Department of Social Services- Five Year Forecast

Introduction and Summary:

A five-year financial forecast has been prepared to provide information that may be helpful in current year decision-making. It focuses on changes in the need for general fund revenues, changes in appropriations and potential issues that may have an effect on the future financial position of the Department of Social Services.

The Department of Social Services is comprised of two significant areas: direct cash assistance payments to eligible individuals and non-cash assistance expenditures which include: salaries, infrastructure and direct client services other than cash, such as child care payments, mental health and substance abuse services, employment services training, client transportation and supportive services, and court ordered services. DSS programs are funded primarily with federal and state funds; however, the County is mandated by state law to fund a share in the majority of programs. The level in which the County must participate is different for every program. In addition, any expenditures that exceed the maximum participation by either the federal or state funding participation levels becomes the responsibility of the County.

The financial responsibility of the County for the programs operated by the Department of Social Services may be funded using three sources. These sources are County General Fund, the Social Services Realignment Trust Fund and the Social Services Special Revenue Fund. Details of these sources are provided later in this report.

Beginning in FY 2006-07, a 3.5% annual cola is projected for employee salaries. A 3.1% cost of living increase is included for all non-labor expenditures except cash assistance payments, which were projected individually based on program specifics, past caseload growth and current trends. Additional positions to staff the projected caseload growth were added.

Future revenue changes are highly dependent on a great many potential issues. These include funding levels proposed by the governor and approved by the legislature, the outcome of State Propositions, impacts of Hurricane Katrina on the federal budget, and federal reauthorization legislation for the Workforce Investment Act and Temporary Assistance for Needy Families programs. For these reasons, when projecting the level of revenue it is assumed that all capped funding currently being received will not increase or decrease in the future, except for Medi-Cal Eligibility which based on prior increases, we anticipate may grow at 6% per year. We have also assumed that open ended funding (entitlements) will continue to grow based on actual expenditure levels. A 2% growth in realignment funding is included in our revenue projections.

Prior changes in the Department's major capped funding sources are illustrated below. As clearly shown, the majority of the Department's major funding sources have actually decreased over the last 4 years with the exception of Medi-Cal Eligibility, IHSS Administration/Eligibility and Adoptions. Medi-Cal Eligibility has experienced a 6% increase which we have reflected in this forecast. The 29.58% increase in the IHSS Administrative/Eligibility was in response to a new mandate that require Counties to conduct additional Quality Assurance and Training activities. The increase in the Department's adoption program was in response to a 14.21% decrease in the Adoption program's funding level the previous year.

Chart 1

	Cumulative Change in the last 4 years	Average Increase/Decrease
CalWORKs/Childcare	-13.16%	-3.29%
Foster Care	-0.85%	-0.21%
Food Stamps	-3.93%	-0.98%
Medi-Cal	25.97%	6.49%
Child Welfare Services	0.79%	0.20%
FPSP	-31.64%	-7.91%
Adult Protective Services	-2.17%	-0.54%
IHSS Admin	29.58%	7.39%
Adoptions	17.82%	4.46%
Licensing	-39.67%	-9.92%

Even though we have assumed that capped allocations will remain at the FY 2005-06 levels throughout this report, we are stressing the fact that as costs and/or caseloads increase and revenues remain flat or decrease, the need for either additional county funding or the reduction of services will need to be considered. For example in FY 2003-04 our Medi-Cal Eligibility funding decreased a total of $1.6 million. This reduction in funding resulted in the Department adjusting program activities which resulted in findings in the County's FY 2003-04 single audit report.

Chart 2a

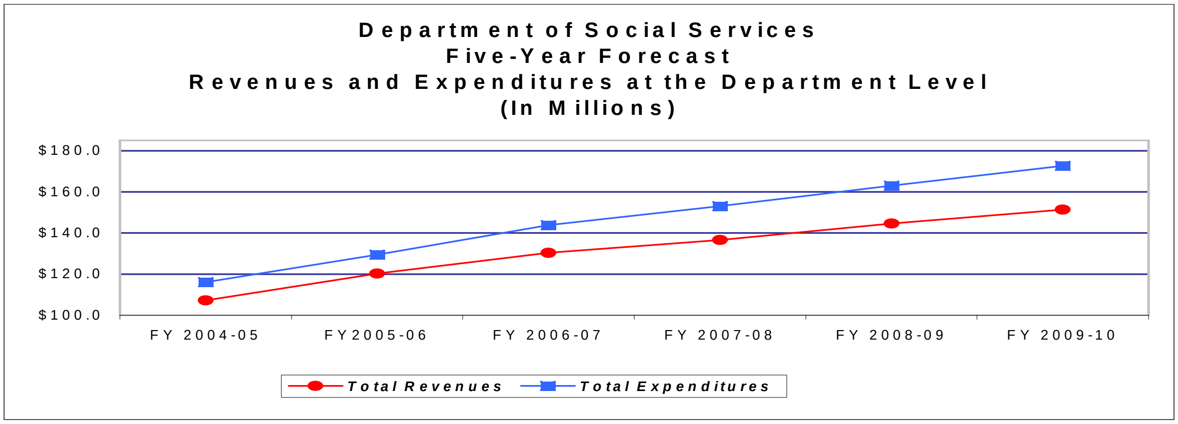


Chart 2b

	FY 2004-05	FY2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
Revenues	$107.1	$120.3	$131.1	$136.6	$144.6	$151.3
County Contribution	$8.9	$9.1	$12.7	$16.4	$18.4	$21.3
Total Sources	$116.1	$129.4	$143.8	$153.0	$163.0	$172.6
Expenditures	$116.1	$129.4	$143.8	$153.0	$163.0	$172.6

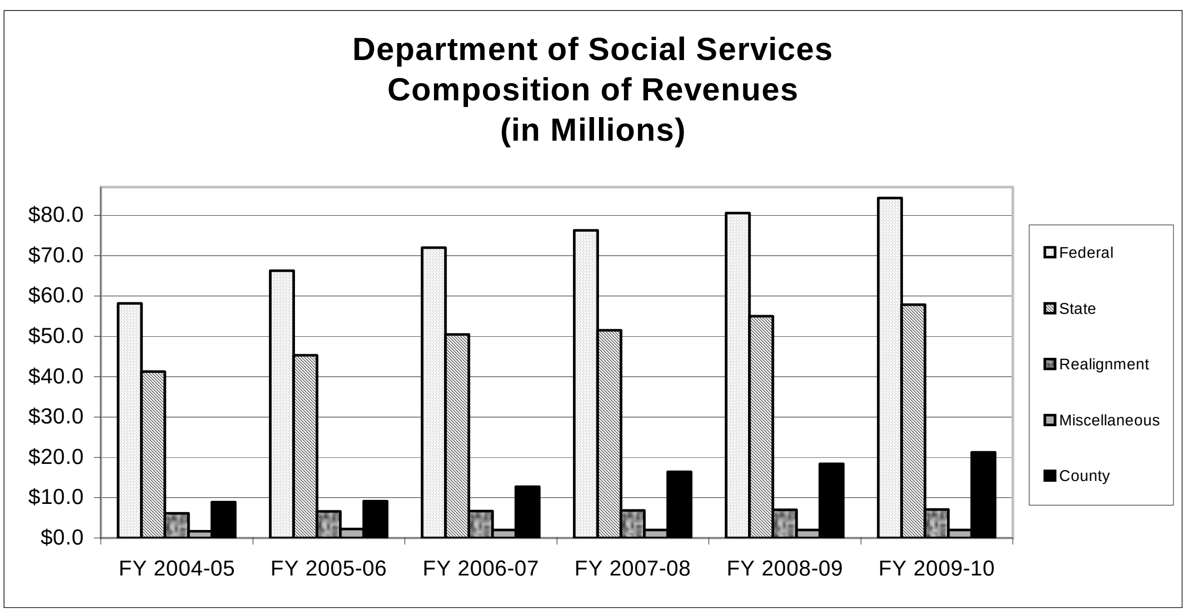
The department's expenditures/appropriations will increase $56 million from $116M to $172M between FY 2004-05 and FY 2009-10. The need for general fund revenues will increase $12.4 million from $8.9M to $21.3M between FY 2004-05 and FY 2009-10. The major reasons for the increase in general fund revenues are the need for additional appropriations for direct cash assistance, salaries, additional employees, infrastructure and direct client services. In FY 2006-07 the need for $3.6M in additional County Contribution over FY 2005-06 is due to $2M in Foster Care Assistance, $.5M in additional funding for CalWORKs eligibility, $.3M in MediCal, $.2 in Child Welfare Services and $.2M in Food Stamps eligibility costs. The Department utilized the remaining $1.2 million of TANF performance incentive funding to reduce the additional General Fund contribution in our CalWORKs program to $.5M.

Revenue Sources:

The Department of Social Services is funded primarily with federal and state funds. However, by state law the County is required to participate financially in the majority of programs. The level at which the County must financially participate is different for every program. In addition, any expenditures that exceed the maximum participation by either the federal or state funding participation levels becomes the responsibility of the County.

The financial responsibility of the County for the programs operated by the Department of Social Services may be funded via three revenue sources. These sources are County General Fund, the Social Services Realignment Trust Fund or the Social Services Special Revenue Fund.

Chart 3a



County % of Total Revenues

Chart 3b

FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
7.66%	7.03%	8.8%	10.72%	11.29%	12.34%

Realignment Funds:

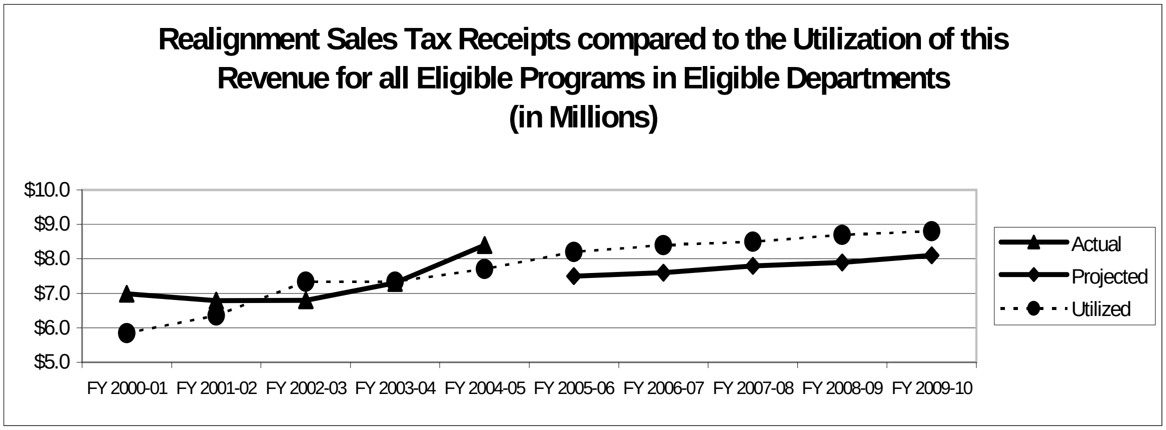
Due to State budget problems, in 1991 legislation known as realignment was enacted. This legislation transferred either all or the majority of the financial responsibility of mental health, social services, health, and justice subvention programs from the state general fund to counties. In exchange for the decreased dependency on State general funds and the increased financial responsibilities of counties, the State committed to passing through, directly to counties, a percentage of revenues they receive from sales tax and vehicle license fees.

Realignment legislation established a revenue allocation system in which the total amount of revenues received by the counties in one year becomes the base level of funding for the following year. For instance, the county's total realignment allocation in 1997-98, including any additional funds received for either prior year caseload growth or general sales tax growth, becomes the base level of revenues for 1998-99. The amount the county receives annually is adjusted by the State Controller's office in accordance with statutory formulas and a report is issued that isolates the programs that drive caseload increases.

Since the enactment of this legislation in 1991, counties have experienced years in which insufficient sales tax receipts were collected by the State to cover the base realignment levels owed to counties. When this occurs, the State allocates all receipts of sales tax and/or vehicle license fees (VLF) to fund as much of the county's base realignment levels as possible. No growth will be distributed in these years. In the following year, if base restoration legislation is still in law, the State will first use any sales tax and/or VLF to fund the deficits that exist in prior year base funding. *Note: There is currently no provision in the law that requires the State to restore a county's base funding when insufficient funds are available.* The State's next priority is to fund the county's current year realignment base. If remaining receipts exist, then caseload growth is funded and lastly general growth is distributed. It should be noted that a county's realignment base does not increase until actual growth is received and the money is transferred to the counties. <u>The County's realignment base is never adjusted retroactively.</u> Therefore, when funds are insufficient to pay growth on a timely basis, counties will never be reimbursed for ongoing increased costs for the period between when the costs are incurred and growth funding is actually received.

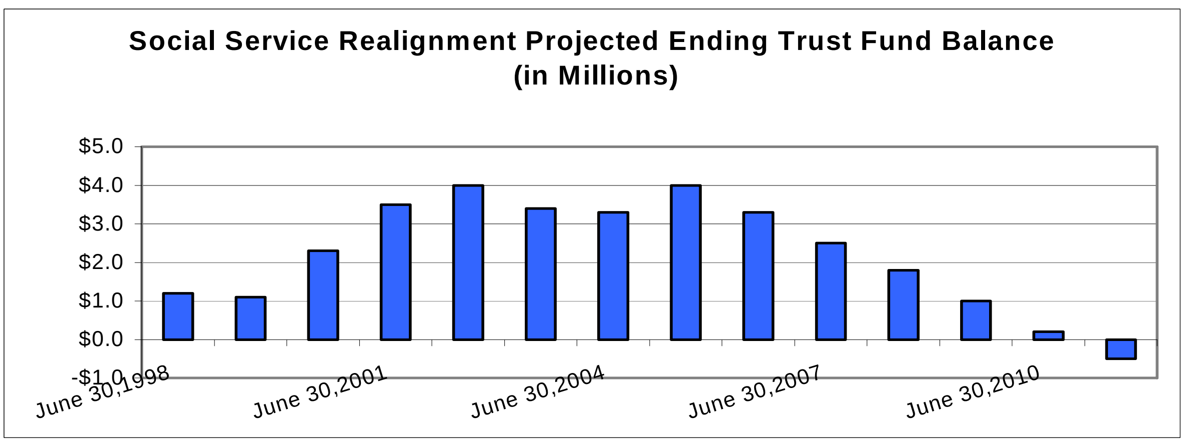
The Department considers any balance that remains in the Social Services Realignment Trust Fund a DSS reserve, or contingency fund. These are our emergency funds, which are essentially one-time monies. Since growth funds rarely reimburse our expenditures, we are concerned about relying entirely on realignment to meet ongoing commitments. Other counties have tried this approach only to find themselves in a financial bind when caseload increases while sales tax receipts decrease.

Chart 4



Based on our revenue assumptions and the need for realignment revenue from Public Health's California Children's Services and Probation's County Justice Subvention program, we anticipate a need to utilize actual fund balance in future years. Therefore, we estimate that at the end of FY 2010-11, this trust fund will have a negative $.5 million.

Chart 5



The drop in the realignment trust fund between FY 2001-02 and FY 2004-05 was due to two major factors; 1) Sales tax revenues were down statewide thereby creating insufficient revenues to fund Counties' realignment trusts at their established base level. In this fiscal year, the County received $.2M less than their established base. 2) In FY 2002-03, the Department experienced an increase in the need for realignment revenues for Foster Care and Severely Emotional Disbursed placements. This need has continued into FY 2003-04 and into the future.

In FY 2004-05, the County received funding for prior year growth earned but not funded due to the shortage in prior year statewide sales tax revenue, thereby increasing the trust fund balance.

The realignment funding stream was enacted to assist in the funding of the following programs:

Realignment Programs included Within the Social Services Trust Fund
Department of Social Services Realignment Programs
Child Welfare Services
Aid to Adoptive Parents
Foster Care Grants
In-Home Supportive Services
County Services Block Grant
Adoptions
Public Health Department Realignment Program
California Children's Services
Probation Department Realignment Program
County Justice Subvention Program

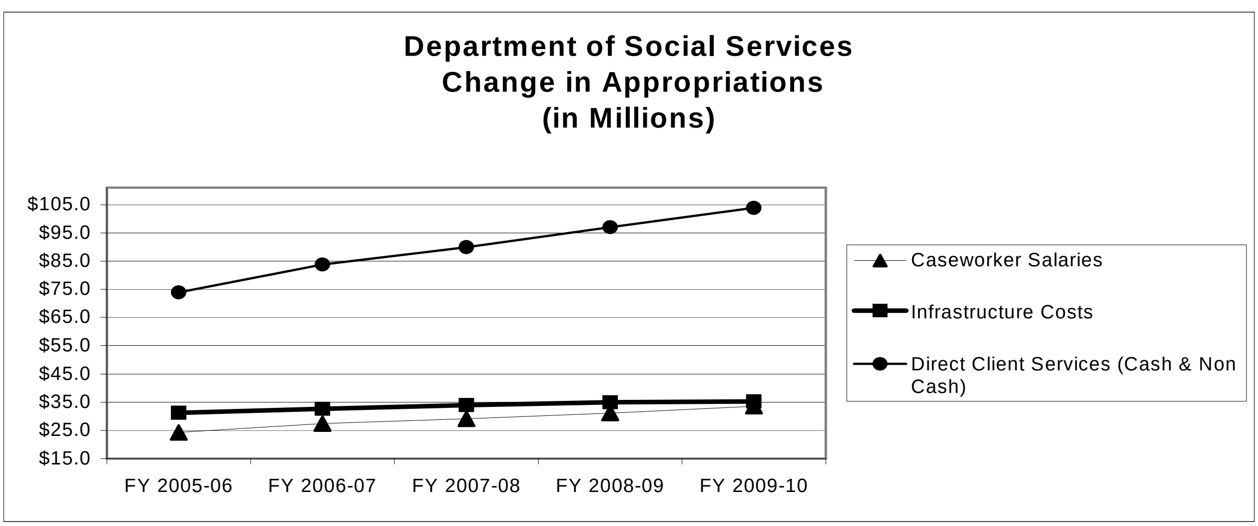
Social Services Special Revenue Fund Balance:

In 1998, the County of Santa Barbara decided to put the Social Services Department in a Special Revenue Fund. At that time, it was agreed that any excess funding in a fiscal year would remain as a designation in this fund to be used for Department programs. As of 6/30/05, the balance of this designation was $751,159 for general Social Service programs. It is estimated that the Department will need to utilize a portion of these savings in FY 2005-06.

Appropriations:

The department's expenditures/appropriations will increase $56 million from $116M to $172M between FY 2004-05 and FY 2009-10. The largest percentage of the department's appropriations is used to pay for direct client services.

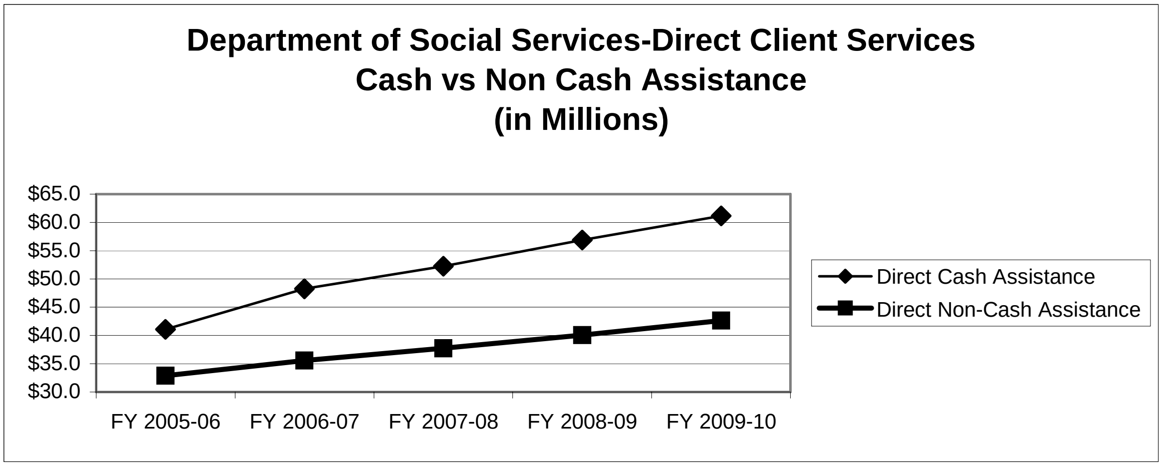
Chart 6



Direct Client Costs are comprised of cash assistance and non-cash assistance. All cash assistance programs are entitlement programs which mean that the Department will continually receive federal and state participation at any expenditure level. The county mandated participation for these expenditures range from 2.5% in CalWORKs to 60% in Non-Federal Foster Care assistance.

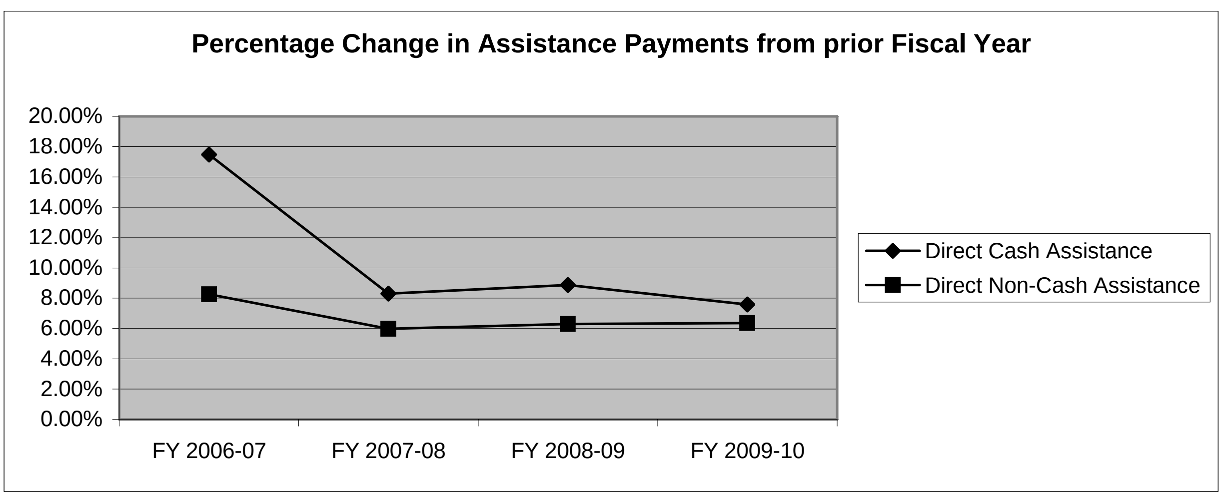
Direct non-cash assistance expenditures are not always tied to a capped state allocation. Therefore, as the need for additional expenditures increases, the amount expended over the state capped revenue level becomes the responsibility of local funding sources, which could include the General Fund.

Chart 7a



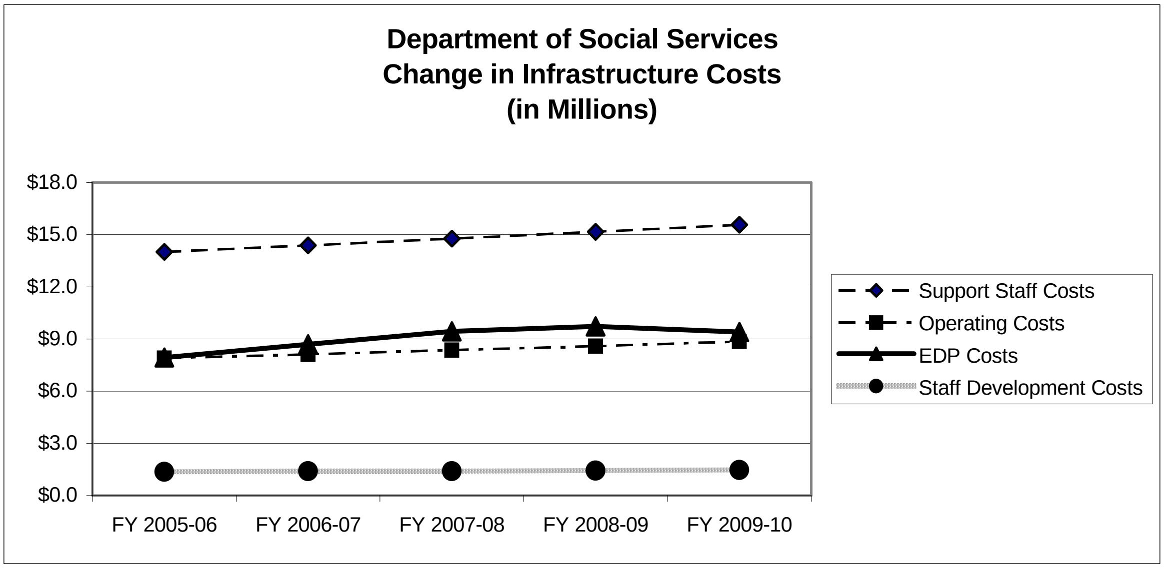
We are projecting a 17.5% increase in our Direct Cash Assistance in FY 2006-07 over our budgeted FY 2005-06 appropriations because we are experiencing large increases in our Foster Care Assistance and an increase in CalWORKs. See section labeled *"Programs Administered by the Department of Social Services".*

Chart 7b



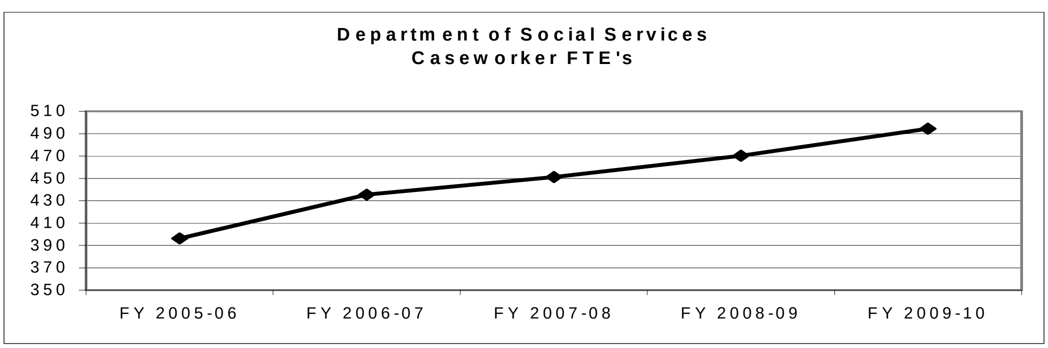
The Department also is projecting that appropriations needed for infrastructure costs will increase $4.1 million from $31.2 million in FY 2005-06 to $35.3 million in FY 2009-10. These costs are made up of support staff costs, operating costs, EDP and staff development.

Chart 8



As caseload growth occurs in the Department of Social Services, it is necessary to increase the number of caseworkers to provide the same level of service to the people of Santa Barbara County. Therefore, we have estimated that the number of caseworker FTE's would need to increase by 98.01 FTE's from 396 in FY 2005-06 to 494 in FY 2009-10. The majority of this increase will be in our Medi-Cal eligibility program, CalWORKs and Food Stamp eligibility program.

Chart 9



Programs Administered by the Department of Social Services:

The Department of Social Services administers various programs. These programs are normally categorized by Eligibility programs, programs that either administer cash assistance mandates or employment programs and Social programs, designed to assist in the health and welfare of the county population. We also administer special Board of Supervisors requested programs such as the Kids Network and the Adult and Aging Network. The following is a summary of the major programs administered by the Department, along with their respective future appropriation needs.

Chart 10

PROGRAM	Expend-tures FY 2004-05	Approp-riations FY 2005-06	Approp-riations FY 2006-07	Approp-riations FY 2007-08	Approp-riations FY 2008-09	Approp-riations FY 2009-10	FY 09-10 over FY 05-06
	In Millions						
Cal-WORKs Eligibility & Job Services	$13.0	$13.3	$14.3	$14.9	$15.7	$16.5	23.73%
Food Stamps	$7.2	$7.8	$8.3	$8.7	$9.1	$9.6	23.18%
General Relief	$0.6	$0.8	$0.7	$0.8	$0.8	$0.9	23.85%
Substance Abuse & Mental Health Service	$0.7	$0.8	$0.8	$0.9	$0.9	$0.9	12.99%
WIA-Programs	$3.0	$3.7	$3.8	$3.9	$4.0	$4.1	12.18%
Medi-Cal Eligibility	$15.4	$18.6	$19.8	$20.5	$21.5	$22.5	21.23%
Child Welfare Services	$7.6	$8.1	$8.3	$8.6	$9.0	$9.4	15.74%
Adult Protective Services	$1.3	$1.6	$1.9	$2.0	$2.1	$2.3	42.79%
In Home Supportive Services-Admin	$1.8	$2.2	$2.8	$3.0	$3.2	$3.5	62.10%
In Home Supportive Services-Public Autho	$17.5	$21.4	$23.8	$25.7	$27.7	$29.8	39.04%
In Home Supportive Services-Contract	$2.2	$2.5	$2.6	$2.7	$2.8	$2.8	12.99%
Cash Assistance Payments							
Adoptions	$2.5	$2.8	$2.6	$2.7	$2.8	$2.8	-0.16%
Seriously Disturbed Children	$0.4	$0.7	$0.4	$0.5	$0.5	$0.7	-6.57%
CALWORKS	$26.9	$26.4	$29.5	$31.1	$32.7	$34.5	30.60%
DSS Foster Care Assistance	$6.8	$5.8	$10.9	$12.8	$15.2	$17.1	193.66%
General Relief Cash Assistance	$1.1	$1.6	$1.1	$1.1	$1.2	$1.3	-18.25%
Probation Foster Care Assistance	$3.0	$3.7	$3.8	$4.1	$4.5	$4.8	29.20%

DSS Foster Care Assistance and Probation Foster Care Assistance are growing at extraordinary levels. For further analysis, see later section labeled *"Foster Care/CWS".*

California Work Opportunity and Responsibility to Kids (CalWORKs):

The California Work Opportunity and Responsibility to Kids (CalWORKs) program is California's version of the federal Temporary Assistance for Needy Families (TANF) program and replaced the Aid to Families with Dependent Children program on January 1, 1998. This program is designed to provide temporary assistance to families to meet basic needs (shelter, food, and clothing) in times of crisis. While providing time-limited assistance, the program also promotes self-sufficiency by establishing work requirements and encouraging personal accountability. Providing services to meet individual needs and move CalWORKs recipients from public aid to employment is the core of the CalWORKs program.

Congress has been debating TANF reauthorization and changes to related programs, including child care, since 2002. There have been 10 short-term extensions with the 11th extension pending. Bills debated at the time of the extension require additional work hours and raising participation rates without increasing funding to the TANF block grant.

Since the inception of the CalWORKs program the caseload had steadily declined until FY 2001-02. We have experienced increases in caseload with each subsequent year. We believe the caseload has increased for the following reasons:

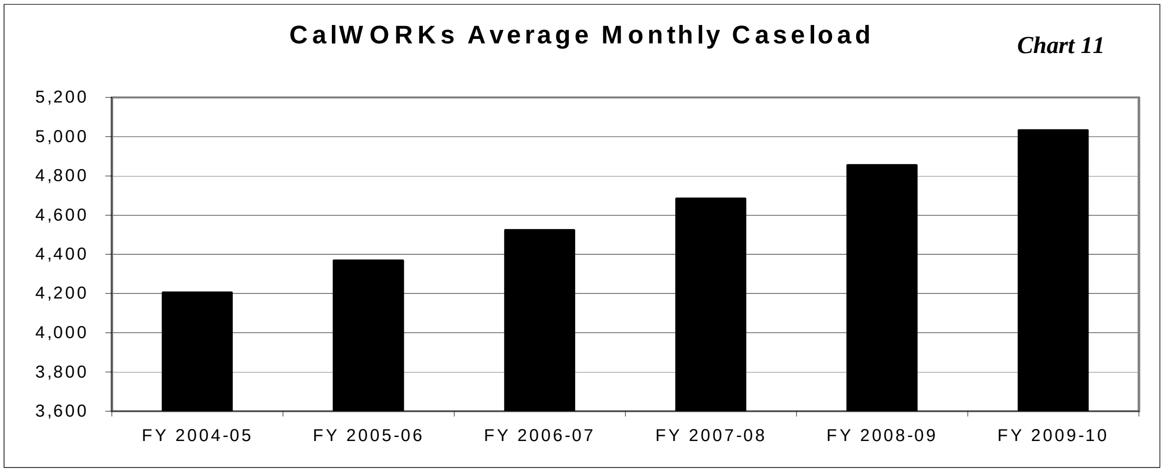
- In response to fixed TANF/MOE funding, rising program costs, and state budget deficits, California began reducing support for key CalWORKs components starting in FY 2003-04 and we were forced to reduce staffing and service components, including job development.
- We are experiencing higher numbers of difficult to serve participants, particularly with substance/methamphetamine dependencies. Many of this population 'disengages', choosing sanctions and cash aid only for the children, rather than participate in treatment or welfare-to-work activities.
- Recipients are limited to 60 cumulative months of aid, although children in families that have reached the time limit may continue to receive cash assistance. The parents are discontinued and no longer receive services; however there is not a reduction in our caseload.
- Prior to the elimination of the 18/24 month participation limit a percentage of CalWORKs cases discontinued when the parents reached that limit.
- Currently 47% of our CalWORKs caseload is comprised of cases in which only children receive cash assistance.

In January 2005 we implemented Enhanced Work Requirements Reforms included in the 2004 Budget Act. These reforms require recipients to sign a welfare-to-work plan within 90 days of qualifying for cash aid. Prior to this change there was not a time limit. Other program reforms included eliminating the 18/24 month welfare-to-work participation limit for parents and caretakers and requiring that at least 20 of the 32/35 hours per week work participation requirement be met engaged in direct work activities. Direct work activities may include employment; work experience; on-the-job training; work study; job search; or job readiness assistance. Previously, individuals may have fulfilled their participation requirement with education or treatment activities. These program changes are intended to strengthen the work focus of the CalWORKs program. In Santa Barbara County we are leveraging these changes by engaging applicants to immediately begin job search and mandatorily participate in a four-week job club or a four-week activity if they are not working. These efforts will promote earlier employment, and reduce reliance on pubic assistance. We have achieved 3.5% more job placements in the first quarter of FY 2005-06 over the same quarter last year. Although placements have increased, we are finding clients reapplying for services after job loss due to failing drug testing.

In FY 2005-06 a new incentive system has been introduced that bases a portion of the county's single allocation for administration and employment services on specific outcomes of CalWORKs clients. Measured outcomes identified are improved rates of employment and higher work participation rates among CalWORKs recipients. The CalWORKs allocation for FY 2006-07 will be adjusted based upon achievement of the "Pay for Performance" measured outcomes in FY 2005-06. To date the state has not fully defined the outcome measures or the means of collecting the data.

In FY 2004-05 our CalWORKs caseload increased by 6.26%, as compared to the 1.9% increase experienced statewide. For the last three years 2.4% of Santa Barbara County's population has been in receipt of CalWORKs. **We have projected increases over the next five years in the 3.5% to 3.8% range**, considering population growth and program factors.

Chart 11



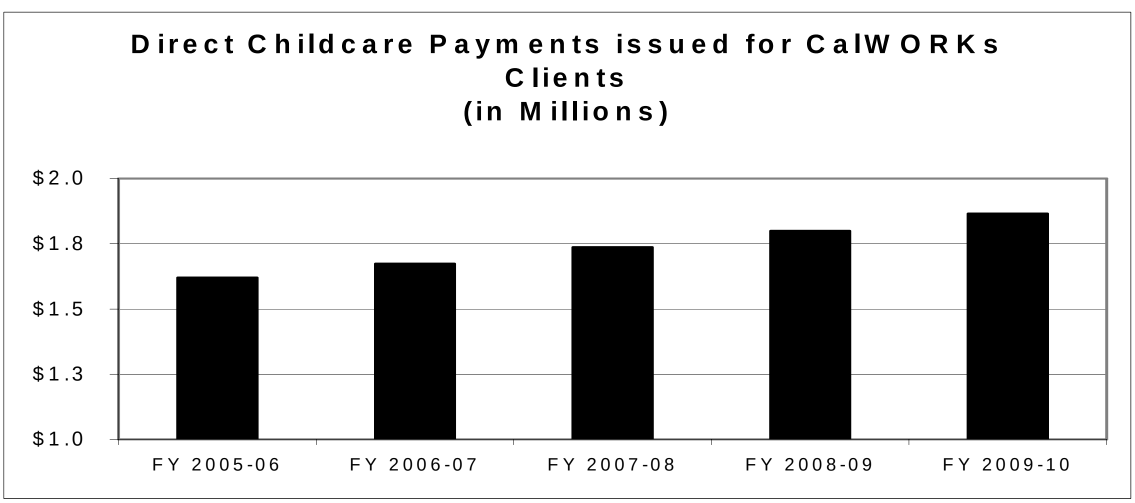
Child Care:

The Child Care Program is a State, three-stage system. The goal of the Child Care Program is to provide safe, quality and appropriate child care services to CalWORKs and other low-income families meeting the State's income and eligibility requirements. Stage one is administered by the Department of Social Services. In Stage One Child Care, the Department of Social Services makes child care services available to every Welfare-to-Work participant with a child less than 13 years of age. Child Care is a choice between licensed or license-exempt child care arrangements made by the participant. The provision of safe, appropriate child care is a key to the attainment of self-sufficiency for the Welfare-to-Work participant**.**

Enhanced Work Requirements Reforms requiring recipients to be enrolled in welfare-to-work activities sooner, with more hours dedicated to direct work activities have contributed to increases in child care expenditures. Approximately 11% of recipients involved in welfare-to-work activities are assisted with child care.

The number of families assisted with child care is projected to increase 3% to 4% each year, with a corresponding percent of increase in direct child care payments.

Chart 12



Workforce Investment Act (WIA):

The Federal Workforce Investment Act (WIA) of 1998 provides the framework for a national workforce preparation and employment system. Unlike the previous Job Training Partnership Act which focused primarily on training, WIA places a heavier focus on universal access, the utilization of One Stop Centers, known as Workforce Resource Centers (WRC) in Santa Barbara County, and the Workforce Investment Board as a catalyst for workforce issues.

In the five years since the inception of the One-Stop System in Santa Barbara County, there have been over 250,000 visitors to the Santa Maria and Santa Barbara Workforce Resource Centers. These visitors receive a number of basic or core employment and training related services from Partners of the WRC. Over that same period 2,600 adults and youth have been enrolled in the WIA program receiving intensive and/or training services, as well as supportive and follow-up services to support the newly employed.

Congress has been debating WIA reauthorization for years, with no realistic expectation for approval this year. Bills pending at this time aim at improving the existing one-stop career center delivery system to ensure that it can respond quickly and effectively to the changing needs of employers and workers in the new economy and can address the needs of hard-to-serve populations, including individuals with disabilities.

There has also been a continuing decline in annual WIA program allocations; at the same time, there has been an increased emphasis on one-time grants from the Department of Labor and Employment Development Department, making long-term strategic planning and continuity more difficult. One example of this is the current Region 7 Nurse Workforce Initiative WIA grant. Santa Barbara County is the lead agency and administrator of this 3-county State WIA grant. This grant alone has funded supportive services and nursing programs at Cottage Hospital, Santa Barbara City College and Allan Hancock College with over $750,000 during this 3-year grant program. Outcomes expected by the end of the grant in June 2006 are 42 new licensed nurses, and a reduction of attrition, or “saves” of an additional local 66 nurses.

Medi-Cal:

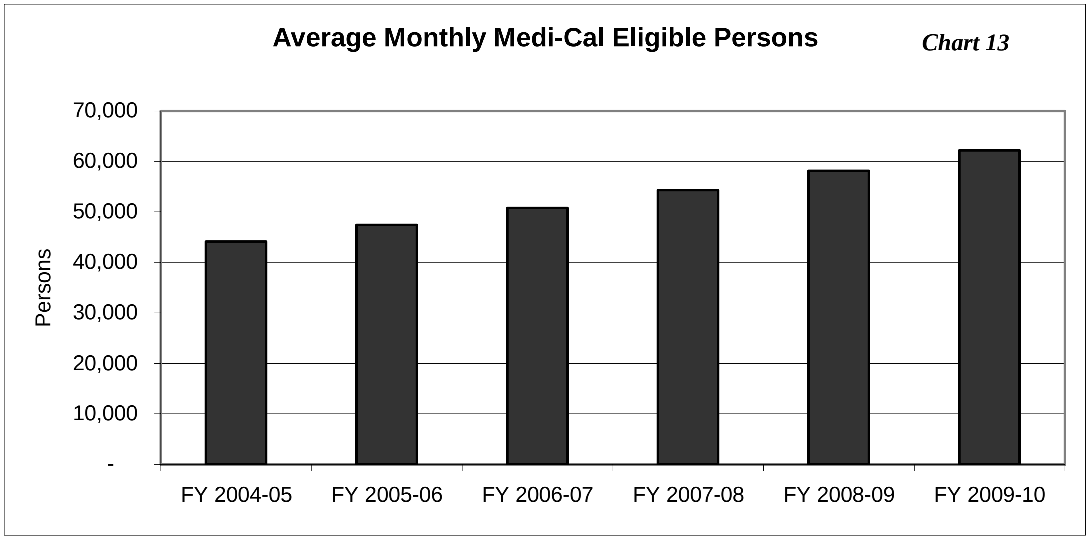
Medi-Cal is California’s version of the federal Medicaid program. As a publicly funded health insurance, it plays an essential role in our health care system, providing health insurance for over fifteen percent of Santa Barbara County residents. Medi-Cal coverage is primarily for United States Citizens and documented immigrants; however, federally funded emergency services are available for undocumented immigrants. Medi-Cal offers a broad range of services (from pre-natal to nursing home care) to a diverse population. Although some people associate Medi-Cal with welfare, more than half the program’s funds go toward services for the elderly, disabled, and other populations. It also provides important coverage for working families with low incomes. In general, coverage is available for children under 21, pregnant women, low-income adults, and persons over age 65, blind, or disabled.

Congress has proposed $10 billion dollars in Medicaid cuts nationwide over the next five years. California is at risk for substantial reductions in federal Medicaid funding. Proposals being considered cap federal matching payments for administrative costs and limit the state’s ability to raise revenues from providers and managed care organizations. There is growing concern that California may lose significant state revenues, reducing the amount available for the state share of Medi-Cal and increasing the fiscal pressure to reduce eligibility, benefits, and/or provider benefits.

Although there has been a steady and sustained effort to reach uninsured children, there has not been significant expansion of the program for several years. That being said, we have experienced a 55% increase in caseload in the last five years. In October 2005 20,193 adults and 24,826 children were insured by Medi-Cal in Santa Barbara County. Our caseload growth slowed to 7% in 2004-05 as compared to the 10% to 18% increases we have seen over the last several years.

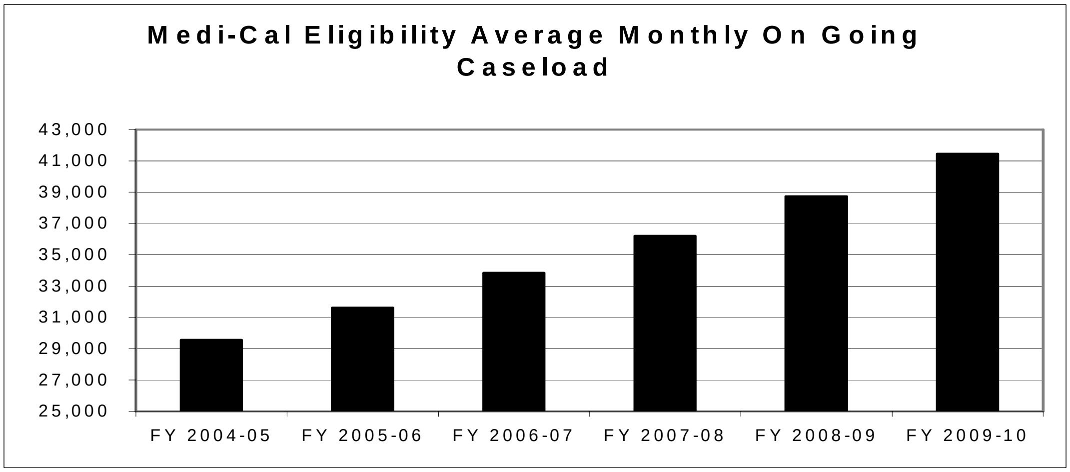
The average monthly number of persons insured by Medi-Cal in Santa Barbara County is projected to increase at the rate of 7% each year. Historically, on the average 1.5 persons are insured per Medi-Cal case due to varying family compositions and economic situations. In some situations a family may choose not to request Medi-Cal for a family member that has other health coverage.

Chart 13



Although the Medi-Cal caseload increases have ranged from 19.5% to 6.5% over the last four fiscal years, caseload growth is projected to slow to 7% each year. This conservative estimate is due to the slowdown of program expansion, pending legislation and the Governor's aim to restructure Medi-Cal.

Chart 14



<u>Food Stamps</u>

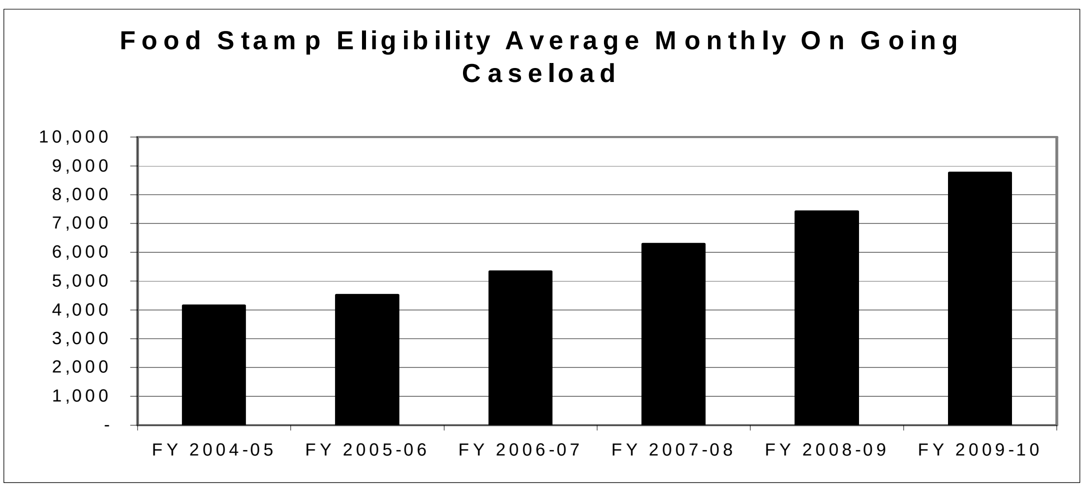
The Food Stamp program provides for improved levels of nutrition among low-income households by offering eligible households food stamps at no cost. The cost of the benefit value of food stamps to these households is borne entirely by the United States Department of Agriculture. The Food Stamp Employment and Training Program requires certain non-assistance food stamp recipients to participate in employment and training activities.

The average number of households receiving food stamps each month without cash assistance benefits has increased 112% over the last five years. This is an alarming trend, especially in light of the fact that funding for the administration of the program has not kept pace with the cost of doing business. Lack of adequate funding to staff this program appropriately may lead to higher error rates and delays in processing client applications. Applications the first quarter of FY 2005-06 have averaged 1,006 per month, with an ongoing caseload of 4,462.

We have applied for funding to implement a Food Stamp Employment and Training Program in Santa Barbara County and will be submitting a program proposal to the State Department of Social Services in early December.

The Food Stamp caseload growth is projected to increase 18% in each of the next five years. This is a slight reduction in rate of growth experienced in the last two fiscal years which was 22% and 24% respectively. Part of this slowing is due to an increase in families applying for CalWORKs.

Chart 15



In Home Supportive Services (IHSS):

The In Home Supportive Services (IHSS) program provides assistance to those eligible aged, blind and disabled individuals who are unable to remain safely in their own homes without this assistance. By providing assistance with daily tasks of living such as homemaker and personal care services, IHSS maintains quality of life while avoiding the more costly alternative of institutionalization.

IHSS expects to continue its steady increase in caseload over the next five years. From the year FY 2000 to FY 2004, we saw an overall increase of 34% in caseload size (from 1,737 cases to 2,321). **That was an average of 8% growth per year. So far in 2005, we have experienced 7% growth and could reasonably expect that trend to continue** based on our numbers of low income, aged and disabled residents.

The IHSS Plus Waiver program is basically an agreement between the state and federal government to bring in partial federal dollars for a certain population of IHSS recipients. The governor proposed eliminating services for the IHSS Plus Waiver population at the beginning of FY 2005 as a budget cutting measure. While it "saved" IHSS benefits for this population by bringing in federal dollars, the IHSS Plus Waiver program is also bringing several general program changes to IHSS as we attempt to more closely align with Medi-Cal rules.

Additionally, the IHSS Plus Waiver protocols with the federal government have not been finalized. As written currently, the protocols could require additional outreach and documentation for IHSS cases, which would increase workload. This item is in negotiations at the state level.

The outdated Case Management Information Pay Rolling System (CMIPS) will have several modifications made over the next year to accommodate the IHSS Plus Waiver program and the movement towards Medi-Cal based eligibility. CMIPS II, a modernized and more sophisticated automation system for IHSS, is projected to be piloted by counties in 2009. Developing a new computer system is a huge undertaking and we fully expect the state to tap our county IHSS program experts to participate in workgroups as the new system is developed.

Adult Protective Services (APS):

Although it is largely a hidden problem, abuse of elderly and dependent adults is happening in our community. All types of abuse - Physical, Neglect, Abandonment, Abduction, Fiduciary or Financial, Mental, Isolation and Self Neglect - have occurred in Santa Barbara County. Adult Protective Services (APS) maintains elder and dependent adults safely in their own homes to avoid institutionalization, and promote their optimal health and safety.

With the passage of Senate Bill 1018, the Elder Abuse Financial Reporting Act of 2005, financial institutions are now mandated reporters to APS. With the increased awareness of financial institution employees, we expect reports of financial abuse to increase. These are often our most complex, time-intensive cases. It is not uncommon for a social worker to spend many hours on these cases (law enforcement will not investigate until we have laid the foundation for them). Some cases may remain open for months as we attempt to close all loose ends and prevent further losses for the client.

SB1018 goes into effect January 2007. APS is viewed as the primary source of education on elder and dependent adult abuse issues. Therefore, we expect to receive increased requests to train local financial institutions. For the small number of APS staff, currently this is a considerable increase in work load projected for FY 2005-06.

APS reports fluctuate with public awareness. It is difficult to predict when a community incident will trigger additional referrals, therefore growth is difficult to predict. Over the last five years, APS caseload has remained fairly static. However, we are seeing an increase in the complexity, particularly financial, of the cases referred to us. In the future there may be a need for additional staff and increased general funds to support this program.

General Relief:

The General Relief program (GR) provides financial relief to the unemployed and incapacitated who are not eligible for assistance from any other source. The General Relief program is state-mandated, but funded and administered by the county. General Relief program standards were modified October 2004 and February 2005 in an effort to mitigate a potential budget shortfall, slow caseload growth and bring our program into alignment with other counties. The program design took into consideration the community resources and fiscal restraints of the County. The program is intended to provide short-term assistance while the recipient seeks other means of support by finding employment or applying for and receiving Supplemental Social Security (SSI). General Relief is the safety net for the poorest of the poor residents of our county who have come to us as a last resort.

The GR recipient also qualifies for assistance through the Federal Food Stamp program. Most individual recipients receive an additional $149 in monthly Food Stamp benefits. They may also qualify for the County funded Medically Indigent Adult (MIA) program or Medi-Cal.

Our numbers of monthly applications continue at last year's rate of over 300 applications per month. The training of staff, intense program support to the units, program changes related to vendor payment and the time limit for aid to "employable" recipients have all had a moderating influence on GR case totals and costs per case.

Program changes have mitigated caseload growth; however, we have the 9th highest caseload in the state. Neighboring counties of San Luis Obispo, Kern, and Ventura continue to have significantly lower caseloads. Counties have achieved sustained lower caseloads by investing more resources in the administration of the program. We will be redirecting some of our savings in aid payments to increasing staff for case management. We will continue to monitor the program expenditures, the program, and its impacts to our communities while striving to continue to serve those in need with a program that is appropriate and reasonable for our General Relief population.

Foster Care/Child Welfare Services (CWS):

We project a slight increase in the non-federal caseload, and, based on the last 12 months, a much steeper increase in the federal caseload. The significance of whether the increase is in the federal caseload versus the non-federal caseload is the level of mandated County participation. The county participation in non-federal cases is approximately 60% while the county participation in federal cases is approximately 32%.

We have conducted an extensive review of trends in the Child Welfare Services foster care caseload over the last six months, and several factors appear to be combining to create the increases we are seeing and which we project are likely to continue. While our current database (a statewide system) has limitations with regard to identifying the exact extent to which substance abuse, particularly methamphetamine, is a factor, the number of recorded instances in which a child has had a positive toxicological screening for an abused substance has risen by more than 600% since FY 2000-01. **Eighty per cent of this increase consists of methamphetamine cases.** We believe that the numbers we are seeing just in the area of positive toxicological screen results are only the "tip of the iceberg" with regard to the effects of substance abuse on the CWS foster care caseload.

Earlier reviews of our referrals showed a trend of increased law enforcement agency involvement with CWS. This trend also lends support to the view that increased substance abuse involvement, particularly involving methamphetamine abuse or manufacture, may be a major factor behind our increasing foster care numbers. In FY 2000-01, the percentage of substantiated CWS referrals with law enforcement involvement which resulted in opening a CWS case was only 17%. By FY 2004-05, it had risen to 32%, and thus far this fiscal year, the projected percentage for this year is 37%. Early law enforcement is an indicator of greater family dysfunctional and increased likelihood of detention. These are more high activity cases. The children receiving services are younger, more dysfunctional and staying on foster care longer. The intensity of services provided impacts staff time and additional staff is needed to service these families.

Increasing young child poverty is expected to be a factor in the next five years, as well, and child poverty is closely associated with higher rates of children in foster care. In the next five years, the California Department of Finance Demographic Research Unit has projected that the gross number of children in Santa Barbara County will rise by only 1%, but the number of Non-Hispanic white children will decline by 8% and the number of Hispanic children will increase by 7%. The poverty rate of Hispanic children in Santa Barbara County in the last U.S. Census was about four times the poverty rate of Non-Hispanic white children of the same age group. The bulk of the increase in Hispanic children will be in the age group under 6. Children under 6 generally have much higher poverty rates than older children even of the same ethnic group because their parents are likely to be much younger and have lower incomes than older children with older parents.

Chart 16