

SUBCOMMITTEE NO. 3

Agenda

Senator Holly J. Mitchell, Chair
Senator William W. Monning
Senator Jeff Stone



May 17, 2016
1:30 p.m., or Upon Call of the Chair
Room 4203, State Capitol

Consultant: Theresa Pena

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ISSUES RECOMMENDED FOR VOTE ONLY**5160 DEPARTMENT OF REHABILITATION****Issue 1: Supported Employment Rate Increase (Issue 401-MR)**

May Revision. The Administration requests an increase of \$500,000 General Fund to reflect an increase to the supported employment hourly rate consistent with the provisions of AB 1 X2 (Thurmond), Chapter 3, Statutes of 2016 Second Extraordinary Session, which required the Department of Developmental Services to increase the supported employment hourly rate by \$3.42. The Department of Rehabilitation believes establishing this identical rate increase is necessary to avoid competition among services providers.

Staff Recommendation. Approve as requested. No concerns have been raised.

5175 DEPARTMENT OF CHILD SUPPORT SERVICES**Issue 1: May Revision Estimate (Issue 401-MR)**

May Revision. The Administration proposes to decrease the amount in the department's state operations funding by \$407,000, and to offset the reduction with a corresponding increase in federal funds by \$407,000, to reflect a projected increase in Federal Performance Incentive Funds and a corresponding decrease in Child Support Collection Recovery Funds.

Background. 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 establishment of cases with support orders, and collection on arrears. Gains made in these areas have led to an increase in Federal Performance Incentive funds.

Staff Recommendation. Approve as requested. No concerns have been raised.

Issue 2: Child Support Non-Custodial Parent Employment and Demonstration Project Carryover (Issue 403-MR)

May Revision. The Administration requests an increase of \$587,000 to reflect the estimated amount of unspent federal Child Support Non-Custodial Parent Employment Demonstration (CSPED) Project funds carried forward to fiscal year (FY) 2016-17. These one-time grant funds will be used to continue efforts to engage low-income non-custodial parents with job placement and retention, provide child support case management, and provide parenting peer support. The unspent funds result from a projected decrease in 2015-16 enrollments in the demonstration project.

Background. The CSPED project in California is being conducted in Stanislaus County, and the federal grant is in the fourth year of a five year project period. The goal of the project is to improve reliable payment of child support.

Staff Recommendation. Approve as requested. No concerns have been raised.

**0530 HEALTH AND HUMAN SERVICES AGENCY/OFFICE OF SYSTEMS INTEGRATION
5180 DEPARTMENT OF SOCIAL SERVICES****Issue 1: Budget Change Proposal: Child Welfare Services – New System (CWS-NS)**

Governor’s Budget. The Administration requests one new permanent position, the conversion of eight limited-term positions to permanent, and a net increase of \$171,000 in the Office Of Systems Integration (OSI) spending authority for the Child Welfare Services – New System (CWS-NS) Project.

Background. The OSI and DSS have been working for some time to develop a new system to replace the CWS/CMS, which does not provide all functional capabilities required, is outdated, and is cost prohibitive to maintain and operate. The CWS-NS Project will implement an updated, web-based computing infrastructure that should have more flexibility. The department notes that CWS-NS, due to its modern architecture and underlying commercial-off-the-shelf platform, is projected to be less costly to maintain and enable upgrades and enhancements to be deployed more quickly.

Staff Recommendation. Approve as requested. This subcommittee heard and discussed this item during its April 21, 2016 hearing. No concerns have been raised.

5180 DEPARTMENT OF SOCIAL SERVICES – STATE HEARINGS DIVISION**Issue 1: Budget Change Proposal: Affordable Care Act Caseload (ACA)**

Governor’s Budget. The Administration requests to make permanent the extension of 56 limited-term positions to continue to provide the required due process for Medi-Cal and Covered California (Covered CA) recipients. These positions were approved as limited-term in FY 2014-15 to adjudicate appeals associated with the ACA. The department is also seeking permanent funding for one Associate Informations Systems Analyst and one Office Technician (Typing). The cost for all 58 positions is approximately \$7.3 million.

Background. As of May 2015, 1.3 million Californians have active health insurance under Covered California. Under the ACA, California’s expansion of Medi-Cal has increased by three million enrollees from 2013 to 2015. The impact of expansion of Medi-Cal has resulted in an 85 percent increase in the category of scope of benefit hearings, and a similar increase is anticipated from the category of Medi-Cal redeterminations.

Staff Recommendation. Approve as requested. This subcommittee heard and discussed this item during its March 10, 2016 hearing. No concerns have been raised.

5180 DEPARTMENT OF SOCIAL SERVICES – CALWORKS**Issue 2: CalWORKs Minimum Wage Impact**

May Revision. The Administration requests a decrease of \$457,000 General Fund and a decrease of \$5.5 million in federal funds to reflect the impact of SB 3 (Leno), Chapter 4, Statutes of 2016, which increases the state minimum wage from \$10.00 to \$10.50 per hour, effective January 1, 2017.

Background. SB 3 provides incremental increases to the state minimum wage up to \$15 by January 1, 2022, as well as an annual, automatic adjustment commencing January 1, 2023. The adjustment would be calculated using the Consumer Price Index.

Cases with working adults who have increased earnings as a result of the wage increase will have reduced grants. For cases that will income off of CalWORKs due to the increase in earnings, there will be a decrease to grant, administration and services costs.

Staff Recommendation. Approve as requested. No concerns have been raised.

Issue 3: Temporary Assistance for Needy Families (TANF) Block Grant Funds Transfer to California Student Aid Commission (Issue 405-MR)

May Revision. The Administration requests an increase of \$282,965,000 in federal funds to reflect an increase in the amount of federal TANF block grant funds available to offset General Fund costs in the Cal Grant program administered by the California Student Aid Commission. An increase in unspent TANF funds from prior years, decrease in the CalWORKs caseload projection, an increase in 1991-92 realignment revenues, and other TANF and TANF maintenance-of-effort funding adjustments result in excess TANF funds.

Staff Recommendation. Approve as requested. No concerns have been raised.

Issue 4: Reappropriation of Funding for CalWORKs Housing Support Program and Fraud Recovery Incentive Payments (Issue 420-MR)

May Revision. The Administration requests to extend the availability of funds appropriated in the 2015 Budget Act for the Housing Support Program for an additional year. In addition, a technical change is requested to extend the availability of federal funds for fraud recovery incentive payments to counties until June 30, 2016.

Background. The 2015 Budget Act included \$35 million General Fund for the Housing Support Program. Twenty four counties were newly awarded grants in 2015-16 and require additional time to fully expend their allocations as they ramp up program activities.

Staff Recommendation. Approve as requested. No concerns have been raised.

5180 DEPARTMENT OF SOCIAL SERVICES – CALFRESH**Issue 5: Able-Bodied Adults Without Dependents (ABAWD) Automation (Issue 419-MR)**

May Revision. The Administration requests an increase of \$1,484,000 General Fund and an increase in federal funds by \$2,120,000 for automation costs related to the expiration of the statewide federal ABAWD waiver.

Background. ABAWDs between the ages of 17 and 50 years are required to meet federal Supplemental Nutrition Assistance Program work requirements in order to receive CalFresh program benefits. Since October 2008, the state has operated under a statewide waiver that exempts ABAWDs from federal work requirements. The federal waiver is set to expire on December 31, 2017. Prior to the expiration of the waiver, the Statewide Automated Welfare System will need to be updated to track the affected population.

Staff Recommendation. Approve as requested. No concerns have been raised.

Issue 6: California Food Assistance Program Minimum Wage Impact

May Revision. The Administration is requesting a decrease of \$159,000 General Fund to reflect the impact of SB 3 (Leno), Chapter 4, Statutes of 2016, which increases the state minimum wage from \$10.00 to \$10.50 per hour, effective January 1, 2017.

Background. SB 3 provides incremental increases to the state minimum wage up to \$15 by January 1, 2022, as well as an annual, automatic adjustment commencing January 1, 2023. The adjustment would be calculated using the Consumer Price Index.

Staff Recommendation. Approve as requested. No concerns have been raised.

5180 DEPARTMENT OF SOCIAL SERVICES – CHILD WELFARE SERVICES**Issue 7: Budget Change Proposal: Child Welfare Services Case Reviews**

Governor's Budget. The Administration requests resources seven positions to establish a Child Welfare Services Case Reviews unit in response to the federal Administration for Children and Families (ACF) notification that the Department of Social Services oversight of Child Welfare Services is inadequate and needs a quality assurance program as required in the Child and Family Services Review (CFSR).

Background. The federal ACF expressed their concern in a letter dated May 12, 2015, and concluded that the state had insufficient resources to provide the necessary oversight and effective quality assurance management principles to obtain federal approval of the case review process that is required. Last year, ACF had completed the rule-making process to modify the existing CFSR, including that all states must use a comprehensive review process in place of the current traditional case review methodology.

Staff Recommendation. Approve as requested. This subcommittee heard and discussed this item during its April 21, 2016 hearing. No concerns have been raised.

Issue 8: Budget Change Proposal: Psychotropic Medication Oversight in Foster Care

Governor's Budget. The Administration requests resources to meet the requirements of SB 238 (Mitchell) Chapter 534, Statutes of 2015 and SB 484 (Beall) Chapter 540, Statutes of 2015. Specifically, to meet the requirements of SB 238, the Administration is requesting \$149,000 (\$100,000 General Fund) in contract funding to develop monthly, county-specific reports for children in foster care who are prescribed psychotropic medications through Medi-Cal. To meet the requirements of SB 484, the Administration is requesting two-year limited-term funding of \$833,000 (\$684,000 General Fund) to support approximately five positions (three Licensing Program Analysts (LPA), 0.5 Licensing Program Manager I, 0.5 Office Assistant, one Associate Governmental Program Analyst), effective July 1, 2016.

Background. SB 238 requires monthly data reports to highlight instances when a child received a Medi-Cal pharmacy paid claim but did not have appropriate court approval and authorization from the juvenile court. SB 484 mandates additional review and increased standards regarding psychotropic medication usage in group homes, and creates new data collection and notification requirements for the Community Care Licensing Division (CCLD) within DSS in order to identify and mitigate inappropriate levels of psychotropic medication use by children in foster care residing in group homes.

Staff Recommendation. Approve as requested. This subcommittee heard and discussed this item during its April 21, 2016 hearing. No concerns have been raised.

Issue 9: Reappropriation of Funding for Various Child Welfare Services Issues (Issue 421-MR)

May Revision. The Administration requests to extend the availability of funds appropriated in the 2015 Budget Act for counties to perform various child welfare services administrative activities.

Background. The 2015 Budget Act appropriated \$49 million General Fund for counties to comply with new state and federal child welfare services requirements. Counties require additional time to expend these funds.

Staff Recommendation. Approve as requested. No concerns have been raised.

Issue 10: Trailer Bill Language: Tribal ARC Program

May Revision. The Administration proposes to allow non-federally eligible foster youth placed with relative caregivers under the jurisdiction of the tribal court receive a foster care basic rate amount equal to payments made to federally eligible relative caregivers in tribes that possess a Title IV-E Agreement with the state. Although two tribes currently provide child welfare services in their respective jurisdictions under Title IV-E agreements with the State, they are not authorized to participate in this optional program as it is only applicable to counties.

Background. Currently, the county optional ARC program provides an additional amount above the CalWORKs grant to bring the total payment for non-federally eligible children placed with relative caregivers up to the same amount as the rate paid for federally eligible children in AFDC-FC eligible homes. The department notes that this language would provide for parity across programs.

Staff Recommendation. Approve as requested. No concerns have been raised.

5180 DEPARTMENT OF SOCIAL SERVICES – IN-HOME SUPPORTIVE SERVICES (IHSS)**Issue 11: IHSS Minimum Wage Impact (Issues 422-MR and 423-MR)**

May Revision. The Administration requests an increase of \$18,433,000 General Fund and an increase in reimbursements of \$21,190,000 to reflect costs associated with SB 3 (Leno), Chapter 4, Statutes of 2016, which increases the state minimum wage from \$10.00 to \$10.50 per hour, effective January 1, 2017.

Background. SB 3 provides incremental increases to the state minimum wage up to \$15 by January 1, 2022, as well as an annual, automatic adjustment commencing January 1, 2023. The adjustment would be calculated using the Consumer Price Index. The first in a series of sick leave days available to IHSS providers will start on July 1, 2018 and will have no impact in FY 2016-17.

Staff Recommendation. Approve as requested. No concerns have been raised.

Issue 12: Universal Assessment Tool (Issues 413-MR and 414-MR)

May Revision. The Administration requests a decrease of \$1,255,000 General Fund and reimbursements to be decreased by \$1,245,000 to reflect a delay in implementation of the Universal Assessment Tool pilot. The updated cost estimate reflects an updated timeline which includes finalizing the assessment tool to be used for pilot testing, implementing the pilot testing in the selected counties, and assessing the impact of the tool on counties and information technology systems.

Background. In 2012, the Legislature authorized the development and pilot implementation of a universal assessment tool (UAT). The Department of Health Care Services, DSS, and the Department of Aging must develop a UAT to assess a Medi-Cal beneficiary's need for Home and Community-Based Services. The goal is to enhance personalized care planning under the Coordinated Care Initiative, and create a common tool that can be used by all involved in the care of beneficiaries who need home and community based long-term care services.

Staff Recommendation. Approve as requested. No concerns have been raised.

5180 DEPARTMENT OF SOCIAL SERVICES – MISCELLANEOUS**Issue 13: Commodity Supplemental Food Program Transfer (Issue 406-MR)**

May Revision. The Administration requests an increase of \$4,433,000 in federal funds to reflect the transfer of the federal Commodity Supplemental Food Program (CSFP) from the California Department of Education (CDE) to DSS.

Background. The CSFP originally provided food assistance to low-income seniors, women, infants, and children. However, changes to federal law in 2014 restricted program eligibility to low-income seniors. CDE and DSS felt that the program's new target population more closely aligned with the mission of DSS, and CDE agreed to transfer the program. This will be offset in both years by a commensurate reduction in CDE's local assistance budget. The local assistance expenditure authority will be used to reimburse local agencies for charges associated with administering the CSFP.

A corresponding Budget Change Proposal position for this transfer was approved by this Subcommittee on May 12, 2016.

Staff Recommendation. Approve as requested. No concerns have been raised.

ISSUES FOR DISCUSSION

Public testimony will be taken at the end for all items listed in this section.

5180 DEPARTMENT OF SOCIAL SERVICES – MISCELLANEOUS**Issue 14: May Revision Caseload Adjustments (Issues 401-MR and 402-MR)**

May Revision. The May Revision proposes a net increase of \$161,243,000 (increases of \$81,380,000 General Fund, \$375,460,000 reimbursements, \$1,053,000 Child Support Collections Recovery Fund, \$164,000 State Children’s Trust Fund, partially offset by a decrease of \$296,814,000 Federal Trust Fund) primarily resulting from updated caseload estimates since the Governor’s Budget. Realigned programs are displayed for the purpose of federal fund adjustments and other technical adjustments. Caseload and workload changes since the Governor’s budget are displayed in the following table:

Program	Item	Change from Governor’s Budget
California Work Opportunity and Responsibility to Kids (CalWORKs)	5180-101-0001	-\$32,628,000
	5180-101-0890	-\$264,811,000
	Reimbursements	\$14,000
Kinship Guardianship Assistance Payment	5180-101-0001	-\$1,295,000
Supplemental Security Income/State Supplementary Payment (SSI/SSP)	5180-111-0001	-\$39,826,000
In-Home Supportive Services (IHSS)	5180-111-0001	\$184,401,000
	Reimbursements	\$415,908,000
Other Assistance Payments	5180-101-0001	-\$2,670,000
	5180-101-0890	-\$33,000
County Administration and Automation Projects	5180-141-0001	-\$28,487,000
	5180-141-0890	-\$49,295,000
	Reimbursements	\$59,711,000
Community Care Licensing	5180-151-0001	-\$1,430,000
	5180-151-0890	-\$165,000
Special Programs	5180-151-0001	\$35,000
Realigned Programs		
Adoption Assistance Program	5180-101-0001	-\$23,000
	5180-101-0890	\$1,008,000

Program	Item	Change from Governor's Budget
Foster Care	5180-101-0001	\$132,000
	5180-101-0890	\$3,603,000
	5180-101-8004	\$1,053,000
	5180-141-0001	\$3,000
	5180-141-0890	-\$182,000
Child Welfare Services (CWS)	5180-151-0001	\$3,054,000
	5180-151-0803	\$164,000
	5180-151-0890	\$11,663,000
	Reimbursements	-\$110,598,000
Title IV-E Waiver	5180-153-0001	\$114,000
	5180-153-0890	\$1,398,000
Adult Protective Services	Reimbursements	\$10,425,000

The updated 2016-17 caseload estimates for the largest programs are summarized below:

Program¹	January estimate	May Revision
CalWORKs	496,558	485,851
SSI/SSP	1,311,082	1,290,781
IHSS	489,775	490,797

Additionally, the Administration notes the following local assistance adjustments:

- Local assistance expenditures for DSS are estimated to increase by a net amount of \$649,936,000. This increase is comprised of \$443,202,000 General Fund, \$1,053,000 Child Support Collections Recovery Fund, \$164,000 State Children's Trust Fund, and \$455,353,000 reimbursements, partially offset by decreases of \$236,210,000 Children's Health and Human Services Special Fund and \$13,626,000 Federal Trust Fund.

LAO Comments. In response to the May Revision, the LAO makes the following comments:

- SSI/SSP caseload assumptions appear reasonable, but lower than expected. The May Revision estimates are slightly below the roughly 1 percent growth the program has experienced in the last few years.
- Administration's CalWORKs caseload estimates appear reasonable. The administration's estimates show a declining trend in the number of cases that will need cash assistance and

¹ Total average caseload, by program

employment services. This is consistent with recent actuals and continuing improvement in the labor market.

- Increases in caseload, hours per case, and cost per hour relative to January, estimates appear reasonable. These increases are largely due to faster growth in caseload, hours per case, and provider wages than what was estimated in January.
- Estimates for full year of FLSA implementation in 2016-17 slightly higher than January estimates. The May Revision includes \$437 million General Fund in 2016-17 for a full year of implementation of the new FLSA regulations. This is an increase of \$43 million General Fund over the Governor's January estimate. About half of this increase is attributable to new exemptions to the workweek cap for certain groups of providers. The remaining increase is attributable to higher-than-previously-estimated caseload growth and hours per case growth.
- The May Revision includes 2015-16 Savings from delayed FLSA implementation. The Governor's January estimate for FLSA costs in 2015-16 did not reflect savings due to delayed implementation of the new FLSA regulations. The May Revision reflects \$62 million in General Fund savings due to delayed FLSA implementation in 2015-16.
- Costs of the three-month overtime grace period higher than estimated in January. The savings from delayed FLSA implementation reflected in the May Revision are not as high as was estimated in January largely due to a higher-than-previously-estimated cost of the three-month grace period. The department has indicated that this revision is in light of one month of actual spending data following FLSA implementation (February 1, 2016). We note that the Legislature has requested actual data through March 2016 that could help to further refine the estimated cost of the grace period.

Questions.

1. DSS: Please provide an overview of the May Revision estimates for major programs.
2. DSS: What factors are contributing to increases in caseload and hours-per-case growth in IHSS?
3. DSS: Is there any updated data related to overtime costs that would change the estimates included in the May Revision?
4. LAO: Are the estimates reasonable?

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

5180 DEPARTMENT OF SOCIAL SERVICES – CALWORKS**Issue 15: Trailer Bill Language: ARC Program Parity**

May Revision. The Administration proposes to clarify that a relative who has been approved under the resource family approval (RFA) process and who is federally ineligible for Aid to Families with Dependent Children-Foster Care (AFDC-FC) is authorized to receive a CalWORKs grant and a supplement amount equal to the resource family basic amount paid to children who are federally eligible for AFDC-FC.

Background. The ARC program allows counties that opt in to provide payments to federally ineligible relative caregivers an amount equal to the foster care basic rate received by federally eligible relative caregivers of dependent children. Approved relatives in these counties would receive a grant payment which would consist of funds from CalWORKs, General Fund, and county, if necessary.

Advocate Concerns. The Alliance for Children’s Rights has strong concerns about the proposed TBL. They feel that the TBL as currently drafted does the opposite of what it intends, and actually builds inequities into resource family approval process by making it clear that relatives are not included when caring for non-federally eligible children, except at the counties’ option and through an entirely different program.

Staff Comment and Recommendation. Hold open. Staff recommends the item remain open to allow for further discussion.

Questions.

1. DSS: Please provide an overview of the proposal and need for the language.
2. Please comment on advocate concerns referenced in this agenda. Are you working with advocates to address these concerns?

Issue 16: Trailer Bill Language: Workforce Innovation and Opportunity Act Career Pathways – 24-Month Time Clock Approval

May Revision. The Administration proposes to require that welfare-to-work participants in an Approved Workforce Innovation and Opportunity Act (WIOA) Career Pathway are deemed to meet the 24-month time clock (MTC) hourly requirements, regardless of the actual number of hours participated, if participants are making satisfactory progress. The department also proposes to define Approved WIOA Career Pathways and to require WIOA Career Pathways to be approved by the Local Workforce Development Boards, which operate One-Stop Career Centers.

Background. WIOA replaced the Workforce Investment Act effective July 1, 2014, and made TANF programs mandatory partners with WIOA/One-Stop Career Centers. An Approved WIOA Career Pathway results in industry-recognized credentials or degrees in occupations recognized as high demand by Local Workforce Development Boards. WIOA mandates that individualized career services must be given on a priority basis to public assistance recipients. In the California WIOA plan (effective July 1, 2016), DSS, in conjunction with the California Workforce Development Board, committed to promote the building of career pathway programs and elevate service delivery to improve client outcomes. This proposal would result in 24-MTC hourly requirements for any/all aided members of the CalWORKs household who participate in an Approved WIOA Career Pathway, even when actual hours are less than the 24-MTC hours required.

Staff Recommendation. Approve proposed trailer bill language as placeholder. No concerns have been raised.

Questions.

1. DSS: Please provide a summary of this proposal.

5180 DEPARTMENT OF SOCIAL SERVICES – CHILD WELFARE SERVICES**Issue 17: Trailer Bill Language: Child Near Fatalities Reporting and Disclosure**

May Revision. The Administration proposes trailer bill language for near fatalities that contains the following provisions:

- Defines “near fatality” as the identical meaning in federal law, except in specified circumstances.
- Defines a “near fatality case” as one that meets all of the following conditions:
 - A licensed physician determines that the child is in serious or critical condition.
 - A child’s condition is the result of abuse or neglect, as defined in federal law.
- Establishes that abuse or neglect is determined to have resulted in a child’s near fatality if one of the following conditions is met:
 - A law enforcement investigation concludes that child abuse or neglect occurred.
 - A county child welfare services agency determines that the child abuse or neglect was substantiated.
- Establishes that abuse or neglect does not include near fatalities caused by an alleged perpetrator who was unknown to the child or family prior to the abuse that caused the near fatality, or a minor (unless acting in the role of caretaker) who is alleged to have caused the near fatality.
- Requires that findings or information disclosed regarding the child near fatalities, upon request, must consist of a written report that includes all of the following information:
 - A child’s age and gender;
 - The date the abuse or neglect occurred that resulted in the near fatality, and the date that a licensed physician determined the child victim to be in serious or critical medical condition, if known;
 - Whether the child resided in foster care or in the home of his or her parent or guardian at the time of the near fatality.
 - The cause and circumstances of the near fatality.
- Requires a description of reports received, child protective or other services provided, and actions taken by the county child welfare services agency regarding all of the following:
 - Suspected or substantiated abuse or neglect of the child near fatality victim, and suspected or substantiated abuse or neglect of other children pertinent to the abuse or neglect of the near fatality victim.
 - A written narrative that includes the dates of reports, investigations, services rendered, actions taken, and the investigative disposition for each report.
- Requires a county welfare department or agency to disclose to the public, upon request, all risk and safety assessments related to the near fatality victim.
- Requires a county welfare department or agency to release all required findings and information to the public, if disclosure is requested, within 30 calendar days (instead of the timeframe under

existing law of 10 days) of either the request or the disposition of the investigation, whichever is later.

- Provides that a county may choose to establish its own policy that is in compliance with certain provisions of this section, through the disclosure of the emergency response referral information form and the emergency response notice of referral disposition form completed by the county child welfare agency relating to the abuse or neglect that caused the near fatality.
 - A county that implements such a policy would disclose those redacted case file documents in place of a detailed written description.
- Prohibits the following information and records from being disclosed:
 - Names, addresses, telephone numbers, ethnicity, religion, or any other identifying information of any person or institution, other than the county or the Department of Social Services.
 - Any information that would jeopardize a criminal investigation or proceeding.
 - Any psychiatric, psychological, therapeutic evaluations, clinical or medical reports, evaluations or other similar materials pertaining to the child or child's family.
- Requires the county welfare department or agency to notify and provide a copy of the request to counsel for any child who is connected to the juvenile case file, and that if counsel for a child objects to the release of any part of the information, they may petition the court to prevent the release of any document or part of a document requested.
- Provides that juvenile case file records that are not subject to disclosure pursuant to this section shall only be disclosed upon an order by the juvenile court pursuant to Section 827.
- Authorizes the Department of Social Services (DSS) or county welfare department to comment on the case once documents have been released. If a county welfare department or agency comments on the case, the social worker on the case may also comment publicly about the case.
- Establishes that this law shall only apply to near fatalities that occur on, or after, January 1, 2017.
- Clarifies that nothing in this section of law requires a county welfare department or agency to obtain documents not in the case file.

The Administration has also proposed changes to current statute regarding fatalities, including:

- Establishes that abuse or neglect does not include near homicides committed by an alleged perpetrator who was unknown to the child or family prior to the abuse that caused the fatality, or a minor (unless acting in the role of caretaker) who is alleged to have caused the fatality.
- Adds that a description of child protective or other services provided, and actions taken by the county child welfare services agency regarding any services and actions not otherwise disclosed within other documents required to be released.

- Requires a county welfare department or agency to release all required findings and information to the public, if disclosure is requested, within 30 calendar days (instead of 10 days) of either the request or the disposition of the investigation, whichever is later.
- Requires that any information for an adult whose activities are not related to the abuse or neglect that led to the child fatality be redacted.
- Provides that juvenile case file records that are not subject to disclosure pursuant to this section shall only be disclosed upon an order by the juvenile court pursuant to Section 827.

Background. The federal Child Abuse Prevention and Treatment Act (CAPTA) requires that states receiving funds under CAPTA must disclose to the public findings and information about child abuse and neglect cases that result in fatalities or near fatalities. On December 8, 2015, the federal Administration for Children, Youth, and Families (ACYF) notified DSS of non-compliance with federal guidelines regarding public disclosure procedures in cases where a child dies or nearly dies as the result of abuse or neglect.

Last year, the department proposed language to bring state law in to compliance with federal requirements. However, there was no consensus among stakeholders regarding whether it would be most appropriate for the state to model its disclosures in the cases of near-fatalities after the requirements established by SB 39 (Migden), Chapter 468, Statutes of 2007 for disclosures in the cases of fatalities, or to create different procedures. Ultimately, no action was taken by the Legislature.

If the state is unable to comply with federal reporting requirements, California could lose up to a total of \$4.8 million in CAPTA funds. A number of approaches would satisfy the federal requirement, including the current Administration proposal, which the Administration has vetted with the federal AYCF.

Advocate Concerns. Last year, California Newspaper Publishers Association had raised concerns with the department writing a summary of events in the case, and preferred to be able to have the original documents.

Staff Comment and Recommendation. Hold open. Staff recommends the item remain open to allow for further discussion.

Questions.

1. Please provide a brief overview of the issue and a summary of new language regarding near fatalities, and of changes to the language regarding fatalities.
2. Can the department describe how it envisions the summary information will be prepared, approved and disseminated by a county?
3. Does this statute affect any other entity's ability to obtain records, or is it only related to public requests for information?
4. Both the near fatality and fatality language now read that when disclosure is requested, all required findings and information be released to the public within 30 calendar days of either the request or the disposition of the investigation, whichever is later. Existing statute provides for the release of

documentation within 10 days, or at the disposition of the investigation. Can the Administration explain why it is necessary to modify existing statute relating to child fatalities?

5. Were stakeholders involved in the process of drafting this language?

Issue 18: Continuum of Care Reform (Issue 407-MR)

May Revision. The Administration requests an additional \$59.9 million General Fund in 2016-17 to fund the implementation of the Continuum of Care Reform (CCR) enacted by AB 403 (Stone), Chapter 773, Statutes of 2015, and to implement revisions to the state’s current rate-setting system, services and programs serving children and families in the continuum of Aid to Families with Dependent Children - Foster Care (AFDC-FC) eligible placement settings.

The requested \$59.9 million General Fund funds the following activities:

- An increase from the 2016-17 Governor’s Budget of \$16.7 million total funds (\$25.3 million GF) due to increased administrative costs including additional caseworker time and updated caseworker costs for participatory case planning in child and family teams as well as increased administrative costs related to foster parent recruitment, retention and support.
- The 2016 May Revision includes \$4.6 million total funds (\$1.6 million GF) for training for social workers, probation officers and county mental health staff related to CCR efforts.
- Adjustments will be made for implementation of the new Home-Based Family Care rate structure totaling \$37.7 million total funds (\$32.9 million GF).

The table below provides a detailed breakdown of the proposed funding, including funding for the Department of Health Care Services for a combined total of \$127.3 million General Fund.

Continuum of Care Reform (CCR) Summary*

The CCR has costs listed in several sections in the budget tables. This chart provides a consolidated view of all of the costs included in the budget tables for FY 2015-16 and FY 2016-17 for the CCR.

(in 000's)

Item	2016 May Revision					
	FY 2015-16			FY 2016-17		
	Total	Federal	GF	Total	Federal	GF
Home-Based Family Care Rate	-	-	-	\$35,703	\$2,764	\$32,939
Foster Family Agency – Social Worker Rate Increase	\$7,258	-	\$7,258	\$3,786	-	\$3,786
Accreditation	-	-	-	\$2,827	\$1,414	\$1,413
Outcomes, Accountability and Automation	-	-	-	\$3,000	\$1,070	\$1,930
Child and Family Teams	-	-	-	\$27,441	\$5,423	\$22,018
Second Level Administration Review	-	-	-	\$29	\$6	\$23
Case Planning Assessment	-	-	-	\$3,500	\$1,148	\$2,352
Foster Parent Recruitment, Retention and Support	\$21,827	\$4,634	\$17,193	\$54,729	\$11,469	\$43,260
Resource Family Approval	-	-	-	\$12,042	\$4,012	\$8,030
Training	-	-	-	\$4,585	\$3,010	\$1,575
CDSS Local Assistance Total	\$29,085	\$4,634	\$24,451	\$147,642	\$30,316	\$117,326
CDSS State Operations	\$5,500	\$2,500	\$3,000	\$5,500	\$2,500	\$3,000
Short Term Residential Treatment Program, Certification-State Operations	-	-	-	\$350	\$175	\$175
Child and Family Teams	-	-	-	\$10,247	\$5,124	\$5,123
Mental Health Assessments	-	-	-	\$277	\$138	\$139
Mental Health Training	-	-	-	\$1,515	-	\$1,515
DHCS Total	-	-	-	\$12,389	\$5,437	\$6,952
CCR Total	\$34,585	\$7,134	\$27,451	\$165,531	\$38,253	\$127,278

Note: Federal Title IV-E funds are not included for the CDSS Title IV-E California Well-Being Project Counties, as federal funds for the Project are capped.

It is recognized that there will be some savings as a result of implementing the proposed changes. However, due to the uncertainties surrounding CCR implementation, such as the actual pace at which children will move from group homes to home-based settings, DSS recognizes the need to ensure there are sufficient up-front costs. The 2016 May Revision CCR estimate does not reflect savings from cases moving to lower levels of care in FY 2016-17. A reconciliation of actual savings and expenditures will be reached in the future when caseload movement is verified. Some administration estimates are offset by subsumed activities no longer being completed.

The Administration has also proposed a new Home-Based Family Care (HBFC) Rate structure:

Continuum of Care Reform (CCR) Summary*
Home-Based Family Care Rate Structure
Based on Level of Care (LOC)

A	Pay to Resource Family for Basic Rate	LOC-1	LOC-2	LOC-3	LOC-4
	Basic Rate	\$889	\$989	\$1,089	\$1,189
B	Pay to Foster Family Agency (FFA)	LOC-1	LOC-2	LOC-3	LOC-4
	Social Worker	\$340	\$340	\$340	\$340
	Social Services & Support	\$0	\$200	\$244	\$323
	Resource Family Approval	\$48	\$48	\$48	\$48
	Administration	\$672	\$672	\$672	\$672
	Total	\$1,060	\$1,260	\$1,304	\$1,383
C	Pay to Resource Family for Treatment Foster Care (TFC)				
	TFC Rate	\$2,259			
	Pay to FFA including TFC Admin				
	TFC Administration	\$3,482			
	TFC Social Services & Support	\$200			
	Total	\$5,941			
D	Pay to Short-Term Residential Therapeutic Program (STRTP)				
	STRTP Rate	\$11,770			

E	Pay to FFA For Services Only	LOC-1	LOC-2	LOC-3	LOC-4
	Social Worker	\$0	\$340	\$340	\$340
	Social Services & Support	\$0	\$200	\$244	\$323
	Administration	\$0	\$200	\$200	\$200
	Total	\$0	\$740	\$784	\$863

Reimbursement rates for 14 separate group home levels will be replaced by a new set of rates, beginning January 1, 2017. These new rates are intended to reflect the expanded set of responsibilities of Short Term Residential Therapeutic Programs (STRTPs) and Foster Family Agencies (FFAs) under CCR. The rate structure is based on the needs of the child, which will be determined by a still in development assessment tool to be used by county social workers and child and family teams, unlike the previous structure which centered around the age of the child.

The FFA rate is separated into two components. The first goes to the family caregiver as an assistance payment, and the second goes to the FFA for administrative and social work activities. Similarly, the Therapeutic Foster Care (TFC) model divides the TFC rate into two components, one of which is paid to the TFC caregiver and the second which is paid to the FFA for administrative and supportive services.

CCR also allows counties to pay FFAs to provide services to children who are not placed in FFAs, allowing children in relative and county-approved homes to access supportive services if the county chooses to provide funding. The rates paid to FFAs to provide these services are called the FFA services only rates.

Below is a table showing the estimated percentage of foster children for each level of care:

LOC	Percent of All Foster Children in Home-Based Family Care
1	55%
2	15%
3	15%
4	15%

Background. Last year, the Legislature passed AB 403 (Stone), Chapter 773, Statutes of 2015 to implement the Continuum of Care Reform (CCR), which seeks to improve the assessment of child and families, emphasize home-based family care, support placement with available services, and increase transparency for child outcomes.

Some of the main components of AB 403 include:

- Short-Term Residential Treatment Placements (STRTPs), which are intended to provide short term, therapeutic services to stabilize children so that they may quickly return to a home-based family care setting.
- FFAs and STRTPs will be required to ensure access to specialty mental health services and strengthen their permanency placement services.
- Additional integration between child welfare and mental health services.
- Under CCR, FFAs and STRTPs are required to obtain and maintain accreditation from a nationally-recognized body in order to improve quality and oversight. CCR also calls for the development of publicly available FFA and STRTP performance measures.
- Resource Family Approval (RFA) is a new, streamlined assessment that replaces the existing multiple approval, licensing, and certification processes for home-based family caregivers.
- CCR mandates the use of child and family teams in decision-making.

- CCR calls for the creation of a new, comprehensive strengths and needs assessment upon entering the child welfare system in order to improve placement decisions and ensure prompt access to supportive services.
- New STRTC and FFA payment rates.

The Governor’s budget included approximately \$61 million General Fund to implement the various components of the CCR. The table below provides a high-level summary of changes between the Governor’s budget and May Revision:

Funding (In Millions)	2016-17 Governor’s Budget		2016 May Revision		Change		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 Change From Governor’s Budget**	FY 2016-17 Change From Governor’s Budget	May Revision Year-to-Year Change
Total*	\$33.1	\$88.6	\$29.1	\$147.6	-\$4.0	\$59.0	\$118.5
Federal/ TANF	\$11.6	\$31.1	\$4.6	\$30.3	-\$7.0	-\$0.8	\$25.7
State	\$21.5	\$57.5	\$24.5	\$117.3	\$3.0	\$59.8	\$92.8

* Total TANF/GF impact prior to Subaccount funds. Total includes county funds.

** Referenced in the 2016-17 Governor’s Budget Binder as the 2015-16 Revised Budget.

Advocate Concerns. On the administrative side of things, advocates are overall pleased to see a substantial increase in funding for the CCR in 2016-17. However, there are still concerns that the amount of time the Administration has proposed for CFT meetings are not enough, and they are unsure if the social worker cost is where it needs to be. There is also some concern with the funding of the RFA piece.

Advocates have expressed strong concern with the proposed rate structure, given that there has not been sufficient time to review the new rates and assess their impact on the CCR effort. At this point, however, they feel the proposed rates to be insufficient given the expected services and supports these homes will be required to provide, and are unclear if counties are supposed to pick up the tab on anything not covered in the rates. They also feel there is not enough information on details surrounding the levels of care and the assessment tool, which will be instrumental in how children are placed into homes and how the rate structure works within the larger goals of CCR. They are also concerned that the rates do not account for regional differences.

LAO Comments. The Legislative Analyst’s Office makes the following comments and raises some initial questions:

- It is uncertain at this time how the new HBFC rates take into account new service requirements. While DSS has promulgated guidance around what services will be required, it remains uncertain which children will be entitled to what services and what levels of services are expected. Without further policy detail on how the new CCR service requirements will be implemented, it is difficult to assess the adequacy of the proposed HBFC rate structure.

- How did DSS determine the HBFC rates of the four LOCs and how do the increments reflect the additional care and services needs of children?
- How Did DSS Estimate the Number of Children in Each LOC? The Legislature has requested additional information from DSS on the differences between the LOCs.
- How will DSS ensure the consistent application of LOC determinations across counties both during and after the assessment pilot?
- How and when will the initial LOC assessment be made so children can receive the appropriate LOC HBFC rate beginning in January 2017?
- The Legislature may wish to consider what kinds of monitoring and reporting on CCR implementation it would like in order to ensure adequate legislative oversight. Such monitoring could be accomplished through supplemental reporting language or regularly required briefings from DSS. Topics of the reports or briefings may change depending on where CCR is in the implementation process, but could include such things as (1) the status of DSS guidance to counties and stakeholders on the various components of CCR implementation, (2) county costs and savings related to CCR implementation, and (3) foster child outcomes like the number of children transitioning out of group homes and STRTPs into home-based family placements.

Staff Comment and Recommendation. Staff is also concerned that there has not been sufficient time to review the new rates, and that there is a lack of detailed information concerning the levels of care and assessment tool. Staff recommends that this item remain open at this time.

Questions.

1. Please summarize the proposal and the differences between the Governor's budget.
2. How were advocates and stakeholders involved in the process of drafting the new rate structure?
3. Please provide more detail on the levels of care and the new assessment tool.
4. Given that the assessment tool is still in development, what guidance have you provided counties with so that they can still place children within the new rate structure?
5. Please comment on the advocate concerns outlined in this agenda.
6. Do you intend that there be additional oversight or review of the rate structure as it implements?

Issue 19: Budget Change Proposal: Funding Continuum of Care Reform Implementation

Governor's Budget. The Administration requests \$5 million (\$2.5 million General Fund) on a three-year limited term basis to support approximately 34 positions to implement AB 403 (Stone), Chapter 773, Statutes of 2015.

Background. AB 403 seeks to achieve the goal that all children as members of committed, nurturing, and permanent families, and that these children and their families must have local access to a broad continuum of services and supports. This legislation fundamentally changed the manner in which foster care and other entities coordinate and deliver services to foster children. Workload includes the development of 228 new procedures, processes, or protocols; 26 consultations with varying combinations of 18 specified or open-ended stakeholder groups; development of 19 sections of regulations; development of eight new training programs or new curriculum for existing programs; and reports to the Legislature or to publicly publish information.

The department asserts that a group of dedicated personnel is required to carry out AB 403 activities, particularly to meet the January 1, 2017 implementation deadline. The requested staff will be used to achieve the following goals: limit reliance on congregate care; increase capacity for home-based family care; increase engagement with foster children/youth and families; revise the foster care rate structure; increase accountability and performance; reporting; and legal support.

Staff Recommendation. Approve as requested. This subcommittee heard and discussed this item during its April 21, 2016 hearing. No concerns have been raised.

5180 DEPARTMENT OF SOCIAL SERVICES – IN-HOME SUPPORTIVE SERVICES (IHSS)**Issue 20: Trailer Bill Language: IHSS MOE**

Governor’s Budget. The Administration proposes to clarify in existing law that counties are responsible for paying the entire nonfederal share of any IHSS cost increase exceeding the maximum amount of the state’s participation, and that the counties’ share of these expenditures are included in the county IHSS MOE.

Background. Beginning July 1, 2012, all counties in California were required to have a county IHSS MOE, which would be in-lieu of paying the nonfederal share of IHSS costs. Statute specified that the county’s IHSS MOE would be based on expenditures from FY 2011-12 and would be adjusted by an inflation factor of 3.5 percent annually, beginning July 1, 2014. In addition, the county IHSS MOE would be adjusted for the annualized costs of increases in provider wages and/or health benefits that were locally negotiated, mediated, or imposed prior to the Statewide Authority assumption of its responsibilities. If the department approved a rate or benefit increase, the state would be responsible for 65 percent of the nonfederal share of the costs while the county would be responsible for the remaining 35 percent with a limit for the state up to \$12.10 per hour for wages and health benefits.

The department notes that this proposal clarifies and affirms the intent of existing law that the increased costs to the contract mode are shared by the counties, consistent with the IHSS MOE.

Advocate concerns. The California State Associate of Counties (CSAC), the County Welfare Directors Association of California (CWDA), and the California Association of Public Authorities (CAPA) have concerns with the current way the TBL is drafted. They are not opposed to TBL that would clarify that the county IHSS MOE’s should be increased for the county’s share of contract provider wage or health benefit increases resulting from local negotiations, but feel that the proposed language is too broad.

Staff Recommendation. Hold open.

Questions.

1. DSS: The department had previously stated that it was working with advocates and that modified trailer bill language would be forthcoming at May Revision; however, there was no new language proposed. Where is the department now in its conversations with stakeholders?

Issue 21: IHSS Overtime Restriction Exemptions (Issues 417-MR and 418-MR)

May Revision. The Administration requests an increase of \$22,277,000 General Fund and reimbursements to be increased by \$25,122,000 to reflect costs associated with exempting providers who meet specified criteria from IHSS overtime restrictions contained in SB 855 (Committee on Budget and Fiscal Review) Chapters 29, Statutes of 2014.

Background. Exemptions will be available for live-in family care providers who, as of January 31, 2016, reside in the home of two or more disabled minor or adult children or grandchildren for whom they provide services. A second type of exemption will be considered for recipients with extraordinary circumstances and granted on a case-by-case basis. Under either exemption, the maximum number of hours for a provider may work cannot exceed 360 hours per month.

Advocate Concerns. Advocates have raised concerns that consumers with high needs who may be entitled to the second exemption have not been properly notified and may be in jeopardy of entering institutional based-care, given that they may be unaware of their options.

Staff Recommendation. Hold open.

Questions.

1. Please summarize the proposal.

**0530 HEALTH AND HUMAN SERVICES AGENCY/OFFICE OF SYSTEMS INTEGRATION
5180 DEPARTMENT OF SOCIAL SERVICES****Issue 22: Spring Finance Letter: CWS-NS**

Governor's Budget. The Administration requests an augmentation of \$32.1 million in combined state and federal funding for DSS local assistance costs, as well as \$28.66 million in expenditure authority for OSI to develop and implement CWS-NS. This funding will be available until project completion and reviewed on an annual basis. Budget bill language is also being requested which will allow for increased project funding beyond the appropriation authority, funds to be transferred to state operations for project-related activities, and provides various reporting requirements.

Background. In November 2015, the state changed its typical procurement approach from a monolithic, multi-year Request for Proposal to pursue an agile development approach for numerous smaller modules of functionality reflecting the same ultimate scope as the prior efforts.

The department notes that it requests additional resources for the CWS-NS project in light of uncertainty in the Agile development process, and the need to be flexible in administrative processes and contracting, and uncertainty in vendor competition and performance.

Staff Comment and Recommendation. Hold open. Staff has requested that the LAO draft budget bill language that clarifies that the flexibility should not increase total project costs, and that the Legislature have adequate notification before funds are increased. Staff recommends to hold this item open to allow for further discussion. Below is the language that the LAO has provided:

Of the funds appropriated in Schedule (1) of this item, \$29,179,000 is for the support of activities related to the Child Welfare Services-New System (CWS-NS) project. Expenditure of these funds is contingent upon approval of project documents by the Department of Finance and the Department of Technology. This amount may be increased by the Department of Finance, up to a maximum of \$5,000,000 during the 2016-17 fiscal year, upon approval of revised project documents. Such an increase shall only be used to support an acceleration of planned project activities, and shall not be used to increase total project costs. Any such increase shall be authorized no less than 30 calendar days following written notification to the Chairperson of the Joint Legislative Budget Committee, or a lesser period if requested by the department and approved by the Chairperson of the Joint Legislative Budget Committee or his or her designee. upon notification to the Legislature.