Health and Human Services

The Health and Human Services Agency (HHSA) oversees 12 departments and other state entities such as boards, commissions, councils, and offices that provide health and social services to California's most vulnerable and at-risk residents.

The May Revision includes total funding of $81.6 billion ($27.1 billion General Fund and $54.4 billion other funds) for all programs overseen by this Agency.

In addition to the changes discussed in this chapter, the May Revision includes proposals to reduce state operations and achieve statewide efficiencies. Please see the Reducing State Government chapter for the details of the Governor's proposal.

Department of Health Care Services

Medi-Cal, California's Medicaid program, is administered by the Department of Health Care Services (DHCS). Medi-Cal is a public health insurance program that provides comprehensive health care services at no or low cost for low-income individuals including families with children, seniors, persons with disabilities, foster care children, and pregnant women. The federal government dictates a mandatory set of basic services including, but not limited to, physician services, family nurse practitioner services, nursing facility services, hospital inpatient and outpatient services, laboratory and radiology services, family planning, and early and periodic screening, diagnosis, and treatment services for children. In addition to these mandatory services, the state provides

optional benefits such as outpatient drugs, home and community based waiver services, and medical equipment, which avoid more costly services.

Medi-Cal costs generally grow between six and eight percent annually due to a combination of health care inflation and caseload growth. Over the current year, budget year program spending is projected to decline by approximately 10.8 percent due to enacted and proposed program savings options (after adjusting for the end of federal stimulus funding). Absent these savings options, costs would be estimated to grow by approximately 7.7 percent. DHCS estimates that caseload will increase approximately 6.5 percent from 2010-11 to 2011-12 (from 7.52 million to 8.01 million), which is primarily due to shifting Healthy Families children to Medi-Cal. This is significantly higher than the 0.8 percent growth rate of the total California population over the same period (as estimated by the Department of Finance).

Recently Adopted Solutions

The Legislature approved the following major solutions in March. They have either been signed into law by the Governor or are in pending legislation.

- Limit Utilization of Services—This proposal established utilization controls at a level that ensures that 90 percent of the beneficiaries who utilize a particular service remain unaffected. Specifically, it sets a maximum annual benefit dollar cap on hearing aids ($1,510) and limits the number of doctor visits to seven per year prior to physician authorization. The limits on hearing aids save an estimated $229,000 in 2011-12. The limit on physician visits saves an estimated $41 million in 2011-12. These changes take effect October 1, 2011 based on the time needed to obtain federal approvals and provide necessary beneficiary and provider notification.
- Require Beneficiaries to Share in the Cost of Services—This proposal included a $5 copayment on physician, clinic, and dental services for savings of $157.3 million in 2011-12. There would also be a $50 copayment on emergency room services (saves $96.8 million in 2011-12), a $100/day and $200 maximum copayment for hospital stays (saves $128.7 million in 2011-12), and $3/$5 copayments for pharmacy based on the drug status (saves $128.4 million in 2011-12). These changes would take effect November 1, 2011, based on the time needed to obtain federal approvals and provide necessary beneficiary and provider notification.
- Eliminate Adult Day Health Care and Other Benefits—This proposal eliminated the optional Adult Day Health Care program for savings of $169.6 million in 2011-12.

Approximately 31,000 beneficiaries use Adult Day Health Care services each month in about 330 centers statewide. Other benefit changes include restrictions to supplemental nutrition products ($13.8 million) and ending coverage of over-the-counter cough and cold medications ($2.1 million).

- Provider Payment Reductions—This proposal reduces provider payments by 10 percent for physicians, pharmacy, clinics, medical transportation, home health, family health programs, certain hospitals, and nursing facilities. Consistent with the 10-percent reductions proposed for other providers, this proposal would also reduce rates for long-term care nursing facilities by 10 percent. This proposal will require federal approval of a state plan amendment. This proposal would save an estimated $423 million in 2011-12.
- Extend the Existing Hospital Fee—This proposal extends the existing hospital fee through June 30, 2011, which will save $210 million in Medi-Cal. Fee revenue is used to leverage federal funding to provide supplemental payments to hospitals for the provision of Medi-Cal services and to offset General Fund.
- Collect Managed Care Drug Rebates—This implements an option provided by federal Health Care Reform to begin collecting drug rebates for drugs dispensed in managed care plans. The Medi-Cal program already collects significant rebates for drugs dispensed in the fee-for-service component of the program. This is estimated to save $64 million General Fund in 2011-12.

Solutions to Address Remaining Shortfall

Previously proposed or newly proposed solutions are needed to address the remaining budget shortfall. They include:

- Shift Healthy Families Children to Medi-Cal—An increase of $77.6 million in 2011-12 due to shifting Healthy Families Children to Medi-Cal. This proposal would implement the Medicaid expansion for children to 133 percent of the federal poverty level required under federal health care reform early and take the additional step of transitioning all Healthy Families children to Medi-Cal. The net statewide impact of this proposal is a savings of $31.2 million General Fund in 2011-12.
- Extension of Hospital Fee—This proposal would extend the existing hospital fee for one year, through June 30, 2012, which will save $320 million in Medi-Cal. Fee revenue is used to match federal dollars to provide supplemental payments to hospitals and General Fund relief ($80 million per quarter).

- Medi-Cal Waiver—A decrease of $95.2 million in 2010-11 by identifying additional options to claim waiver funds. The recently approved waiver provides for up to $400 million in savings annually that can be claimed with expenditures in state-only programs. Current projections are that the state will fall short of that level in the current year. To achieve the maximum General Fund savings, the state would use a combination of additional state-only costs and surplus certified public expenditures (CPEs) that public hospitals would volunteer to use in the current year.
- State Share of Inter-Governmental Transfers—A decrease of $34.2 million in 2011-12 due to increased reimbursements received from seventeen counties that operate Medi-Cal managed care plans. Under this proposal, the state would assess a fee equal to 20 percent of the transferred funds and the remaining funds would be used to match federal funds to provide rate increases.
- Medi-Cal Managed Care Program Changes—A decrease of $1.7 million in 2011-12 due to a proposal to limit Medi-Cal beneficiaries from switching managed care plans more than once annually. This change would match Medi-Cal policy to that of other plans in CalPERS and other major healthcare providers.

Other Policy Proposals and Major Workload Adjustments

The May Revision includes the following significant policy proposals and workload adjustments:

- Medi-Cal Base Estimate Adjustment—An increase of $66.3 million in 2010-11 and an increase of $122.2 million in 2011-12 compared to base costs reflected in actions previously adopted by the Legislature. This increase is primarily due to managed care cost increases. Failure to provide actuarially sound rates would jeopardize federal funding.
- Loss of Proposition 10, the California Children and Families First Act, Savings —An increase of $1 billion in 2011-12 to reflect legal challenges brought against the state's use of Proposition 10 funding for the Medi-Cal program. Although the state will continue to defend the legal challenges, the Administration is electing to take a conservative budget approach and restore the General Fund costs.
- Erosions to Governor's Budget Solutions—An increase of $156.6 million in 2011-12 mainly caused by the one-month delay in implementation of budget solutions and revised costing of enacted policies.

- Federal Financial Participation—A decrease of $170.6 million in 2010-11 due to additional federal stimulus funding.
- Federal Drug Rebate costs—An increase of $70 million in 2011-12 for drug rebate costs to be reimbursed to the federal government as a one-time reconciliation payment resulting from changes made by Health Care Reform.
- Adult Day Health Care (ADHC) Transition—An increase of $25 million in 2011-12 to provide funding for ADHC transition assistance. This proposal will assist beneficiaries currently receiving ADHC services in their transition to other Medi-Cal services.
- Family Health Programs Base Estimate Adjustment—A decrease of $8.3 million in 2010-11 and $5 million in 2011-12 primarily due to changes in enrollment and benefit related treatment costs in the California Children's Services Program, the Child Health and Disability Prevention Program, and the Genetically Handicapped Persons Program.

Managed Risk Medical Insurance Board

The Managed Risk Medical Insurance Board (the Board) administers five programs that provide health coverage through commercial health plans, local initiatives and county-organized health systems to certain persons who do not have health insurance. The five programs include:

- The Access for Infants and Mothers Program, which provides comprehensive health care to pregnant women and educates women about the dangers of tobacco use.
- The Healthy Families Program, which provides comprehensive health, dental, and vision benefits through participating health plans for children that are not eligible for Medi-Cal.
- The County Health Initiative Matching Fund Program, which provides comprehensive benefits similar to the Healthy Families Program, but through county-sponsored insurance programs.
- The Major Risk Medical Insurance Program, a state-funded program which provides health coverage to residents of the state who are unable to secure adequate coverage for themselves and their dependents because insurers consider them to be ''medically uninsurable''—at high risk of needing costly care.

- The Pre-Existing Conditions Insurance Plan Program (PCIP), a federally funded health coverage program which provides health coverage to medically uninsurable individuals who live in California.

Only the Healthy Families Program is funded with state General Fund.

Recently Adopted Solutions

The Legislature approved the following major solutions in March. They have either been signed into law by the Governor or are in pending legislation.

- Increase Premiums—This proposal increased premiums for families with incomes at or above 150 percent of poverty for General Fund savings of $22.8 million. Upon federal approval, premiums would increase for the income group from 150 to 200 percent of poverty by $14 per child (from $16 to $30) and increase the maximum limit for a family with three or more children by $42 for a family maximum of $90. For families with incomes from 200 to 250 percent of poverty, premiums would increase by $18 per child (from $24 to $42) and the maximum limit for a family with three or more children would increase by $54 to $126. No increase was proposed for families with incomes under 150 percent of poverty.
- Increase Co-Payments—This proposal increased co-payments for emergency room visits from $15 to $50 and inpatient stays from $0 to $100 day/$200 maximum, to conform to a similar Medi-Cal cost-containment proposal. This proposal would take effect after appropriate provider and beneficiary notification, and result in savings of $4.9 million.
- Vision Benefit Cost Containment—This proposal will result in lower plan rates for vision services projected to generate $3.3 million in General Fund savings in 2011-12.
- Continue Collecting Revenues from Taxes Assessed on Managed Care Plans —This proposal will extend the statutory authority to December 31, 2013 for California to collect taxes assessed on managed care organizations for savings of $103.3 million in 2011-12 (current statute expires June 30, 2011). These revenues are used to draw down federal funds, to fund rate increases in Medi-Cal and health coverage in Healthy Families. Health plans benefit by receiving higher rates than would otherwise result.

Solutions to Address Remaining Shortfall

Previously proposed or newly proposed solutions are needed to address the remaining budget shortfall. They include:

- Shift Healthy Families Children to Medi-Cal—A decrease of $108.8 million in 2011-12 due to shifting Healthy Families Children to Medi-Cal. This proposal reflects the early implemention of the Medicaid expansion for children to 133 percent of the federal poverty level required under federal health care reform and takes the additional step of transitioning all Healthy Families children to Medi-Cal. The net statewide impact of this proposal is a savings of $31.2 million General Fund in 2011-12.

Other Policy Proposals and Major Workload Adjustments

The May Revision includes the following significant policy proposals and workload adjustments:

- Healthy Families Program Base Estimate Adjustment—A decrease of $5.3 million in 2010-11 and $12.6 million in 2011-12 compared to base costs adopted by the Legislature. These decreases are primarily due to decreased program enrollment.
- Erosions to Governor's Budget Solutions—An increase of $2.2 million in 2010-11 and $0.9 million in 2011-12 are mainly caused by the one-month delay in implementation of budget solutions and revised costing of enacted policies.
- Increased Managed Care Organization Tax Revenues—A decrease of $15.3 million in 2011-12 due to increased revenue projections of $6.1 million in 2011-12, as well as $9.2 million in 2010-11 revenues carried over into the budget year.
- Funding of CHIPRA Implementation Requirements—An increase of $34.1 million in 2011-12 for prospective payments for services provided through Federally Qualified Health Centers and Rural Health Clinics, which includes $20.1 million for federally required retroactive payments for the period of October 2009 through June 2011.

Department of Public Health

The Department of Public Health (DPH) is charged with protecting and promoting the health status of Californians through programs and policies that use population-wide interventions.

Recently Adopted Solutions

The Legislature approved the following major solution in March, which is in pending legislation.

- Childhood Lead Poisoning Prevention Fund Transfer to the General Fund—A transfer of $9.1 million in 2011-12 to repay the General Fund for support provided to the Childhood Lead Poisoning Prevention Program in fiscal year 1996-97.

Other Policy Proposals and Major Workload Adjustments

The May Revision includes the following significant policy proposals and workload adjustments:

- AIDS Drug Assistance Program—A net decrease of $17.3 million ($17 million General Fund) in 2010-11 and $20.2 million ($21 million General Fund) in 2011-12. Major program changes include modifications to the eligibility requirements of the Comprehensive AIDS Resources Emergency/Health Insurance Premium Payment Program (CARE/HIPP), enrollment of clients in the Pre-Existing Condition Insurance Plan (PCIP), and additional federal funds available from the Safety Net Care Pool.
- Every Woman Counts Program—A net decrease of $7.2 million ($9.4 million General Fund in 2011-12). Major program changes include a reduction in claims paid to providers due to a 10-percent reduction in Medi-Cal rates, and a one-time increase in the amount of available Breast Cancer Control Account funds.
- Partial Restoration of Immunization Funding—An increase of $7.3 million General Fund in 2011-12. This increase would restore funding for influenza vaccine purchases for local health departments to provide influenza vaccinations for the elderly and other at-risk Californians.
- Health Care Surge Transition—A two-year reappropriation of $1.8 million General Fund ($1.3 million in 2011-12 and $560,000 in 2012-13) for Health Care Surge Capacity funding. This funding would support the storage, maintenance, and transportation costs associated with transitioning DPH's healthcare surge stockpile and the Emergency Medical Services Authority's mobile field hospitals to public and private organizations.
- Licensing and Certification in Los Angeles County—These functions are currently performed through a contract with Los Angeles County, which is set to expire June 30, 2011. The DPH will renew the contract for one year, during which time the

state and Los Angeles County will decide whether to maintain this arrangement in future years or transfer the function to the state.

Department of Developmental Services

The Department of Developmental Services (DDS) serves approximately 243,000 individuals with developmental disabilities in the community and 1,970 individuals in state-operated facilities. Proposed funding for 2011-12 is $4.6 billion ($2.6 billion General Fund). Services are provided through the developmental centers and one community facility and the regional center system. Prior to 1969, services for individuals with developmental disabilities were primarily limited to those provided in state-operated institutions. The Lanterman Developmental Disabilities Services Act established a statewide network of regional centers and related services to allow consumers to live independent and productive lives in the community.

Recently Adopted Solutions

The Legislature approved the following major solution in March, a portion of which has been signed into law by the Governor; the remainder is in pending legislation.

- Developmental Services System Wide Reductions—A decrease of $591 million in 2011-12. Chapter 9, Statutes of 2011 authorized ongoing savings of $389.3 million through various cost containment measures. Increased federal funds and continued reimbursement funding from the California Children and Families Commission offset the need for additional General Fund cost containment measures.

Other Policy Proposals and Major Workload Adjustments

The May Revision includes the following significant policy proposals necessary to achieve the full savings assumed with the adoption of various cost containment measures by the Legislature in March:

- Developmental Centers—An increase of $3.6 million in 2011-12. The Legislature approved a $15 million reduction to developmental centers in 2011-12. The DDS has identified savings associated with staff reductions and program consolidations to achieve the $15 million reduction. However, due to implementation lags, only $11.4 million will be achieved in 2011-12, with the additional savings of $3.6 million achievable in 2010-11. The May Revision provides an increase for

2011-12 and maintains the $15 million reduction to developmental centers over the two-year period.

- Regional Centers—An increase of $28.5 million in 2011-12. The Legislature approved a $174 million reduction to purchase of services to be identified by the DDS and proposed with the May Revision. The DDS conducted several workgroups and public hearings to identify proposals that would reduce costs by $174 million. The proposals achieve ongoing savings of $174 million; however, due to the time necessary to implement some of the proposals, the savings in 2011-12 is $145.5 million with the additional savings of $28.5 million achievable in 2010-11. The May Revision provides an increase for 2011-12 and achieves the $174 million reduction to regional center services over the two-year period.

Department of Mental Health

The Department of Mental Health (DMH) ensures that a continuum of care exists throughout the state for children and adults who are mentally ill by providing oversight of community mental health programs and direct services through state hospitals. The May Revision includes $4.5 billion ($1.3 billion General Fund) in 2011-12.

Recently Adopted Solutions

The Legislature approved the following major solutions in March. They have either been signed into law by the Governor or are in pending legislation.

- Fund Community Services Programs with the Mental Health Services Fund (MHSF)—A decrease of $861.2 million in 2011-12. Chapter 5, Statutes of 2011 authorizes the one-time use of the MHSF for the Early and Periodic Screening, Diagnosis and Treatment program, the Mental Health Managed Care program, and mental health services to special education students.
    - The May Revision continues to provide $98.6 million MHSF to county mental health agencies on a one-time basis for mental health services to special education students; however, ongoing responsibility for these services is proposed for realignment to school districts instead of counties.
    - Shifting the responsibility for providing mental health services, including out-of-home residential services, to school districts would lead to greater

cost containment and ensure that services provided are related to educational outcomes.

- Sex Offender Commitment Program (SOCP)—A decrease of $3.9 million in 2011-12. The SOCP was reduced to reflect fewer evaluations estimated in 2011-12.

Other Policy Proposals

The May Revision includes the following significant policy proposals necessary to address a structural deficit in 2010-11, enhance safety and security at the state hospitals in 2011-12, and provide planning resources for activation of the new California Health Care Facility:

- 2010-11 Funding Shortfall—An increase of $50 million in 2010-11. A review of the department's budget indicates the state hospital system has a funding shortfall of up to $50 million in 2010-11. This amount is roughly double the $24 million in 2009-10 expenditures DMH rolled over into 2010-11. In order to continue necessary treatment and to ensure the safety of staff, patients, and visitors, it is crucial that the state hospitals are not operating in a funding shortfall situation. There are many potential factors that could contribute to the state hospital funding shortfall, but the specific cause remains unclear. Some of the potential factors include:
    - Rollover of the 2009-10 shortfall
    - Increase in overtime to cover required staff-to-patient ratios in response to vacancies and furloughs
    - Increased overtime to cover staff redirected to security activities
    - Increased admissions activity due to patients entering the state hospitals as a result of the *Mille* and *Coleman* court orders
- Safety and Security Improvements—An increase of $9.5 million and 78 positions in 2011-12. The May Revision provides funding to increase safety and security at Napa State Hospital, Metropolitan State Hospital, and Patton State Hospital.
- Planning for the Activation of the California Health Care Facility (CHCF)—An increase of $1.4 million and 8 positions in 2011-12 to provide planning assistance and support to the California Department of Corrections and Rehabilitation's planned CHCF. The CHCF is scheduled for activation in 2013.

Department of Social Services

The Department of Social Services (DSS) serves, aids, and protects needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence.

Recently Adopted Solutions

The Legislature approved the following major solutions in March. They have either been signed into law by the Governor or are in pending legislation.

California Work Opportunity and Responsibility to Kids (CalWORKs)

- Reduce the Time Limit on Aid for Adults—A decrease of $102.6 million in 2011-12 from reducing the cumulative total of months aided adults can receive a monthly cash benefit from 60 months to 48 months. This reduction will result in approximately 22,500 adults being removed from aid.
- Reduce Monthly Grants by 8 Percent—A decrease of $314.3 million in 2011-12 from reducing by 8 percent the maximum monthly CalWORKs aid payment levels. This reduction will reduce the maximum monthly grant for a family of three from $694 to $638.
- Reduce Monthly Grants for Cases with Unaided Adults—A decrease of $86.3 million in 2011-12 from reducing the monthly aid payment (after applying the 8-percent reduction described above) by up to 15 percent for cases without an aided adult. These cases include sanctioned, safety net, and other child-only cases, and payments will be reduced based on the number of aided months beyond 60 months. Specifically, the aid payment for these cases will be reduced by 5 percent, 10 percent, and 15 percent commencing with the 61st, 73rd, and 85th cumulative month on aid, respectively.
- Reduce Earned Income Disregard—A decrease of $83.3 million in 2011-12 from reducing the amount of income that is not counted for purposes of calculating a family's monthly grant. The income disregard will be modified to not count the first $112 of monthly earned income and 50 percent of each dollar earned beyond $112.
- Extend the Short-Term Reforms—A decrease of $412.6 million in 2011-12 from extending, for one year, the reduction in the county single allocation for employment services and Stage 1 child care that has been in place since 2009-10. Enacted legislation implemented a deeper reduction to the county single allocation and

provided additional county flexibility by authorizing an extra exemption for adult recipients from work participation requirements.

- Suspend Cal-Learn Program—A decrease of $43.6 million in 2011-12 from suspending for one year the Cal-Learn program, which provides intensive case management, supportive services, and fiscal incentives and disincentives to encourage teen parents to earn a high school diploma or equivalent degree. This reduction would still maintain the fiscal incentives (cash bonuses and supplements) during this period for pregnant or parenting teenagers who continue to make satisfactory progress per report card period and upon graduation.

- Other CalWORKs Reductions—A decrease of $25 million in 2011-12 from eliminating funding provided to the Department of Public Health for Community Challenge Grants aimed at reducing adolescent and unwed pregnancies ($20 million) and reducing the amount of funding for counties to provide mental health and substance abuse services ($5 million).

In-Home Supportive Services (IHSS)

- Eliminate Services for Recipients without Medical Certification—A net decrease of $67.4 million in 2011-12 from requiring the provision of IHSS to be contingent upon a written certification from a licensed health care professional that personal care services are necessary to prevent out-of-home care.

- Implement Community First Choice Option—A decrease of $128 million in 2011-12 from the assumption that the state will receive a 6-percent increase in federal matching funds by exercising a federal option for home and community-based attendant services benefiting all IHSS federally eligible recipients.

- Implement Pilot Project for Medication Dispensing Machines—A decrease of $140 million in 2011-12 from implementing a pilot project that would utilize automated medication dispensing machines with associated telephonic reporting services for monitoring and assisting Medi-Cal recipients with taking prescribed medications. This reduction is assumed to prevent unnecessary hospital and nursing home admissions that result from high-risk individuals not taking their medications as prescribed. To the extent the pilot project and/or alternative savings proposals enacted by the Legislature do not achieve a combined net annual General Fund savings of $140 million, enacted legislation also requires an across-the-board reduction in authorized hours for IHSS recipients beginning October 1, 2012, to make up the shortfall.

- Eliminate State Funding for IHSS Advisory Committees—A decrease of $1.5 million in 2011-12 from eliminating the mandate for counties to establish IHSS advisory committees, which provide ongoing advice and recommendations regarding IHSS to the county board of supervisors. With this reduction counties would have the option to continue advisory committees receiving $3,000 General Fund each (with the ability to draw down additional federal funds).

- Caseload Reduction—A decrease of $29.5 million in 2010-11 and $53.7 million in 2011-12 from a reduced IHSS caseload projection.

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

- Reduce SSI/SSP Grants for Individuals to the Federal Minimum—A net decrease of $178.4 million in 2011-12 from reducing monthly SSP grants for individuals to the federally required minimum payment standard. With this reduction, the maximum monthly SSI/SSP cash grant for individuals will be reduced by $15 per month (from $845 to $830). SSP grants for couples were previously reduced to the federal minimum in November 2009.

Solutions to Address Remaining Shortfall

Newly proposed solutions are needed to address the remaining budget shortfall. They include:

- Suspend the CWS/Web Project—A decrease of $3.1 million in 2011-12 from indefinitely suspending the development of the Child Welfare Services/Case Management System Web (CWS/Web) Project. The federal Administration for Children and Families has recently indicated that it intends to revise its requirements for the statewide automated child welfare information system. The CWS/Web Project is in the planning and procurement phase, and is currently scheduled to move to the system design and implementation phase in 2012-13, which will require significant additional resources. This reduction also makes available $838,000 in federal Temporary Assistance for Needy Families (TANF) Block Grant funds that can be transferred to the California Student Aid Commission to offset a like amount of General Fund costs for Cal Grants.

- Suspend the LEADER Replacement Project—A decrease of $26.2 million in 2011-12 from indefinitely suspending the Los Angeles Eligibility, Automated Determination, Evaluation and Reporting Replacement (LEADER Replacement) system. This project, which is in the planning and procurement phase, will replace

Los Angeles County's existing automated system for eligibility and benefit determination for CalWORKs, CalFresh, Medi-Cal and various social services programs. This reduction also makes available $13.8 million in TANF Block Grant funds that can be transferred to the California Student Aid Commission to offset a like amount of General Fund costs for Cal Grants.

Other Policy Proposals and Major Workload Adjustments

The May Revision includes the following significant policy proposals and workload adjustments:

- CalWORKs Caseload Increase—An increase of more than $14 million in 2010-11 and approximately $80 million in 2011-12 due to an increase in the caseload projection and cost per case. CalWORKs caseload is projected to be 586,900 average monthly cases in 2010-11, an increase of 0.8 percent from the budget forecast reflective of actions previously taken by the Legislature. For 2011-12, the average monthly caseload is projected to be 593,800 cases, an increase of 3.1 percent from the budget forecast reflective of actions previously taken by the Legislature.
- IHSS Caseload Decline—A decrease of $6.9 million in 2010-11 and $7 million in 2011-12 from a decrease in projected caseload, partially offset by an increase in cost per case. IHSS caseload is projected to be 430,500 cases in 2010-11, a decrease of 0.8 percent from the budget forecast when the Legislature took action on the Budget in March. For 2011-12, the average monthly caseload is projected to be 438,000 cases in 2011-12, a decrease of 1.0 percent compared to the March budget forecast.
- Foster Care Rate Increase—An increase of $10.7 million in 2011-12 to increase payment rates for foster family homes as well as prospective Adoption Assistance Payment, Kinship Guardianship Assistance Payment, and Non-Related Legal Guardian payment rates pursuant to the *Foster Parent Association, et al vs. John A. Wagner, et al* court case. This increase is partially offset by savings of $1.6 million as a result of the elimination of the supplemental clothing allowance for foster family homes.
- Funding for residential Care for Seriously Emotionally Disturbed Pupils—A decrease of $68 million in 2011-12 to reflect a shift in responsibility of funding for Seriously Emotionally Disturbed placements from the DSS to schools and a decrease in county

administrative costs for this program. Of the total amount, $66.6 million will now be included in Proposition 98 General Fund for this program.