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**CWDA**

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To: All County Social Service Directors and Fiscal Officers

From: CWDA Staff

Pages: 11

**RE: State Budget Update #2 – Details of Governor’s 2010-11 Proposed Budget**

The detailed budget documents for the Governor’s proposed 2010-11 budget were released on Monday.

**Overall Budget Picture**

The budget projects a General Fund (GF) deficit of \$19.9 billion through 2010-11: \$6.6 billion in 2009-10; \$12.3 billion in 2010-11; and a \$1 billion reserve. A \$6.9 billion shortfall was already projected for 2010-11 upon enactment of the 2009-10 budget in July 2009. The deficit has continued to grow, however, for the following reasons:

Projected 2010-11 Deficit	-\$6.9 billion
Federal and State Court Litigation	-\$4.9 billion
Erosions of Previous Solutions	-\$2.3 billion
Revenue Decline	-\$3.4 billion
Population and Caseload Growth	-\$1.4 billion
Reserve	-\$1.0 billion
<b>Total</b>	<b>-\$19.9 billion</b>

The \$19.9 billion shortfall is covered largely through spending cuts, although the budget also relies significantly on an increase in federal funds to California. In the event that those federal funds are not received, additional spending cuts and revenue increases are triggered. The federal fund trigger is discussed in more detail below. The following chart has general descriptions of the proposed solutions.

	<b>2009-10</b> (\$ in millions)	<b>2010-11</b> (\$ in millions)	<b>Total</b> (\$ in millions)
Expenditure Reductions	\$1,034	\$7,475	\$8,509
Additional Federal Funds	\$8	\$6,905	\$6,913
Alternative Funding	\$150	\$3,736	\$3,886
Fund Shifts and Other Revenues	\$0	\$572	\$572
<b>Total</b>	<b>\$1,192</b>	<b>\$18,688</b>	<b>\$19,880</b>

The Governor has also declared a fiscal emergency and has called the Legislature into special session (pursuant to Proposition 58) to address the crisis. The Legislature has 45 days (until

February 22, 2010) to take action and may not take action on any other legislation during that time period. The Governor's special session proposals address \$8.9 billion of the overall \$19.9 billion deficit. Proposals in social services, Medi-Cal, and the Healthy Families Program account for \$2.7 billion of the special session proposals.

Current Year – The budget projects \$82.2 billion in GF revenues available for 2009-10, a decrease of \$3.9 billion from the 2009-10 budget enacted July 28, 2009. Total statewide GF expenditures for the current year are proposed at \$86.1 billion, a decrease of \$5.5 billion from the 2008-09 enacted budget.

Budget Year – The proposed 2010-11 budget projects a \$3.2 billion increase in GF revenues over the revised current year estimates, for a total of \$85.5 billion. GF expenditures are proposed at \$82.9 billion, a decrease of \$1.2 billion from the 2008-09 enacted budget.

Cash Flow – The Governor's Budget projects that the State will have sufficient cash to repay as scheduled in May and June 2010 \$8.8 billion of Revenue Anticipation Notes (RANs) issued after the enactment of the 2009-10 budget in July. However, the Administration notes that the State will once again face cash challenges as early as March 2010 and, absent corrective action, face significant challenges meeting all GF cash needs beginning in July 2010. The Governor's budget proposals would substantially reduce the cash gap, but the State will still need to obtain external financing and cash deferrals early in the 2010-11 fiscal year. There is no specific proposal around cash deferrals at this time, but we will keep you updated as more information becomes available.

Federal Funds Trigger – As mentioned above, the proposed 2010-11 budget relies upon the receipt of \$6.9 billion in additional federal funds. Failure to secure those funds by July 15, 2010 triggers \$4.6 billion of permanent GF spending cuts and \$2.4 billion of one-year GF revenue increases. It is our understanding that this is an "all or nothing" proposal; that is, if all of the \$6.9 billion is not secured, then all of the trigger reductions and revenues take effect.

The following are the trigger reductions affecting health and human services programs:

- Eliminate the CalWORKs program for \$1.044 billion in GF savings.
- Eliminate the IHSS program for \$495 million in GF savings.
- Reduce Medi-Cal eligibility to the minimum allowed under current federal law and eliminate most remaining optional benefits for adults for GF savings of \$532 million. The eligibility cuts include: (1) rolling back the 1931(b) program to March 2000 levels; (2) reducing services for children and pregnant women to 133 percent of the federal poverty level; (3) reducing the Aged, Blind and Disabled program to SSI/SSP levels; (4) eliminating the Medically Needy Program; (5) eliminating the Breast and Cervical Cancer Treatment Program; (6) eliminating the Child Health Disability Program (CHDP) Gateway; (7) eliminating the Medically Indigent long term care program; and (8) eliminating the Family Planning program. Very few optional benefits would be available for adults with the exception of pharmacy services.
- Eliminate the Healthy Families Program for \$126 million in GF savings.
- Eliminate state funding for the Transitional Housing Placement for Foster Youth-Plus Program for \$36 million in GF savings.

- Replace \$847 million in existing GF spending on mental health services with Proposition 63 (Mental Health Services Act of 2004) funds.
- Eliminate Proposition 99 funding for a number of health programs, for \$115 million in GF savings. Programs that will lose Proposition 99 funding include Access to Mothers and Infants, Major Risk Medical Insurance Program, Every Woman Counts, Expanded Access to Primary Care, and Asthma Control programs. The Health Education Account is not affected.
- Impose a new county share of cost for Food Stamp Administration for \$325 million in GF savings. Because the various program eliminations will reduce county match obligations, the Administration is proposing to redirect \$325 million of this "savings" and to create a new county share of cost for Food Stamps Administration. We do not yet know what the new sharing ratio would be.

### **Overall Health and Human Services**

Across all health and human services programs, the 2010-11 budget proposes a GF reduction of \$2.4 billion (approximately 8 percent) from the 2009-10 enacted budget. This includes a "workload" increase of \$2.1 billion GF due to rising caseloads and other workload adjustments offset by \$4.5 billion in GF "solutions." The solutions include \$2.8 billion of program cuts and about \$1.8 billion of alternative funding.

Specific proposals related to health and human services issues include the following:

#### **Human Services Funding Deficit**

The budget does not propose to fund cost increases to counties to deliver mandated programs on behalf of the state. Through 2009-10, counties are funded about \$1 billion (\$600 million GF) below what is needed to cover the actual cost to deliver human services. As such, to the extent human services programs receive funding increases based on rising caseloads, amounts are based on 2001 cost levels. Also, the human services funding deficit amount does not include the \$667.1 million (\$427.7 million GF) in permanent cuts to base program funding that have occurred since 2002.

#### **Centralized Eligibility**

Although there are no expenditures or savings proposed for the current or upcoming budget years, the Governor's proposed budget does include "Centralizing Eligibility and Enrollment for Public Assistance" as one of the Administration's reform activities, noting that "resulting savings could be as high as \$1 billion (\$500 million General Fund) annually by 2012-13". The budget documents do not provide any detail for this cost saving estimate, but it is worth noting that the number mirrors earlier estimates that included privatization of eligibility. We can only conclude that the Administration is still considering privatization, despite assurance that this initiative has been dropped, and proceeding toward a sole-source, noncompetitive procurement of one contracted eligibility system for California, despite the requirements of the 2009-10 trailer bill to do a full analysis of possible alternatives prior to assuming the solution.

#### **Proposition 10 Funding Redirection**

Similar to what was proposed in the 2009-10 version of the budget passed in February 2009 and rejected by voters last May, the proposed 2010-11 budget assumes passage of a June 2010 ballot initiative to redirect \$350 million in California Children and Families Act of 1998 (Proposition 10) funds to various human services programs to offset a like amount of GF costs in those programs. If the June ballot initiative fails, the Administration states that the lost Proposition 10 funding would

be backfilled with GF. The human services programs included in the Proposition 10 redirection include:

- CalWORKs Stage 1 Child Care – \$73 million
- Foster Care Grants (56 Counties) – \$23 million
- Foster Care Administration – \$7 million
- AAP – \$37 million
- Kin-Gap – \$29 million
- Adoptions – \$35 million
- Child Welfare Services (56 Counties) – \$39 million
- Title IV-E Waiver Counties – \$42 million
- SSI/SSP – \$65 million

### **CalWORKs**

Revised average monthly caseload estimates for the program are 558,664 cases in 2009-10 and 605,542 cases in 2010-11 for a 10.6 percent increase in the current year and an 8.4 percent increase in the budget year.

Single Allocation – The budget proposes to maintain funding for the Single Allocation at the 2009-10 appropriation level, or \$1.9 billion. This funding level continues the \$375 million reduction included in the 2009 Budget Act, as well as the \$60 million Employment Services veto from the 2008 Budget Act.

Pay for Performance – The Pay for Performance program remains suspended, for savings of \$40 million. The Pay for Performance program was established in 2005-06 to create incentives for counties to achieve program outcomes; however, counties have never received funding for meeting or achieving those outcomes.

CalWORKs Grants – The Governor proposes to reduce grants by 15.7 percent, effective June 1, 2010, for savings of \$48.1 million in the current year and \$604.5 million in 2010-11. This proposal is in addition to the four percent grant cut that was implemented July 1, 2009, and would reduce the maximum monthly grant for a family of three from \$694 to \$585. Approximately 8,400 CalWORKs cases would lose eligibility as a result of this reduction.

Eliminate CalWORKs Grants for Recent Non-Citizen Legal Immigrants – The budget proposes to eliminate CalWORKs grants for Recent Noncitizen Entrants, effective June 1, 2010, for savings of \$3.5 million in 2009-10, and \$57.6 million in 2010-11. Recent Noncitizen Entrants include the following individuals in the U.S. less than five years: 1) Parolees; 2) Conditional Entrants; 3) Legal Permanent Residents; 4) Permanently Residing in the U.S. Under Color of Law; and 5) Battered Noncitizens. Approximately 24,000 recipients (in approximately 9,500 cases) would lose eligibility for CalWORKs benefits and services as a result of this reduction.

Employment Services Ramp-Up for 2011 CalWORKs Reforms – The budget proposes to redirect \$46.7 million to CalWORKs Employment Services in the budget year for ramp-up costs to implement the CalWORKs reforms scheduled to be implemented in July 2011. The \$46.7 million would be redirected from Stage 1 Child Care to Employment Services. The reforms scheduled to be implemented in July 2011 include: new 48 month time limit, self sufficiency reviews, and increased sanctions. These reforms are estimated to result in \$600 million annual savings.

Quarterly Reporting/Prospective Budgeting – The budget assumes net administrative savings of \$70.5 million, a \$2.2 million increase from the current year. This amount includes increased administrative costs of \$245.9 million offset by savings of \$316.3 million.

Tribal TANF – Total funding is proposed at \$88.4 million, including \$81.0 million for grants, \$2.0 million for employment services, and \$5.3 million for administration. This amount is an \$11.3 million increase over the current year.

TANF Reserve – The budget proposes no TANF reserve.

Substance Abuse and Mental Health – The Governor proposes \$120.3 million for the budget year, a decrease of \$6.0 million in Substance Abuse services and an increase of \$1.6 million in Mental Health services, based on current expenditure trends. Current year funding remains the same at \$124.7 million (\$54.3 million Substance Abuse, \$70.3 million Mental Health). The flexibility to use SA/MH funds for the Single Allocation continues until June 30, 2011.

### **Child Care**

Stage One – The budget proposes total funding of \$436.3 million, a \$103.0 million decrease from the current year due to the shift of \$46.7 million for the Employment Services Ramp-Up for the 2011 CalWORKs changes (see description in CalWORKs above), and the \$54.8 million reduction due to the Regional Market Rate ceilings reduction (below). The budget proposes no Stage One reserve.

Regional Market Rate Ceilings Reduction to 75<sup>th</sup> Percentile – The budget proposes to reduce reimbursement rate limits in voucher-based programs from the 85th percentile of the market rate to the 75th percentile, based on the 2005 regional market rate survey, effective July 1, 2010 for General Fund savings of \$77.1 million (\$54.8 million in Stage 1). This proposal would also reduce the reimbursement rate limits for licensed exempt providers from 90 percent of the ceilings for licensed family child care homes to 70 percent.

Unallocated Reduction to Funding for CalWORKs Stage 3 Child Care – The budget proposes to cut \$122.9 million from CalWORKs Stage 3 Child Care to achieve additional ongoing Proposition 98 GF savings. It is the intent of the Administration to provide child care services to California's neediest families, CalWORKs and non-CalWORKs working poor families alike. Therefore, the Administration intends to explore options in the coming months to achieve these goals and to develop such proposals for action this year.

### **Food Stamps**

Non-Assistance Food Stamps caseload has increased 25.2 percent over the last year and is projected to increase 17.1 percent next year to 1,137,766 families. As such, there is a proposed current year augmentation of \$20.7 million GF for a revised current year allocation of \$330.8 million GF. Budget year funding is proposed at \$386.8 million GF for a \$56.0 million increase over the revised current year amount. This amount includes continuation of the 2008 base cut of \$21.0 million (\$8.6 million GF) that resulted in the elimination of funding for 181 eligibility workers providing food stamps benefits to thousands of needy families.

Quarterly Reporting/Prospective Budgeting – The budget assumes net administrative savings of \$116.4 million (\$41.0 million GF), a \$19.4 million increase from the current year. This amount includes increased administrative costs of \$172.1 million (\$60.0 million GF) offset by savings of \$288.5 million (\$101.0 million).

Funding for SAWS Consortia Food Stamp Projects – The budget includes funding for the proposed SAWS modernization projects. Food Stamp ARRA funds will be used for normal administrative costs, freeing up funds for projects in each consortium.

### **Child Welfare Services and Foster Care**

Overall, child welfare services funding is held constant from last year, providing \$1.1 billion total funds for the 56 non-waiver counties and \$1.17 billion for the two Title IV-E waiver counties.

The Administration projects a decrease in the foster care caseload in both the current year and budget year. The current year foster care caseload is projected to average 61,785, a decrease of 5.1 percent from 2008-09. In FY 2010-11, the foster care caseload is expected to decline further by 4.0 percent, to 59,307 foster children.

Sharing Ratio Changes – The Administration proposes significant changes in the Child Welfare, Foster Care and Adoption Assistance Program (AAP) areas beginning July 1, 2010. First, the Administration would redirect county savings resulting from cuts and savings proposed in other areas of the budget toward the child welfare program, with new county sharing ratios. Specifically, the budget would capture \$505.5 million, achieved through the proposed CalWORKs grant cut, reduction in IHSS services, the 6-month ARRA extension in foster care, AAP and IHSS, and elimination of the CalWORKs non-citizen program. New sharing ratios (for the non-federal costs of the programs) would be:

- Foster Care: 25% state/75% county (currently 40% state/60% county)
- AAP: 41% state/59% county (currently 75% state/25% county)
- CWS: 30% state/ 70% county (currently 70% state/30% county)

Federal Fund Assumptions – The budget contains three significant assumptions. First, it assumes passage of a June 2010 ballot initiative, previously rejected by the voters last year, to redirect \$213 million in Proposition 10 funds (see Proposition 10 discussion above). Second, the budget assumes new federal policy will implement on June 1, 2010 to make all foster children federally-eligible under Title IV-E, for a net savings of \$18.7 million total funds (\$7.5 million state GF, \$11.2 million county) in the current year, and \$217.2 million total funds (\$86.9 million state GF, \$130.3 million county) in the budget year. Third, the budget assumes federal ARRA that augments the federal share of Title IV-E from 50 percent to 56.2 percent will be extended another six months through the end of the budget year.

Continuation of 2009-10 Veto – The Administration assumes continuation of the \$120 million (\$80 million GF) vetoed by the Governor (\$60.9 million GF plus \$19.1 million GF for the Title IV-E Waiver counties). As was the case last year, this cut would be an unallocated cut to the child welfare program.

Foster Care Grants – The proposed budget assumes continuation of a ten percent cut to group homes, foster family agencies, and rates paid on behalf of Seriously Emotionally-disturbed (SED) children. No rate cut is proposed for foster family homes. However, the lost savings due to the *California Alliance v. Wagner* lawsuit, which impacts group homes only, is not yet reflected in the budget estimate. In addition, the budget includes \$13.3 million total funds in the current year, and \$26.6 million total funds budget year, to support the transportation costs of foster children in order to maintain their educational stability as required by recent federal legislation.

Kin-GAP and Subsidized Relative Guardianship – The budget assumes a slight increase in the Kin-GAP caseload for 2010-11 at 14,670 cases (2.5 percent increase), but a decrease in county administration of \$1.29 million. The budget attributes this decrease to new cases enrolling instead in a Subsidized Relative Guardianship (SRG) Program, which would begin October 1, 2010. Recent federal law allows states to draw down federal Title IV-E to support these relative

guardianship placements. The budget assumes 1,062 cases for the 2010-11 budget year and provides \$476,000 in total for county administration for non-waiver counties.

Adoption Assistance – The budget continues the “de-linking” provisions as passed under federal law for 16 year olds and expands to the next eligible group of 14 year olds or older, for a savings of \$753,000 in the budget year. The budget also continues the policy approved in last year’s budget prohibiting age-related increases to the AAP rate, for a net savings of \$11.4 million (\$4.9 million GF) in the budget year.

Monthly Social Worker Visits – The budget continues funding of \$9.8 million (\$4.4 million GF) to support increased monthly social worker visits, in an effort to comply with new federal standards for monthly visitation. This is a slight decrease over 2009-10 due to adjusted caseload and federal grant funds. Another \$2 million in PSSF is also available to counties for this purpose (an increase of \$1 million federal funds over the current year).

P.L. 110-351 – Other items related to implementation of the federal Fostering Connections to Success and Increasing Adoptions are funded in the budget, including: \$9.7 million GF to provide health oversight and coordination through county public health nurses serving children in foster care, \$564,000 (\$255,000 GF) to create Transitional Independent Living Plans prior to youth emancipation, commencing January 1, 2010; \$2.9 million (\$1.3 million GF) to support activities related to identifying and notifying relatives within 30 days of a child’s removal beginning January 1, 2010; and \$1.5 million federal funds pass-through in adoption incentive funds to be reinvested based on a methodology that will be developed with input from counties.

Program Improvement Plan (PIP) Activities – The following expenditures in support activities to comply with the State’s PIP are continued in the budget: \$5.9 million (\$2.6 million GF) for increased family case planning meetings and \$12.2 million (\$5.5 million GF) for increased relative search and engagement.

Foster and Adoptive Family Recruitment Campaign – Provides \$185,000 (\$119,000 GF, no county match) in the budget year to support various strategies to test and implement a foster and adoptive family recruitment campaign in seven to ten counties.

Transitional Housing Programs – The budget proposes to maintain funding for THPP at \$13.8 million (\$3.5 million GF) and THP Plus at \$35.9 million GF, although THP Plus is subject to elimination due to the trigger.

Legislation – The budget continues to suspend AB 340 the Resource Family Approval Pilot Program and AB 2985 Foster Youth Identity Theft. The budget does provide funding to support grants, food stamps administration and automation necessary to implement AB 719, the Transitional Food Stamps for Foster Youth program.

Federal Grants – The budget reduces grants for child abuse and neglect prevention and treatment to \$8.78 million, due to a reduction of the Community-Based Child Abuse Prevention (CBCAP) grant portion of funding, for a net decrease of \$2 million. Federal PSSF for counties is estimated for FFY 2010 at \$32.7 million, the same as the prior FFY.

### **In-Home Supportive Services**

The IHSS caseload is projected to increase in both the current year and budget year. The current year caseload is projected to be 460,041, for a growth rate of seven percent from 2009-10. In 2010-11, the IHSS caseload is expected to grow by 6.5 percent, to 489,972 recipients.

Service Reductions – The budget proposes to eliminate IHSS services to recipients with a functional index (FI) score below 4.0. This assumes the Administration prevails in the *V.L. vs. Wagner* lawsuit, currently blocking the State from imposing service reductions based on FI Score to recipients at or below an FI Score of 1.99. Projected savings in the budget year would be \$234.3 million (\$77.3 million GF) in the current year and \$3.5 billion (\$1.1 billion GF) in the budget year, assuming implementation on June 1, 2010. At full implementation, just 63,239 recipients would remain eligible for the program, receiving on average 74.4 hours of services.

County Administration – The budget includes a significant cut to county administration due to the service reduction, beginning July 1, 2010, reducing administrative funding by 86 percent, to \$45.5 million (\$16.1 million GF). The budget also includes continuation of last year's five percent base cut to IHSS social workers, proposed at the same level as last year for another \$15.0 million (\$5.3 million GF) reduction in county operating costs. Since this second cut is proposed at the same level despite the reductions in county administrative costs due to eliminating services, the additional cut equals 33 percent of the remaining fund for county administration, and brings the net reduction to \$302.4 million (\$21.4 million GF).

Anti-Fraud Activities – The budget continues to fund several IHSS anti-fraud activities, including:

- Anti-Fraud Initiative: In support of county IHSS and district attorney-related activities, is continued at essentially the same level, in 2010-11 (\$28.3 million total, \$10 million GF).
- County Investigators: 78 county positions are continued in the budget year at a cost of \$10.1 million (\$3.6 million GF).
- Provider Enrollment Form: Includes \$10.7 million (\$3.8 million GF) in the current year and \$473,000 (\$167,000 GF) in the budget year for county administration activities necessary to implement a required provider enrollment form.
- Recipient Finger Imaging: In the current year, \$8.2 million (\$4.4 million GF, no required county share) was appropriated for one-time equipment purchases, training and county activities associated with recipient finger imaging, which goes into effect April 1, 2010. Pending the testing of SFIS portable devices, the budget assumes one-time costs for the purchase of fingerprint ink, cards and Polaroid cameras. In 2010-11 on-going costs are budgeted at \$5.6 million (\$2.7 million GF).
- Other county administrative activities relating to anti-fraud efforts: Specific activities funded in the budget include the provider enrollment form, criminal background clearances, targeted mailing and annual fraud training for county staff, at a cost of \$786,000 (\$287,000 GF), reduced from the current year to account for fewer IHSS recipients assuming the service reductions are adopted.

The budget also estimates that \$387.1 million (\$135.1 million GF) will be saved in the current year and \$245.7 million (\$70.9 million GF) in the budget year, as a result of state and county anti-fraud activities. The budget displays this savings as “net” of administrative costs for IHSS anti-fraud costs, including those referenced above.

Provider Wages and Benefits – The budget proposes to roll back the State's participation in wages and benefits to the state minimum wage of \$8.00 per hour plus 60 cents for health benefits effective June 1, 2010, for savings of \$26.5 million GF in the current year and \$338.2 million GF in 2010-11. The proposal would result in a direct cost shift to counties. Under current law, the State participates in wages up to \$11.50 per hour plus 60 cents for health benefits. There is no proposal

to remove the statutory requirement for counties to collectively bargain for wages and benefits. The 2009-10 budget as passed last February would have reduced state participation to \$9.50 per hour plus \$0.60 for health benefits; however the court blocked implementation and the State has filed an appeal. Under the 2010-11 proposal, the county share of the savings would be redirected to pay for increased county share of costs in CWS, Foster Care, and AAP (see Sharing Ratio Changes discussed above).

IHSS Quality Assurance – Maintains funding for county IHSS Quality Assurance activities at \$31.8 million (\$11.2 million GF).

IHSS Plus Option – Adjusts current year funding for social worker “supports-broker” training and implementation of a risk assessment process based on delayed implementation to \$5.4 million (\$1.9 million GF) and \$1.5 million in 2010-11 (\$549,000 GF).

V.L. v. Wagner County Administrative Costs – Reimburses counties for the cost of complying with the court order to restore IHSS service reductions at a cost of \$3.1 million (\$1.6 million GF) in the current year.

### **APS**

The Governor proposes \$44.1 million GF to continue the current year ten percent cut to the APS program for savings of \$13.2 million (\$6.1 million GF). The cut results in the loss of 75 social workers that would have investigated 18,775 reports of abuse or neglect.

### **Medi-Cal Administration and Program**

County eligibility operations base funding is proposed at \$1.4 billion (\$689 million GF) to maintain funding at the current year level. In addition to base funding, \$188.5 million (\$94.3 million GF) is budgeted for caseload growth.

Cost of Doing Business – Funding for cost-of-doing-business increases in the budget year is proposed to be suspended for savings of \$44.3 million (\$22.1 million GF), and the funding vetoed from the final 2010-11 budget by the Governor in July is not restored, resulting in a continued cut of \$121.1 million (\$60.6 million GF).

MEDS Security Agreements – The budget proposes no funding for MEDS security agreements in 2010-11. DHCS staff indicates that this issue will be revisited in the May Revise after results of the annual county cost survey are compiled. A question will be added to the survey regarding MEDS security agreement funding needs.

Citizenship Requirements – The budget proposes \$1 million (\$500,000 GF) for the Deficit Reduction Act citizenship documentation requirements in 2010-11, reflecting implementation of the option provided under the Children’s Health Insurance Program Reauthorization Act of 2009 (CHIPRA) that allows states to use a Social Security Administration (SSA) data match in lieu of obtaining evidence of U.S. citizenship from Medi-Cal applicants and beneficiaries. It is assumed that county administrative workload will decrease because counties will not need to verify citizenship if there is an SSA data match.

Newly Qualified Immigrants – Benefits for newly qualified immigrants (those who have been in the U.S. for less than five years and are subject to the five-year bar on benefits) and PRUCOLs would be reduced from full-scope to limited-scope. The proposal would result in estimated GF savings of \$1.1 million in the current year and \$117.6 million in 2010-11. The proposal assumes the receipt of new federal funds because some of the emergency services would now be eligible for federal financial participation.

Mid-Year Status Reports and Continuous Eligibility for Children (MSR/CEC) – The budget assumes the implementation of Mid-Year Status Reports and the elimination of Continuous Eligibility for children in Medi-Cal effective January 1, 2011 for savings of \$4.9 million (\$2.5 million GF). If the federal funding increase provided in the federal economic stimulus package is extended past the current December 31, 2010 expiration date, the MSR/CEC changes would not go into effect. Note that the trailer bill language that authorized the MSR/CEC changes sunsets these changes as of July 1, 2012.

Six-Month Moratorium on BCCTP Screening – Currently, doctors in the Every Woman Counts Program screen women diagnosed with breast and cervical cancer for potential eligibility to the Breast and Cervical Cancer Treatment Program (BCCTP). The budget proposes a temporary moratorium on this screening, from January 1, 2010 to July 1 2010 and assumes savings of \$1.1 million (\$471,000 GF) in the current year and \$6.5 million (\$2.9 million GF) in the budget year.

Aged, Blind, and Disabled Asset Verification – Federal law requires DHCS to develop methods for electronic verification of assets for all Aged, Blind and Disabled beneficiaries. The department intends to contract with a third-party vendor that would provide information to county eligibility staff. If unreported assets are identified, counties would have to follow up with the applicant/beneficiary for additional documentation. No savings are included for this activity in the current or budget year. The budget includes \$1.2 million (\$600,000 GF) to pay for the contractor that will provide asset verification services.

PARIS Matching Pilot – The budget indicates that DHCS intends to continue pilot testing the Public Assistance Reporting Information System (PARIS), an information system maintained by the U.S. Department of Health and Human Services, to test the viability of identifying beneficiary residence changes and public assistance benefits received in other state. Savings of \$204,000 (\$102,000 GF) are assumed in 2010-11 for this pilot.

### **Automation**

SAWS – The budget proposes the following changes to SAWS:

- Funding for the LEADER Replacement System (LRS) was reduced to half of the amount request for 2010/11, postponing project initiation by six months to January 1, 2011.
- Funding was made available for proposed SAWS modernization projects by swapping Food Stamp ARRA money for administrative funding. CWDA will be working with state staff and the Consortia to ensure that the projects proceed.
- Funding is included to make necessary changes to the SAWS systems to implement AB 719, which provides transitional Food Stamps to emancipating Foster Youth.
- \$4.8 million is added in 2010-11 to the \$2.8 million already appropriated in 2009-10 to fund changes to the SAWS systems associated with long-term CalWORKs Reform efforts and Medi-Cal citizenship proof requirements.

CMIPS II – The budget extends implementation of CMIPS II for five months without adding to the project's annual or total costs.

CWS/CMS – The budget proposes to make CWS/CMS available to probation officers statewide. A total of \$1.2 million is budgeted in 2010-11 for training and creating access to the system.

County Expense Claim Automation – The budget proposes to expend \$2.8 million over the next three fiscal years to create the County Expense Claim Reporting Information System (CECRIS), which will replace the existing County Expense claim (CEC). Activity will begin July 1, 2010, with an appropriation of \$284,000 in 2010-11.

### **SSI/SSP**

The budget proposes to reduce the SSP portion of SSI/SSP grants for individuals to the federally-required maintenance of effort (MOE) level paid by the state in 1983, beginning June 1, 2010. This reduces the GF obligation by \$13.7 million in the current year and \$177.8 million in the budget year. Under this proposal, individual grants would be reduced from a maximum of \$845 per month to \$830 per month. Grant levels for couples would remain unchanged, as the SSP portion of grants for couples were already reduced to the state MOE effective October 1, 2009. Other cuts enacted last year will remain, including withholding of the federal COLA pass-through (effective May 1, 2009), a 2.3 percent grant cut (effective July 1, 2009), and a 0.6 percent SSP grant reduction for individuals (effective November 1, 2009).

Due to the negative Consumer Price Index (CPI) projected in 2010, there will be no federal COLA; however, the budget proposes to pass-through the projected 2.0 percent federal COLA for SSI grants in FFY 2011. For SSP, the state COLA is based on the California Necessities Index (CNI), which is projected to increase by 1.53 percent in 2010-11; however, statutory changes enacted in last year's budget suspend all future state COLAs indefinitely.

### **CAPI**

The budget proposes to eliminate the program effective June 1, 2010 for savings of \$8.1 million GF in the current year and \$107.3 million GF in 2010-11. This proposal would eliminate benefits for 10,886 aged, blind, and disabled immigrants.

### **CFAP**

The budget proposes to eliminate this program effective June 1, 2010 for GF savings of \$3.8 million in 2009-10 and \$56.2 million in 2010-11. This proposal would eliminate food assistance for 37,258 aged, blind, and disabled immigrants.

### **Realignment**

The Administration projects about a five percent shortfall for the current and budget year Realignment base which would result in fourth straight year of funding below the base. However, for 2010-11 the budget projects growth funding of \$175.3 million, including \$146.5 million in sales tax. Counties are owed \$285 million in unfunded caseload growth from the past three years.