal Fund authority in 2008-09 to support the second-year procurement, system development, and system integration activities related to the Electronic Records System (ERS) project. The ERS will replace the department's Field Computer System and improve the accessibility, effectiveness, and efficiency of the Vocational Rehabilitation Services Program for Californians with disabilities. The DOR received Department of Finance approval and a pending legislative appropriation to begin the initial development and procurement process for the ERS in FY 2007-08 and this BCP is a continuation of the same project. Identified staffing needs will be covered by existing DOR staff and no positions or personal service funds are requested.

BACKGROUND

The ERS project will be funded with one-time use federal carryover funds that were created by unspent federal funds in prior year budgets. The federal funds were unspent in the years that general fund reductions occurred leaving unmatched federal dollars that are available for one-time projects. There are sufficient carryover funds available to support this project and no state funds are being requested. Without the federal carryover funds, the department would not have the resources to fund the ERS project. The department projects that its federal grant allocation will be fully expended as in past fiscal years.

The department states that without an effective case management system, the department's ability to comply with the federal annual outcome standards will be impacted. The department asserts that federal funding is jeopardized without the system change.

ISSUE 2: BBRS – REDUCE INDEPENDENT LIVING CENTERS AND REDUCE HEADQUARTERS

- **Independent Living Center Reduction**. The administration proposes to eliminate one-half (0.5) staff position with associated operating expenses, saving $40,000 General Fund in 2008-09. This position is currently vacant and would otherwise support the 29 non-profit independent living centers in communities located throughout California.

- **Headquarters Reduction.** The administration proposed to eliminate 4.5 staff positions with associated operating expenses, saving $150,000 in General Fund.

ITEMS TO BE HEARD

5175 DEPARTMENT OF CHILD SUPPORT SERVICES

ISSUE 1: BCP – COMPROMISE OF ARREARS PROGRAM (COAP)

This BCP requests the permanent establishment of 7.5 positions and the related resources of $700,000 ($238,000 GF) to extend the offer in compromise solution for uncollectible governmental arrears. The positions currently supporting the COAP are limited-term positions that expire on June 30, 2006. The BCP accompanies trailer bill language to extend COAP for an annual two years, as it will sunset statutorily on July 1, 2008.

BACKGROUND

COAP was established in 2003-04 Human Services budget trailer bill to offer reduced lump sum settlements to parents in exchange for their commitment to make ongoing payments. This program accepts reduced lump sum settlements from non-custodial parents with arrearages in exchange for their commitment to make ongoing payments. This program is also intended to reconnect families estranged due to unresolved child support payments. The Governor's budget assumes 4,250 applications will be processed for COAP in the budget year.

Approximately $19 billion in child support arrears is currently owed to families in California. An analysis conducted by the Urban Institute found that approximately $4.8 billion of the state's arrears is collectable, including $2.3 billion that is owed to the state for California Work Opportunity and Responsibility to Kids (CalWORKs) reimbursements. In September 2005, the DCSS sponsored an Arrears Management Roundtable, which looked at the performance of California compared to other States and examined options to reduce arrearages and increase child support collections. The Legislature may wish to review these options to reduce arrearages.

Two recent reports have been released on COAP, one from the administration and one from the Department of Finance, Performance Review Unit. DCSS and DOF have been asked to discuss the outcomes and recommendations in these reports briefly.

For 2008-09, the Governor’s Budget assumes that 4,250 applications will be processed, resulting in $5.7 million ($2.7 million General Fund) in collections and $54 million in arrears compromised or scheduled or repayment.

PANELISTS

- Department of Child Support Services
- Legislative Analyst Office
- Department of Finance

STAFF COMMENT

The administration's trailer bill language to extend COAP for two additional years does not address or incorporate the outcomes of either the department's or the DOF's evaluation. DCSS indicates that it plans to propose statutory program improvements by the revised sunset date of the program in 2010. The language also does not reconcile with the permanent establishment of the positions requested.

Recognizing the value of the COAP program and its potential for improvements in the compromise and collection of arrears, staff recommends that the Subcommittee direct the department and DOF to together reconsider the administration's approach for budget year and present a unified, consistent proposal on COAP that additionally incorporates the efforts at reform as is suggested in the two recently released reviews. The Subcommittee may wish to request that the administration report back to the Subcommittee by April 21 to allow adequate time for consideration by the Legislature prior to the May Revision.

ISSUE 2: BCP – STATE DISBURSEMENT UNIT (SDU) BANK EXCEPTIONS AND ADMINISTRATIVE RESOURCES BRANCH

- **State Disbursement Unit (SDU) Bank Exceptions.** The department is requesting two permanent positions and one limited-term position to perform accounting activities for analyzing and processing banking exceptions and monitoring the recovery of funds. Workload has been increasing and the department states that it cannot meet demands without sacrificing other core critical accounting activities of the department. The BCP states that due to constraints on GF resources, the department is not requesting additional funding for these positions. The department will be funding these positions through existing resources and will redirect $169,000 ($57,000 General Fund) from their OE&E budget to fund the positions.

  As part of the department's comprehensive BBR on state operations, DCSS had proposed to eliminate a position in their SDU that provides direct service to the public by responding to complex service inquiries and complaints, and to assist in technical oversight of the SDU.

- **Administrative Resources Branch.** Similarly, the department is requesting two permanent positions to provide administrative support to the DCSS, adding these positions to its existing Business Services Operations Unit to provide for mailroom and business services functions, funding these positions from existing resources.

  The DCSS has grown from approximately 244 positions in 2001-02 to 578 positions in 2007-08 without an increase in the existing 6.5 business services staff positions to meet the infrastructure needs of the department.

PANELISTS

- Department of Child Support Services
- Legislative Analyst Office
- Department of Finance

STAFF COMMENT

The question for the Subcommittee centers on the redirection of existing resources to fund the positions. If resources are available for this purpose, is there a way to backfill a currently-GF supported function at the department, thus providing GF savings for purposes of direct services either within DCSS or in other areas of state government?

ISSUE 3: CONTINUE SUSPENSION OF HEALTH INSURANCE INCENTIVES AND IMPROVED PERFORMANCE INCENTIVES PROGRAMS

The administration proposed trailer bill language to continue the suspension of two programs, the Health Insurance Incentives and the Improved Performance Incentives programs, through 2008-09, resulting in an estimated General Fund savings of $4.3 million. These programs were part of the Child Support reform legislation passed in 1999. The Health Insurance Incentives program paid LCSAs $50 for each case for which they obtained third-party health insurance coverage or insurance for child support applicants or recipients. The Improved Performance Incentives program provided the ten best performing LCSAs with five percent of the amount they collected on behalf of the state for public assistance payment recoupments. The funding received by the LCSAs was required to be reinvested back into the program. The programs were suspended for four years beginning in 2003-03. The Department of Finance notes that LCSAs are required by DCSS regulations to seek third-party health insurance coverage as part of their normal business processes.

PANELISTS

- Department of Child Support Services
- Legislative Analyst Office
- Department of Finance

4200 DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

ISSUE 1: BCP – WOMEN'S TREATMENT SERVICES

The Governor's Budget requests the redirection of $325,000 in federal funds and three positions to enhance the California alcohol and other drug (AOD) treatment system for women. The budget also proposes redirection of $250,000 in federal local assistance funding per year for three years to evaluate a three-year demonstration project in two counties that are currently providing gender-responsive AOD services.

BACKGROUND

Pregnant and parenting women in California have access to substance abuse treatment services designed to meet their special needs, and there is evidence that comprehensive services specific to the needs of pregnant and parenting women improved outcomes. However, non-pregnant, non-parenting women have received very limited gender-responsive, trauma informed services. The requested positions would develop women's treatment standards for substance abuse treatment programs and develop a women's treatment specialty for AOD counselor certification. The evaluation would identify evidenced-based treatment practices in existing programs in two counties. The counties will be selected based on criteria to be developed by ADP in conjunction with county alcohol and drug programs.

Counties currently use SAPT funds to provide women's treatment services, although data is not collected to determine how much funding is provided at the local level for these services. There is no additional state funding provided for gender-specific women's treatment services other than the funding for prenatal treatment services, which is proposed for a 10 percent reduction in the Governor's Budget.

PANELISTS

- Department of Alcohol and Drug Programs
- Department of Finance
- Legislative Analyst's Office

STAFF COMMENT

The Department contends that this approach and new project is necessary to develop and implement women's treatment standards that are currently not available for use and that are needed to address the complex reasons behind substance abuse for women. The Subcommittee may wish to question the timing and proposed outcomes of this new initiative given the contrasting cuts in direct services being proposed by the administration.

ISSUE 2: BCP – LOCAL ASSISTANCE TRACKING AND ACCOUNTABILITY SYSTEM (LATAS)

The Governor's Budget requests $250,000 in one-time funding for a contract to conduct a baseline business analysis and feasibility study and to prepare a feasibility study report to develop a system to track local assistance spending throughout ADP's entire business process and to link cost information to client outcomes. The $250,000 would be redirected from unplanned federal SAPT contract dollars.

BACKGROUND

The ADP has oversight responsibility for an annual budget of $640 million in state and federal local assistance funding. Currently, ADP relies on several stand-alone systems to track the local assistance funding it secures and distributes to counties and providers. The current systems have significant limitations and result in cumbersome and complicated billing and reporting. They can not link cost and outcome information, which will be required in the near future by the federal Substance Abuse and Mental Health Services Administration. Furthermore, some of the systems themselves are becoming technologically outdated.

While there is no question that eventually these fiscal systems will need to be updated, there is not a compelling case for the replacement process to begin next fiscal year. Although funding and completing this FSR would not mean that the State would have to immediately continue to fund the new system, it is not known at what point the State's fiscal situation will improve. Therefore, there is the risk of having to redo the FSR at some point in the future when we can afford to procure a new system.

PANELISTS

- Department of Alcohol and Drug Programs
- Department of Finance
- Legislative Analyst's Office

STAFF COMMENT

The Subcommittee may wish to question the timing and necessity of this new automation-related initiative given the contrasting cuts in direct services being proposed by the administration.

ISSUE 3: BBR - SUBSTANCE ABUSE AND CRIME PREVENTION ACT (SACPA) AND SUBSTANCE ABUSE OFFENDER TREATMENT PROGRAM (OTP)

The Governor's Budget proposed to cut funding for SACPA and OTP by ten percent each effective March 1, 2008. This issue was heard by the Subcommittee in January and the current year reduction was ultimately rejected by the Legislature in the special session. At issue is whether to cut funding for SACPA and OTP by 10 percent, $12 million General Fund, commencing in 2008-09.

BACKGROUND

SACPA and the OTP were cut from their original funding levels in the 2007-08 budget. SACPA was cut from $120 million to $100 million and the OTP was cut from $25 million to $20 million.

The Administration indicates the impacts of the additional proposed reductions are likely to similar to those resulting from the 2007-08 reductions: less residential treatment available; shorter treatment periods per client; and longer waiting lists for services. The April 2007 UCLA cost-benefit study of SACPA found that it reduced prison and jail costs as a result of fewer incarcerations, resulting in net savings beyond the costs. The UCLA study concluded that for every $1 spent on SACPA, the aggregate savings are $2.50.

PANELISTS

- Department of Alcohol and Drug Programs
- Department of Finance
- Legislative Analyst's Office

STAFF COMMENT

The demonstrated cost-effectiveness of these programs and the certainty of costs elsewhere in government if resources are reduced should be carefully considered.

ISSUE 4: BBR – DRUG COURT PROGRAMS

The Governor's Budget proposed to cut funding for the three drug court programs (the Comprehensive Drug Court Implementation (CDCI), Drug Court Partnership (DCP) and Dependency Drug Court) by 10 percent effective March 1, 2008. This issue was heard by the Subcommittee in January and the current year reduction was ultimately rejected by the Legislature in the special session. At issue is whether to cut funding for drug court programs by 10 percent, $3.1 million General Fund, commencing in 2008-09.

BACKGROUND

Drug courts integrate drug treatment with other rehabilitation services, conduct frequent drug testing, and provide intensive judicial supervision that deals promptly with relapses of drug use and its consequences. Drug courts serve adult and juvenile offenders.

The Administration indicates that the proposed reduction will lead to fewer clients being served, more clients serving jail or prison terms and an increase in associated costs, and increased recidivism.

Recent studies of the various drug court programs have found in general that they result in savings in prison costs that outweigh the program costs, as well as reduced homelessness, increased employment, school attendance and grades, and drug-free births, reduced time to family reunification, and increased reunification rates. Data provided by the Administration indicates that the CDCI program saved $3.10 for every $1 spent and avoided over $35 million in prison costs in 2006-07. The DCP program saved $3.54 for every $1 spent and avoided almost $27 million in prison costs in 2006-07. For DDC programs, more than 21,000 days were saved in foster care and more than 98 percent of the babies born to female participants were drug free in 2006-07.

PANELISTS

- Department of Alcohol and Drug Programs
- Department of Finance
- Legislative Analyst's Office

STAFF COMMENT

Extraordinary off-setting costs and the impact on child welfare services illustrate the benefit of the drug court model in linking clients to services and averting overt prison costs for non-violent offenders. Reductions here have clear, expensive consequences in other areas of government.

ISSUE 5: BBR – NON-DRUG MEDI-CAL REGULAR AND PERINATAL PROGRAMS

The Administration proposed a 10 percent cut to Non-Drug Medi-Cal Regular and Perinatal programs effective March 1, 2008. These issues were heard by the Subcommittee in January and the current year reductions were ultimately rejected by the Legislature in the special session. At issue is whether to cut funding for Non-Drug Medi-Cal Regular and Perinatal programs by 10 percent, $3.1 million General Fund, commencing in 2008-09 ($733,000 General Fund to Non-Drug Medi-Cal Regular programs and $2.3 million General Fund to Non-Drug Medi-Cal Perinatal programs).

BACKGROUND

- **Non-Drug Medi-Cal Regular** – These funds provide counties the flexibility to meet local alcohol and other drug (AOD) needs and can be used for all AOD activities and ancillary services. Funds can be used to serve men, women, and youth who are not in the criminal justice system, court-referred, or a Medi-Cal beneficiary. The Administration indicates that the proposed cuts will result in less funding to counties and fewer persons served; however, the Department has been unable to provide more specific impacts.

- **Non-Drug Medi-Cal Perinatal** – These funds provide AOD treatment and ancillary services to pregnant and parenting women with children up to age 18 years. The Administration indicates that the proposed cuts will result in less funding to counties and fewer persons served; however, the Department has been unable to provide more specific impacts. Research overseen by the Department, provided evidence that comprehensive services specific to the needs of pregnant and parenting women improves outcomes, including recovery, parenting skills, school attendance by children, and lower costs to the child welfare system due to drug-free births.

PANELISTS

- Department of Alcohol and Drug Programs
- Department of Finance
- Legislative Analyst's Office

ISSUE 6: BBR – DRUG MEDI-CAL (DMC)

This reduction represents an across-the-board 10% decrease to the developed rates by DMC modality, beginning in 2008-09. There is a corresponding decrease of 5.3 positions and $388,000 General Fund and the same amount in federal fund reimbursements from the Department of Health Care Services included in this reduction.

BACKGROUND

The Drug Medi-Cal (DMC) Program provides substance abuse services to those persons lacking health insurance and meeting income eligibility requirements, currently those with incomes up to 250% of the federal poverty level. The program provides confidential substance abuse services to youth through age 20. Services include: Outpatient Drug Free (ODF), Naltrexone, and Narcotic Treatment Program (NTP). In addition, Day Care Rehabilitative (DCR) services and Residential Treatment are available for pregnant and postpartum women full scope and youth whose family meets income eligibility.

The Administration indicates that the proposed reduction may reduce the scope of DMC services available to eligible individuals, but they do not anticipate that fewer individuals will be served. However, ADP can not determine how many providers may withdraw completely from the DMC program, which would impact client access to services. In addition to the General Fund savings, there will be foregone federal funds resulting from this proposal $8.472 million in the 2008-09.

The proposed trailer bill to implement the ten percent DMC rate cut would require that in 2009-10, the DMC rates be the lower of either the statutorily calculated rates or the 2008-09 DMC rate increased for the California Necessities Index. It is unclear whether this method of implementing the rate cut on an ongoing basis would effectively change the rate calculating methodology from a cost-based system to one Proposed trailer bill language would also give the Department authority to implement DMC rates through all-county letters and exempt them from the rulemaking process

PANELISTS

- Department of Alcohol and Drug Programs
- Department of Finance
- Legislative Analyst’s Office

ISSUE 7: BBR – CALIFORNIA METHAMPHETAMINE INITIATIVE

The Governor's Budget proposed to cut funding for the California Methamphetamine Initiative (CMI) by 10 percent effective March 1, 2008. The current year reduction of $360,000 General Fund was ultimately approved by the Legislature in the special session.

BACKGROUND

The CMI is a statewide campaign to reduce and prevent abuse of methamphetamine among men who have sex with men, women of childbearing years, and teens. Components of the CMI include a social marketing campaign, a toolkit to educate treatment practitioners on effective treatment practices, and an educational/informational DVD series for treatment providers, families, and county administrators. The CMI is a three-year, $10 million per year project ending in 2008-09.

The Administration indicates that the $1 million reduction will be to the social marketing component of the CMI, including elimination of materials such as coasters, bar napkins, stall advertisements, etc.

PANELISTS

- Department of Alcohol and Drug Programs
- Department of Finance
- Legislative Analyst's Office

STAFF COMMENT

Two years ago, there was a multi-pronged strategy to address the crisis and increasing trend of methamphetamine abuse and addiction in the population. This initiative was the single prevention-focused strategy offered as part of that public response. The continuing challenges of methamphetamine addiction and the dire effects on the health care system for those afflicted by its use frames the need for this limited-term prevention investment.

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

ISSUE 1: BBR – NATURALIZATION SERVICES PROGRAM

The Governor's Budget proposes a reduction of $300,000 General Fund, a ten percent reduction, to the Naturalization Services Program (NSP). The NSP operates through contracts with 32 community-based organizations throughout California to assist legal permanent residents in obtaining citizenship by providing services that include outreach, intake, assessment, collaboration with and referral to other organizations, citizenship application assistance, citizenship testing and interview preparation, and follow-up activities. The department estimates that the proposed reduction will result in 1,130 legal residents not receiving assistance.

PANELISTS

- Department of Community Services and Development
- Department of Finance
- Legislative Analyst's Office

STAFF COMMENT

The NSP has faced annual funding challenges, with an effort to augment the program last year that was ultimately unsuccessful. Advocates contend that the need for this service exceeds the resources devoted here and that a cut will cause further erosion for basic naturalization services.

5160 DEPARTMENT OF REHABILITATION

ISSUE 1: BBR – REDUCE VOCATIONAL REHABILITATION (VR)

The administration proposes the following reductions to the Vocational Rehabilitation (VR) program:

Operating Expenses Reduction - $4.8 million annualized savings ($1.0 General Fund, yielding $638,000 General Fund savings in 2008-09). This reduction would result in the closure of 10-15 district offices that provide direct services to consumers. The BBR states that primary office closures would be in locations that are in the soft term of leases and would likely be in the smaller rural offices.

Rate Reductions - $1.6 million General Fund savings. This proposal would reduce the rates of 1,600 Supported Employment Program (SEP), Community Rehabilitation, and Individual Service Providers by 10 percent. The administration notes that the majority of Community Rehabilitation Program providers have not had rate increases in six years in contrast to the SEP providers who received a 24 percent increase July 1, 2006.

Case Services Reductions - $3.1 million annualized General Fund savings, yielding $1.1 million General Fund savings in 2008-09. The federal funds associated with these reductions will be redirected to cooperative programs where the partner agencies will provide the state match.

- $1.7 million General Fund reduction in the base program case services. Consumers will be shifted to cooperative programs.
- $700,000 General Fund reduction in statewide contracts. Services will be provided on a fee for service basis and capped at the budgeted amount.
- $700,000 General Fund reduction in case service expenditures by eliminating the purchase of non-federally mandated services and reducing expenditures for other services by using comparable and no-cost services.

BACKGROUND

The California DOR administers the largest vocational rehabilitation program in the country. Employment services are provided annually to approximately 120,000 individuals with significant physical and mental disabilities to assist them prepare for and obtain competitive employment in integrated work settings. Approximately 750 vocational rehabilitation counselors in over 85 offices throughout California provide direct services to individuals requiring multiple services over an extended period of time. The purpose of the program is to assist individuals with disabilities in preparing for, entering into, and retaining competitive employment in integrated work settings. The department accomplishes this by providing services such as consumer assessment, counseling and guidance, purchase of individualized rehabilitation services and job placement. The program serves individuals with a full range of physical and mental disabilities, pursuant to federal law.

The department works with school districts, state and community colleges, county mental health programs, and county welfare departments to develop cooperative agreements to provide rehabilitation programs to individuals mutually served by these agencies. The school or agency provides the match in cash, or in the form of in-kind donations (certified time), and the department provides the federal funds. The department's cooperative programs are a component of the Vocational Rehabilitation Services program and the services include job skills training, job placement services and other services, which will assist consumers in obtaining appropriate employment outcomes.

PANELISTS

- Department of Rehabilitation
- Department of Finance
- Legislative Analyst's Office