

SUBCOMMITTEE NO. 3

Agenda

Senator Richard Pan, Chair
Senator William W. Monning
Senator Jeff Stone



April 19, 2018
9:30 a.m., or Upon Adjournment of Floor Session
Room 4203, State Capitol

Consultants: Theresa Pena and Scott Ogus

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4700 COMMUNITY SERVICES AND DEVELOPMENT**Issue 1: Overview**

The Department of Community Services and Development (CSD) partners with a statewide network of private, non-profit and public community-based organizations commonly referred to as community Action Agencies or Local Service Providers dedicated to helping low-income families and individuals achieve and maintain self-sufficiency, manage their home energy needs, and reside in housing free from the dangers of lead hazards. The Governor's budget proposes total spending of \$268.9 million (no General Fund) for CSD for 2018-19. Below is a summary of the Governor's proposed funding for 2017-18 and 2018-19:

Funding for Dept. of Community Services and Development - 4700	
Funding Source	FFY 2017
Low Income Home Energy Assistance Program	\$170.8
Community Services Block Grant	\$62.9
Dept. of Energy Weatherization Assistance Program	\$6.2
Greenhouse Gas Reduction Fund ^{1/}	\$18.0
Funding for Dept. of Community Services and Development - 4700	
Funding Source	FFY 2018 ^{2/}
Low Income Home Energy Assistance Program	\$159.2
Community Services Block Grant	\$30.1
Dept. of Energy Weatherization Assistance Program	-
Greenhouse Gas Reduction Fund ^{3/}	-

Dollars in Millions

Footnote 1: \$18 million in LIWP Funding for the 2017-18 State Fiscal Year

Footnote 2: 2018 Funding was just passed 4/23/18. CSD doesn't have official amounts. Funding received to date.

Footnote 3: GGRF reflects funding for the 2018-19 State Fiscal Year

CSD's programs include:

- Community Services Block Grant (HHS-CSBG). CSBG is an annual federal grant that provides or supports a variety of local services to alleviate the causes and conditions of poverty with the goal of helping people achieve self-sufficiency. Examples of CSBG supported services and activities include local programs to address employment, education, asset building, housing and shelter, nutrition and emergency services.
- Low-Income Home Energy Assistance Program (HHS -LIHEAP). LIHEAP is an annual federal grant that provides financial assistance to offset the costs of heating/cooling residential dwellings, for energy-related emergencies, and weatherization services to improve the energy-efficiency of homes.
- U.S. Department of Energy Weatherization Assistance Program (DOE-WAP). WAP is an annual federal grant that provides weatherization services to eligible low-income individuals to improve the energy-efficiency of low-income homes and safeguard the health and safety of occupants.
- Lead-Based Paint Hazard Control Program (HUD-Lead). LEAD is a competitive federal grant that provides for the remediation of lead-based paint in low-income homes with young children.
- Low-Income Weatherization Program (LIWP). LIWP is funded by state cap-and-trade auction proceeds to provide energy efficiency and renewable energy services such as solar photovoltaic systems. These services are provided to low-income single-family and multi-family dwellings within disadvantaged communities to help reduce greenhouse gas emissions and save energy.
- Drought Emergency Assistance Program (DEAP). DEAP is funded by state general funds and provides supportive services and emergency assistance for low-income workers in agriculture and ancillary industries who have suffered job losses related to the state's drought. DEAP supports a broad range of supportive services in over 24 highly drought impacted counties, including housing assistance, food, transportation, and employment services.

Federal Budget Update. The proposed federal budget calls for eliminating two U.S. Department of Health and Human Services' grant programs, the LIHEAP and the CSBG. There is still much uncertainty about whether Congress will adopt this budget.

LIWP Update. Last year, there was some concern expressed about CSD's new Regional Administrator approach for LIWP by various stakeholders; in particular, it was pointed out that contractors located in the geographic region to which they were applying were not given proper consideration. In response, the Legislature directed CSD to prioritize existing ties to local communities and give preference to organizations with demonstrated performance outcomes in future procurements. CSD was also required to provide quarterly briefings on LIWP to legislative staff. The department published its first report to the Legislature in March 2018.

Staff Comment and Recommendation. This item is informational only and no action is required.

Questions.

1. Please provide an update on current funding levels and any new or significant developments.
2. Please provide a brief update on LIWP.

Issue 2: Budget Change Proposal: Low-Income Weatherization Program Reappropriation

Governor's Proposal. The Administration requests reappropriation of any unexpected balances of 2015-16 local assistance appropriations received from the Greenhouse Gas Reduction Fund (GGRF) to be available for encumbrance until the end of 2018-19, and available for liquidation until the end of 2018-2019. The proposal includes budget bill language (BBL).

Background. Implementation of the California Global Warming Solutions Act of 2006 (Nuñez and Pavley), Chapter 488, Statutes of 2006, includes measures to achieve real and quantifiable cost-effective reductions of greenhouse gas (GHG) emissions. The Air Resources Board (ARB) has developed a market-based cap-and-trade program as a key element of its GHG reduction strategy, where there is a system of tradable permits to emit GHGs, and the market allows exchange of these allowances. A portion of the allowances are sold at auction, with the proceeds deposited in the GGRF which has been established for the purpose of funding measures that allow California to achieve its GHG reduction goals.

Launch of the LIWP 2015-16 Single-Family program was delayed following protests to the competitive bid process identifying Regional Administrator awardees. Due to this delay, contracts were not finalized until June 2017. When factoring in ramp-up activities such as the renegotiation of project implementation plans, implementation of outreach strategies, and seasonal factors during winter months that limit project completions, liquidation of all the funds by the end of 2017-18 seems unrealistic. If the reappropriation authority is not granted, CSD anticipates reverting a total of \$57 million in GGRF.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the proposal.

0530 – HEALTH AND HUMAN SERVICES AGENCY, OFFICE OF SYSTEMS INTEGRATION
4260 – DEPARTMENT OF HEALTH CARE SERVICES
5180 – DEPARTMENT OF SOCIAL SERVICES

Issue 1: Overview: Office of Systems Integration and Automation Projects

Background. The Office of Systems Integration (OSI) was established within the California Health and Human Services Agency to manage a portfolio of large, complex health and human services information technology (IT) projects. OSI provides project management, oversight, procurement, and support services for these projects and coordinates communication, collaboration, and decision-making among project stakeholders and program sponsors. After the procurement phase, OSI oversees the design, development, governance, and implementation of IT systems which serve health and human services programs.

OSI currently oversees a number of human services projects for the Department of Health Care Services (DHCS) and the Department of Social Services (DSS), including:

Appeals Case Management System (ACMS). ACMS supports the work of the State Hearings Division (SHD), which is responsible for ensuring due process for individuals who wish to appeal administrative decisions about benefits for public assistance programs, including Medi-Cal, Covered California, CalWORKs, CalFresh, and In-Home Supportive Services (IHSS). Currently ACMS, along with 21 ad-hoc applications, is collectively known as the State Hearings System (SHS). The SHS tracks, schedules, and manages appeals requests received from all 58 counties. OSI will help procure system integration services to assist the design, development and implementation of a hearings appeals system that will assist the recipients of public social service programs seeking fair hearings, DSS stakeholders, and state and local government entities. The ACMS will create a single case management system that will combine intake, scheduling and reporting functions into a single workflow; streamline current manual processes and reduce errors caused by data entry. The 2016 Budget Act approved an increase of \$237,000 in OSI spending authority for the ACMS project and the conversion of seven existing state positions from limited-term to permanent.

Case Management Information and Payrolling Systems (CMIPS II). CMIPS II is an automated statewide system that performs case management and payroll functions for all IHSS providers and recipients. DSS contracts with OSI for project management and vendor contract oversight services to maintain and operate CMIPS II. After a statewide transition in 2013 from the legacy CMIPS system to a new system, CMIPS II, the project is currently in the maintenance and operations (M&O) phase. The CMIPS II Post Implementation Evaluation Report was approved by the California Department of Technology (CDT) in July 2016. The existing prime vendor contract ended on March 31, 2018, and OSI is conducting a competitive procurement to award a new prime vendor contract for M&O.

Child Welfare Services-California Automated Response and Engagement System (CWS-CARES). The CWS-CARES provides an automated child welfare system with capabilities that include mobile and web-based technology to support the current and future business practice needs of the counties and the state. The new system will support child welfare programs, business processes and legislated improvements focused on protecting the safety of children and families. DSS, working collaboratively with OSI and the County Welfare Directors Association (CWDA), developed the CWS-CARES Project

to replace the current Child Welfare Services/Case Management System (CWS/CMS). The CWS-CARES Project will use an Agile procurement and design/development approach, where a Request for Proposal (RFP) is broken into a set of smaller modules that can be delivered in a short period of time, and a separate vendor is selected for each module.

Child Welfare Services/Case Management System (CWS/CMS). The CWS/CMS is a statewide tool that currently supports the Child Welfare System of services. The CWS/CMS provides information to service workers to improve case work services, reduces repetitive manual workload, provides policy makers with information to design and manage services, and fulfills state and federal legislative requirements. However, this system is outdated in a number of ways and will be replaced by the CWS-NS.

Electronic Benefit Transfer (EBT) Project. EBT is the system used in California for the delivery, redemption, and reconciliation of public assistance benefits, such as CalFresh, California Food Assistance Program, and cash aid benefits. Recipients of public assistance in California access their benefits with the Golden State Advantage EBT card. The new EBT services contract was executed on June 6, 2016, and the transition to the new California EBT system and other EBT-related services was initiated. The transition is completed in January 2018.

Statewide Automated Welfare System (SAWS). The Statewide Automated Welfare System (SAWS) Consortia is made up of multiple systems which support such functions as eligibility and benefit determination, enrollment, and case maintenance at the county level for some of the state's major health and human services programs, including CalWORKs and CalFresh. The Consortia includes the Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting (LEADER) system, which is now being replaced by the LEADER Replacement System (LRS), the Welfare Client Data System (CalWIN), and Consortium IV (C-IV), which are managed by the Office of Systems Integration (OSI).

Welfare Data Tracking Implementation Project (WDTIP). WDTIP provides counties with the automated functionality required to conform to the statewide tracking of time-on-aid requirements, and tracks the 48 and 60-month assistance clock, the 24-month services clock, and welfare-to-work (WTW) exemptions and sanctions. WDTIP is the interface system within the existing county SAWS consortia.

Medi-Cal Eligibility Data System (MEDS) Modernization. MEDS serves as the "system of record" to determine eligibility for many of the state's health and human services programs including Medi-Cal, CalWORKs, CalFresh, Every Woman Counts, the Child Health and Disability Prevention Program, the Breast and Cervical Cancer Treatment Program, the Family Planning Access Care and Treatment Program, Cash Aid Program for Immigrants, In-Home Supportive Services, and Refugee Cash Assistance. Local governments also use MEDS data, specifically for the County Medical Services Program and the County Welfare and Tribal Temporary Assistance for Needy Families. Access to MEDS is provided to more than 35,000 end users and DHCS must ensure that the system and its end users protect confidential beneficiary information in accordance with state and federal security and privacy requirements. OSI is currently leading a multi-departmental planning effort to modernize MEDS to more efficiently meet the eligibility needs of the state's health and human services programs, as well as comply with state and federal requirements.

Electronic Women, Infants, and Children (eWIC) Management Information Project (MIS). The Women, Infants, and Children (WIC) program is a federally-funded nutrition education and supplemental food program established in 1972. California's WIC Program is administered by the Department of Public Health, which contracts with 83 local agencies in 58 counties to provide WIC services at 637 sites and serves approximately 1.1 million participants each month. The federal Healthy, Hunger-Free Kids Act of 2010 requires all states to migrate from a WIC paper-based food benefits delivery system to an EBT system by 2020. DPH indicates the current WIC MIS is outdated and not EBT-compliant and received both federal and state approvals to begin the procurement to solicit bids and contract for the services of a design, development, and implementation of a systems integrator. DPH has contracted with OSI to leverage California's EBT Services Contract to automate the issuance of WIC food benefits via the California EBT system.

Staff Comment and Recommendation. No action required. This is an informational item only.

Issue 2: Budget Change Proposal: Medi-Cal Eligibility Data System (MEDS) Modernization

Budget Issue. CHHSA’s Office of Systems Integration (OSI), DHCS, and DSS request seven positions (four positions for OSI, three positions for DSS) and expenditure authority of \$7.9 million (\$787,000 General Fund, \$6.6 million federal funds, and \$426,000 reimbursements) in 2018-19. If approved, these resources would continue the multi-departmental planning effort to replace the Medi-Cal Eligibility Data System (MEDS). These staffing and other resources would support completion of activities required by the Department of Technology’s Project Approval Lifecycle (PAL) Stage Gate requirements.

Program Funding Request Summary (CHHSA-OSI)		
Fund Source	2018-19	2019-20
9745 – CHHS Automation Fund	\$7,350,000	\$-
Total Funding Request:	\$7,350,000	\$-
Total Requested Positions:	4.0	0.0

Program Funding Request Summary (DHCS)		
Fund Source	2018-19	2019-20
0001 – General Fund	\$740,000	\$-
0890 – Federal Trust Fund	\$6,664,000	\$-
Total Funding Request:	\$7,404,000	\$-
Total Requested Positions:	0.0	0.0

Program Funding Request Summary (DSS)		
Fund Source	2018-19	2019-20
0001 – General Fund	\$47,000	\$-
0995 – Reimbursements	\$426,000	\$-
Total Funding Request:	\$473,000	\$-
Total Requested Positions:	3.0	0.0

Background. DHCS serves as the single state agency responsible for the administration of Medi-Cal, California’s state Medicaid program. Medi-Cal provides medical, dental, mental health, substance use disorder services, and long-term care to more than 13 million low-income Californians. Eligibility for Medi-Cal is determined by local county welfare and public health agencies. Since 1983, DHCS has used the current MEDS system for a variety of eligibility and reporting functions for the Medi-Cal program. Specifically, MEDS captures beneficiary information from the three county Statewide Automated Welfare System (SAWS) consortia (LEADER, Consortium IV and CalWORKs Information Network), state and federal partners, and Covered California.

In addition to its role maintaining eligibility information for Medi-Cal, MEDS serves as the “system of record” to determine eligibility for many of the state’s health and human services programs. DHCS utilizes MEDS data for determinations regarding its Every Woman Counts, Child Health and Disability Prevention, Breast and Cervical Cancer Treatment, and Family Planning Access Care and Treatment programs. The Department of Social Services (DSS) leverages MEDS data for eligibility determinations and administration of CalWORKs, CalFresh, Cash Aid Program for Immigrants, In-Home Supportive Services, and Refugee Cash Assistance. Local governments also use MEDS data, specifically for the

County Medical Services Program and the County Welfare and Tribal Temporary Assistance for Needy Families. Access to MEDS is provided to more than 35,000 end users and DHCS must ensure that the system and its end users protect confidential beneficiary information in accordance with state and federal security and privacy requirements.

Although MEDS is currently providing support to a diverse array of state and local health and human services programs, a multi-year, multi-agency process has been underway to modernize MEDS to address system issues, meet current and future operational needs, and fulfill requirements of state and federal guidance. The primary programming language of MEDS is COBOL. The number of qualified programmers familiar with COBOL is limited and is declining over time. This limitation presents challenges for making appropriate system changes to preserve the stability of MEDS and allow flexibility to continue supporting the system's many end users.

The Medicaid Information Technology Architecture (MITA) is an initiative of the federal Center for Medicaid & State Operations (CMSO). MITA is intended to foster integrated business and IT transformation across the Medicaid enterprise to improve the administration of the Medicaid program. Its common business and technology vision for state Medicaid organizations emphasize: 1) a patient-centric view not constrained by organizational barriers; 2) Common standards with, but not limited to, Medicare; 3) Interoperability between state Medicaid organizations within and across states, as well as with other agencies involved in healthcare; 4) Web-based access and integration; 5) Software reusability; 6) Use of commercial off the shelf (COTS) software; and 7) Integration of public health data.

In 2011 the federal Centers for Medicare and Medicaid Services (CMS) released regulations to provide enhanced federal funding for design, development and installation (DDI) or maintenance and operations (M&O) of Medicaid eligibility systems, such as MEDS. These regulations were meant to allow states to modernize eligibility systems to account for the new eligibility determination policies implemented by the Affordable Care Act. Prior to these regulations, eligibility systems had not been eligible for enhanced funding since 1986. Under the new rule, DDI activities receive 90 percent federal match and M&O activities receive 75 percent match. To receive the enhanced match, states must submit and CMS must approve an advanced planning document (APD), which demonstrates that the system will, among other provisions, meet the standards and conditions of the MITA initiative.

DHCS began the process of modernizing MEDS in 2014 with its initial request for 16 positions for two years. These positions and resources were reauthorized for an additional year in the 2016 Budget Act and management of the project was transferred to OSI. According to OSI, DHCS, and DSS, the following activities have been completed in each of the four years of the project:

2014-15

- Procured Project Management Support consultant services
- Performed initial business rules extraction
- Purchased and installed business rules extraction software
- Procured Business, Information, and Technology Enterprise Architects consulting services
- On-boarded 16 new state staff

- Obtained approval of Planning Advanced Planning Document Update (PAPDU) for federal year 2015 funding participation

2015-16

- Established formal Project Steering and Executive Steering Committees
- Implemented stakeholder engagement activities
- Procured new Project Planning consultant
- Executed departmental interagency agreement between the DHCS and the Department of Social Services.
- Completed core transition activities to move the MEDS Modernization planning effort from DHCS to OSI
- Restructured project to align with State PAL Stage Gate requirements
- Obtained approval of PAPDU for federal year 2016 funding participation
- Completed business rules extraction and annotation
- Completed As-Is Assessment of MEDS Business, Information and Technology Architecture

2016-17

- Procured consultant services and began a multi-agency alternatives analysis
- Began PAL Stage 2 Alternatives Analysis (S2AA)
- Obtained Department of Technology (CDT) approval of PAL Stage 1 Business Analysis (S1BA)
- Obtained approval of PAPDU for federal year 2017 funding participation
- Executed departmental interagency agreement between OSI and DHCS

2017-18

- Submission and approval of Stage 2 Alternatives Analysis documentation
- Submission and approval of a PAPDU for federal year 2018 funding participation
- Completion of Stage 3 Solution Development for the Health Insurance System component
- Submission of an Implementation Advance Planning Documents (IAPD) for detailed design, development and implementation activities to begin in 2018-19.

The 2017 Budget Act extended 16 positions for a two-year period for project activities related to the requirements of completing Stages 3 and 4 of the PAL process. OSI, DHCS, and DSS report the 2017-18 activities focused primarily on the first planned conversion of existing MEDS data, which consists of three Health Insurance System (HIS) data files currently maintained using outdated Virtual Storage Access Method (VSAM) technology. The HIS data component currently stores information about other health coverage, ensuring Medi-Cal is the payer of last resort. Utilizing this approach and focusing on the HIS data component will provide the opportunity to pilot the proposed use of modern Identity Access Management (IdAM), Application Programming Interface (API), and Master Data Management (MDM) principles, methods, and tools as part of the modernization solution. According to OSI, DHCS, and DSS, the pilot will be able to determine the effectiveness of proceeding with these modernization methods and tools for other components of the MEDS database and system environment, while avoiding negative impacts to current functioning of the MEDS system during the conversion.

OSI, DHCS, and DSS request seven positions and expenditure authority of \$7.9 million (\$787,000 General Fund, \$6.6 million federal funds, and \$426,000 reimbursements) in 2018-19. If approved, the positions and resources would be allocated as follows:

OSI Core Project Team Support Staff

- **One Executive Assistant** would support the OSI Deputy Director and MEDS Modernization Project Director with administrative tasks, such as scheduling, preparing agendas, minute taking, document printing and distribution.
- **One Management Services Technician** would provide project support services and would provide dedicated administrative and clerical support to the entire project staff.

OSI Direct Administrative Services Legal and IT Staff

- **0.5 Attorney III** position would support increased workload related to procurements and changes in planning documents. This request would augment an existing 0.5 Attorney III position, resulting in combined workload for one full-time Attorney III.
- **0.5 Staff Information Security Analyst** would serve as CHHSA Information Security Officer (ISO) and provide interagency support and oversight for compliance with project security requirements.
- **One Associate Information Systems Analyst** would provide IT support for project staff and contractors for desktops, networks, and maintenance.

DSS MEDS Modernization Project Team Members

- **One Staff Services Manager I (Specialist)** would serve as the DSS program subject matter expert, representing the programmatic needs of all DSS programs and divisions during the planning and implementation process, and making recommendations to executive management for future policy action and process implementation.
- **One Systems Software Specialist III (Technical)** would participate in the technical aspects of the MEDS Modernization project, including all DD&I modules activities, and provide technical expertise in DSS use of and need for MEDS access.
- **One Systems Software Specialist II (Technical)** would participate in the technical aspects of the MEDS Modernization project, including technical design, data conversion, and cleanup strategies and efforts.

Hardware and Software Services

- **\$1.2 million** for the purchase of cloud-based hardware and software services, including hardware cloud fees, a testing software suite, modeling tool software, agile project management software, and office equipment.

Operating Expenses and Equipment

- **\$1 million** for operating expenses and equipment, including general expenses, printing, communications, travel, and training, for both direct staff and contractors.

Contract Services

- **\$81,000 for Program Management Support Services** to provide assistance with overall project planning, project management, scheduling, transition planning and strategies.
- **\$1.2 million for Technical Support Services** to provide technical consulting, data clean up and conversion, and stakeholder and change management.
- **\$3.2 million for Software Customization Services** to configure and customize software, provide testing services consultants to assist in the development, maintenance, and implementation of the project's test plans.

- **\$352,000 for Project Oversight Services** for CDT to provide independent project oversight functions, including Independent Verification and Validation (IV&V) consultants to verify and validate that project and contractor products adhere to industry standards and meet other requirements and specifications.

The following is a detailed description, provided by OSI, DHCS, and DSS, of the total allocation of ongoing positions and resources approved in the 2017 Budget Act and the new requested positions and resources contained in this budget request:

BUDGET	FY 2017-18 Budget	FY 2018-19 Proposed Budget	BCP Request
<u>OSI Costs</u>			
Personnel Services	\$1,806,000	\$2,313,000	\$507,000
OE&E	\$179,000	\$1,679,000	\$1,500,000
Consultant Services	\$2,915,000	\$7,092,000	\$4,177,000
Facilities	\$597,000	\$597,000	\$-
Hardware/Software	\$-	\$1,166,000	\$1,166,000
<i>OSI MEDS Project Total</i>	\$5,497,000	\$12,847,000	\$7,350,000
<u>CDSS Costs</u>			
Personnel Services	\$-	\$371,000	\$371,000
OE&E	\$-	\$102,000	\$102,000
<i>CDSS MEDS Project Total</i>	\$-	\$473,000	\$473,000
<u>DHCS Costs</u>			
Personnel Services	\$292,000	\$321,000	\$29,000
OE&E	\$640,000	\$65,000	(\$575,000)
Consultant Services	\$224,000	\$224,000	\$-
SME	\$-	\$600,000	\$600,000
Transfer to CDSS	[\$224,000]	[\$426,000]	[\$426,000]
Transfer to OSI	[\$5,497,000]	[\$12,847,000]	[\$7,350,000]
<i>DHCS MEDS Project Total</i>	\$1,156,000	\$1,210,000	\$54,000
Total Project Budget	\$6,653,000	\$14,530,000	\$7,877,000
TOTAL DHCS REQUEST			\$7,404,000

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested CHHSA to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 3: Budget Change Proposal: HIPAA Compliance and Technical Assistance

Budget Issue. CHHSA (CalOHII) requests one position and reimbursement expenditure authority of \$128,000 annually. If approved, these resources would allow CalOHII to continue its oversight of statewide HIPAA compliance activities.

Program Funding Request Summary (CHHSA)		
Fund Source	2018-19	2019-20*
0995 – Reimbursements	\$128,000	\$128,000
Total Funding Request:	\$128,000	\$128,000
Total Requested Positions:	1.0	1.0

*Positions and resources ongoing after 2019-20.

Background. The California Office of Health Information Integrity (CalOHII) within CHHSA provides statewide guidance, planning, and technical assistance to state departments and agencies for compliance with the Health Insurance Portability and Accountability Act (HIPAA). HIPAA, implemented in 1996, was intended to allow for portability and continuity of an individual's health care coverage by imposing significant administrative simplification and standardization requirements on health care entities, and strict security standards for protected health information. CalOHII was established in 2001 with the following responsibilities and authority:

- Provide statewide leadership, coordination, policy formulation, direction, and oversight responsibilities for HIPAA implementation by impacted state departments.
- Establish policy, provide direction to state entities, monitor progress, and report on HIPAA implementation efforts.
- Determine which provisions of state law concerning personal health information are preempted by HIPAA for state agencies.

Covered Entities, Business Associates, and Impacted State Departments. HIPAA administrative simplification and security rules apply to certain individuals or organizations known as covered entities or business associates. According to the U.S. Department of Health and Human Services (HHS), covered entities include the following:

1. Health care providers including physicians, clinics, psychologists, dentists, chiropractors, nursing homes, and pharmacies that transmit HIPAA-protected information in an electronic format.
2. Health plans including commercial health care service plans, health insurers, group health plans, and public health care programs, such as Medicare, Medicaid, and military or veteran's health care programs.
3. Health care clearinghouses that process nonstandard information they receive from another entity into a standard electronic format or data content, or vice versa.

According to HHS, a business associate is a person or entity that performs certain functions or activities that involve the use or disclosure of protected health information on behalf of, or provides services to, a covered entity. Business associate functions and activities include: claims processing or administration; data analysis, processing or administration; utilization review; quality assurance; billing; benefit management; practice management; and repricing. Business associate services may include: legal;

actuarial; accounting; consulting; data aggregation; management; administrative; accreditation; and financial. Examples of business associates are: third party administrators that assist a health plan with claims processing, accounting firms whose services to a health care provider involve access to protected health information, attorneys whose legal services to a health plan involve access to protected health information, consultants that perform utilization reviews for a hospital, health care clearinghouses that translates a claim from a non-standard format into a standard transaction on behalf of a health care provider and forwards the processed transaction to a payer, independent medical transcriptionists that provide transcription services to a physician, pharmacy benefits managers that manage a health plan's pharmacist network.

CalOHII is responsible for conducting periodic reviews of state departments, agencies, and other organizations that are considered covered entities or business associates with administrative and security responsibilities under HIPAA. CalOHII also evaluates whether state entities are impacted in other ways by state or federal laws and regulations related to HIPAA or generally to the privacy and security of protected health information. CalOHII completed its most recent statewide HIPAA assessment in 2017 and determined the state's covered entities, business associates, and impacted entities are as follows:

Covered Entities and Business Associates	Impacted State Entities
CA Correctional Health Care Services Dept. of Aging Dept. of Corrections and Rehabilitation Dept. of Developmental Services Dept. of Forestry and Fire Protection Dept. of General Services Dept. of Health Care Services Dept. of Public Health Dept. of Social Services Dept. of State Hospitals Dept. of Technology Dept. of Veterans Affairs Emergency Medical Services Authority Office of Systems Integration Public Employees' Retirement System State Controller's Office	Board of Behavioral Sciences Board of Chiropractic Examiners Board of Pharmacy Board of Pilot Commissioners for the Bays Board of Podiatric Medicine Board of Psychology Board of Registered Nursing Board of Vocational Nursing and Psychiatric Technician Examiners Bureau of Medical Cannabis Regulation CA Acupuncture Board CA Board of Accountancy CA Committee on Employment of People with Disabilities CA Highway Patrol (CHP) CA State Athletic Commission CA Student Aid Commission Council on Mentally Ill Offenders Covered CA Dental Board of CA Dental Hygiene Committee of CA Department of Consumer Affairs Department of Industrial Relations Department of Insurance Department of Managed Health Care Department of Motor Vehicles Department of Parks and Recreation Department of Pesticide Regulation

	Department of Rehabilitation Employment Development Department Health and Human Services Agency Medical Board of CA Mental Health Services Oversight & Accountability Commission Naturopathic Medicine Committee Office of Health Information Integrity (CalOHII) Office of Law Enforcement Support Office of Statewide Health Planning and Development Office of the Inspector General Office of the Patient Advocate Office of the State Public Defender Osteopathic Medical Board Physical Therapy Board of CA Respiratory Care Board Speech-Language Pathology & Audiology and Hearing Aid Dispensers Board State Board of Optometry State Personnel Board State Teachers' Retirement System Victim Compensation Board
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CalOHII Significantly Restructured After Zero-Base Review. The 2016 Budget Act significantly restructured CalOHII, reducing its program staff by 11.5 positions and its annual budget by approximately \$1.5 million. After a zero-base review of the CalOHII budget and program needs, CHHSA determined only four positions (three permanent and one limited-term) were needed to continue to focus on monitoring of departments' HIPAA compliance and periodic updates to statewide HIPAA policy.

CalOHII requests one Staff Services Manager I (SSM I) position and reimbursement expenditure authority of \$128,000 annually. According to CalOHII, the SSM I position, which was the position approved on a limited-term basis during its 2016 restructuring, will continue to perform administrative functions, manage federal and state legislative analyses, conduct statewide HIPAA entity assessments, update the State Health Information Policy Manual, and update CalOHII HIPAA compliance tools.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested CHHSA to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 4: Budget Change Proposal: Rightsizing Office of Law Enforcement Support

Budget Issue. CHHSA's Office of Law Enforcement Support (OLES) requests one new position, reclassification of nine existing positions, and General Fund expenditure authority of \$686,000 in 2018-19 and \$621,000 annually thereafter. If approved, these resources would allow OLES to recruit appropriate staff to provide monitoring and oversight of investigations conducted by the Department of State Hospitals (DSH) and Department of Developmental Services (DDS).

Program Funding Request Summary		
Fund Source	2018-19	2019-20*
0001 – General Fund	\$686,000	\$621,000
Total Funding Request:	\$686,000	\$621,000
Total Requested Positions**:	1.0	1.0

* Positions and resources ongoing after 2019-20.

** The position request includes reclassifications of nine existing positions to classifications with higher total compensation.

Background. In July 2013, the California State Auditor released Report 2012-107: *“Developmental Centers - Poor -Quality Investigations, Outdated Policies, Leadership and Staffing Problems, and Untimely Licensing Reviews Put Residents at Risk”*. In the report, auditors reviewed 48 investigations conducted by the Office of Protective Services (OPS) at DDS, which is responsible for the department's response to alleged abuse of individuals with developmental disabilities residing in one of the state's developmental centers. Auditors discovered OPS often did not collect written declarations from witnesses and suspects, take photographs of crime scenes or victims, and did not always attempt to interview alleged victims, particularly those who were said to be nonverbal.

In response to concerns raised by the audit and additional concerns regarding investigations at DSH, the Office of Law Enforcement Support (OLES) was established in CHHSA in 2014 to provide monitoring and oversight of peace officers serving at DSH and DDS. The Budget Act of 2014 provided six permanent positions and directed OLES to develop training protocols, policies, and procedures for peace officers operating at DSH and DDS, as well as to develop recommendations to further improve the quality and stability of law enforcement and investigative functions at both departments. These activities were consistent with the establishment of OLES as a Peace Officer Standards and Training (POST) agency, which sets minimum selection and training standards for California law enforcement officers.

Law Enforcement Improvement Plan Recommendations and OLES Expansion. In March 2015, OLES released its recommendations in a report titled *“Office of Law Enforcement Support – Plan to Improve Law Enforcement in California's State Hospitals and Developmental Centers”*. OLES placed several law enforcement administrators from outside agencies at DSH and DDS to evaluate law enforcement practices and identify critical deficiencies. Based on these administrators' observations, OLES required updated policies for investigators and staff, implemented systems changes to track staff and management adherence to the updated policies, and indicated it would continue to monitor the two departments to ensure accountability and a permanent change in cultural behavior. The report also recommended the following changes to the Professional Standards Section within OLES:

- Establish a Special Investigations Unit to monitor critical incidents, such as those involving sexual assault or other major assaults, and assist with complex investigations involving employee misconduct at state hospitals and developmental centers.
- Establish an Investigations Analysis Unit to provide quality control and analyses of administrative cases to evaluate policy and procedures and ensure proper re-training is provided, where applicable.
- Hire Vertical Advocates, employment advocacy and prosecution team attorneys assigned to a regional location, to advise OLES staff on the scope and thoroughness needed for each investigation and discuss investigation findings and disciplinary decisions with facility executive directors and department executives.
- Conduct independent, comprehensive staffing studies of law enforcement duties and needs at DSH and DDS to analyze how law enforcement staff is deployed and determine proper staffing levels and appropriate law enforcement duties.

The OLES report was followed by a budget request for 15 positions and General Fund expenditure authority of \$2 million to implement the report's recommendations. The 15 positions included eight Investigator I positions (four in the Special Investigations Unit and four in the Investigations Analysis Unit) and one Supervising Special Investigator II to manage these new units in the section. Investigators and Supervising Special Investigators are expected to complete training programs and be certified by the state's Commission on Peace Officer Standards and Training (POST).

OLES requests one Attorney IV position, reclassification of seven Investigator I and two Supervising Investigator II positions, and General Fund expenditure authority of \$686,000 in 2018-19 and \$621,000 annually thereafter. The Attorney IV position would manage legal workload for the office's Central Region, which was previously being met with contracted experts from the Office of the Inspector General. The seven Investigator I positions would be reclassified as Special Agents and the two Supervising Investigator II positions would be reclassified as Senior Special Agents. According to OLES, these reclassifications are necessary for the following reasons:

- The Investigator classification series requires POST certification.
- OLES is not a POST organization and POST personnel cannot advance credentials while employed by OLES, creating difficulties in recruiting and retaining highly qualified candidates.
- The Special Agent series is a non-POST classification and is typical of internal affairs organizations in other state departments, which is more consistent with the new organizational structure and mission of OLES.
- The Special Agent series is exempt and is specific to investigations of employee misconduct, which will allow agents the autonomy and legal authority to investigate any other classification, including those in Bargaining Unit 7 covering the Investigator classification.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The Subcommittee has requested CHSA to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 5: Spring Finance Letter: eWIC MIS Project Expenditure Increase

Spring Finance Letter. CHHSA (OSI) is requesting expenditure authority from the California Health and Human Services (CHHS) Automation Fund of \$4.8 million in 2018-19, \$9.1 million in 2019-20, and \$6.2 million in 2020-21. If approved, these resources would allow OSI to continue implementation of the Electronic Women, Infants, and Children Management Information System (eWIC MIS), an electronic benefits transfer (EBT) system for the participants in California's WIC program.

Program Funding Request Summary		
Fund Source	2018-19	2019-20*
9745 – CHHS Automation Fund**	\$4,808,000	\$9,133,000
Total Funding Request:	\$4,808,000	\$9,133,000

* Additional fiscal year resources requested: 2020-21: \$6,219,000

** The CHHS Automation Fund receives transfers from the Federal Trust Fund for this project.

Background. The United States Department of Agriculture's Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) is a federally-funded nutrition education and supplemental food program established in 1972. DPH administers the WIC Program in California, contracting with 83 local agencies in 58 counties to provide WIC services at 637 sites, serving approximately 1.1 million participants each month.

The federal Healthy, Hunger-Free Kids Act of 2010 requires all states to migrate from a WIC paper-based food benefits delivery system to an EBT system by 2020. DPH indicates the current WIC MIS is outdated and not EBT-compliant and received both federal and state approvals to begin the procurement to solicit bids and contract for the services of a design, development, and implementation of a systems integrator. DPH also contracted with OSI to leverage California's EBT Services Contract to automate the issuance of WIC food benefits via the California EBT system.

OSI is requesting expenditure authority from the CHHS Automation Fund of \$4.8 million in 2018-19, \$9.1 million in 2019-20, and \$6.2 million in 2020-21. According to OSI, this additional funding, which is provided by transfers of federal funds to the CHHS Automation Fund for this project, would align to the budgeted project contract costs to continue implementation of the eWIC MIS. The contract activities are as follows:

- **Consultant Support** – These resources would fund a Master Project Scheduler at the project site to develop and maintain the project schedule, advise management, track and measure project progress, and forecast potential schedule risks and issues.
- **Systems Integrator (SI)** – These resources would fund integration activities including configuration, system transfer, training, testing, implementation, and support. According to OSI, these costs are higher than originally estimated due to the large caseload of California's WIC participants, the large number of end users and the short time-frame for completion of a pilot and statewide implementation of EBT functionality by the federal deadline of 2020.
- **Organizational Change Management (OCM)** – These resources would fund contract staff to create, implement, and manage a comprehensive plan to successfully implement the new eWIC MIS and ensure users adopt the new processes.

- **Cost Per Case Month (CPCM)** – These resources would fund the transactional cost for the EBT service provider to issue WIC benefits. The provider bills for these services on a monthly basis based on the number of WIC cases.
- **Information Technology Project Oversight and Consulting (IPOC)** – These resources would fund consultants to review and provide feedback on project approval requests and project planning documents, provide project status reports, escalate project risks and issues, and assist customers in developing appropriate risk and issue mitigation strategies.

OSI has provided the following detail regarding the differences in funding for the project's current consulting budget and the additional costs contained within this budget request:

	2018-19	2019-20	2020-21	Total
Consulting Budget (Current)	\$4,507,000	\$3,754,000	\$2,368,000	\$10,629,000
<u>Consulting Contracts (Proposed)</u>				
<i>Master Project Scheduler</i>	\$185,000	\$185,000	\$139,000	\$508,000
<i>MIS System Integrator</i>	\$8,298,000	\$9,681,000	\$8,364,000	\$26,343,000
<i>OCM</i>	\$719,000	\$707,000	\$-	\$1,426,000
<i>Cost per Case Month</i>	\$-	\$2,202,000	\$-	\$2,202,000
<i>Dept. of Technology (Oversight)</i>	\$113,000	\$112,000	\$84,000	\$310,000
<i>TOTAL DIFFERENCE (BCP REQUEST)</i>	\$4,808,000	\$9,134,000	\$6,219,000	\$20,160,000

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested CHHSA to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 6: Overview: Child Welfare Services – California Automated Response and Engagement System (CWS-CARES) Update

Budget issue. The Governor’s budget includes \$176.5 million total funds (\$88.3 million General Fund) for the CWS-CARES Project in the current year and \$102.6 million total funds (\$51.3 million General Fund).

2017-18 CWS-CARES Budget/Expenditure Report Summary			
OSI Spending Authority Budget Item	2017-18 Budget	Actual Expenditures	Projected Expenditures
Personnel Services	11,883,786	3,352,975	6,006,865
Other OE&E	2,588,822	784,985	1,950,278
Data Center Services	650,000	172,989	467,678
Facilities	1,421,345	778,958	642,387
Contract Services	65,751,791	15,913,425	21,920,852
Hardware & Software	4,116,197	1,400,384	2,715,813
Enterprise Services	4,191,896	509,118	3,682,778
OSI Spending Authority Total	90,603,837	22,912,834	37,386,651
CDSS Local Assistance Budget Item	2017-18 Budget	Actual Expenditures	Projected Expenditures
Contract Services	2,284,820	291,399	439,715
Other OE&E	15,234,312	-	2,072,801
County Participation Costs	68,338,542	656,905	2,000,000
CDSS Local Assistance Total	85,857,674	948,304	4,512,516
CDSS State Operations Budget Item	2017-18 Budget	Actual Expenditures	Projected Expenditures
Personnel Services	1,930,359	955,993	974,366
Facilities	568,000	31,236	536,764
Other OE&E	224,497	16,114	208,383
CDSS State Operations Total	2,722,856	1,003,343	1,719,513
CWS-NS Project Total	179,184,367	24,864,481	43,618,680

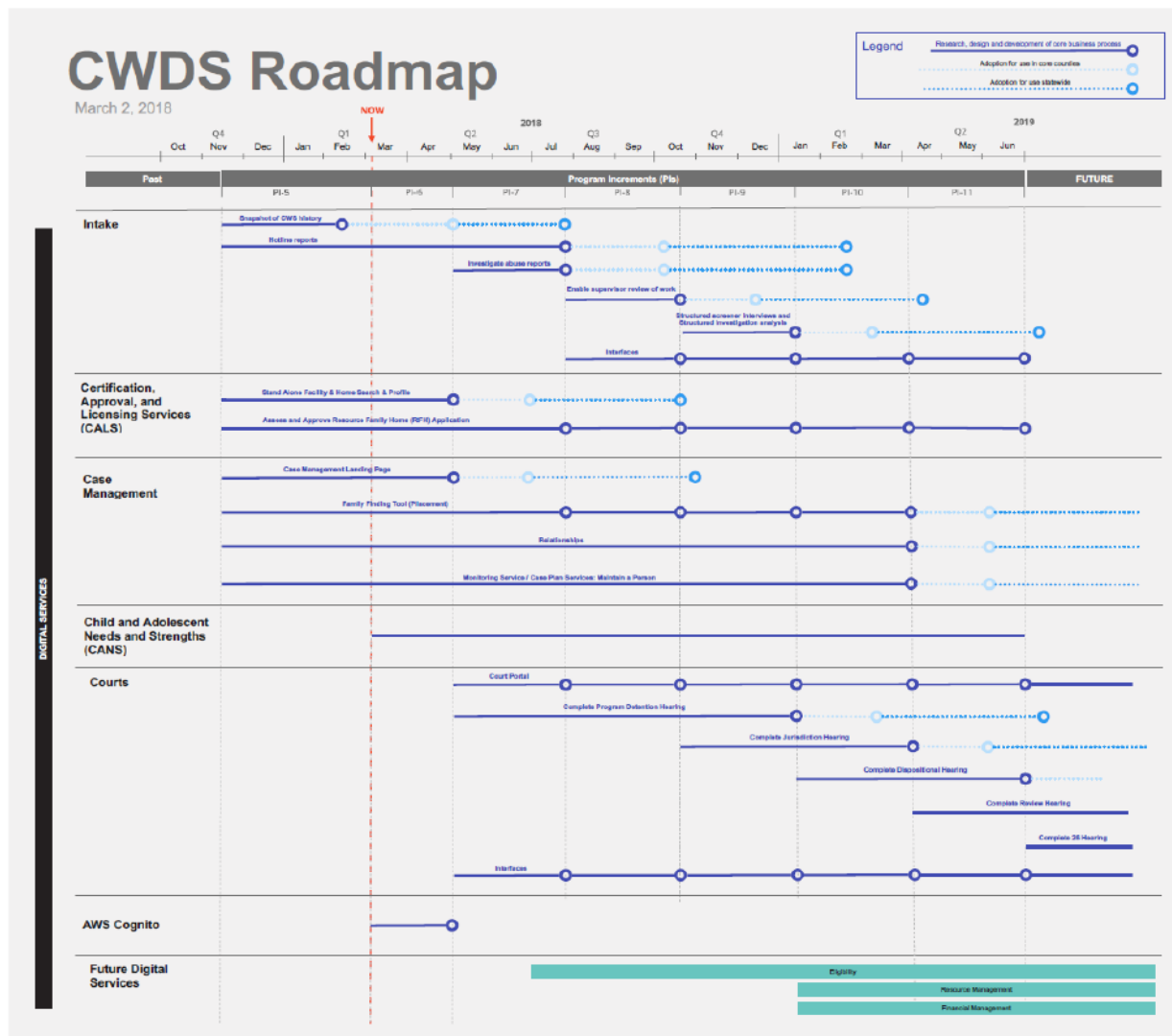
Background. Child Welfare Services/Case Management System (CWS/CMS) was fully implemented and transitioned to its operational phase in 1998. DSS has overall responsibility for the system, including providing project and program direction to OSI. OSI provides information technology expertise and is responsible for implementation and day-to-day operations of the system. Currently, the CWS/CMS does not meet the Statewide Automated Child Welfare Information System (SACWIS) requirements.

The CWS-CARES Project (formerly the CWS-NS Project) will replace the aging CWS/CMS with a new solution that meets current CWS business practices, as well as SACWIS requirements necessary to retain federal funding. The CWS-CARES Project is intended to bring the system into compliance with

state and federal laws and regulations, make the system easier to use for CWS workers, result in enhanced data reliability and availability, allow user mobility, and automate system interfaces with other state partners to enable data sharing. In November 2015, DSS and OSI announced that the CWS-CARES Project will use an Agile procurement and design/development approach, instead of building a monolithic, one-time solution, where the implementation of the IT system does not begin until all phases of the project are complete. Under the Agile approach, a RFP is broken into a set of smaller modules that can be delivered in a short period of time. Analysis, design, coding, and testing continue for each module until the entire IT system is complete. Instead of contracting with a single vendor, a separate vendor is selected for each model. The new digital services are also being designed around the principles of human/user centered design and free/open source software (FOSS).

Compared to continuing to operate the current system and making necessary changes to it, however, the Administration estimated that the state will realize savings by completing the CWS-CARES system because of its reduced maintenance and operations costs.

The new timeline for the CWS New System Project is below:



DSS and OSI are required to provide monthly project updates to the Legislature and stakeholders. DSS and OSI have fulfilled this reporting requirement through a combination of written reports and in-person briefings.

Legislative Analyst's Office (LAO) Comments. While the LAO did not have any new publications on CWS-NS this year, their publication "The 2016-17 Budget: Child Welfare Services – New System" makes relevant points about the potential benefits and risks of the Agile approach that are still applicable:

- Agile implementation is much more flexible than the traditional implementation approach because it provides IT projects with the opportunity to address challenges with one module without compromising other aspects of the IT project. This flexibility allows for functions to be completed and deployed to users more quickly.
- Where in a traditional implementation, system users would have to adapt to changes only once, in agile implementation, system users have to adapt to changes as each module is implemented.
- The Agile approach may increase vendor interest and participation, since there are a limited number of vendors with the expertise to design and implement IT systems for large projects that are implemented under the traditional approach.
- At the conclusion of the project, all modules must work together to fully meet the objectives of the project. Since there are likely multiple vendors for the various modules, this will require increased coordination.

Implementation Update. Release 1 (R1) created a bridge between the legacy system and the new system, and establishes a foundation for future work across the entire platform. R1 was successfully launched in March of 2017. In February 2018, Release 2 (R2), an at-a-glance view of key elements of case history known as the Snapshot, was launched. Release 3 (R3) will occur in May of 2018 and add additional search criteria for Snapshot, and several new case management elements, and certification, approval, and licensing services.

CWDS, in partnership with the Department of Technology, continue to work together on a refresh of the Agile Development Pre-Qualified Vendor Pool (ADPQ). Currently, the vendor pool has expanded to include 24 vendors.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please summarize the current CWS-NS timeline and overall project costs.
2. Please explain how OSI is continuing to adapt to the Agile approach, and what you have learned about the Agile process in the past year.

Issue 7: Oversight: SAWS Single System

Budget Issue. The budget includes approximately \$314 million (\$114 million General Fund) for Local Assistance costs in SAWS in 2017-18 and \$307 million (\$113 million General Fund) in 2018-19.

Background. The SAWS Consortia is made up of multiple systems which support such functions as eligibility and benefit determination, enrollment, and case maintenance at the county level for some of the state's major health and human services programs, including CalWORKs and CalFresh. The Consortia includes the Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting (LEADER) system, which is now being replaced by the LEADER Replacement System (LRS), the Welfare Client Data System (CalWIN), and Consortium IV (C-IV), which are managed by the Office of Systems Integration (OSI). SAWS is undergoing a variety of changes, including:

Horizontal Integration of SAWS and CalHEERS. The goal of the Horizontal Integration effort between the Covered California System (CalHEERS) and SAWS is to allow an applicant applying for health coverage online through Covered California to submit their CalWORKs or CalFresh application online at that time without having to re-respond to some of the questions already asked. Horizontal Integration was implemented in July 2016.

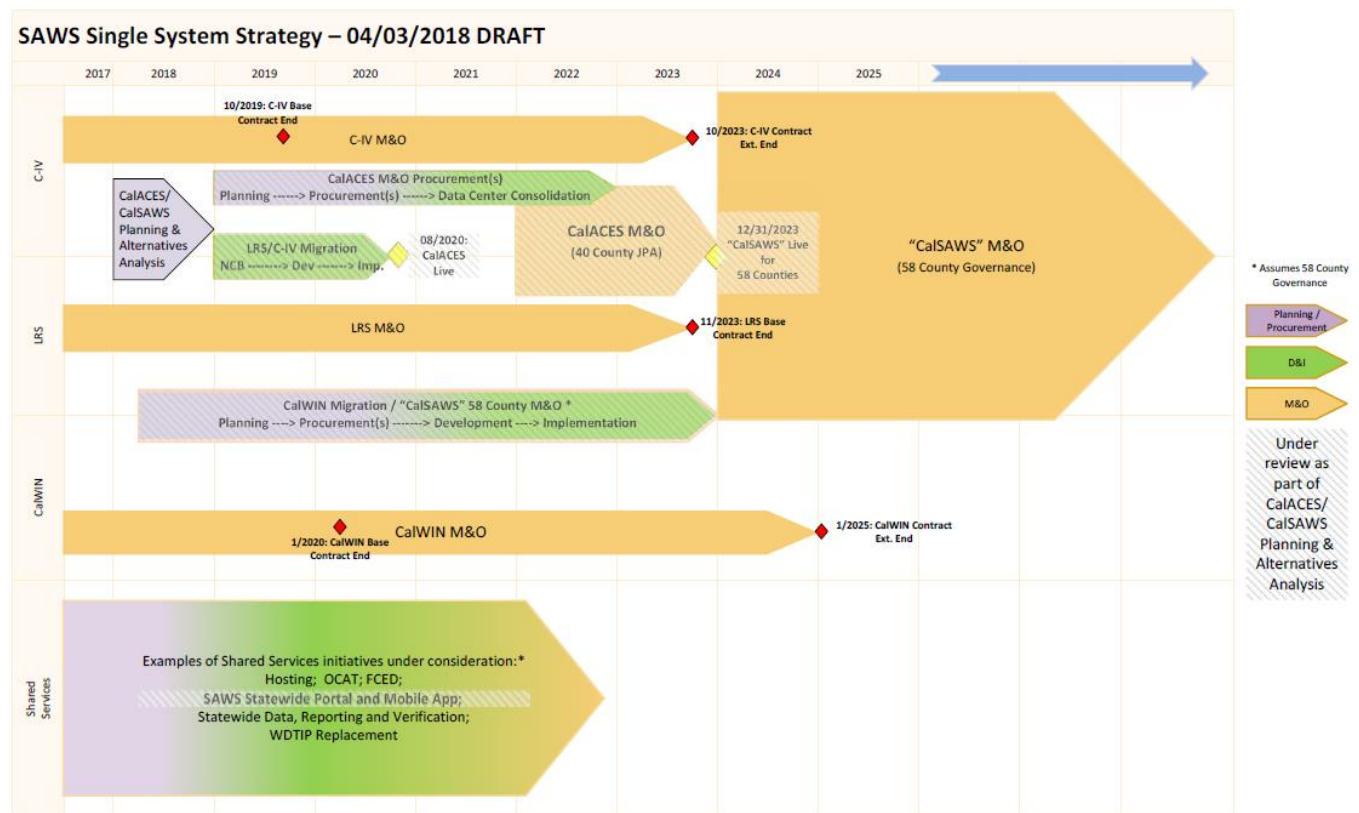
C-IV Migration into LRS. In September 2015, Los Angeles County began to rollout LRS, their new eligibility determination system. As of November 2016, the LRS Project has successfully completed countywide implementation for the Department of Public Social Services and the Department of Children and Family Services. In addition, C-IV counties (which is another system in the SAWS consortia, and includes 39 counties), will begin migrating over to the LRS system. This migration is expected to be complete in 2020, and together the systems will be known as CalACES. Both the LRS and C-IV projects negotiated the CalACES migration contract and the CalACES 40 county Joint Powers Authority (JPA) in September 2017. Migration design, development and implementation activities began in January 2018. CalACES is scheduled to go-live in all 40 counties by April 2020 and to complete by August 2020.

Single System. Since 2011, the federal Centers for Medicaid Services (CMS) and the Food and Nutrition Services (FNS) have asked California for a long-term strategy for a centralized SAWS system, as opposed to the multiple systems in the SAWS Consortia. Finally, in December 2016, CMS and FNS have officially made it a requirement for SAWS to be a single system by 2023 in order to receive federal funds. Going forward, the state will work to implement this single SAWS system, to be known as CalSAWS.

The state must take several steps before consolidating the consortia into one system. The migration of C-IV and into LRS to become CalACES must first be achieved, CalWIN and CalACES must undergo a requirements and gap analysis to identify functionality that will be needed in CalSAWS, development of a database consolidation must occur, and finally, the procurement of design, development and implementation services is needed. To ensure alignment of technical architecture and policy implementation, development of a 58-county collaborative change management process will begin during 2017-18, and the SAWS single system strategy still be implemented through procurements within a new county-based governance structure with oversight by state and federal partners.

In January 2018, FNS and CMS approved an Advance Planning Document which extended planning activities through December 2018, for the CalACES migration and expanded those planning activities to include CalWIN. Federal partners have indicated support for California's phased approach to move to a single SAWS, but have requested a more in depth, comprehensive planning process, using independent consultants, be completed prior to beginning the CalACES migration activities.

Below is a timeline for implementing the SAWS single system:



Staff Comment and Recommendation. No action required. Item included for oversight and discussion purposes.

Questions.

1. Please discuss the current status of the SAWS system, and activities for shifting to a single system.

5180 DEPARTMENT OF SOCIAL SERVICES – DISASTER SERVICES BUREAU**Issue 1: Budget Change Proposal: Resources for Disaster Preparedness**

Governor’s Proposal. The Administration requests \$428,000 General Fund in 2017-18 and \$397,000 General Fund ongoing for three permanent positions (one Staff Services Manager I and two Associate Governmental Program Analysts) to support catastrophic planning and strengthen California’s mass care and shelter capabilities.

Background. DSS has been assigned by the California Governor’s Office of Emergency Services (Cal OES) in the State Emergency Plan as the lead for mass care and shelter in California. DSS’s mass care and shelter responsibilities include: developing, maintaining, and exercising plans and procedures to support local government; facilitating the development, implementation, and maintenance of the Emergency Function Six Mass Care and Shelter Annex; recruiting, training, and deploying the Volunteer Emergency Services Team, and members of the state employee workforce; coordinating state resources in support of local government and the Red Cross for mass care and shelter responsibilities; administering the Emergency Food Assistance Program, the CalFresh or Disaster Supplemental Nutritional Assistance Program to meet temporary nutritional needs following a disaster; and providing language translation services when requested by the State Operations Center.

In the last five years, over 500 evacuation shelters have been operated across California in response to emergency incidents, including seven Presidentially-declared disasters within just the last three years. Recent disasters such as the Oroville Auxiliary Spillway Incident and the 2017 wildfires have expanded the workload for the department and highlighted the need for DSS to increase its capacity.

The requested resources will allow the Disaster Services Bureau to bifurcate into two units: the Field Operations Support Unit and the Program and Project Support Unit. Currently, the Bureau and all of its activities are supported by 10 permanent positions.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please briefly summarize the proposal.

5180 DEPARTMENT OF SOCIAL SERVICES – STATE HEARINGS DIVISION**Issue 2: Overview: State Hearings Division (SHD)**

Background. State hearings, which are adjudicated by Administrative Law Judges (ALJs) employed through DSS, are used to provide due process to recipients of, and applicants for, many of California's health and human services' programs, including Medi-Cal, CalWORKs, CalFresh, and In-Home Supportive Services. When a recipient disagrees with a decision made by their local county welfare department, they are legally entitled to request a hearing to contest the decision. The *King v. McMahon* and *Ball v. Swoap* court decisions mandate that DSS provides recipients with timely due process for the adjudication of appeals hearings. Additionally, these court orders impose financial penalties on DSS for failing to adjudicate decisions within specified timeframes. The penalties are paid to the prevailing claimant. Federal mandates require that all requests for hearings be adjudicated within 90 days, or 60 days for CalFresh, of a recipient's request.

Penalty Structure. Under the court orders, the minimum daily penalty amount is \$5.00 per day, or a maximum of \$50, whichever is greater. However, if 95 percent of all decisions are not issued within the required deadlines in a given month, the daily penalty rate for that programmatic category increases by \$2.50 over the penalty rate being paid to claimants the previous month. In contrast, if 95 percent of all decisions related to that particular program are issued on time in a given month, the corresponding daily penalty rate decreases by \$2.50 from the penalty rate being paid the previous month. The maximum daily rate under the court orders is \$100 per day.

Recent Caseload Growth. The SHD has seen an increased workload, resulting primarily from the implementation of the Affordable Care Act (ACA) and federal Medicaid Managed Care rule changes affecting Medi-Cal Scope of Benefit cases. The overall SHD total has increased from 88,214 hearing requests and 18,240 decisions in 2012-13 to 91,938 hearing requests and 25,943 written decisions by the end of FY 2016-17. Growth of hearing requests requiring hearings and written decisions has increased an average of 22 percent over the past three fiscal years, and exceeds the current resource capacity to timely process cases and avoid monetary penalties for late decisions.

As a result of the allocation of permanent general jurisdiction resources in 2012-13 and ACA resources in 2014-15, the SHD achieved a significant drop in penalties from \$4.4 million in 2012-13 to \$188,135 for FY 2015-16. However, due to the overall 22 percent increase in hearings requiring written decisions, penalties nearly doubled to \$387,722 for FY 2016-17. The penalty rate per day of a late decision is currently \$60.00 for Medi-Cal, \$10.00 for CalWORKs, \$7.50 for CalFresh, and \$70.00 for IHSS.

According to DSS, recent processing times, average penalties, and total penalties paid by program are listed below:

Program	Timeliness Requirement	Average Processing Time of Late Cases	Average Days Late	Average Penalty
	(In Days)	(In Days)		
CalFresh	60	66	4	\$55.00
CalWORKs	90	153	63	\$1,539.00
IHSS	90	149	53	\$3,845.00
Medi-Cal	90	152	59	\$4,316.00

State Hearing Penalties by Program for the Last 5 Fiscal Years

Total Penalties Paid by Program					
FY	CalWORKs	CalFresh	Medi-Cal	IHSS	Total
FY 12/13	\$290,248	\$54,175	\$3,533,700	\$541,717	\$4,419,840
FY 13/14	\$91,952	\$8,807	\$423,363	\$71,133	\$595,255
FY 14/15	\$17,253	\$5,080	\$150,175	\$68,295	\$240,803
FY 15/16	\$7,427	\$2,830	\$95,490	\$82,387	\$188,135
FY 16/17	\$35,400	\$4,300	\$179,885	\$168,137	\$387,722

IHSS Pilot Project. The IHSS Pilot project is the outcome of an assessment initiated by SHD in 2015 which determined that the time needed to prepare for an IHSS hearing appeared significantly longer than other types of cases. The department convened a workgroup that included many stakeholders, and reviewed SHD's initial draft of recommendations developed during 2016 and provided recommendations on identified best practices, training needs, and the development of informational documentation for IHSS applicants and recipients. The department developed evaluation tools to track and test whether efficiency and due process improved, and the IHSS Pilot Project began testing these best practices in Yolo and San Diego in May 2017.

Staff Comment and Recommendation. No action needed. This is an informational item only.

Questions.

1. Please provide a brief program update and discuss caseload growth and potential growth in penalties.

Issue 3: Budget Change Proposal: Appeals Case Management System Implementation

Governor's Proposal. The Administration requests \$188,000 General Fund (\$493,000 Total Funds) for one permanent Staff Services Manager I, two Associate Governmental Program Analysts, and one Senior Information Systems Analyst to provide continued support for the development and implementation of the Appeals Case Management System (ACMS).

Background. The 2014 Budget Act approved four limited-term positions for the ACMS project. Project development for the ACMS began in August of 2017, with project implementation to begin in August of 2018 and maintenance and operations to begin in September 2018. However, the four positions expired in December 2017. The department considers the approval of these existing staff resources on an ongoing basis as necessary to complete the development and implementation of ACMS.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please briefly summarize the proposal.

Issue 4: Budget Change Proposal: Federal Medicaid Managed Care Rule Hearings and Increased Appeals Workload

Governor's Proposal. The Administration requests \$1.2 million General Fund (\$3.2 million Total Funds) in 2017-18 and \$1.1 million General Fund (\$3.1 million Total Funds) ongoing for 10 Administrative Law Judge II's and six Administrative Law Judge I's to process the increased workload associated with the implementation of the federal Medicaid Managed Care Final Rule and the increase in existing workload due primarily to the ongoing impact of the implementation of the Affordable Care Act (ACA).

Background. Under the federal Centers for Medicare and Medicaid Services (CMS) Final Rule, managed care plans that contract with the Department of Health Care Services (DHCS) will now be the first level of appeal for managed care case before asking for a state hearing. This rule change requires SHD to now review all of the managed care appeals for jurisdiction and conduct hearings and write decisions in all expedited appeals within three business days (under prior rules it was under 10 days).

The department points out that lack of adequate SHD staffing to address and implement the federal rule changes will result in delays in complying with timeliness requirements, which could increase penalties.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please briefly summarize the proposal.

5180 DEPARTMENT OF SOCIAL SERVICES - CALWORKS**Issue 5: Overview: CalWORKs**

Governor's Proposal. The revised 2017-18 budget includes \$5.0 billion in federal, state and local funds for the program, and estimates an average monthly caseload of 425,855 (a decline 5.6 percent from the previous estimate). The 2018-19 budget includes \$4.8 billion in federal, state, and local funds for the program, and estimates an average monthly caseload of 400,777 families. Aside from a Home Visiting Initiative, which will be discussed later in this agenda, the Governor's budget for CalWORKs does not propose any major policy changes.

Background. California Work Opportunities and Responsibilities to Kids (CalWORKs), the state's version of the federal Temporary Assistance for Needy Families (TANF) program, provides cash assistance and welfare-to-work services to eligible low-income families with children.

CalWORKs is funded through a combination of the federal TANF block grant (to receive \$3.7 billion in TANF funds, California must provide a maintenance-of-effort of \$2.9 billion annually), the state General Fund, other various funding allocations from the state, realignment funds, and other county funds. Below is a table summarizing these various funding sources and the changes from 2017-18.

CalWORKs Funding Sources

(Dollars in Millions)

	2017-18 Revised	2018-19 Proposed	Change From 2017-18	
			Amount	Percent
Federal TANF block grant funds	\$2,127	\$1,938	-\$189	-9%
State General Fund	455	552	97	21
Realignment and other county funds ^a	2,420	2,328	-92	-4
Totals	\$5,002	\$4,819	-\$183	-4%

^aPrimarily various realignment funds, but also includes county share of grant payments, about \$60 million.
TANF = Temporary Assistance for Needy Families.

(<http://www.lao.ca.gov/Publications/Report/3757#CalWORKs>)

The Child Poverty and Family Supplemental Support Subaccount provides funding for the grant impact of prior CalWORKs Maximum Aid Payment (MAP) increases, including last year's 1.43 percent MAP increase and now the repeal of the Maximum Family Grant (MFG) rule, in addition to any subsequent grant increases when sufficient revenues are available. Prior year base funding is available to the counties immediately. The FY 2017-18 and FY 2018-19 growth funding requires adequate upfront General Fund authority in the DSS budget until subaccount funds are available directly to the counties.

In the Child Poverty and Family Supplemental Support Subaccount, \$310.4 million will be available in 2017-18 and \$388.0 million will be available in 2018-19.

Single Allocation. Another important source of state funding is the Single Allocation. Within the Single Allocation, different categories of funding for various purposes such as employment services, eligibility and administration, and Stage 1 Child Care are included. Funding for each category within the Single Allocation is based on different methodologies that adjust funding from prior years based on caseload projections and assumed costs per case. Counties have long been concerned that the methodology behind the Single Allocation is problematic. When the program sees dramatic swings in caseload, it makes it difficult for counties to ramp up quickly in years when caseload and funding increases, as well as when they have to make rapid cuts when caseload and funding drops. Last year, the Governor's Budget proposed to cut the Single Allocation by almost \$250 million, which the Legislature partially restored by \$108 million. The Legislature also directed the department and counties to work together to develop a new methodology.

The Governor's budget provides approximately \$1.7 billion in funding the Single Allocation in 2018-19. This reflects an increase to the eligibility component of \$187 million, inclusive of last year's legislative augmentation. The department and counties continue to have conversations about a new Single Allocation methodology and how that might impact the proposed funding in 2018-19, which counties are still concerned is not enough when considering the funding of other components in the Single Allocation and could have a negative impact.

Demographics of CalWORKs Recipients.¹ Around three-quarters of all CalWORKs recipients are children. Nearly half of those children are under the age of six. Ninety-two percent of heads of CalWORKs recipient households are women. Two-thirds of these households are headed by single women. Nearly half have an 11th grade or less level of education, and ten to 28 percent are estimated to have learning disabilities. Around 80 percent of these adults report experiencing domestic abuse at some point.

Caseload and Spending Trends. Prior to federal welfare reform in the mid-1990s, California's welfare program aided more than 900,000 families. By 2000, the caseload had declined to around 500,000 families. During the recent recession the caseload grew, peaking at 585,000, but this was not anywhere close to the levels of the early 1990s. The caseload has declined each year since 2010-11. Over that time, the number of CalWORKs families has fallen by nearly 30 percent (about 160,000 families) to around 425,000 families in 2017-18. This is primarily due to the strong economy, and the decline is projected to continue for at least the next year.

Federal Context and Work Participation Rate. Federal funding for CalWORKs is part of the TANF block grant program. TANF currently requires states to meet a work participation rate (WPR) for all aided families, or face a penalty of a portion of their block grant. States can, however, reduce or eliminate penalties by disputing them, demonstrating reasonable cause or extraordinary circumstances, or planning for corrective compliance. It is also important to note that federal formulas for calculating a

¹ Context information comes from sample data collected by the Department of Social Services (DSS) and from studies in single or multiple counties, as summarized in *Understanding CalWORKs: A Primer for Service Providers and Policymakers*, by Kate Karpilow and Diane Reed. Published in April 2010; available online.

state's WPR have been the subject of much criticism. For example, the federal government does not give credit for a significant number of families who are partially, but not fully, meeting hourly requirements.

California did not meet the WPR requirements in 2007-2015, and was assessed \$1.8 billion in penalties. California has successfully completed corrective compliance plans (CCPs) that address the WPR shortfalls of 2008-2011, eliminating \$587.1 million in penalties for those years. And because penalties are contingent upon the previous year's penalty amount, the penalties will be reset to a 2012 penalty amount and recalculated. The anticipated penalties assessed for 2012-2015 are projected to decrease by \$1.1 billion due to continued achievement of the overall WPR rate; however, California did fail to meet the two-parent rate in 2015, which resulted in a penalty of \$93 million, and in 2016, which resulted in a penalty of \$8.8 million. The department disputed both penalties; the 2015 penalty was preliminarily reduced to \$65.8 million in May 2017, with further action pending, and a resolution on the dispute for 2016 is currently pending. Overall, current penalty exposure is estimated to be \$40.2 million.

At a joint Senate Human Services and Senate Budget and Fiscal Review Subcommittee No.3 hearing on March 10, 2014, an expert from the Center on Budget and Policy Priorities testified that no state has ever been required to pay penalties.

Welfare-to-Work (WTW) Program and the 24-month clock. Adults eligible for CalWORKs are subject to a lifetime limit of 48 months of assistance. Unless exempt for reasons, such as disability or caregiving for an ill family member, adults must participate in work and other welfare-to-work (e.g., educational) activities. Depending on family composition, these activities are required for 20, 30, or 35 hours per week. The program also offers supportive services, such as childcare and housing support. Effective January 1, 2013, clients are under the WTW 24-month clock, which provides 24 months of additional flexibility around how to meet work requirements, but after the initial 24 months, imposes stricter work requirements to receive assistance and a limit on the number of recipients who can.

SB 1041 (Budget and Fiscal Review Committee), Chapter 47, Statutes of 2012, made significant changes to CalWORKs' welfare-to-work rules, including:

- Creation of a 24-month time limit with more flexible welfare-to-work activities (including employment, vocational education; job search; job readiness; job skills training; adult basic education; secondary school; or barrier removal activities) before the time limit has been reached, and stricter requirements afterward (up to 48 total months).
- A two-year phase-out of temporary exemptions from welfare-to-work requirements for parents of one child from 12 to 24 months old or two or more children under age six, along with a new, once in a lifetime exemption for parents with children under 24 months.
- Changes to conform state law to the number of hours of work participation (20, 30, or 35, depending on family composition) required to comply with federal work requirements.

Counties may provide extensions of the more flexible rules for up to six months for up to 20 percent of participants. This 20 percent extender is not a cap, but a target.

Child-Only Caseload. In more than half of CalWORKs cases (called “child-only” cases), the state provides cash assistance on behalf of children only and does not provide adults with cash aid or welfare-to-work services. There is no time limit on aid for minors. In most child-only cases, a parent is in the household, but ineligible for assistance due to receipt of Supplemental Security Income, sanction for non-participation in welfare-to-work, time limits, or immigration status. In the remaining cases, no parent is present, and the child is residing with a relative or other adult with legal guardianship or custody.

CalWORKs child care. CalWORKs participants are eligible for child care if they are employed or participating in WTW activities. CalWORKs child care is administered in three stages:

- Stage 1. Provides care to CalWORKs families when first engaged in work or WTW activities, and is provided by DSS.
- Stage 2. Once counties deem the family “stable,” CalWORKs families move to this program. Families remain in Stage 2 until they have not received assistance for two years. The California Department of Education (CDE) administers this program.
- Stage 3. Families transition to this program after Stage 2. CDE also administers this program.

Stages 1 and 2 services are considered entitlements, whereas Stage 3 services are available based on funding levels. Families receiving CalWORKs assistance, those considered “safety net,” or families who are sanctioned are not required to pay family fees.

Early Engagement Strategies. SB 1041 also required DSS to convene stakeholder workgroups to inform the implementation of the above changes, as well as the following three strategies intended to help recipients to engage with the WTW component, particularly given the new time limits and rule changes:

- Expansion of subsidized employment. Under subsidized employment, counties form partnerships with employers, non-profits, and public agencies to match recipients with jobs. Wages are fully or partially subsidized for six months to a year.
- Family stabilization. Family stabilization (FS) is intended to increase client success during the flexible WTW 24-Month Time Clock period by ensuring a basic level of stability for clients who are especially in crisis, including intensive case management and barrier removal services. Clients must have a “Stabilization Plan” with no minimum hourly participation requirements. Six months of clock-stopping is available, if good cause is determined.
- Online CalWORKs Appraisal Tool (OCAT). OCAT is a standardized statewide WTW appraisal tool that provides an in-depth assessment of a client’s strengths and barriers, including: employment history, interests, and skills; educational history; housing status and stability; language barriers; child health and well-being; and, physical and behavioral health, including, but not limited to, mental health and substance abuse issues.

Eligibility for individuals with previous felony drug convictions. SB 855 (Budget and Fiscal Review), Chapter 29, Statutes of 2014, expanded eligibility for adults who were previously ineligible for benefits due to a prior felony drug conviction, and implemented on April 1, 2015.

Housing and homeless assistance. In the last several budgets, housing and homeless assistance has received more attention and funding as people have become more aware that the lack of affordable housing impacts many CalWORKs recipients.

- The CalWORKs Housing Support Program (HSP) was established in 2014 to provide evidence-based interventions (such as rapid-rehousing) to CalWORKs families that are homeless or at risk of homelessness. Other core components of HSP include housing identification, rent and moving assistance, and focused case management. HSP was augmented in the last two budget cycles.
- The Homeless Assistance Program (HAP) provides payment to meet the reasonable costs of obtaining permanent housing, and/or temporary shelter while seeking permanent housing. A typical family is eligible to receive benefits of up to \$65 per night for 16 consecutive days of temporary shelter while searching for permanent housing. Families may also be eligible to receive up to two months of rental assistance in order to obtain permanent housing or two months of rental arrearages to prevent eviction. The 2016-17 budget eliminated the HAP the once-in-a-lifetime ban and allows a family to receive HAP assistance once in a 12 month period while maintaining existing exceptions for domestic violence and when existing housing becomes uninhabitable.

Maximum Family Grant (MFG) Repeal. The 2016-17 budget repealed the Maximum Family Grant rule, which stipulated that a family's maximum aid payment would not be increased for any child born into a family that had received CalWORKs for ten months prior to the birth of a child. Now, cash grants will be increased to include any child who was not receiving cash assistance because of the MFG. The repeal of the MFG is funded both through revenues in the Child Poverty and Family Supplemental Support Subaccount, which also funds MAP increases, and the General Fund.

CalWORKs Oversight and Accountability Review (Cal-OAR). SB 89 (Budget and Fiscal Review Committee), Chapter 24, Statutes of 2017, established a framework for a new performance measurement system for CalWORKs, to be known Cal-OAR. Under Cal-OAR, data on various performance indicators will be collected and published, and counties will regularly undergo self-assessment and develop system improvement plans with targets for the performance indicators. A workgroup convened by DSS in the fall of 2017 kicked off the initial phase of the project. A work plan is currently being developed, and the final process will be established by July 2019.

Statewide Fingerprint Imaging System (SFIS) Repeal. As part of the 2017 Budget, the Governor and Legislature agreed to discontinue the use of SFIS, or fingerprinting, for CalWORKs, which has long been a goal of advocates that would prefer a process parallel with the CalFresh program. In CalFresh, the fingerprinting requirement was repealed back in 2011. CalFresh verifies identity through the county file clearance process, which utilizes a number of existing state and federal databases.

As part of the repeal, it was agreed that a stakeholder process would be convened to consider possible automated, non-biometric identity verification methods that might take the place of SFIS. DSS was

required to consider how any new methods of identity verification would impact applicant or recipient experiences and make application and eligibility practices more efficient. DSS issued a report in the fall of 2017 which recommended an option that included the use of “Knowledge Based Authentication” (KBA) to verify identity for applicants applying remotely. However, in mid-March 2018, the Administration withdrew its KBA option and instead has indicated that it wishes to pursue an approach, through an All-County Letter (ACL), that would require a CalWORKs applicant applying remotely to come into the office to verify identity before issuing benefits. The proposed ACL has not yet been provided to legislative staff or other stakeholders.

The ability to apply remotely was enabled through SB 947 (Pan), Chapter 798, Statutes of 2016, which allows for a county to allow applicants for CalWORKs and CalFresh to apply remotely and opt out of the requirement for an in-office visit, also called the “face to face interview.” Specifically, SB 947 authorizes the county human services agency to conduct this personal interview telephonically or through electronic means.

Application Hub. The Administration has recently begun to explore the concept of an Application Hub. The Hub is a new topic for the Legislature, but has been underway within the Administration as a planning effort for over a year. DSS states that it is exploring electronic options to streamline and modernize the processes for obtaining required verifications for CalFresh and CalWORKs eligibility. DSS has awarded a contract to Social Interest Solutions (SIS) to assist in analyzing the current environment of eligibility verifications for CalWORKs and CalFresh, engage stakeholders, perform an alternative analysis of electronic verification systems being used in California and other states, and outline recommendations for moving forward in the short and long term.

Monitoring results and outcomes. In July 2014, the RAND Corporation launched a multiyear, evaluation to explore if CalWORKs programmatic reforms achieve desired objectives and report on any unintended consequences. Two preliminary reports were published in 2015 and 2016, and the second report found that while SB 1041 was beneficial to clients, implementation remained difficult and complex, particularly related to understanding the 24-month time clock. These findings held true in the third year report, published in February 2018.

Summary of Major CalWORKs Changes 2009-2017

2009-10

- Suspend COLA
- Eliminate statutory basis for future COLAs
- Four percent grant cut

2011-12

- Reduce adults' lifetime limit from 60 to 48 months
- Eight percent grant cut
- Decrease earned income disregard from \$225 to \$112

2012-13

- Create 24-mo. flexible participation period with stricter federal requirements after 24 mo.

2013-14

- Five percent MAP increase, effective March 1, 2014
- Restore earned income disregard to \$225

2014-15

- WINS starts Jan. 1, 2014
- Increase vehicle asset limit
- Five percent MAP increase, effective April 1, 2015
- Housing Support enacted

2015-16

- Expand eligibility to include former drug offenders

2016-17

- 1.43 percent MAP increase
- Repeal Maximum Family Grant rule

2017-18

- Cal-OAR established
- SFIS repeal

Policy considerations. The Legislature may wish to examine the following issues related to CalWORKs programs:

- Grant levels. The state made a number of cuts to CalWORKs during and after the Great Recession, including reducing grant levels and eliminating the annual state cost-of-living adjustment (COLA). Recent years' budgets have incrementally increased CalWORKs grant levels, but this has not been adequate to restore cuts made in prior years.

If grant levels had been adjusted for inflation each year beginning in 2007-08, the maximum grant in 2018-19 would be \$983, which is \$269 higher than the current value of \$714, and the purchasing power of the maximum grant will be 27 percent lower than in 2007-08. The CalWORKs grant will equal just 41.2 percent of the federal poverty line, leaving it below the deep-poverty line for the eleventh straight calendar year.

- Impact of the 24-month clock. With fewer than 200 clients that have exhausted the 24-month clock since implementation and have subsequently been removed from aid, there are no tangible associated savings. However, it appears that the number of CalWORKs recipients who will have months tick off their clock or exhaust their clock will likely increase in the next year. The department estimates that 740 average monthly cases will be removed from aid in 2017-18
- Streamlining Eligibility and Verification. With the repeal of SFIS, conversations about the Hub, and the ongoing Cal-OAR efforts, it seems that there is an opportunity to reexamine the eligibility and verification processes in CalWORKs to make things less cumbersome for both workers and recipients. Staff suggests that these conversations take place in the context of the Hub as it continues to develop.

Staff Comment and Recommendation. Hold open. Staff recommends that caseload-related funding decisions be made after the May Revision.

Questions.

1. Please provide a brief update on the CalWORKs program, including funding sources, average grant amounts, recent legislative and policy changes, and caseload trends.
2. Please discuss ongoing conversations with county partners regarding the Single Allocation.
3. Please provide an update on the most recent 24-month clock data, including the number of families that will time out of the 24-month clock and the number who might be sanctioned for not meeting WTW requirements.
4. Please provide an update on the CalOAR process.
5. Please discuss the Administration's new approach to SFIS replacement as related to remote access.
6. Please discuss the Application Hub endeavor and next steps.

Issue 6: Oversight: Early Engagement Strategies
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Background. AB 74 (Budget and Fiscal Review Committee), Chapter 21, Statutes of 2013, enacted several provisions meant to engage CalWORKs families earlier and more extensively, and by doing so to eliminate some of the obstacles to long term self-sufficiency. Specifically, AB 74 enacted Expanded Subsidized Employment (ESE), the Online CalWORKs Appraisal Tool (OCAT), and Family Stabilization (FS). Funding for these programs in 2017-18 and 2018-19 is as follows:

Funding	FY 17-18	FY 18-19
Expanded Subsidized Employment (ESE)	\$134 million Total Funds	\$134 million Total Funds
Online CalWORKs Appraisal Tool (OCAT)	\$15.1 million Total Funds	\$19.6 million Total Funds
Family Stabilization (FS)	\$46.9 million Total Funds	\$46.9 million Total Funds

*Total Funds includes a mix of TANF and General Fund

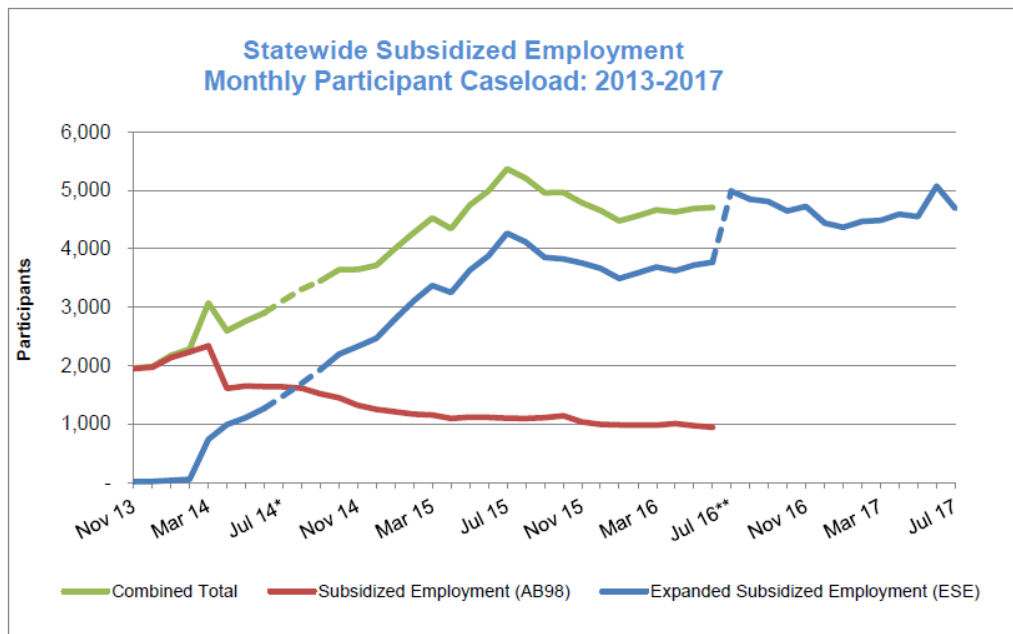
Expanded Subsidized Employment. Under subsidized employment, counties form partnerships with employers, non-profits, and public agencies to match recipients with jobs. Wages are fully or partially subsidized for six months to a year. While in an ESE placement, the CalWORKs recipient obtains specific skills and experience with the goal of obtaining permanent unsubsidized employment with the participating employer. Wages average \$3,300 per month, and the majority earn between \$10.00 and \$13.00 per hour. Proposed funding for this program in 2018-19 is \$134 million.

The monthly cost-per-slot is estimated at \$1,355 and includes subsidized wages and benefits, non-wage employer costs such as worker's compensation. Grant savings resulting from employment earnings are reinvested into the ESE Program.

As of December 2017, 52 counties are participating in the program. 2015-16 saw the participation of 8,265 new participants, and increased to 10,120 in 2016-17.

The following figure shows an upward trend for subsidized employment activities.

Figure 6A. Subsidized Employment Caseload: 2013-2017



Data Source: Participant data is based on monthly county transmissions.

Notes:

*July – September 2014 data includes estimations to account for ESE data not reported from Los Angeles County for that period.

**AB98 program was discontinued and participants were consolidated into ESE reporting effective July 2016.

Online CalWORKs Appraisal Tool (OCAT). OCAT is a standardized statewide WTW appraisal tool that provides an in-depth assessment of a client's strengths and barriers, including: employment history, interests, and skills; educational history; housing status and stability; language barriers; child health and well-being; and, physical and behavioral health, including, but not limited to, mental health and substance abuse issues. OCAT has been implemented in all 58 counties.

Between July 1, 2016, and June 30, 2017, 90,266 OCAT appraisals had been completed with recommendations for supportive services:

- 29,540 recommendations for mental health services.
- 19,821 recommendations related to domestic abuse.
- 5,908 recommendations related to substance abuse.
- 66,819 clients indicated they were not working at the time of appraisal.
- 11,582 clients were enrolled in education or training programs at the time of appraisal.

As more data is provided by OCAT through continued use and enhanced reports, DSS anticipates that additional programs that are used by CalWORKs clients may benefit from the recommendation data, and that the data may be used to determine how to address unmet needs for services statewide and at the local level.

The department is working towards integrating OCAT into SAWS. A collaborative team involving CalACES, CalWIN, CWDA, DSS, and OSI is meeting regularly on the rebuild planning and procurement effort. The OCAT rebuild procurement will be supported by San Bernardino County, and the contract held by the CalACES JPA, on behalf of all counties. This will require a legal agreement between CalACES and the eighteen CalWIN counties. An MOU to accomplish this, and support other shared services, is currently being developed. The department anticipates the RFP will be released by fall 2018, and will be reaching out to vendors, including those on the state's Agile Prequalified Vendor Pool, to advertise the procurement.

Family stabilization (FS). FS is intended to increase client success during the flexible WTW 24-Month Time Clock period by ensuring a basic level of stability for clients who are especially in crisis, including intensive case management and barrier removal services for both adults and children. Clients must have a "Stabilization Plan" with no minimum hourly participation requirements. Six months of clock-stopping is available, if good cause is determined. Family Stabilization is a voluntary program, and counties were given flexibility to determine the services that are provided and individual program components. All 58 counties had fully implemented their FS programs as of June 2015.

Table 6A. CalWORKs Family Stabilization Status Report: FY 2016-17

CalWORKs Family Stabilization (FS) Status Report ¹ Fiscal Year 2016-17 (July 2016 vs. June 2017 comparison)		
July 2016	June 2017	Participation
2,783	3,901	Open FS cases.
1,511	2,234	FS cases active in FS only.
342	273	FS cases that transitioned to a WTW plan.
930	1,394	FS cases that participated concurrently in WTW activities.
739	795	FS cases that received good cause.
Services		
2,454	3,490	Total adults who received services.
1,321	1,633	Total children who received services.
610	670	Domestic Abuse
1,561	1,895	Mental Health
397	383	Substance Abuse
1,609	2,964	Other ²
Housing Support/Services		
815	1,058	Total Homeless services provided per FS case.
4,992	6,970	Total FS services provided. ³

Notes:

¹Data retrieved from the FSP 14. Cases and individuals captured based on the monthly totals from July 2016 and June 2017.

Service totals are not an unduplicated count.

² Examples of additional types of Other FS services provided by individual counties.

³ Total services provided includes services provided to individuals and FS cases.

2,891 cases were open in June 2017. 8,623 individuals received domestic abuse services, mental health services, substance abuse services, or other services in June 2017, and 939 cases received homeless support or services in June 2017.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an update on implementation of early engagement strategies.
2. Please discuss the automation of OCAT, and an update on initial data that OCAT has provided.

Issue 7: Oversight: Homeless Assistance and Housing Support

Budget Issue. The Budget Act of 2017 appropriates approximately \$47 million (\$16 million General Fund) for the Housing Support Program (HSP) in 2017-18 and 2018-19, and approximately \$38 million (\$11.5 million General Fund) for the Homeless Assistance Program (HAP) in 2017-18 and 2018-19.

Background. The HSP was established in 2014 to provide evidence-based interventions to CalWORKs families that are homeless or at risk of homelessness. This funding allows County Welfare Departments to assist homeless families to quickly obtain permanent housing and provide wrap-around supports. Counties have the flexibility to design their own county-specific HSP plan to serve the needs of the community, but are required to use evidence-based models. The HSP recognizes rapid re-housing and targeted homelessness prevention programs as cost-effective strategies to help families exit or avoid homelessness and retain permanent housing. Examples of services provided are landlord outreach and engagement, housing search and placement, housing barrier assessment, legal services and credit repair. Below is a table showing the numbers of families approved for HSP and the number of families that obtained permanent housing over the last several years.

Table 10B. Application Approvals and Families Housed: FY 2014-15 through FY 2016-17

	Families Approved	Families Housed
FY 2014-15	5,545	2,031
FY 2015-16	6,543	2,649
FY 2016-17	8,656	3,684
Total	20,744	8,364

Data Source: HSP 14

The HAP provides temporary shelter payments (\$65 per day for a family of four or fewer, with an additional \$15 for each extra family member, not to exceed \$125 per day) for up to 16 consecutive calendar days while a household is looking for permanent housing, and helps households secure or retain a permanent residence by providing payment to cover the security deposit and last month's rent or two months of arrearages for those facing eviction. Both types of assistance are available once every 12 months, with exceptions for domestic violence or physical or mental illness, or a natural catastrophe beyond the family's control. Below is a table showing the number of families helped and net shelter expenditures in 2016-17.

Table 10A. Application Approvals and Shelter Expenditures: FY 2016-17

Type of Homeless Assistance	Number of Families Approved	FY 16-17 Net Shelter Expenditures
Temporary	46,073	\$36,810,778
Permanent	4,445	\$6,512,650
TOTAL	50,518	\$43,323,428

Data Source: [CA 237 HA](#)

Staff Comment and Recommendation. No action required, informational item only.

Questions.

1. Please provide a brief update on homeless assistance and housing support programs.

Issue 8: Trailer Bill Language: CalWORKs Home Visiting Initiative

Budget Issue. The Administration proposes to implement a Home Visiting Initiative in the CalWORKs program. This program would engage a pregnant or first-time parent enrolled in the CalWORKs program or caretaker relative for a child only case, under 25 years old, that has a child less than 24 months of age. Participation in the program is voluntary and would not affect a family's application for aid or eligibility for any other CalWORKs benefits, supports, or services. Participation would be limited to 24 months.

The Governor's budget includes \$157.5 million over a period of three years; \$26.7 million is included in the 2018-19 budget, with implementation beginning January 1, 2019. The first-year cost in 2018-19 includes \$19.6 million for conducting home visitations, \$4.5 million for child care, \$2.2 million for employment services, and \$0.4 million for county administration. The annual cost for 2019-20 and 2020-21 is \$52.5 million, with an additional \$26.7 million for the first half of 2021-22, and is reflected in a TANF set-aside of \$131.7 million. Funds would be allocated to applicant counties whose voluntary evidence-based home visiting programs meet the requirements of the statute.

Counties who opt in to the program will be asked to demonstrate that they have the capacity to provide targeted, coordinate, and evidence-based in-home services, and the ability to leverage resources that lead to positive outcomes for at-risk CalWORKs recipients. The goals of the initiative include: 1) improving family engagement practices; 2) reducing the incidence of reports of child maltreatment such as abuse and neglect; 3) supporting the healthy development of young children; 4) reducing children's need for remedial education; and 5) providing families with barrier removal and work readiness activities that will support families to reach self-sufficiency. During 2020-21, the program will be evaluated to determine if it should be continued beyond December 31, 2021.

Background. Home visiting is a voluntary, evidence-based program model that is intended to connect parents with resources to improve their parenting skills and maintain a safe and nurturing environment for their children. A number of counties have various home visiting programs currently, although not limited to the population that the Administration's proposal focuses on. The Early Head Start Home-Based Option, Healthy Families America, Nurse-Family Partnership, and Parents as Teachers, have all been around for over a decade and are backed by research that points to home visiting as a whole effectively supporting healthy child development, increasing children's school readiness, enhancing parenting skills, and improving family economic self-sufficiency.

Staff Comment and Recommendation. While home visiting is not a new idea and appears to offer a host of benefits to families involved, it has not yet been targeted to the CalWORKs population as the Home Visiting Initiative intends. Given the sensitivities of this particular population, it is critical to consider whether any other specific additional criteria should be set at the state level about which models can be considered, and to decide if any specific data collection requirements should be included in statute to ensure that there are no negative consequences for families. Additionally, the Legislature should consider the related advocate proposals to expand the Administration's proposal and decide if any of the suggested elements would be helpful to include in a final proposal.

Questions.

1. Please summarize the proposal.
2. Why are first-time parents under 25 targeted in this proposal? What benefits in particular to this CalWORKs population can Home Visiting offer?
3. How will county workers be trained in both cultural competency and in linking recipients to other services and supports?
4. In the past, there has been some concern about the involvement of Child Protective Services in home visiting programs. Can you respond to these concerns?
5. Can you describe how the referral process for Home Visiting will work, since the program is voluntary?

Issue 9: Proposals for Investment

The subcommittee has received the following advocate requests related to the CalWORKs program:

1. End Childhood Deep Poverty

Budget Issue. Western Center on Law and Poverty (WCLP) and a large coalition of poverty advocates request support to end childhood deep poverty. Advocates point out that at an average of \$556 for a family of three, which is 33 percent of the federal poverty level (FPL), CalWORKs grants are too low to support the healthy growth and development of the state's poorest children. Research has shown that when children live in deep poverty (defined as below 50 percent of FPL, they endure hardships that negatively impact their capacity to learn, develop, and thrive. Ultimately, deep poverty damages a child's chance to escape poverty and fuels an intergenerational cycle of poverty.

Background. This request is also reflected in SB 982 (Mitchell).

Staff Comment and Recommendation. Hold open. Budget staff will continue to work with stakeholders to refine the budget proposal and develop a cost estimate.

2. Adopt Governor's CalWORKs Home Visiting Initiative Proposal and Invest Additional Funds to Expand Services to Additional Families.

Budget Issue. Children Now, WCLP, CWDA, and others request the adoption of the Governor's CalWORKs Home Visiting Initiative and propose an additional \$50 million per year to expand services to additional families. Currently the Governor's proposal is limited to pregnant women and families with children under two years of age who are CalWORKs recipients, when their child is their first born and when the parents are younger than 25 years of age. Advocates would like to see families in which parents are older than 25 or in which there is a child under the age of two included, even if that child has older siblings.

Other components of the request include continuous enrollment for eligible parents and caregivers versus the limited window in the Governor's proposal, the addition of a one-time allowance of \$500 per participant for the purpose of assisting families with one-time costs such as cribs, car seats, and child-proofing supplies for the home, and building in time for counties to ramp up their programs.

Background. The 2018-19 Governor's budget includes a proposal to establish a voluntary, evidence-based early home visiting program to first-time, young pregnant women and parents in the CalWORKs program, and includes \$23 million General Fund for these purposes.

Staff Comment and Recommendation. Hold open.

3. Support and Strengthen CalWORKs Home Visiting Initiative.

Budget Issue. The Child Abuse Prevention Center and the California Family Resource Association request the adoption of the Governor's CalWORKs Home Visiting Initiative with the addition of a broader array of families whose parents may be older than 25 and who may have more than one child, and trailer bill language encouraging all home visitation models utilized by counties to integrate home visitation families into community resources like family resource centers upon completion of home visitation services.

Staff Comment and Recommendation. Hold open.

4. WTW Self-Initiated Program (SIP) Student Study Time

Budget Issue. The WCLP and Coalition of California Welfare Rights Organizations (CCWRO) request that statute be clarified that all students can count their study time hours towards their work requirement.

Staff Comment and Recommendation. Hold open

5. Restore 60-Month Clock

Budget Issue. The WCLP and CCWRO request that the CalWORKs time limit be restored to the full 60 months. The time limit was reduced to 48 months in 2012-13. In particular, recipients in education programs are being steered towards programs that are 48 months or less.

Staff Comment and Recommendation. Hold open.

6. Restore Cut to the Single Allocation

Budget Issue. CWDA requests that \$56.5 million that is proposed to be cut from the Single Allocation in 2018-19 be restored. While the Administration has provided a \$187 million increase for 2018-19 to the Eligibility component of the Single Allocation, CWDA points out that this is offset by funding reductions to the Employment Services and Child Care components. The \$56.5 million reduction would be on top of the \$140 million reduction to the Single Allocation in the current year and another \$156 million reduction taken the prior year, forcing counties to further reduce staff and services.

Background. The Single Allocation of CalWORKs funding provided to counties has historically fluctuated with caseload, although it funds both fixed and flexible work. Last year, the Single Allocation was facing a large reduction due to caseload decline. To mitigate these impacts, the Legislature restored a portion of the reduction and directed DSS to work with CWDA to develop a new budgeting methodology. While progress has been made on the new methodology in terms of the Eligibility component, there is still further to go in figuring out the Employment Services component in particular.

Staff Comment and Recommendation. Hold open.

7. Provide Additional Funding for Indian Health Clinics (IHCs)

Budget Issue. The California Rural Indian Health Board, Inc. (CRIHB) requests an augmentation of \$2.15 million General Fund for IHCs. CRIHB points out that funding to these clinics has been reduced while the system is now in need of increased support to address the opioid public health emergency, which is severe among California Indian reservations.

Background. IHCs are administered by DSS, and operate 35 clinics. Grants in the IHC program supplement efforts to treat substance use disorders by Indian health organizations that serve CalWORKs and Tribal TANF clients, and it is the only behavioral health program for American Indians/Alaska Natives.

Staff Comment and Recommendation. Hold open.

8. Education Support Payments for CalWORKs Youth

Budget Issue. The Los Angeles County Board of Supervisors requests \$3.5 million to give youth in CalWORKs households (who are not in the Cal Learn program) a \$500 education support payment upon high school completion.

Background. CalWORKs youth who are pregnant and parenting must participate in Cal Learn, which offers a \$500 stipend upon graduation from high school, among other supportive services.

Staff Comment and Recommendation. Hold open.

Issue 10: Overview: CalFresh

Governor's Proposal. The Governor's budget includes \$1.8 billion (\$614.0 million General Fund) for CalFresh administration in 2018-19. The CalFresh caseload is projected to serve 1.87 million households in 2018-19. This is a 3.7 percent decrease from 2017-18 projections of 1.93 million households.

Background. CalFresh is California's name for the national Supplemental Nutrition Assistance Program (SNAP). As the largest food assistance program in the nation, SNAP aims to prevent hunger and to improve nutrition and health by helping low-income households buy the food they need for a nutritionally adequate diet. CalFresh food benefits are funded nearly exclusively by the federal government.

CalFresh benefits are provided on electronic benefit transfer (EBT) cards, and participants may use them to purchase food at participating retailers, including most grocery stores, convenience stores, and farmers' markets. In 2016-17, approximately \$572 million in CalFresh food assistance was disbursed to around 4.2 million Californians. The current average monthly benefit per household is around \$272 (\$117 per person). Since 1997, California has also funded the California Food Assistance Program (CFAP), a corresponding program for legal permanent non-citizens, who are ineligible for federal nutrition assistance due to their immigration status. The proposed CFAP budget for 2018-19 includes \$59.1 million General Fund for food benefits, with an expected average monthly caseload of around 18,900 households (with about 42,100 recipients).

Eligibility and benefits. CalFresh households, except those with a member who is aged or has a disability, or where all members receive cash assistance, must meet gross and net income tests. Most CalFresh recipients must have gross incomes at or below 200 percent of the federal poverty level (which translates to approximately \$3,404 per month for a family of three) and net incomes of no more than 100 percent of the federal poverty level (\$1,702 per month for a family of three), after specified adjustments.

Efforts to improve participation. In FFY 2013, the most recent period for which official measures are available², the participation rate for the working low-income population was 74 percent nationally. California's participation rate for the working low-income population was the lowest in the nation at an estimated 52 percent. California's overall participation rate was the third lowest in the nation at an estimated 66 percent while the national rate was 85 percent.³ Reasons offered for California's poor performance with respect to CalFresh participation include, among others, a lack of knowledge regarding eligibility among individuals who are eligible, frustration with application processes, concerns about stigma associated with receiving assistance, and misconceptions in immigrant communities about the impacts of accessing benefits.

² *Reaching Those in Need: Estimates of State Supplemental Nutrition Assistance Program Participation Rates in 2013*, USDA, February 2016 (<http://www.fns.usda.gov/sites/default/files/ops/Reaching2013.pdf>)

³ DSS has noted that the federal government does not count the state's "cash-out" policy for SSI/SSP recipients (whereby those individuals receive a small food assistance benefit through SSP and are not eligible for additional CalFresh benefits) in its participation rate. The Department estimates that the state's participation rate could be a few percentage points higher if many of those individuals who would otherwise be eligible for CalFresh were counted as participating. The state would still have among the lowest participation rates in the nation.

Efforts to increase participation include outreach to communities, in reach to families served by other nutrition and anti-poverty programs (like the Women, Infants and Children (WIC) program) and streamlining customer service with more on-line and telephone access. In February 2016, California was recognized for these efforts and won a most improved Program Access Index award from the USDA for FFY 2014⁴.

The department has continued to work on improving participation, most recently focusing on outreach to seniors. California's senior population has historically been underserved by CalFresh. Seniors made up approximately eight percent of the caseload in 2016, despite the fact that individuals ages 65 and over make up 10 percent of the population in poverty in California. In October 2017, the Department implemented the "Elderly Simplified Application Project (ESAP)" which provides households with only elderly and/or disabled members with no earnings a three year-certification period; default to all electronic verification when possible; and no interview at recertification, unless requested. At the same time, the state also implemented the "Standard Medical Deduction (SMD) demonstration project" which allows households with at least one elderly or disabled member to claim a standard medical deduction (or actual expenses if above the standard) based on verified expenses of \$35 or more. The SMD is anticipated to result in increased benefits for many seniors while reducing the administrative burden of verifying and claiming actual expenses. With the implementation of both the ESAP and SMD, the state has experienced a caseload increase among seniors, adding approximately 27,000 new senior CalFresh recipients in the last year.

Several recently enacted program changes seek to improve CalFresh program participation. Some of those program changes include:

1. Elimination of fingerprint imaging requirement. AB 6 (Fuentes), Chapter 501, Statutes of 2011, eliminated the fingerprinting requirement, which was intended to prevent duplicate receipt of aid. However, fingerprint imaging created the perception of stigma and other measures were already in place to prevent duplicative receipt.
2. Semiannual reporting. Evidence suggested that a number of CalFresh households may leave the caseload after failing to correctly submit regular reports, only to reapply a few months later. AB 6 also amended the reporting requirement from three quarterly reports in a certification period to one report in a certification period.
3. Face-to-face interview waiver. All counties offer telephone interview in lieu of a face-to-face interview for intake and recertification appointments for CalFresh-only clients.
4. Drug and Fleeing Felon Eligibility. Effective April 1, 2015, the lifetime ban on CalFresh benefits for those convicted of certain drug felonies was lifted. In September 2015 the Food and Nutrition Service of the United States Department of Agriculture published new rules on the definition of

⁴ Program Access Index is the number of CalFresh participants divided by the estimated number of eligible people in California. The full USDA report, *Calculating the Supplemental Nutrition Assistance Program (SNAP) Program Access Index: A Step-by-Step Guide for 2014*, can be found at <http://www.fns.usda.gov/sites/default/files/ops/PAI2014.pdf>

fleeing felon that allow a majority of previously ineligible adults to become eligible for CalFresh benefits and were implemented in California on December 1, 2015.

Expiration of Federal ABAWD Waiver. When Congress created the SNAP program, they also created a time limit for unemployed childless adults between the ages of 18 and 49 years old, referred to as ABAWDs (Able-Bodied Adult Without Dependents). For ABAWDs, the receipt of SNAP benefits is limited to three months in a 36-month period unless they are working at least 80 hours per month, participating in qualifying education and training activities at least 80 hours per month, or complying with a workfare program. While most of the state is still under the waiver, three counties will be implementing the ABAWD time limit on September 1, 2018. In the lead up to implementation, the department is working extensively with stakeholders, including counties and client advocates, and has identified three implementation goals (1) maximize food benefits for eligible people, (2) ensure accuracy and timeliness when making benefit determinations, and (3) minimize administrative impact on clients and counties. DSS has also taken steps to ensure counties and other stakeholders are well aware of and preparing for the upcoming policy change. For example, DSS hosted a seven-part ABAWD policy webinar series, has provided on-site training at county's request for program staff, including eligibility workers, and released the ABAWD Policy Handbook Version 1.0 in January of 2018. The Department has now shifted its focus to automation, operations and the release of the ABAWD Policy Handbook 2.0 which will include additional notices, forms and other implementation resources.

Disaster CalFresh. Over the last year, California has had to implement Disaster CalFresh in eleven counties in response to wildfires in both Northern and Southern California. An affected area must have received a Presidential Declaration with IA in order to request this. Disaster CalFresh provides temporary food assistance for households impacted by a natural or man-made disaster. The program provides temporary benefits to eligible disaster victims while also facilitating the issuance of supplemental CalFresh benefits for ongoing households. To be eligible, a household must have lived or worked in the identified disaster area at the time of the disaster, must have been affected by the disaster and must meet certain D-CalFresh eligibility criteria. In addition to operating Disaster CalFresh, the department also coordinated the issuance of automatic mass replacement benefits to households impacted by assumed food loss due to extensive power outages resulting from the disaster. In total, DSS aided in the issuance of \$2.9 million in benefits for the Northern California wildfires and an additional \$5.6 million in benefits for the Southern California wildfires.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the program and current caseload trends.
2. Please summarize efforts to improve participation and results of current outreach efforts.
3. Please discuss the expiration of the federal ABAWD waiver, impacts it may have and efforts the department is making to mitigate any negative effects.

Issue 11: Proposals for Investment

The subcommittee received the following CalFresh-related requests for investment:

1. Increase CalFresh Funding

Budget Issue. The California Hunger Action Coalition (CHAC) requests increased funding for CalFresh in the 2018-19 Budget by adding state general fund dollars to the benefit allotment.

Background. CHAC points out that while the maximum monthly allotment in 2017-18 is \$192 for a single person and \$640 for a family of four; nationally, only 41 percent of households receive the maximum allotment and 23 percent of households receive less than half of the maximum allotment.

Staff Comment and Recommendation. Hold open.

2. Additional funding for CalFood

Budget Issue. The California Association of Food Banks requests funding CalFood at \$20.6 million General Fund in the 2018-19 budget.

Background. CalFood funds provide additional flexibility to food banks, as they can purchase the items that they need to complement the types of foods that are currently available to them. The 2016-17 budget provided \$2 million for CalFood and \$18.6 million for the Drought Food Assistance Program (DFAP). The 2017-18 Budget funded CalFood at \$8 million, while DFAP funding expired. The Governor proposes \$8 million for CalFood in 2018-19.

Staff Comment and Recommendation. Hold open.

3. Funding for Food Bank Infrastructure

Budget Issue. The California Association of Food Banks requests \$25 million in the 2018-19 budget for one-time food bank infrastructure improvements. Advocates state that food banks are in serious need of improving capacity. The requested dollars would go towards providing modern refrigerated transportation, cold storage, and other capital improvements. It has been nearly 20 years since the state has invested in food bank infrastructure.

Staff Comment and Recommendation. Hold open.

4. Support for CalFresh Supplemental Fruit and Vegetable EBT Pilot in 2018-19 Budget

Budget Issue. California Food Policy Advocates and the San Francisco Bay Area Planning and Urban Research Association requests \$9 million General Fund for the CalFresh Fruit and Vegetable EBT Pilot to increase the purchase and consumption of California-grown fruits and vegetables that are financially out-of-reach for low-income residents. The proposed pilot will modify the CalFresh EBT system to allow CalFresh shoppers to receive a matching benefit upon eligible purchases of California-grown fruits and vegetables, and implement seven community-based pilots to evaluate the efficacy of the EBT

system. This approach has already been piloted and implemented in Massachusetts through the Healthy Incentives Program.

Staff Comment and Recommendation. Hold open.

5. Food for All - Protect, Strengthen and Modernize Immigrant Access to Food Assistance

Budget Issue. California Food Policy Advocates and the California Immigrant Policy Center request Statutory Reporting Language (SRL) in the 2018-19 Budget Bill to bring stakeholders together to develop timely, responsive and actionable plans with regard to immigrant Californians, and with the goal to protect, strengthen, and modernize CalFresh and other food assistance programs for California immigrants.

Staff Comment and Recommendation. Hold open.

6. SAWS stakeholder process and legislative oversight

Budget Issue. The WCLP, CCWRO, and the Alliance to Transform CalFresh requests that the 2018-19 Budget include statutory language to establish a SAWS stakeholder process that emphasizes client-centered design, planning and implementation, and provides for legislative oversight for process and outcome accountability. Advocates purport that this is necessary to ensure quick, consistent, and equitable access to CalFresh.

Staff Comment and Recommendation. Hold open.

5180 – DEPARTMENT OF SOCIAL SERVICES – IMMIGRATION BRANCH**Issue 12: Update: Immigration Services Programs**

Background. The 2017 Budget Act includes a base of \$30 million General Fund for the Immigration Services Funding (ISF), with an additional \$15 million General Fund for the current and budget years for a total of \$45 million General Fund in both 2017-18 and 2018-19. Through this program, qualified nonprofits who meet specific criteria and guidelines may apply for grants to provide education, outreach, and application assistance to immigrant community members eligible for either deferred action programs or naturalized citizenship. Last year services were expanded to include a broader definition of legal services, providing grants to qualified organizations to provide legal training and technical assistance, and making services available to persons presently or formerly residing in California. There was also an additional \$20 million allocated in 2017-18 as one-time funding for Deferred Action for Childhood Arrivals (DACA) legal services.

DSS has awarded contracts to qualified nonprofit organizations that will provide services under one or more of the following service categories: (1) Education and Outreach (E&O); (2) Legal Training and Technical Assistance (LTTA); and (3) Legal Services. DSS also made targeted investments to increase capacity in rural, underserved areas and for hard-to-reach populations.

Below are charts that shows what activities were funded and at what level for the last several years:

Table 3. ISF Funding Overview				
Fiscal Year	ISF Program Year	ISF Appropriation	Organizations Funded	Allowable Legal Services
FY 2015-16	Jan 2016 – June 2017	\$15 million	62	<ul style="list-style-type: none"> • Naturalization • Deferred Action for Childhood Arrivals (DACA) • Deferred Action for Parents of American Citizens and Residents (DAPA)
FY 2016-17	Jan – Dec 2017 ⁴	\$30 million	80	<ul style="list-style-type: none"> • Naturalization • Deferred Action for Childhood Arrivals (DACA) • Other Immigration Remedies
FY 2017-18	Jan – Dec 2018 Jan 2018 – Dec 2019 (<i>removal only</i>)	\$45 million	92	<ul style="list-style-type: none"> • Naturalization • Deferred Action for Childhood Arrivals (DACA) • Other Immigration Remedies • Removal Defense • Post-Conviction Relief • Capacity for Public Defenders • Services for Deported Veterans

Table 4. ISF Funding Allocation Overview						
Service Category	Awarded Funding by Service Category (FY 15-16)	% of Funding by Service Category (FY 15-16)	Awarded Funding by Service Category (FY 16-17)	% of Funding by Service Category (FY 16-17)	Awarded Funding by Service Category (FY 17-18)	% of Awarded Funding by Service Category (FY 17-18)
LTTA	\$443,500	3%	\$976,000	3%	\$1,168,250	3%
E&O	\$2,221,600	15%	\$3,270,200	11%	\$4,073,500	10%
DACA	\$5,810,050	40%	\$2,310,800	8%	TBD	TBD
DAPA	\$1,562,250	11%	N/A	N/A	N/A	N/A
Naturalization	\$4,422,600	31%	\$10,798,000	38%	\$9,348,150	22%
Other Immigration Remedies	N/A	N/A	\$10,157,400	35%	\$14,155,700	34%
Removal Defense	N/A	N/A	N/A	N/A	\$12,528,700	30%
Capacity	N/A	N/A	\$1,250,000	1%	\$680,000	2%
Capacity for Public Defenders	N/A	N/A	N/A	N/A	\$540,000	1%
Services for Deported Veterans	N/A	N/A	N/A	N/A	\$500,000	1%
Post-Conviction Relief	N/A	N/A	N/A	N/A	\$400,000	1%
Temporary Protected Status	N/A	N/A	N/A	N/A	\$300,000	1%

National discussions of federal immigration policy have impacted demand and need, and the department has adjusted contract deliverables with individual contractors to reflect capacity, demand, need, and other factors. Organizations in the greater Los Angeles area and the Bay Area have the most capacity, and can serve greater numbers of immigrants, while other areas may have more limited capacity.

DACA Funding. In September 2017, the federal administration announced the end of the DACA program and a four-week window to file renewal applications. In response, the California Legislature appropriated \$20 million General Fund to assist individuals with DACA with legal services, education and outreach, legal training and technical assistance, and assistance with the filing fee to process the DACA renewal. DSS awarded funding to over 40 non-profit organizations with an existing ISF contract. The table below shows the status of services and the balance of funds as of March 6, 2018.

Table 2. DACA Legal Services and Funding		
Service Provided	Individuals Served	Funding Claimed
DACA Consultations	1,958	\$195,800
DACA Renewals	4,723	\$1,967,300
OIR Consultations	1,668	\$166,800
OIR Cases	166	\$332,000
USCIS Filing Fees	2,529	\$1,251,855
LTTA	N/A	\$165,650
E&O	27,459	\$549,180
TOTAL		\$4,628,585

Temporary Protected Status (TPS). The Department of Homeland Security has recently announced the end of TPS for immigrants from El Salvador, Haiti, and Nicaragua. TPS is a humanitarian program that grants nationals of specifically designated countries temporary lawful status in the United States, including permission to work.

California has the largest population of TPS holders in the United States, with most nationals coming from El Salvador (49,100) and Honduras (5,900). Services funded by the ISF program, including consultations, other immigration remedies, education and outreach, legal training and technical assistance, and removal defense, are all available to serve the TPS holder population. DSS is actively consulting with TPS legal services providers to coordinate efforts.

API Capacity Project update. The API Capacity Project is one of several projects seeking to improve immigration benefit outcomes for underserved immigrant populations in California. The department is making a two-year investment in the Los Angeles area to increase the number of API undocumented immigrants apply for relief including DACA and U Visas, and to identify best practices to improve outcomes for this community.

The API community is the fastest growing undocumented population in California and undersubscribes immigration relief programs. The Migration Policy Institute reports that nationally only 16 percent of Korean eligible immigrants applied for DACA, compared to 81 percent of immigrants from Mexico and El Salvador. The department will work with contractors with the relevant linguistic and cultural competency to promote immigration remedies, improve utilization and identify outreach and education best practices. This contract term is January 1, 2017 through December 31, 2018.

Unaccompanied Undocumented Minors (UUM). DSS annually oversees \$3 million legal services funding for the UUM program. The department awards contracts to qualified nonprofit legal services organizations that will provide legal representation for UUMs in the filing of, preparation for and representation in administrative and/or judicial proceedings for the following immigration statuses: asylum, T-Visa, U-Visa, and/or Special Immigrant Juvenile Status (SIJS). The legal services include culturally and linguistically appropriate services provided by attorneys, paralegals, interpreters and other support staff for state court proceedings, federal immigration proceedings, and any appeals arising from those proceedings. Services began on December 19, 2014.

The UUM fee-per-case was increased in 2015-16 from \$4,000 per case to \$5,000 per case to adequately compensate legal services organizations for the contracted UUM services. A departmental survey and research of costs associated with providing UUM legal services ranged from \$2,000 to \$12,000, depending on the case type. Invoicing records show that the majority of cases that contractors are handling involve Asylum and Special Immigrant Juvenile Status, which have the greatest expense.

The average wait time to secure a court decision for a UUM client is 1,071 days (2.9 years). All UUM contractors have until June 30, 2021 to close out all active cases and submit final invoices.

Below is a chart showing clients served to date with UUM program funding:

Table 1. UUM Clients Served to Date by FY					
Fiscal Year	2014-15	2015-16	2016-17	2017-18	Total
Clients Served	725	580 ³	580	580	2,456
Clients Completed (Adjudicated)	315	118	23	0	456
Case Outcome					
Asylum	228	111	20	0	359
T-Visa	2	0	0	0	2
U-Visa	2	0	0	0	2
SIJS	81	7	1	0	89
Other (Citizenship)	2	0	0	0	2

DSS has awarded \$11.6 million in funding through June 30, 2018 to non-profit legal services providers to provide legal services to 2,465 UUMs. The UUM program has funded an average of 20 non-profit organizations during each of its three cycles.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an update on funding levels and activities.
2. Please provide an update on the API Capacity Project.
3. Please provide an update on UUM.

Issue 13: Proposals for Investment

The subcommittee received the following immigration-related requests for investment:

1. Increasing Legal Defense Capacity in the Central Valley

Budget Issue. The Center at the Sierra Health Foundation, on behalf of the Fresno County Legal Defense Fund, request \$4.5 million General Fund to fund immediate deportation defense and capacity building for local accredited organizations through partnerships with reputable private attorneys, a Rural Justice Fellows Project, a College Graduate Fellow Pipeline to Law School Project, and a Central Valley Immigration Career Assistance Program. Advocates point out that the combination of a large immigrant population, the scant availability of quality legal services, high levels of poverty, and the expansive geography of the Valley create a serious justice gap for immigrants in the region.

Staff Comment and Recommendation. Hold open.

5180 – DEPARTMENT OF SOCIAL SERVICES – MISCELLANEOUS

Issue 14: Proposals for Investment

The subcommittee received the following request for investment:

1. Provide two non-profits with funding for a civic engagement initiative

Budget Issue. The Martin Luther King Jr. Freedom Center and the Dolores Huerta Foundation request funding of \$2 million General Fund ongoing for a Youth and Family Civic Engagement Initiative. The Initiative aims to reach 200 middle and high school students (50 each from Fresno, Kern, Contra Costa, and Alameda counties).

Staff Comment and Recommendation. Hold open.