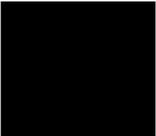


THE 2001 STATE BUDGET

SOCIAL SERVICES PROGRAMS

DEPARTMENT OF SOCIAL SERVICES

CalWORKs

The federal welfare reform law eliminated the Aid to Families with Dependent Children (AFDC) entitlement program and replaced it with the Temporary Assistance for Needy Families (TANF) block grant in 1996. In response to the new federal law, California established the California Work Opportunity and Responsibility to Kids (CalWORKs) program pursuant to AB 1542 (Ducheny), Chapter 270, Statutes of 1997. The CalWORKs program was implemented on January 1, 1998.

California's federal welfare block grant amount is \$3.7 billion each year through federal fiscal year 2002 and is based on federal fiscal year 1994 expenditures, when welfare caseload and expenditures were higher than is currently projected. Although California's annual federal TANF allocation is \$3.7 billion, the budget includes a carry-over of approximately \$503 million in TANF funds from 2000-01, for total federal TANF expenditures of approximately \$4.2 billion in 2001-02.

The federal TANF maintenance-of-effort (MOE) provision requires California to spend at least 75 percent of their federal fiscal year 1994 state and county expenditure levels since the state meets certain work participation requirements. The budget funds the CalWORKs program with state and county expenditures of \$2.7 billion, which represents the minimum 75 percent level. Due to shifts in MOE countable expenditures, the General Fund costs increase by \$85 million between FY 2000-2001 and FY 2001-2002. In addition, through the budget process the State was able to reflect a one-time reduction to its MOE level by \$154 million in FY 2000-2001.

The budget funds the CalWORKs program at \$7.4 billion in 2001-02. The budget includes total expenditures of \$6.9 billion for the CalWORKs program through the Department of Social Services in 2001-02, with the remaining funds budgeted through other departments.

GRANT LEVELS

The budget includes \$141.3 million for a 5.31 percent statutory CalWORKs grant COLA, effective October 1, 2001. The maximum grant for a family of three living in a high-cost county would increase from \$645 to \$679 per month. The corresponding maximum grant in low-cost counties would increase from \$614 to \$647.

JOB TRAINING/EMPLOYMENT SERVICES

Recipients are required to enter into a welfare-to-work plan after an assessment. The plan must include the activities and services that will move the recipient into employment. CalWORKs employment services are not fully funded in the budget. For FY 2001-02, counties requested \$1.1 billion for employment services, but the budget appropriates \$831 million for basic job training. The department will adjust allocations to counties to reflect the available appropriation. The budget requires the department to develop a new budget methodology for FY 2002-03 to address future shortfalls in employment services and other CalWORKs expenditures.

The budget also includes \$25.4 million from the General Fund to be used to match federal welfare-to-work funds administered by the Employment Development Department. California has already received \$367.6 million in federal welfare-to-work funds. States must spend \$1 in matching funds for every \$2 in federal funds. While most of the federal welfare-to-work funds must be administered through local Private Industry Councils, the state match may be administered at the state's discretion while meeting the basic requirements for eligibility and allowable services. The matching funds will be allocated to county welfare departments.

CHILD CARE

AB 1542 established a new three-stage child care delivery system for families in the CalWORKs program. Stage one begins upon entry into job search services and can last for up to six months. Stage two begins when the recipient's schedule for training or work stabilizes or when a recipient is transitioning off of aid and child care is available through a local stage two program. Stage three begins when an individual is receiving diversion services, is in long-term training, or is regularly employed at a wage that does not exceed 75 percent of the state median income.

The budget includes a total of \$1.5 billion for CalWORKs child care to serve approximately 230,000 children. This includes \$586 million for Stage 1, \$623 million for Stage 2, \$236 million for Stage 3, and \$153 million for the child care reserve. The following chart shows the proposed distribution of CalWORKs child care funds among the different stages:

CalWORKS Child Care BUDGET 2001-02 (in millions)		
Stage One	Stage Two	Stage Three
\$586	\$623	\$236
Stage One/Two Reserve: \$153		TOTAL: \$1,598

SUBSTANCE ABUSE/MENTAL HEALTH TREATMENT SERVICES

Counties are required to specify any necessary substance abuse and mental health treatment services in the county plans. The budget includes \$55.2 million for CalWORKs substance abuse services and \$54.1 million for CalWORKs mental health services.

COUNTY FISCAL INCENTIVES

County Fiscal Incentives are funding provided to counties that can be used for discretionary CalWORKs-eligible expenditures. In prior fiscal years, counties have earned \$97 million in fiscal incentives that must be paid in future years. The budget provides \$20 million for county CalWORKs fiscal incentives for the budget year and adopts trailer bill language to eliminate \$250 million in fiscal incentives budgeted in Fiscal Year 2000-2001.

FOOD STAMPS

The Food Stamp program provides monthly coupon benefits to assist low income households in purchasing food to maintain adequate nutritional levels. The federal government funds the total costs of the benefits, while the state and county share the costs for administration. Currently the average benefit per person in California is about \$70 per month.

The budget includes \$48.9 million General Fund for the California Food Assistance Program (CFAP) which provides state-only food stamp benefits for legal noncitizens ages 18 through 64 who are ineligible for the federal food stamp program. Legal noncitizens who entered the United States on or after August 22, 1996 are eligible for the program if he or she is sponsored and the sponsor has either died, is disabled, or is abusive. The budget also augments by \$5 million General Fund for the CFAP for certain other legal immigrants who entered the U.S. on or after August 22, 1996. The budget also includes language to eliminate the sunset.

Supplemental Security Income/State Supplementary Program

The Supplemental Security Income/State Supplementary Program (SSI/SSP) provides cash assistance to eligible aged, blind, and disabled persons. The SSI portion is funded by the federal government as a cash benefit for eligible persons. The state contributes the SSP portion of the grant as a supplement to the SSI grant.

The budget includes \$143.2 million from the General Fund to provide a 5.31 percent statutory state COLA for SSI/SSP grants for 2001-02, and also includes a pass through of the federal COLA.

Currently, a single aged or disabled adult receives \$712 a month. The grant will be increased to \$750 on January 1, 2002, due to the state and federal COLAs.

Federal welfare reform law denied federal SSI to non-citizen legal residents, with the exception of those serving in the armed forces, veterans, refugees, and asylees within their first five years, and those who have worked in the United States for over ten years. Following strong lobbying efforts by California and other impacted states, the Federal Balanced Budget Act of 1997 restored benefits for most, but not all of this population. The largest segment of the population not restored eligibility were seniors.

The budget includes \$107.7 million for the Cash Assistance Program for Immigrants (CAPI) which provides state-only SSI/SSP benefits to legal noncitizens who lost eligibility for the SSI/SSP program. Noncitizens who entered the United States on or after August 22, 1996, are eligible for the program if he or she is sponsored and the sponsor has either died, is disabled, or is abusive. The budget also adopts trailer bill language to change the deeming period for program eligibility and eliminate the sunset date on the expansion of the Cash Assistance Program for Immigrants.

In-Home Support Services

The In-Home Supportive Services (IHSS) program provides services to eligible aged, blind, and disabled persons in order to enable them to remain independent and in their own homes, rather than in a more costly institutional setting. Services include meal preparation, laundry, and other personal care assistance.

The Budget Act of 1999 included an augmentation of \$33.6 million General Fund to increase the state's financial contribution for costs associated with public authorities. Until then, the state had paid 65 percent of the nonfederal costs of wages up to the minimum wage level in the individual provider mode of service delivery. Specifically, last year's budget included trailer bill language which

required the state to partially cover up to a \$.50 hourly wage increase above the minimum wage for IHSS public authority workers. The state would pay 80 percent of the nonfederal costs associated with this increase, while participating counties would pay 20 percent of the nonfederal costs. This provision is operative for one year only.

■ MAJOR PROVISIONS

The major provisions of the In-Home Support Services budget include:

- \$23.7 million General Fund for a state share of costs for wages up to \$8.50 per hour and taxes for In-Home Supportive Services (IHSS) public authority providers.
- \$1.3 million General Fund to provide a 5.31 percent IHSS Maximum Allowable Contract Rate increase.
- \$6.4 million General Fund for a state share of a 2.31 percent wage increase for IHSS individual providers in non-public authority counties, effective January 1, 2001.

Community Care Licensing Division

The Community Care Licensing Division (CCLD) within the Department of Social Services develops and enforces regulations designed to protect the health and safety of individuals in 24-hour residential care facilities and day care. Licensed facilities include day care, foster family homes and group homes, adult residential facilities, and residential facilities for the elderly.

Foster Care

■ MAJOR PROVISIONS

The major provisions of the Foster Care budget include:

- \$6.5 million for the Supportive and Transitional Emancipation Program (STEP) which will address the educational and employment needs of emancipated foster youth.
- \$1.5 million for an Internet passport foster care education and medical pilot.
- \$10 million for the Foster Youth Transitional Housing to providing housing subsidies to emancipated foster youth age 16-21.

- \$64.5 million for a Cost of Living Adjustment to foster family homes, foster family agencies, group homes, and related programs effective July 1, 2001.

Child Welfare Services

California's state-supervised, county-administered Child Welfare Services (CWS) program provides services to abused children and provides:

- 1) Immediate social worker response to allegations of child abuse and neglect;
- 2) Ongoing services to children and their families who have been identified as victims, or potential victims of abuse and neglect; and
- 3) Services to children in foster care who have been temporarily or permanently removed from their family because of abuse or neglect.

The budget contains \$878.7 million for child welfare services, which fully funds the child welfare program.

DEPARTMENT OF CHILD SUPPORT SERVICES

The Department of Child Support Services (DCSS), created on January 1, 2000, administers California's child support program by overseeing 58 county child support offices. The primary purpose of the program is to collect from absent parents, support payments for custodial parents and their children. Local child support offices provide services such as locating absent parents; establishing paternity; obtaining, enforcing, and modifying child support orders; and collecting and distributing payments.

The budget clarifies the role of the Department of Child Support Services and the Franchise Tax Board in the collection and enforcement of child support payments.

EMPLOYMENT DEVELOPMENT DEPARTMENT

■ MAJOR PROVISIONS

The major provisions of the Employment Development Department budget include:

- \$4 million for allocation to faith-based organizations that are not owned or

operated as pervasively sectarian organizations to provide welfare-to-work services.

- \$250,000 General Fund on a one-time basis for the YouthBuild program.

DEPARTMENT OF AGING

The California Department of Aging (CDA) administers the federal Older Americans Act and the State Older Californians Act. The CDA works with local Area Agencies on Aging (AAAs) to provide various services to the elderly and functionally impaired adults at the community level.

The Department of Aging budget includes an increase of \$19.5 million to implement the National Family Caregiver Program.

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

The Department of Alcohol and Drug Programs (DADP) funds prevention, treatment and recovery programs for approximately 500,000 Californians with some form of alcohol and /or other drug abuse problem. The budget provides \$243 million from the General Fund (\$635 million all funds) for drug and alcohol treatment programs, an increase of about \$50 million from the General Fund over the prior fiscal year.

The major changes to the Department of Alcohol and Drug Programs include:

- \$120 million increase for the implementation of the Substance Abuse and Crime Prevention Program of 2000 (Proposition 36) which mandates substance abuse treatment for certain offenders convicted of nonviolent drug possession offenses.
- \$7.7 million General Fund reduction to adult treatment services funds.
- \$5.7 million General Fund reduction to youth treatment services.
- \$3 million General Fund reduction to the Drug Court programs.

DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

The Department of Community Services and Development (DCSD) administers the Low-Income Energy Assistance Program (LIHEAP) and the Community Services Block Grant (CSBG). In addition, the DCSD plans, coordinates, and evaluates programs that provide services to the poor and advises the Governor on the needs of the poor.

The LIHEAP provides cash grants and weatherization services, which assist low-income persons in meeting their energy needs. The CSBG provides funds to community action agencies for programs intended to assist low-income households.