Senate Budget and Fiscal Review—Holly J. Mitchell, Chair

SUBCOMMITTEE NO. 3 Agenda

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

Thursday, April 12, 2018
9:30 a.m., or Upon Adjournment of Floor Session
State Capitol, Room 4203
PART A

Consultant: Theresa Pena

5175 DEPARTMENT OF CHILD SUPPORT SERVICES (DCSS)

Issue 1: Overview

The Department of Child Support Services (DCSS) is the single state agency designated to administer the federal Title IV-D mandated Child Support Program (CSP). California's Child Support Program seeks to enhance the well-being of children and families' self-sufficiency by providing professional services to locate parents, establish paternity, and establish and enforce orders for financial and medical support. DCSS estimates that there are approximately 1.2 million child support cases in California.

The Governor's budget provides $846.1 million ($261.2 million General Fund) for 2017-18 and $846.7 million ($261.3 million General Fund) for 2018-19. Total distributed child support collections and revenues are projected to be $2.46 billion ($171.9 million General Fund) in 2017-18 and $2.5 billion ($170.8 million General Fund) for 2018-19.

Administration and funding. The Child Support Program is locally administered and funded through federal and state funds, 66 percent and 34 percent, respectively. The program earns federal incentive funds based on the state's performance in the five federal performance measures (to be discussed below). Eligibility for federal Temporary Assistance to Needy Families (TANF) Block Grant funding is also contingent upon continuously providing federally-required child support services.

Service delivery. Local and regional child support agencies deliver services, which are available to all California residents. Families may be referred to CSP through public assistance programs. Non-aided families may apply for services at an office or online, and support is passed directly to the custodial party. After the initial application or referral, the family proceeds to case intake.

Collections. Basic collections represent the ongoing efforts of Local Child Support Agencies (LCSAs) to collect child support payments from parents paying support. Basic collections are collected from the following sources: wage assignments; federal and state tax refund intercepts; unemployment insurance benefit intercepts; lien intercepts; bank levies; and, direct payments from parents paying support. Collections made on behalf of non-assistance families are forwarded directly to custodial parties; while collections for families receiving assistance are retained and serve as recoupment of past welfare costs.

Total Collections Received, by source (FY 2016-17)	
Wage Withholding	$1.65 billion
IRS federal income tax refund	$134.2 million
FTB state income tax refund	$37.1 million
Unemployment Insurance Benefits	$40 million
Collections from other IV-D states	$98.5 million
Non-custodial parents regular payments	$357.6 million
Other sources* (Liens, workers' compensation, disability insurance benefits offset, California insurance intercepts, and full collections program without wage levies)	$111.1 million

Total child support distributed collections are $2.5 billion for the budget year ($2.1 billion non-assistance payments; $407 million assistance payments). According to the Administration, wage withholding continues to be the most effective way to collect child support, constituting 68 percent ($1.7 billion) of the total collections received. For more information about total collections received by source, please see the department's chart above.

Disregard payments to families. In addition to the California Work Opportunity and Responsibility to Kids (CalWORKs) grant, the custodial party receiving support also receives the first $50 of the current month's child support payment collected from the non-custodial parent. Forwarding the disregard portion of the collection to the family, instead of retaining it as revenue, results in reduced collection revenues for state and federal governments.

New Customer Payment Options. In an effort to establish alternative payment methods for child support obligors, DCSS implemented MoneyGram and PayNearMe in 2015. These alternative payment methods offer transfer and payment services of child support through a wide network of retail locations. In 2017, there were 24,784 MoneyGram transactions resulting in $6.4 million in collections and there were 30,850 PayNearMe transactions resulting in $6.9 million in collections.

DCSS also installed self-service kiosks at LCSA offices, county court buildings, and other community facilities. From January 1, 2017 through December 1, 2017, $41.1 million in collections have been processed via the self-service kiosks.

More recently, DCSS partnered with Value Payment Systems (VPS) to implement PayPal as a payment option, effective March 1, 2018. The department anticipates a continued growth in the utilization of alternative payment options as customers gain awareness of their availability.

Automation System. Federal law requires each state to create a single statewide child support automation system that meets federal certification standards. There are two components of the California Child Support Automation System—Child Support Enforcement (CSE) and State Disbursement Unit (SDU).

- Child Support Enforcement. The CSE system contains tools to manage the accounts of child support recipients and to locate and intercept assets from non-custodial parents who are delinquent in their child support payments. In addition, it funds the local electronic data processing maintenance and operation costs.

- State Disbursement Unit. The SDU provides services to collect child support payments from non-custodial parents and to disburse these payments to custodial parties. The SDU complements the CSE system by providing services to collect and distribute child support obligation payments for both the IV-D and non- IV-D populations[1], and to prepare collection payment transactions for processing by the CSE system.

[1] Title IV-D of the Social Security Act is a federally required program providing parentage and support establishment and support enforcement services.

The California Child Support Automation System (CCSAS) was implemented in 2008, and received its federal certification as the statewide automation system shortly thereafter. The program's cost was approximately $1.5 billion dollars, and implementation took around eight years. DCSS must maintain the automation system, and is responsible for ensuring that LCSAs can access the system. Ongoing annual costs for the CCSAS are approximately $125 million ($110 million CSE; $15 million SDU).

The following chart displays the total CCSAS CSE actual and projected costs through 2018-19.

TASKS	ACTUAL 2003-04 thru 2013-14	ACTUAL SFY 2014-15	BUDGET SFY 2015-16	BUDGET SFY 2016-17	BUDGET SFY 2017-18	BUDGET SFY 2018-19	TOTAL
Development	902,073,292	-	-	-	-	-	**$ 902,073,292**
Operations	555,629,865	59,646,913	71,072,440	71,860,440	74,642,440	74,674,440	**$ 907,526,538**
Local Technical Support	671,403,274	30,867,766	35,007,994	35,007,994	35,007,994	35,007,994	**$ 842,303,016**
TOTAL CCSAS COST	**$ 2,129,106,431**	**$ 90,514,679**	**$ 106,080,434**	**$ 106,868,434**	**$ 109,650,434**	**$ 109,682,434**	**$ 2,651,902,846**

Federal Performance Measures. Federal incentive payments are based on the state's annual data reliability compliance and its performance in five measures, which were established by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and the Child Support Performance and Incentive Act of 1998. The five performance measures are:

1. **Statewide Paternity Establishment Percentage (PEP)** measures the number of children born out-of-wedlock for whom paternity was acknowledged or established in the fiscal year compared to the total number of children in the state born out-of-wedlock during the preceding fiscal year. California measured 94.3 percent in FFY 2017. The federal minimum performance level is 50 percent.

2. **Cases with Support Orders Established** measures cases with support orders as compared to total caseload. California measured 91.2 percent for FFY 2017. The federal minimum performance level is 50 percent.

3. **Collections on Current Support** measures the current amount of support collected as compared to the total amount of current support owed. California measured 66.5 percent for FFY 2017. The federal minimum performance level is 40 percent.

4. **Cases with Collections on Arrears** measures the number of cases with child support arrearage collections as compared with the number of cases owing arrearages during the federal fiscal year. California measured 66.4 percent for FFY 2017. The federal minimum performance level is 40 percent.

5. **Cost Effectiveness for California** compares the total amount of distributed collections to the total amount of expenditures for the fiscal year, expressed as distributed collections per dollar of expenditures. California measured $2.52 for FFY 2017, unchanged from the previous year. The federal minimum performance level is $2.00.

DCSS estimates that California will be entitled to $42.5 million in federal incentive funds for fiscal year 2016-17 and $43.4 million in the budget year.

On December 11, 2014, the department issued Child Support Services letter 14-12, which outlines how the department will shift from evaluating statewide and local performance improvement efforts exclusively by the five federal performance measures to a more "customer-oriented, family-centered approach." Performance management plans will be reviewed within the context of practice improvement indicators, as provided by the department; and, regional administrators will monitor LCSA implementation.

DCSS has since developed a set of measures called practice indicators to track other key metrics that are important to our customers and to the performance of the program. These measures are meant help to inform strategies and practices that the LCSAs adopt and include in their annual performance improvement plans. Some key practice indicators the percentage of orders that result from collaborative negotiations with both parties that result in stipulation orders, the timeliness of service provided, the reliability of child support payments and the accuracy of child support orders.

Update on Local Child Support Agency Revenue Stabilization. Since July 1, 2009, the state provides $18.7 million ($6.4 million General Fund) for the 49 LCSAs to stabilize caseworker staffing, and to avoid a loss in child support collections. To receive an allocation of revenue stabilization funds, DCSS requires that revenue stabilization funds are distributed to counties based on their performance on two key federal performance measures—1) collections on current support and 2) cases with collections on arrears. According to 2016-17 data, DCSS found that revenue stabilization funds maintained statewide child support collections. Specifically, the stabilization funds have assisted in retaining:

- 207 child support caseworkers
- $137.9 million in total distributed collections.
- $14.6 million in net total assistance collections.
- $6.9 million General Fund share of assistance collections.
- $123.3 million in total non-assistance collections.

Uniform Interstate Family Support Act (UIFSA). The UIFSA governs the establishment, enforcement, and modification of interstate child and spousal support orders by providing jurisdictional standards and rules for determining which state's order is controlling and whether a tribunal of this state may exercise continuing, exclusive jurisdiction over a support proceeding. The UIFSA was first developed by the National Conference of Commissioners on Uniform State Laws in 1992, was amended in 1996, 2001, and 2008. All states were required to enact UIFSA in 1998 as a condition to receive federal funds for family support enforcement. As a result, UIFSA is currently state law in all 50 states and jurisdictions.

The UIFSA 2008: 1) allows states to redirect support payments to a new state when all parties have left the state that originally issued a support order; 2) requires courts to permit out-of-state parties to appear telephonically in proceedings to establish, modify, or enforce a support order; and, 3) allows for the provision of child support services to residents of other countries pursuant to the 2007 Hague Convention on the International Recovery of Child Support and Other Forms of Maintenance.

On September 29, 2014, the President signed the Preventing Sex Trafficking and Strengthening Families Act (Public Law (P.L.) 113-183), which, among its provisions requires the adoption of the UIFSA 2008 by the end of each state's 2015 legislative session, as a condition of federal child support program funding. The key changes from the 1996 version to the 2008 version include:

- Allowing California to redirect support payments to a new state when all parties have left the state that originally issued a support order;
- Requiring courts to permit out-of-state parties to appear telephonically in proceedings to establish, modify, or enforce a support order; and
- An expansion for provision of child support services to residents of other countries pursuant to the Hague Convention on the International Recovery of Child Support and Other Forms of Maintenance (Convention).

Office of Child Support Enforcement (OCSE) Final Rule. On December 20, 2016, the federal OCSE published The Flexibility, Efficiency, and Modernization in Child Support Programs Final Rule (Final Rule). Effective January 19, 2017, the final rule makes changes to the child support program intended to increase the effectiveness of the program for all families, states, territories and tribal programs and to ensure that child support services are accessible to families and delivered in a fair and transparent manner. Some of the changes include: clarifying and streamlining regulations to improve the efficiency of child support programs; clarifying the variables that should be considered or included when calculating a child support order amount in order to improve the fairness and accuracy of child support orders; expands criteria for closing child support cases; and expands the types of services for which federal financial participation is available. DCSS, in collaboration with the LCSAs, is currently evaluating some of the discretionary provisions of the Final Rule related to the additional services available for FFP, additional case closure reasons, and the ability to provide limited services in paternity-only cases. DCSS will be evaluating the provisions related to the Child Support Guideline in the context of the current Guideline Quadrennial review, which is a federally-required review of state child support order setting guidelines. DCSS, together with LCSAs and the Judicial Council of California, will meet beginning April 2018 through the fall of 2018 to review both the Final Rule provisions related to Guideline, and the Quadrennial Review report.

Staff Comment and Recommendation. Informational only. No action required.

Questions.

1. Please provide a brief update on the department's budget and any new program changes.

Issue 2: Proposal for Investment

The subcommittee has received the following DCSS-related proposal for investment.

1. Equitable Funding for County Child Support Departments

Budget Issue. Representatives of the counties of Fresno, Glenn, Kern, Kings, Los Angeles, Madera, Merced, Riverside, Sacramento, San Bernardino, San Joaquin, Stanislaus and Tehama request an ongoing increase of $42.8 million General Fund (to be matched with $83.2 million Federal Funds) to be allocated to the 14 counties, which have been underfunded relative to the rest of the counties. These 14 counties receive less than $630 per case.

Proponents of this proposal point out that despite efforts to restructure how federal and state funds flow to county child support departments, no changes have been made by the state. They also point out that the state's average return on investment for every dollar spent funding child support staff and operations returns $2.51.

Staff Comment and Recommendation. Hold open. Staff notes that base funding for child support programs has not increased since 2002-03, with the exception of one-time funding of $6.4 million General Fund in 2009-10.

5180 Department of Social Services – Child Welfare Services (CWS)

Issue 1: Overview

The CWS system includes child abuse prevention, emergency response to allegations of abuse and neglect, supports for family maintenance and reunification, and out-of-home foster care. The total funding for CWS is estimated to be approximately $6.3 billion ($517 million General Fund) for 2017-18, and $6.2 billion ($433 million General Fund) for 2018-19.

The core of CWS is made up of four components:

- Emergency Response: Investigations of cases where there is sufficient evidence to suspect that a child is being abused or neglected.

- Family Maintenance: A child remains in the home, and social workers provide services to prevent or remedy abuse or neglect.

- Family Reunification: A child is placed in foster care, and services are provided to the family with the goal of ultimately returning the child to the home.

- Other Placements: Provides permanency services to a child who is unable to return home and offers an alternative family structure, such as legal guardianship or independent living.

Caseload trends. There has been a significant decline in the foster care caseload over the last 16 years. Caseload has declined more than 47 percent from 108,159 in 2000 to 56,254 in 2016. The department attributes part of the caseload decline to prevention efforts for out-of-home care and back-end efforts for permanency placements. As of October 2017, approximately 60,000 children were in foster care.

Temporary placement types. Traditionally, there have been three major temporary placement types — a foster family home (FFH), foster family agency (FFA), or group homes:

- FFHs are licensed residences that provide for care up to six children. This placement type also includes relative caregivers. Under the Continuum of Care Reform (CCR), these families are known resource families.

- FFAs are private, nonprofit corporations intended to provide treatment and certify placement homes for children with higher level treatment needs. Under CCR, FFAs are also considered resource families.

- Group homes are licensed to provide 24-hour non-medical residential care in a group setting to foster youth from both the dependency and delinquency jurisdictions.

Under CCR, however, group homes are being phased out and Short-Term Residential Treatment Placements (STRTPs) replace them. As of January 1, 2017, group homes are no longer a placement option (subject to case-by-case exceptions that may allow them to continue to operate for a period of time, until December 2018). STRTPs will provide care, supervision, and expanded services and supports.

Additionally, FFAs and STRTPs will be required to ensure access to specialty mental health services and strengthen their permanency placement services by approving families for adoption, providing services to help families reunify, and giving follow-up support to families after a child has transitioned to a less restrictive placement. AB 403 (Stone), Chapter 773, Statutes of 2015, also requires FFAs and STRTPs to make educational, health, and social supports available.

Duration in placement and placement movements. The foster youth in group home care will transition to alternative placements. In 2017-18, the department assumes that 115 group home placements will move to an intensive services foster care placement; 345 group home placements will move to an STRTP placement; and 515 group home placements will move to a family-based setting. The remaining 4,630 group home placements will not yet transition.

Below is a table for 2018-19, based on data from DSS, which shows caseload movement from group homes.

Table 1. HBFC Rate Caseload - 2018-19 Governor's Budget

		FY 2016-17 Caseload	FY 2017-18 Caseload	FY 2018-19 Caseload	FY 2019-20 Caseload	FY 2020-21 Caseload	Assumed Final Distribution
Total FC Caseload (Excl. AAP/-GAP/ARC)		**41,530**	**41,530**	**41,530**	**41,530**	**41,530**	
FFA		12,735	12,735	12,735	12,735	12,735	
FFH/Relative		23,268	23,268	23,268	23,268	23,268	
Prospective AAP		1,924	6,870	13,465	20,060	26,655	
Prospective Kin-GAP		185	661	1,295	1,929	2,563	
Prospective Fed-GAP		256	915	1,794	2,673	3,552	
ARC		4,627	4,607	4,968	5,380	5,642	
Total GH RCL 1-9	*593*						
GH RCL 1-9 Shifting to ISFC		-	-	27	30	30	5%
GH RCL 1-9 Shifting to STRTP		-	-	-	-	-	0%
GH RCL 1-9 Shifting to FFA		9	30	137	296	296	50%
GH RCL 1-9 Shifting to FFH		-	10	55	148	148	25%
GH RCL 1-9 Shifting to Relative		-	10	55	119	119	20%
GH not moving		584	544	320	-	-	0%
Total GH RCL 10-12	*4,410*						
GH RCL 10-12 Shifting to ISFC		-	147	610	882	882	20%
GH RCL 10-12 Shifting to STRTP		64	514	1,626	2,117	2,205	50%
GH RCL 10-12 Shifting to FFA		-	37	203	441	441	10%
GH RCL 10-12 Shifting to FFH		-	37	203	529	441	10%
GH RCL 10-12 Shifting to Relative		-	37	203	441	441	10%
GH not moving		4,345	3,638	1,564	-	-	0%
Total GH RCL 14	*524*						
GH RCL 14 Shifting to ISFC		-	17	73	144	144	28%
GH RCL 14 Shifting to STRTP		11	70	242	307	307	59%
GH RCL 14 Shifting to FFA		-	-	24	47	47	9%
GH RCL 14 Shifting to FFH		-	-	12	13	13	3%
GH RCL 14 Shifting to Relative		-	-	12	13	13	3%
GH not moving		513	437	162	-	-	0%

Licensing. The Community Care Licensing Division licenses facilities, including foster family homes, foster family agencies (who, in turn, certify individual foster families), and group homes. All facilities must meet minimum licensing standards, as specified in California's Health and Safety Code and Title 22 Regulations. Among those requirements, group homes must provide youth with direct care and supervision, daily planned activities, food, shelter, transportation to medical appointments and school, and at least a monthly consultation and assessment by the group home's social worker and mental health professional, if necessary, for each child. Currently, the department must visit all homes and facilities at least once every five years, with an additional random sample of 30 percent of homes and facilities each year. The 2015-16 Governor's budget included resources to improve regulatory oversight by increasing the frequency of inspections of Community Care licensed facilities throughout the state. Changes to inspection frequency for Children's Residential will go into effect in two stages. During Stage 1, beginning in January 2017, all children's residential homes and facilities will be inspected once every three years with an additional random sample of 30 percent of facilities. During the final stage, beginning in January 2018, all children's residential homes and facilities will be inspected once every two years with an additional random sample of 20 percent of facilities.

Performance measures and accountability. The federal Administration for Children and Families (ACF) conducts Child & Family Services Reviews (CFSRs) of states' child welfare systems, which include measures of outcomes related to the safety, permanency, and well-being experienced by children and families served. In the 2016 Federal review, counties and the state were found to be out of conformity with all seven outcomes and five of seven systemic factors. The state met two systemic factors (Statewide Information System and Agency Responsiveness to the Community). As a result, DSS engaged with counties to jointly develop a Program Improvement Plan (PIP). This plan has been submitted in draft form to the federal Administration for Children and Families (ACF). It is expected to be formally submitted for approval within the next few weeks.

The new PIP capitalizes on change initiatives already underway, such as CCR. To the extent possible, the strategies to achieve required improvements are the same activities being conducted for CCR including implementation of Child and Family Teams and Foster Parent Recruitment/Support. Some items were also added to address deficiencies where existing initiatives do not (such as ongoing social worker training requirements). ACF, the County Welfare Directors Association (CWDA), and DSS are committed to an implementation team to oversee the work of the PIP. This implementation team will consist of county child welfare deputies and DSS management. ACF will also provide support from the Capacity Building Center for States to assist with developing implementation strategies.

The Child Welfare System Improvement and Accountability Act also created a statewide accountability system that became effective in 2004. It includes 14 performance indicators monitored at the county-specific level and a process for counties to develop System Improvement Plans (SIPs).

Federal Families First Prevention Services Act (FFPSA). The FFPSA was passed as part of the Bipartisan Budget Act of 2018, and includes new preventive service options and requirements for foster care placement settings, amends existing provisions within Title IV-B and Title IV-E of the Social Security Act, as well as reauthorizes several existing programs through 2021. Title I of the Act is optional for states, and provides federal matching funding for prevention services including mental health, substance abuse prevention and treatment, and in-home parenting supportive and skill-building programs. Title II of FFPSA additionally sets out new criterion for non-foster home placement settings allowable for IV-E Foster Care Maintenance Payments. Generally, the new provisions in Title IV-E align to the state's Continuum of Care Reform (CCR) efforts geared toward reducing the use of congregate care through utilization of trauma-informed or child and family-centered modalities of short-term residential care and increasing the availability and placement of youth in Resource Families, kinship or legal guardianship care, or adoption placements; however, there are some differences regarding the definition of youth eligible for IV-E reimbursed for placements in Short-Term Residential Treatment Programs, definitions of acceptable assessment processes, and nursing/contracting requirements. DSS, alongside federal partners and stakeholders, continue to analyze the potential impact on and explore solutions to support CCR efforts and the broader California child welfare and foster care system.

Realignment. The 2011 public safety realignment and subsequent related legislation realigned child welfare services and adoptions programs to the counties, transferring nonfederal funding responsibility for foster care to the counties. In addition, over the last several years, the state increased monthly care and supervision rates paid to group homes, foster family homes, and foster family agency-certified homes, as a result of litigation.

Prior to the 2011 realignment, DSS estimated the costs associated with meeting federal and state requirements for the estimated numbers of children and families to be served as part of the annual budget process. Under the 2011 realignment, the total funding for CWS is instead determined by the amount available from designated funding sources (a specified percent of the state sales and use tax and established growth allocations) that are directed to the counties and corresponding matching funds. Both before and after realignment, certain CWS expenditures, including payment rates for care providers that are statutorily established, are provided on an entitlement basis.

Trailer bill provisions in 2012-13 additionally established programmatic flexibility that allows counties, through action by boards of supervisors after publicly-noticed discussion, to discontinue some programs or services that were previously funded with only General Fund, including clothing allowance and specialized care increments added to provider rates and Kinship Support Services programs.

Roles of the state and counties. DSS is responsible for oversight, statewide policy and regulation development, technical assistance, and ensuring federal compliance. Prior to realignment, the state was also at risk for the full costs of any federally-imposed penalties stemming from federal CFSRs. Under realignment, counties, whose performance contributed to an applicable penalty, must pay a share of the penalty if realignment revenues were adequate to fully fund the 2011 base, and if they did not spend a minimum amount of allocated funding on CWS.

Required reporting on realignment. Pursuant to SB 1013 (Budget and Fiscal Review Committee), Chapter 35, Statutes of 2012, DSS must report annually to the Legislature on April 15 outcome and expenditure data, as well as impacts of CWS and Adult Protective Services program realignment. Reports must also be posted on the department's website. The 2017 Child Welfare Services Realignment Report[2] found the following:

- Child welfare practices of investigating referrals within policy timeframe continue to remain above state standards.

- There has been a significant decline in the foster care caseload. Caseload has declined more than 47 percent from 108,159 in 2000 to 56,254 in 2016.

- Between 2011 and 2016, the number of children for whom the first placement is with a relative/kin increased from 20 percent to 27 percent, while the proportion of children placed in group homes decreased from 15 percent to 12 percent.

[2] The full report can be accessed here: http://www.cdss.ca.gov/Portals/9/Child%20Welfare%20Services%20Performance%20Outcome%20Measures%20May%202017.pdf?ver=2017-05-31-142050-967

- The proportion of children who entered foster care and subsequently exited to permanency due to guardianship, adoption or reunification within 12 months dropped from 40.9 percent in 2010 to 32.2 percent in 2015.

- The proportion of children re-entering foster care within a year decreased from 11.9 percent in 2009 to 11.8 percent in 2014.

The department is currently drafting the 2018 Realignment Report.

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

California complied with these new requirements by enacting AB 1625 (Committee on Budget), Chapter 320, Statutes of 2016. Starting January 1, 2017, in addition to all fatalities, counties must both report the near fatality to DSS and publicly disclose a combination of case file documents and a case summary on the details of the near fatality and any child welfare services provided to the victim or the victim's family.

Recent policy and budget actions. Several policies and budget actions lay the groundwork for or alter child welfare reform, including:

- **Extended foster care.** AB 12 (Beall), Chapter 559, Statutes of 2010, enacted the "California Fostering Connections to Success Act of 2010," which provides an extension for foster youth, under specified circumstance, to remain in care until age 21; increases support for kinship care (opportunities for youth to live with family members); improves education stability; coordinated health care services; provides direct child welfare; and, expands federal resources to train caregivers, child welfare staff, attorneys, and more.

- **Katie A.** The Katie A. vs. Bonta case was first filed on July 18, 2002, as a class action suit on behalf of children who were not given adequate services by both the child protective system and the mental health system in California. The suit sought to improve the provision of mental health and supportive services for children and youth in, or at imminent risk of placement in, foster care in California. Outcomes from the settlement agreement and implementation plan include the creation of the Core Practice Model; and the provision of Intensive Care Coordination, Intensive Home-Based Services, and Therapeutic Foster Care to eligible children.

- **Title IV-E Waiver.** Title IV-E is the major federal funding source for child welfare and related probation services. These funds, which were previously restricted to pay for board-and-care costs and child welfare administration, can be used to provide direct services and supports under the waiver extension. Since Title IV-E funding is based solely on actual cost of care, if a county's preventative services are effective and fewer children enter or stay in the foster care system, the county's Title IV-E funding is reduced. Thus, the county is penalized for reducing foster care placements, even though such a reduction is the most desirable outcome. The 2014-15 budget authorized the waiver extension for five years, beginning October 1, 2014. The nine participating counties include: Alameda, Butte, Lake, Los Angeles, Sacramento, San Diego, San Francisco, Santa Clara, and Sonoma.

- **Commercial Sexual Exploitation of Children (CSEC) Program.** SB 855 (Budget and Fiscal Review Committee), Chapter 29, Statutes of 2014, established the state CSEC program to enable county child welfare agencies to provide services to child victims of commercial sexual exploitation. The CSEC program was established as a county opt-in program. Shortly after the state program was enacted, federal CSEC legislation was enacted with statewide requirements.

  In 2017-18, the Legislature provided an additional $5 million General Fund, for a total of $19 million for the CSEC program (proposed funding for 2018-19 remains the same). The 38 participating counties reported serving a total of 3,061 victims and 4,579 youth at-risk of CSEC statewide. According to the CSEC Program 2017 Report to the Legislature, the most common and promising CSEC service interventions supported by the state funding include mental health services and case management with a particular focus on trauma-informed services, specialized community-based CSEC advocates for youth, a continuum of safe and stable placement options, addressing gang affiliation, fiscal and vocational/life skills training, and a diverse range of additional supports.

- **Relative Caregiver Funding.** Effective January 1, 2015, counties, who opt-in to the Approved Relative Caregiver (ARC) Funding Program, must pay an approved relative caregiver a per child, per month rate, in return for the care and supervision of a federally-ineligible Aid to Families with Dependent Children-Foster Care (AFDC-FC) child placed with the relative caregiver, equal to the base rate paid to foster care providers for a federally-eligible AFDC-FC child. To date, a total of 48 counties have opted in. With the CCR, however, ARC payment rates will be equal to the home-based family care rate basic level.

- **Bringing Families Home (BFH).** Created by AB 1603 (Committee on Budget) Chapter 25, Statutes of 2016, the BFH program is intended to reduce the number of families in the child welfare system experiencing homelessness, to increase family reunification, and prevent foster care placement. It is an optional state-funded program with a dollar-for-dollar county match requirement. County programs must utilize a Housing First model, including Rapid Rehousing or Supportive Housing. The 2016-17 Budget Act allocated $10 million that is available through June of 2019. DSS allocated funds in May 2017 to the following 12 county child welfare agencies: Kings, Los Angeles, Orange, Sacramento, San Diego, San Francisco, San Luis Obispo, Santa Clara, Santa Cruz, Solano, Sonoma, and Yolo. DSS has hosted two mandatory Learning Forums for BFH funded counties in June 2017 and February 2018 to provide an opportunity for counties to learn from the experts in the field and hear about best practices. DSS also offers a monthly BFH call which provides counties the opportunity to learn from each other.

- **Emergency Child Care Bridge for Foster Children (Bridge) Program.** The Bridge Program, created by SB 89 (Committee on Budget and Fiscal Review), Chapter 27, Statutes of 2017, aims to increase the capacity of child care programs to meet the needs of the foster care children in their care, and maximize funding to support the child care needs of eligible families. The Bridge Program consists of three components: 1) the emergency child care voucher, where eligible families may receive a time-limited voucher or payment to help for child care costs for foster children; 2) a child care navigator, to assist families in finding and securing a child care provider, and developing a long-term plan for child care; 3) trauma-informed care training for child care programs participating in the Bridge Program. $15.5 million is provided in the current year, with implementation beginning on January 1, 2018, and $31 million is provided ongoing.

The department issued an All County Letter (ACL) in October 2017. 42 counties have opted in for 2017-18. Most of the counties are subcontracting the voucher component to the local Alternative Payment Program. An ACL with final award amounts was issued in January 2018, and DSS currently holds monthly technical assistance calls.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide brief overview the proposed budget, caseload trends, and any new or significant program updates.

2. Please provide an update on federal performance measures, and any other important issues at the federal level.

3. Please provide an update on the CSEC program, the BFH program, and the Emergency Child Care Bridge program.

Issue 2: Budget Change Proposal: Case Reviews Oversight Assistance

Governor's Proposal. The Administration requests $1.1 million ($247,000 General Fund) in 2018-19 and $1.0 million ($231,000 General Fund) ongoing for eight Associate Governmental Program Analysts (AGPAs) and one Staff Services Manager I to allow for the department to provide increased coordination with and technical assistance to the counties to develop or improve mental and physical health services for vulnerable children ages zero to five, and to conduct required qualitative case reviews for rural child welfare and probation agencies who have been unable to conduct their own reviews.

Background. Under the federal Child and Family Service Review (CFSR), the population of children ages zero to five has been identified as underserved in targeted mental health services, including new federal requirements that require states to apply policies and procedures to identify, facilitate access to services, and monitor plans of safe care, for infants born affected by substance abuse symptoms, withdrawal symptoms, or a Fetal Alcohol Spectrum Disorder and their affeced family or caregiver. Additionally, a number of small, rural counties have struggled to meet the federal mandate to conduct a qualitative Case Review process.

The department notes that these new resources will allow the department to provide increased technical assistance to counties in an effort to reduce the percentage of children ages zero to five who are in foster care longer than 24 months from the current 40 percent to the federal standard of 30.3 percent, reduce the infant mortality rate, and conduct the necessary qualitative case reviews for rural counties, and ultimately bring the state into compliance with federal standards and avoid potential penalties.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the proposal.

Issue 3: Budget Change Proposal: Psychotropic Medication Oversight in Foster Care

Governor's Proposal. The Administration requests $1.4 milion ($375,000 General Fund) split over two years to continue meeting statutory mandates of SB 484 (Beall), Statutes of 2015, Chapter 540. This is the equivalent of six positions.

Background. SB 484 mandated additional review and increased standards regarding psychotropic medication usage in group homes, which created new data collection and notification requirements for the Community Care Licensing Division in DSS, and required that DSS annually develop a methodology for quantifying psychotropic medication usage to identify facility outliers. The bill also required DSS to publish a statewide summary of the information gathered during these inspections in order to review and evaluate the use of psychotropic medications among youth in group home care.

The department originally identified 206 facilities and redirected 22 Licensing Program Analysts (LPAs) for these purposes. However, over time, the department found that the time it took to complete these inspections was 7.2 hours per facility, which is 2.5 times the average time it takes to complete a group home inspection. Some of the additional workload includes an extensive review of a child's trauma history, case files, employee files, and conducting in-depth interviews of staff and children.

The department notes that these new resources will ensure that there is transparency regarding psychotropic drug utilization in group homes, and that the department will be able to better protect the health and safety of these children by facilitating increased oversight.

Staff Comment and Recommendation. Hold open.

Questions.

1. Please provide an overview of the proposal.

2. Please discuss what resources were provided originally for SB 484. Why weren't these resources sufficient?

Issue 4: Proposals for Investment

The subcommittee has received the following CWS-related proposals for investment.

1. Eliminating Barriers to Enter or Re-enter Extended Foster Care

Budget Issue. The Alliance for Children's Rights, California Coalition for Youth, Children's Law Center, and others request a modest increase to Extended Foster Care to ensure youth who are in need of services but were unable to enter or re-enter foster care are able to do so. This proposal is a result of recent issues raised by appellate courts. The changes are narrow and technical in nature. The LAO estimates that this proposal would cost between $800,000 General Fund to $1.7 million General Fund.

Staff Comment and Recommendation. Hold open. The department is working with advocates to determine the scope of the proposal and its costs.

2. Fostering Success: Building community health-based response for supporting vulnerable youth

Budget Issue. The National Center for Youth Law requests an investment of approximately $7.6 million General Fund for three years that, through counties with the facilities making the most calls to law enforcement, would fund nonprofits and community organizations to 1) provide trauma-informed, culturally relevant training to law enforcement and professionals interacting with vulnerable youth populations; 2) collaborate with public agencies to expand local youth diversion programs and deliver developmentally-appropriate services in under-served communities. The program would be overseen by DSS.

Staff Comment and Recommendation. Hold open.

3. Pilot Program – Designated Coaches for Resource Family Support and Retention

Budget Issue. Students of the McGeorge School of Law Legislative and Public Policy Clinic request $4.75 million for the implementation of a two-year family coaching pilot project in 3-5 counties. The pilot will allow 20 qualified workers to be trained as coaches and provide designated support specifically to kinship and foster families for two years to improve foster parent retention and support.

Staff Comment and Recommendation. Hold open.

5180 DEPARTMENT OF SOCIAL SERVICES – CHILD WELFARE SERVICES (CWS)
4260 DEPARTMENT OF HEALTH CARE SERVICES (DHCS)

Issue 1: Oversight – Continuum of Care Reform (CCR) Implementation

Governor's Proposal. The 2018-19 Governor's budget proposes $238.2 million ($179.7 million General Fund) to continue implementation of CCR activities.

The table below provides a high-level summary of changes between the 2017-18 Budget Act and the 2018-19 Governor's budget. The 2017-18 revised budget provides additional General Fund to give counties time to reevaluate their Specialized Care Increment (SCI) programs and costs in consideration of the incremental increase provided by the higher level of care rates.

Funding (in millions)	FY 2017-18 Appropriation	FY 2017-18 Revised Budget	FY 2018-19 Governor's Budget	FY 2017-18 Change from Appropriation	FY 2018-19 Change from Appropriation
Total*	$11.3	$87.7	$38.6	$76.4	$27.3
Federal/ TANF	0.0	13.3	4.5	13.3	4.5
State	11.0	74.3	33.7	63.3	22.7

The table below provides a detailed breakdown of the proposed funding.

Total CCR Program costs

CCR Components (values in 000s)	FY 2017-18 Total	FY 2017-18 Federal[1]	FY 2017-18 Non-Fed	FY 2018-19 Total	FY 2018-19 Federal[2]	FY 2018-19 Non-Fed
Home-Based Family Care Rate[3]	$87,687	$13,279	$74,408	$38,557	$4,473	$34,084
Accreditation	2,827	1,414	1,413	0	0	0
Contracts (budgeted in CCR Administration)	6,044	1,934	4,110	8,354	2,689	5,665
Contracts (budgeted in Child Welfare Training)	6,014	3,775	2,239	5,787	3,548	2,239
Second Level Administration Review	29	6	23	244	47	197
Child and Family Teams	63,644	12,467	51,177	64,518	12,575	51,943
Foster Parent Recruitment, Retention, and Support	54,372	11,112	43,260	27,076	5,446	21,630
RFA	27,406	8,850	18,556	34,149	11,004	23,145
Automation	500	250	250	0	0	0
SAWS	5,020	2,921	2,099	0	0	0
CDSS Local Assistance Total	**$253,543**	**$56,008**	**$197,535**	**$178,685**	**$39,782**	**$138,903**

Background. Significant research documents the poor outcomes of children and youth in group homes, such as higher re-entry rates into foster care, low high school graduation rates, and increased risk of arrest. These group homes are generally more expensive than family placements. The Continuum of Care Reform (CCR) began by trying to find solutions to these problems, but eventually broadened the effort into a more comprehensive set of changes for the whole foster care system. The Child Welfare Services (CWS) branch of the Department of Social Services (DSS), along with the counties, is responsible for overseeing this large-scale overhaul of the foster care system.

In 2012, the Legislature passed SB 1013 (Budget and Fiscal Review Committee), Chapter 35, Statutes of 2012, which authorized the CCR to develop recommendations related to the state's current rate setting system, and to services and programs that serve children and families in the continuum of Aid to Families with Dependent Children-Foster Care (AFDC-FC) eligible placement settings. In January 2015, the department released the report "California's Child Welfare Continuum of Care Reform", which listed recommendations to improve assessment of child and families to make more appropriate initial placement decisions; emphasize home-based family care; support placement with available services; change the goals for group home care placement; and, increase transparency for child outcomes. The Legislature subsequently passed AB 403 (Stone), Chapter 773, Statutes of 2015, to implement the CCR, which codified the recommendations; in subsequent year, AB 1997 (Stone), Chapter 612, Statutes of 2016, and AB 404 (Stone), Chapter 732, Statutes of 2017, further established requirements for mental health certification of STRTPs, made changes to the RFA process, and provided additional oversight to foster homes, in addition to numerous technical amendments and policy clarifications.

Ultimately, the CCR is expected to result in savings due to CCR-related caseload movement, and it was predicted to be cost-neutral in 2019-20.

Some of the main components of the CCR are:

- The creation of Short-Term Residential Treatment Placements (STRTPs), which are intended to replace group homes and provide short-term, therapeutic services to stabilize children so that they may quickly return to a home-based family care setting.

- Additional integration between child welfare and mental health services is expected, and STRTPs and Foster Family Agencies (FFAs), which are private, nonprofit corporations intended to provide treatment and certify placement homes for children with higher level treatment needs, will be required to ensure access to specialty mental health services and strengthen their permanency placement services.

- Resource Family Approval (RFA) is a new, streamlined assessment that replaces the existing multiple approval, licensing, and certification processes for home-based family caregivers.

- The required use of child and family teams (CFTs) in decision-making.

- A new Home-Based Family Care (HBFC) rate structure. Prior to CCR, group home facilities were organized under a system of rate classification levels ranging from 1-14 that are based on levels of staff training and ratios. Reimbursement rates for 14 separate group home levels have been replaced by the HBFC Rate Structure that is based on the needs of the child. In order to implement the HBFC rate structure, a tool must be developed to aid county social workers on how to assess foster youth and place them in the appropriate Level of Care (LOC). Below is the new rate structure:

Home-Based Family Care Rate Structure for FY 2018-19
Based on Level of Care[1]

Pay to Resource Family	Basic Level	LOC-2	LOC-3	LOC-4
Basic Rate	$960	$1,068	$1,177	$1,285

Pay to Foster Family Agency	Basic Level	LOC-2	LOC-3	LOC-4
Basic Rate[2]	$960	$1,068	$1,177	$1,285
Social Worker	$340	$340	$340	$340
Social Services & Support	$156	$200	$244	$323
RFA	$48	$48	$48	$48
Administration	$672	$672	$672	$672
Total	**$2,176**	**$2,328**	**$2,481**	**$2,668**

Pay to Resource Family for Intensive Services Foster Care	
Intensive Services Foster Care Rate	$2,507

Pay to Foster Family Agency for Intensive Services Foster Care (including Administration)	
Intensive Services Foster Care Administration	$3,482
Intensive Services Foster Care Social Services & Support	$200
Total	**$6,189**

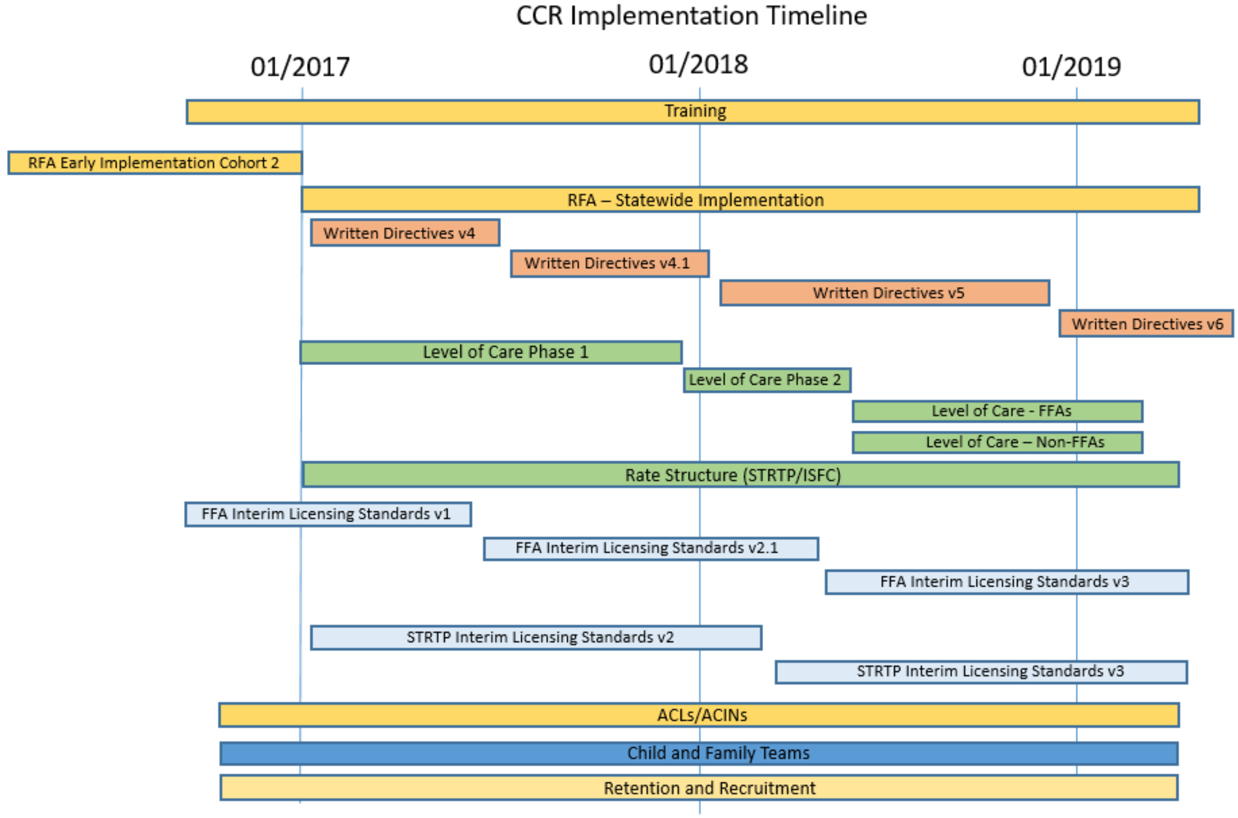
Pay to Short-Term Residential Therapeutic Program	
Short-Term Residential Therapeutic Program Rate[2]	$13,003

Pay to Foster Family Agency or Community-Based Organizations for Services Only	
Total Rate[2]	$833

Implementation Update. Several components of CCR were implemented on July 1, 2015, including the foster family agency social worker rate increase and foster parent recruitment, retention, and support activities for resource families and foster parents. Accreditation of STRTPs and FFAs, and the RFA process in thirteen counties, began on July 1, 2016.

Other implementation activities of the CCR have been split into Phase I and Phase II. Phase I began to implement January 1, 2017, and includes the basic level of the rate paid to families and the series and supports components of the FFA payment, the utilization of CFTs, and the remainder of counties beginning to use the RFA process. Phase II began implementation on February 1, 2017, and includes the use of all LOCs of the HBFC rate structure.

Implementation is an ongoing, evolving effort that will take at least several years to successfully roll out all components. The below graphic shows a timeline of implementation activities:



DSS, in accordance with supplementary reporting language included in the 2016 Budget Act, has been providing Legislative staff with monthly, and now quarterly updates, on the progress of CCR implementation. Below are the latest updates on the various CCR components:

<u>The CFT Process.</u> DSS has written and disseminated several All-County-Letters (ACLs), including instructions on how to record CFTs in the Child Welfare Services/Case Management System (CWS/CMS), that provides information on a range of CFT topics. DSS also continues to work with CFT specialists at UC Davis to develop a state-approved CFT curriculum, with an anticipated release in February 2018. Several brochures about CFT meant to inform youth, parents, and professionals about the CFT process have also been developed with the help of stakeholders and should be posted to the DSS websites. DSS will extract a quarterly data report in April 2018 from the Child Welfare System/Case Management System. In addition, DSS is in the process of conducting initial qualitative data outreach to all child welfare and juvenile probation agencies to obtain information around CFT implementation efforts. As of March 23, 2018, thirty county child welfare agencies have been contacted regarding CFT implementation efforts. Most counties are reporting that children, youth, and families are attending CFT meetings and providing input to case plans and placement decisions.

<u>Rates Implementation and Assessment Tools.</u> Long-term, the department has selected the well-known and piloted Child and Adolescent Needs and Strengths (CANS) tool after a multi-month selection process. However, the CANS will not be able to fully implement as a tool to guide placements in counties for at least two years. Consequently, the department has worked on an interim tool, or the LOC Protocol. This tool has piloted in several counties, and is scheduled for full statewide implementation in May 2018. In general, even the basic LOC rate is higher than under the old rate system.

Specialized Care Increments (SCIs) are payments provided by counties on top of the LOC payment if a county determines that the LOC rate the child was placed in does not cover all of the child's needs. Counties have been using SCIs under the old rate structure, and will be able to continue using them with the new rate structure. It is assumed that starting April 1, 2018, counties will reduce their SCI investments in amounts consistent with the incremental difference between the old age-based rate structure and the new HBFC rate structure, and this offset will be used to reduce the General Fund investment amounts. Currently, SCI rates vary widely from county to county.

Counties are still awaiting specific instruction on how to implement the LOC Protocol with the HBFC rate structure, and to figure out how to adapt SCI payments with the new tool and rates. After hearing stakeholder concerns about the readiness of the LOC Protocol, the department has come to the recent decision of delaying the full county implementation of the HBFC rates and LOC protocol tool on February 1, 2018, and instead will facilitate a limited implementation in FFAs beginning March 1, 2018 through May 1, 2018. During this two month time period, the department will contract with researchers to closely monitor the effects of the new rates and interim tool on foster youth and families, and will work with counties to fix any problems in real-time. On May 1, 2018, full county implementation, informed by lessons learned from the FFA implementation, will occur. The department will be communicating closely with legislative staff during the FFA implementation process to assess whether the May 1 implementation date is feasible.

The department will also release an ACL in early February regarding the implementation of the Intensive Services Foster Care (ISFC) Program. Certified foster parents and approved resource parents in an existing Intensive Treatment Foster Care Program (ITFC) program should already be receiving the current ISFC rate.

RFA. All counties began using RFA as part of CCR implementation effective January 1, 2017. Families who have gone through the RFA process in the early implementing counties were invited to participate in a satisfaction survey. Many identified the length of the process as an issue. More recently, it seems that in many counties the RFA process is taking as long as six months – far beyond the goal of 90 days. However, many FFAs are claiming that they are able to finish the RFA process within the 90 day timeframe. Below is a county-submitted data snapshot on where families are currently at in the RFA process. Based on this data, it is clear that there is a large backlog of families slowing counties down:

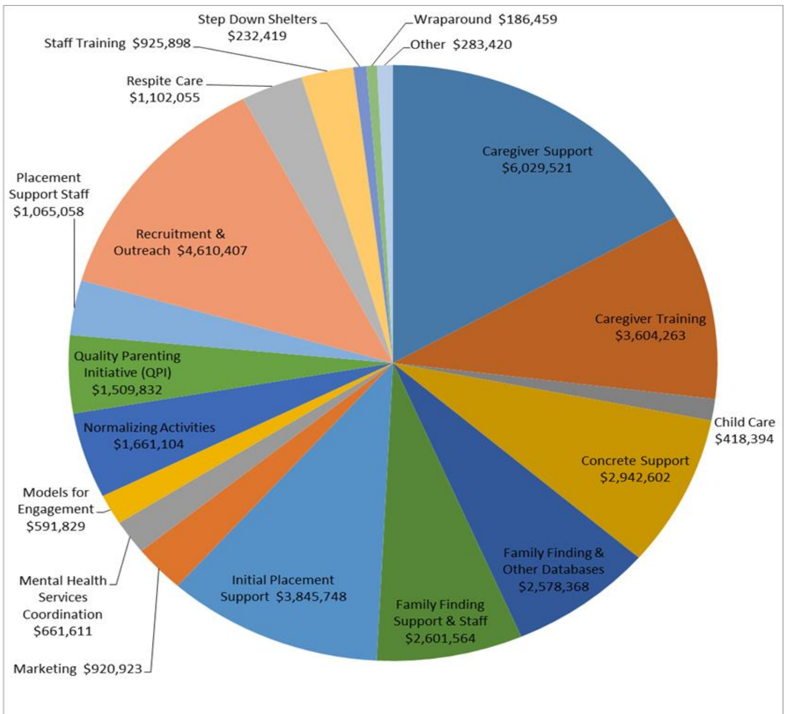
Statewide (44 counties)

	# of RFA apps approved since 1/1/17	# of RFA apps denied since 1/1/17	# of RFA apps withdrawn since 1/1/17	# of RFA apps pending since 1/1/17	Total # of RFA apps received since 1/1/17	Total # of over 90 days for approval	Total # of over 90 days pending
Total	4,163	101	3,140	8,831	16,263	1,795	4,872

All county child welfare directors and probation chiefs will receive a letter in early February requesting a county assessment and plan to address barriers to timely approval.

Due to the fact that many families are going unpaid, the Legislature and the Administration included a short-term fix for families in an urgency bill, AB 110 (Committee on Budget), Chapter 8, Statutes of 2018. This provides at least 90 days of payments to be made to caregivers who already have a child placed in their homes on an emergency basis while RFA approval is pending. The fix is only in place through the end of June 2018, in order to give the Administration, the Legislature, and counties more time to work on a longer-term approach to the problems with the RFA.

Foster Parent Recruitment Retention and Support (FPPRS). From January 1, 2016 to June 30, 2016, the department notes that 2,295 new non-relative foster caregivers were contacted and engaged; 7,195 potential relative/non-relative extended family members were identified by counties; approximately 3,177 children were affected by FPPRS activities and assisted in placing children in less-restrictive settings, and/or stepping down children from group homes to family-like placements; and approximately 1,487 children were assisted in achieving permanency by FPPRS activities. Below is a chart showing the top uses for FPPRs funds for counties in 2017-18.



Examples of activities include providing respite care for caregivers, subsidizing required caregiver health screenings, providing initial placement supports to buy items such as diapers, and counseling. Many counties also provided direct financial support for “normalizing experiences” for foster youth such as recreational class fees or sports equipment, or furnished items for caregivers such as car seats and gas cards.

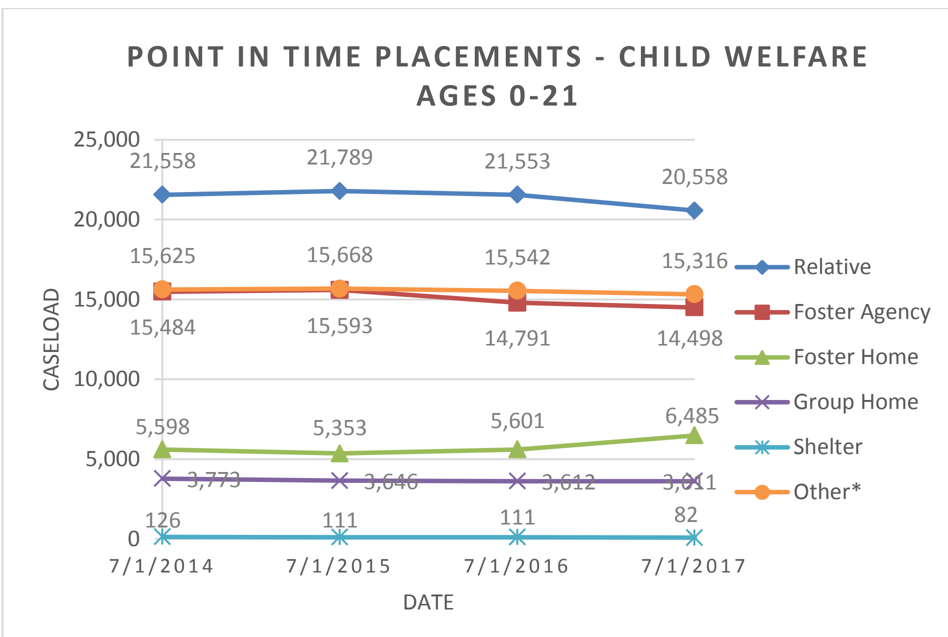
Mental Health. Legislative staff has spent time during the fall of 2017 to work with DSS and the Department of Health Care Services (DHCS) on gaining a more thorough understanding of what data DHCS collects on Specialty Mental Health Services (SMHS), and to discuss what other data might be important to begin to collect. DSS and DHCS continue to work together to produce reports on SMHS utilization on a quarterly basis. Both departments are conducting regional county convenings in 2018 to support counties in their implementation efforts and initiatives related to SMHS for children and youth.

STRTPs. As of January 1, 2017, group homes are no longer a placement option (subject to case-by-case exceptions that may allow them to continue to operate for a period of time), and the ability to grant extensions expires in December 2018 (except for group homes that serve probation youth if there is a significant risk to the safety of the youth or the public). The foster youth in group home care will transition to alternative placements.

In 2018-19, the department assumes that 710 group home placements will move to an intensive services foster care placement; 1,868 group home placements will move to an STRTP placement; and 904 group home placements will move to a family-based setting. The remaining 2,046 group home placements will not yet transition. Although this is a higher projection than current year estimate, the transition of group home placements to lower levels of care is progressing slower than originally projected. As of November 2017, there were 62 STRTPs with licensure from DSS, and combined have a total of almost 1,000 beds.

An STRTP has 12 months from the date of licensure to obtain a mental health program approval, or the license is invalid. Final program approval requirements are pending release from DHCS, although interim requirements have been released. DHCS reports receiving 20 applications from STRTPs seeking a mental health program approval, and 14 of the 20 have already been licensed by DSS.

Below is a table reflecting placements over the past few years through July 2017.



Intensive Services Foster Care (ISFC). Effective January 1, 2018, the Intensive Services Foster Care licensure category was established to care for children with high medical, developmental or behavioral needs. The ISFC is a home-based family care program for children whose needs require specially trained resource parents and intensive professional services in order to avoid group care, institutionalization or out-of-state placement. ISFC expands on existing Intensive Treatment Foster Care. Both are meant to be used as a step-down or diversion from an STRTP. DSS has not yet released regulations. Counties and providers are both worried about the lack of available skilled foster parents to provide treatment homes.

Out-of-State Placements.Children and youth whose needs are too great to be cared for in California may be placed in an out-of-state treatment facility or group home. California law requireds out-of-state facilities that take foster youth to comply with California standards for care and treatment, which means they will have to switch to STRTP standards by December 31, 2018. There is concern that this could diminish out-of-state placements options for foster youth. During 2017, the state reported that 238 foster youth were placed in out-of-state settings, more than double the 95 youth in similar settings in 2014. Many of these youth have significant mental health issues or a need for a unique specialized program not provided in California.

Automation. The Child Welfare Services – California Automated Response and Engagement System (CWS-CARES) will replace the Child Welfare Services/Case Management System (CWS/CMS) and 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. The CWS-CARES Project will use an Agile procurement and design/development approach, where an 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.

While the CWS-CARES remains in its early stages, various changes to the CWS/CMS and licensing systems are required to implement CCR, including what is necessary for the automation of foster care payments. Below is a chart reflecting these changes.

System	Current Status	Next Step	Next Step Due Date
SAWS	Phase 2 was completed in November 2017 and implemented in all three of the SAWS.	Phase 2 was the final phase of the SAWS automation and implementation. There are no more updates scheduled at this time.	N/A
Administrative Action Records System (AARS)	The AARS has been in production for 4 months with few problems being reported by users. As of 11/20/2017: • 1,087 users have been registered to access the system. 47 Notice of Action (NOA's) have been uploaded to the database.	All development of additional enhancements have been placed on hold to the DSS IT resource constraints. A Request For Offer (RFO) to hire a contractor for the remaining enhancements requested by the customer has been developed and is in the review process. When finalized this contract will fund the development of all remaining customer requirements.	January, 2018
CWS/CMS	Release 8.1 is scheduled for deployment into production on January 6, 2018. This release includes additional Background Check information for caregiver approval, the ability to document when Mental Health needs meet the definition of medical necessity, and new processes to ease data entry and more accurately record history when existing licensed homes go through resource family approval.	Complete Release 8.1 testing before rollout of the CCR Phase 3 code changes for the CWS/CMS application. This release will complete the requested CWS/CMS changes to support RFA / CCR.	January 6,2018
Child Welfare Digital Services (CWDS)	Case Management Module is currently in the development phase. The CANS assessment tool was chosen and the CWDS is exploring options for automation.	CWDS will work with CDSS to plan New System functionality that limits or prevents duplicative data entry for the county social workers.	TBD

Advocate Concerns. Various concerns have been raised about the implementation of CCR.

- *Long-term solution for the RFA backlog.* Both anecdotally and through the results of the department's own satisfaction survey given to RFA participants in early implementing counties, it appears that the RFA process is taking far longer than anticipated. This has potential harmful impacts on children and families, particularly for relative caregivers who must take in children on an emergency basis, and do not receive funding until the RFA process is completed. While the short-term solution provided by AB 110 to fund families until the end of June 2018 is a step in the right direction, counties are still dealing with the backlog and other issues with RFA implementation that need to be addressed.

- *Concerns regarding the LOC Protocol and readiness of full HBFC Rate implementation.* Advocates have raised several concerns about the LOC Protocol: 1) The CANS assessment is rolling out statewide at the same time as the LOC Protocol; this will only serve to confuse and overburden social workers and children who will be assessed twice; 2) Counties have not had time to figure out how their SCIs will work with the LOC Protocol, and this could result in children not receiving the full array of services they need; 3) The LOC Protocol has not demonstrated its reliability; advocates worry that the LOC Protocol is weighted towards assessing the majority of children at the lowest levels of care, regardless of their actual level of need. The LAO also points out that the Governor's Budget does not provide funding for county social workers to carry out the LOC assessment.

- *Readiness to implement the CANS.* CANS implementation begins July 1, 2018, and phase in for all counties is to be completed by July 1, 2019. Stakeholders are concerned that this workload is largely underfunded. All children currently in care and newly entering care will require at least one CANS assessment, and CANS assessments are required at least every six months.

- *Family recruitment and STRTP capacity.* The LAO points out that there are concerns over the availability and the capacity of home-based family placements, and particularly for children with elevated needs. Families are the principal underpinning of the success of the CCR, especially as group home-like settings are phased out and used only in limited circumstances. There is significant concern as to what will happen to foster youth currently in group homes if there is not enough STRTP capacity when the December 2018 deadline for group home extensions hits.

- *Lack of funding for FPPRs activities.* The Governor's budget proposes a 50 percent reduction in General Fund for FPPRs in 2018-19 as compared to 2017-18. Stakeholders point out that current successful FPPRs uses in some counties could be undermined, while other counties were never able to begin to fully utilize FRRPs dollars as they had to redirect funds towards RFA efforts.

Panels. The Subcommittee has requested the following two panels, in addition to the Department of Social Services, the Department of Health Care Services, the Department of Finance, and the Legislative Analyst's Office, to provide comment on the implementation of the CCR and discuss concerns raised by advocates:

Panel 1:

- Frank Mecca, County Welfare Directors Association of California
- Kirsten Barlow, County Behavioral Health Directors Association of California

Panel 2:

- Brien Banks, Social Worker, Los Angeles County
- Bobby Cagle, DCFS Director, Los Angeles County
- Vanessa Hernandez, Policy Director, California Youth Connection
- Foster Youth Representative, California Youth Connection
- Carroll Schroeder, California Alliance of Child and Family Services

Staff Comment and Recommendation. Hold open. While it is expected that such a large and multi-faceted rollout would face challenges in its early implementation, it is critical to continue to course-correct and attempt to anticipate future road blocks to ensure that the CCR will ultimately succeed in its goals. The Legislature should consider the concerns of stakeholders as it takes a closer look at the various components of CCR implementation, monitor the various implementing components closely and communicate often with DSS, county partners, and advocates to ensure that any issues that come up are resolved quickly, and that ultimately children and families are not bearing the brunt of a rushed implementation.

Questions.

1. Please provide an update on the current status of CCR implementation.

2. Please discuss how the short-term solution for RFA is going, and what the current plan is for a longer-term solution.

3. Please discuss the LOC protocol pilot and the readiness of counties to fully implement in May. Why wasn’t additional funding provided for county social workers to carry out the LOC assessments?

4. Why did the Administration reduce FPPRs funding by half its current level for 2018-19? Does the Administration see a need for continued FPPRS funding?

5. Please provide an update on how mental health is integrating with CWS under CCR. How are DHCS and DSS tracking whether mental health services are being provided to all children who need these services?

6. Please discuss the overall recruitment of foster families and the capacity of STRTPs. Does the Administration believe that they are on track to have enough families and placements for all foster youth, including those with the most needs? What additional efforts does the department have in place to ensure that there are enough foster families?

Issue 2: Proposals for Investment

The subcommittee has received the following CCR-related proposal for investment.

1. Additional Funding for Continuum of Care Reform

Budget Issue. The California State Association of Counties (CSAC), County Welfare Directors Association of California (CWDA) and the Service Employees International Union of California (SEIU) request $54.8 million General Fund in 2018-19 to address county workload associated with implementation of the CCR. This funding would be allocated as follows: 1) $8 million General Fund in one-time funding to clear the RFA backlog; 2) $8.8 million General Fund for new county workload associated with LOC assessments for 2018-19; 3) $38 million General Fund for new county workload to implement the CANS assessment tool.

Staff Comment and Recommendation. Hold open.

2. Continued Foster Parent Retention, Recruitment & Support Funding

Budget Issue. The Alliance for Children's Rights, California Alliance of Caregivers, Children Now, and others request that FPPRs funding continue at its current level for 2018-19, as the Governor's budget proposes a decrease in funding next year.

Staff Comment and Recommendation. Hold open.

3. Family Urgent Response System (FURS)

Budget Issue. CWDA, Children Now, and the County Behavioral Health Directors Association (CBHDA) request $15 million in 2018-19 and $30 million ongoing, to provide foster youth and their caregivers with immediate support by: 1) establishing a statewide, toll-free hotline available 24 hours a day, seven days a week; and 2) requiring counties to establish mobile response teams to provide in-home response to a crisis.

Staff Comment and Recommendation. Hold open.

4. RFA Funding at Time of Placement

Budget Issue. The Alliance for Children's Rights requests that the interim solution provided in AB 110 be made permanent and to clarify that funding should start as of the date of placement, to ensure that there is no gap in funding between the end of this fiscal year and the start of the new fiscal year for families. AB 110 uses the Approved Relative Caregiver (ARC) and Emergency Assistance (EA) programs to provide funding to families at the time of placement through the end of June 2018.

Staff Comment and Recommendation. Hold open.

5. Delay LOC Implementation

Budget Issue. The Alliance for Children's Rights, California Alliance of Caregivers, John Burton Advocates for Youth, and others request a delay in further implementation of the LOC Protocol, and that DSS engage stakeholders in creating a system that includes a single standardized assessment to determine the appropriate rate, services, and supports for children and families and a statewide specialized rate system.

Staff Comment and Recommendation. Hold open.

6. Funding to cover three years of up-front county costs resulting from implementation of AB 1299

Budget Issue. The California Alliance of Child and Family Services is an organization of 130 accredited, private, nonprofit organizations providing behavioral health, child welfare, juvenile justice and special education services to children and youth, and their families. The Alliance requests $75 million to offset up-front costs related to implementation of AB 1299 (Ridley-Thomas), Chapter 603, Statutes of 2016, which removed barriers to mental health services for foster youth placed out-of-county. The Alliance envisions the funding as a short-term cost pool administered by the Department of Finance for a minimum of three years, and that a true-up mechanism would also be developed by which the funding could be repaid over time.

Staff Comment and Recommendation. Hold open.