

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



April 3, 2002

ALL-COUNTY INFORMATION NOTICE No. I-26-02

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY FOOD STAMP COORDINATORS

REASON FOR THIS TRANSMITTAL

- | | |
|-------------------------------------|---|
| <input type="checkbox"/> | State Law Change |
| <input type="checkbox"/> | Federal Law or Regulation Change |
| <input type="checkbox"/> | Court Order or Settlement Agreement |
| <input type="checkbox"/> | Clarification Requested by One or More Counties |
| <input checked="" type="checkbox"/> | Initiated by CDSS |

SUBJECT: FISCAL YEAR (FY) 2002-03 GOVERNOR'S BUDGET – FOOD STAMP EMPLOYMENT AND TRAINING PROGRAM

The purpose of this All County Information Notice is to share information from the Governor's proposed budget for the Food Stamp Employment and Training (FSET) program. While the Department has already made county budget information available on the departmental website (see www.dss.cahw.net under the "Budget and Fiscal News" link), this letter will provide further clarification on the proposed State Budget reductions.

Background

The FSET program provides job search assistance, work experience, vocational training, basic education, and support services to eligible non-cash assistance food stamp recipients. FSET funding is comprised of multiple categories. In the current and previous years, it included:

- 100 percent federal funds that are comprised of two categories: base funds, with no county match requirement, and supplemental funds with a county match or maintenance of effort (MOE) requirement;
- 50/50 funds (50 percent county and 50 percent federal match funds) are available to pay for any expenditures that exceed allowable federal reimbursement rates, spending caps, or allocations in the other FSET funding categories;
- The State's share of MOE for FSET program costs, which has been capped annually at \$560,000; and
- The State's share of participant reimbursement costs for transportation/ancillary and dependent care, which has been capped annually at \$787,000.

Each participating county receives a capped FSET allocation against which the county can claim expenditures for the fiscal year. This FSET allocation is subject to federal grant adjustments and State budget authority.

Elimination of State General Fund Dollars

The Governor's budget proposes to eliminate State General Funds from the FSET program due to decreases in State revenues and other demands on the available State General Fund. The Governor's proposed budget will eliminate the State's share of the participant reimbursement costs for transportation/ancillary and dependent care (i.e., \$787,000) and State's share of the MOE (i.e., \$560,000). The total proposed State reductions will be \$1,347,000.

Impact of Proposed Budget Reduction

The proposed Budget assumes that the counties will not be required to expend additional funds. However because of the reduction in the State's share of the MOE, the counties will be required to fund 100 percent of the non-federal MOE to ensure that the non-federal MOE is met. To offset these costs, the counties' 50 percent fund category will be reduced by \$560,000.

The 50 percent county fund category is matched dollar-for-dollar with federal funds. This funding category has greater spending flexibility than the 100 percent fund category in that counties are not required to set aside a certain amount for Able-Bodied Adults Without Dependents in qualifying activities or obligate a MOE. Counties generally budget funds in this category when they anticipate that their FSET costs in the other categories will exceed allowable federal reimbursement rates, spending limits, or allocated amounts.

Based on these State General Fund reductions, there will be fewer federal dollars allocated to the FSET program. The combined federal/state fund reductions will be \$1.57 million in participant reimbursement funds and \$1.12 million in FSET program funds. The total federal/state reductions in both funding categories will be \$2.69 million (see enclosed chart).

Counties will be able to offset these reductions by increasing their request for 50 percent federal match funds, but they will be fully responsible for the non-federal match. Counties that are interested in increasing their 50 percent federal match funds will need to submit an amended county FSET plan for federal fiscal year 2003 to the Department's FSET Coordinator, and the request will be subject to federal approval.

We hope this information is helpful to you in understanding how the proposed reductions will impact the counties' FSET program. It is important to remember that this is a proposed budget and that circumstances related to the economy of the State as well as budget negotiations with the Legislature may change these budget proposals. Additional

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budget changes may also occur under federal Food Stamp reauthorization. The Department will provide additional information when the Federal and State budgets are finalized.

If you have further questions, please contact Charr Lee Metsker, Chief of the Employment and Eligibility Branch, at (916) 657-2128.

Sincerely,

***Original Document Signed By
Bruce Wagstaff on 4/3/02***

BRUCE WAGSTAFF
Deputy Director
Welfare to Work Division

Attachment

c: CWDA
CSAC

**PROPOSED REDUCTIONS IN
FOOD STAMP EMPLOYMENT AND TRAINING (FSET)
FISCAL YEAR 2002-2003**

I. State General Fund Reductions

• Participant Reimbursement Costs for Transportation and Dependent Care	\$ 787,000
• Maintenance of Effort	\$ 560,000*
Subtotal	\$1,347,000

II. Federal Fund Reductions

• Participant Reimbursement Costs for Transportation and Dependent Care	\$ 787,000
• 50 percent federal match funds	\$ 560,000*
Subtotal	\$1,347,000

III. Combined State and Federal Reductions **\$2.694.000**

*Counties will be fully responsible for the non-federal MOE, but the increased MOE costs to counties will be offset by a corresponding decrease in the counties' 50 percent federal match funds. The decrease in counties' 50 percent match funds will result in a corresponding decrease of 50 percent federal match funds.