

**SUBCOMMITTEE #3:
Health & Human Services**

**Chair, Senator Ellen Corbett
Senator Bill Monning
Senator Mike Morrell**



**May 19, 2014
1:00 P.M. or Upon Adjournment of Session
Room 4203, State Capitol**

Staff: Samantha Lui

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PLEASE NOTE. Only those items contained in this agenda will be discussed at this hearing. Please see the Senate Daily File for dates and times of subsequent hearings. Issues will be discussed in the order as noted in the Agenda unless otherwise directed by the Chair. Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling 916-651-1505. Requests should be made one week in advance whenever possible. Thank you.

ISSUES RECOMMENDED FOR VOTE-ONLY

5180 Department of Social Services - CalWORKs

1. Temporary Assistance for Needy Families Transfer to California Student Aid Commission

(Issue 301)

May Revision. The Administration requests a decrease of \$104,459,000 General Fund for the CalWORKs program, reflecting a decrease in the amount of federal Temporary Assistance for Needy Families (TANF) block grant funds expended for Cal Grants. Instead, the TANF funds will be expended in lieu of General Fund in CalWORKs, requiring a corresponding General Fund backfill in the California Student Aid Commission budget (see Item 6980-101-0001, Issue 018), which will be heard in Senate Budget Subcommittee 1 on May 20, 2014.

Staff Recommendation. Approve Item 1 to reflect appropriate adjustments.

5180 Department of Social Services - In-Home Supportive Services

2. Affordable Care Act (ACA) Caseload Impact

(Issue 352)

May Revision. The Administration requests an increase of \$535,355,000 (\$13,790,000 GF and \$521,565,000 reimbursements) to reflect the impact of the Affordable Care Act (ACA) on the IHSS program. Under the ACA, Medi-Cal eligibility was expanded to childless adults that meet income eligibility requirements. A portion of these newly-eligible Medi-Cal beneficiaries are projected to be eligible for and receive IHSS services.

Staff Recommendation. Approve Item 2 as requested.

5180 Department of Social Services - Child Welfare Services

3. Total Child Welfare Training

(Issue 161)

May Revision. The Administration requests an increase of \$1,769,000 (\$900,000 GF and \$869,000 Federal Trust Fund) is requested to support the implementation of new statewide training for child welfare workers and supervisors including online-learning, field-based learning, and additional classroom learning, coaching, and mentoring. This request is part of a compliance plan resulting from the *Katie A. v. Bonta* settlement agreement.

Addition of Provisional Language to Budget Bill Item 5180-151-0001:

X. The following amounts appropriated in this item shall only be allocated to counties upon approval by the Director of Finance: (a) up to \$68,000 to support increased costs associated with revised county collection and reporting activities for cases of child abuse and neglect that result

in near fatalities, as required by the federal Child Abuse Prevention and Treatment Act; and (b) up to \$3,471,000 to support increased costs to counties associated with revised federal requirements for child welfare case reviews. Prior to approval, the Director of Finance shall consult with the Department of Social Services and the California State Association of Counties to determine if counties incurred overall cost increases. The Department of Finance shall provide written notification of the allocation of funds to the Joint Legislative Budget Committee within 10 working days from the date of approval.

Staff Comment and Recommendation. During the Subcommittee's May 1, 2014 hearing, the Subcommittee heard informational testimony on the implementation of the *Katie A.* settlement and future steps for increased departmental organization to assist in reducing foster care caseload, increasing permanency, and assisting families in self-reliance. Staff recommends to approve Item 3 as requested and to adopt placeholder provisional budget bill language.

4. Child Near Fatalities Reporting

(Issue 163)

May Revision. An increase of \$139,000 (\$68,000 GF and \$71,000 Federal Trust Fund) is requested to support increased county workload required by the federal Child Abuse Prevention and Treatment Act. The new requirements include county collection and reporting of information regarding cases of child abuse and neglect that result in near fatalities. The requested amount reflects half-year funding, as compliance with the new requirements is no sooner than January 1, 2015. A related increase of \$37,000 GF is requested for the Title IV-E Waiver program.

Proposed Budget Bill Provisional Language.

Addition of Provisional Language to Budget Bill Item 5180-151-0001:

X. The following amounts appropriated in this item shall only be allocated to counties upon approval by the Director of Finance: (a) up to \$68,000 to support increased costs associated with revised county collection and reporting activities for cases of child abuse and neglect that result in near fatalities, as required by the federal Child Abuse Prevention and Treatment Act; and (b) up to \$3,471,000 to support increased costs to counties associated with revised federal requirements for child welfare case reviews. Prior to approval, the Director of Finance shall consult with the Department of Social Services and the California State Association of Counties to determine if counties incurred overall cost increases. The Department of Finance shall provide written notification of the allocation of funds to the Joint Legislative Budget Committee within 10 working days from the date of approval.

Addition of Budget Bill Item 5180-153-0001:

5180-153-0001—For local assistance, Department of Social Services.....215,000

Provisions:

1. The following amounts appropriated in this item shall only be allocated to counties upon approval by the Director of Finance: (a) up to \$37,000 to support increased costs associated with revised county collection and reporting activities for cases of child abuse and neglect

that result in near fatalities, as required by the federal Child Abuse Prevention and Treatment Act; and (b) up to \$178,000 to support increased costs to counties associated with revised federal requirements for child welfare case reviews. Prior to approval, the Director of Finance shall consult with the Department of Social Services and the California State Association of Counties to determine if counties incurred overall cost increases. The Department of Finance shall provide written notification of the allocation of funds to the Joint Legislative Budget Committee within 10 working days from the date of approval.

Staff Comment and Recommendation. Staff recommends to approve Item 4 as requested and to adopt placeholder provisional budget bill language.

5. Child and Family Services Review - Case Record Reviews

(Issue 164)

May Revision. The Administration proposes to increase \$7,048,000 (\$3,471,000 GF and \$3,577,000 Federal Trust Fund) to support increased county workload associated with the preparation and completion of upcoming federal child welfare case reviews. Revised requirements and components include larger sample sizes, increase in caseload diversity, inclusion of random sampling, and execution of interviews with all case-related participants. The Department of Social Services (DSS) will also collect data on an ongoing basis for inclusion in the federally required annual progress reports for federal Title IV-B programs. A related increase of \$178,000 GF is requested for the Title IV-E Waiver program. See new Item 5180-153-0001, Issue 164.

Proposed Budget Bill Provision Language is drafted to ensure this funding is appropriately expended on specified activities.

Addition of Provisional Language to Budget Bill Item 5180-151-0001:

X. The following amounts appropriated in this item shall only be allocated to counties upon approval by the Director of Finance: (a) up to \$68,000 to support increased costs associated with revised county collection and reporting activities for cases of child abuse and neglect that result in near fatalities, as required by the federal Child Abuse Prevention and Treatment Act; and (b) up to \$3,471,000 to support increased costs to counties associated with revised federal requirements for child welfare case reviews. Prior to approval, the Director of Finance shall consult with the Department of Social Services and the California State Association of Counties to determine if counties incurred overall cost increases. The Department of Finance shall provide written notification of the allocation of funds to the Joint Legislative Budget Committee within 10 working days from the date of approval.

Addition of Budget Bill Item 5180-153-0001:

5180-153-0001—For local assistance, Department of Social Services.....215,000
Provisions:

1. The following amounts appropriated in this item shall only be allocated to counties upon approval by the Director of Finance: (a) up to \$37,000 to support increased costs associated with revised county collection and reporting activities for cases of child abuse and neglect that result in near fatalities, as required by the federal Child Abuse Prevention and Treatment Act; and (b) up to \$178,000 to support increased costs to counties associated with revised federal requirements for child welfare case reviews. Prior to approval, the Director of Finance shall consult with the Department of Social Services and the California State Association of Counties to determine if counties incurred overall cost increases. The Department of Finance shall provide written notification of the allocation of funds to the Joint Legislative Budget Committee within 10 working days from the date of approval.

Staff Comment and Recommendation. Staff recommends to approve Item 5 as requested and to adopt placeholder provisional budget bill language.

6. *Katie A. v. Bonta* Settlement Agreement Reporting Requirements

(Issue 165)

May Revision. The Administration proposes an increase of \$800,000 (\$400,000 GF and \$400,000 reimbursements) and budget bill language to support the increased county workload necessary to provide semi-annual progress reports and implementation activities, as required by the *Katie A. v. Bonta* settlement agreement.

Proposed Budget Bill Provisional Language. The proposed provisional budget bill language seeks to ensure that funding is appropriately expended on specified activities.

Addition of Provisional Language to Budget Bill Item 5180-151-0001:

X. Of the amount appropriated in this item, up to \$400,000 is available to counties for semiannual implementation progress reports related to the *Katie A. v. Bonta* settlement and implementation plan, as described in the department's All County Letter (ACL) No. 13-73 and ACL No. 14-29, and upon approval by the Director of Finance. Prior to approval, the Director of Finance shall consult with the Department of Health Care Services, the Department of Social Services, and the California State Association of Counties to determine if counties incurred overall cost increases due to the notices outlined in this provision. The Department of Finance shall provide notification of the allocation to the Joint Legislative Budget Committee within 10 working days from the date of Department of Finance approval.

Staff Comment and Recommendation. Staff recommends to approve Item 6 as requested and to adopt placeholder provisional budget bill language.

ISSUES FOR DISCUSSION

5175 Department of Child Support Services

1. Revenue and Collections May Revise Update

The Governor’s May Revision identifies adjustments from the Governor’s proposed January budget, as outlined in the table below:

	Governor’s Budget	May Revise	Adjustments
Child Support Assistance Collections	\$476,791,000	\$421,820,000	-\$54,971,000
Child Support Non-assistance Collections	\$1,889,478,000	\$1,881,262,000	-\$8,216,000,000
Revenues and Transfers ¹	-\$4,621,000	-\$3,114,000	\$1,507,000
Total	\$2,361,648,000	\$2,299,968,000	-\$61,680,000

Staff Comment. Approve the adjusted amounts.

2. Enrollment Caseload Population Estimate

(Issue 500)

The Governor’s May Revision includes a request to decrease the amount of the department’s GF support by \$112,000 and to offset the reduction with a \$112,000 increase in Federal Trust Funds to display a corresponding projected increase in Federal Performance Basic Incentive funds.

Background. As discussed during the May 1, 2014 Subcommittee hearing, there are federal incentives tied to a list of performance measures that apply to the process of establishing parentage, the collection of child support, the overall cost of collecting child support, the establishments of cases with support orders, and collection on arrears. Gains made in these areas have led to an increase in Federal Performance Basic Incentive funds. The table below represents the state’s ranking as it compares to other states and territories.

Measure	2013 Rank	2012 Rank	2011 Rank
Paternity Establishment	10	7	2
Cases with Support Orders	12	14	20
Current Support Paid	23	28	37
Cases Payment on Arrears	19	22	25
Cost Effectiveness	49	49	49

Staff Recommendation. Approve to reflect the adjusted funds.

¹ Reflects total funds from Title IV-E Child Support Collections Recovery Fund and Never Assisted Cases Fee Recovery.

**0530 Health and Human Services Agency, Office of Systems Integration
5180 Department of Social Services**

1. Appeals Case Management System (ACMS)

(Item 0530-001-9745, Issue 405)

May Revision. The Administration requests \$3.6 million, reflecting a shift of six positions and contract funding from the Department of Social Services to the Office of Systems Integration, to support OSI's management of the ACMS.

(Item 5180-001-0001, Issue 102; Item 5180-141-0001, Issue 107)

May Revision. The Department of Social Services requests a decrease of \$629,000 (\$275,000 GF; \$203,000 reimbursements; and \$151,000 Federal Trust Fund) to reflect a shift of proposed project resources (six positions) from Department of Social Services to the OSI.

Background. As discussed during the Subcommittee's May 1, 2014 hearing, and approved by the Subcommittee on May 8, 2014, the proposed ACMS system will, among other things:

- Consolidate the State Hearings Division main case management database and 21 associated downstream systems into one, comprehensive case management system;
- Provide an Appeals Case Decision Writing Module to reduce time per decision;
- Implement secure interface with California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS), Statewide Automation Welfare System (SAWS) Consortia, and Department of Health Care Services (DHCS);
- Provide online web data input, review, or case status by benefit recipients, authorized representatives, and other stakeholders; and,
- Deploy a web-based user dashboard for counties, DHCS, and Covered California that provides the capability to view lists of cases scheduled for hearing, general case status, upload of documents to case files, statements of positions, and the ability to withdraw hearings and notify stakeholders.

Staff Recommendation. Approve Office of Systems Integration's request of \$3.6 million, and DSS's request a decrease of \$629,000, as a result of shifting six positions and contract funding from DSS to OSI, supporting OSI's management of the ACMS.

2. Case Management Information & Payrolling System II

January Budget Proposal. The Administration requests to align the Office of Systems Integration (OSI) spending authority with the CMIPS II system rollout and transition to Maintenance and Operations (M&O) in 2013-14 and 2014-15. Specifically, the budget proposes an increase of \$115,000 in OSI spending authority and a corresponding increase of \$2.9 million in the DSS Local Assistance for FY 2013-14, and a net decrease in OSI spending authority of \$33.7 million for the budget year. The proposal also includes authority for ten new permanent state staff (\$1.48 million) and a corresponding decrease of \$36.7 million in the DSS Local Assistance.

Correspondingly, the DSS budget requests six permanent positions to support the CMIPS II project in its maintenance and operations (M&O) phase. This proposal has a corresponding reduction to its Local Assistance budget as it was originally budgeted within OSI. DSS will assume the lead role for the service and support activities that were formerly outsourced. Duties in this role include system enhancements, inputting of legislatively mandated changes, validation and testing, data extraction, research, analysis, and reporting. CMIPS II will provide monthly and quarterly system updates during the M&O period that will necessitate DSS oversight, leadership, support, and approval.

The Subcommittee approved the proposal during its May 8, 2014 hearing.

May Revision. The Administration's May Revision proposal for CMIPS II includes the following provisions:

(Item 0530-001-9745, Issue 407)

The Administration requests that General Fund be increased by \$17.5 million to support CMIPS II system changes needed in the budget year. As discussed during the March 13, 2014 Subcommittee hearing, necessary changes are needed to update the system to reflect the federal Fair Labor Standards Act's Final Rule, increases in the minimum hourly wage rate pursuant to AB 10 (Alejo), Chapter 351, Statutes of 2013, and enhancements to accommodate recipients who are blind and visually impaired

(Item 5180, Issue 401)

The Administration requests an increase of \$511,000 (\$255,000 GF and \$256,000 reimbursements) to support three permanent and two, two-year limited-term positions to address unforeseen workload associated with the transition from the CMIPS Legacy system to CMIPS II.

(Item 5180-111-0001, Issue 351)

An increase of \$10 million (\$5,050,000 GF and \$4,950,000 reimbursements) is requested to support CMIPS II system changes needed in 2014-15, including changes related to the increase in the state's minimum hourly wage, and enhancements to accommodate IHSS recipients who are blind and visually impaired.

Staff Recommendation. Hold open.

5180 Department of Social Services**1. May Revision Caseload and Estimates Update**

The May Revision proposes a net increase of \$751.4 million (increases of \$168 million GF, \$528.9 million reimbursements, \$56 million Federal Trust Fund, and \$17,000 State Children's Trust Fund, offset by a decrease of \$1.5 million in Child Support Collections Recovery Fund), due to the impact of caseload and workload changes since the Governor's proposed January budget, as displayed in the following table:

Program	Item	Change from Governor's Budget
California Work Opportunity and Responsibility to Kids (CalWORKs)	5180-101-0001	\$3,846,000
	5180-101-0890	\$15,215,000
	5180-601-0995	-\$76,000
Supplemental Security Income/State Supplementary Payment (SSI/SSP)	5180-111-0001	-\$6,069,000
In-Home Supportive Services (IHSS)	5180-111-0001	\$133,756,000
	5180-611-0995	\$505,130,000
Other Assistance Payments	5180-101-0001	\$10,639,000
	5180-101-0890	\$2,408,000
County Administration and Automation Projects	5180-141-0001	\$25,197,000
	5180-141-0890	\$26,106,000
	5180-641-0995	\$47,383,000
Community Care Licensing	5180-151-0001	\$621,000
	5180-151-0890	-\$78,000
Special Programs	5180-151-0890	\$1,781,000
Realigned Programs		
Adoption Assistance Program	5180-101-0001	\$1,000
	5180-101-0890	-\$4,934,000
Foster Care	5180-101-0001	\$1,000
	5180-101-0890	\$18,771,000
	5180-101-8004	-\$1,507,000
	5180-141-0890	\$1,820,000
Child Welfare Services (CWS)	5180-151-0001	\$6,000
	5180-151-0803	\$17,000
	5180-151-0890	-\$5,076,000
	5180-651-0995	-\$24,046,000
Title IV-E Waiver	5180-153-0890	\$31,000
Adult Protective Services	5180-651-0995	\$483,000

The updated caseload estimates for the largest programs are summarized below:

Program	January estimate for 2014-15	May estimate for 2014-15
CalWORKs	529,367	540,454
SSI/SSP	1,308,166	1,309,152
IHSS	453,417	463,939

Additionally, the Administration requests the following local assistance adjustments:

- Local assistance expenditures increase of a net amount of \$1,391,182,000 (\$277,140,000 GF; \$1,032,839,000 reimbursements; \$82,693,000 Federal Trust Fund; and \$17,000 State Children's Trust Fund), offset by a decrease of \$1,507,000 Child Support Collections Recovery Fund.

Staff Recommendation. Approve May Revision caseload estimate changes, subject to additional conforming changes made by other legislative actions.

5180 Department of Social Services--CalWORKs**1. General Fund Offset - Health Care Reform & 1991 Realignment**

(Issue 104)

May Revision. The Administration requests an increase of \$175,106,000 GF to reflect a decrease in the estimated level of county indigent health savings associated with Medi-Cal expansion under health care reform. Pursuant to AB 85 (Budget Committee), Chapter 24, Statutes of 2013, county indigent health savings are redistributed to counties, via a redirection of 1991 health realignment funds, for CalWORKs expenditures, to offset General Fund costs in the program.

Background. The decrease in fiscal year 2014-15 is based on the projection of revenues and funds available for the Realignment Family Support Subaccount. General Fund is required to replace funds necessary to fund the CalWORKs grant costs, which are not covered by the subaccount.

Staff Recommendation. Approve request.

2. Five-percent Grant Increase

(Issue 105)

May Revision. The Administration requests an increase of \$6,811,000 GF to reflect a projected decrease in 1991 realignment revenue deposits to the Child Poverty and Family Supplemental Support Subaccount of the Local Revenue Fund.

Background. Effective March 1, 2014, the CalWORKs Maximum Aid Payment (MAP) levels were increased by five percent, and are funded with revenues in the Child Poverty and Family Supplemental Support Subaccount. Due to the decrease in the projected deposits in the subaccount, GF is needed to fund the five-percent grant increase in 2014-15. The Legislative Analyst's Office estimates that CalWORKs grants could be increased, on average, around two percent each year, depending on whether the subaccount revenue stream is estimated to be sufficient to cover the cost of a MAP increase.

Staff Recommendation. Approve requested increase to fund the CalWORKs five-percent grant increase.

3. Child Support Pass-through for Safety-Net and Certain Child-Only Cases

May Revision. The Administration shifts \$175.3 million in FY 2013-14 and \$498.6 million in the budget year for 84,000 cases. The Administration also proposes corresponding trailer bill language to effectuate the policy change.

Background. In 2013, DSS instructed counties to move Safety Net and Drug/Fleeing Felon child-only cases out of the Temporary Assistance for Needy Families (TANF) program to exclude them from the federal TANF Program work participation requirement (WPR). When implementing this move-out, DSS and the Department of Child Support Services (DCSS) discovered a conflict between federal law and California state law with regard to child support requirements. DCSS cites federal law that prohibits

them from passing collected child support through to the state on behalf of non-TANF families, and instead, requires that payments be made directly to the families. State law, on the other hand, requires that all CalWORKs applicants and/or recipients assign support rights and cooperate with child support enforcement requirements, as a condition of eligibility, and requires counties to refer these families to the Local Child Support Agencies.

Approximately 1,674 cases receive child support payments monthly, and 34,000 cases currently receive child support that may not be considered reasonably anticipated. According to the department, recoupment of child support for these cases would not be feasible, as it would require \$1 million one-time automation and \$14 million annual ongoing costs for the Department of Child Support Services.

Justification. According to the Administration, the proposal would resolve conflict in federal and state laws by exempting Safety Net and Drug and Fleeing Felon child-only cases from assigning their child and spousal support rights to the state/county, cooperating with DCSS, and requiring these cases be referred to DCSS for child support enforcement/collection services. The department estimates that for 2015 federal fiscal year, this activity would increase the Work Participation Rate by four percent.

Staff Recommendation. Because the request is a fund shift, there is no net GF impact to the department. The GF impact could be offset, to the extent that child support payments are received on a regular basis by families and can be reported as income for CalWORKs grant determinations. Staff recommends approving the May Revision request and adopting placeholder trailer bill language in the nature of the request.

5180 Department of Social Services - In-Home Supportive Services (IHSS)**1. Restoration of the Seven Percent Reduction**

Budget Issue. Restore the seven-percent across-the-board services cut to all IHSS recipients with funding from the state General Fund, until the home health assessment (assessment) is enacted. Upon enactment of the assessment, the revenues generated will off-set the General Fund portion of the seven percent reduction.

Background. As discussed during the Subcommittee’s March 13, 2014 hearing, a settlement agreement repealed previous reductions and replaced them with an eight percent across-the-board cut, effective July 1, 2013, which will become a seven percent across-the-board cut on July 1, 2014. The settlement agreement also included a provision to “trigger off” the ongoing reduction of up to seven percent—in whole or in part—as a result of enhanced federal funding received pursuant to an “assessment” (likely a fee or tax) on home care services, including IHSS. The Department of Health Care Services (DHCS) must submit a proposal for its implementation to the federal government by October 2014.

The Legislative Analyst Office estimates restoration of the seven percent across-the-board cut at \$186.7 million GF.

Panelists. The Subcommittee has invited the following panelists to present and discuss the proposal:

- Robert Harris, California State Council of Service Employees
- Kim Rutledge, UDW/AFSCME Local 3930

Staff Recommendation. Hold open.

5180 Department of Social Service - Child Welfare Services

1. Title IV-E California Well-Being Waiver Project

(Issue 151)

May Revision. To support a full-five year extension and expansion of the Title IV-E California Well-Being Waiver Project (Project), the Administration requests extension of two current limited-term positions and the reinstatement, or establishment, of 15.5 new five-year limited-term positions:

Title IV-E California Well-Being Project (Project) FY 2014-15		
Departmental Project Responsibility	Classification	Total
Overall project oversight; project reporting and Children and Family Services Division policy direction	1.0 SSC III (Extension) 1.0 SSC III (Establish) 1.0 SSM I (Re-establish) 1.0 AGPA (Establish) 0.5 Attorney (SC III) (Establish)	4.5
Claiming, payment and fiscal reporting activities	1.0 AAA (Extension) 2.0 AAA (Establish) 1.0 AAS (Establish) 1.0 Sr. AO (Specialist)/Establish	5.0
Fiscal analysis, oversight of fiscal reports and fiscal contribution of project evaluation reports, county data, monitoring and oversight activities	1.0 SSM I (Specialist)/Establish 1.0 SSM I (Superv)/Establish 3.0 RA II (Research Analysts)/Establish	5.0
Evaluation activities and contract management and oversight	1.0 RPS II (Establish)	1.0
		15.5

Additionally, the proposal requests contract funding of \$1,250,000 (\$625,000 GF) per year for the next five years to fund the evaluation of the project.

The proposal also includes the following provisional budget bill language to be added to Item 5180-001-0001, allowing for the revision of this resource request to provide the department with the required level of support as determined by the final number of participating counties and negotiated Administration for Children and Families’ Terms and Conditions.

Add the following provision to Item 5180-001-0001:

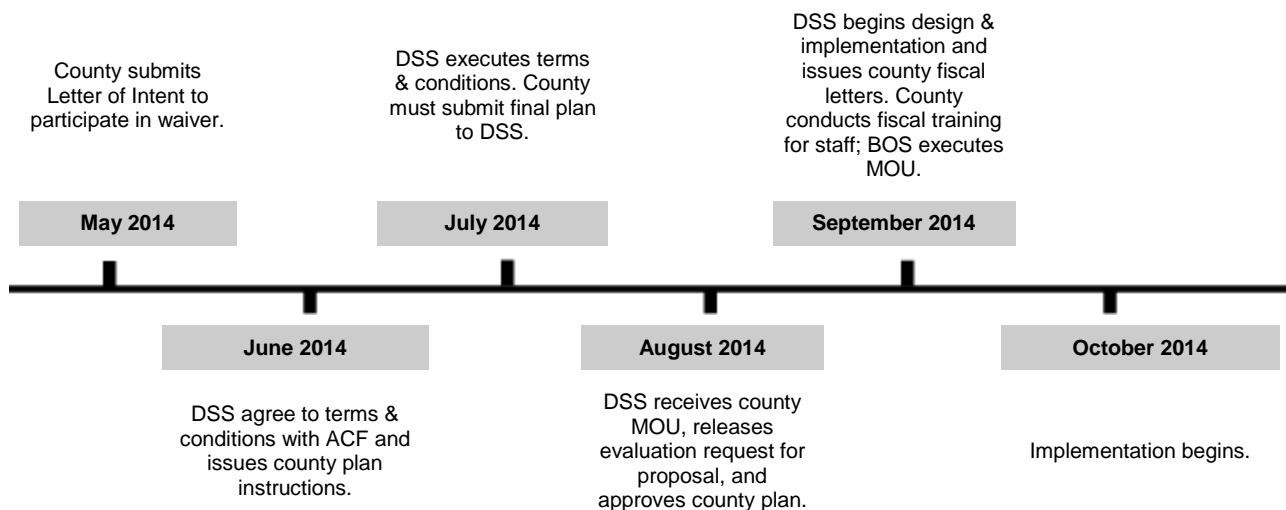
Of the amount appropriated in this item, \$1,527,000 is available to support increased workload associated with the expansion of the Title IV-E Child Welfare Waiver Demonstration Project. Notwithstanding any other provision of law, the Department of Finance is authorized to increase or decrease this amount based on (a) the final contractual Waiver Terms and Conditions agreement entered into by the State Department of Social Services and the federal Administration for Children and Families, and (b) the total number of counties opting into the Waiver, not sooner than 30 days after notification in writing to the Chairperson of the Joint

Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations, unless the chairperson of the joint committee, or his or her designee, imposes a lesser time.

Background on Title IV-E and the current project. On March 31, 2006, the U.S. Department of Health and Human Services approved California’s current five-year project, which allows counties flexibility in the use of federal and state foster care maintenance and administrative funds. These funds, which were previously restricted to pay for board-and-care costs and child welfare administration, can be used to provide direct services and supports. This flexible funding waiver demonstration supports child welfare practice, program, and system improvements for early intervention, reunification efforts, and reduction in out-of-home placements. Los Angeles and Alameda county child welfare and probation departments are in the current project. California spent \$2.2 billion federal (\$5.8 billion total funds including state and local sources) flexibly over the five years of the project.

Existing Title IV-E foster care funding structures prohibit the use of Title IV-E funds for programs that prevent out-of-home placements and promote family reunification and permanency options for children. The project waives certain sections of these Title IV-E program limitations. Additionally, under the current system, federal savings from reductions in foster care placements cannot be used for program improvements and enhancements without a waiver. Since Title IV-E funding is based solely on actual cost of care, if a county’s preventative services are effective and fewer children enter or stay in the foster care system, the county’s Title IV-E funding is reduced. Thus, the county is penalized for reducing foster care placements, even though such a reduction is the most desirable outcome. Without the current waiver, the state would have lost a considerable amount of Title IV-E funding over the past six years due to decreases in caseload.

Background on proposal. The department is seeking approval from the federal Administration of Children and Families (ACF) for a full five-year extension of the project, including two current participating counties and the expansion to 17 additional counties. Per federal requirements, county project participation must include both the County Child Welfare and County Probation Departments. Negotiations are underway with ACF to obtain revised waiver Terms and Conditions. The department provided the following draft timeline of milestones for the Title IV-E waiver:



Per direct conversations with ACF and updated project claiming instructions, DSS indicates that there are new and more stringent evaluations, cost neutrality, and reporting requirements. The table (below) identifies key differences between the current and extended Project, specifically:

Feature	Current	Extension
Project Implementation Date	July 1, 2007	October 1, 2014
Number of Counties Participating	Two - Alameda and Los Angeles	<ul style="list-style-type: none"> • 17 Intent counties² includes LA and Alameda • Terms & Conditions allow up to 20 counties • Meeting on May 22, 2014 to allow other counties to participate in the Project
County Probation Participation Required	Yes	Yes
Specific Interventions Required of All Participating Counties	No	Yes <ul style="list-style-type: none"> • CWDA and Counties chose Safety Organized Practice as the intervention that every participating child welfare agency will implement. • CPOC and counties chose Wraparound as prevention to group home placement, as the intervention that every participating Probation Department will implement. • Each Department can choose to implement both interventions.
Evaluation Funding	\$2,116,000	\$1,250,000.00
Key Evaluation Requirements	This evaluation included: <ul style="list-style-type: none"> • A Process Evaluation • An Outcome Evaluation • A Cost Analysis Client level data was not used in the final evaluation.	The evaluation will have the same three components, which will include: <ul style="list-style-type: none"> • An interrupted time series design in which changes in child welfare outcomes are tracked over time using CWS/CMS. • A meta-analysis that tracks child welfare outcomes across participating counties in the intervention. • To extent possible, an analysis using case-level data to isolate the impact of the intervention from the impact of demographic, program, and external confounding factors.
Termination Process	<ul style="list-style-type: none"> • Terms & Conditions Section 1.3 allows for the State to withdraw from the Project. • State/County MOU Section K: County to Opt-Out 60 calendar days prior to the first day of the quarter in which the County intends to terminate its participation. 	No Change.

² The 17 intent counties include: Alameda, Contra Costa, Fresno, Lake, Los Angeles, Mariposa, Mendocino, Nevada, Orange, Riverside, Sacramento, San Diego, San Francisco, Santa Clara, Santa Cruz, Shasta, and Sonoma.

Justification. According to the Administration, the requested resources are critical to operating the Project extension, funding the federally required third-party evaluation, and ensuring compliance with new federal financial reporting requirements. The resources are needed to provide training and technical assistance to participating county child welfare and probation departments as the changes will impact county claiming and reporting activities. It will also impact state payment activities, federal reporting functions including new federal waiver reporting forms, monitoring, oversight and legal compliance for the Project.

Staff Recommendation. Hold item open for further discussion.

2. Child Welfare Services - New System Project (CWS-NS)

(Issue 162)

Background. As discussed during the Subcommittee's May 1, 2014 hearing, the Child Welfare Services-New System Project is projected to, as of April 1, 2014, to experience a 19-month delay. Specifically, the planning and procurement process added 14 months: nine months because the department was unable to fill necessary state positions; and an additional five months to complete the request for proposal, among other items. Also, the design, development, and implementation (DDI) phase added five months for additional testing.

April Letter. The proposal requests seven five-year limited-term positions, and a five-year extension for nine existing two-year limited-term positions. In addition, the budget requests, in 2013-14, a net decrease in the Office of Systems Integration (OSI) costs for \$93,000 and a net decrease in Department of Social Services (DSS) costs of \$1.8 million. For budget year, the proposal requests an increase in OSI costs of \$2.42 million and a net decrease in DSS costs of \$1.2 million. The Spring Finance Letter was held open for further discussion.

May Revision. The Administration requests a decrease of \$22,247,000 (\$11,278,000 Federal Trust Fund, \$9,695,000 GF and \$1,274,000 reimbursements) to accommodate this 19-month project delay and the inclusion of licensing functionality for the Community Care Licensing Division within DSS. The Department of Technology has approved a Special Project Report that includes a new funding plan associated with this delay and scope increase.

Staff Recommendation. Hold open.

3. Request to Collect Social Worker Caseload Data

Proposal. To require the Department of Social Services (DSS) to begin collecting data on county Child Welfare Services social worker caseloads, and to provide such data during its annual realignment report. Specifically, the proposed language:

Section 10104 of the Welfare and Institutions Code is amended to read:

10104. It is the intent of the Legislature to ensure that the impacts of the 2011 realignment of child welfare services, foster care, adoptions, and adult protective services programs are identified and evaluated, initially and over time. It is further the intent of the Legislature to

ensure that information regarding these impacts is publicly available and accessible and can be utilized to support the state's and counties' effectiveness in delivering these critical services and supports.

(a) The State Department of Social Services shall annually report to the appropriate fiscal and policy committees of the Legislature, and publicly post on the department's Internet Web site, a summary of outcome and expenditure data that allows for monitoring of changes over time.

(b) The report shall be submitted and posted by April 15 of each year and shall contain expenditures for each county for the programs described in clauses (i) to (vii), inclusive, of subparagraph (A) of paragraph (9) of subdivision (f) of Section 30025 of the Government Code.

(c) The report shall also contain the amount of growth funds per county, child welfare service social worker caseloads per county, the number of authorized positions in the local child welfare service agency, and the number of vacant positions in the local child welfare service agency.

(d) (e) The department shall consult with legislative staff and with stakeholders to develop a reporting format consistent with the Legislature's desired level of outcome and expenditure reporting detail. Counties shall cooperate with the department to provide the information necessary for the report.

Panelist. The Subcommittee has invited the following panelist to speak about the request:

- Tia Orr, Service Employee’s International Union (SEIU)

Staff Recommendation. Hold open.

4. Yolo Crisis Nursery and Sacramento Crisis Nursery

Proposal. \$2.4 million GF, over two years, is requested to fund a pilot project to evaluate the durability of the December 2006 ARCH National Respite Network and Resource Center (NRNRC) study results by evaluating the Sacramento and Yolo Crisis Nurseries. The study is contingent on matching private and local support.

Pilot Project	\$300,000
Data Collection/ Administrative Support	\$100,000
Public Information/ Marketing	\$100,000
Projected Usage Increase of 15%	\$375,000
Mentoring New Communities	\$25,000
Sacramento Crisis Nurseries	\$1,021,162
Yolo Crisis Nursery	\$497,693
TOTAL	\$2,418,855

Background on Crisis Nurseries. Crisis nurseries provide short-term emergency respite care for the infants, toddlers, or young children of families in crisis without other options, such as trusted friends or relatives to care for their children. Reports show that families turn to crisis nurseries when they are struggling to deal with illness, hospitalization, domestic violence, homelessness, or substance abuse recovery. Currently, five nonprofit agencies operate six crisis nursery facilities in the counties of: Contra Costa, Sacramento, Yolo, Stanislaus, and Nevada. The crisis nurseries operate 24 hours a day, 7 days a week, and rely mostly on private funds, although some do receive funding through their local First Five Commissions.

Background on the Proposal. In December 2006, the ARCH National Respite Network and Resource Center (NRNRC) (3) published the results of a two-year study examining the relationships between crisis respite care to incidents of reported child abuse. The evaluation also explored the differences in outcomes between crisis respite used as a secondary prevention service and as a tertiary prevention service. The evaluation was conducted from June 14, 2004 through July 31, 2006 and included Sacramento Crisis Nurseries North and South, and the Yolo Crisis Nursery.

Below is usage data for the Yolo Crisis Nursery:

EMQ Families First Yolo Crisis Nursery

	CY 2009	CY 2010	CY 2011	CY 2012	CY 2013	Total
Respite Day Services						
# of 30 day stays per facility	0	0	0	0	0	0
# of kids the facility has served	381	339	368	329	372	1789
Average length of stay per child, per facility (days)	1.25	1.28	1.19	1.32	1.43	1.29
Overnight Services						
# of 30 day stays per facility	0	1	0	0	0	1
# of kids the facility has served	73	88	101	38	6	306
Average length of stay per facility (nights)	5.45	4.74	3	3.71	3.67	2.93

Below is a budget history of both Sacramento Crisis Nursery and Yolo Crisis Nursery:

- **Sacramento Crisis Nurseries**
 - FY 2012- 13, total expense of \$2,136,724, with a deficit of \$566,724.
 - FY 2013-14 (projected), total expense will be \$2,015,452, with deficit of \$500,697.
- **Yolo Crisis Nursery**
 - FY 2012-13, total expense was \$603,000, with a loss of \$438,000.
 - FY 2013-2014 (projected), total expense will be \$659,000, with loss of \$480,000.

Panelists. The Subcommittee has invited the following panelists to speak to the proposal:

- State Senator Lois Wolke
- Gordon Richardson, Yolo Crisis Nursery, and
- Roy Alexander from Sacramento Crisis Nursery

Staff Comment. The item is informational. No action is required.

5. Services to Child Victims of Commercial Sexual Exploitation

Proposal. To provide total first-year funding support of \$40.6 million (\$20.3 million GF), which can be matched 50 percent federal Title IV-E funding, as well as \$28.5 million (\$14.3 million GF) annually ongoing costs, to enable county child welfare agencies to serve victims of commercial sexual exploitation. The proposal includes three major components: prevention, intervention, and direct services.

- **Prevention.** Services include education of foster youth and training for foster care providers to prevent exploitation, such as training to recognize signs of sexual exploitation and trauma and tools to avoid victimization.
- **Intervention.** Coordination must be in place between child welfare services agencies and other systems, including domestic violence providers, mental health services, and law enforcement. The proposed strategies include:
 - Child welfare worker training,
 - Child welfare worker staffing,
 - Partnership with survivors, and
 - Systems coordination.
- **Direct services** include access to appropriate support and services (e.g., safe shelter, enhanced supervision, protection).

Background. Various studies have pointed to pattern wherein commercial sexual exploitation of children (CSEC) victims have had prior involvement with the child welfare system, and some have been recruit while being in the foster care system. In addition, three of the top ten highest trafficking areas in the nation are in California: San Francisco, Los Angeles, and San Diego. A response to CSEC must be multifaceted.

Panelist. The Subcommittee has invited the following panelist to present the proposal:

- Frank Mecca, Executive Director, County Welfare Directors Association

Staff Comment. Hold open.

5180 Department of Social Services - CalFresh**1. State Utility Assistance Subsidy (SUAS) Benefit**

(Issue 302)

May Revision. The Administration proposes a state-funded energy assistance program to comply with the mandates of the federal Farm Bill, effective July 1, 2014. This program would require that the \$20.01 payment be made only to those households who would receive additional CalFresh benefits due to Heat and Eat. The 2014 May Revision includes \$11.8 million total costs (\$10.9 GF) under the new State Utility Assistance Subsidy (SUAS) program. Of the \$11.8 million, the budget provides \$9.5 million in SUAS benefits to select households, \$0.4 million in one-time reprogramming for the Statewide Automated Welfare System, and \$1.7 million for administrative activities in the counties for notifications and tracking of eligible CalFresh and California Food Assistance Program households. The program will be subject to an appropriation in the annual Budget Act.

The Administration proposes trailer bill language to implement this proposal.

Background. Previously, DSS, in partnership with the Department of Community Services and Development (CSD) provided all CalFresh recipients a nominal federal Low-Income Home Energy Assistance Program (LIHEAP) benefit (\$0.10 annually), which entitled the household to the Standard Utility Allowance (SUA) for purposes of determining the monthly food stamp benefit amount. On February 7, 2014, President Obama signed H.R. 2642, the Agricultural Act of 2014 (the Farm Bill), which requires participating states to provide an annual subsidy greater than \$20 to trigger SUA eligibility. At least seven other states, including New York, Pennsylvania, Massachusetts, Connecticut, Oregon, Montana, Rhode Island, and the District of Columbia have decided to continue "Heat and Eat" by issuing the minimum \$20.01 LIHEAP or other similar energy program payment.

According to DSS, continuing the program through the implementation of the SUAS would result in 349,000 CalFresh households receiving an average of \$62 in additional monthly CalFresh benefits.

Staff Recommendation. Staff notes that if the state were to issue the new \$20.01 minimum benefit to all CalFresh households (existing and new entrants), the department estimates it would cost in excess of \$63 million annually. Costs of the proposal are anticipated to be offset by sales tax revenues generated by additional food benefits to California, for a net GF cost of \$3.6 million. Staff recommends holding the item open for further discussion.

2. Caseload Impact from the Affordable Care Act (ACA)

(Issue 303)

May Revision. The Administration requests an increase of \$48,017,000 (\$18,674,000 GF and \$29,343,000 Federal Trust Fund) to reflect a significant increase in new CalFresh recipients due to efforts to streamline eligibility and increase awareness of the program as part of ACA implementation. This change also has an impact on the California Food Assistance Program (CFAP), resulting in an increase of \$2,068,000 General Fund.

Staff Recommendation. As discussed during the full budget hearing on January 8, 2014, and during the Subcommittee hearing on May 1, 2014, the state and Legislature have made policy steps to increase participation and enrollment in the CalFresh program. One of these strategies includes horizontal integration with ACA implementation. Staff recommends approving the May Revision request.

3. Modified Categorical Eligibility

(Issue 304)

May Revision. The Administration requests an increase of \$7,911,000 (\$3,995,000 GF and \$3,916,000 Federal Trust Fund) to increase the CalFresh gross income eligibility threshold to 200 percent of the federal poverty level, as well as address increases related to ACA caseload. This change also impacts the California Food Assistance Program, resulting in an increase of \$1,094,000 General Fund.

The Administration also proposes corresponding trailer bill language to implement the provisions. The language:

- Makes inoperative, and would automatically repeal, on July 1, 2015, unless otherwise extended, Section 18901.5 of the Welfare and Institutions Code.
- Effective July 1, 2014, requires DSS to establish, design, and implement a program of categorical eligibility for CalFresh recipients.
- Provides that the Director of DSS can only establish the program of categorical eligibility with appropriate federal authorization, and if implementation would not result in the loss of federal financial participation.
- Repeals rulemaking provisions in law and moves those provisions to an uncodified section. Those provisions:
 - Authorizes DSS to implement and administer the changes through all-county letters or similar instructions until regulations are adopted.
 - Require DSS to adopt emergency regulations implementing these provisions no later than January 1, 2016, after being deemed to be an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare.

Background. Effective January 1, 2014, AB 191 (Bocanegra), Chapter 669, Statutes of 2013, requires DSS to design and implement a program of categorical eligibility for CalFresh, which increases the gross income limit, for any household that includes a member who receives or is eligible to receive assistance under Medi-Cal. Households must still meet the net income test and other CalFresh eligibility criteria.

According to the department, after meeting with the Department of Health Care Services (DHCS) and stakeholders, administrative and privacy obstacles have come to light, such as:

- Mandating all households with a Medi-Cal member to be eligible for MCE/BBCE (including Minor Consent participants), as long as they satisfy all other eligibility requirements, could potentially violate confidentiality laws and put minors at risk.
- As a result of AB 191, there are three different categorically eligible FPLs for CalFresh recipients in California: 130 percent for all CalFresh recipients; 200 percent for Elderly/Disabled CalFresh recipients; 200 percent for households with a Medi-Cal recipient.

- While households are not required to report changes in Medi-Cal status to CalFresh, CalFresh is legally obligated to take action if such information becomes otherwise known to the county, possibly resulting in a household receiving decreased benefits, or perhaps, even ineligibility.

Federal law allows states to use a gross income limit of up to 200 percent of the Federal Poverty Limit (FPL) in order to be eligible for a non-cash TANF/MOE-funded benefit to confer broad-based categorical eligibility (BBCE), in California referred to as Modified Categorical Eligibility (MCE).

Justification. By raising the FPL to the federally allowable maximum amount of 200 percent, a household would be categorically eligible for CalFresh providing the household meets all other CalFresh eligibility requirements other than the CalFresh resource limit. Allowing the 200 percent for all CalFresh households, not just for the elderly and for persons with disabilities, eases counties' administrative burden of determining which FPL a household uses.

Staff Recommendation. Approve requested increase and adopt placeholder trailer bill language to implement the modified categorical eligibility.

4a. Drought Food Assistance Program

(Issue 700)

Proposed Provisional Budget Bill Language. The Administration requests budget bill language to authorize up to \$20 million General Fund, upon approval by the Department of Finance, for the Drought Food Assistance Program (DFAP) to provide emergency food relief to drought impacted communities. Of this amount, \$15 million reflects a shift of funding authorized in SB 103 (Budget Committee), Chapter 2, Statutes of 2013, to 2014-15. The proposed language also authorizes spending in excess of \$20 million, upon written notification to the Joint Legislative Budget Committee.

Addition of Provisional Language to Budget Bill Item 5180-101-0001:

X. (a) Upon request of the State Department of Social Services, the Department of Finance may increase expenditure authority in this item by up to \$20,000,000 for food assistance programs associated with persons affected by the drought. Notwithstanding any other provision of law, these funds shall be available for encumbrance by the State Department of Social Services through December 31, 2015, for commodity purchases and state and local agency administrative costs incurred on or before June 30, 2015, to provide food assistance associated with the drought through existing partnerships. The Department of Finance shall provide notification of the adjustment to the Joint Legislative Budget Committee within 10 working days from the date of Department of Finance approval of the adjustment.

(b) Upon request of the State Department of Social Services, the Department of Finance may increase expenditure authority above the amount authorized in subdivision (a). The Department of Finance shall authorize any such increase not sooner than 10 days after notification of the necessity thereof in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee.

Staff Recommendation. Hold open.

4b. Disaster Supplemental Nutrition Assistance Program

May Revision. The Administration proposes provisional budget bill language to authorize an increase in GF and Federal Trust Fund expenditure authority for food stamp administrative costs in the event of a major disaster declaration by the President of the United States. Specifically:

Addition of Provisional Language to Budget Bill Item 5180-141-0001:

X. In the event of a declaration of a major disaster by the President of the United States, and upon request of the State Department of Social Services following approval by the United States Department of Food and Agriculture’s Food and Nutrition Service, the Department of Finance may increase expenditure authority in this item in order to fund the administrative costs of a Disaster Supplemental Nutrition Assistance Program food assistance program.

Amendment to Provision 1 of Item 5180-141-0890 as follows:

“1. Provisions 2, 3, 4, ~~and 6,~~ and X of Item 5180-141-0001 also apply to this item.”

Staff Comment. Hold open for further discussion with stakeholders.