

October 26, 2006

Social Services Budget Background Materials

LEGISLATIVE ANALYST'S OFFICE

Presented To:

Hon. Patty Berg, Chair

Assembly Budget Subcommittee No. 1

On Health and Human Services





Social Services Programs General Fund Spending

Dollars in Millions

	2005-06	2006-07	Change	
			Amount	Percent
Supplemental Security Income/State Supplementary Program	\$3,478.1	\$3,619.7	\$141.6	4.1%
California Work Opportunity and Responsibility to Kids	1,962.8	1,863.6	-99.2	-5.1
In-Home Supportive Services	1,262.4	1,332.8	70.4	5.6
Children's Services/Foster Care/Adoptions Assistance	1,351.8	1,570.8	219.0	16.2
Child Support Services	512.0	570.0	58.0	11.3
County administration/automation	418.4	432.6	14.2	3.4
All other social services programs	249.5	387.9	138.4	55.5
Totals	\$9,235.1	\$9,777.5	\$542.4	5.9%



Total Children's Program General Fund Spending

Dollars in Thousands

	2005-06	2006-07	Change	
			Amount	Percent
Child Welfare Services	\$679	\$850	\$171	25%
Foster Care Grants	402	426	25	6
Adoptions Assistance Programs	271	295	24	9
Totals	\$1,352	\$1,571	\$219	16%



CalWORKs

Background

In response to federal welfare reform legislation, the Legislature created the California Work Opportunity and Responsibility to Kids (CalWORKs) program, enacted by Chapter 270, Statutes of 1997 (AB 1542, Ducheny, Ashburn, Thompson, and Maddy). Like its predecessor, Aid to Families with Dependent Children, the new program provides cash grants and welfare-to-work services to families whose incomes are not adequate to meet their basic needs.

Grant Amount and Eligibility. A family is eligible for the one-parent component of the program if it includes a child who is financially needy due to the death, incapacity, or continued absence of one or both parents. A family is eligible for the two-parent component if it includes a child who is financially needy due to the unemployment of one or both parents. For 2006-07, the maximum aid payment in a higher cost county for a family of three is \$723 per month. The amount of the grant decreases as income increases.

Caseload and Expenditures. From its peak of about 920,000 cases in 1995, the CalWORKs caseload declined to about 490,000 cases in 2003. The caseload then remained relatively flat through 2005, when a slight caseload reduction trend reemerged. While total caseload is projected to remain relatively flat (or perhaps decline modestly), the composition of the caseload is changing. Under CalWORKs, adults are generally limited to 60 months of cash assistance. Adults began reaching the time limit in January 2003. When a family reaches the time limit, the adult is removed from the assistance unit and the case becomes a child only case. Caseload trends reflect this change. As more adults reach the time limit, the adult caseload is decreasing while the child only caseload is increasing. Total CalWORKs expenditures are expected to be about \$5.1 billion dollars (all funds) in 2005-06. The General Fund portion is about \$1.9 billion.



CalWORKs

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Recent Issues

Deficit Reduction Act (DRA). The federal DRA increased work participation requirements on states by limiting the caseload reduction credit. Under prior law, states were subject to a 50 percent work participation requirement for all families, less a caseload reduction credit based on the caseload decline since 1995. The DRA limits the credit to the decline since 2005. This means that California's credit will be reduced from about 44 percent to less than 4 percent. In order to avoid federal penalties, California will have to increase its participation rate of about 25 percent to over 46 percent. In 2006, the Legislature made some CalWORKs program changes designed to improve participation, but more actions will be needed.



Supplemental Security Income/ State Supplementary Program (SSI/SSP)

Background

The Supplemental Security Income/State Supplementary Program (SSI/SSP) provides cash assistance to eligible aged, blind, and disabled persons. The *2006-07 Budget Act* appropriates \$3.6 billion from the General Fund for the state's share of SSI/SSP costs. In June 2006, there were about 360,000 aged, 22,000 blind, and 844,000 disabled SSI/SSP recipients. In addition to these federally eligible recipients, the state-only Cash Assistance Program for Immigrants (CAPI) provides benefits to about 8,000 legal immigrants in December 2005.

Cost Drivers

The primary cost drivers for SSI/SSP are caseload and cost-of-living (COLA) adjustments. For many years, the caseload has been increasing by about 2.4 percent per year. We expect this to increase slightly in future years as the baby boom generation ages into retirement. In recent years, the state COLA, provided each January, has been suspended due to budgetary constraints. Under current law, the statutory COLA resumes in January 2008. Another cost driver will be the CAPI program because sponsored immigrants will begin entering the program in September 2006, after the end of their 10-year sponsor deeming period.



In-Home Supportive Services (IHSS)

Background

The In-Home Supportive Services (IHSS) program provides various services to eligible aged, blind, and disabled persons who are unable to remain safely in their own homes without such assistance. An individual is eligible for IHSS if he or she lives in his or her own home—or is capable of safely doing so if IHSS is provided—and meets specific criteria related to eligibility for SSI/SSP.

The IHSS program consists of two components: the Personal Care Services Program (PCSP) and the Residual IHSS program. Services provided in the PCSP are federally reimbursable under the Medicaid Program, with the federal government paying about 50 percent. The PCSP limits eligibility to categorically eligible Medi-Cal recipients (California Work Opportunity and Responsibility to Kids and SSI/SSP recipients) who satisfy a “disabling condition” requirement. Personal care services include activities such as: (1) assisting with the administration of medications; and (2) providing needed assistance with basic personal hygiene, eating, grooming, and toileting. Until the recent approval of the federal waiver (discussed below), the following cases were excluded from the PCSP and, therefore, received services through the Residual (state-only funded) IHSS program: cases with domestic services only, protective supervision tasks, spousal providers, parent providers of minor children, “income eligibles” (generally recipients with income above a specified threshold), “advance pay” recipients (eligible for payments prior to the provision of services), and recipients covered by third party insurance.



IHSS

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Cost Drivers

The IHSS is the fastest growing social services program in terms of General Fund expenditures. From 1998-99 through 2004-05, program costs more than doubled. The primary cost drivers are caseload, hours of service being provided, and provider wages. As regards provider wages, Chapter 108, Statutes of 2000 (AB 2876, Aroner), authorizes the state to pay 65 percent of the nonfederal cost of a series of wage increases for IHSS providers working in counties that have established "public authorities." The wage increases began with \$1.75 per hour in 2000-01, potentially to be followed by additional increases of \$1 per year, up to a maximum wage of \$11.50 per hour. We note that state participation in wage increases after 2000-01 is contingent upon General Fund revenue growth exceeding a 5 percent threshold. Chapter 108 also authorizes state participation in health benefits for IHSS providers worth up to 60 cents per hour worked. Pursuant to Chapter 108, the state currently participates in \$10.50 in wages plus the 60 cents for health benefits.

Medicaid Waiver

In 2004, the state received federal approval for a Medicaid Section 1115 demonstration waiver which provided for federal financial participation for approximately 75,000 individuals previously served in the residual program. The waiver runs for five years and results in annual General Fund savings of roughly \$100 million.



Children's Programs: Child Welfare Services, Foster Care, and Adoption Assistance

Child Welfare Services and Foster Care

Child Welfare Services (CWS) is a state-supervised, county-administered program that provides services to abused and neglected children, and their families. The CWS program provides (1) immediate social worker response to allegations of child abuse and neglect; (2) ongoing services to children and their families who have been identified as victims, or potential victims, of abuse and neglect; and (3) services to children in foster care who have been temporarily or permanently removed from their family because of abuse or neglect.

The Foster Care program provides grant payments for the care of children who have been removed from their family as a result of abuse or neglect. County welfare departments have the discretion to place children in (1) a foster family home, (2) a foster family agency home, or (3) a group home. Attached is a figure showing the possible pathways through these two programs.

Caseload Trends. Each year, statewide, there are approximately 110,000 substantiated claims of abuse or neglect. Of these instances of abuse or neglect, approximately 31 percent result in children entering foster care. Approximately 73,000 children are currently in foster care in California, a decrease of about 6 percent since 1999-00, a trend that is largely the result of children exiting foster care to the guardianship of relatives, and receiving support through the KinGap program.



Children's Programs: Child Welfare Services, Foster Care, and Adoption Assistance *(Continued)*

Adoption Assistance

The Adoptions Assistance Program (AAP) provides grants to parents who adopt "difficult to place" children. State law defines these children, as those who, without assistance, would likely be unadoptable because of their age, racial or ethnic background, handicap, because they are a member of a sibling group that should remain intact, or because they come from an "adverse parental background."

Caseload Trends. The AAP caseload has been growing steadily and rapidly since the mid 1990's. Until recently, the caseload was growing at an increasingly larger percentage rate each year, peaking in 2000-01 at a 21 percent growth rate. More recently, this growth has slowed to about 7 percent.



Pathways Through Child Welfare Services, Foster Care, and Adoption Assistance

