Senate Budget and Fiscal Review—Scott Wiener, Chair

SUBCOMMITTEE NO. 3 Agenda

Senator Caroline Menjivar, Chair
Senator Susan Talamantes Eggman, Ph.D.
Senator Shannon Grove
Senator Richard D. Roth

Thursday, March 7, 2024
9:30 am, or upon adjournment of session
1021 O Street – Room 1200

Consultant: Elizabeth Schmitt

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5180 DEPARTMENT OF SOCIAL SERVICES

Issue 1: Child Care Rate Reform Update

Panel Discussion. The Subcommittee has invited the following individuals to participate in this discussion:

- Jackie Barocio, Principal Fiscal & Policy Analyst, Legislative Analyst's Office (LAO)
- Kim Johnson, Director, California Department of Social Services (CDSS)
- Andrea Fernandez Mendoza, Early Care and Education Coalition
- Kimberly Rosenberger, Child Care Providers United (CCPU)
- Krishan Malhotra, Department of Finance

Background. California provides child care subsidies to some low-income families, including families participating in CalWORKs. For low-income families who do not participate in CalWORKs, the state prioritizes based on income, with lowest income families served first. To qualify for subsidized child care: (1) parents demonstrate need for care (parents working, or participating in an education or training program); (2) family income must be below 85 percent of the most recent state median income (SMI) calculation ($83,172 annual income for a family of three and $96,300 for a family of four); and (3) children must be under the age of 13. The following chart, provided by the Legislative Analyst's Office (LAO), summarizes the state's major child care programs:

State's Major Child Care Programs

Program	Payment Type	Key Eligibility Requirements
CalWORKs Child Care	Voucher	• Family is low income. • Parent(s) work or are in school. • Child is under age 13. • Slots are available for all eligible children.
Alternative Payment	Voucher	• Family is low income. • Parent(s) work or are in school. • Child is under age 13. • Slots are limited based on annual budget appropriation.
General Child Care	Direct contract	• Family is low income. • Parent(s) work or are in school. • Child is under age 13. • Slots are limited based on annual budget appropriation.

Source: Legislative Analyst's Office

Subsidized Child Care. The Department of Social Services (CDSS) provides child care and development programs through vouchers and contracts.

- **Vouchers.** The three stages of CalWORKs child care and the Alternative Payment Program are reimbursed through vouchers. Parents are offered vouchers to purchase care from licensed or license-exempt caregivers, such as friends or relatives who provide in-home care. Families can also use these vouchers at any licensed child care provider in the state, and the value of child care vouchers is capped. The state will only pay up to the regional market rate (RMR), a different amount in each county based on regional surveys of the cost of child care. Beginning in 2022, the RMR was set to the 75th percentile of the 2018 RMR survey. Alternative Payment agencies (APs), which issue vouchers to eligible families, are paid through the "administrative rate," which provides them with 17.5 percent of total contract amounts.

- **Contracts.** Providers of General Child Care, Migrant Child Care, and State Preschool – known as Title 5 programs for their compliance with Title 5 of the California Code of Regulations – must meet additional requirements, such as development assessments for children, rating scales, and staff development. Title 5 programs contract with, and receive payments directly from, CDSS or the Department of Education (CDE), depending on the type of program. Prior to 2022, these programs received the same reimbursement rate (depending on the age of the child), regardless of where in the state the program was located, known as the Standard Reimbursement Rate (SRR). The rate was increased by a statutory adjustment factor for infants, toddlers, children with exceptional needs, severe disabilities, cases of neglect, and English learners. Beginning in 2022, these programs receive the higher of the current RMR or the SRR as part of an effort to transition providers to one rate system. All Title 5 programs also operate through family child care home education networks, which serve children in those programs through family child care homes that are members of the network.

Child care and early childhood education programs are generally capped programs, meaning that funding is provided for a fixed amount of vouchers and fixed funding amount for slots, not for every qualifying family or child. The exception is the CalWORKs child care program (Stages One and Two), which are entitlement programs in statute.

Collective Bargaining. In 2019, Governor Newsom signed legislation granting collective bargaining rights to child care providers in California, allowing them to negotiate with the state over matters related to the recruitment, retention, and training of family childcare providers. Child Care Providers United - California (CCPU) represents voucher and direct contract providers that are family child care homes, or license-exempt home providers. In 2021, CCPU and the state negotiated their first Master Contract Agreement. The 2021 Budget Act included ratification of the CCPU bargaining contracts, which included rate increases, provider stipends, hold harmless policies, and a variety of other supports. In addition, the contracts included a process for continuing conversations through Joint Labor Management Committees on a single reimbursement rate system, and other provider needs such as retirement, and healthcare, among other topics. The 2023 Budget Act included ratification of a second CCPU collective bargaining agreement, ratified in July 2023, which is summarized below.

Background on Child Care Rate Reform. Pursuant to the 2021 Budget Act, CDSS, in consultation with CDE, convened a Rate Reform and Quality Workgroup to assess the methodology for establishing

reimbursement rates and the existing quality standards for child care and development and preschool programs, informed by evidence-based elements that best support child development and positive child outcomes. CDSS convened a series of meetings of the Rate and Quality Workgroup between January and August of 2022. The workgroup identified four core recommendations, which are detailed in the full report:

1. Ensure equity is foundational to all change. Work toward equity as an outcome and implement equity as a process.

2. Replace the current methodology of using a market price survey to set rates with an alternative methodology, which uses cost estimates/models to set base rates to compensate early learning and care programs. The costs of care for meeting current state requirements will become the basis of the reimbursement rate, including wage scales that set a living wage floor.

3. Create a single rate structure that specifies base rates and that is designed to address historical inequities. This structure should specify separate base rates for Family, Friend, and Neighbor care and Home-Based and Center-Based early learning and care and should differentiate base rates for meeting different sets of state standards.

4. Continuously evaluate the rate-setting methodology to address equity and adjust for changing conditions and rising costs.

Additionally, the Rate and Quality Workgroup recommended a three-stage implementation process:

- **Stage 1.** Increase reimbursement rates immediately, even before an alternative methodology can be implemented. Simultaneously, obtain federal approval for an alternative methodology and state change to delink subsidy rates from those charged to private pay families.

- **Stage 2.** Implement a federally approved alternative methodology to set base rates that are informed by the cost of providing early learning and care services. Do not increase requirements on early learning and care programs and educators until the new base rate using the alternative methodology is fully funded.

- **Stage 3**. Continuously evaluate the new alternative methodology and base rate and make appropriate changes and broader system investments.

In addition, the Rate and Quality Workgroup delivered a study recommending a cost estimation model to calculate the cost of child care in California, which could form the foundation of the alternative methodology. The cost estimation model included a series of default scenarios based on variables and cost drivers aligned with the Workgroup's recommendations, for each provider type: child care center, small family child care home, large family child care home, and family, friend, and neighbor care.

In November 2022, the Joint Labor Management Committee (JLMC) presented their recommendations for a single rate reimbursement structure to the Administration. The JLMC recommends moving away from the current structure that relies on the RMR and towards a single rate structure that reflects the actual cost of care. This single rate will be based on (1) an alternative methodology that considers a cost

estimation model; (2) base rates; (3) incentives/enhancement rate-setting metrics; and (4) evaluation of the rate structure. The alternative methodology will include a base rate that providers receive for meeting current statutory and regulatory program standards, depending on program type.

2023 Budget Act. The 2023 Budget Act included over $2 billion to implement a two-year, collectively bargained early education and parity agreement between the state and CCPU. This package consists primarily of monthly per-child rate supplements, and also includes funding for one-time transitional payments, CCPU health, retirement, and training programs, reimbursement based on certified need, and a change in the part-time definition. The package includes parity for center-based child care providers who are not represented by CCPU (CCPU represents voucher and direct contract providers that are family child care homes or license-exempt home providers.) A summary of the two-year collectively bargained early education and parity agreement is included below:

Summary of Collectively Bargained Early Education and Parity Agreement

Across 2023-24 and 2024-25 (In Millions)

	Total Costs
Monthly per-child cost of care plus rate supplement[a]	$915
Administrative funds[b]	250
One-time transitional payment	229
CCPU Health Benefit Trust[c]	200
CCPU Retirement Benefit Trust[d]	160
Reimbursement based on certified need extension	155
Change of part-time definition	104
CCPU Training Fund[e]	15
Total	**$2,028**

[a]Monthly payments issued from January 1, 2024 through June 30, 2025.

[b]Includes administrative funds associated with monthly per-child cost of care rate supplement payments, one-time transitional payments, and other MOU-related activities. Administrative funds are allocated to counties, Alternative Payment agencies, direct contract providers, and a third-party contractor.

[c]Reflects maximum amount of potential annual deposits beginning April 1, 2024.

[d]Reflects initial $80 million deposit and maximum amount of potential annual deposit beginning July 1, 2024.

[e]Reflects maximum amount of potential annual deposit beginning July 1, 2024.

CCPU = Child Care Provider Union and MOU = Memorandum of Understanding.

Source: Legislative Analyst's Office

Move to Alternative Methodology for Setting Child Care Rates. The collectively bargained agreement with CCPU, which was codified in budget trailer bill language through SB 140 (Committee on Budget), Chapter 193, Statutes of 2023, requires CDSS, in collaboration with CDE, to develop and conduct an alternative methodology for a single rate structure. The alternative methodology is based on a new cost study and cost estimation model, rather than using the Regional Market Rate (RMR), which determines rates based on a percentile of regional costs in the private market.

SB 140 includes a series of milestones for CDSS to track progress towards developing a new single rate structure, based on the alternative methodology, and receiving federal approval. The SB 140 milestones are summarized below:

- **July 1, 2023:** CDSS, in consultation with CDE, shall begin the process of data collection and analysis to develop an alternative methodology, which shall build on the recommendations of the Rate and Quality Workgroup and the recommendations of the JLMC.

- **February 15, 2024:** CDSS, in collaboration with CDE and the JLMC, shall use information from the cost estimation model to define elements of the base rate and any enhanced rates to inform the state's proposed single rate structure. CDSS is required to report to the Legislature on progress made to conduct and alternative methodology and cost estimation model.

- **July 1, 2024:** CDSS shall submit the necessary information to support use of a single rate structure utilizing the alternative methodology to the federal Administration for Children and Families (CCDF) as part of the Child Care and Development Fund State Plan. SB 140 requires this information to be shared with the Legislature by July 10, 2024.

- **Within 60 days of ACF Approval:** CDSS shall provide the Legislature with an outline of the implementation components of the approved single rate structure, with 30 days for legislative review.

Progress toward rate reform. CDSS received pre-approval from ACF in August 2023 to move forward with a single rate structure based on an alternative methodology for setting child care rates. Between July and November, CDSS has worked with consultant P5 Fiscal Strategies to conduct public engagement, data collection, and to develop the cost estimation model. This public engagement work includes public meetings with the Rate and Quality Advisory Panel, over 100 virtual input sessions, multiple ad-hoc focus groups, and a survey to inform the development of the cost estimation model, which received over 9,250 responses.

CDSS has posted its draft Child Care State Plan for 2025-2027, which will include details on the single rate structure.[1] The ACF has recently provided states with flexibility to provide more details on their proposed rate structures after July 1, 2024, in recognition of several states transitioning to an alternative methodology for setting child care rates. CDSS anticipates meeting the July 1, 2024 deadline for submission to ACF.

[1] https://www.cdss.ca.gov/inforesources/child-care-and-development/fund-state-plan

Subcommittee Staff Comment and Recommendation – Informational item. No action is needed. While the submission and anticipated federal approval of California's Child Care and Development Fund State Plan will represent a major milestone towards implementing a new single rate structure for child care rates in California, it is not the final step. New reimbursement rates for child care providers will not take effect immediately upon federal approval because they need to be funded as part of the annual budget process. For example, the current structure the state uses to determine care rates is the 2018 Regional Market Rate (RMR) Survey, and the state reimburses child care providers at the 75th percent of this rate. The current two-year collectively bargained rates package expires June 30, 2025. After the federal government approves the new rate structure, the Legislature and the Governor will need to set new reimbursement rates to take effect July 1, 2025 and appropriate the funding necessary for implementation. Additionally, within 90 days of federal approval, CDSS and CCPU can reopen bargaining negotiations to restructure the current reimbursement rates and associated funding.

Questions. The Subcommittee requests LAO respond to the following:

1. Please provide an overview of the requirements, including statutory milestones outlined in SB 140 (Committee on Budget), Chapter 193, Statutes of 2023, for the Administration to move to a single rate structure for setting child care rates.

The Subcommittee requests CDSS and DOF respond to the following:

1. Please provide an update on the development of an alternative methodology, pursuant to SB 140 (Committee on Budget and Fiscal Review), Chapter 193, Statutes of 2023, and the MOU with Child Care Provider's United. Please describe the cost estimation model and how it functions. What steps to develop a cost estimation model and single rate structure have been completed so far? Please describe how the Administration is collaborating with the Joint Labor Management Committee and the Rate and Quality Advisory Panel to develop the cost estimation model.

2. Welfare and Institutions Code 10227.6(d) requires CDSS, in collaboration with CDE and the Joint Labor Management Committee, to use information from the cost estimation model to define elements of the base rate and any enhanced rates to inform the state's proposed single rate structure and rates, by February 15, 2024. CDSS is required to report to the Legislature on progress made to conduct an alternative methodology and cost estimation model. Please provide an update on when the report will be available to the Legislature.

3. Please describe the elements of the base rate and enhanced rates, based on the cost estimation model.

4. Please describe the Child Care State Plan Submission process, including recent guidance from the Administration on Children and Families providing flexibility to states as they develop alternative methodologies for setting child care rates. As the department works towards the statutory deadline of July 1, 2024 to submit the single rate structure to the Administration for Children and Families, how will the department update or amend the draft Child Care State Plan?

The Subcommittee requests Andrea Fernandez Mendoza, Early Care and Education Coalition, respond to the following:

1. How do current reimbursement rates affect child center-based child care providers' ability to retain staff and serve more children and families with high-quality child care? How would moving to a single rate structure based on the costs of care change this outlook?

2. As California moves to an alternative methodology for setting child care rates based on the actual costs of care, what are the important costs that the rate structure should take into account, especially for center-based providers?

The Subcommittee requests Kimberly Rosenberger, CCPU, respond to the following:

1. How do current reimbursement rates limit child family child care providers' ability to retain staff and serve more children and families with high-quality child care? How would moving to a single rate structure based on the costs of care change this outlook?

2. As California moves to an alternative methodology for setting child care rates based on the actual costs of care, what are the important costs that the rate structure should take into account, especially for family child care and family, friend, and neighbor providers?

PUBLIC COMMENT ON ISSUE 1

Issue 2: Proposed Delays to Home Safe and Housing and Disability Advocacy Programs

Panel Discussion. The Subcommittee has invited the following individuals to participate in this discussion:

- Margot Kushel, MD, Director of UCSD Benioff Homeless Housing Initiative
- Claire Ramsey, Chief Deputy Director, California Department of Social Services
- Idalys Perez, Department of Finance
- Kelly Carpenter, Program Manager of Adult Services, Nevada County
- Susie Smith, Deputy Director of Policy, Planning, and Public Affairs, San Francisco Human Services Agency
- Patti Prunehuber, Director of Housing Advocacy, Justice in Aging
- Juwan Trotter, Fiscal & Policy Program Analyst, Legislative Analyst's Office

Budget Solution – Governor's Budget. The Governor's budget proposes the following delays to the Home Safe and Housing and Disability Advocacy (HDAP) Program:

- Home Safe: Delay of $65 million General Fund to 2025-26.

- HDAP: Delay of $50 million General Fund to 2025-26.

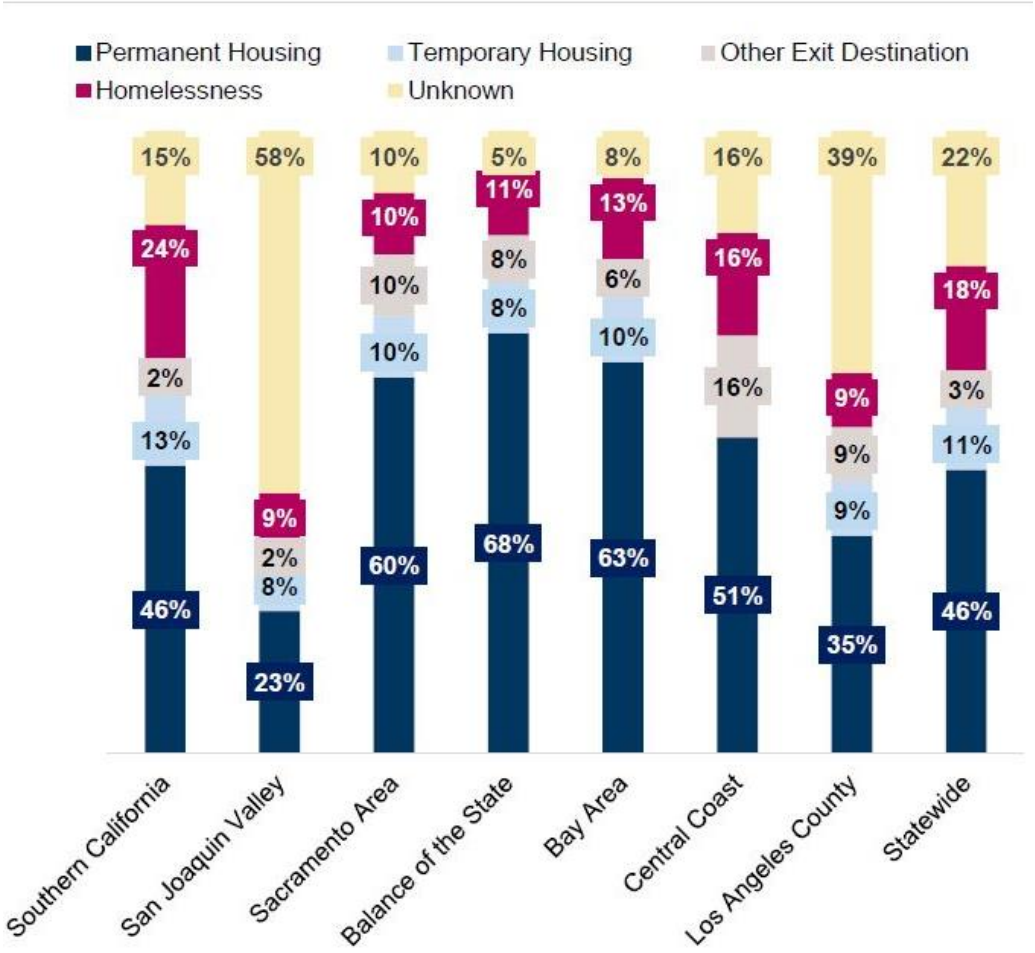
Seniors Experiencing Homelessness. According to the UCSF California Statewide Study of People Experiencing Homelessness, published in June 2023, the population of individuals experiencing homelessness in California is aging, and the proportion of older adults experiencing homelessness (defined as 50 or older) is increasing. Among single homeless adults in the study, 48 percent were 50 and older. Among single adults 50 and older, 41 percent became homeless for the first time at age 50 or older. [2]

According to CDSS, in recent years an increasing number of older adults and individuals with disabilities find themselves in need of housing support services. Statewide, in 2022, over 149,000 people experiencing homelessness and reporting disabling conditions accessed the homeless response system. In the first six months of 2023, California was on track to surpass that number with over 118,000 individuals already seeking services and reporting a disabling condition, and approximately 20 percent seeking services and being over the age of 55.[3]

Home Safe Program. Established in 2018 by AB 1811 (Committee on Budget), Chapter 35, Statutes of 2018, the Home Safe Program supports the safety and housing stability of individuals involved in Adult Protective Services (APS). Home Safe assists APS clients who are experiencing or are at imminent risk of homelessness due to elder or dependent adult abuse, neglect, self-neglect, or financial exploitation. Grantees operating local Home Safe programs utilize a range of strategies to prevent homelessness and support housing stability for eligible participants. Home Safe provides financial assistance and housing-related wrap-around supportive services, including, but not limited to: housing-related intensive case management, housing related financial assistance, deep cleaning to maintain safe housing, eviction

[2] Kushel, M., Moore, T., et al. (2023). Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness. UCSF Benioff Homelessness and Housing Initiative.
[3] CDSS, Housing and Homelessness Division Annual Report, February 2024.

prevention, landlord mediation, facilitating mobility-related modifications to homes, connections with local service providers including the homeless Continuum of Care, and client-centered services on a voluntary basis. Home Safe is a state-funded, optional, non-entitlement program that is locally administered by participating counties and eligible tribal entities. Home Safe expanded since the initial pilot in 2018-19 when only 25 counties participated, to all 58 counties in 2021-22. 4,098 individuals were approved for Home Safe services in 2022-23. In 2022-23, 46 percent of participants exited into permanent housing, although significant variation occurred across regions, as demonstrated in the chart below:



Source: CDSS

Housing and Disability Advocacy Program (HDAP). HDAP assists people who are at risk of or experiencing homelessness and are likely eligible for disability benefits by providing advocacy for disability benefits as well as housing supports. HDAP provides outreach, case management, benefits advocacy, and housing support to individuals who are likely eligible for disability benefits and who are experiencing or at risk of homelessness. Housing-related financial assistance and wraparound supportive services may include, but are not limited to, interim housing, rental assistance, housing navigation, security deposits, utility payments, moving costs, legal services, and credit repair. People experiencing chronic homelessness and those who rely most heavily on state and county-funded services are prioritized.

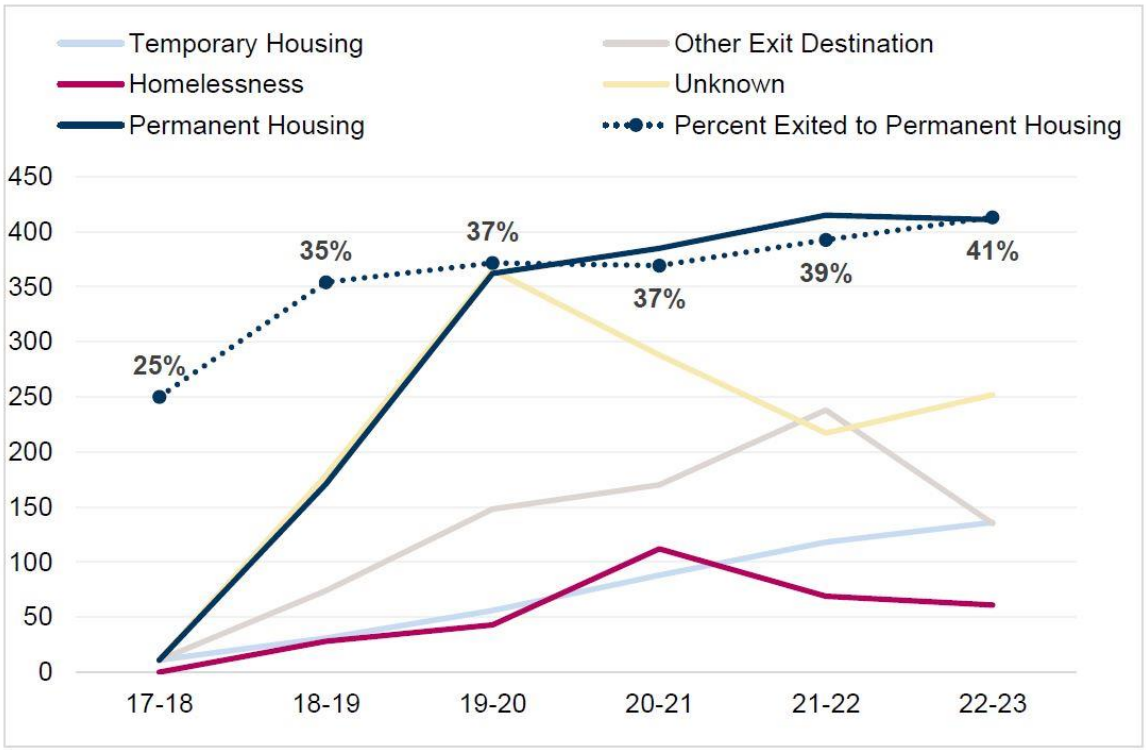
HDAP follows a Housing First model and uses evidence-based housing interventions. The program provides services and assistance with a client-centered approach on a voluntary basis. The program centers on client choice; acceptance of a housing placement is not a requirement for participating in services.

HDAP is an optional, non-entitlement state-funded program that is locally administered by participating counties and eligible tribal entities. Starting with 39 participating counties, the number of HDAP grantees increased to 57 counties in 2021-22 and two tribal entities. In 2022-23, 15 additional tribal entities requested and accepted funding to administer HDAP.

The 2021 Budget Act (Chapters 21, 69 and 240, Statutes of 2021) appropriated $175 million for HDAP over multiple years including $150 million in one-time funds and $25 million in ongoing, General Fund. Similarly, the 2022 Budget Act (Chapters 43, 45 and 249, Statutes of 2022) appropriated an additional $175 million for HDAP over multiple years inclusive of $150 million in one-time funds and $25 million in ongoing General Fund. Only the $25 million ongoing appropriation requires a local dollar-for-dollar match.

Approximately 1,877 individuals were approved to participate HDAP in 2022-23. The chart below shows HDAP participant housing outcomes at exit by fiscal year.

Figure 14. HDAP Participant Housing Outcomes at Exit by Fiscal Year



Source: CDSS

Multi-year Spending on Home Safe and HDAP. The chart on the next page shows appropriations and spending across the multiple, multi-year appropriations for Home Safe:

Table 5. Home Safe Program Appropriations and Expenditures, Fiscal Year 2018-19 through 2022-23

FY	Appropriation Type[32]	Appropriation Amount[33]	Amount Newly Allocated[34]	Actual Amount Expended[35] (not FY Specific)	Amount Remaining as of June 30, 2023[36]	Expenditure Deadline
22-23	One-Time *Available for Three Years*	$92,500,000	$82,875,000	$38,561,626	$127,188,374[37]	June 30, 2025
21-22	One-Time *Available for Three Years*	$92,500,000	$82,875,000			June 30, 2024
18-19	One-Time Match-Required *Available for Four Years*	$15,000,000	$14,500,000	$13,242,367	$1,257,633	June 30, 2022

The chart below shows spending across the multiple, multi-year appropriations for HDAP:

FY	Appropriation Type[25]	Appropriation Amount[26]	Amount Newly Allocated[27]	Actual Amount Expended[28] (not FY Specific)	Amount Remaining as of June 30, 2023[29]	Expenditure Deadline
22-23	Ongoing Match-Required *Available for Two Years*	$25,000,000	$24,341,325	$220,605	$24,120,720[30]	June 30, 2024
22-23	One-Time *Available for Three Years*	$150,000,000	$133,750,000	$90,667,162	$176,640,838	June 30, 2025
21-22	One-Time *Available for Three Years*	$150,000,000	$133,558,000			June 30, 2024
21-22	Ongoing Match-Required *Available for Two Years*	$25,000,000	$25,000,000	$629,381	$24,370,619	June 30, 2023
20-21	Ongoing Match-Required *Available for Two Years*	$25,000,000	$25,000,000	$23,309,858	$1,048,557	June 30, 2022
19-20	Ongoing Match-Required *Available for Two Years*	$25,000,000	$24,995,700	$21,400,946	$3,594,754	June 30, 2021

Source: CDSS

Trailer Bill Language: Governor's Budget - Home Safe Delay. This trailer bill language would make a technical change to HDAP to extend the grantee match exemption and extend the waiver of the local dollar-for-dollar match to align with the extension of the expenditure timeline of the one-time funds appropriated in 2022-23.

Trailer Bill Language: Governor's Budget - HDAP Delay. This trailer bill language would make a technical change to the Home Safe Program statute to extend the grantee match exemption to align with the extension of the expenditure timeline of the one-time funds appropriated in 2022-23**.**

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

Questions. The Subcommittee requests Margot Kushel, MD, Director of UCSD Benioff Homeless Housing Initiative, respond to the following:

1. Please summarize the findings of the California Statewide Study of People Experiencing Homelessness. What does the research tell us about older adults experiencing homelessness? What are they key takeaways for housing and homelessness services?

The Subcommittee requests CDSS respond to the following:

1. Please provide a description of the Home Safe Program and the Housing and Disability Advocacy Programs (HDAP). Who do these programs serve and what makes them unique?

2. What are the impacts of investments in both Home Safe and HDAP in 2021 and 2022? What do we know about the outcomes of older adults and people with disabilities who participate in Home Safe and HDAP?

3. How would the Governor's proposed delay of $50 million in HDAP funding and $65 million in Home Safe funding in 2024-25 be implemented by CDSS? How would it impact local programs? Does CDSS anticipate that any local Home Safe and HDAP programs would close or scale back if this funding is withheld by one fiscal year?

The Subcommittee requests DOF respond to the following:

1. Please describe the baseline budget for HDAP, as well as the one-time investments in this program in the 2021 and 2022 Budget Acts. For Home Safe, please describe the one-time investments in this program in the 2021 and 2022 Budget Acts.

2. For both the HDAP and Home Safe programs, please describe the amount of the 2021 and 2022 Budget Act allocations that have been spent to date.

3. Please explain the Governor's proposed delay of $50 million in HDAP funding and $65 million in Home Safe funding. Please also describe the re-appropriation of funding from the 2021 Budget Act for these programs. What does the Administration expect the combination of both the re-

appropriation of 2021 funding and the delayed 2022 Budget Act funding to achieve? What is the intent of these delays?

The Subcommittee requests Kelly Carpenter, Nevada County, and Susie Smith, Deputy Director of Policy, Planning, and Public Affairs, San Francisco Human Services Agency, respond to the following:

1. Please describe your county's Home Safe and HDAP programs. How have these programs affected your county's ability to respond to and prevent homelessness among older adults and people with disabilities?

2. How would the Governor's proposed delays of $50 million in HDAP funding and $65 million in Home Safe funding impact your county's program? How would your county implement the delay, and how would it affect clients currently receiving services?

The Subcommittee requests Patti Prunehuber, Justice in Aging, respond to the following:

1. What impact would Justice in Aging anticipate as a result of the Governor's proposed delays to HDAP and Home Safe funding? How would these delays affect housing stability and services for older and disabled adults?

The Subcommittee requests LAO respond to the following:

1. Please provide the LAO's analysis on the Governor's proposed delays to HDAP and Home Safe funding.

Issue 3: Community Care Expansion Update

Community Care Expansion (CCE). The CCE program funds the acquisition, construction, and rehabilitation of adult and senior care facilities that serve applicants and recipients of Supplemental Security Income (SSI) or Cash Assistance Program for Immigrants (CAPI), including individuals who are at risk of or experiencing homelessness. Funds are also available to preserve residential care settings, including through operating subsidies for existing licensed adult and senior care facilities currently serving SSI or CAPI recipients. CCE is part of a statewide investment in infrastructure funding to address homelessness, support healthcare delivery reform, and strengthen the social safety net. The California Health and Human Services Agency has bundled the CCE program with another program, the Behavioral Health Continuum Infrastructure Program (BHCIP). This item will only discuss CCE.

Funding. The 2021 Budget Act provided a total of $805 million General Fund over multiple years for the CCE program. $53.4 million of that total is included in the HCBS Spending Plan. The 2022 Budget Act included an additional $55 million in one-time funding for operating subsidies for licensed facilities.

CCE Implementation. To date, CCE has funded 48 projects, with 1,993 proposed beds/units totaling $353 million. The CCE has two primary components:

CCE Capital Expansion Program. CCE Capital Expansion funds the acquisition, construction, and rehabilitation of residential care settings. Grantees may be approved to use a portion of these funds to establish a capitalized operating subsidy reserve (COSR) for these projects, available for use for up to five years. Applications for CCE Capital Expansion project funding were accepted through a joint request for applications with the Department of Health Care Services BCHIP until June 1, 2023. CDSS received an overwhelming interest in CCE Capital Expansion funding with 374 applicants requesting $3.8 billion in funding. To date, CDSS has awarded $353 million to 42 applicants across 48 projects.

CCE Preservation Program. CCE Preservation is intended to immediately preserve and prevent the closure of existing licensed residential adult and senior care facilities, including Residential Care Facilities for the Elderly (RCFEs), Adult Residential Facilities (ARFs), or Residential Facilities for the Chronically Ill. This includes funds for capital projects and funds for operating subsidies. As of June 30, 2023, 34 counties have accepted a total of $247.7 million in non-competitive allocation funds.

One of the key goals of the CCE is to promote the sustainability of existing licensed residential adult and senior care facilities that serve clients receiving SSI/SSP. Licensing data shows that between 2019 and 2022, residential care facilities that house clients receiving SSI/SSP experienced a roughly five percent decrease in total capacity. Specifically, Residential Care Facilities for the Elderly (RCFEs) housing clients receiving SSI/SSP experienced an approximately eight percent decrease in capacity.

Subcommittee Staff Comment and Recommendation – Informational item. No action is needed.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an update on the Community Care Expansion (CCE) program, describing both the Capital Expansion and Preservation components of the program.

2. What has been achieved so far under the CCE program, including new beds created for individuals on SSI? Please provide an overview of the types of residential facilities supported with CCE funds and the needs of those individuals. How many facilities serving individuals on SSI have been awarded expansion grants, preservation grants, or operating subsidies? What has the department learned about the impact of these operating subsidies?

3. How is the CCE program preventing the closure of licensed residential care facilities and expanding the licensed capacity for facilities housing individuals who rely on SSI?

Issue 4: In-Home Supportive Services Overview

Background. The In-Home Supportive Services (IHSS) program provides personal care services to approximately 660,497 low-income individuals who are blind, over 65, or who have disabilities. Services include feeding, bathing, bowel and bladder care, meal preparation, and clean-up, laundry, and paramedical care. These services help program recipients avoid or delay more expensive and less desirable institutional settings. Eligibility for IHSS is tied to Medi-Cal eligibility.

As of December 2023, approximately 15 percent of IHSS consumers are 85 years of age or older, 40 percent are ages 65-84, 14 percent are ages 18-44, and nine percent are 17 years or younger. Seventy-two percent of IHSS providers are relatives of the recipient; 58 percent of providers are live-in.

County social workers determine IHSS eligibility and perform case management after conducting a standardized in-home assessment of an individual's ability to perform activities of daily living. In general, most social workers annually reassess recipients' need for services. Based on authorized hours and services, IHSS recipients are responsible for hiring, firing, and directing their IHSS provider(s). The average number of service hours provided to IHSS recipients in 2023-24 is estimated to be 122 hours per month.

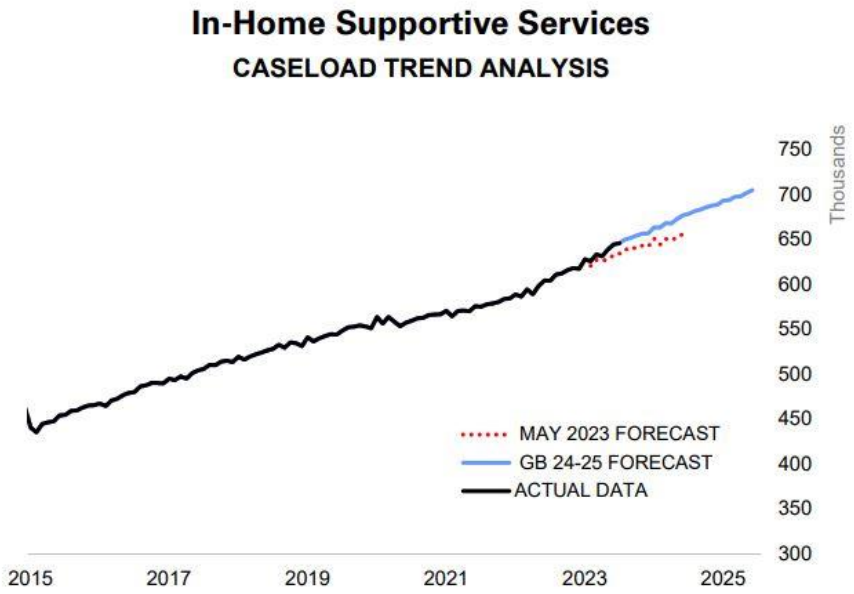
Ninety-nine percent of the IHSS caseload receives federal financial participation, with most cases receiving 50 to 56 percent federal financial participation. The remaining nonfederal share of costs are split between the state and counties based on the IHSS county maintenance-of-effort (MOE).

Governor's Budget. The Governor's revised budget for 2023-24 includes $22.4 billion ($8 billion General Fund) for IHSS program and administration costs. This reflects a net increase of $49.9 million (decrease of $342.5 million General Fund) from the Budget Act of 2023. The increase is due to a higher caseload, cost per hour, and number of hours per case than previously projected, while the decrease in General Fund reflects a lower projected caseload in the Undocumented 50 and Above Full Scope Expansion.

The Governor's proposed 2024-25 Budget includes $24.3 billion ($9 billion General Fund) and reflects an increase of $1.9 billion ($664.5 million General Fund) compared to the Budget Act of 2023. The increase is due to the expansion of the full-scope Medi-Cal to undocumented adults age 26 through 49, regardless of immigration status, as well as growth in the projected caseload, cost per hour, and number of hours per case for IHSS overall.

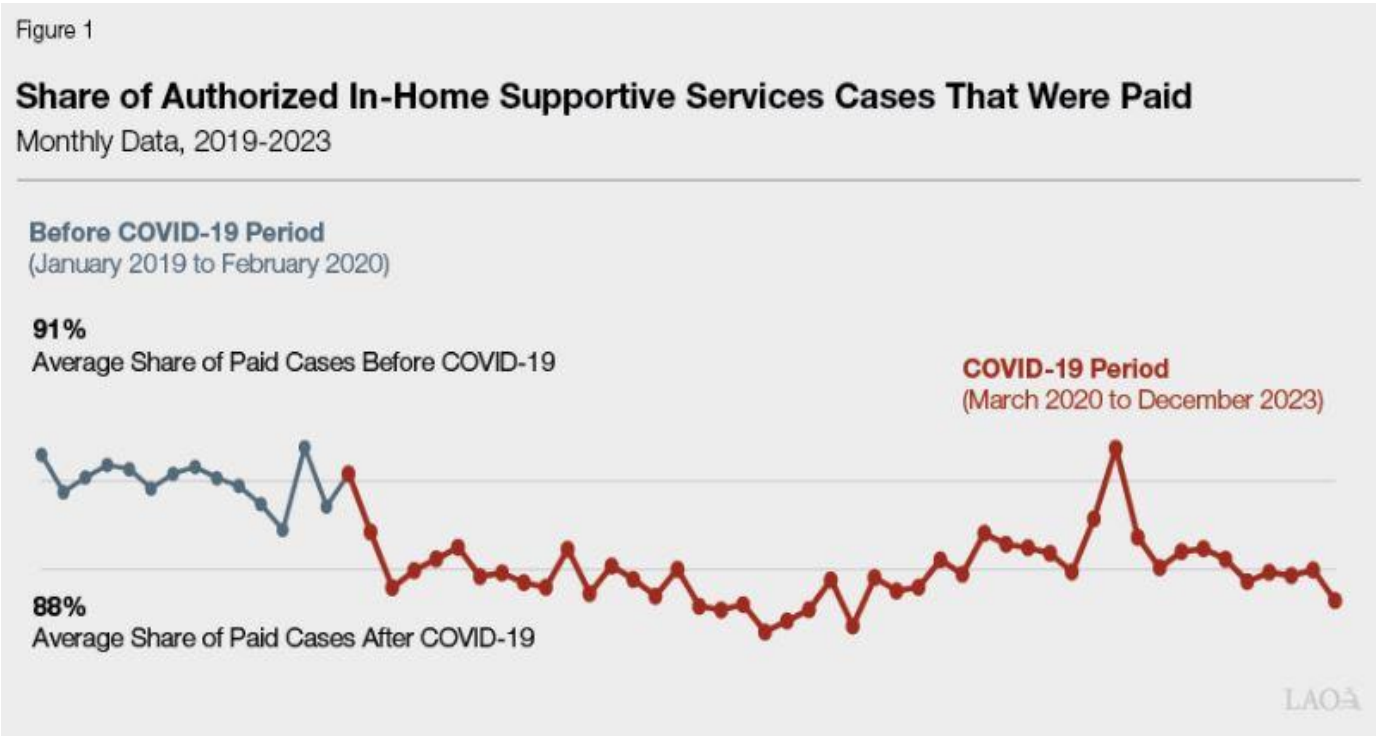
For 2023-24, IHSS costs include a half-year impact of $16.00 minimum wage implementation, while in 2024-25, IHSS costs include a full-year impact of $16.00 minimum wage implementation and a half-year impact of $16.50 minimum wage implementation. The Governor's budget assumes that the cost per hour of IHSS services will increase from $20.02 in 2023-24 to $20.52 in 2024-25. The majority of the cost per hour is associated with IHSS wages (estimated to be an average of $17.95 per hour as of January 2024), in addition to provider benefits and administration costs.

The Governor's 2024-25 Budget projects a total IHSS caseload of 691,075 recipients, representing a 4.6 percent increase from 2023-24. IHSS caseload has steadily increased since 2014, as shown in the chart below:



Source: CDSS

IHSS Service Utilization. According the LAO, the IHSS caseload demonstrates a continued trend of fewer authorized cases claiming service hours in any given month since the start of COVID-19, as shown in the LAO figure below. The average share of authorized cases paid every month slightly decreased from 91 percent to 88 percent from January 2019 through December 2023. This translates to roughly 22,000 fewer paid cases every month relative to pre-COVID-19 levels.



Impact of the Medi-Cal Asset Test Elimination. The Medi-Cal asset limit was fully eliminated January 1, 2024, which results in more seniors and persons with disabilities becoming eligible for Medi-Cal, including IHSS. As noted by the LAO, the Governor's proposed budget includes about $26 million General Fund in 2023-24 to provide services to the estimated 1,800 seniors and persons with disabilities who will become eligible for IHSS as a result of this policy change. For 2024-25, the Administration estimates that about 3,900 seniors and persons with disabilities will become eligible for IHSS services with a proposed budget of about $48 million General Fund.

Impact of Medi-Cal Redeterminations. During the COVID-19 public health emergency, eligibility redetermination requirements for current Medi-Cal enrollees were temporarily suspended. As of April 2023, counties have resumed Medi-Cal eligibility redeterminations and IHSS recipients have begun to be placed into the IHSS Residual Program (the state-funded program that some IHSS recipients are added to if they lost their Medi-Cal eligibility). The Governor's budget includes approximately $37 million to account for the estimated increase in residual cases.

The 2023 Budget Act included Supplemental Report Language requiring CDSS to report regarding impacts of Medi-Cal Redeterminations on the IHSS caseload. The chart below shows the number of IHSS recipients that have been terminated for not completing their Medi-Cal Redeterminations for June through December 2023:

June	July	August	Sept	Oct	Nov	Dec
44	213	332	172	358	303	207

IHSS Permanent Backup Provider System. The 2022 Budget included $34.4 million ($15.4 million General Fund) ongoing to establish a permanent backup provider system for IHSS recipients to avoid disruptions to caregiving due to an immediate need or emergency. Under the permanent backup provider system, a recipient who has an urgent need or whose health and safety will be at risk without a backup provider can receive up to 80 hours (if recipient is non-severely impaired) or 160 hours (if recipient is severely impaired) of backup provider services per state fiscal year. Additionally, backup providers are paid $2 above the local IHSS hourly wage rate.

According to the LAO, "utilization of the backup provider system for the first three months of 2023-24 is lower than expected—likely indicating there will be savings in 2023-24. Specifically, between July 2023 and September 2023, less than $100,000 worth of services have been claimed of the total $16 million General Fund ($36.6 million Total Fund) budgeted in 2023-24. Further, since the implementation of the backup provider system (October 2022) up to the most recent month of data (September 2023), less than $350,000 has been expended on services, averaging less than $30,000 in expenditures per month…it is likely that for 2023-24 and 2024-25 combined, there could be savings of over $25 million General Fund."

IHSS Paid Sick Leave (PSL) Utilization. PSL became available on July 1, 2018 for IHSS providers who worked a certain number of hours within a calendar year. In 2018-19, the maximum amount of PSL an IHSS provider could accrue was eight hours per year. This increased to 16 hours in 2020-21, 24 hours in 2022-23, and is set to increase to 40 hours on July 1, 2024. The Governor's Budget includes around $70 million for PSL in 2023-24 and around $76.5 million for PSL in 2024-25. According to the LAO, there could be potential savings in 2023-24 and 2024-25 from this program due to lower PSL hours being claimed.

Investments in the 2023 Budget Act. The 2023 Budget Act made a number of changes and investments in IHSS, including the following:

- **Evaluation of Statewide/Regional Collective Bargaining:** $1.5 million General Fund one-time, for CDSS to analyze the costs and benefits of approaches that transition collective bargaining with IHSS providers from the current model to a statewide and/or regional model. This analysis is due January 1, 2025. CDSS has entered into contracts for research and facilitation of a workgroup, which held its first meeting in February 2024.

- **Streamlining Eligibility for Minor Recipients.** The 2023 Budget Act included trailer bill language that streamlines the process for children with disabilities to select their parent as their IHSS provider, similar to all other IHSS recipients. The Governor's budget proposes approximately $33 million in 2023-24 and 2024-25 for this change. The LAO notes there could be roughly six months of General Fund savings in 2023-24 due to the timing of this change being implemented.

- **Collective Bargaining County Penalty.** The 2023 Budget Act included trailer bill language which, beginning October 1, 2023, increases the amount of the 1991 Realignment funding withholding from 7 percent to 10 percent of the county's prior fiscal year IHSS Maintenance of Effort (MOE) requirement and requires the withholding continue once each fiscal year until the county enters into a collective bargaining agreement.

Subcommittee Staff Comment and Recommendation – Informational item. No action is needed. The Legislature may wish to explore the potential General Fund savings identified by the LAO in order to help solve the budget problem.

Questions. The subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of the IHSS program and the budget and caseload for 2024-25.

2. The LAO notes that IHSS service utilization continues to remain below historical levels, observing a trend of fewer authorized cases (approximately 22,000 fewer cases) claiming service hours in any given month since the start of COVID-19. What could be the drivers of this decrease in paid cases?

3. The LAO notes that the elimination of the Medi-Cal asset limit will increase the number of seniors and people with disabilities eligible for IHSS. The 2024-25 budget estimates the cost of this expanded caseload at approximately $48 million General Fund. How was this estimate derived? How will the Administration project caseloads and expenditures associated with the removal of the Medi-Cal asset limit moving forward?

4. Please provide an update on the following initiatives approved in the 2023 Budget Act: streamlined eligibility for minor recipients, development of a stakeholder process to explore regional or statewide collective bargaining for IHSS providers, and the implementation of electronic visit verification for some IHSS providers. Please provide an update on the IHSS Back-Up Provider System approved in the 2022 Budget Act.

5. Please describe any impacts of the resumption of Medi-Cal redeterminations on the IHSS population.

Issue 5: In-Home Supportive Services Career Pathways Program

Panel Discussion. The Subcommittee has invited the following individuals to participate in this discussion:

- Claire Ramsey, Chief Deputy Director, California Department of Social Services
- Idalys Perez, Department of Finance
- Juwan Trotter, Fiscal & Policy Analyst, Legislative Analyst's Office
- Tiffany Whiten, Senior Government Relations Advocate, California State Council of SEIU

HCBS Spending Plan. As a part of the 2021 Budget Act, the state was required to submit a package of home- and community-based services (HCBS) enhancements—known as the HCBS Spending Plan—to the federal government as a condition of drawing down additional federal funds resulting from a temporary 10 percentage point increase to the federal Medicaid match rate. California's plan included approximately $3 billion in HCBS enhancements (which would be matched by an additional $1.6 billion in standard Medicaid funds, totaling $4.6 billion). The Department of Health Care Services (DHCS) is the lead state agency on the plan, which spans 26 initiatives across six departments under the California Health and Human Services Agency. The 2023 Budget Act extended the HCBS Spending Plan period to December 31, 2024 to maximize an extension made available by the federal government.

IHSS Career Pathways Program. The HCBS Spending Plan includes $295 million for the IHSS Career Pathways Program. The IHSS Career Pathways program is a new training program to increase the quality of care, recruitment, and retention of providers. Providers participating in the IHSS Career Pathways program are paid for the time that they participate in the trainings and are eligible for incentive payments if certain trainings are completed. In order to be eligible for certain incentive payments, IHSS providers must continue to work for IHSS recipients for a certain amount of time after the completion of the training. To be eligible for the largest incentive payment ($2,000), a provider must continue to work for a particular recipient for a minimum of 40 hours a month for six months after completing training.

Program Spending. Pursuant to the latest update from the Department of Finance, $41 million of the $295 million allocated to the IHSS Career Pathways Program has been spent. The following table shows a breakdown of the Career Pathway Program's expenditures by category as of September 30, 2023.

Category	Amount (As of 09/30/23)
Direct to Providers: Training Incentives	$5,006,500
Direct to Providers: Training Time	$13,291,979
Training: Vendors	$13,162,251
Training: County/PA	$257,134
Admin: Vendors	$3,791,436
Admin: Automation	$1,217,430
Admin: Taxes	$761,152
Admin: State Operations	$3,595,492
Total	$41,083,374

Class Availability. CDSS has worked to double the number of classes offered and add an additional 20 courses offered by county public authorities. Since January 31, 2024, 11,938 class sessions have been offered. More detail per vendor is included below.

- **Counties: Marin, Nevada, Plumas, Riverside, Sacramento, San Bernadino, Santa Clara, San Diego, and Ventura**
  - Offered a total of 1,544 class sessions: 1,057 online, 324 self-paced, and 163 in-person.
  - Courses offered in Spanish and English.
  - Pathways: Cognitive Impairments and Behavioral Health, General Health and Safety, Complex Physical Needs.
- **Home Bridge**
  - Offered a total of 7,892 class sessions: 6,859 online, 635 self-paced, and 398 in-person.
  - Courses offered in English, Spanish, Cantonese, Mandarin, and Armenian.
  - Pathways: Adult Education, General Health and Safety, Transitioning to Home and Community Based Living, Cognitive Impairments and Behavioral Health, Complex Physical Needs
- **Center for Caregiver Advancement (CCA)**
  - Offered total of 2,527 class sessions: 2,195 online and 179 in-person.
  - Courses offered in Armenian, Cantonese, English, Korean, Mandarin, Russian, Spanish and Vietnamese.
  - Pathways: Cognitive Impairments and Behavioral Health, General Health and Safety

In February 2024, 155 class sessions were added to the course catalog. Homebridge added 24 in-person class sessions. Nevada, Sacramento, San Diego, San Bernadino, and Riverside added 131 class sessions of which 105 are online, 20 are self-paced and 6 are in-person. The average waitlist for each course is set to 40 providers. Prior to the increase in the number of classes in January 2024, most classes had a waitlist that was 100 percent full.

Training and Incentive Claiming. As of January 31, 2024, 13,340 unduplicated IHSS providers have completed at least one training course. CDSS received 83,306 claims for hours spent in training in 2022. 23. In 2023-24, CDSS has received 280,485 claims for hours spent in training as of January 31, 2024. As of January 31, 2024, the following incentives have been issued:

- 15 Hour Training Incentive: 14,663
- One-Month Incentive: 1,177
- Six-Month Incentive: 292

Subcommittee Staff Comment and Recommendation – Informational item. Subcommittee staff notes that CDSS has a limited period of time to spend down the remaining approximately $254 million for the IHSS Career Pathways Program by December 31, 2024. The Joint Legislative Budget Committee has requested information from DOF regarding the plans departments have in place to ensure all remaining funds are spent by the deadline, and timelines for remaining activities and expenditures.

Questions. The Subcommittee requests CDSS and DOF respond to the following:

1. Please provide an update on the IHSS Career Pathways Program, including the numbers of IHSS providers who have benefitted from the trainings and the stipends associated with these trainings. How has CDSS made more classes available to maximize this opportunity for IHSS providers and recipients?

2. How has the extension of the HCBS Spending Plan approved as part of the 2023 Budget Act affected the IHSS Career Pathways Program?

3. The latest available spending data shows that only $41 million of the $295 million in federal HCBS funding for this program has been spent. What is the Administration's plan to ensure this funding is fully spent by the December 2024 deadline?

Issue 6: APS Planning and Development of a Data Warehouse

Budget Change Proposal – Governor's Budget. CDSS requests limited-term federal fund authority of $369,000 in 2024-25 and $357,000 in 2025-26, including two positions, to begin planning and development efforts toward a data warehouse for the APS Program. This proposal has no effect on the General Fund.

Background. Each of California's 58 counties has an Adult Protective Services (APS) agency to aid adults aged 60 years and older and dependent adults who are unable to meet their needs, or are victims of abuse, neglect, or exploitation. The APS program provides 24/7 emergency response to reports of abuse and neglect of elders and dependent adults who live in private homes, apartments, hotels or hospitals, and health clinics. APS social workers evaluate abuse cases and arrange for services such as advocacy, counseling, money management, out-of-home placement, or conservatorship. APS social workers conduct in-person investigations on complex cases, often coordinating with local law enforcement, and assist elder adults and their families navigate systems such as conservatorships and local aging programs.

APS Data. As part of administering the APS program, each county is required to provide monthly data reports to CDSS. This data provides information on reports received, cases opened and closed, and demographic information on both victims and perpetrators. Capturing the data is done differently by each county as there is no statewide case management system or tool utilized by all counties across the state.

The current data collection system, known as the SOC 242, collects most of the data required by the federal Administration for Community Living's (ACL) National Adult Maltreatment Reporting System (NAMRS), including program management information and key data indicators. However, CDSS does not yet collect case-level data as requested by the federal government because there is not a statewide case management or data warehouse system. This has led to inconsistent and incomplete data submitted to the CDSS, and subsequently, to the federal government. While the ACL has currently granted CDSS an exemption to not report case-level data, this exemption is not guaranteed moving forward.

The 2021 Budget Act required CDSS, in conjunction with stakeholders, to explore the possibility of building a statewide data collection and/or case management system with the capability of providing case level information in real time to APS providers throughout the state. In November 2022, CDSS submitted a report outlining three options to address the lack of a statewide APS case management or data warehouse system.

Resource Request. This proposal requests to use federal funding recently made available through the Elder Justice Act for two Research Data Specialist I (RDS) positions. One RDS will lead data research and planning for the implementation of a statewide APS data warehouse and work with multiple stakeholders to access and analyze APS data, including conducting a racial and ethnic disparity analysis. The other RDS will collaborate with APS at the state and county levels to create a data collection system with supporting processes that maintain accurate, consistent, and timely reporting by all counties. The RDS will research and recommend data elements to be collected in the new system to meet current and future program requirements. Lastly, this resource will develop dashboard, monitoring and reporting systems to track program access, outcomes, and other critical performance indicators which would allow the APS program to quickly identify and resolve program disparities.

According to CDSS, these resources will move the APS program towards statewide data-reporting uniformity, making federal reporting and trend analysis more accurate. This will inform and impact outreach, APS worker training, and make sure the APS Program's response to abuse allegations are more timely, effective, and equitable for program clients. Case-level data will allow the program to better identify and resolve disparities within the community while improving equitable outcomes in California for older and dependent adults especially those from communities of color and disenfranchised communities. It will allow the CDSS to report accurate and complete data to the NAMRS to help inform prevention and intervention practices on the national level of the adult maltreatment field.

In June 2023, California was notified that the APS program will receive $1,379,183 under the Elder Justice Act to enhance, improve, and expand the ability of APS to investigate allegations of abuse, neglect, and exploitation. CDSS proposes to use this opportunity to fund the two limited-term resources to develop the APS Data Warehouse, which is consistent with the direction provided by the federal government for this funding.

CDSS reports that research and planning activities would begin in July 2024 and take one year and nine months. After research and planning, the staff will move onto the development phase where the statewide data warehouse will be created, and then implement a phased implementation to bring the counties onto the statewide data warehouse in groups.

Subcommittee Staff Comment and Recommendation – Hold Open. Subcommittee staff notes that this proposal does not impact the General Fund and will lead to more valuable and consistent information on the adults involved in the APS system.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal. When will the data system be completed, and how will it improve the state's understanding of the adults involved in the APS system?

Issue 7: Community Care Licensing Overview

Background. The Community Care Licensing Division (CCLD) under CDSS oversees the licensure or certification of approximately 69,646 licensed facilities that include childcare centers; family child care homes; adult day care facilities; foster family homes; and children, adult, and senior residential facilities. In addition, the Home Care Services Bureau oversees 1,908 licensed home care organizations. CCLD is responsible for protecting the health and safety of individuals served by those facilities. Licensing program analysts investigate any complaints lodged, and conduct inspections of the facilities. CCLD has a total of 1,593 authorized positions. In 2022-23, CCLD completed 34,000 facility inspections, 15,000 case management visits, 17,000 complaint investigations, and 7,000 applications for licensure.

Governor's Budget. The 2023-24 Budget for CCLD includes $78.4 million General Fund, $157.8 million federal funds, $23.8 million for the Technical Assistance Fund (0270), $2.1 million for the Certification Fund, $2.7 million for the Child Health and Safety Fund (0279), $7.3 million for the Home Care Fund, and $2.8 million for the Continuing Care Provider Fee Fund (0163), which is continuously appropriated.

Funding. Licensed facilities must pay an application fee and an annual fee, which is set in statute. The revenue from these fees is deposited into the Technical Assistance Fund (TAF) and is expended by the department to fund administrative and other activities in support of the licensing program. In addition to these annual fees, facilities are assessed civil penalties if they are found to have committed a licensing violation. Civil penalties assessed on licensed facilities are also deposited into the TAF, and are required to be used by the department for technical assistance, training, and education of licensees.

Investments in the 2023 Budget Act. The 2023 Budget Act included several changes and investments under CCLD:

- **Background Check Resources and Replacing the Guardian System:** $4 million for an increase of staff in the Care Provider Management Bureau for processing background checks, providing technical assistance, and customer services, in order to address the background check backlog. The 2023 Budget Act also included $900,000 limited-term funding to (1) support ongoing IT maintenance for the Guardian background check system and (2) initiate planning activities to develop a replacement to the Guardian system. Budget bill language requires CDSS provide quarterly updates to legislative staff, including the Legislative Analyst's Office, on the status of the backlog, beginning August 1, 2023. The Guardian backlog as of January 2024 is 3,013 cases older than 120 days, which is an over 70 percent decrease compared to July 2022.

- **Home Care Fund Stabilization:** $2.8 million ongoing to stabilize and provide responsible oversight and enforcement of the home care system in California through the Home Care Program. Trailer bill language requires CDSS to report to the Legislature by January 10, 2025 on the solvency of the Home Care Fund and submit quarterly progress updates to the Legislature. The Branch expansion included the hiring of 15 new positions. Nine of these positions have been hired, and CDSS is in the process of hiring the remaining six. These efforts will increase the department's capacity to investigate businesses providing unlicensed home care services, issue civil penalties, and generate additional revenue for the Home Care Fund.

- **Preventing Trauma During Facility Closure**: $5.1 million ongoing to support temporary manager contracts to protect the health and safety of residents of Residential Care Facilities for the Elderly and Adult Residential Facilities.

- **Veterans Foster Home Support**: $1.3 million ongoing to implement AB 2119 (Flora), Chapter 381, Statutes of 2022, which requires medical foster homes authorized by the United States Department of Veterans Affairs (USDVA) to be licensed as medical foster homes for veterans by CCLD.

- **Facility Management System Project Planning Resources:** augments funding for project resources and vendor costs to align the budgetary authority with the updated Facility Management System (FMS) project budget, and re-appropriates $21.1 million in unspent funds from the 2021 and 2022 Budget Acts.

- **Administrator Certification Section Training Updates**: trailer bill language to modify the initial certification and continuing education training requirements for the Administrator Certification Program (ACP) to continue to offer online training options that were available throughout the COVID-19 pandemic under statewide waivers.

Subcommittee Staff Comment and Recommendation – Informational item. No action is needed.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of the 2024-25 budget for CCLD.

2. The 2023 Budget Act included $4 million to increase staff to process background checks in order to reduce the background check backlog in Guardian. Please provide an update on the current Guardian backlog, as well as planning activities to develop a replacement to Guardian.

3. Please provide an update on the Home Care Fund and actions taken to oversee and stabilize the home care system.

Issue 8: Proposals for Investment

Stakeholder Proposals for Investment. The Subcommittee has received the following proposals for investment related to SSI/SSP, IHSS, and county social services.

Presentation Items:

- **Emergency Services and Disaster Response Funding for County Welfare Departments.** The County Welfare Directors Association (CWDA) proposes $14 million General Fund ongoing to support county human services agencies at the front lines of disaster response efforts. According to CWDA, "When disasters occur, county human services agencies have responsibility under emergency response plans for the mass care and shelter of their county residents. County human services staff are diverted from regular job duties to help facilitate and staff shelters, help victims apply for benefits, and coordinate care with community and health care organizations. Additionally, the majority of county human services agencies are tasked with post-disaster recovery support and services, including case management, which oftentimes is not reimbursed by federal disaster funds. County human services agencies care for the people directly affected by disasters, a workload that is severely underfunded from preparedness planning through recovery efforts."

Non-presentation Items:

- **Lift SSI/SSP Grants and Revive the Special Circumstances Program.** Californians for SSI proposes two investments in the SSI/SSP Program. First, $282.7 million in 2024-25, increasing to $340.9 million in 2026-27, to increase the SSI/SSP grants to 100 percent of the federal poverty level. Second, $10 million for five years to revive the Special Circumstances Program as a time-limited program to provide financial assistance in a one-time lump sum to SSI, IHSS, and CAPI recipients to pay for moving costs including a security deposit, house repairs, and essential appliances like heating/cooling systems, refrigerators, or stoves. According to Californians for SSI, "SSI/SSP recipients increasingly rely on emergency food, shelter, and health providers to stay alive. Many are becoming homeless and going hungry, requiring expensive food, medical, and nursing home services that are needed in part because the grants do not cover basic needs. SSI/SSP grants are so low that the cost of a studio apartment exceeds one-half of the SSI/SSP grant in California, and is higher than the entire grant in 25 counties, such as Los Angeles. Rent, food, and healthcare costs would exceed all counties' SSI/SSP grants. Investments to support SSI recipients will help ensure these seniors and people with disabilities can reach economic self-sufficiency, rise above the poverty level, and live with dignity."

- **IHSS Participation Cap Update.** SEUI California/AFSCME UDW 3930 propose to recalibrate the state's participation in locally negotiated wage and benefit increases up to 10 percent over three years; specifically, removing the requirement for two contracts of three years each, thus leaving the 10 percent intact in perpetuity. According to SEIU and UDW, "under current law, the state and counties share the non-federal share-of-cost for locally negotiated wage and benefit increases: the state pays 65 percent of the cost with the county paying the remaining 35 percent. However, the state has a cap on its contribution, sitting at $1.10 above minimum wage. For counties at or above this cap, the state currently participates at their standard share for any increase, up to 10 percent,

over no more than two consecutive three-year periods. Many counties are at –or near – the end of the two consecutive three-year periods. As we use 2024 to engage in the workgroup process outlined in AB 102 (2023) and explore what a new bargaining structure will look like for IHSS, we understand that the current structure limits our capacity to secure favorable contracts in the interim."

- **IHSS County Administrative Bridge Funding.** CWDA and California State Association of Counties (CSAC) propose $51 million one-time General Fund for administration of the IHSS Program for 2024-25 and associated budget trailer bill language requiring CDSS to work with CWDA and county IHSS worker representatives during the 2024-25 fiscal year to update the existing IHSS administration budget methodology to take effect in 2025-26. According to CWDA and CSAC, "Administrative underfunding is contributing to higher worker caseloads in many counties, which in turn contributes to counties' inability to recruit and retain staff and meet the needs of an increasing elderly and vulnerable population. Caseloads of 300 and 400 consumers per social worker are not uncommon in some counties. This hampers counties' ability to timely and accurately administer the program and respond to the needs of recipients and providers. Current IHSS consumers may face longer wait times to reach their social worker between assessments when they have changes in their health or other needs that may warrant more IHSS services… Addressing administrative underfunding of worker costs and application processing will allow counties to better to retain staff, reduce intake times, and increase availability of services for a population that is expected to grow significantly in the coming decade."

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

PUBLIC COMMENT ON ISSUES 2-8

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

Issue 1: Federal Trust Fund Authority Augmentation

Budget Change Proposal – Governor's Budget. The Department of Community Services and Development (CSD) requests an increase in the department's Federal Trust Fund base authority for local assistance programs ($52 million for energy programs and $3 million for community services) to align the next three fiscal years with current funding levels of core federal grant programs. After three fiscal years, CSD would reassess and submit a new budget proposal for additional changes to its federal expenditure authority, if needed. This proposal does not impact the General Fund.

Department of Community Services and Development (CSD). The mission of the Department of Community Services and Development (CSD) is to reduce poverty for Californians by partnering with private nonprofit and local government organizations dedicated to helping low-income families achieve and maintain economic security, meet their home energy needs, and reduce their utility costs through energy efficiency upgrades and access to clean renewable energy.

Background. CSD's current Federal Trust Fund base authority for local assistance programs 4181-Energy ($198.6 million) and 4185-Community Services ($62.2 million) is no longer sufficient due to current funding levels of its established federal grant awards. CSD's core federal grant programs have continued to increase, requiring CSD to annually secure additional authority through the Section 28 process. The Department in consultation with the Department of Finance is taking this proactive action to align CSD's baseline authority over the next three years to CSD's current funding levels of core federal grant programs. According to CSD, this augmentation of the Federal Trust Fund base local assistance authority will facilitate the timely release of federal grant program funds to its network of local service providers, which in turn facilitates timely delivery of energy assistance and other supportive services to low-income Californians.

As noted by the LAO, over the past several years, CSD has submitted Section 28.00 letters to the Legislature in order to secure the necessary federal expenditure authority to be able to accept the state's full award amounts for the core programs. These letters all have been approved. By increasing CSD's expenditure authority, the department anticipates that fewer Section 28.00 letters would be required to ensure sufficient expenditure authority in a timely manner. Importantly, Section 28.00 letters still would be required in cases where allocated federal funding exceeds the increased expenditure authority threshold. For example, the recent large one-time augmentations provided as part of federal pandemic relief efforts still would trigger the Section letter process. In other words, the Legislature would continue to be notified prior to CSD accepting significant augmentations above the anticipated grant amounts.

Subcommittee Staff Comment and Recommendation – Hold Open. Subcommittee staff notes this proposal has no impact on the General Fund.

Questions. The Subcommittee requests CSD respond to the following:

1. Please provide an overview of this proposal.

PUBLIC COMMENT ON ISSUE 1

4170 CALIFORNIA DEPARTMENT OF AGING

Issue 1: California Department of Aging Overview

Background. The California Department of Aging (CDA) administers community-based programs that serve older adults, adults with disabilities, family caregivers, and residents in long-term care facilities throughout the state. As the federally designated State Unit on Aging, the department administers federal Older Americans Act (OAA) programs, the Health Insurance Counseling and Advocacy Program (HICAP), and two Medi-Cal programs. CDA administers most of these programs through contracts with the state's 33 local Area Agencies on Aging (AAA). At the local level, AAAs contract for and coordinate an array of community-based services to older adults, adults with disabilities, family caregivers, and residents of long-term care facilities.

Master Plan for Aging. CDA is the lead department on the state's Master Plan for Aging, a comprehensive framework to prepare the state for the growth of the 60-and-over population to 10.8 million people by 2030. The five primary goals of the Master Plan for Aging are: Housing for All Ages and Stages; Health Reimagined; Inclusion and Equity, not Isolation; Caregiving that Works; and Affording Aging. Recent federal and state investments in CDA focus on implementing this vision.

Governor's Budget. The Governor's Budget includes $382.2 million ($181.8 million General Fund) for CDA in 2024-25. CDA's budget summary is included below:

3-YEAR EXPENDITURES AND POSITIONS

		Positions			Expenditures		
		2022-23	2023-24	2024-25	2022-23*	2023-24*	2024-25*
3890	Nutrition	40.1	43.9	44.9	$223,466	$178,209	$198,078
3895	Senior Community Employment Service	2.7	3.8	3.8	11,733	17,398	7,815
3900	Supportive Services	68.6	77.3	85.3	319,201	306,946	115,769
3905	Community-Based Programs and Projects	12.2	9.7	9.7	21,039	18,368	18,440
3910	Medi-Cal Programs	80.3	60.9	60.9	17,087	67,671	12,778
3915	Policy & Planning	26.2	55.0	55.0	7,810	37,107	29,327
9900100	Administration	-	-	-	-	-	-
9900200	Administration - Distributed	-	-	-	-	-	-
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		**230.1**	**250.6**	**259.6**	**$600,336**	**$625,699**	**$382,207**

FUNDING		**2022-23***	**2023-24***	**2024-25***
0001	General Fund	$175,105	$291,652	$181,812
0289	State HICAP Fund	4,434	4,392	4,586
0890	Federal Trust Fund	187,685	172,355	172,791
0942	Special Deposit Fund	2,224	1,232	1,232
0995	Reimbursements	15,882	19,332	21,386
3098	State Department of Public Health Licensing and Certification Program Fund	400	400	400
8507	Home & Community-Based Services American Rescue Plan Fund	214,606	136,336	-
TOTALS, EXPENDITURES, ALL FUNDS		**$600,336**	**$625,699**	**$382,207**

CDA Programs. Several key CDA programs include:

- **Home and Community Living Programs.** Home and community-based services support older adults, people with disabilities and family caregivers in the setting of their choice. CDA works with 33 AAAs, 11 Caregiver Resource Centers, 286 Community-Based Adult Services (CBAS) Centers, and 37 Multipurpose Senior Services Program (MSSP) Sites through contracting, budget setting, program guidance, monitoring and oversight, technical assistance, and quality assurance.

- **State Long-Term Care Ombudsman (LTCO).** The LTCO seeks to resolve problems and advocate for the rights of residents of long-term care facilities with the goal of ensuring their dignity, quality of life, and quality of care. The LTCO oversees 35 local ombudsman programs consisting of 249 paid staff and 384 volunteers who advocate on behalf of residents of long-term care facilities.

- **Aging and Disability Resource Connections (ADRCs).** ADRCs are coordinated networks of local providers that serve as community access point for older adults, people with disabilities, and caregivers navigating long-term services and supports. ADRC partnerships provide core service functions (Enhanced Information & Referral, Options Counseling, Short-Term Service Coordination, and Facility-to-Home Transition Services) using person-centered practices that empower individuals to make informed decisions and exercise control over their long-term care needs. There are currently 17 designated ADRCs

- **Office of the Long-Term Care Patient Representative.** The Office of the Long-Term Care Patient Representative provides trained representatives for long-term care residents who may need medical treatment but lack the capacity to make health care decisions and have no legal surrogate authorized to make decisions on their behalf.

Bridge to Recovery Program. The 2022 Budget Act included $61.4 million General Fund one-time to provide grants to Adult Day Health Care centers and Adult Day Programs, such as CBAS centers, to support the safe return to in-person congregate care. CDA is currently in the process of executing the first round of over 300 grants totaling approximately $20 million.

CA2030 initiative. In 2022, CDSS initiated the CA2030 initiative, with the goal of reimagining California's aging network based on statewide survey data about what is important to older Californians. CDA and the California Health and Human Services Agency (CalHHS) plan to put forward a set of policies to modernize the network of local AAAs and strengthen the governance system, set performance standards, standardize the delivery of services across the state, and make the system easier to navigate for older Californians and caregivers across the system.

Older Californians Act Modernization. The 2022 Budget Act included $186 million General Fund ($59.3 million in 2022-23, $86.9 million in 2023-24, and $39.8 million in 2024-25) to restore supports and services for older adults that were reduced during the last recession, including senior nutrition programs, family caregiver supports, volunteer development programs, and aging in place programs. The 2023 Budget Act adjusted the spending period for this $186 million investment to be spent over five years instead of three, which totals $37.2 million in each of the five years. Of this funding, $181 million has been encumbered within contracts with AAAs and $7.5 million has been spent on supportive services and

nutrition services as of November 2023. CDA anticipates spending on these services to accelerate as activities under the HCBS Spending Plan (discussed in Issue 7) close out to prevent an abrupt loss of services.

Subcommittee Staff Comment and Recommendation – Informational item. No action is needed.

Questions. The Subcommittee requests CDA respond to the following:

1. Please provide an overview of CDA's programs and proposed budget for 2024-25.

2. Please provide an overview of the latest Master Plan for Aging report and the department's key ongoing initiatives under the Master Plan for Aging in 2024-25.

3. Please summarize the goals of the CA2030 initiative and the department's next steps for modernizing the local aging services network.

4. Please provide an update on the Bridge to Recovery Program and how this program is supporting CBAS Centers returning to congregate care.

Issue 2: Healthier at Home Pilot Reversion

Budget Solution – Governor's Budget. The Governor proposes to revert $11.9 million General Fund for the Healthier at Home Pilot program.

Healthier at Home Pilot Program. The 2022 Budget Act included $12.5 million General Fund one-time to support a competitive grant pilot program for qualified nonprofit organizations to hire registered nurses and community health care workers to provide health education, navigation, coaching, and care to residents of senior housing developments. Statute requires the pilot program take place in the Counties of Contra Costa, Fresno, Orange, Riverside, Sacramento, San Diego, Shasta, and Sonoma.

Over 2023, CDA began development of this pilot program, including stakeholder engagement, research, and working with a vendor to develop program standards. CDA has spent $610,000 on program development but has not yet selected the housing sites or implemented the pilot program. According to CDA, some issues surfaced as they worked to develop the pilot program, including capacity of the non-profits to meet HIPPA requirements and concerns about the programming abruptly ending due to the limited term funding. At this time, CDA has not released a Release for Applications (RFA) for the pilot program.

The $11.9 million proposed for reversion is all of the remaining funding for this pilot program.

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 requests CDA and DOF respond to the following:

1. Please provide an overview of this budget solution. Why is this program proposed for reversion, and what is the anticipated impact of this program being cancelled?

Issue 3: CalFresh Healthy Living Program

Budget Change Proposal – Governor's Budget. CDA proposes an increase of $2 million in reimbursement authority to support one position and increased local assistance funding in 2024-25 and ongoing to provide increased monitoring services, program site capacity, increased client counts, and enhanced curricula for the CalFresh Healthy Living (CFHL) activities for low-income adults aged 60 and older. This reimbursement authority increase is supported by federal funds and has no General Fund impact.

Background. CDA administers CFHL Supplemental Nutrition Assistance Program Education Program (SNAP-ED) activities through 20 Area Agencies on Aging (AAAs) within 37 counties. CFHL is federally funded and focuses on promoting healthy food choices and active living among older adults. The educational programming provided through CFHL is defined by the United States Federal Nutrition Services (FNS). CFHL SNAP-ED interventions must meet the general low-income standard more than 50 percent of the audience must have household incomes of less than 185 percent of the Federal Poverty Guidelines. CDA's CFHL program is unique in its focus on addressing nutrition education among low-income older adults.

In 2022, CDA received a permanent increase of CFHL reimbursement funding from CDSS, which allowed CDA to increase the CFHL program to four additional AAAs, bringing the current total number of participating AAAs statewide to 20 AAAs within 37 counties. CDA received an additional permanent increase for CFHL funding in 2023, increasing the local funding from $4.3 million to $6 million, which will enhance services within the 37 counties that currently provide CFHL services. Specifically, the funding increase will enable CFHL staff to reach segments of the traditionally underserved older adult population, including people with disabilities, individuals who are housing insecure, grandparents, and those living in rural or outlying areas.

Staffing and Resource Request. CDA requests one federally funded Health Program Specialist I to expand and enhance efforts to advance food and nutrition security in 37 counties to ensure consistent, inclusive, and equitable access to healthy, safe, and affordable foods. This position will be responsible for the following:

- Conduct program monitoring to establish compliance with federal and state requirements and determine the adequacy and quality of services provided by each AAA.
- Maintain responsibility for preparing reports and recommendations and tracking corrective actions to ensure timely remediation of deficiencies.
- Refine and enhance monitoring protocols to ensure compliance with current statutes and update monitoring tools, written protocols, and other contract requirements
- Review and analyze information gathered from monitoring activities to provide input on a "risk-based" approach to monitoring.

- Research, develop, and conduct training related to program requirements for CDA and AAA staff and other internal and/or external stakeholders.

- Provide guidance for formative research activities that inform and create content for policy memorandum, technical assistance, partnership goals, material development and evaluation activities for CDA and external partners.

According to CDA, FNS is also asking for increased data collection, training, and technical assistance for the FNS Priority Populations, such as Veterans and Tribal Organizations. The requested position dedicated to monitoring this will allow existing staff to focus on providing more in-depth trainings and intense program technical assistance to AAAs to increase client participation and outcomes in the programs.

Subcommittee Staff Comment and Recommendation – Hold Open. Subcommittee staff notes this proposal has no impact on the General Fund.

Questions. The Subcommittee requests CDA respond to the following:

1. Please provide an overview of this proposal.

Issue 4: Health Insurance Counseling and Advocacy Program Funding

Budget Change Proposal – Governor's Budget. CDA requests a one-time authority increase of $2 million from the Health Insurance Counseling and Advocacy Program (HICAP) Special Fund to continue to support increased state and local administration efforts initiated in 2021 to serve more Medicare beneficiaries and improve service quality and access. This proposal has no impact on the General Fund.

Background. HICAP is California's federal State Health Insurance Assistance Program (SHIP). HICAP offers consumer-oriented Medicare counseling and education services including: (1) Community education regarding Medicare Parts A and B, Medicare Part D Prescription Drug Plans, Medicare Advantage (MA) Plans, Medicare Supplement Insurance and long-term care insurance; (2) Individual health insurance counseling that provides objective and accurate comparisons of choices; (3) Informal advocacy services regarding enrollment, disenrollment, claims, appeals, prescription drug exceptions and other urgent Part D Plan coverage issues; and (4) Legal referral and, in some geographic areas, legal assistance for filing grievances and appeals. Eligibility for HICAP services is limited to Medicare beneficiaries and persons imminent of Medicare eligibility.

There are currently 26 local HICAP programs in California that provide Medicare counseling and education services. In 2022, HICAP provided Medicare counseling to about 50,744 clients through a network of approximately 618 volunteers. Local HICAP programs largely rely on volunteers, but experienced a sharp decline in volunteers during COVID-19. In 2021, CDA received limited-term funding to implement efforts to modernize the HICAP program, including funding to increase local staffing to one full-time volunteer coordinator per program, and state operations resources to improve HICAP data management, fiscal oversight, and training and technical assistance. The limited-term positions approved in the 2021 Budget Act were extended by one year in the 2023 Budget Act. During this time, CDA conducted an analysis evaluating the current HICAP infrastructure and design, and a vision for a more equitable and accessible HICAP program.

Staffing and Resource Request. This proposal would further extend those positions and local assistance for one year while CDA develops a strategic roadmap for HICAP modernization. This $2 million request includes $1.5 million in local assistance to continue the limited-term funding for each of the 26 local HICAP programs to have one full-time volunteer coordinator. In addition, the remaining $480,000 will fund the following state operations resources:

- *One Research Data Specialist II:* Oversees, reviews, updates, and provides recommendations for HICAP data collection and reporting. To modernize the local HICAP programs, CDA intends to reassess information that is currently captured and make informed funding decisions based on that information for each local HICAP program. This position will continue to assist the local HICAP programs in reviewing the data to ensure that the HICAP program is reaching its target population and achieving statewide equity goals.

- *Two Associate Governmental Program Analysts (AGPAs):* Reviews, monitors, and supports local HICAP programs in strategically expending state and federal funds to enhance, develop, and expand the program. Responsible for review of the monthly expenditures, closeouts, and annual budgets to ensure that HICAPs were adequately investing in modernizing and expanding services. Engages and meet with local HICAP programs to discuss best practices and assess expansion

efforts. Serves as a project lead for the development of new training resources and updating of existing training resources, coordinates in-person and virtual meetings and training events and provides technical assistance to AAAs and HICAP service providers.

These resources are funded solely by the HICAP Special Fund.

HICAP Special Fund. The HICAP Special Fund receives all of its revenue through a $1.40 fee per person enrolled in a Medicare health care service plan, pursuant to Welfare and Institutions Code 9541.5. The use of this fee revenue deposited into the HICAP Special Fund is limited to the administration of the HICAP program. During the COVID-19 pandemic, the HICAP Special Fund provided a $5 million General Fund loan which was paid back the following year. The current balance of the HICAP Special Fund is $16.6 million, according to the Department of Finance's Fund Condition Statement. Expenditures from the HICAP Special Fund totaled approximately $4.5 million in 2022 and 2023 and are projected at approximately $4.6 million in 2024-25.

Subcommittee Staff Comment and Recommendation – Hold Open. Subcommittee staff notes that this proposal has no impact on the General Fund. Subcommittee staff additionally notes that there is a growing reserve in the HICAP Special Fund that has carried over the last several years.

Questions. The Subcommittee requests CDA respond to the following:

1. Please provide an overview of this proposal.

2. What are CDA's long-term plans for the HICAP program?

The Subcommittee requests DOF respond to the following:

1. Please describe the condition of the HICAP Special Fund, the limitations on expenditures from the HICAP Special Fund, and the Administration's plans for the current balance in this fund.

Issue 5: Office of the Long-Term Care Patient Representative

Budget Change Proposal – Governor's Budget. CDA requests a net-zero General Fund shift from Local Assistance to State Operations and authority for eight positions in the Office of the Long-Term Care Patient Representative (OLTCPR).

Background. The OLTCPR was established pursuant to Health and Safety Code Section 1418.8, which sets forth procedures to be followed for Skilled Nursing Facility (SNF) and Intermediate Care Facility (ICF) residents who lack capacity to make their own health care decisions and who do not have a legally authorized decision maker, as an alternative to petitioning a court to appoint a public guardian, conservator, health care decision maker, or authorize a health care decision pursuant to the Probate Code. The statute authorizes an interdisciplinary team consisting of the resident's physician, a registered nurse responsible for the resident, other appropriate staff, and a patient representative to review and authorize medical treatment.

Office of the Long-Term Care Patient Representative. The 2022 Budget Act created the OLTCPR, which provides trained representatives for specified long-term care residents who may need medical treatment but lack the capacity to make health care decisions and have no legal surrogate authorized to make decisions on their behalf. The OLTCPR began providing public patient representative services throughout the state on January 27, 2023, using two contracted providers and six Health Program Specialist I (HPS I) staff.

Prior to program implementation, CDA issued a statewide request for application (RFA) to local non-profits and government entities to provide patient representative services. Prior to the release of the RFA, CDA conducted extensive outreach to local Public Guardian Offices, Disability Rights California, and other stakeholders. Despite this outreach, CDA received only two responsive bidders, LA County and a non-profit provider based in Orange County, Sistah Friends. In order to implement the program by the court-ordered date of January 27, 2023, CDA hired state staff to serve as local patient representatives. According to CDA, the eight newly hired state patient representatives have been very successful in delivering services to clients.

Net-Zero General Fund Shift. This proposal is a net-zero General Fund shift of $1.4 million to convert the limited-term state staff who are currently serving as patient representatives into permanent positions. This means shifting the General Fund currently included in the local assistance portion of this funding to state operations. This shift recognizes that the services are being provided directly by state staff instead of being contracted out to other providers, and allows these state staff to continue conducting their work.

Subcommittee Staff Comment and Recommendation – Hold Open. Subcommittee staff notes this is a net-zero fund shift that has no impact on the General Fund.

Questions. The Subcommittee requests CDA respond to the following:

1. Please provide an overview of this proposal.

Issue 6: Advancing Older Adult Behavioral Health Update

Background. The 2023 Budget Act included $50 million over three years to advance behavioral health for older adults. This investment includes: $30.3 million to local partners for local community older adult behavioral health capacity building; $4.5 million to allow for continued operation of the statewide Older Adult Friendship Line; and $10.5 million for an older adult behavioral health stigma reduction media campaign.

Implementation Update. The components of this three-year investment are either in the early stages of implementation or have not yet been implemented:

- **Older Adult Friendship Line ($4.5 million).** CDA is partnering with the Institute on Aging's Friendship Line to continue the services that began during the COVID pandemic, with enhanced reporting and data collection to evaluate impact. The services initiated February 1, 2024, and will continue through January 31, 2026. The Friendship Line was previously funded with one-time HCBS Spending Plan funds.

- **Older Adult Behavioral Health Ethnic Media Campaign ($10.5 million).** CDA is working with a vendor to embark on a statewide media campaign focused on underserved older adults (race, ethnicity, language, culture, sexual orientation, gender identification) with mental health needs.

- **Capacity Building Grants to Community-Based Organizations ($30.3 million).** CDA is finalizing a Request for Proposals (RFP) for consultant services to incorporate stakeholder input and produce an RFA for a community-based grants program to reach underserved older adults who may be reluctant to seek behavioral health services due to generational, societal or cultural stigmas.

Subcommittee Staff Comment – Informational Item. No action is needed.

Questions. The Subcommittee requests CDA respond to the following:

1. Please provide an update on this program and timing for future expenditures.

Issue 7: CDA Home and Community-Based Services Spending Plan

Update – Home and Community-Based Services (HCBS) Spending Plan. This issue provides an update on spending for the CDA components of the federal HCBS Spending Plan.

Background. As a part of the 2021 Budget Act, the state was required to submit a package of home- and community-based services (HCBS) enhancements—known as the HCBS Spending Plan—to the federal government as a condition of drawing down additional federal funds resulting from a temporary 10 percentage point increase to the federal Medicaid match rate. California's plan included approximately $3 billion in HCBS enhancements (which would be matched by an additional $1.6 billion in standard Medicaid funds, totaling $4.6 billion). The Department of Health Care Services (DHCS) is the lead state agency on the plan, which spans 26 initiatives across six departments under the California Health and Human Services Agency.

The 2023 Budget Act extended the HCBS Spending Plan period to December 31, 2024 to maximize an extension made available by the federal government.

CDA Programs under the HCBS Spending Plan. The HCBS Spending Plan includes the following initiatives under CDA:

Access to Technology for Seniors and Persons with Disabilities: $50 million. This program provides grants to counties to purchase digital devices service plans and training for older adults to access technology. Forty-one counties are participating. All of the participating counties have fully executed contracts. As of September 2023, $11.1 million has been spent.

Senior Nutrition Infrastructure: $40 million. This program provides allocations to local AAAs to issue grants to nutrition providers to improve meal production and delivery infrastructure. All 33 AAAs have finalized grant contracts with CDA and have opted into the program. Since the extension to 2024, CDA has seen many proposals being revised to purchase vehicles originally needed and work completed. As of September 2023, $9.1 million has been spent.

Direct Care Workforce (non-IHSS) Training and Stipends: $150 million. The CalGrows program is a statewide direct care workforce training and stipends program to incentivize, support, and fund career pathways training for the non-IHSS direct care workforce. As of October 31, 2023, direct care workers have completed 20,553 courses offered through the CalGrows Program and 4,782 direct care workers have participated in the program. Approximately $1 million in stipend payments have been paid out to direct care workers since the beginning of the program. The most popular courses among direct care workers include topics related to cultural competency, dementia and Alzheimer's care, and end-of-life care. As of September 2023, $9.6 million has been spent.

Older Adult Resiliency and Recovery: $106 million. This program includes a variety of CDA initiatives to support older adults:

- Senior Nutrition: $20.7 million.
- Senior Legal Services: $18.8 million
- Fall Prevention and Home Modification: $9.4 million

- Family Caregiving Support: $2.8 million
- Digital Connections: $18 million
- Senior Employment Opportunities: $17 million
- Aging and Disability Resource Connections: $9.4 million
- Behavioral Health Line: $2.9 million
- Elder Abuse Prevention Council: $1 million
- State Operations Resources: $6 million

As of September 2023, $16.4 million has been spent.

No Wrong Door/ Aging and Disability Resource Connections (ADRC): $5 million. This includes various initiatives to build out the "No Wrong Door" approach, including a data collection system for Older Americans Act and ADRC programs and a statewide web portal for aging and disability services. CDA is in the process of planning a statewide client relationship management system. The system will allow for statewide reporting on ADRC activities, ad hoc reporting and self-service functionality, and reduced system maintenance costs. As of September 2023, $614,000 has been spent.

Alzheimer's Day Care and Resource Centers: $5 million. This funds a new pilot program called Cal-COMPASS to provide dementia-capable services at licensed centers in the community. Seven contracts were awarded to adult day programs across the state. As of September 2023, $3.2 million has been spent.

HCBS Spending Plan Timeline. Pursuant to the extension authorized in the 2023 Budget Act, departments generally have through December 31, 2024 to spend down the remaining allocations and close out programs.

Subcommittee Staff Comment and Recommendation – Informational Item. No action is needed. Subcommittee staff notes that while an extension of the HCBS Spending Plan period was ultimately authorized as part of the 2023 Budget Act, actual spending within many HCBS Spending Plan initiatives, including those initiatives under CDA, has materialized significantly slower than the Administration's original projections. While lags in claiming and reimbursements may contribute to lower spending amounts in quarterly reporting, questions remain as to the Administration's ability to spend down remaining funds within the timeline allowed by the federal government. The Joint Legislative Budget Committee has requested information from DOF regarding the plans departments have in place to ensure all remaining funds are spent by the deadline, and timelines for remaining activities and expenditures.

Questions. The Subcommittee requests CDA and DOF respond to the following questions:

1. Please provide an update on the CDA programs included under the HCBS Spending Plan.

2. For those initiatives that demonstrate low spending as of September 2023, how does CDA intend to ensure that all HCBS funds will be spent within the administration's timeline?

3. What is the DOF's process for tracking and adjusting expenditures to ensure all remaining funds are spent by the deadline?

Issue 8: Proposals for Investment

Stakeholder Proposals for Investment. The Subcommittee has received the following proposals for investment related to CDA.

Presentation Items:

- **Utilizing Reserves for Long-Term Care Ombudsman Programs.** The California Long-Term Care Ombudsman Association (CLTCOA) proposes $9.3 million in special funds (0942 State Health Facilities Citation Penalty Account and 3098 Licensing and Certification Program Fund), administered by the California Department of Public Health (CDPH), to shore up funding needed to investigate and resolve increasing numbers of complaints and abuse reports. According to CLTCOA, "both special funds, the State Health Facilities Citation Account and Licensing & Certification Program Fund, are earmarked for limited purposes, including LTCOP funding, and regularly begin each year with balances far exceeding their average annual expenditures. These special funds/reserves receive consistent revenues from regulatory penalties levied against long-term care facilities as well as licensing application and renewal fees paid by skilled nursing facilities, neither of which will be impacted by the budget deficit. Through increasing access to LTCOP services, the state will also save millions of dollars on unnecessary regulatory enforcement actions through LTCOPs' work proactively resolving health, safety, and quality of life issues in facilities in future years."

- **Ensuring Sustainability for the Aging and Disability Resource Connection (ADRC), Maintaining Investments related to the Master Plan on Aging.** The California Association of Area Agencies on Aging (C4A) proposes $26 million in 2024-25, increasing to $52 million in 2025-26 and ongoing to increase the sustainability of the ADRC program. According to C4A, "the original vision of ADRCs was to establish trusted sources of information in every community where people, particularly older adults and people with disabilities, can turn for the full range of long term supports and services options and have a means to access public long term support services and benefits. Currently, $10 million is allocated annually to ADRCs in California to accomplish this vision. As of now, all $10 million will be allocated among 15 designated and 8 emerging (i.e. currently in development) ADRCs in this fiscal year. There is no additional funding available to support AAAs or Independent Living Centers who are in the process of applying for emerging status such as Alameda and Contra Costa counties, nor for LA County, an emerging AAA that will begin developing its program this calendar year. Therefore, in order for the ADRC program to continue development as a critical aspect of the Master Plan's intent to develop a "No Wrong Door" strategy, the allocation must be raised. It must be raised to account for a current inflation rate of 3.1 percent. It must be raised to continue to expand the ADRC program throughout California, so that all older Californians and individuals with disabilities have access to the program. It must be raised so that there is not the brutal zero sum game that happens when funding is capped but more and more programs are entering the program and competing for a fixed pot of money."

PUBLIC COMMENT ON ISSUES 1-8