

State Budget: FY 2010-11
October 7, 2010

Issue Area	Governor's Proposal (or LA or CWDA as indicated)	Budget Approved by the Legislature October 7, 2010	Governor
IHSS			
Savings From Unspecified Program Reductions	Administration will lead a stakeholder process to develop proposals to achieve savings of \$637.1 million GF in 2010-11 (increasing to \$750 million GF in 2011-12 and annually thereafter). Package of proposals to be ready for legislative enactment by July 1.	Adopted a 3.6% across the board reduction to authorized hours for the majority of IHSS recipients, resulting in \$35 million GF savings in 2010-11 and approximately \$55 million GF savings in 2011-12. There is no new exceptions process or appeal for recipients to exempt themselves from the cut. The cut will take effect 90 days after enactment of the budget and will remain in effect only until June 30, 2012.	
Provider Fee	None.	Adopted a provider fee that would apply the state portion of the sales tax to IHSS provider services, generating additional revenue in the IHSS program that would draw down additional federal funds that could be used to offset GF in the program, resulting in \$190 million GF savings. The fee would be deducted from providers' paychecks and repaid (in the same check) with a supplemental payment of a like amount.	
Report on Quality Assurance and Fraud-Related Efforts	Provide \$500,000 (\$264,000 GF) to contract with California State University to assist in the development of the fraud report due to the Legislature pursuant to the 2009-10 budget.	Approved \$150,000 total for the contract.	
Anti-Fraud Initiative - Funding for County Plans	Continue to provide \$10 million GF for allocation to counties based on approved anti-fraud plans.	Adopted.	
Recipient Finger Imaging	Provide \$8.2 million (\$4.4 million GF) in 2009-10 and \$5.65 million (\$2.9 million GF) to make SFIS changes for the purposes of fingerprinting IHSS recipients.	Adopted.	
Fingerprints on Timecards	The 2009-10 Budget Act requires fingerprints on provider timesheets. Administration proposed no changes for 2010-11.	Adopted.	

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Cost-Benefit Analysis of Anti-Fraud Program Changes	None.	Adopted supplemental report language to require the CDSS to report on the estimated costs and savings associated with each anti-fraud activity and the basis of the assumptions made CDSS in its analysis, prior to proposing funding for continued or new anti-fraud efforts in IHSS.	
CalWORKs			
Grant Reduction	Reduce CalWORKs grants by 15.7 percent for savings of \$406.2 million.	Rejected.	
Eliminate Grants for Recent Non-Citizen Legal Immigrants	Eliminate grants for recent non-citizen legal immigrants effective October 1, 2010 for savings of \$40.6 million GF in 2010-11 and \$54.5 million GF in 2011-12 and thereafter.	Rejected.	
ECF Extension Trailer Bill Language	Administration proposed trailer bill language to extend the existing ECF statutory authority should ECF be extended. CWDA recommended adoption of additional trailer bill language to ensure that ECF-funded subsidized employment programs in California can serve all categories of federally-allowable needy low-income youth between the ages of 18 and 24.	Adopted trailer bill language changes to extend ECF contingent on ECF extension in federal law and placeholder trailer bill language related to the categories of all federally-allowable youth between the ages of 18 and 24.	
CalWORKs Statewide Engagement Data Report	Redirect \$500,000 of CDSS CalWORKs (state operations) funding to develop a report generating tool that will normalize an extract of welfare to work engagement data from all consortia into one repository located at CDSS to enable CDSS to obtain engagement data reports by county and statewide.	No action.	
Restore Single Allocation Reduction	Administration proposal - none. Assembly proposed to use revenues from their proposed Jobs and Economy Security Fund to fund CalWORKs employment services and child care at \$1.5 billion, replacing the TANF funds used for this purpose; provide an additional \$300 million from the Jobs Fund to restore most of the Single Allocation reduction (5/26).	Assembly proposal not adopted.	
Eliminate the CalWORKs Program	Eliminate the CalWORKs program for savings of \$1.0 billion (in addition to the savings resulting from the other reduction proposals described above).	Rejected.	
CalWORKs - Child Care			

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RMR Ceiling Reduction	Reduce reimbursement rate limits in voucher-based programs from the 85th percentile of the market to the 75th percentile, based on the 2005 regional market rate (RMR) survey, effective October 2, 2010 for Stage 1 savings of \$41.1 million GF.	Rejected Governor's proposal and kept reimbursement rate ceilings at the current levels of 85th percentile of the RMR for licenced providers and at 80 percent of the 85th percentile for unlicensed providers.	
Reduce SMI	Reduce the family income limit for all subsidized child care programs (except the state preschool program) from 75 percent of the state median income (SMI) to 60 percent. (This proposal is in lieu of the \$123 million unallocated reduction to Stage 3 proposed in January.)	Rejected.	
Eliminate Remaining GF for Child Care	Eliminate the remainder of state funding for need-based, subsidized child care, except for preschool, for savings of \$1.2 billion.	Rejected.	
Overpayment Collections Trailer Bill Language	Administration proposes trailer bill language that would require Alternate Payment agencies to collect overpayments from families that benefit from errors, regardless of the reason for the error. All programs administered by CDSS and the California Department of Education are included in the proposal. Although the trailer bill language is intended to increase the collections of overpayments, the budget does not assume any additional collections.	Adopted budget bill language requiring a report with more detail to distinguish between administrative errors and fraud.	
CWS/Foster Care			
Veto Restoration	Administration continued CWS veto. CWDA recommended restoration of the \$80 million GF that the Governor vetoed from CWS in 2009-10.	Restored the full \$80 million.	
Educational Transport	Provide \$9.9 million (\$4.2 million GF) in 2009-10 and \$19.7 million (\$8.4 million GF) to reimburse foster caregivers for travel expenses related to education travel pursuant to federal law.	Adopted.	
Transitional Housing Program Plus	Provide \$35.9 million GF for the THP+ program. (THP+ was part of the Governor's trigger proposal in the Janaury budget to be eliminated if a federal fund target wasn't hit, but the trigger proposal was withdrawn in the May Revision.)	Adopted.	

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Rate Increase for Group Homes	Provide \$268.5 million (\$93.9 million GF) to increase rates to group homes by 32 percent in compliance with the Alliance v. Allenby court order. Of this total, \$34.1 million reflects the erosion of savings from the court injunction that halted the 10 percent rate reduction enacted in 2009-10 and \$234.4 million (\$69.6 million GF) is associated with additional funding needed for the rate increase.	Adopted.	
State Staff and Consultants to Conduct Group Home Rate Study	Provide \$863,000 (\$446,000 GF) for one new position at CDSS and funding for consultants for CDSS to conduct a rate study and move toward restructuring the current rate-setting system.	Approved the one new position at CDSS on a three-year limited-term basis and \$250,000 of the funding for consultants; adopted placeholder trailer bill language to require CDSS to establish a working group to develop revisions to the current system of setting reimbursement rates for group home providers.	
Group Home Moratorium Trailer Bill Language	Administration proposed trailer bill language to impose a moratorium on group home applications.	Adopted placeholder trailer bill language to enact a one-year moratorium on group home rate setting activity that incorporates authority for CDSS to make exceptions as appropriate with feedback from CDSS from the year of implementation for the Legislature to review.	
AB 340 - Resources for Family Approval Pilot Suspension	Administration proposed trailer bill language to suspend implementation of AB 340 until "the Department of Finance determines that sufficient state operations resources have been appropriated" for implementation.	Reject the proposed trailer bill language; restore local assistance funding of \$918,000 (\$329,000 GF) for six months of 2010-11, and provide \$150,000 GF to CDSS to implement AB 340.	
AB 1462 - Placement of Children in Foster Care with Developmental Disabilities in For-Profit Group Homes Suspension	Administration proposed trailer bill language to suspend AB 1462 until "sufficient state operations resources have been appropriated for its implementation."	Rejected.	
SB 1380 - Expansion ITFC and MTFC Program Rates Suspension	Administration proposed trailer bill language to suspend implementation of SB 1380 if the trailer bill language imposing a moratorium on group home applications is not approved.	Rejected.	

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AB 2488 - Mutual Consent-Confidential Intermediary Program for Sibling Contact Suspension	Administration proposed trailer bill language to suspend AB 2488 indefinitely.	Approved trailer bill language to continue suspension for an additional one year.	
AB 2985 - Foster Youth Identity Theft Suspension	Administration proposed trailer bill language to suspend AB 2985 indefinitely and make implementation subject to an appropriation.	Rejected.	
Food Stamps			
California Food Assistance Program (CFAP)	Eliminate CFAP for GF savings of \$45.1 million in 2010-11 and \$49.5 million in 2011-12 and annually thereafter.	Rejected.	
County Match Waiver Proposal	Administration had no proposal. CWDA recommended adoption of trailer bill language to waive the county match above the CalWORKs/Food Stamps MOE to still draw down state and federal funds (for 2010-11 and 2011-12).	Approved trailer bill language to implement CWDA proposal.	
DOD Funding	Reduce Food Stamps administration by \$10.5 million GF (and corresponding reductions in county and federal funds) and backfill with newly available funds available for Food Stamps appropriated by the Department of Defense Appropriations Act of 2010.	Approved.	
Inter-County Transfers	Administration proposes trailer bill language to establish an ICT process for food stamps clients for savings of \$23,000 (\$6,000 GF).	Approved.	
SSI/SSP			
Reduce SSI/SSP Grants	Reduce SSI/SSP grants for individuals by \$15 per month to the federal minimum for savings of \$132.8 million GF.	Rejected grant cut. Adopted supplemental report language to direct CDSS to convene working group of stakeholders to evaluate the effects of eliminating cash-out policy under specified conditions.	
Cash Assistance Program for Immigrants (CAPI)	Eliminate CAPI for savings of \$73.6 million GF in 2010-11 and \$100.7 million GF in 2011-12 and annually thereafter.	Rejected.	
Medi-Cal Administration			
Base Adjustment for Overfunded COLA	Reduce Medi-Cal admin by \$76.4 million (\$38.2 million GF) to correct for overfunding the base because 2008-09 staff costs were used for the January estimate rather than 2007-08 staff costs.	Approved.	

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Eligibles Growth Methodology Change	Reduce Medi-Cal admin by \$87.7 million (\$43.9 million GF) to reflect the change in methodology for calculating caseload growth from using one year of caseload growth rather than two years.	Rejected Administration's methodology change; reduced Medi-Cal admin by \$42 million (\$26 million GF) and adopted trailer bill language requiring DHCS to meet with CWDA and counties to develop a methodology for 2011-12 for calculating caseload growth.	
Suspend CODB for 2010-11	Reduce Medi-Cal admin by \$21 million (\$10.8 million GF) to reflect the suspension of COLA in 2010-11.	Adopted.	
Reduce Staffing Needs Due to Simplified Citizenship	Reduce Medi-Cal admin by \$26.5 million (\$13.6 million GF) to reflect reduced county administration workload as a result of the option to use a SSA data match in lieu of obtaining evidence of citizenship from applicants.	Adopted.	
MEDS Security	Provide \$29.2 million (\$14.6 million GF) in 2010-11 (\$27.9 million rolled-over from 2009-10) to fund county requests for MEDS security.	Adopted.	
Medi-Cal Program			
<u>Health Care Cost Containment:</u>			
Caps on Optional Benefits	Reduce Medi-Cal by \$90.2 million by capping optional benefits including: cap of 10 physician or clinic visits per year; six prescriptions per month (excluding life-saving drugs); elimination of some over-the-counter drugs and nutrition supplements; and setting maximum annual spending caps for hearing aids, durable medical equipment, incontinence supplies, urological supplies and wound care supplies.	Rejected.	
Cost-Sharing Increases	Reduce Medi-Cal by \$218.8 million by increasing cost-sharing including: \$5 copayments on physician/clinic/dental visits; \$3/\$5 copayments on prescriptions; \$50 copayments on emergency room visits; and \$100 per day copayments for inpatient hospital stays up to a maximum of \$200 per admission.	Rejected.	

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Other Program Changes	Reduce Medi-Cal by \$213.7 million by requiring senior and persons with disabilities to enroll into managed care, reducing radiologist rates, freezing hospital rates to current levels, and eliminating state payment of Part B premiums for beneficiaries whose share of cost is less than \$500 per month.	Adopted the proposal to freeze CMAC-negotiated hospital rates for one year plus trailer bill language to gradually transition to a "diagnosis-related grouping" method of reimbursement and adopted modified managed care proposal whereby seniors and persons with disabilities in 14 counties would be enrolled in managed care on a phased-in basis beginning Feb. 1, 2011 for savings of \$357.5 million (\$182.1 million GF); referred Administration's trailer bill language to policy committee.	
<i>Other Proposals:</i>			
Medicaid 1115 Waiver	Provide \$4.1 million and continue three limited-term positions and add 53 limited-term positions to implement the provisions of the waiver (which has not yet been approved by the federal government). Administration proposed trailer bill language to implement the waiver.	Approved \$5.7 million (\$1.6 million GF) and 39 positions to begin implementation of the pending waiver. Of the 39 positions, 26 are in DHCS and 13 in the Department of Managed Health Care and adopted trailer bill language.	
Newly Qualified Immigrants	Reduce benefits for newly qualified immigrants (those who have been in the US for less than five years and are subject to the five-year bar on benefits) from full-scope to limited-scope for savings of \$38.5 million GF.	Rejected.	
Mid-Year Status Reports and Continuous Eligibility for Children	Require Mid-Year Status Reports and eliminate continuous eligibility for children in Medi-Cal effective Jan. 1, 2011 for savings of \$4.9 million (\$2.5 million GF) in 2010-11 (assuming that federal economic stimulus package is not extended past Dec. 31, 2010).	Rejected, and adopted placeholder trailer bill language to continue annual eligibility determinations.	
Aged, Blind, and Disabled Asset Verification	Contract with a third-party vendor to provide information to county eligibility staff to electronically verify assets for all Aged, Blind, and Disabled beneficiaries at a cost of \$1.2 million (\$600,000 GF).	No action (therefore, proposal adopted).	

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PARIS Matching Pilot	Continue pilot testing the Public Assistance Reporting Information System (PARIS), an information system maintained by the US Department of Health and Human Services, to test the viability of identifying beneficiary residence changes and public assistance benefits receive in other states for savings of \$2.5 million (\$1.3 million GF) in 2010-11.	No action (therefore, proposal adopted).	
Automation			
LEADER Replacement System (LRS)	Provide \$44.3 million for the LRS project (for a total of \$45.6 million (\$23.3 million GF)) for 2010-11.	Adopted.	
CWS/CMS - Probation	Provide probation officers access to CWS/CMS so that they can fulfill their case management responsibilities for a cost of \$1.4 million (\$918,000 GF).	Rejected.	
CMIPS II	Reduce project budget by \$49.5 million (\$20.1 million GF) to reflect five month delay in the project. Overall costs will not change, but are shifted among fiscal years.	Adopted.	
CWS/Web Project	Provide \$1.8 million (\$827,000 GF) for 10 new positions to support the CWS/Web Project.	Adopted.	
SFIS (non IHSS-related)	Convert 1.5 contract staff to 2.0 permanent state staff.	Adopted.	
Other			
HHS Realignment	Redirect \$602 million in county mental health realignment funds and \$359.4 million in other county savings to increase the county shares of cost for CWS, Food Stamps administration, Foster Care, and AAP.	No action on shift of other county savings (therefore, proposal rejected). Rejected shift of county mental health realignment funds.	

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Community Care Licencing - Strengthening Health and Safety Protections	Administration proposes trailer bill language to eliminate the existing inspection protocols and replace them with a new compliance assessment inspection protocol, which would provide for annual/biennial inspections. The proposal would result in \$1.2 million (\$813,000 GF) in savings from county licensing due to new workload standards associated with the new protocols (no state savings are proposed because CDSS says they've already taken reductions to vacant positions). This proposal also includes a 10 percent fee increase.	Rejected; directed CDSS to continue working with stakeholders on a policy and/or future budget proposal.	