

# Overview of Proposed Budget Reductions for Human Services

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LEGISLATIVE ANALYST'S OFFICE

Presented To:

Senate Health and Human Services Committee

And Budget Fiscal Review Subcommittee #3





## Health and Social Services Major Budget Reductions Affecting Program Beneficiaries

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(In Millions)

Program	Savings	
	State	Federal
<b>Social Services</b>		
SSI/SSP		
Delete June 2003 state COLA	\$280.8	—
Reduce SSI/SSP grants by an average of 6.2 percent	662.4	—
Delete January 2004 state COLA	91.5	—
CalWORKs <sup>a</sup>		
Delete June 2003 COLA	146.0	—
Reduce CalWORKs grants by 6.2 percent	238.0	—
Delete October 2003 COLA	106.0	—
Subtotals	(\$1,524.7)	—
<b>Health Services</b>		
Medi-Cal		
Reduce provider rates by 15 percent	\$630.1	\$630.1
Eliminate optional benefits (dental, medical supplies)	298.6	298.6
Roll back Section 1931(b) expansion	111.8	111.8
Reinstate quarterly status reporting	80.0	80.0
Require share of cost for certain aged and disabled recipients	63.8	63.8
Developmental Services		
Require share of cost for services for certain children	29.5	—
Establish statewide standards for purchases of services	100.0	—
Early Mental Health Initiative		
Eliminate program	15.0	—
Subtotals	(\$1,328.8)	(\$1,184.3)
<b>Totals</b>	<b>\$2,853.5</b>	<b>\$1,184.3</b>

<sup>a</sup> Combined General Fund and TANF block grant funds, which are fungible with the General Fund.



## SSI/SSP Maximum Monthly Grants Current Law and Governor's Proposal

(January 2003 Through January 2004)

	January 2003	June 2003	July 2003	January 2004
<b>Individuals</b>				
<b>Current Law</b>				
SSI	\$552	\$552	\$552	\$566
SSP	205	226	226	239
<b>Total</b>	<b>\$757</b>	<b>\$778</b>	<b>\$778</b>	<b>\$805</b>
<b>Percent of Poverty<sup>a</sup></b>	103%	105%	105%	109%
<b>Governor's Budget</b>				
SSI	\$552	\$552	\$552	\$566
SSP	205	205	156	156
<b>Total</b>	<b>\$757</b>	<b>\$757</b>	<b>\$708</b>	<b>\$722</b>
<b>Percent of Poverty<sup>a</sup></b>	103%	103%	96%	98%
<b>Change From Current Law</b>				
SSI	—	—	—	—
SSP	—	\$21	\$70	\$83
<b>Total</b>	<b>—</b>	<b>\$21</b>	<b>\$70</b>	<b>\$83</b>
<b>Couples</b>				
<b>Current Law</b>				
SSI	\$829	\$829	\$829	\$848
SSP	515	553	553	582
<b>Total</b>	<b>\$1,344</b>	<b>\$1,382</b>	<b>\$1,382</b>	<b>\$1,430</b>
<b>Percent of Poverty<sup>a</sup></b>	135%	139%	139%	144%
<b>Governor's Budget</b>				
SSI	\$829	\$829	\$829	\$848
SSP	515	515	396	396
<b>Total</b>	<b>\$1,344</b>	<b>\$1,344</b>	<b>\$1,225</b>	<b>\$1,244</b>
<b>Percent of Poverty<sup>a</sup></b>	135%	135%	123%	125%
<b>Change From Current Law</b>				
SSI	—	—	—	—
SSP	—	\$38	\$157	\$186
<b>Total</b>	<b>—</b>	<b>\$38</b>	<b>\$157</b>	<b>\$186</b>

<sup>a</sup> 2002 U.S. Department of Health and Human Services Poverty Guidelines. We note that the guidelines are adjusted each year for inflation.



## CalWORKs Maximum Monthly Grant and Food Stamps Governor's Budget and Current Law

### (Family of Three)

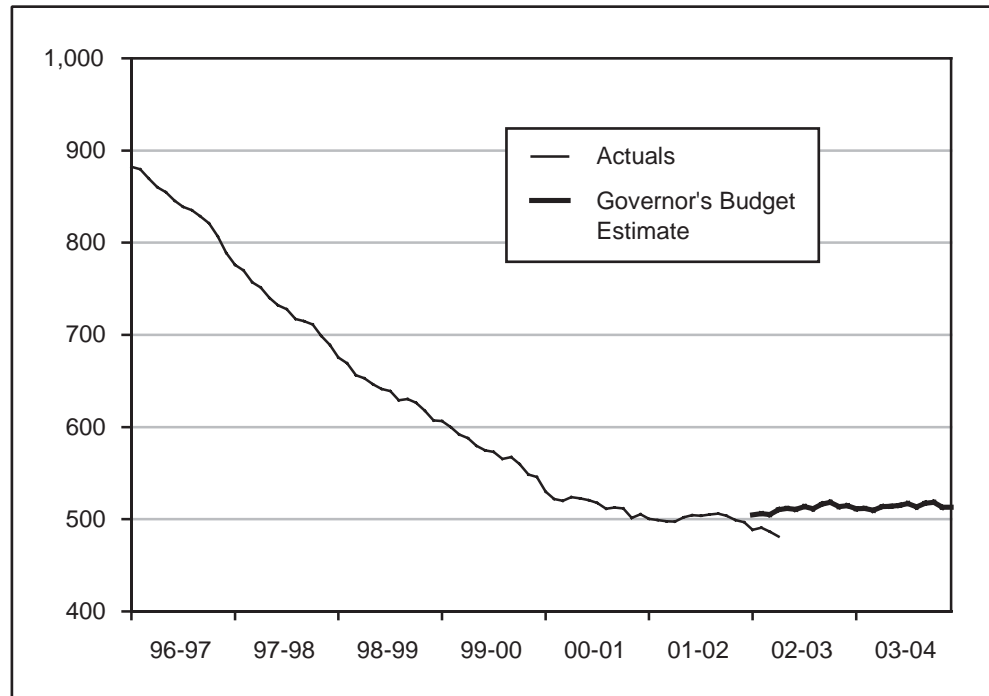
	Current Law	Governor's Budget	Change From Current Law
<b>High-cost counties</b>			
January 1, 2003 actual grant	\$679	\$679	
2003-04 grant assuming:			
Implement June 1, 2003 COLA (3.7 percent)	\$704	—	
Reduce grants by 6.2 percent effective July 1, 2003	—	\$637	
Implement October 1, 2003 COLA (3.5 percent)	728	—	
Plus Food Stamps <sup>a</sup>	\$279	\$320	
<b>Totals</b>	<b>\$1,007</b>	<b>\$957</b>	<b>-\$50</b>
<b>Low-cost counties</b>			
January 1, 2003 actual grant	\$647	\$647	
2003-04 grant assuming:	—	—	
Implement June 1, 2003 COLA (3.7 percent)	\$671	—	
Reduce grants by 6.2 percent effective July 1, 2003	—	\$607	
Implement October 1, 2003 COLA (3.5 percent)	694	—	
Plus Food Stamps <sup>a</sup>	\$294	\$330	
<b>Totals</b>	<b>\$988</b>	<b>\$937</b>	<b>-\$51</b>

<sup>a</sup> Based on maximum food stamps allotments effective October 2002. Maximum allotments are adjusted annually each October by the U.S. Department of Agriculture.



## Budget Overestimates CalWORKs Caseload

(Cases in Thousands)



- By overestimating the caseload, we believe CalWORKs costs are overbudgeted by \$350 million in federal TANF funds.
- The legislature has several options for using these TANF funds.