

State Budget: FY 2007-08

August 22, 2007

Issue Area	Governor's Proposal	Final Legislative Budget Package	Governor
Cost-of-Doing Business			
Annual Cost Increases for County Human Services Programs	Proposed providing annual increases to county funding equivalent to the salary and benefit increases provided to state employee Bargaining Unit 1. Funding would be subject to appropriation and would begin in the 2008-09 fiscal year. Proposal would also institute a county share in federal Child Welfare Services penalties linked to performance on federal outcome measures and would establish performance and accountability measures in the IHSS program.	No proposal.	
Medi-Cal			
Performance Standards	Proposed TBL to increase the county performance standards threshold from the current 90 percent to 95 percent.	No action, therefore maintain current law.	
Deficit Reduction Act Citizenship Verification	Proposed \$50.4 million (\$25.2 million GF) to reflect one-time and ongoing costs for implementation of federal Deficit Reduction Act citizenship requirements.	Approved as budgeted.	Sustained
Cost-of-Doing-Business	Proposed \$36.9 million (\$18.4 million GF) to fund increases in the county cost-of-doing-business.	Approved as budgeted.	Sustained
CWS/Foster Care			
Kin-GAP Clothing Allowance	Proposed TBL to eliminate the Kin-GAP Plus program and add the clothing allowance and specialized care increment to the base Kin-GAP program (technical change).	Adopted CWDA-proposed TBL to clarify 100% state share on supplemental clothing allowance and allow Colusa, Plumas, and Tehama counties to offer a base clothing allowance. Budgeted at \$1 million. Also approved Administration's TBL to fold the enhanced KinGAP benefits into the base program.	Sustained
Child Welfare Services Outcome Improvement Project	Proposed \$12.9 million to maintain funding at the current year level and add \$3.2 million for county probation outcome improvement activities.	Approved as budgeted.	Sustained
CWS Budgeting Methodology	Released CWS budgeting methodology report recommending: 1) imposing a 30 percent county share on the CWS augmentations; 2) DSS to work with CWDA to develop a funding allocation methodology that "addresses inequities" across counties caused by holding counties harmless for caseload reductions; 3) DSS to begin studying linkages between	No proposal.	

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	populations, poverty and related demographics and child welfare caseloads.		
Foster Care Overpayments	Proposed \$8.5 million (\$5.1 million county, \$3.4 million GF) to impose a 60 percent county share on all overpayments, including retroactive overpayments and those on cases counties are prohibited from collecting on due to court settlement or state statute. Also, asserted that there is existing authority to impose the county share so did not proposed TBL.	Rejected and instead adopted CWDA-proposed placeholder TBL: 1) eliminating any retroactive county share of overpayments; 2) implement a 60:40 county:state sharing ratio on prospective overpayments once regulations have been finalized; 3) requiring DSS to clarify policy and adopt regulations where lacking for the collection of overpayments; 4) requiring DSS and OSI to work with CWDA to develop an expedited approval process for automation changes designed to minimize overpayments and to require the state to approve county requests and submit them to the federal government within 30 days.	
Transitional Housing Placement Program Plus	Proposed \$15.5 million GF to fund at the revised current year level. Indicated support for an additional \$10.8 million GF in funding (\$26.3 million total) during the May Revise budget hearings based on funding only those 20 counties with funded beds in the current year.	Approved \$35.7 million GF to fund counties with approved plans. Up to \$10.5 million of this amount would be used to reimburse counties for eligible costs incurred in FY 2006-07.	Sustained
<u>Gomez v. Saenz</u>	Proposed \$8.6 million (\$4.3 million GF) to implement the settlement agreement requiring due process hearings associated with names referred to the Child Abuse Central Index (CACI) list. Costs reflect an Oct. 1, 2007 implementation.	Approved the proposed funding level and adopted CWDA-proposed placeholder TBL requiring DSS, in consultation with CWDA, to track actual county costs to implement the settlement agreement in the budget year. To the extent that actual costs differ from the amount estimated in the budget, require DSS to use the actual costs to update the premise commencing with the 2008-09 budget.	Sustained
Foster Care Rates	No proposal.	Approved \$9.7 million for a 5 percent rate increase for FFH, Kin-GAP, EA, and Group Homes effective Jan. 1, 2008. Adopted TBL to apply to prospective AAP cases only.	Sustained
Dual Agency Eligible Children	Proposed to implement a "dual agency" rate effective July 1, 2007 for foster and adopted children who are also served by Regional Centers. The dual agency rate shall be \$2,006 per month per child for board and care costs for children over age 3 placed with licensed foster families, including relative caregivers. Caregivers of foster children age 0-3 who are at risk of a developmental disability would receive \$898 per month. This proposal was developed by CWDA and the Association of Regional Center Agencies.	Approved as budgeted with the following modifications to the TBL: 1) strengthening the grandfather provisions; 2) requiring DSS to collect information on the number of adoptions of dual agency children prior to and after implementation of the proposal; 3) requiring DSS to collect information over a corresponding period of time on how services provided by regional centers changed for dual agency children and whether there was an increase in the number of appeals related to dual agency children; 4) requiring DSS and DDS to submit a joint report with this information to the Legislature in a timely fashion.	Sustained
Private Adoption Agency Reimbursement Program (PAARP)	Proposed \$10.4 million (\$5.6 million GF) to maintain funding at the current year level.	Approved budgeted funding level and augmented by \$2 million GF to increase the maximum PAARP reimbursement rate to \$10,000.	Sustained

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CalWORKs and Food Stamps			
Single Allocation Funding	Proposed to continue \$90 million Employment Services augmentation for TANF Reauthorization efforts.	Approved, as adjusted to reflect the rejection of the CalWORKs policy proposals.	Sustained
Full-Family Sanction	Proposed to impose a full-family sanction after 90 days of noncompliance, effective November 1, 2007.	Rejected all three proposals and instead adopted TBL requiring DSS to develop options to increase the state's work participation including ways to structure the CalWORKs grant in order to maximize full-time work and promote family stability, as well as ideas for training and technical assistance DSS could provide counties targeted at increasing the work participation rate. The options shall be submitted to the Legislature by Oct. 1, 2007.	
Child-only Time-limit	Proposed to impose a 60-month time limit for child-only cases (children of undocumented parents, drug felons, or fleeing felons).		
Safety-Net Cases	Proposed to eliminate safety-net benefits for timed-out families not meeting work participation requirements.		
Semi-Annual Reporting	Proposed TBL to implement semi-annual reporting for CalWORKs and Food Stamps effective Jan. 2009 with a \$100 income change reporting threshold. Also proposed \$18.7 million to fund necessary automation changes to CalWORKs and Food Stamps.	Rejected TBL.	
Grant COLA	Proposed to suspend the 3.7 percent 2007-08 COLA for savings of \$123.6 million.	No action, effectively adopting the COLA freeze.	
Pay for Performance	Proposed shifting \$40 million from the current year TANF reserve to fund incentives to counties that meet or exceed performance outcome goals.	Approved as budgeted.	Sustained
Fraud Incentives	Proposed to reduce counties' Single Allocation by the lesser amount of \$16 million or the remaining fraud incentives.	Approved as budgeted.	Sustained
TANF Reserve	Proposed an \$88 million TANF reserve and an additional \$52.3 million Child Care reserve.	Reduced to \$3.2 million and adopted TBL requiring the Department of Finance to transfer funds from the GF if needed for unanticipated CalWORKs costs.	Sustained
Employment Training Fund	Proposed to transfer \$35 million in ETP funds to CalWORKs, an increase of \$15 million over the current year.	Approved as budgeted.	Sustained
Temporary Assistance Program (TAP)	Proposed TBL to delay implementation to April 1, 2009 due to unresolved child support distribution issues. TAP is intended to establish a non-MOE state-funded program for CalWORKs clients that are exempt under state law from work participation requirements.	Approved as budgeted.	

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Child Care			
Regional Market Rates	Proposed to increase the Regional Market Rate premise by \$15.3 million in the current year and \$36.5 million in the budget year, to \$21.4 million and \$44.6 million respectively. Increase is based on higher than estimated actual costs to implement the Regional Market Rate changes in 2006-07.	Approved as budgeted.	Sustained
State Median Income	Proposed to freeze the state median income eligibility ceiling at the current year level and proposed budget bill language to re-evaluate the income ceiling in 2009-10 and every three years thereafter.	Rejected proposal and approved \$6.8 million to update the 75 percent state median income ceiling based on the most recent data.	Sustained
Child Care Program Integrity	No proposal.	Approved TBL requiring the Department of Education to establish best practices for the prevention, detection, identification, and investigation of improper payments and fraud and submit a report to the Legislature by September 2008.	
APS			
Funding	Proposed \$84.6 million (\$50.2 million General Fund) to maintain funding at the current-year level.	Approved proposed funding level and augmented by \$12 million GF.	Vetoed
IHSS			
Wages/Benefits for IHSS workers	Proposed to freeze state participation in wages and benefits at the level approved as of enactment of the budget trailer bill. This would also have the effect of permanently suspending the additional \$1 per hour wage trigger.	Rejected proposal, thus approving the trigger to increase state participation in wages and benefits by \$1 per hour from \$11.10 per hour to \$12.10 per hour.	
Quality Assurance	Proposed an increase of \$149.2 million (\$48.5 million GF) to reflect lower savings based on actual data from the implementation of Quality Assurance. Total revised savings estimated at \$133.2 million (\$43.3 million GF).	Approved the revised savings amount and adopted supplemental report language requiring DSS to report to the Legislature quarterly on IHSS utilization data by county, task, and client level including the number of exceptions. Also adopted budget bill language to require DSS to report at budget hearings on the impact of the IHSS QA regulations.	Sustained

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Automation			
Hardware Replacement	<p>Proposed to continue policy of eliminating local equipment replacement funding and funding CalWIN help desk staff well below recommended levels.</p> <p>Doing so would not fund \$27.8 million (\$11.3 million GF) in cost-of-doing-business increases needed for hardware replacement and to fund help desk staff.</p>	Rejected proposed funding and instead approved \$23 million (\$9.4 million GF) to fund hardware replacement for CWS/CMS (\$5.1 million, \$2.5 million GF), LEADER (\$7.1 million, \$2.8 million GF), CalWIN (\$9 million, \$3.4 million GF) and to fund CalWIN help desk staff (\$1.8 million, \$.7 million GF). C-IV would be excluded per the LAO recommendation.	Vetoed
CalWIN	Proposed a \$40.5 million (\$15.3 million GF) decrease to CalWIN to reflect moving from implementation to maintenance and operations of the system.	Approved budgeted amount with reduction of \$36,000 GF. Also adopted supplemental report language requiring a report on long term travel policies.	Sustained
ISAWS Migration	Proposed a \$36.6 million (\$16 million GF) increase to ISAWS to complete ISAWS migration planning and to begin implementation activities.	Approved \$36.2 million (\$15.6 million GF) increase.	Sustained
CAPI			
Benefits	Proposed \$107.8 million GF to fund 9,848 cases.	Approved budgeted funding level and adopted placeholder TBL to permit CAPI recipients who naturalize to continue to receive benefits as they participate in the application and administrative appeal process for federal SSI benefits.	Sustained
SSI/SSP			
Grants	Proposed \$36 million federal funds to fund the 1.2 percent federal COLA pass-through effective Jan. 2008 and suspend the 3.7 percent state COLA for savings of \$123 million GF.	Approved as budgeted.	Sustained