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California State Senate

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BUDGET AND FISCAL REVIEW

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Agenda
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Human Services

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4200 Department of Alcohol and Drug Programs

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
<p>Substance Abuse and Crime Prevention Act (Proposition 36) and Substance Abuse Offender Treatment Program (OTP).</p> <p>The Administration proposes to cut funding for Proposition 36 and the OTP by 10 percent each effective March 1, 2008. Trailer bill language is not proposed (and is not needed) to implement the proposed reductions.</p>	<p>\$120,000</p> <p>(\$100,000 for Prop 36; \$20,000 for OTP)</p>	<p>-\$4,003 CY</p> <p>-\$12,008 BY</p>	<p>Proposition 36 and the OTP were cut from their original funding levels in the 2007-08 budget. Prop. 36 was cut from \$120 million to \$100 million and the OTP was cut from \$25 million to \$20 million.</p> <p>The Administration indicates the impacts of the additional proposed reductions are likely to be similar to those resulting from the 2007-08 reductions: less residential treatment available; shorter treatment periods per client; and longer waiting lists for services.</p> <p>The April 2007 UCLA cost-benefit study of Proposition 36 found that Prop. 36 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 Prop. 36, the aggregate savings are \$2.50.</p>

4200 Department of Alcohol and Drug Programs

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
<p>Drug Court Programs.</p> <p>The Administration 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. Trailer bill language is not proposed (and is not needed) to implement the proposed reductions.</p>	<p>\$30,930</p>	<p>-\$1,031 CY -\$3,093 BY</p>	<p>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.</p> <p>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.</p> <p>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.</p>

4200 Department of Alcohol and Drug Programs

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
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Drug Medi-Cal.

The Administration proposes a 10 percent cut to Drug Medi-Cal (DMC) rates effective 2008-09. Trailer bill language is provided to implement the proposed reduction.

\$166,208
(\$88,371 GF)

-\$100 GF CY
-\$8,846 GF
BY

DMC provides substance abuse services to persons lacking health insurance and with incomes up to 250 percent of the federal poverty level. Services include Outpatient Drug Free, Naltrexone, and Narcotic Treatment, and Day Care Rehabilitative and Residential Treatment for eligible pregnant and postpartum women. DMC rates were updated in 2007-08 after being frozen since the 2004-05 fiscal year.

The Administration indicates that the proposed reduction may reduce the scope of DMC services available to eligible individuals. In addition to the GF savings, there will be foregone federal funds resulting from this proposal of \$100,000 in the CY and \$8.472 million in the BY.

The 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.

4200 Department of Alcohol and Drug Programs

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
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Non-Drug Medi-Cal Regular.

\$7,330

-\$244 CY

-\$733 BY

The Administration proposes a 10 percent cut to Non-Drug Medi-Cal Regular programs effective March 1, 2008. Trailer bill language is not proposed (and is not needed) to implement the proposed reduction.

The 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 is currently working with the counties to determine more specific impacts.

4200 Department of Alcohol and Drug Programs

<p>Program Description</p>	<p>2007 Budget Act (where applicable)</p>	<p>Proposed Special Session Change (\$ in thousands)</p>	<p>Comments</p>
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Non-Drug Medi-Cal Perinatal.

\$23,460

-\$782 CY

The Administration proposes a 10 percent cut to Non-Drug Medi-Cal Perinatal programs effective March 1, 2008. Trailer bill language is not proposed (and is not needed) to implement the proposed reduction.

-\$2,346 BY

The Perinatal program provides alcohol and other drug (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 is currently working with the counties to determine 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.

4200 Department of Alcohol and Drug Programs

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
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California Methamphetamine Initiative.

\$10,000

-\$360 CY
-\$1,000 BY

The Administration proposes to cut funding for the California Methamphetamine Initiative (CMI) by 10 percent effective March 1, 2008. Trailer bill language is not proposed (and is not needed) to implement the proposed reduction.

The CMI is a statewide campaign to reduce and prevent abuse of methamphetamine among gay men and 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 “collateral” materials such as coasters, bar napkins, stall advertisements, etc.

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Department of Social Services

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
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California Work Opportunity and Responsibility to Kids (CalWORKs) Changes.

The Administration proposes significant changes to the CalWORKs program effective June 2008, including imposing graduated full family sanctions, restricting the safety net, and eliminating child-only benefits to specified families.

These proposals are described in more detail on the following pages 8 through 11 of this agenda.

-\$73,746 CY
-\$466,593
BY

The 2007-08 net savings includes one-time costs of \$174,000 for a statewide mailer to all CalWORKs families in March 2008 informing them of the proposed CalWORKs changes.

The Administration proposes to shift \$68.5 million of the 2008-09 savings to the TANF reserve. In addition, the Administration proposes a new Work Incentive Nutritional Supplement costing \$8.4 million, restoration of the \$40 million in Pay for Performance funding, and \$687,000 in state staff costs for CalWORKs for 2008-09. These proposals will be considered during the regular session with the rest of the 2008-09 budget.

Many of these changes are the same as or similar to proposals made during the 2007-08 budget development process last year by the Governor and rejected by the Legislature.

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Department of Social Services

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
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Graduated Full Family Sanctions.

The Administration proposes to continue the existing partial family sanction and impose a graduated full family sanction whereby the child-only grant would be reduced by 50 percent when an adult remains in sanction status for a cumulative total of six months and the entire grant (both the adult and child-only portions) would be eliminated after an adult does not comply with CalWORKs requirements for a second accumulated total for six months.

Trailer bill language is provided to implement the proposed change.

\$1,673 CY

\$22,617 BY

Under current law, when an adult fails to meet CalWORKs requirements, the family's grant is reduced by the amount attributable to the adult, but cash aid continues to the children in the family (called a partial family sanction).

This change is proposed to be effective June 2008 and would result in a GF cost because it assumes sanctioned cases would begin working as a result of the change. The Administration also estimates California's work participation rate will increase by 0.44 percent in federal fiscal year (FFY) 2008, 3.7 percent in FFY 2009, and 5.7 percent annually thereafter.

This proposal is similar to that made by the Governor and rejected by the Legislature last year.

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Department of Social Services

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
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Modified Safety Net.

The Administration proposes to restrict safety net grants only to children whose parents work sufficient hours to meet federal work participation requirements after timing-out.

Trailer bill language is provided to implement the proposed change.

-\$17,761 CY

-\$253,370

BY

Under current law, CalWORKs adult recipients are limited to 60 cumulative months of cash assistance, but children continue to receive cash aid as long as the family meets CalWORKs eligibility guidelines, regardless of how many hours their parents work after “timing-out.”

This change is proposed to be effective June 2008. An estimated 33,500 families would be removed from the CalWORKs safety net.

This proposal was made by the Governor and rejected by the Legislature last year.

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Department of Social Services

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
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Make Consistent Other Child-Only Benefits.

The Governor proposes to eliminate grants to children whose parents are not eligible for CalWORKs, including US citizen children of undocumented immigrants, after 60 months.

Trailer bill language is provided to implement the proposed change.

-\$17,832 CY
-\$235,840
BY

Under current law, California provides CalWORKs grants to children whose parents are not eligible for CalWORKs, including US citizen children of undocumented immigrants. These grants to children are not subject to a time limit.

This change would take effect June 2008. An estimated 36,700 families would be removed from CalWORKs.

This proposal was made by the Governor and rejected by the Legislature last year.

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Department of Social Services

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
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Stop the Pay for Performance Incentive Funding.

\$40,000

-\$40,000

The Administration proposes to eliminate the \$40 million in Pay for Performance funding available to counties effective March 1, 2008.

Trailer bill language is provided to implement the proposed change.

Originally enacted in 2005-06, Pay for Performance is an incentive program to encourage counties to move families receiving CalWORKs toward meaningful and lasting employment. Funds are to be awarded to counties meeting specified performance standards. Funding was not provided for the Pay for Performance program until 2007-08.

No counties have been awarded any of the 2007-08 Pay for Performance funding to date.

The Administration proposes to restore \$40 million for the Pay for Performance program for 2008-09. Funds would be awarded to counties that achieve the required program outcomes in 2007-08.

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Department of Social Services

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
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10 Percent Reduction to the Basic Care, Specialized Care, and Clothing Allowance Rates for the Foster Care, Kin-GAP, and Adoption Assistance Programs.

The Administration proposes a 10 percent cut to basic care, specialized care and clothing allowance rates for foster family homes (FFHs) and group homes (GHs), including those serving children who are seriously emotionally disturbed (SED), KinGAP, and the Adoption Assistance Program (AAP). Foster family agencies (FFAs) are proposed to receive a 5 percent rate cut.

Trailer bill language is provided to implement the proposed rate cuts.

-\$6,788 CY
-\$81,471 BY

In the 2007-08 budget, FFHs, GHs, KinGAP, and AAP cases after January 1, 2008 received a 5 percent increase to the basic care, specialized care, and clothing allowance rates effective January 1, 2008. FFAs were excluded from the rate increase to enable counties to recruit and retain additional foster families into the system. Prior to 2007-08, a rate increase had not been provided to foster care since July 1, 2001.

Approximately 80,000 children in foster care, including 1,700 SED, 14,000 children in the Kin-GAP program, and 7,300 children living with non-related legal guardians will be affected by the rate cut. The Administration indicates that the proposed reductions to foster care rates will result in less funding to meet the needs of children in care. In addition, the reduction in the specialized care rate may reduce the placement alternatives for children with special needs resulting in more expensive placements.

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Department of Social Services

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
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**In-Home Supportive Services
(IHSS) Reduction of Hours.**

The Administration proposes to reduce non-medical domestic and related services hours in IHSS by 18 percent effective July 1, 2008.

Trailer bill language is provided to implement the proposed reduction. In addition, an amendment is needed to the Department of Health Care Services Medi-Cal State Plan.

-\$109,411

Hours are proposed to be reduced in the following service categories: domestic services; meal preparation; meal clean-up; laundry; food shopping; and shopping errands.

The average hours of domestic and related services per client are 37 per month. The proposed reduction would reduce hours for the services by 6.6 hours per client. This proposal would also result in forgone federal reimbursement funding of \$227.2 million.

The Department indicates that the process by which the social worker use to assess recipient needs will remain the same and the cut will be applied by CMIPS. However, the ability for recipients to appeal the reduction and request reassessments is expected to diminish the expected savings that will result.

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Department of Social Services

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
<p>Suspension of the June 2008 State Supplemental Program (SSP) Cost-of-Living Adjustment (COLA).</p> <p>The Administration proposes to eliminate the 2008 SSP COLA that would take effect June 1, 2008.</p> <p>Trailer bill language is provided to implement the proposed reduction.</p>	<p>\$3,664,793</p>	<p>-\$23,253 CY -\$271,041 BY</p>	<p>The proposal continues to pass on \$146.0 million in federal funds to fully fund the federal January 2008 Supplemental Security Income (SSI) COLA. This resulted in an increase to the maximum monthly SSI/SSP grant from \$856 to \$870 for individuals and from \$1,502 to \$1,524 for couples.</p> <p>With the June 2008 SSP COLA, the maximum SSI/SSP grant would have been \$888, an additional \$18 more, for individuals and \$1,558, an additional \$34 more for couples.</p>

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Department of Social Services

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
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California Food Assistance Program (CFAP) Reduction.

The Administration proposes to reduce CFAP benefit levels by 10 percent commencing June 1, 2008.

Trailer bill language is provided to implement the proposed reduction.

-\$200 CY The CFAP provides state-funded food stamp benefits to low income noncitizens between the ages of 18 and 65, who have resided in the United States for less than five years. The current CFAP monthly population is approximately 23,400.

-\$2,500 BY

The proposed rate cut would reduce the average CFAP monthly benefit per person from approximately \$91 to \$82.

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Department of Social Services

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
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Interim Statewide Automated Welfare System (ISAWS) Migration Project.

The Administration proposes to eliminate the ISAWS Migration project effective April 30, 2008. Trailer bill language is not proposed (and is not needed) to implement the proposed reduction.

-\$3,385 CY
-\$43,965 BY

The Administration currently estimates that by the proposed April 30 termination date, the State will have invested \$30.5 million in the ISAWS Migration project. The Administration indicates that federal agencies have only committed to provide funding to support ISAWS through the completion of ISAWS Migration, but that it will work with those agencies to continue funding.

The proposal would affect the 35 mostly small, rural counties currently using the ISAWS system, an antiquated, proprietary system requiring hundreds of manual workarounds. This proposal would also result in foregone federal funding and federal reimbursement funding of \$4.2 million in the current year and \$53.9 million in the budget year.

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Department of Social Services

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
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Reduce Operating Expenses and Equipment (OE&E).

The Administration proposes to reduce the Department's OE&E budget by \$70,000 in the current year and \$440,000 in the budget year.

- \$70 CY The Department indicates that it will target in-state travel, out-of-state travel, contracts, and
- \$440 BY equipment to meet the reduction target.

5175 Department of Child Support Services

Program Description	2007 Budget Act (where applicable)	Proposed Special Session Change (\$ in thousands)	Comments
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Reduce Operating Expense and Equipment (OE&E).

The Administration proposes a 15 percent cut to the Department of Child Support Services' operating expense and equipment budget effective March 1, 2008.

-\$200 CY The proposed reduction would also result in federal fund reductions of \$400,000 in the CY
-\$935 BY and \$1.8 million in the budget year.

The Department indicates that it will prioritize purchases, travel and training, and seek additional economies in its purchases in order to meet the reduced expenditure levels.