

## GOVERNOR'S 1999-00 BUDGET PROPOSAL FOR: 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 response to the new federal law, California established the California Work Opportunity and Responsibility to Kids (CalWORKs) program through 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 1995 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 proposes to carry-over approximately \$409 million in TANF funds from 1998-99 and reappropriate another \$251 million, for total federal TANF expenditures of approximately \$4.4 billion in 1999-00.

The federal maintenance-of-effort (MOE) provision requires that states spend at least 80 percent of their 1994 state and county expenditure levels. The budget proposes state and county expenditures of \$2.9 billion to meet the federal MOE requirement, which is the minimum level required.

The Governor's budget fully funds the CalWORKs program at \$7.4 billion in 1999-00. The budget proposes total expenditures of \$6.2 billion for CalWORKs through the Department of Social Services in 1999-00. Table 1 – summarizes the major budget proposals associated with CalWORKs.

Table 1

| <b>GOVERNOR'S CALWORKS BUDGET PROPOSAL</b>   |  |
|--|--|
| <b>1999-00</b>   |  |
| <b>(Dollars in millions)</b>   |  |
|  | <b>Costs/Savings</b>                       |
| Welfare Grants   | \$3,978                                    |
| Welfare COLA, effective July 1, 1999   | \$88.9                                     |
| Savings from Fraud Program   | -\$9.7                                     |
| Savings from Diversion   | -\$14.6                                    |
| Savings from exits due to employment   | -\$114.5                                   |
| Savings from grant reductions due to higher earnings   | -\$385                                     |
| Savings from sanctions due to failure to participate in CalWORKs requirements                              | -\$93                                      |
| Employment services  | \$404 (\$30 from Employment Training Fund) |
| Substance abuse services   | \$70.5                                     |
| Mental health services   | \$51.8                                     |
| County fiscal incentives   | \$479                                      |
| Reappropriation of county allocations from 1998-99 for employment services, child care, and administration | \$251                                      |
| Match for federal Welfare-to-Work grant  | \$25                                       |
| Child Care (Stage 1)   | \$499                                      |
| Child Care (Stage 2)   | \$568                                      |
| Child Care Reserve   | \$183                                      |
| County administration  | \$442                                      |
| TANF funds for county probation programs   | \$201                                      |
| Dept. of Social Services administration  | \$27                                       |
| Other MOE expenditures in Dept. Social Services  | \$335                                      |
| Other MOE expenditures in other departments  | \$206                                      |
| Counties' share of CalWORKs expenditures   | \$223                                      |
| <b>TOTAL</b>   | <b>\$7.4 billion</b>                       |

### CASELOADS

Welfare caseloads are projected to decrease for the fifth straight year in 1999-00. The caseload is estimated to be 1,901,000 persons, or approximately 651,000 families, in 1998-99 and projected to decrease to 1,727,000 persons, or approximately 598,000 families in 1999-00. This represents a decrease of approximately 8.1 percent in the number of families. The decreasing caseloads are a significant change from the much higher growth rates experienced during the recession in the early 1990s. Part of the recent decrease may be due to the improvement in the state's economy and the implementation of CalWORKs. The budget includes savings of \$327.4 million in assistance payments due to the caseload decrease.

## GRANT LEVELS

In 1995-96, the Governor proposed a 7.7 percent reduction in welfare grants and an additional 15 percent reduction for recipients after they had been on aid for six months. This proposal was rejected by the Legislature, although the 1995-96 budget trailer bill included a one-year temporary 4.9 percent statewide and an additional permanent 4.9 percent regional grant reduction. Both 4.9 percent grant cuts were not implemented due to federal maintenance-of-effort (MOE) restrictions. The 1991-92 budget trailer bill had suspended the statutory grant COLA through the end of 1995-96.

In 1996-97, the Governor again proposed new grant cuts including:

- making a temporary 5.8 percent grant reduction enacted in 1992-93 permanent;
- making permanent the 4.9 percent statewide grant reduction;
- suspending the COLA; and
- and reducing grants by an additional 4.5 percent.

The Budget Act of 1996-97 included once again a *temporary* 4.9 percent statewide grant reduction and the additional 4.9 percent *permanent* regional grant reduction in low-cost counties which had previously been authorized. Due to the federal MOE requirement, the state could not implement these reductions without a federal waiver or law change which did not occur. The welfare COLA was suspended again and the 5.8 percent grant reduction was made permanent. The 4.5 percent grant reduction was rejected by the Legislature.

In 1997-98, Governor Wilson proposed to implement the 4.9 percent regional grant reduction, implement and make the 4.9 percent statewide grant reduction permanent, reduce grants by 15 percent after six months of aid as part of the Governor's welfare proposal, and suspend the welfare COLA. The Budget Act of 1997-98 included the 4.9 percent regional grant reduction, continued the 4.9 percent statewide grant reduction only through October 1998, and suspended the welfare COLA through October 1998. The passage of federal welfare reform law eliminated the previous MOE requirement and allowed the state to implement these reductions. The Legislature rejected the 15 percent grant reduction proposal.

The 1998-99 Governor's budget proposal included the 4.9 percent regional grant reduction. The Governor again proposed to make permanent the 4.9 percent statewide grant reduction and to eliminate the welfare COLA. The Budget Act of 1998-99 restored the 4.9 percent statewide grant reduction pursuant to statute and included the statutory welfare COLA. However, the implementation of the COLA payment is linked to the implementation of various tax provisions during the next few years.

The Governor Davis' proposed budget for 1999-00 includes \$88.9 million for a 2.08 percent statutory welfare COLA. The maximum monthly grant for a family of three, in high-cost counties would increase by \$13 to \$624, and the corresponding grant in low-cost counties would increase by \$13 to \$595.

Table 2 – shows the California Necessities Index (CNI) which measures the effect of inflation on purchasing power, the actual grant for a family of three, the grant amount if an inflation adjustment had been adopted, and the cumulative loss of purchasing power since 1989. As the table shows, welfare recipients have experienced a loss of purchasing power of approximately one-third over this period.

Table 2

| <b>CALIFORNIA WELFARE GRANTS 1989-2000</b> |                          |                                     |                             |   |
|--|--------------------------|-------------------------------------|-----------------------------|---|
| <b>YEAR</b>                                | <b>INFLATION PERCENT</b> | <b>ACTUAL GRANT FAMILY OF THREE</b> | <b>GRANT WITH FULL COLA</b> | <b>CUMULATIVE LOSS OF PURCHASING POWER SINCE 1989</b> |
| 1989-90                                    | 4.6                      | \$694                               | \$694                       | 0.0%  |
| 1990-91                                    | 4.6                      | \$694                               | \$726                       | 4.4%  |
| 1991-92                                    | 5.5                      | \$663                               | \$766                       | 13.4%   |
| 1992-93                                    | 1.8                      | \$624                               | \$780                       | 20.0%   |
| 1993-94                                    | 2.4                      | \$607                               | \$798                       | 24.0%   |
| 1994-95                                    | 1.7                      | \$594                               | \$812                       | 26.8%   |
| 1995-96                                    | 1.5                      | \$594                               | \$824                       | 27.9%   |
| 1996-97                                    | 0.5                      | \$594                               | \$828                       | 28.3%   |
| 1997-98R1                                  | 2.6                      | \$565                               | \$850                       | 33.5%   |
| 1997-98R2                                  | 2.6                      | \$538                               | \$850                       | 36.7%   |
| 1998-99R1                                  | 2.84                     | \$611                               | \$874                       | 30.1%   |
| 1998-99R2                                  | 2.84                     | \$582                               | \$874                       | 33.4%   |
| 1999-00R1*                                 | 2.08                     | \$624                               | \$892                       | 30.0%   |
| 1999-00R2*                                 | 2.08                     | \$595                               | \$892                       | 33.3%   |

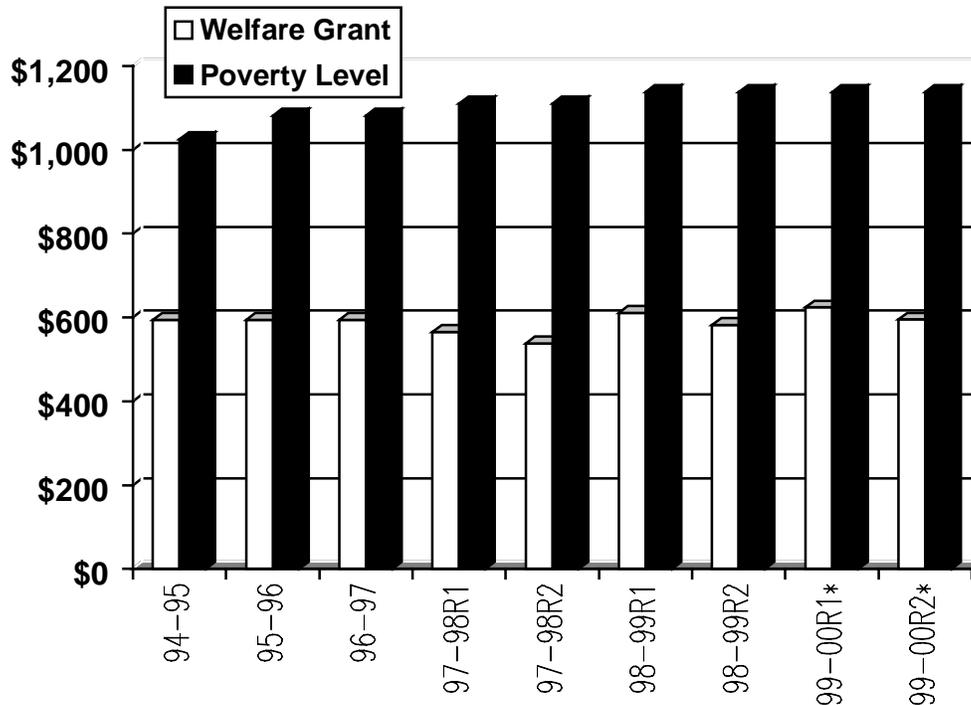
\*R1 Grant level in the 17 high-cost counties.

\*R2 Grant level in the 41 low and moderate cost counties.

Chart 1 – shows welfare grants for a family of three compared to the poverty level since 1994-95. As the chart shows, welfare grants for 1999-00 would be approximately one-half of the poverty level.

Chart 1

**Welfare Grant Falls Below Poverty Level  
(For a Family of Three)**



\*R1 Grant level in the 17 high-cost counties.

\*R2 Grant level in the 41 low and moderate cost counties.

The main features of the CalWORKs program include:

**Time limits:** CalWORKs limits current recipients to 24 months of aid and new applicants to 18 months of aid. Counties may extend the 18-month limit by a maximum of six months. Adult recipients are required to begin community service employment at the end of these time limits if the counties certify that unsubsidized employment is unavailable. Adults may not receive aid after five cumulative years on aid. The child's portion of the grant is continued, and may be in the form of cash or vouchers.

**Work Requirements:** Under CalWORKs, single adult parents are required to participate in work activities for 20 hours per week beginning January 1, 1998, for 26 hours beginning July 1, 1998, and for 32 hours beginning July 1, 1999. Counties may extend the minimum work requirements to 32 hours per week. Two-parent families must participate in work activities for 35 hours per week.

Those exempted from the work requirements include persons who are teen parents attending school, disabled, elderly caretakers, caretakers of disabled persons, or a parent with a child six months of age or under (counties may change to 3-12 months of age).

**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. The budget would appropriate over \$400 million for basic job training and employment services in 1999-00. The budget assumes that an additional \$251 million would be reappropriated from unspent funds in 1998-99 for counties to use for employment services, child care, or administration.

The budget also includes \$25 million from the General Fund which would be used to match federal welfare-to-work funds administered by the Employment Development Department (*see Employment Development Department section*). California expects to receive approximately \$363 million in federal welfare-to-work funds over two years. States must spend \$1 in matching funds for every \$2 in federal funds. California must provide another \$146 million as a match before September 30, 2001. 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.

**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 Governor's budget proposes total expenditures of \$1.2 billion, an increase of \$232 million over the current year, for child care services for 274,500 children in the CalWORKs program. The budget assumes this amount will meet anticipated need in 1999-00. Of the \$1.2 billion, \$499 million is budgeted in the Department of Social Services for stage one. The Department of Education's budget includes \$553 million and the Community Colleges budget includes \$15 million for stage two. The Governor's budget also includes a child care reserve of \$183 million for either stage one or two, depending on the need during the budget year. In stage three, former welfare recipients who have transitioned to work are eligible for child care services through the general child care budget for low-income working families, although approximately \$110 million has been earmarked for welfare recipients.

**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 proposes \$70.5 million for substance abuse services. The budget also includes \$51.8 million for mental health services. Because General Fund expenditures for mental health services in the CalWORKs program are being proposed to meet the TANF MOE requirement, these General Fund expenditures could not be used to match and draw down additional federal Medicaid funds for mental health services.

**Fraud:** CalWORKs recipients are ineligible for benefits for any fraudulent misrepresentation or failure to disclose information for six months for the first offense, twelve months for the second offense, and permanently for the third offense. Also, recipients are permanently ineligible for benefits if the recipient is found by a court or pursuant to an administrative fair hearing to have misrepresented their place of residence, submitted documents for nonexistent children or fraudulently received benefits in excess of \$10,000.

Under the new CalWORKs law, counties receive 25 percent of the state share of savings, including federal TANF funds, resulting from the detection of fraud. The budget includes \$11.3 million for fraud incentive payments to counties in 1999-00.

**County Allocations:** The CalWORKs program consolidates employment services, child care and county administration funding into a single block grant allocation to counties and establishes a county maintenance of effort level. The budget includes a block grant to counties of approximately \$1.4 billion in 1999-00.

**County Fiscal Incentives:** Half of any federal penalties that the state receives for failure to meet federally required outcomes will be shared by those counties that failed to meet the requirements. Each county may keep 75 percent of any state savings resulting from reduced grants due to: (1) recipients who become employed for at least six months, (2) increased earnings due to employment, or (3) successfully diverting applicants from the program. The remaining 25 percent of state savings may be allocated to counties that did not generate the savings but meet certain performance standards. The budget includes \$479 million for fiscal incentive payments to counties in 1999-00. The Governor also proposes Budget Bill language for the department to retain 50 percent of the federal funds for county fiscal incentive payments and for the department to allocate these funds to counties upon documentation of certain outcomes.

## 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 \$72 per month.

Federal welfare reform law made all non-citizens ineligible for the Federal Food Stamp program. This law denied eligibility to approximately 120,000 adults, children, and seniors for food stamps in California. The Federal Balanced Budget Act of 1997 did nothing to restore eligibility to this population.

The Governor's budget includes \$73.6 million to continue the California Food Assistance Program (CFAP) which provides state-only food stamp benefits for legal noncitizens. A noncitizen who lawfully entered the United States on or after August 22, 1996 is eligible for the program only if he or she is sponsored and the sponsor has either died, is disabled, or is abusive. Recipients (with certain exceptions) in this program must meet various CalWORKs work requirements, even though they may not be CalWORKs recipients. However, recipients of food stamp benefits who are citizens and are not CalWORKs recipients are not subject to the CalWORKs work requirements. This program sunsets on July 1, 2000.

## CHILD SUPPORT

The Governor's budget estimates increased child support collections of approximately \$44.2 million, for a total of \$590 million in 1999-00. These collections will offset welfare grant and foster care payments, for total General Fund net savings of \$215.5 million.

The budget also includes the impact of federal penalties due to the failure of the Statewide Automated Child Support System. Because California was unable to complete the statewide system by the required date, the federal penalties would be as follows:

- Federal fiscal year (FFY) 1998: four percent of the federal child support enforcement administration costs in FFY 1997;
- FFY 1999: eight percent of the administration costs in FFY 1998; and
- FFY 2000: sixteen percent of the administration costs in FFY 1999.

The penalties result in a reduction in the federal share of child support administration costs and a corresponding increase in the counties' share of costs. The budget assumes that the amount of the penalties will be \$37.1 million in 1998-99 and \$52.8 million in 1999-00.

The federal and state governments currently provide incentive payments to counties in order to increase child support collections. Federal welfare reform required the development of a new performance-based child support incentive system which must be implemented by October 1, 1999. Although the federal government has not yet released the new incentive rates, it is possible that the new incentive system could

result in a decrease of federal funds for California. The impact of this change may be addressed in the May Revision.

### **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 SSI/SSP caseload is projected to be approximately 1,062,000, which is a 2.2 percent increase over the current year projected caseload. Disabled persons make up two-thirds of the caseload, individuals over 65 years of age make up 31 percent, and blind persons are two percent of the caseload. The budget proposes \$2.4 billion in General Fund support for the program in 1999-00, which represents a 8.1 percent increase over current-year General Fund expenditures.

The 1998 Budget Act included a state and federal COLA for SSI/SSP grants and also provided for a one percent increase in grant levels. The Governor's budget includes \$8.4 million from the General Fund to provide a 2.08 percent statutory state COLA for SSI/SSP grants for 1999-00, and also includes a pass through of the federal COLA. The state COLA is based on the California Necessities Index (CNI, 2.08 percent) and is applied to the entire SSI/SSP grant. The federal COLA is based on the Consumer Price Index (CPI, 2.6 percent) and is applied to the SSI portion of the grant only. (If the CNI is equal to or greater than the CPI, recipients will receive both a state and federal COLA above their grant. If the CNI reaches a certain level below the CPI, it is possible that recipients receiving both a state and federal COLA could experience a *decrease* in their SSP payment.)

Currently, a single aged or disabled adult receives \$676 a month. The grant would be increased to \$690 on January 1, 2000, due to the currently proposed 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 10 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 Governor's budget includes \$22.7 million to continue 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. A noncitizen who lawfully entered the United States on or after August 22, 1996 is eligible for the program only if

he or she is sponsored and the sponsor has either died, is disabled, or is abusive. This program sunsets on July 1, 2000.

The Budget Act of 1998 included \$8 million to restore funding for the Special Circumstances program. This program provides payments for non-recurring expenses, such as housing repairs, to help individuals remain in their own homes. The Governor's budget continues this level of funding for the program.

### **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.

The budget proposes total funding of approximately \$1.5 billion, of which \$539 million is from the General Fund, \$919 million from federal funds, and \$24 million from county funds for support of the IHSS program in 1999-00. This represents a 2.2 percent General Fund increase over current year expenditures. The caseload for the program is estimated to be 221,000 in 1999-00, which is an increase of 3.3 percent over the estimated current year caseload.

### **ADULT PROTECTIVE SERVICES**

The APS program provides services to protect elders and dependent adults from abuse, neglect, and exploitation, regardless of income. The 1998 Budget Act included a General Fund increase of \$20 million to help the counties' ability to respond to reports. Last year, the Governor vetoed an additional legislative augmentation of \$32.7 million.

Current statute provides for an enhanced APS program, effective May 1999. Enhanced services include a 24-hour emergency response system, emergency shelter, transportation, and in-home protective care. However, beginning in 1999-00, funding for the enhanced program is subject to the annual Budget Act appropriation. For 1999-00, the Governor's budget proposes an augmentation of \$23.6 million (\$15.3 million General Fund) for the program over current year expenditures, for a total of \$77.3 million (\$46.2 million General Fund) for the APS program. The Department of Social Services indicates that it plans to reassess the incidence rate in California of adult abuse and neglect to determine future funding needs in the APS program.

### **COMMUNITY CARE LICENSING**

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.

The budget proposes expenditures of \$90.2 million (\$30.9 million General Fund) for the CCLD in 1999-00. This represents a less than one percent increase in total expenditures from the current year. The budget includes an increase of \$2.1 million and 33.5 positions to address increased workload for licensing activities and \$2 million for enhancements related to the automated Licensing and Background Check System.

## CHILDREN'S PROGRAMS

### FOSTER CARE

The Foster Care program provides grants for eligible children if they are living with a foster care provider under a court order or a voluntary agreement between the child's parent and a county welfare or probation department. The caseload for 1999-00 is estimated to be 108,446. The budget proposes \$1.6 billion in total funds (\$438 million General Fund, \$559 million federal funds, \$611 million county funds) for the program in 1999-00. This represents a 2.9 percent increase in General Fund expenditures from the current year. This includes a General Fund increase of \$22 million to fund caseload growth in 1999-00.

Table 3 – describes the different types of foster care placements.

Table 3

| FOSTER CARE PLACEMENTS     |  |
|----------------------------|--|
| Placement Type             | Description  |
| Foster Family Homes        | <ul style="list-style-type: none"> <li>◆ Residential facility that serves no more than six foster children</li> <li>◆ Provides 24-hour care and supervision in a licensee's home</li> <li>◆ Foster care grant may be supplemented for care of children with special needs</li> </ul> |
| Foster Family Agency Homes | <ul style="list-style-type: none"> <li>◆ Homes operating under nonprofit foster family agencies which provide professional support</li> <li>◆ These placements are required by law to serve as an alternative to group home placement</li> </ul>                                     |

|             |   |
|-------------|---|
| Group Homes | <ul style="list-style-type: none"> <li>◆ A facility of any capacity that provides 24-hour non-medical care, supervision, and services to children</li> <li>◆ Generally, serve children with higher emotional or behavioral problems who require a more restrictive environment</li> </ul> |
|-------------|---|

Current statute provides for a six percent increase for foster family homes, foster family agency homes and group homes beginning July 1, 1998. For 1999-00, current statute also requires that group homes receive a COLA and that foster family homes and foster family agency receive a COLA, subject to the availability of funds.

The Governor's budget includes \$13 million (\$5.2 million General Fund) to provide a 2.08 percent COLA for foster family homes and group homes, effective July 1, 1999.

**CHILD WELFARE SERVICES**

The Child Welfare Services (CWS) program provides various services to abused and neglected children, children in foster care, and their families. The budget proposes a total of \$1.4 billion (\$588 million General Fund, \$679 million federal funds, \$164 million county funds) to support the CWS program. This represents an increase of approximately 9.2 percent in General Fund expenditures from the current year. The total projected caseload in the various components of the program is about 185,394 in 1999-00.

The Governor's budget also continues funding for various programs which were contained in the 1998 Budget Act. These include:

- \$68.4 million (\$40 million General Fund) to counties to provide emergency response to allegations of abuse and neglect;
- \$15.2 million General Fund to expand the Independent Living Program which provides services, such as job seeking skills, that will help children transition from foster care to independent living; and
- \$19.3 million (\$11.3 million General Fund) for county welfare and probation departments to conduct monthly visits for children residing in group homes.

**EMPLOYMENT DEVELOPMENT DEPARTMENT**

The Employment Development Department (EDD) provides employment and job training services and administers federal funds provided under the Job Training Partnership Act (JTPA) and the Wagner-Peyser Act. The EDD also administers the Unemployment Insurance (UI) and Disability Insurance (DI) programs. The budget proposes expenditures of \$5.6 billion (\$23 million General Fund) for the EDD in 1999-00. This represents a decrease of approximately 4.3 percent from current-year expenditures.

Recent federal legislation provides additional funds to states to augment their welfare-to-work efforts to move the "hardest to employ" welfare recipients into jobs. The funds must be spent on welfare recipients who have been on aid 30 or more months and who meet certain conditions such as lack of education, substance abuse problems, and poor work history. The funds may be used for: community service or work experience programs; job creation through public or private sector employment wage subsidies; contracts with public or private providers of readiness, placement, and post-employment services; job vouchers for placement, readiness, and post-employment services; and job retention or support services.

California expects to receive approximately \$363 million in federal welfare-to-work funds over two years. States must spend \$1 in matching funds for every \$2 in federal funds. As proposed in the Governor's budget, California would provide a state match of \$25 million from the General Fund in 1999-00 and must provide another \$146 million before September 30, 2001.

*(For a discussion of the Workforce Investment Act, see Selected Issues section)*

## 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 budget proposes total expenditures of \$137.7 million, of which \$32.7 million is from the General Fund, for support of the CDA in 1999-00.

The Governor's budget includes an increase of \$8.9 million in local assistance for various programs in 1999-2000 to reflect full-year costs of expanding these programs beginning in 1998-99. Table 4 - summarizes the Governor's budget proposal.

Table 4

| <b>GOVERNOR'S BUDGET PROPOSAL</b>                          |  |                |                |                 |
|--|--|----------------|----------------|-----------------|
| <b>FULL-YEAR EXPANSION OF DEPARTMENT OF AGING PROGRAMS</b> |  |                |                |                 |
| Local Assistance   |  |                |                |                 |
| (Dollars in thousands)                                     |  |                |                |                 |
| <b>Program</b>   | <b>Description</b>   | <b>1998-99</b> | <b>1999-00</b> | <b>Increase</b> |
| Alzheimer Day Care Resource Centers                        | Provides day care for persons with Alzheimer's disease   | \$3,617        | \$4,160        | \$543           |
| Adult Day Health Care                                      | Provides health and social services to seniors and physically and mentally impaired adults at risk of institutionalization | \$833          | \$1,167        | \$334           |

|                               |   |          |          |                |
|-------------------------------|---|----------|----------|----------------|
| Multi-Purpose Senior Services | Provides case management to elderly persons to enable them to remain in their homes | \$26,607 | \$32,607 | \$6,000        |
| Linkages                      | Provides case management to seniors and adults with disabilities                    | \$5,016  | \$5,480  | \$464          |
| Foster Grandparents           | Pairs seniors with special needs children   | \$784    | \$1,205  | \$421          |
| Senior Companion              | Seniors provide support to other elderly persons in their community                 | \$994    | \$1,755  | \$761          |
| Respite Care                  | Provides support for caregivers   | \$234    | \$434    | \$200          |
| Brown Bag                     | Provides surplus food to low-income seniors   | \$732    | \$745    | \$13           |
| Administration                | Local Area Agency on Aging Administration   | \$1,027  | \$1,237  | \$210          |
| <b>Total Increase</b>         |   |          |          | <b>\$8,946</b> |

## DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

The DADP funds prevention, treatment and recovery programs for more than 300,000 Californians with some form of alcohol and /or other drug abuse problem. The Governor's budget proposes \$395 million in total spending for the Department of Alcohol and Drug Programs (DADP), a decrease of 3.6 percent from the current year level of \$410 million. The reduction is due to the expenditure of one-time funds in fiscal year 1998-99.

Current statute establishes the Drug Court Partnership Act. The Governor's budget includes an increase of \$4 million from the General Fund, for a total of \$8 million, for the Drug Court program. This is consistent with the statute, which states legislative intent to provide \$8 million per year, for three years, for the program beginning in 1999-00. A Drug Court provides a pre-trial and/or post-adjudication linkage between motivated participants, a judge specializing in drug cases, and a rigorous regimen of guaranteed services. Services range from an individual needs assessment, frequent counseling sessions and random urinalyses to coordinated and comprehensive rehabilitative and support services that address the underlying personal problems of the drug use and promote long-term re-entry into society. Eligible participants typically are nonviolent offenders with serious substance abuse problems, most frequently those who use crack, cocaine, heroin, or methamphetamines.

The budget also includes an increase of \$26.3 million in 1998-99 and \$35.1 million in 1999-00 in federal funds to provide more services to youth and pregnant and parenting women.

## DEPARTMENT OF MENTAL HEALTH

The Governor's budget proposes total expenditures of \$1.45 billion to support the programs and services of the Department of Mental Health (DMH). This represents an increase of 0.2 percent over estimated current year expenditures. The DMH is

responsible for the delivery of mental health treatment services through a state-county partnership as well as the involuntary treatment of the mentally disabled. The DMH operates four state hospitals for the mentally disabled and acute psychiatric units at the California Medical facility in Vacaville. The department estimates the population in these facilities to reach 4,467 by the end of June 1999 and to decrease to 4,434 by the end of June 2000.

The Governor's budget includes an increase of \$1 million from the General Fund to develop supportive housing for CalWORKs participants with special needs. Last year, the Governor vetoed a \$5 million legislative augmentation for a similar purpose.

The budget also includes the following major proposals for the DMH:

- An increase of \$123.2 million in local assistance reimbursements for the Early Periodic Screening, Diagnosis and Treatment Program;
- An increase of \$5.4 million in local assistance reimbursements for caseload increases in the Healthy Families Program;
- An increase of \$4.6 million General Fund for the Mental Health Managed Care program;
- An increase of \$4.4 million General Fund for drug allocation for state hospitals;
- An overall decrease of \$705,000 to reflect adjustments in the state hospital population; and
- An increase of \$16 million from the Public Building Construction Fund for preliminary plans and working drawings for a facility to house and treat the sexually violent predator (SVP) population.

## **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.

The budget proposes total expenditures of \$127.4 million for the DCSD in 1999-00. This represents a decrease of 1.1 percent from estimated current year expenditures. Of the proposed expenditures, \$121.2 million are federal funds, \$3 million is from the General Fund, and \$3.2 million are from reimbursements.

The Budget Act of 1998 included \$2 million from the General Fund for the department to provide naturalization assistance services. The Governor's budget continues this augmentation for 1999-00.

## MENTORING PROGRAMS

Since 1996-97, the Governor has proposed to fund the California Mentor Initiative. The Initiative is designed to help youth-at-risk by matching them with mentors, who are persons other than the child's parent, to develop a formal, ongoing, one-to-one relationship with the child. The goal of the Initiative is to reduce juvenile crime, teen pregnancy, gang association, and the school dropout rate.

The 1998-99 Budget Act included total funding of \$15.1 million for the Initiative, including \$2 million (\$1 million General Fund) for the Department of Community Services and Development (DCSD), \$10 million in Proposition 98 funding for the Office of Child Development and Education (OCDE), \$1.1 million in federal funds for the Department of Alcohol and Drug Programs, \$1.3 million General Fund for the California Youth Authority, \$280,000 in federal funds for the California Conservation Corps, and \$473,000 in federal funds for the Office of Criminal Justice Planning.

The Governor's budget proposes to continue the same level of funding for these programs in 1999-00.