

THE 2002 - 2003 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 \$283 million in TANF funds from 2001-02, for total federal TANF expenditures of approximately \$5.9 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 \$1.7 million between FY 2001-2002 and FY 2002-2003.

The budget funds the CalWORKs program at \$6.7 billion in 2002-03. The budget includes total expenditures of \$5.8 billion for the CalWORKs program through the Department of Social Services in 2002-03, with the remaining funds budgeted through other departments.

Grant Levels. The budget includes \$12.4 million for a 3.74 percent statutory CalWORKs grant COLA, effective June 1, 2003. The maximum grant for a family of three living in a high-cost county would increase from \$679 to \$704 per month. The corresponding maximum grant in low-cost counties would increase from \$647 to \$671.

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 2002-03, the budget appropriates \$796 million for basic job training, a decrease of \$6 million from the previous year.

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, 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 \$455.3 million for Stage 1, \$638.9 million for Stage 2, \$358.6 million for Stage 3, and \$108.4 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 2002-03 (in millions)		
Stage One	Stage Two	Stage Three
\$455.3	\$638.9	\$358.6
Stage One/Two Reserve: \$108.4		TOTAL: \$1,561.2

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 \$48.4 million for CalWORKs substance abuse services and \$71.5 million for CalWORKs mental health services.

County Fiscal Performance Incentives.

County Fiscal Performance Incentives are funding provided to counties that can be used for discretionary CalWORKs-eligible expenditures. The budget assumes that \$641 million in performance incentive funding from prior years will be available. Of this amount \$210.8 million will be borrowed by the State for CalWORKs administration, \$128 million will be used for an adjustment to the single allocation for Employment Services in under-equity counties, and \$302.8 million will be available for counties to use for discretionary expenditures.

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 \$98 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 that 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 reduces funding for CFAP by \$17.5 million, reflecting the restoration of federal Food Stamp Benefits to roughly 75% of the CFAP population after October 1, 2002.

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 \$22.4 million from the General Fund to provide a 3.74 percent statutory state COLA for SSI/SSP grants for 2002-03 effective June 1, 2003, and also includes a pass through of the 1.7% federal COLA effective January 1, 2003.

Currently, a single aged or disabled adult receives \$750 a month. The grant would be increased to \$763 a month on January 1, 2003 and then increased again to \$778 a month on June 1, 2003, 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 \$101.7 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.

In-Home Supportive 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.

In Homes Supportive Services are provided by County governments through three possible modes of services: 1) independent providers employed by a county Public Authority; 2) direct services contracts with an outside agency; and 3) a non-public authority independent provider mode with no employer of record. Current law requires all counties to certify an employer of record for all IHSS providers by January 1, 2003. This requirement will require all counties to either form a public authority or contract for services.

Current statute provides an automatic increases in the maximum wage for which the state will pay a share for Public Authority Independent Provider wages, if the State meets certain revenue forecasts. In 2001-2002, the State participated in IHSS Wages up to \$8.50 per hour and provided \$.60 per hour in benefit reimbursement. In 2002-2003, the wage increase trigger was met and the State's participation will increase to \$9.50 per hour for wages and \$.60 per hour for benefits.

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.

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 \$2.0 billion for Child Welfare Services. Funding for Child Welfare Services county staff was reduced by \$50 million, which will likely result in the layoff of 600 social workers statewide.

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 agencies. The primary purpose of the program is to collect from absent parents, support payments for custodial parents and their children. Local child support agencies 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

The Employment Development Department (EDD) administers the Job Service, Unemployment Insurance, Disability Insurance, Workforce Investment Act, and Welfare-to-Work programs. As California's largest tax collection agency, EDD also handles the audit and collection of employment taxes and maintains employment records for more than 19 million California workers. One of the largest state departments, EDD has approximately 10,000 employees, located at hundreds of service locations throughout the state, who provide many important services to millions of Californians each year, including:

- Assisting California employers in meeting their labor needs.
- Helping California job seekers obtain employment.
- Administering the federally-funded workforce investment programs for adults, dislocated workers, and youth.
- Assisting the disadvantaged and welfare-to-work recipients to become self-sufficient.
- Helping unemployed and disabled workers by administering the Unemployment Insurance (UI) and Disability Insurance (DI) programs.
- Supporting state activities and benefit programs by collecting and administering employment-related taxes (UI, DI, Employment Training Tax, and Personal Income Tax withholding).
- Providing comprehensive labor market information.

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.

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.

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 problems. The budget provides \$223 million from the General Fund (\$544 million all funds) for drug and alcohol treatment programs, a decrease of \$20 million from the General Fund (\$99 million all funds) compared to 2001-2002.

■ MAJOR PROVISIONS

The major provisions of the Department of Alcohol and Drug Programs budget include:

- **Technical Assistance Contracts.** The budget diverts \$850,000 in federal funding to maintain Technical Assistance Contracts at the 2001-2002 level. These contracts provide training and technical assistance in the areas of substance abuse treatment and recovery issues for target populations and programs.
- **Non-Drug Medi-Cal Services.** The Budget reduces funding for Non-Drug-Medi-Cal services by \$7.5 million or 2.7 percent. These services include group and individual counseling; residential services; detoxification; prevention; case management; relapse prevention; and ancillary services.

- **Drug Court Partnership Program.** The Drug Court Partnership Program will use \$4.9 million in General Fund in 2002-03. The Budget and Social Services trailer bill altered the three-year-old program and refocused it to county grants to treat felony offenders.
- **Perinatal Treatment Services.** The Budget reduces Perinatal Alcohol and Other Drug Services by a total of \$1 million. The Perinatal Services funding is used for an array of services targeting recent and expecting mothers. Counties will have \$1.5 million in federal block grant funds to use for perinatal treatment services.
- **Drug Medi-Cal Program.** The Budget reduces \$9.6 million (\$3.7 million General Fund) to reflect a change in the types of Drug Medi-Cal services expected to be provided as part of the Drug Medi-Cal program.