



**STRETCHED THIN:
STATE BUDGET CUTS THREATEN CALIFORNIA'S
HEALTH AND HUMAN SERVICES PROGRAMS**

A PUBLICATION OF THE CALIFORNIA BUDGET PROJECT
MAY 2004

ACKNOWLEDGMENTS

Scott Graves and Barbara Baran wrote this report based on a survey of county-administered health and human services programs completed by 11 California counties. Much of the credit for the report goes to the county-level staff who took the time to provide detailed information about their programs. Special thanks also go to Frank Mecca, Wendy Russell, and Cathy Senderling of the County Welfare Directors Association of California for their hard work and valuable insights at all stages of this project, from design of the survey through preparation of the final report. Scott Graves, Agnes Lee, and Cathy Senderling developed the survey that forms the basis of this report. Jean Ross provided oversight and assistance throughout the project. The California Budget Project (CBP) is solely responsible for the contents of this report.

The CBP would like to thank the California Endowment for its support of analyses of health-related policy issues and the William and Flora Hewlett Foundation for its support of analyses of welfare reform-related policy issues. The Ford, Charles Stewart Mott, David and Lucile Packard, California Wellness, Friedman Family, Charles and Helen Schwab, James Irvine, and Women's Foundations; the Penney Family and Walter and Evelyn Haas, Jr. Funds; and the CBP's individual donors and subscribers also provided support for this report.

The CBP was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Support for the CBP comes from foundation grants, publications, and individual contributions.

California Budget Project
921 11th Street, Suite 502
Sacramento, CA 95814
(916) 444-0500
(916) 444-0172 (fax)
cbp@cbp.org
www.cbp.org

May 2004

**STRETCHED THIN:
STATE BUDGET CUTS THREATEN CALIFORNIA'S
HEALTH AND HUMAN SERVICES PROGRAMS**

TABLE OF CONTENTS

Executive Summary	4
Introduction	7
The Cost Squeeze on Counties	9
Overview of Surveyed Health and Human Services Programs	11
Counties Have Reduced Some Overhead Spending and Staff to Compensate for Inadequate State Funding	13
Programs for Children, Families, and Adults Have Been Compromised Due to Funding Cuts	15
State Funding Cuts Could Increase Costs	22
Funding Cuts May Undermine Long-Term Viability of Programs	26
Conclusion	29
Appendix A: Overview of Surveyed Health and Human Services Programs	30
Appendix B: Caseload Trends in Surveyed Counties	38
Endnotes	40

EXECUTIVE SUMMARY

For the fourth consecutive year, California policymakers face a budget crisis of significant magnitude. Efforts to balance the past three state budgets have resulted in substantial reductions in public services, ranging from higher education to road repair. Budget cuts have taken another toll, as well. To help balance the budget, staffing and funding for operating expenses have been reduced at both the state and local levels. State administrators, for example, have been directed to eliminate vacant positions and freeze new hiring. Yet the state's population and the costs of program operation continue to rise. Public programs are simply being asked to do more with less.

Stretched Thin analyzes the impact of funding reductions on nine health and human services programs administered by California's counties under guidelines established by the state. The report finds services and staff have been reduced in response to the funding squeeze in the 11 counties that participated in the study. For example:

- Butte County reported that the elimination of preventive programs has reduced their ability to provide early intervention services to help keep children out of the child welfare system.
- Contra Costa County reported that because of inadequate staffing in the CalWORKs Program, the "average time a participant spends on aid will be extended because staff are not available to work proactively with participants" and "fewer participants will exit welfare due to employment."
- Orange County reported that children are "remaining in paid foster care many months longer than necessary" due to funding reductions and understaffing.
- San Bernardino County reported that limited contact with clients in the In-Home Supportive Services Program has put the frail elderly at risk of deterioration to the point of needing out-of-home placement.

State policymakers have not – by and large – eliminated services or changed eligibility requirements for these programs. Instead, the state has failed to provide counties with funding increases to cover the rising cost of basic operating expenses. In some cases, the state has also reduced funding, adding to the cost pressures faced by counties. These budget cuts have resulted in a slow funding squeeze on programs that is largely hidden from view, particularly in the context of the state budget debate.

Major findings include:

- **Services have been negatively affected in all programs included in the survey.** Counties reported increasing delays in response time, reduced quality of services, diminished access to services, and longer waiting periods to receive services.
- **State funding cuts not only threaten programs' core missions, but could lead to increased costs, as well.** Counties identified unintended consequences of the recent budget cuts, including increased risk of errors; diminished ability to provide

preventive services, potentially resulting in higher long-term costs; delays and inefficiencies in the provision of services; diminished ability to provide services that could move individuals off aid more quickly; diminished ability to monitor and eliminate fraud or to evaluate program effectiveness; and loss of federal funds.

- **The current cutbacks may threaten the long-term viability of programs and may ultimately undermine public support for them.** Budget cuts have eroded counties' ability to implement innovative program models. The funding reductions have also frayed the community-based safety net that supports many public programs for children, families, and vulnerable adults. In addition, the funding squeeze and the counties' need to "do more with less" have affected county workers who deliver services by contributing to staff "burnout" and rising turnover. To the extent that the quality of programs is diminished, public support for vital public services may decline as a consequence.

Stretched Thin is based on a survey of 11 counties conducted in early 2004 by the California Budget Project (CBP) and the County Welfare Directors Association of California (CWDA). Alameda, Butte, Contra Costa, Los Angeles, Orange, Riverside, Sacramento, San Bernardino, Santa Cruz, Sonoma, and Tehama counties completed the survey. These counties represent a mix of urban, suburban, and rural counties and account for more than half of the state's caseload in each of the programs surveyed.

The survey examined the Adoption Assistance Program (AAP), the Adoptions Program, the Adult Protective Services (APS) Program, the Child Welfare Services (CWS) Program, the California Work Opportunity and Responsibility to Kids (CalWORKs) Program, the Food Stamp Program, the Foster Care Program, the In-Home Supportive Services (IHSS) Program, and the Medi-Cal Program.

INTRODUCTION

California faces an unprecedented budget crisis that has resulted in substantial reductions in public services, ranging from higher education to road repair. Budget cuts have taken another toll, as well. To help balance the budget, staffing and funding for increased operating expenses have been reduced at both the state and local levels. State administrators, for example, have been directed to eliminate vacant positions and freeze new hiring. Yet the state's population and the costs of program operation continue to rise. Public programs are simply being asked to do more with less.

Stretched Thin analyzes the impact of such funding reductions at the county level. In health and human services programs, policymakers have not – by and large – directly eliminated services or changed eligibility requirements. Instead, state budget cuts have resulted in a slow funding squeeze on the programs, the results of which are largely hidden from view, particularly in the context of the state budget debate.

The CBP/CWDA Survey

This report examines the impact of recent spending reductions on nine health and human services programs based on a survey of 11 counties conducted in early 2004 by the California Budget Project (CBP) and the County Welfare Directors Association of California (CWDA). The survey included the Adoption Assistance Program (AAP), the Adoptions Program, the Adult Protective Services (APS) Program, the Child Welfare Services (CWS) Program, the California Work Opportunity and Responsibility to Kids (CalWORKs) Program, the Food Stamp Program, the Foster Care Program, the In-Home Supportive Services (IHSS) Program, and the Medi-Cal Program.

	Population	Adult Protective Services Caseload	CalWORKs Caseload	Child Welfare Services Caseload	Food Stamps Caseload	Foster Care Caseload	In-Home Supportive Services Caseload	Medi-Cal Caseload
Alameda	4.2%	1.9%	3.6%	4.5%	3.5%	4.7%	3.8%	3.1%
Butte	0.6%	0.7%	0.8%	0.8%	0.9%	0.9%	0.9%	0.7%
Contra Costa	2.8%	1.6%	1.7%	2.4%	*	2.4%	1.9%	1.5%
Los Angeles	28.0%	24.3%	35.6%	34.8%	39.9%	35.7%	42.7%	38.6%
Orange	8.4%	5.4%	3.8%	4.9%	3.6%	4.1%	2.9%	5.5%
Riverside	4.9%	6.8%	4.1%	5.3%	3.4%	5.4%	3.2%	4.1%
Sacramento	3.7%	5.1%	5.7%	5.7%	5.2%	5.5%	4.5%	4.0%
San Bernardino	5.2%	6.6%	7.1%	5.8%	6.6%	5.9%	4.5%	5.4%
Santa Cruz	0.7%	0.3%	0.4%	0.4%	0.5%	0.3%	0.5%	0.5%
Sonoma	1.3%	1.5%	0.5%	0.8%	0.7%	0.6%	1.0%	0.7%
Tehama	0.2%	0.3%	0.2%	0.2%	0.3%	0.2%	0.3%	0.2%
Survey Counties as a Percentage of State Total	59.9%	54.5%	63.6%	65.6%	64.6%	65.8%	66.2%	64.4%
State Total	35,934,000	17,758	476,835	125,017	672,123	84,553	297,757	6,487,781

* Contra Costa County did not report food stamp participation data for August through October 2003.

Note: California population estimated as of July 1, 2003. Program caseloads are based on averages of recent caseload figures. County-level data are not available for the Adoptions Assistance Program. Complete, current county-level data for licensed public adoption agencies are not available for the Adoptions Program.

Source: Child Welfare Research Center, Department of Finance, Department of Health Services, and Department of Social Services

Alameda, Butte, Contra Costa, Los Angeles, Orange, Riverside, Sacramento, San Bernardino, Santa Cruz, Sonoma, and Tehama counties completed the survey. These 11 counties represent a mix of urban, suburban, and rural counties. Together, they account for nearly 60 percent of the state's population and more than half of the caseload of each analyzed program (Table 1).

The survey asked about changes in program staffing levels, whether services have been reduced or eliminated, and how any staffing and service reductions have affected program participants. Respondents were also asked to provide examples of overhead costs that have increased and efforts to reduce overhead expenditures.

THE COST SQUEEZE ON COUNTIES

The state’s budget crisis has taken a toll on county finances. Health and human services programs have experienced direct reductions in funding received from the state and have also been squeezed by more general pressures on county budgets. In 2003, for example, the state treated more than \$800 million in reimbursements to counties and cities for reduced Vehicle License Fee revenues as a loan to be repaid in 2006. Similarly, the state has deferred over \$1 billion in payments owed to local governments for provision of state-mandated programs and services. The current and prior years’ budgets have also reduced state funding for a range of individual programs and services administered at the local level.

The State Has Not Provided Increases to Cover Counties’ Rising Operating Expenses

Many of counties’ basic operating costs – such as worker’s compensation, unemployment insurance, and employee health coverage – continue to increase, some at rates considerably faster than the rate of inflation. In fact, all of the 10 counties that provided information on overhead expenditures reported rising overhead costs.¹ For example:

- In Orange County, retirement costs rose from \$3.2 million to \$16.5 million, worker’s compensation costs rose from \$3.4 million to \$5.3 million, property and casualty insurance costs rose from \$0.6 million to \$1.1 million, and data processing services costs rose from \$3.0 million to \$4.3 million between 2001-02 and 2002-03.
- In San Bernardino County, retirement costs rose by 104 percent, short-term disability costs by 292 percent, and worker’s compensation costs by 222 percent between 2001-02 and 2003-04.

Program	General Fund	Total Funds
Adoptions Program	\$3.1	\$5.4
Adult Protective Services Program	\$13.7	\$17.8
Child Welfare Services Program	\$11.1	\$23.1
CalWORKs Program	\$255.0	\$255.0
Food Stamp Program	\$51.5	\$147.4
Foster Care Program/Adoptions Assistance Program*	\$9.9	\$28.3
In-Home Supportive Services Program	\$21.1	\$65.0
Medi-Cal Program	**	**
Total	\$365.4	\$542.0

* Funding for county operation of the Adoption Assistance Program is included in Foster Care funding.

** The state withheld county operating expense increases for Medi-Cal in 2001-02 and 2002-03. However, the state provided funding for counties’ salary and overhead costs associated with authorized Medi-Cal eligibility workers in 2003-04.

Source: County Welfare Directors Association of California

However, the state has recently failed to provide counties with funding increases to cover basic operating expenses for most county-administered health and human services

programs.² These adjustments allow counties to pay for their rising expenses, while maintaining core services for program participants. Since 2001-02, only three programs included in the survey have received operating expense increases, according to the CWDA: the Adoptions and Child Welfare Services (CWS) programs in 2001-02 and the Medi-Cal Program in 2003-04. While state funding has been adjusted to reflect changing caseloads, county budgets have lost ground to rising costs due to the state’s failure to provide increases to offset counties’ higher operating expenses. As a result, counties received \$542.0 million (\$365.4 million General Fund) less in 2003-04 than they would have received if annual increases had been provided since 2001-02 (Table 2).³

The State Has Reduced Funding for Health and Human Services Programs

In addition to failing to provide counties with funding increases to reflect rising operating costs, the state has reduced funding for county-run health and human services programs. In 2002-03, for example, the state reduced funding for:

- County operation of the Medi-Cal Program by \$58.0 million (\$29.0 million General Fund);
- County operation of the CalWORKs Program by \$47.4 million;⁴
- Workload relief in the CWS Program by \$27.1 million (\$17.2 million General Fund);
- County operation of the Food Stamp Program by \$16.5 million (\$6.8 million General Fund); and
- The Adult Protective Services (APS) Program by \$6 million (all General Fund).

Moreover, the state stopped funding CalWORKs performance incentive awards for counties in 1999-00.⁵ Performance incentive funds reward counties that have moved CalWORKs recipients from cash aid into the workforce. Counties have used performance incentives to fund innovative programs to help recipients enhance their skills and find and maintain employment.

Counties Face Increasing Cost Pressures on “Realigned” Programs

In 1991, the state increased counties’ share of responsibility for a number of health, mental health, and social services programs. For example, the state shifted responsibility for several programs to counties, including community-based mental health services and medical care for low-income, medically indigent adults. In addition, the state increased counties’ share of costs for several social services programs, including the Adoption Assistance Program (AAP) and the APS, CWS, Foster Care, and In-Home Supportive Services (IHSS) programs. In order to fund this “realignment” of responsibility, the state increased two statewide taxes – the sales tax and the Vehicle License Fee (VLF) – and dedicated the increased revenues to the realigned programs.⁶

Cost pressures have developed within the realignment funding stream, due to slow revenue growth and continued caseload and cost increases in the realigned programs, particularly the IHSS Program. As a result, some counties have redirected realignment revenues from health and mental health programs to programs such as IHSS and Foster Care. In addition, the share of realignment funding allocated to the IHSS Program has increased substantially since the mid-1990s. In 1995-96, about 3 percent of realignment funding dedicated to caseload growth was allocated to the IHSS Program. In 2001-02, about 52 percent of realignment funding dedicated to caseload growth was allocated to the IHSS Program.⁷ This, in turn, reduces funding available for other realigned programs.

OVERVIEW OF SURVEYED HEALTH AND HUMAN SERVICES PROGRAMS

Program Characteristics

The role of counties differs among the programs included in the survey (Table 3).⁸ In general, counties determine individuals' eligibility for benefits within the context of state law. In some programs, such as the Adoptions, APS, CalWORKs, and CWS programs, counties also provide direct services such as case management, employment services, and intervention in response to reports of elder and child abuse.

In some programs, such as the AAP and the Food Stamp, Foster Care, and IHSS programs, counties issue direct payments to clients or service providers. In other programs, such as the Adoptions, APS, and CWS programs, funding primarily supports county-provided services. Funding for the CalWORKs Program provides direct cash payments and pays for a range of employment services.

Statewide Caseload and Funding Trends

Policy initiatives and demographic changes have affected statewide caseload trends. Caseloads have increased in the AAP and decreased in the Foster Care Program as a result of the state's effort to move children from foster care into adoptive homes.⁹ The number of CalWORKs recipients has declined because of welfare reform's emphasis on shifting individuals from cash aid to employment. In contrast, in the Medi-Cal Program, simplification of program rules for enrollees and expansion of eligibility for Medi-Cal coverage have increased caseloads. The aging of the population and advancements in medical care and technology that have allowed persons with disabilities to live at home with assistance have been largely responsible for the growth of the IHSS caseload.¹⁰

State funding has been adjusted for most programs to reflect changing caseloads, but even where funding has increased, county budgets have lost ground to rising costs due to the state's failure to provide counties with operating expense increases.¹¹ For example, the IHSS Program caseload has increased by 33.2 percent between 2000-01 and 2003-04. Total funding for county IHSS administration has increased by 31.0 percent over the same period, rising to an estimated \$243.9 million. However, the state withheld county operating expense increases for the IHSS Program in 2001-02, 2002-03, and 2003-04. The state's failure to provide these increases meant that counties received \$65.0 million (\$21.1 million General Fund) less in 2003-04 than they would have received if annual increases had been provided since 2001-02.

Total funding for county operations in the Adoptions and CalWORKs programs has fallen between 2000-01 and 2003-04. In the Adoptions Program, total funding has dropped by 19.5 percent, to an estimated \$78.2 million, largely due to a General Fund reduction of \$15.3 million (28.6 percent) between 2000-01 and 2003-04. In CalWORKs, total funding for program operations has declined from \$502.7 million to an estimated \$477.6 million during the same period, a 5.0 percent decrease.

Table 3: Summary of Surveyed Health and Human Services Programs

Program	Counties' Role	Program Trends: 2000-01 to 2003-04*	County Administration Funding Trends: 2000-01 to 2003-04
Adoption Assistance Program	Determine eligibility for a grant and the grant amount.	Caseload increased by nearly 50 percent.	See Foster Care Program.
Adoptions Program	Recruit and evaluate prospective adoptive families.	Number of county-supervised adoptions rose by 14.3 percent from 2000-01 to 2001-02.	Funding reduced by nearly 20 percent. State has not provided an increase for counties' higher operating expenses since 2001-02.
Adult Protective Services Program	Respond to and investigate reports of abuse, neglect, and abduction; provide emergency services.	Caseload fell by 7.2 percent from 2000-01 to 2002-03, but reports of alleged abuse increased by 19.0 percent during the same period.	Funding has increased, but the state has not provided an increase for counties' higher operating expenses since 2000-01.
CalWORKS Program	Determine eligibility; issue cash grants; provide case management; arrange and/or deliver services.	Caseload declined by 7.7 percent, but number of applications received increased by 10.7 percent between 2000-01 and 2002-03.	Budgeted funding has decreased, but counties have been spending more than the budgeted amount on administration. State has not provided an increase for counties' higher operating expenses since 2000-01.
Child Welfare Services Program	Respond to reports of abuse, neglect, or exploitation; arrange for provision of services; recruit and work with foster families.	Caseload declined by 4.6 percent. However, child abuse reports increased by 16.9 percent from July 2001 to July 2003.	Funding has increased, but county CWS workers continue to carry burdensome caseloads. State has not provided an increase for counties' higher operating expenses since 2001-02.
Food Stamp Program	Determine eligibility for and issue food stamps.	Caseload increased by 9.7 percent. State modified application and eligibility rules in 2003 to increase enrollment.	Funding adjusted to reflect caseload increase. State has not provided an increase for counties' higher operating expenses since 2000-01.
Foster Care Program	Determine eligibility; issue payments; make decisions about children's health and safety.	Caseload declined by 1.4 percent. Many children previously placed with foster families are now served through the Kin-GAP Program.	Combined Foster Care and AAP administration funding has increased slightly. State has not provided an increase for counties' higher operating expenses since 2000-01.
In-Home Supportive Services Program	Determine eligibility; assess service needs; authorize service hours; process time sheets.	Caseload increased by 33.2 percent; rapid growth is expected to continue due to state demographic trends.	Funding adjusted to reflect caseload increase. State has not provided an increase for counties' higher operating expenses since 2000-01.
Medi-Cal Program	Determine initial and ongoing eligibility for health coverage.	Caseload increased by 25.2 percent as state simplified program rules for enrollees and expanded eligibility for coverage.	Funding adjusted to reflect caseload increase. State provided an increase for counties' actual operating expenses in 2003-04 after not providing increases in prior two fiscal years.

* Unless otherwise noted.

Note: See Appendix A for a detailed description of each program.

COUNTIES HAVE REDUCED SOME OVERHEAD SPENDING AND STAFF TO COMPENSATE FOR INADEQUATE STATE FUNDING

Counties have cut overhead spending and reduced staff in order to compensate for state funding reductions.

Reductions in Overhead Spending

Increasing expenses, combined with reductions in state funding, have put mounting pressure on county budgets. In response, all of the 10 counties that reported their overhead expenditures have reduced spending on certain overhead items, such as travel, building maintenance, and temporary help.¹² For example:

- Riverside County reported cuts in capital projects, computer upgrades, and office equipment.
- Los Angeles County reduced spending on computers by 73 percent and other office equipment by 60 percent in 2001-02; printing by 29 percent, security services by 25 percent, and improvement projects by 82 percent in 2002-03; and telecommunications services by 18 percent and computer support services by 30 percent in 2003-04.
- In 2002-03, Orange County cut spending on temporary help services by 86 percent, travel by 20 percent, overtime by 14 percent, and “extra help” by 43 percent; in 2003-04, the County reduced spending on temporary help by 79 percent, “extra help” by 20 percent, overtime by 11 percent, travel by 18 percent, and building maintenance by 17 percent.

Staff Reductions

Counties have reduced program staffing levels between the beginning of 2001-02 and the beginning of 2003-04 in response to funding pressures:

- All counties reported reductions in CalWORKs Program staffing levels. Reductions ranged from 0.3 percent in Tehama County to 38.1 percent in Los Angeles County.
- Eight counties reported reductions in APS Program staffing levels, despite increased reports of alleged abuse of elderly and dependent adults statewide. Only Los Angeles and Sonoma counties reported increased APS staffing levels.¹³
- A smaller number of counties reported staffing level reductions in each of the other program areas. In some cases, the reductions as a percentage of total staff were relatively small. However, some of the reductions were substantial. For example, Santa Cruz County reported a 23.4 percent reduction in its CWS Program; Butte County reported a 21 percent reduction in its Food Stamp Program; and Sacramento County reported a 30.1 percent reduction in its Foster Care Program.

Most of the counties managed the staffing reductions through attrition or by shifting staff to programs where some funding was available. However, a few counties laid off workers

between 2001-02 and 2003-04:

- Alameda, Contra Costa, and San Bernardino counties reported the largest layoffs, primarily affecting CalWORKs Program staff.
- Santa Cruz County laid off a smaller number of workers, affecting all programs except the Adoptions and Foster Care programs.

All surveyed counties implemented hiring freezes in both 2002-03 and 2003-04. Most were “soft” freezes, allowing exceptions under special circumstances, although some counties and programs eliminated all hiring. In some instances, staff reductions have translated into rising caseloads for remaining staff. In Alameda County, for example, IHSS workers handled an average of 313 cases in 2001; typical caseloads increased to between 370 and 400 in 2003.

While some counties increased staff in certain programs, all counties reported that they did not have adequate staff to meet workload demands in most or all of the health and human services programs included in the survey.¹⁴ Counties’ inability to maintain adequate staffing levels has contributed to the weakening of service delivery, as described below.

PROGRAMS FOR CHILDREN, FAMILIES, AND ADULTS HAVE BEEN COMPROMISED DUE TO FUNDING CUTS

Survey responses suggest that health and human services programs have been compromised across all counties and programs due to the state's failure to maintain adequate funding. The funding squeeze has compelled counties not only to reduce staff, but also to cut both county-provided services and services provided by organizations under contract with the counties. As a result, service quality is being diminished. Many individuals are not receiving services for which they are eligible, prevention programs are being scaled back, and costly delays in service provision have occurred.

Adoptions Assistance Program, Adoptions Program, Child Welfare Services Program, and Foster Care Program

The AAP and the Adoptions, CWS, and Foster Care programs serve children and families. The AAP provides grants and services to families who adopt children who are difficult to place in adoptive homes. The Adoptions Program provides adoption placement services to children who would otherwise remain in long-term foster care.¹⁵ The CWS Program provides services to abused and neglected children, children in foster care, and their families. The Foster Care Program provides grants for children living with a foster care provider.

Counties reported that funding reductions in these programs are making it more difficult to keep families intact, undermining their ability to recruit foster and adoptive parents, and reducing supportive services for families and children.

“[Program cuts have led to an] increased time to family reunification, failure to reunify, and children remaining in paid foster care many months longer than necessary.”

Difficulty Keeping Families Intact

Counties expressed concern that cutbacks in preventive and family reunification programs and delays due to understaffing have made it more difficult to keep children in their families:

- Orange County reported that 1,251 children per month are affected by program cuts. The result, according to the County, has been an increased “time to family reunification, failure to reunify, and children remaining in paid foster care many months longer than necessary.”
- Contra Costa County reported increasing delays in moving children back to their own homes or into stable foster or adoptive placements.
- The elimination of preventive programs – and along with them school-based social workers – has reduced Butte County’s ability to provide early intervention services, aimed at keeping children out of the child welfare system. In Contra Costa County, families in family court with multiple problems, who often end up in the child welfare system if they do not receive preventive services, no longer receive those services.

Reduced Recruitment of Foster Care and Adoptive Parents

The federal, state, and county governments have placed increased emphasis on moving children out of the foster care system into permanent adoptive homes. In fact, California received an Adoption Excellence Award from the US Department of Health and Human Services for increasing the number of children placed in permanent homes by 169 percent between 1997 and 2001.¹⁶

However, counties now worry that the funding squeeze has diminished their ability to offer quality services and that reductions in outreach efforts may limit recruitment of foster and adoptive parents. Sonoma County reported that the number of foster parents has declined by more than 20 percent over the past three years. Orange County reported that adoptive placements, particularly of hard to place children, have been reduced.

Reductions in Supportive Services for Families and Children

Supportive services for families and children have been reduced, including housing, health, mental health, special child care programs, and assistance for emancipating youth aging out of foster care.

- Contra Costa County reported that many children in the Foster Care Program have behavioral problems or mental health disorders, but that adequate funding is not available to provide necessary services. Sonoma County reported that there are fewer therapists willing to accept the county CWS Program's rate, which has not been increased in nine years.
- Orange County reported that a reduction in funding for a special child care program for working foster families has resulted in the loss of stable placements for some children.
- Several of the surveyed counties reduced supportive services for emancipating youth. For example, Sonoma County reported, "Youth are receiving less financial support when leaving the program. Housing and exit packages have been substantially reduced. More children are graduating to unstable living conditions."

Adult Protective Services Program

The APS Program assists elderly and dependent adults who are functionally impaired, unable to meet their own needs, or who are victims of abuse, neglect, or exploitation.¹⁷ The state implemented statewide standards for the APS Program in 1999. The Department of Social Services (DSS) estimates that between 4 percent and 5 percent of the elderly in California are at risk of abuse; however, the APS Program serves only a small fraction of those at risk.¹⁸

Reports of alleged abuse of elderly and dependent adults increased by 19.0 percent between 2000-01 and 2002-03, rising from 75,843 to 90,276. However, the APS Program caseload fell by 7.2 percent during the same period. The combination of declining caseloads and increasing reports of abuse may indicate that counties lacked sufficient funding to meet the need for APS Program services. As a result of the funding squeeze:

- Some counties reported increasing difficulty in meeting required APS Program response times.
- Counties also expressed concern that clients who need APS services are either not being enrolled or are being prematurely terminated from the program. One county, for example, reported that their intake center “has experienced a high percentage of ‘dropped calls’ due to increasing volume all of which can’t be serviced,” and that client cases are “closed more quickly” than desired.
- Orange, Los Angeles, and Sonoma counties also reported curtailing outreach to prevent an influx of new APS cases.

CalWORKs Program

The California Work Opportunity and Responsibility to Kids (CalWORKs) Program was implemented in 1998, as California’s response to federal welfare reform. The CalWORKs Program established a 60-month limit on the receipt of cash assistance by adults, though not children, and devolved much of the responsibility for program design and implementation to California’s 58 counties.

The CalWORKs Program also shifted the state’s focus from income support to moving individuals into the workforce. To meet this goal, counties instituted or expanded a range of services that included assessment, job search assistance, case management, education and training, post-employment services, and supportive services, such as child care and transportation assistance.

Survey respondents reported that this comprehensive approach to service provision has been weakened by reductions in state funding, which have included elimination of operating expense increases and elimination of performance incentive funds. All surveyed counties have reduced or eliminated some CalWORKs contracted services, which were often provided by community-based organizations. In addition to the elimination of services, counties reported eliminating or reducing outreach activities, particularly to clients with significant barriers to employment. Counties expressed concern that eliminating or reducing funding for critical programs would undercut CalWORKs recipients’ ability to find and maintain employment.

Erosion of the Comprehensive Approach to Service Provision

The elimination or reduction of support for contracted services has undermined the comprehensive approach that was designed to help move CalWORKs recipients from cash assistance to work:

- Alameda County reported that funding reductions to 39 contracts represent “a complete dismantling of a comprehensive and holistic approach to welfare reform.”
- Orange County reported, “Programs have been affected which are critical to the program’s primary objective of enabling clients to overcome barriers to employment, obtain employment, and achieve self-sufficiency...including case management, job

search, and job retention services. Child care services, housing assistance, and other ancillary services that help clients to obtain and maintain employment have also been affected.”

Elimination of Outreach Programs

Some counties identified the elimination of outreach activities as harmful to the objectives of the CalWORKs Program, because many of the individuals still on cash aid have the most serious barriers to employment. Failure to engage clients in welfare-to-work activities could prolong their time on cash aid and potentially result in their reaching the state’s time limit without a means of support. Alameda County noted that the reduction of an outreach contract targeting sanctioned clients was “particularly troubling because the agency’s ability to re-engage the most vulnerable clients was severely limited.”

Negative Impact on the Ability of CalWORKs Recipients to Find and Keep Jobs

Eliminating or reducing funding for critical programs may undercut CalWORKs recipients’ ability to find and maintain employment:

- Riverside County reported, “Some participants are finding it increasingly difficult to compete for jobs without the extra help we were able to provide in the past.”
- Santa Cruz County reported that clients who speak limited English were often hit hardest: “The elimination of paid work experience opportunities and OJT (On-the-Job Training) has had a significant impact on many of our monolingual Spanish-speaking participants.”

Food Stamp Program

The Food Stamp Program provides monthly benefits that help low-income households purchase the food they need to maintain adequate nutritional levels. The federal government pays the full cost of food stamp benefits for all eligible households. The federal, state, and county governments share the cost of administering the Food Stamp Program. In 2003, California streamlined food stamp eligibility rules to make it easier for low-income families, particularly working families, to receive benefits.

Counties reported that the funding squeeze has reduced food stamp outreach efforts, reduced the number of sites where individuals can apply for food stamps, and delayed the processing of food stamp applications.

Reduction in Outreach Efforts

The most frequently reported impact of the funding squeeze was a reduction in outreach efforts. Eight of the surveyed counties reported scaling back outreach efforts:

- Sonoma County reported, “All outreach activities to clients and the community at large have been eliminated.”
- Sacramento County reported that the percentage of eligible individuals who were not enrolled in the Food Stamp Program had begun to rise.

Declining Access

Counties also reported a reduction in the number of places individuals can apply for food stamps:

- Alameda County reported, “Instead of eligibility workers taking a proactive stance by partnering with community-based organizations and the food banks in providing outreach...we are forced to operate in a reactive mode.”
- Sacramento County reported, “Our clients, many of whom lack reliable transportation, now have to travel greater distances to apply for benefits, possibly increasing the number of individuals and families who are hungry or at risk of hunger.”

Delays in Processing Applications

Some counties reported that the processing of food stamp applications had slowed. Santa Cruz County, for example, reported, “Prior to staff reductions, clients were able to receive benefits within one to two weeks of their application, whereas clients now wait three to four weeks to receive benefits.”

In-Home Supportive Services Program

The IHSS Program provides services that enable low-income blind, disabled, or elderly individuals to remain safely in their own homes as an alternative to out-of-home care.

Services provided include assistance with meal preparation, laundry, shopping, errands, bathing, transportation to medical appointments, and paramedical services. Services are provided by workers hired directly by the client in nearly all IHSS cases.¹⁹

The IHSS Program has experienced rapidly rising caseloads in response to an aging population and an increase in the number of individuals with severe disabilities who are able to remain in their homes with assistance. As a result, surveyed counties reported that the funding squeeze has translated into longer waiting periods for enrollment in the program, reductions in preventive services, diminished quality of services, and reductions in or elimination of outreach efforts.

Longer Waiting Periods

Alameda County reported that the wait for IHSS services from time of application increased from four weeks in 2000-01, to eight weeks in 2001-02, to 12 weeks in 2002-03. Sonoma County reported that IHSS clients might wait up to two months for service.²⁰ Some counties also reported increasing numbers of overdue eligibility reassessments.²¹

“Due to the high caseload in IHSS, social workers are unable to maintain steady contact with program participants. In many cases, contact is limited to annual reassessment visits or visits made in response to a crisis situation. This especially affects our frail, elderly clients. These participants are vulnerable to unexpected declines in their health. Limited visits by their social worker places them at higher risk for deterioration to the point of needing out-of-home placement.”

Reductions in Preventive Services

Preventive services help keep fragile elderly individuals and individuals with serious disabilities in their homes. Some counties expressed concern that these efforts are being undermined by the funding squeeze. For example:

- Contra Costa County reported a diminished ability to provide early intervention services to victims of self-neglect.
- San Bernardino County reported that limited contact with clients put the frail elderly at risk of deterioration to the point of needing out-of-home placement.

Diminished Quality of Service

Counties also reported program changes in response to the funding squeeze that may undermine the quality of services:

- Counties reported greater reliance on administrative staff for services that were previously provided by social workers. This can result in social workers having less direct knowledge of the care provided to their clients.
- Riverside County reported, “Staffing shortages require that [social] workers do primarily eligibility determinations and are less able to provide any additional case management and/or preventative and referral services for many clients.”
- Santa Cruz County reported, “Participants may not have timely access to necessary services because social workers are less able to assist with referrals to community resources.... The greater impact is more likely for monolingual Spanish clients, who need considerably more support to access services.”

“Participants may not have timely access to necessary services because social workers are less able to assist with referrals to community resources.... The greater impact is more likely for monolingual Spanish clients, who need considerably more support to access services.”

Reduction in or Elimination of Outreach Efforts

Alameda, Butte, Contra Costa, Orange, Riverside, and Santa Cruz counties reported a reduction in or the elimination of IHSS outreach efforts.

Medi-Cal Program

Medi-Cal is California’s version of the Medicaid Program, a federal-state program providing health coverage for low-income individuals. Medi-Cal provides health care coverage to children, parents, elderly and blind persons, other low-income adults, and persons with disabilities who receive public assistance or meet income and other eligibility criteria.

Statewide, the Medi-Cal caseload has increased substantially. Medi-Cal enrollment has grown from 5.3 million in 2000-01 to an estimated 6.6 million in 2003-04, a 25.2 percent

increase. This increase is partially attributable to recent state policy changes that have simplified program rules for enrollees and expanded eligibility for coverage.

Some counties reported delays in processing Medi-Cal applications. Surveyed counties expressed concern that delays meant that many eligible individuals failed to receive coverage when they needed it. Santa Cruz County, for example, reported that the waiting period for an intake interview has increased from three to seven days to two to three weeks.

The state withheld operating expense increases for county Medi-Cal administration in 2001-02 and 2002-03. However, the state provided funding for counties' salary and overhead costs associated with authorized Medi-Cal eligibility workers in 2003-04. This funding was provided to ensure that counties could meet new performance standards for determining initial and ongoing eligibility of Medi-Cal applicants and recipients, as required by the 2003-04 Budget.²²

Some counties reported they expect the 2003-04 funding increase for operating expenses to translate into service improvements, such as reduced caseload for eligibility workers, more timely processing of applications and eligibility renewals, renewed outreach efforts, and "a more thorough evaluation of applicant and beneficiary need."

STATE FUNDING CUTS COULD INCREASE COSTS

Efforts to reduce spending can have the unintended effect of increasing long-term costs or costs in other programs and services. Counties identified several unintended consequences of the recent budget cuts, including an increased risk of errors; diminished ability to provide preventive services, potentially resulting in higher long-term costs; delays and inefficiencies in the provision of services; diminished ability to provide services that could move individuals off aid more quickly; diminished ability to monitor and eliminate fraud and to evaluate program effectiveness; and loss of federal funds.

Increased Risk of Errors

The potential for an increased risk of errors is one unintended consequence associated with reduced staffing:

- In the Food Stamp Program, for example, California already faces federal penalties due to high error rates. San Bernardino County reported that it is striving to “maintain the Food Stamp error rate below the nationally acceptable level.” However, the County is concerned that “[a]ny decrease in funding can jeopardize the gains achieved...and increase the probability of fines in the future.”
- Alameda County suggested that cutbacks in the Food Stamp Program could produce a vicious circle in which reduced staffing leads to increased errors, resulting in loss of funding and further staffing reductions: “[A] reduction in eligibility staff greatly jeopardizes the Agency’s ongoing success of being recognized as a model program by continuously maintaining a low food stamp error rate. An increase in the Agency’s error rate will result in financial sanctions, which would necessitate further reductions to the County’s budget.”
- Surveyed counties expressed concern about rising error rates in other programs as well, which could ultimately result in financial sanctions. At least one county reported an increase in CalWORKs Program appeals and errors, due at least in part to rising caseloads and less time spent on each case. San Bernardino County also reported that staffing cutbacks might increase “the probability of issuing incorrect benefits.” Contra Costa County suggested, “Higher caseloads may cause an increase in worker errors because they do not have the time to review eligibility. Errors may result in underpayments and overpayments (cash aid and food stamps) to participants.”

“Reduction in eligibility staff greatly jeopardizes the Agency’s ongoing success of being recognized as a model program by continuously maintaining a low food stamp error rate. An increase in the Agency’s error rate will result in financial sanctions, which would necessitate further reductions to the County’s budget.”

Diminished Ability to Provide Preventive Services

Survey responses suggest that preventive services are among the first to be eliminated when funding is reduced:

- Many of the surveyed counties reported reductions in preventive services designed to keep children in their own homes and out of the foster care system. Orange County reported, “We could prevent children from going into group homes if we had staff and funds for preventive services.”
- Riverside County expressed concern that curtailing preventive services in the APS Program would mean that “clients may re-enter the system in the future,” which would increase the size of the caseload. Sonoma County also worried that APS staffing shortages would make it difficult to address the high degree of recidivism in APS referrals.
- Contra Costa cited an inability to engage in “preventative early intervention” as one of the major effects of cuts in the IHSS Program.

Costly Delays and Inefficiencies in the Provision of Services

Delays and inefficiencies in the provision of services also can increase costs. Several counties reported delays in moving clients from more expensive services to less costly ones in the APS, Foster Care, and IHSS programs. For example:

- In the Foster Care Program, counties were concerned that inadequate staffing would lead to delays in both placement changes and periodic reassessment of eligibility, which might result in overpaid benefits and loss of foster care providers. Two counties reported delays in moving children from the foster care system into adoptive homes.
- Butte County reported that in its IHSS Program, “Social workers are unable to follow up on possible decreases in service needs that might occur in a year.” Riverside County expressed concern that the lack of timely reassessments in the IHSS Program means that services that are no longer needed “are not reduced or eliminated in a timely manner.”

Diminished Ability to Provide Services That Could Move Individuals Off Aid

In the CalWORKs Program, in particular, a diminished ability to provide needed services once eligible participants are enrolled can increase costs in the long run by prolonging the time that individuals receive cash assistance. For example:

- Many counties reported delays in providing CalWORKs recipients with services aimed at helping them move off of cash assistance and into the workforce.
- Contra Costa County warned that because of inadequate CalWORKs staffing, the “average time a participant spends on aid will be extended because staff are not available to work proactively with participants” and “fewer participants will exit welfare due to employment.”
- Orange County reported that a 28 percent reduction in funding for job retention services might mean that approximately 500 welfare-to-work recipients will “remain on aid longer without benefit of employment.”

Costs Shifted to Other Public Services

The funding squeeze can result in increased costs to other government programs. In particular, many counties noted that delays or inadequate service in the IHSS Program could result in the use of more expensive services. For example:

- Riverside and Santa Cruz counties expressed concern that IHSS services may not be provided in a timely manner due to lack of sufficient staff to meet the growing demands, resulting in increased health risks.
- Alameda County reported, “While Medi-Cal applicants wait for their application to be processed, uninsured individuals may need to access emergency services which are costly for the County.”

Diminished Ability to Monitor and Eliminate Fraud and Evaluate Program Effectiveness

The funding squeeze has left program staff with less time to meet with clients, pay home visits, monitor contractors, and provide oversight of program activities. As a result, the ability to monitor and eliminate fraud and abuse has been reduced. Counties have also reduced support for program evaluation efforts, choosing instead to direct available resources to service delivery. Failure to fund efforts to improve programs’ effectiveness may, in the long term, mean that models that could lead to cost savings and/or improved outcomes are not identified and implemented. For example:

- Alameda County reported a “decreased ability to prevent and detect fraud” in the CalWORKs and IHSS programs. San Bernardino County reported, “fraud identification and prevention activities have been negatively impacted. Response times on fraud referrals have increased. Early fraud detection activities are limited.” Butte County reported that if social workers had greater interaction with the providers taking care of their IHSS clients, fraud might be reduced, as well as abuse of clients.
- Assessments of programs’ effectiveness were also scaled back or eliminated. For instance, Sonoma County cancelled an evaluation of the CalWORKs Program and Alameda County reduced funding for its Program Planning and Evaluation Unit.

The failure to enroll eligible Californians in the Food Stamp Program due to reduced outreach efforts results in a loss of federally-funded benefits that would otherwise aid low-income families and boost the state’s economy.

Loss of Federal Funds

Reducing state spending results in the loss of federal dollars in several programs, including the AAP and the Food Stamp, Foster Care, IHSS, and Medi-Cal programs. County service reductions may also indirectly result in the loss of federal funds by limiting program participation. For example:

- While the federal, state, and county governments share the cost of administering the Food Stamp Program, the federal government pays the full cost of food stamp benefits for eligible households. The failure to enroll eligible Californians in the Food Stamp Program due to reduced outreach efforts results in a loss of federally-funded benefits that would otherwise aid low-income families and boost the state's economy.²³
- Sacramento County reported that funding reductions to a county program that helped families claim the federal Earned Income Tax Credit (EITC) resulted in a loss of about \$2 million in federal tax refunds for county residents.

FUNDING CUTS MAY UNDERMINE LONG-TERM VIABILITY OF PROGRAMS

In the short term, state funding reductions have seriously affected the quality and quantity of services delivered by county governments. However, the reductions may also undermine the long-term viability of programs. The viability of programs is diminished when innovative models of program delivery are compromised, when the community infrastructure supporting them is weakened, and when staff capacity is reduced. To the extent that the quality of programs is diminished, public support for these vital public services may decline as a consequence.

Erosion of Innovative Models of Program Delivery

All of the surveyed counties expressed concern that the funding squeeze has negatively affected innovative models of program delivery.

CalWORKs Program

Counties reported that innovative efforts in the CalWORKs Program were hit particularly hard. For example:

- **Family services, domestic abuse prevention, and child abuse prevention.** Orange County eliminated programs designed to “strengthen and maintain families, help children and youth succeed, and reduce the incidence of domestic and child abuse, gang activity, and substance abuse.” Los Angeles County reduced funding for programs aimed at first-time mothers and programs aimed at preventing child abuse and neglect.
- **Housing assistance.** Funding for a Sonoma County program providing rent subsidies for homeless CalWORKs clients was cut back in 2001-02 and 2002-03 and finally eliminated in 2003-04. Orange County reported a reduction in funding for a collaborative housing effort, potentially affecting 700 CalWORKs clients.
- **Transportation assistance.** Contra Costa County reduced funding for its “Rides to Success” program that provided CalWORKs clients with rides to job interviews and to their job sites. Sacramento County eliminated its “Wheels to Work” and bus pass programs. Orange and Los Angeles counties reduced support for programs to repair CalWORKs clients’ vehicles. Sonoma County eliminated a shuttle transportation service that had provided CalWORKs clients with transportation to work, education, and child care. Santa Cruz County also reduced funding for transportation assistance.
- **Youth support and development programs.** Orange County eliminated funding for programs that provided after-school enrichment, peer assistance, and employment services for at-risk youth. Sonoma County reduced and then eliminated funding for youth education and employment services. Sacramento County eliminated funding for a youth development services program, a juvenile probation and restitution program, a truancy project, a student outreach project, and a pregnancy prevention program. Los Angeles County reduced funding for youth jobs programs, a program for teens with special needs, a program for emancipated foster youth who are young parents, and a

school-based probation supervision program.

- **Education and training programs.** Sonoma County reduced assistance for CalWORKs recipients attending an employment and training program at a community college. Los Angeles County reduced an employer-linked education and training program.
- **Job retention and job advancement services.** Riverside County eliminated four contracts for services aimed at helping CalWORKs clients stay employed and achieve self-sufficiency. Alameda County also reduced job retention and advancement programs. Sacramento County eliminated job coaching and employment supportive services.
- **Other innovative programs.** Butte County eliminated its “Clothes That Work” program, which provided work clothes and beauty salon services to CalWORKs recipients, and a mentoring program that matched recently employed participants with a successful mentor in their field. Sacramento County eliminated funding for a program that provided entrepreneurial and small business development training. Contra Costa County reduced funding for a program that expunges qualifying CalWORKs participants’ criminal records.
- **Innovative program ideas.** The loss of state funding also left counties unable to implement a number of innovative programs. Sacramento County, for example, identified several projects that it had hoped to fund using CalWORKs performance incentive funds. Abandoned projects included support for children’s resource centers in low-income neighborhoods, a program to encourage landlords to accept tenants using federal housing assistance, and initiatives aimed at boosting school attendance.

Other Programs

Counties reported an erosion of support for innovative service delivery models in other programs, as well. Orange County reduced funding for respite care for foster parents, services for emancipated foster youth, and training support for dependents/wards. Riverside County reduced funding for respite care for foster parents. Santa Cruz County eliminated IHSS bilingual case aide services and a pilot project that sent food stamp program workers to a local food pantry to do outreach.

Unraveling the Community-Based Safety Net

Cumulatively, the state funding reductions have frayed partnerships that support programs for children, families, and vulnerable adults. Many programs depend on weaving together services that address clients’ multiple needs. These services can range from health care, to housing, to transportation, to child care, to education and training, to job search assistance, to intervention with the criminal justice system. In the Food Stamp, IHSS, and Medi-Cal programs, for example, community partnerships engage in outreach; the more broad-based the partnership, the wider the reach of the program.

Cumulatively, the state funding reductions have frayed partnerships that support programs for children, families, and vulnerable adults. Many programs depend on weaving together services that address clients’ multiple needs.

Some programs also depend on individuals within the community to play critical roles. For example, the foster care and adoption systems depend on families willing to be foster or adoptive parents. The APS Program similarly relies on members of the community to serve as “monitors” of elder abuse, and many programs supplement program staff with community volunteers. The elimination of community outreach and education programs threatens these vital supports.

Reducing Staff Capacity

Funding reductions also affect the workers who deliver services. As noted above, some counties now use support staff for tasks formerly performed by professional social workers. Counties also reported that staff training has been reduced or eliminated in many programs. Overall, the funding squeeze and the need to “do more with less” has contributed to staff “burnout” and rising turnover. For example, Sonoma County reported, “the workload remains unmanageable which not only impacts clients receiving correct benefits [in a timely manner] but results in staff burnout, workers’ comp injuries and low morale.”

CONCLUSION

California's budget crisis presents policymakers with a difficult dilemma: how to balance the budget, while at the same time protecting vital services. This report examines the consequences of resolving that dilemma by asking public programs to do more with less.

In key health and human services programs, state funding cuts have, by and large, avoided reducing or eliminating services. However, by failing to fully fund the cost of these programs, state lawmakers have restricted the ability of counties to deliver quality services. The counties participating in the survey on which this report is based represent more than half of the caseloads in each of the programs examined. The survey findings were remarkably similar across programs and counties, and suggest that policymakers cannot expect counties to continue to stretch dwindling resources. Clearly, health and human services programs that serve thousands of California's most vulnerable citizens are being compromised by the current funding squeeze.

The dilemma is not confined to the programs discussed in this report. Across the board – and year after year – policymakers are asking service providers to tighten their belts. While this approach helps to balance the budget in the short run, it is not without long-term consequences for the quality and quantity of the services provided.

APPENDIX A: OVERVIEW OF SURVEYED HEALTH AND HUMAN SERVICES PROGRAMS

Counties administer a range of health and human services programs funded with federal, state, and county dollars. The nine programs included in the CBP/CWDA survey are described below. Table 4 summarizes statewide funding and caseload trends between 2000-01 and 2003-04.

Table 4: Change in Program Administration Funding and Caseloads Between 2000-01 and 2003-04

Program	Total Funding for Program Administration (In Thousands)			Caseload*		
	2000-01	2003-04 Estimated	Percent Change	2000-01	2003-04 Estimated	Percent Change
Adoption Assistance Program	**	**	**	41,350	61,245	48.1%
Adoptions Program	\$97,124	\$78,215	-19.5%	7,245	***	***
Adult Protective Services Program ²⁴	\$97,578	\$114,702	17.5%	21,315	***	***
CalWORKs Program	\$502,657	\$477,575	-5.0%	519,277	479,231	-7.7%
Child Welfare Services Program	\$1,173,407	\$1,325,068	12.9%	168,411	160,726	-4.6%
Food Stamp Program ²⁵	\$352,751	\$424,638	20.4%	636,521	698,259	9.7%
Foster Care Program	\$92,073	\$98,258	6.7%	79,131	78,028	-1.4%
In-Home Supportive Services Program	\$186,229	\$243,933	31.0%	248,697	331,184	33.2%
Medi-Cal Program ²⁶	\$716,454	\$1,061,177	48.1%	5,287,400	6,619,900	25.2%

* All caseload figures are average monthly caseloads, except for the Adoptions Program, which represents the total number of adoptions overseen by county licensed public adoption agencies.

** Administrative funding for the Adoption Assistance Program is included in Foster Care administrative funding.

*** Estimate of 2003-04 caseload is not available.

Source: Department of Finance, Department of Health Services, and Department of Social Services

Adoption Assistance Program

The Adoption Assistance Program (AAP) provides grants to families who adopt children who are difficult to place in an adoptive home due to factors such as race, ethnicity, or a disability. Nearly all families who adopt foster children receive AAP benefits.

What Counties Do

Counties determine initial and ongoing eligibility for AAP grants, as well as the grant level.

Program Trends

The AAP caseload has increased by nearly half, from 41,350 in 2000-01 to an estimated 61,245 in 2003-04. However, the program's growth rate peaked at 21 percent in 2000-01 and will decline to an estimated 13 percent in 2003-04. The average monthly AAP grant has increased by more than half between 1995-96 and 2003-04.²⁷

Funding Trends

Total AAP funding has increased by more than 80 percent since 2000-01, to an estimated \$519.1 million in 2003-04.²⁸ However, total funding for county operation of the AAP and

the Foster Care Program has increased by less than 7 percent between 2000-01 and 2003-04.²⁹ The state withheld county operating expense increases for the AAP and the Foster Care Program in 2001-02, 2002-03, and 2003-04. The state's failure to provide these increases meant that counties received \$28.3 million (\$9.9 million General Fund) less in 2003-04 than they would have received if annual increases had been provided since 2001-02.

Adoptions Program

Public adoption agencies provide placement services to children who would otherwise remain in long-term foster care. Twenty-eight California counties have licensed public adoption agencies, including eight of the 11 counties included in this study.³⁰

What Counties Do

Counties with licensed public adoption agencies recruit and conduct evaluations of prospective adoptive families and make recommendations to the court regarding adoptive placements.

Program Trends

The number of county-supervised adoptions rose from 7,245 in 2000-01 to 8,283 in 2001-02, a 14.3 percent increase.³¹

Funding Trends

Total funding for county operation of the Adoptions Program has dropped from \$97.1 million in 2000-01 to an estimated \$78.2 million in 2003-04, a 19.5 percent decrease. Most of this decline is due to a 28.6 percent reduction in state funding, which fell from \$53.4 million in 2000-01 to an estimated \$38.1 million in 2003-04. In addition, the state withheld county operating expense increases for the Adoptions Program in 2002-03 and 2003-04. The state's failure to provide these increases meant that counties received \$5.4 million (\$3.1 million General Fund) less in 2003-04 than they would have received if annual increases had been provided since 2002-03.

Adult Protective Services Program

The Adult Protective Services (APS) Program assists elderly and dependent adults who are functionally impaired, unable to meet their own needs, or who are victims of abuse, neglect, or exploitation.³² The state implemented statewide standards for APS in 1999. The Department of Social Services (DSS) estimates that between 4 percent and 5 percent of the elderly in California are at risk of abuse; however, APS serves only a small fraction of those at risk.³³

What Counties Do

Counties are required to respond to and investigate reports of physical abuse, financial abuse, neglect, abandonment, isolation, and abduction of elderly and dependent adults who do not reside in a long-term care facility.³⁴ Counties must operate a 24-hour emergency response system and provide case management services, such as investigation, monitoring,

and linkage to community services. In addition, counties provide emergency shelter care, in-home protection services, clothing, transportation, and other services to abused or neglected elder and dependent adults.

Program Trends

The APS caseload fell by 7.2 percent between 2000-01 and 2002-03, declining from 21,315 to 19,787. However, statewide reports of alleged abuse of elderly and dependent adults increased by 19.0 percent between 2000-01 and 2002-03, rising from 75,843 to 90,276.

Reports of abuse are likely to continue to increase as the number of elderly and dependent adults in California grows. For example, the number of Californians aged 65 and older is projected to increase by 22.7 percent between 2000 and 2010; in contrast, the state's total population is projected to increase by 15.3 percent during the same period.

Funding Trends

The combination of declining caseloads and increasing reports of abuse may indicate that counties have not received sufficient funding to meet the need for APS Program services. Total funding for APS has increased from \$97.6 million in 2000-01 to an estimated \$114.7 million in 2003-04.³⁵ However, the state withheld county operating expense increases for APS in 2001-02, 2002-03, and 2003-04. The state's failure to provide these increases meant that counties received \$17.8 million (\$13.7 million General Fund) less in 2003-04 than they would have received if annual increases had been provided since 2001-02.

CalWORKs Program

The CalWORKs Program provides time-limited cash assistance for eligible low-income families, while helping adult recipients find and retain jobs, enhance their skills, and overcome barriers to employment. CalWORKs was implemented in 1998 in response to the 1996 federal welfare reform law, which created the Temporary Assistance for Needy Families (TANF) block grant to replace the Aid to Families with Dependent Children (AFDC) program.

What Counties Do

Counties determine initial and ongoing eligibility, issue cash assistance payments, provide case management services, develop welfare-to-work plans, and provide or arrange for the delivery of employment and supportive services, including mental health and substance abuse treatment and domestic violence services.

Program Trends

Spending on cash assistance in California has declined, while employment services and child care expenditures have increased substantially since the implementation of welfare reform in the late 1990s. Cash assistance accounted for 84.5 percent of AFDC-related spending in 1996-97 (\$5.5 billion), but makes up 50.5 percent of proposed 2004-05 CalWORKs spending (\$2.9 billion). Employment services and child care amounted to 7.3 percent of AFDC-related spending in 1996-97 (\$471.3 million), but account for 43.2 percent of proposed 2004-05 CalWORKs spending (\$2.5 billion). Spending on services and child care has grown

substantially due to CalWORKs' "work-first" orientation, which increases the need for services to help recipients increase their job readiness and retain employment.³⁶

The CalWORKs caseload has decreased by nearly half (48.9 percent) between the caseload peak in March 1995 (932,345 families) and December 2003 (476,005 families). However, the caseload has been relatively flat since 2001, and the DSS estimates that the average monthly CalWORKs caseload will increase from 479,231 in 2003-04 to 480,919 in 2004-05. In addition, the number of applications for CalWORKs cash assistance increased by 10.7 percent between 2000-01 and 2002-03.³⁷

Funding Trends

Support for the CalWORKs Program comes from a fixed federal TANF block grant of \$3.7 billion per year, along with \$2.7 billion in state and county maintenance of effort (MOE) funds, the minimum required by federal law. CalWORKs program costs have increased in recent years, and the state has reduced, frozen, or eliminated CalWORKs expenditures to maintain state and county spending at the minimum \$2.7 billion annual MOE level. For example, the state:

- Cut funding for adult education and community college services for CalWORKs recipients from \$126.9 million in 2001-02 to \$52.5 million in 2003-04, a 58.6 percent reduction.
- Withheld county operating expense increases for CalWORKs in 2001-02, 2002-03, and 2003-04. The state's failure to provide these increases meant that counties received \$255 million less in 2003-04 than they would have received if annual increases had been provided since 2001-02.
- Has not provided new performance incentive funds since 1999-00 to reward counties that have moved CalWORKs recipients from cash assistance into the workforce. Counties have used performance incentives to fund innovative programs to help recipients enhance their skills and find and maintain employment.

Funding for CalWORKs administration has declined from \$502.7 million in 2000-01 to an estimated \$477.6 million in 2003-04, a 5.0 percent decrease. However, counties have spent substantially more on CalWORKs Program administration than was budgeted, perhaps due to the state's failure to provide county operating expense increases since 2001-02. For example, the 2001-02 Budget provided \$471.1 million for county CalWORKs administration, while actual spending was \$554.9 million, about 18 percent over the budgeted amount. Counties may have transferred funds from other areas of the CalWORKs budget, including services, to fund basic CalWORKs operating costs, including eligibility determination and case management.

Child Welfare Services Program

The Child Welfare Services (CWS) Program provides services to abused and neglected children, children in foster care, and their families.

What Counties Do

Counties respond to reports of abuse, neglect, or exploitation, conduct investigations, conduct needs and risk assessments, arrange for provision of services, recruit and approve foster family homes and homes in which relatives are the caregivers, recommend and arrange placements for children, and work with the judicial system and related service systems to determine children's needs and services.

Program Trends

The average monthly number of CWS cases has declined from 168,411 in 2000-01 to an estimated 160,726 in 2003-04.³⁸ However, the number of child abuse reports received by counties increased from 60,461 in July 2001 to 70,694 in July 2003. California is subject to a federal program improvement plan to improve CWS outcomes and could face financial penalties for noncompliance in the future.³⁹

Funding Trends

Total funding for administration of the CWS Program increased by 12.9 percent between 2000-01 and 2003-04, rising to an estimated \$1.3 billion. However, the state withheld county operating expense increases for CWS in 2002-03 and 2003-04. The state's failure to provide these increases meant that counties received \$23.1 million (\$11.1 million General Fund) less in 2003-04 than they would have received if annual increases had been provided since 2002-03.

CWS funding has increased, despite the decline in the CWS Program caseload, because the state does not reduce counties' funding when their CWS caseloads fall. If an individual county's caseload declines, its number of caseworkers is held at the prior-year level.⁴⁰ However, a CWS workload study found that caseworkers are overburdened and carrying much larger caseloads than are ideal.⁴¹

Food Stamp Program

The Food Stamp Program provides monthly assistance that helps low-income households purchase the food they need to maintain adequate nutritional levels. The federal government pays the full cost of food stamp benefits for all eligible households; the federal, state, and county governments share the cost of administering the program.⁴²

What Counties Do

Counties determine initial and ongoing eligibility and issue food stamps.

Program Trends

The average monthly number of households receiving food stamps in California has increased from 636,521 in 2000-01 to an estimated 698,259 in 2003-04, an increase of 9.7 percent. Many Californians who are eligible for food stamps are not enrolled in the program. According to the US Department of Agriculture, only 54 percent of persons eligible for the Food Stamp Program in California received benefits in 2001.⁴³ California modified its food stamp eligibility rules in 2003 to enroll more low-income households in the program. The state created a Transitional Food Stamps Program, which provides five months of continuous food stamp

eligibility for families who leave CalWORKs cash assistance. In addition, AB 231 (Steinberg, Chapter 743 of 2003), excluded the value of an applicant's vehicle when determining food stamp eligibility and eliminated face-to-face interviews as an application requirement. The Governor has proposed to repeal these changes.

Funding Trends

Total funding for county administration of the Food Stamp Program has risen from \$352.8 million in 2000-01 to an estimated \$424.6 million in 2003-04, a 20.4 percent increase.⁴⁴ The state withheld county operating expense increases for the Food Stamp Program in 2001-02, 2002-03, and 2003-04. The state's failure to provide these increases meant that counties received \$147.4 million (\$51.5 million General Fund) less in 2003-04 than they would have received if annual increases had been provided since 2001-02.

Foster Care Program

The Foster Care Program provides grants for children living with a foster care provider under a court order or a voluntary agreement between the child's parents and a county welfare department.

What Counties Do

Counties determine initial and ongoing eligibility for federal funding, issue monthly payments, and make decisions regarding the health and safety of children in the foster care system.

Program Trends

The Foster Care caseload dropped by more than 10 percent between 1998-99 and 2000-01, largely due to the implementation of the Kinship Guardianship Assistance Payment (Kin-GAP) Program in January 2000. The Kin-GAP Program provides a monthly grant to an individual who has cared for a related child for at least 12 months and who assumes guardianship of that child. Children who met the Kin-GAP criteria were shifted from the Foster Care caseload to the Kin-GAP caseload. The Foster Care caseload has fallen from 79,131 in 2000-01 to an estimated 78,028 in 2003-04, a 1.4 percent drop. However, the caseload is projected to increase to 80,032 in 2004-05.

Funding Trends

Total funding for Foster Care payments has increased by more than 20 percent since 2000-01, rising to an estimated \$1.7 billion in 2003-04. In contrast, total funding for county operation of the AAP and the Foster Care Program has increased by less than 7 percent between 2000-01 and 2003-04.⁴⁵ The state withheld county operating expense increases for the AAP and the Foster Care Program in 2001-02, 2002-03, and 2003-04. The state's failure to provide these increases meant that counties received \$28.3 million (\$9.9 million General Fund) less in 2003-04 than they would have received if annual increases had been provided since 2001-02.

In-Home Supportive Services Program

The In-Home Supportive Services (IHSS) Program provides services that enable low-income blind, disabled, or elderly individuals to remain safely in their own homes as an alternative to out-of-home care.⁴⁶ Services provided may include assistance with meal preparation, and laundry, shopping, errands, bathing, transportation to medical and service appointments, and/or paramedical services.

What Counties Do

Counties determine initial and ongoing eligibility; assess individuals' service needs; authorize hours of service; and process providers' time sheets. Direct services are provided by workers hired by the client in nearly all cases.⁴⁷

Program Trends

The average monthly IHSS caseload has increased by about one-third, from 248,697 in 2000-01 to an estimated 331,184 in 2003-04. This rapid growth is expected to continue in response to demographic trends. For example, the number of Californians aged 65 and older is projected to increase by 22.7 percent between 2000 and 2010; in contrast, the state's total population is projected to increase by 15.3 percent during the same period.

Funding Trends

Total funding for IHSS services has increased by nearly 70 percent since 2000-01, rising to an estimated \$3.0 billion in 2003-04. This substantial increase is due both to caseload growth and the state's effort to increase provider wages and encourage counties to provide health coverage for IHSS providers.⁴⁸ Total funding for county operation of the IHSS Program has increased by 31.0 percent during the same period. The state withheld county operating expense increases for the IHSS Program in 2001-02, 2002-03, and 2003-04. The state's failure to provide these increases meant that counties received \$65.0 million (\$21.1 million General Fund) less in 2003-04 than they would have received if annual increases had been provided since 2001-02.

Medi-Cal Program

The Medi-Cal Program is California's version of Medicaid, a federal-state program providing health coverage to uninsured low-income individuals.⁴⁹ Medi-Cal provides health care coverage to children, parents, elderly and blind persons, other low-income adults, and persons with disabilities who receive public assistance or meet income and other eligibility criteria.

What Counties Do

Counties determine initial and ongoing eligibility for Medi-Cal.

Program Trends

Medi-Cal enrollment has grown from 5.3 million in 2000-01 to an estimated 6.6 million in 2003-04, a 25.2 percent increase. In recent years, the state has simplified program rules for

enrollees and expanded eligibility for coverage, which has contributed to the growth of the Medi-Cal caseload and increased the workload for county eligibility workers. For example, the state has enacted laws to provide 12 months of continuous eligibility for children aged 19 and younger and to eliminate the requirement that families submit quarterly forms to maintain Medi-Cal eligibility.⁵⁰ Nonetheless, about 820,000 children and adults were eligible for, but not enrolled, in Medi-Cal in 2001, according to the 2001 California Health Interview Survey.⁵¹

Funding Trends

Total funding for the Medi-Cal Program has increased by 20.0 percent, from \$24.3 billion (\$9.2 billion General Fund) in 2000-01 to an estimated \$29.2 billion (\$9.8 billion General Fund) in 2003-04.⁵² Total funding for county Medi-Cal operations has risen from \$716.5 million to an estimated \$1.1 billion, a 48.1 percent increase, during the same period. Much of this increase for county administration results from the state's decision to provide funding for counties' Medi-Cal-related salary and overhead costs in 2003-04. This funding was provided to ensure that counties could meet new performance standards for determining initial and ongoing eligibility of Medi-Cal applicants and recipients, as required by the 2003-04 Budget. However, the state withheld county operating expense increases for Medi-Cal in 2001-02 and 2002-03.

APPENDIX B: CASELOAD TRENDS IN SURVEYED COUNTIES

Caseload trends for the programs included in the CBP/CWDA survey varied among counties. County caseload changes between 2000 and 2003 are summarized in Table 5.⁵³ Changes described are based on a point-to-point comparison – one month in 2000 compared to the same month in 2003 – with the exception of the IHSS Program, for which the data are average monthly caseloads for 2000-01 and 2002-03.

Table 5: Recent Changes in Program Caseloads in Surveyed Counties and Statewide							
	Adult Protective Services Caseload Change, Dec. 2000 to Dec. 2003	CalWORKs Caseload Change, Dec. 2000 to Dec. 2003	Child Welfare Services Caseload Change, July 1, 2000 to July 1, 2003	Food Stamps Caseload Change, Dec. 2000 to Dec. 2003	Foster Care Caseload Change, July 1, 2000 to July 1, 2003	In-Home Supportive Services Caseload Change, 2000-01 to 2002-03*	Medi-Cal Caseload Change, Oct. 2000 to Oct. 2003
Alameda	-37.2%	-7.1%	-9.4%	8.5%	-8.0%	24.0%	10.9%
Butte	-8.8%	-10.3%	9.5%	1.8%	24.0%	15.7%	20.8%
Contra Costa	-12.2%	-6.6%	-5.7%	**	-6.0%	17.8%	19.2%
Los Angeles	-29.9%	-16.9%	-25.5%	-2.4%	-25.3%	20.2%	30.5%
Orange	1.0%	-7.5%	-22.2%	1.3%	-16.0%	39.7%	40.9%
Riverside	5.6%	-3.6%	-6.5%	7.1%	3.8%	27.4%	37.0%
Sacramento	-69.3%	-10.3%	-22.3%	-1.5%	-23.7%	26.5%	9.7%
San Bernardino	-26.4%	-5.5%	-4.2%	0.4%	-2.4%	31.4%	29.0%
Santa Cruz	-36.4%	4.0%	-27.8%	44.1%	-13.4%	4.5%	38.8%
Sonoma	-11.0%	2.7%	2.2%	40.7%	20.1%	24.1%	43.3%
Tehama	-36.1%	2.4%	11.9%	5.6%	27.0%	20.8%	29.5%
11 Survey Counties Combined	-32.5%	-12.6%	-19.8%	-2.1%	-18.6%	22.5%	28.7%
State Total	-18.7%	-8.6%	-15.7%	4.7%	-13.8%	21.7%	28.1%

* Based on average monthly caseloads.

** Contra Costa County did not report Food Stamp Program caseload data for December 2003.

Source: Child Welfare Research Center, Department of Health Services, and Department of Social Services

Adult Protective Services Program

Statewide, the APS Program caseload fell by 18.7 percent between December 2000 and December 2003, but there were larger declines in some surveyed counties, including Sacramento (69.3 percent), Alameda (37.2 percent), Santa Cruz (36.4 percent), Tehama (36.1 percent), and Los Angeles (29.9 percent). Caseloads increased slightly in Riverside (5.6 percent) and Orange (1.0 percent) counties.

CalWORKs Program

The CalWORKs Program caseload declined by 8.6 percent statewide between December 2000 and December 2003. Los Angeles County explains much of this decline; excluding Los Angeles County, the statewide caseload dropped by only 3.3 percent. Caseloads increased in three surveyed counties: Santa Cruz (4.0 percent), Sonoma (2.7 percent), and Tehama (2.4 percent).

Child Welfare Services Program

Statewide, the CWS Program caseload decreased by 15.7 percent between July 1, 2000 and July 1, 2003. Caseloads increased in three surveyed counties: Butte (9.5 percent), Sonoma (2.2 percent), and Tehama (11.9 percent).

Food Stamp Program

The Food Stamp Program caseload increased statewide by 4.7 percent between December 2000 and December 2003.⁵⁴ Caseloads increased substantially in Santa Cruz (44.1 percent) and Sonoma (40.7 percent) counties. Food Stamp Program caseloads dropped in Los Angeles (2.4 percent) and Sacramento (1.5 percent) counties.⁵⁵

Foster Care Program

Statewide, the Foster Care Program caseload declined by 13.8 percent between July 1, 2000 and July 1, 2003. Los Angeles County explains much of this decline; excluding Los Angeles County, the statewide caseload decreased by only 5.3 percent. Caseloads increased in Butte (24.0 percent), Riverside (3.8 percent), Sonoma (20.1 percent), and Tehama (27.0 percent) counties.

In-Home Supportive Services Program

Statewide, the average monthly IHSS Program caseload increased by 21.7 percent between 2000-01 and 2002-03. There were double-digit caseload increases in all surveyed counties, except Santa Cruz County, between 2000-01 and 2002-03. The largest increases were in Orange (39.7 percent) and San Bernardino (31.4 percent) counties.

Medi-Cal Program

The Medi-Cal Program caseload increased by 28.1 percent statewide between October 2000 and October 2003. There were double-digit caseload increases in all surveyed counties, except Sacramento County, during the same period. Increases substantially exceeded the statewide increase in Sonoma (43.3 percent), Orange (40.9 percent), Santa Cruz (38.8 percent), and Riverside (37.0 percent) counties.

ENDNOTES

¹ Contra Costa County did not provide information on overhead expenditures.

² Funding to reflect increases in counties' general operating costs is generally referred to as a "cost-of-doing-business" increase.

³ The funding increase required to offset counties' higher operating expenses in 2003-04 is based on county-level data for each program collected by the state for 2001-02 and updated by the CWDA for 2002-03 and 2003-04. For 2002-03, the CWDA recreated the county-level data-collection process used by the state in 2001-02. For 2003-04, the CWDA applied an inflation adjustment of 3 percent to each program.

⁴ Combined federal Temporary Assistance for Needy Families (TANF) block grant and state maintenance of effort funding.

⁵ Legislative Analyst's Office, *Analysis of the 2003-04 Budget Bill* (February 2003), p. C-161. Counties earned about \$1.2 billion in performance incentive funds, and were paid \$1.1 billion, by the end of 1999-00. Counties had an unspent balance of about \$760 million at the end of 2001-02. The state "recaptured" the unspent performance incentive funds and redirected a portion to pay for basic CalWORKs Program costs in 2002-03, including cash aid and services. The state returned \$422.1 million in unspent performance incentives to the counties in 2002-03. Counties spent \$280.4 million in 2002-03, leaving a balance of \$141.7 million at the end of 2002-03.

⁶ Legislative Analyst's Office, *Realignment Revisited: An Evaluation of the 1991 Experiment in State-County Relations* (February 6, 2001), pp. 7-8. In addition, "Any amount by which the sales tax and VLF realignment revenues have grown [over the prior fiscal year] is deposited into a series of state subaccounts, each associated with one of the mental health, social services, or health accounts of each county." Sales tax growth funds are first committed to the "caseload subaccount," which provides funds to repay counties for changes in cost-sharing ratios for certain social services programs and one health program included in realignment. Any remaining sales tax growth funds, and all VLF growth funds, are allocated primarily to the realigned health and mental health programs.

⁷ California State Association of Counties, *In-Home Supportive Services: Counties at the Crossroads* (November 2002), pp. 13-14.

⁸ Appendix A provides a detailed description of each program.

⁹ The Foster Care caseload also declined as a result of the implementation of the Kinship Guardianship Assistance Payment (Kin-GAP) Program in 2000. See the Foster Care section of Appendix A for a description of this change.

¹⁰ Appendix B provides an overview of recent county-level caseload trends.

¹¹ As noted above, three programs included in the survey have received increases to offset rising operational costs since 2001-02: the Adoptions and CWS programs in 2001-02 and the Medi-Cal Program in 2003-04.

¹² Contra Costa County did not provide information on overhead expenditures.

¹³ Sacramento County did not report APS staffing levels.

¹⁴ Santa Cruz County reported that it had adequate staff in its Foster Care Program, while Sonoma County reported that it had adequate staff in its IHSS Program. Some counties did not report what they considered to be appropriate staffing levels for certain programs.

¹⁵ Twenty-eight California counties have licensed public adoption agencies, including eight of the 11 counties included in this study. See Appendix A for details.

¹⁶ Office of the Governor, *Press Release: Governor Davis Congratulates Two State Adoption Agencies for Excellence 11/18/02*, downloaded from www.chhs.ca.gov on April 23, 2004.

¹⁷ Department of Social Services, *Early Impact of Senate Bill 2199: Opening the Door for Adult Protective Services Program* (Research and Development Division: May 2000), p. 2. A dependent adult is any person between the ages of 18 and 64 who has physical or mental limitations that restrict his or her ability to carry out normal activities or to protect his or her legal rights.

¹⁸ Department of Social Services, *Early Impact of Senate Bill 2199: Opening the Door for Adult Protective Services Program* (Research and Development Division: May 2000), p. 14. The DSS estimates that the APS Program serves between 7 percent and 9 percent of at-risk elderly persons in California. The DSS was unable to calculate the percentage of dependent adults in California who are at risk of abuse, neglect, or exploitation.

¹⁹ Contracted service providers or county employees provide services in less than 3 percent of all IHSS cases.

²⁰ As noted above, most clients hire their own IHSS service provider. The service provider must then be enrolled in the IHSS Program to be paid.

²¹ Counties are required to conduct an annual reassessment of eligibility and service needs for each IHSS client, and to perform additional reassessments upon request of the client.

²² If county welfare departments do not meet the new standards, their funding may be reduced by 2 percent in the following year.

²³ In addition, the Legislative Analyst's Office notes that the state loses General Fund sales tax revenue when eligible families are not enrolled in the Food Stamp Program. This is because "for every dollar in food coupons that a low-income family receives, an additional dollar is available for the consumption of food or other items."

This additional consumption generates General Fund sales tax revenue to the extent that families purchase taxable items. Legislative Analyst's Office, *Analysis of the 2004-05 Budget Bill* (February 2004), p. C-281.

²⁴ APS is partially funded with the County Services Block Grant (CSBG). The increase in APS funding between 2000-01 and 2003-04 partly reflects the state's decision to spend almost the entire CSBG on the APS Program. In contrast, in 2000-01 the state directed a portion of the CSBG to other programs. The state has reduced CSBG/APS General Fund support by \$11.7 million between 2000-01 and 2003-04, and anticipates that federal funding will increase by \$14.0 million during the same period.

²⁵ A portion of the increased funding for county food stamp operations represents a funding shift from the CalWORKs Program to the Food Stamp Program due to a new cost-allocation methodology instituted in 2001-02. The Food Stamp Program caseload includes households that receive CalWORKs cash assistance, as well as those that do not.

²⁶ The 2003-04 Budget provided funding for counties' salary and overhead costs associated with authorized Medi-Cal eligibility workers. Spending for county Medi-Cal administration in 2002-03 was \$876.5 million, or 22.3 percent greater than 2000-01 spending.

²⁷ Legislative Analyst's Office, *Analysis of the 2004-05 Budget Bill* (February 2004), p. C-256. The average AAP grant for children who are eligible for federal funding rose from \$447 in 1995-96 to an estimated \$704 in 2003-04, a 58 percent increase. Nearly nine out of 10 AAP children are eligible for federal funding, which pays for half of the AAP grant.

²⁸ 2000-01 funding figures for all programs included in Appendix A come from the Department of Social Services, *Local Assistance Estimates May 2001 Revise of the 2001-02 Budget*. 2003-04 funding figures come from the Department of Social Services, *Local Assistance Estimates for the 2004-05 Governor's Budget*.

²⁹ The DSS combines county administration funding for the AAP and the Foster Care Program.

³⁰ Alameda, Contra Costa, Los Angeles, Orange, Riverside, Sacramento, San Bernardino, and Santa Cruz counties are among the 28 California counties that operate licensed public adoption agencies. Butte, Sonoma, and Tehama counties are among the 30 counties that do not have licensed public adoption agencies. Public adoptions in these 30 counties are overseen either by a DSS district office or by a neighboring county.

³¹ 2001-02 is the most recent year for which statewide data are available. Department of Social Services, *Adoptions in California: Agency, Independent, and Intercounty Adoption Programs* (Research and Development Division: January 2003 and October 2003).

³² A dependent adult is any person between the ages of 18 and 64 who has physical or mental limitations that restrict his or her ability to carry out normal activities or to protect his or her legal rights. Department of Social Services, *Early Impact of Senate Bill 2199: Opening the Door for Adult Protective Services Program* (Research and Development Division: May 2000), p. 2.

³³ Department of Social Services, *Early Impact of Senate Bill 2199: Opening the Door for Adult Protective Services Program* (Research and Development Division: May 2000), p. 14. The DSS estimates that the APS Program serves between 7 percent and 9 percent of at-risk elderly persons in California. The DSS was unable to calculate the percentage of dependent adults in California who are at risk of abuse, neglect, or exploitation.

³⁴ Department of Social Services, *Early Impact of Senate Bill 2199: Opening the Door for Adult Protective Services Program* (Research and Development Division: May 2000), p. 2. Abuse that occurs in a long-term care facility is reported to and investigated by the Department of Aging.

³⁵ APS is partially funded with the County Services Block Grant (CSBG). The increase in APS funding between 2000-01 and 2003-04 partly reflects the state's decision to spend almost the entire CSBG on the APS Program. In contrast, in 2000-01 the state directed a portion of the CSBG to other programs. Overall, the state has reduced CSBG/APS General Fund support by \$11.7 million between 2000-01 and 2003-04, and anticipates that federal funding will increase by \$14.0 million during the same period.

³⁶ For an overview of the CalWORKs Program, see California Budget Project, *CalWORKs: California's Welfare-to-Work Program* (Budget Backgrounders: February 2004).

³⁷ County Welfare Directors Association of California analysis of Department of Social Services data.

³⁸ Includes children assisted through the Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement categories.

³⁹ Legislative Analyst's Office, *Analysis of the 2004-05 Budget Bill* (February 2004), p. C-284.

⁴⁰ Legislative Analyst's Office, *Analysis of the 2003-04 Budget Bill* (February 2003), p. C-181.

⁴¹ Homer D. Kern and Louisa Moore, *SB 2030 Child Welfare Services Workload Study: Final Report* (American Humane Association: April 2000).

⁴² Since 1997, California has provided state-funded food stamp benefits to qualified legal immigrants who are ineligible for federal food stamps due to their immigration status. However, the federal government has subsequently reinstated food stamp eligibility for some legal noncitizens.

⁴³ US Department of Agriculture, *Reaching Those in Need: State Food Stamp Participation Rates in 2001* (Food and Nutrition Service: February 2004).

⁴⁴ A portion of this increase represents a shift of funding from the CalWORKs Program to the Food Stamp Program

due to a new cost-allocation methodology instituted in 2001-02.

⁴⁵ As noted above, the DSS combines county administration funding for the AAP and the Foster Care Program.

⁴⁶ For an overview of the IHSS Program, see California Budget Project, *In-Home Supportive Services Program* (Budget Backgrounders: February 2004).

⁴⁷ Contracted service providers or county employees provide services in less than 3 percent of IHSS cases.

⁴⁸ The 2003-04 Budget assumed the state would cover wages above minimum wage, between \$6.76 and \$9.50 per hour, and health benefits up to \$0.60 per hour for certain providers. However, Governor Schwarzenegger has proposed to reduce the state's share of cost for IHSS provider wages and benefits to the state minimum wage effective October 1, 2004.

⁴⁹ For an overview of the Medi-Cal Program, see California Budget Project, *Medi-Cal Program* (Budget Backgrounders: February 2004).

⁵⁰ However, the 2003-04 Budget increased eligibility reporting requirements for adults. Adults now are required to submit forms twice per year to retain Medi-Cal eligibility. This change took effect on August 1, 2003.

⁵¹ E. Richard Brown, et al., *The State of Health Insurance in California: Findings from the 2001 California Health Interview Survey* (UCLA Center for Health Policy Research: June 2002).

⁵² The 2003-04 Budget reduced General Fund costs for Medi-Cal in 2003-04 through significant one-time savings, such as the temporary increase in the federal share of Medi-Cal costs and shifting the budgeting for Medi-Cal benefits from an accrual to a cash basis of accounting. Legislative Analyst's Office, *Analysis of the 2004-05 Budget Bill* (February 2004), p. C-77.

⁵³ County-level caseload data are not available for the Adoption Assistance Program. Complete, current county-level data for licensed public adoption agencies are not available for the Adoptions Program.

⁵⁴ The Food Stamp Program caseload includes households that receive CalWORKs cash assistance, as well as those that do not.

⁵⁵ Complete data were not available for Contra Costa County.