

SUBCOMMITTEE NO. 3

Agenda

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



May 17, 2017
10 a.m., or Upon Call of the Chair
Room 4203, State Capitol

PART B

Consultant: Theresa Pena

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ISSUES RECOMMENDED FOR VOTE ONLY**4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT (CSD)****Issue 1: BCP: Low-Income Weatherization Program (LIWP) Reappropriation (Governor's Budget)**

Governor's Budget. The Administration requests reappropriation of any unexpected balances of 2014-15 local assistance appropriations received from the Greenhouse Gas Reduction Fund (GGRF) to be available for encumbrance until the end of 2017-18, and available for liquidation until the end of 2018-19. The proposal includes budget bill language (BBL). If the reappropriation authority is not granted, CSD anticipates reverting a total of \$11 million in GGRF.

Staff Recommendation. Approve as requested. This subcommittee heard and discussed this item during its May 4, 2017 hearing.

Issue 2: LIWP Procurement

Background. Phase I of LIWP procurement was developed in 2014, when CSD received what was anticipated to be a one-time appropriation of \$75 million cap-and-trade funds. After receiving an additional cap-and-trade appropriation in 2015-16, CSD opened up LIWP's single-family energy efficiency component to new potential service providers through a competitive procurement (Phase II), and pursued a stand-alone program model. CSD retained an independent consulting firm that specializes in state procurements to help design and administer the LIWP Regional Administrator Request for Proposals (RFP). CSD actively sought public input in developing program design, guidelines and subsequent RFP for Phase II of LIWP. The RFP identified five regional administrators to cover disadvantaged communities across California. The California Weatherization Providers Network, made up of energy service providers who have previously delivered services through LIWP, has concerns with the Phase II procurement process, including the fact that an award was made to a Southern California organization to serve the Central Valley, that the process was overly competitive and not transparent enough, and that a justification for a deviation from Phase I to the new method for procurement under Phase II is lacking.

Staff Comment and Recommendation. In response to stakeholder concerns, staff recommends that the Legislature adopt placeholder trailer bill language to ensure that in any future procurement processes, CSD prioritizes existing ties to local communities for both regional administrators and providers, and other appropriate parameters to ensure a more transparent and inclusive process. Staff also recommends placeholder supplemental reporting language be adopted that requires, at minimum, quarterly updates in the form of meetings or documentation to the Legislature and stakeholders on the status of the current, and any future, procurement processes, to begin July 2017. This subcommittee heard and discussed this item during its May 4, 2017 hearing.

Issue 3: Program Number Change (Issue 403-MR)

May Revision. The Administration requests that items 4700-001-0890 and 4700-101-0890 be amended to change the FISCAL program number assigned to Energy Programs from 4180 to 4181. These technical changes will allow the department to track budgeting and accounting detail at the subprogram and subtask level in the FISCAL System.

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

5175 DEPARTMENT OF CHILD SUPPORT SERVICES (DCSS)**Issue 1: May Revision Estimate (Issue 402-MR)**

May Revision. The Administration requests a shift between Child Support Services and the Child Support Recovery Fund of \$2,154,000 due to an overall increase in Federal recovery collections, with a corresponding increase the collections level in the federal Collections Recovery fund and decrease the Federal Trust Fund draw down by the same amount. There is also a current year adjustment of \$1,118,000 million for the same reason.

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

0530 HEALTH AND HUMAN SERVICES AGENCY/OFFICE OF SYSTEMS INTEGRATION (OSI)**5180 DEPARTMENT OF SOCIAL SERVICES (DSS)****Issue 1: BCP: Child Welfare Digital Services Adjustment (Governor's Budget)**

Governor's Budget. The Administration requests a total of 57 positions and reclassification of 10 positions and an overall increase of \$51.0 million (\$25.5 million General Fund) for 2017-18 to continue activities related to delivering the CWS-NS solution and to reflect the project's recent adoption of the agile approach. This request operates within the established overall total cost for the CWS-NS project. DSS and OSI point out that the project has identified emerging resource gaps in several key areas, and the requested positions are meant to address these gaps and mitigate the risk and schedule delays that would ensue if this BCP were not approved. DSS and OSI are also looking to build the state's technical capacity in the long run so that the project can reduce dependency on vendors, develop a pool of qualified state resources, allow the state to be more flexible in the enhancements of future services, and eventually lower the operational costs.

Staff Recommendation. Approve as requested. This subcommittee heard and discussed this item during its April 20, 2017 hearing. No concerns have been raised.

Issue 2: BCP: CMIPS II – Implementation of Paid Sick Leave for IHSS Providers (Governor’s Budget)

Governor’s Budget. OSI requests a one-time increase of \$4.8 million in spending authority to implement paid sick leave for IHSS and Waiver Personal Care Services providers, beginning July 1, 2018. The Department of Social Services requests a corresponding one-time increase of \$4.8 million General Fund in local assistance authority to increase contract service costs with OSI. SB 3 (Leno), Chapter 4, Statutes of 2016 entitles IHSS providers to paid sick days. Implementation of this functionality is scheduled to be deployed in a phased approach, beginning July 2018. The BCP notes that half of the \$4.8 million is for application changes, business interface process changes, training of county staff, and provider help desk resources. The CMIPS II application changes will implement functionality to calculate, accrue, and track sick leave hours required to support variable yearly sick leave caps and accrual rates at both the state and county levels. The remaining half of the \$4.8 million is to provide four statewide mass mailings informing recipients and providers about the SB 3 changes to the IHSS program.

Staff Recommendation. Approve as requested. This subcommittee heard and discussed this item during its April 20, 2017 hearing. No concerns have been raised.

Issue 3: BCP: CMIPS II – Vendor Contract Transitional Activities (Governor’s Budget)

Governor’s Budget. OSI requests a one-time increase of \$8.9 million in spending authority to support potential prime vendor contract transition activities related to CMIPS II. DSS requests a corresponding one-time increase of \$8.9 million General Fund local assistance authority and corresponding budget bill provisional language. The existing prime vendor contract ends March 31, 2018. OSI is conducting a competitive procurement to award a new prime vendor contract for maintenance and operations services in August 2017. If a contract is awarded to a new prime vendor, there will be an eight-month transition period during which the incumbent prime vendor, which is currently Hewlett-Packard, winds down operations and the new prime vendor ramps up activities. Budget bill language (BBL) will be necessary to implement this BCP if approved. The BBL would be triggered if there is a funding need for transition activities for a new vendor.

Staff Recommendation. Approve as requested. This subcommittee heard and discussed this item during its April 20, 2017 hearing. No concerns have been raised.

5180 DEPARTMENT OF SOCIAL SERVICES – CALWORKS**Issue 1: TANF Block Grant Funds Transfer to California Student Aid Commission
(Issue 405-MR)**

May Revision. The Administration requests an increase of \$211,587,000 in federal funds to reflect an increase in the amount of federal TANF block grant funds available to offset General Fund costs of \$17,533,000 the Department of Developmental Services and \$194,034,000 in the Cal Grant program administered by the California Student Aid Commission. An increase in unspent TANF funds from prior years, decrease in the CalWORKs caseload projection, and other TANF and TANF maintenance-of-effort funding adjustments result in excess TANF funds.

Staff Recommendation. Approve as requested.

Issue 2: Homeless Assistance Program (Issue 406-MR)

May Revision. The Administration requests an increase of \$5,038,000 General Fund and an increase of \$15,910,000 in Federal Funds to reflect recent caseload data indicating increased participation in the CalWORKs Homeless Assistance Program.

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

Issue 3: Reappropriation of Funding for the Housing Support Program (Issue 413-MR)

May Revision. The Administration requests to extend the availability of funds appropriated in the 2016 Budget Act for the Housing Support Program for an additional year, until June 30, 2018. The 2016 Budget Act included \$46,675,000 General Fund for the program. Five counties were newly awarded grants in 2016-17 and require additional time to fully expend their allocations.

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

Issue 4: TBL: Expand Use of Local Family Support Account (Governor's Budget)

Governor's Budget. The Administration proposes to allow funds in a county's family support subaccount to be used to fund a portion of the CalWORKs Single Allocation in lieu of using General Fund. The department notes that thirteen counties realized additional indigent health care savings in 2014-15 (\$265.9 million) compared to initial estimate. This proposal would be a one-time cost shift to allow the extra savings to be redirected towards the CalWORKs Single Allocation.

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

5180 DEPARTMENT OF SOCIAL SERVICES – CALFRESH**Issue 1: CalFood Program (Issue 418-MR)**

May Revision. The Administration requests a one-time increase of \$2 million General Fund to allow the CalFood Program to purchase and distribute food to needy families.

Staff Recommendation. Approve as requested. This proposal overlaps with a request from advocates.

5180 DEPARTMENT OF SOCIAL SERVICES – CHILD WELFARE SERVICES**Issue 1: Reappropriation of Funding for Various Child Welfare Services Items (Issue 414-MR)**

May Revision. The Administration requests to extend the availability of funds appropriated in the 2016 Budget Act until June 30, 2018, for counties to perform various child welfare services administrative activities. The primary programs affected are Commercially Sexually Exploited Children and Foster Parent Recruitment, Retention and Support.

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

Issue 2: TBL: Approved Relative Caregiver (ARC) Program (Governor’s Budget)

Governor’s Budget. The Administration proposes to modify the ARC program consistent with implementation of the CCR. AB 1603 (Committee on the Budget) Chapter 25, Statutes of 2016, effective January 1, 2017, allows all relatives who are approved under the Resource Family Approval process in the CCR to receive an amount equal to the resource family basic rate, regardless of federal eligibility. The department notes that this TBL will result in a cost of approximately \$21.4 million General Fund for 2016-17, and \$25.2 million for 2017-18.

Staff Comment and Recommendation. Approve trailer bill language as placeholder. This proposal overlaps with a request from advocates and May Revision item.

5180 DEPARTMENT OF SOCIAL SERVICES – IN-HOME SUPPORTIVE SERVICES (IHSS)**Issue 1: IHSS Travel Time and Medical Accompaniment Wait Time Decrease (Issue 409-MR)**

May Revision. The Administration requests a decrease of \$84,842,000 General Fund and a decrease in reimbursements of \$189,761,000 to reflect a reduction in the projected number of providers claiming travel time and medical accompaniment wait time associated with the federal Fair Labor Standards Act.

Staff Recommendation. Approve as requested.

5180 DEPARTMENT OF SOCIAL SERVICES – COMMUNITY CARE LICENSING**Issue 1: BCP: Continuance of CCL Staffing Resources (Governor’s Budget)**

Governor’s Budget. The Administration requests increased expenditure authority of \$3.3 million in the Technical Assistance Fund (TAF) to address various program and service delivery issues related to complaint investigations, the Centralized Application Unit, RCFE Reform, and Group Home Oversight, within the Community Care Licensing Division. All licensing fees are deposited into the TAF and are utilized to offset general fund expenditures of licensing functions. The Adult and Senior Care and Children’s Residential Programs’ civil penalties collected are deposited into the TAF and used only for technical assistance, training, and education of licensees and for emergency resident relocation and care when a license is revoked or temporarily suspended. TAF guidelines specify that the fund should only be used for administrative and other activities to support the licensing program. There is no negative impact to any other programs or departments, as only CCL may utilize these funds.

Staff Recommendation. Approve as requested. No concerns have been raised. This subcommittee heard and discussed this item during its March 2, 2017 hearing.

Issue 2: TBL: Delay Licensing Requirements for Private Alternative Boarding Schools and Outdoor Programs (Governor’s Budget)

Governor’s Budget. The Administration proposes to modify implementation of SB 524 (Lara), Chapter 864, Statutes of 2016, by making funding for its requirements contingent upon appropriation in the budget act. Additionally, it would specify the operative dates of the respective statutes to take effect 18 months after the appropriation of funds. SB 524 established “private alternative boarding schools” and “private alternative outdoor programs” as two new types of licensed community care facilities under the purview of DSS in response to the absence of state oversight for facilities and outdoor programs that advertise services and care for troubled teens.

Staff Comment and Recommendation. Reject and implement SB 524 pursuant to current law. DOF has stated that they are proposing to delay this statute not because of any administrative issues in ramping up to the original implementation dates, but rather due to costs associated with SB 524; yet the Administration has refused to let the subcommittee know how much this proposal will save them. This subcommittee heard and discussed this item during its May 4, 2017 hearing.

Issue 3: TBL: Continue Fingerprinting Licensing Fee Exemption (Governor’s Budget)

Governor’s Budget. The Administration proposes to continue for an additional two years the suspension of existing law that prohibits DSS and the Department of Justice (DOJ) from charging a fee to process a criminal history check of individuals who are licensed to operate child and adult facilities, provide care in a facility, or reside at that facility. Enactment of this TBL will continue the practice of allowing DSS to charge fees for this service. Since 2003-04, TBL has been enacted on an annual basis to suspend existing statute that prohibits DSS from charging the fingerprint licensing fee. To the extent that the prohibition to charge a fee is not suspended, the fee collection for this service ends and the state would be required to fund this activity with General Fund dollars.

Staff Comment and Recommendation. Approve as requested. These statutory provisions have been routinely delayed due to the costs associated with their enactment. No issues have been raised to subcommittee staff at this time. This subcommittee heard and discussed this item during its May 4, 2017 hearing.

Issue 4: SFL: Home Care Services Program (Governor's Budget)

Governor's Budget. The Administration requests to convert 9.5 limited-term positions to permanent, an additional 4.5 positions, and increased expenditure authority of \$2 million General Fund (\$1.8 million General Fund ongoing) to continue implementation and administration of the Home Care Services Program pursuant to AB 1217 (Lowenthal), Chapter 790, Statutes of 2013. DSS states that these additional resources are needed to address ongoing workload and are supported by a biennial fee increase for Home Care Organizations and Home Care Aides. The Administration is also seeking one-time increased expenditure authority of \$100,000 for an interactive voice response telephone system to address current and ongoing workload.

The Home Care Services Consumer Protection Act requires that the program be entirely fee supported. The department states that the additional and ongoing resource needs will be supported by a fee increase for organizations and aides. Biennial fees for home care organizations will need to be increased by \$638 for home care services companies and \$25 for individuals beginning January 1, 2018.

Staff Recommendation. Approve as requested. No concerns have been raised. This subcommittee heard and discussed this item during its May 4, 2017 hearing.

Issue 5: KIT Report Findings

Background. In 2010, after many budget cuts, CCL fell behind in meeting visitation frequency requirements. In an effort to increase the number of routine inspections CCL could perform each year, DSS proposed moving from the comprehensive inspections required by state law to the use of a key indicator tool (KIT). The KIT was proposed to be a standardized, shortened protocol for measuring compliance with a small number of rules, which is then used to predict the likelihood of compliance with other rules. Under the proposal, if the KIT inspection revealed concerns, a comprehensive visit would also have been triggered. CCL contracted with the California State University, Sacramento, Institute of Social Research (CSUS, ISR) to provide an analysis and recommendations regarding the development, refinement, and validation of the KIT. The department has provided legislative staff with some of the related reports, in addition to a summary of findings. However, these findings do not answer the critical question of whether the use of the KIT is ultimately saving time and allowing for more inspections to take place without augmenting resources or sacrificing the effectiveness of licensing oversight, which was one of the primary reasons that the KIT was first proposed by the department.

Staff Comment and Recommendation. Staff recommends the adoption of placeholder supplementary reporting language that would require the department to meet with legislative staff and stakeholders to discuss the research reports and current status of the use of the KIT no later than July 31, 2017, and that the department distribute a document or summary to the Legislature that addresses how they intend to evaluate how the KIT is working in comparison to comprehensive inspections, what their long-term plan is regarding the KIT and comprehensive inspections and justification for it, including how this may

affect future budget requests, no later than September 30, 2017. This subcommittee heard and discussed this item during its May 4, 2017 hearing.

5180 MISCELLANEOUS DEPARTMENTS – ADVOCATE PROPOSALS

Issue 1: Child Care for Foster Children

Budget Issue. Los Angeles County, the County Welfare Directors Association, and others request \$31 million to increase access to child care and enable a larger pool of families to become foster parents. This proposal includes three pieces: (1) Any resource family needing child care for children ages 0 through 3, would receive an immediate, time-limited voucher to pay for child care for up to six months following a child’s placement at a cost of \$22 million. (2) Funding of \$5 million to support child care navigators through the county resource and referral agencies who work with the resource family to facilitate the use of the emergency voucher to ensure a foster child’s immediate access to child care and continue to work with the family to facilitate placement. (3) Inclusion of \$4 million to provide appropriate trauma-informed training for child care providers, with a trainer to cover every county.

Staff Comment and Recommendation. Approve trailer bill as placeholder. This subcommittee heard and discussed this issue during its March 30, 2017 hearing.

Issue 2: Funding for Medical Review of Psychotropic Medication Authorizations for Foster Youth

Budget Issue. National Center for Youth Law requests \$80,025 General Fund (75% Federal Match for \$320,100 Total Funds) to provide a centralized medical review service (through contracted services) of requests for authorizations of psychotropic medications for foster youth. The position would be housed within the Department of Social Services.

Staff Comment and Recommendation. Approve trailer bill as placeholder. This subcommittee heard and discussed this issue during its March 30, 2017 hearing.

Issue 3: Additional Foster Care Public Health Nurses (PHNs)

Budget Issue. SEIU requests \$3.8 million General Fund (75% Federal Match for \$15.4 million Total Funds) to hire an additional 96 PHNs to provide for the necessary oversight on foster youth on psychotropic medications.

Staff Comment and Recommendation. Approve as requested. This subcommittee heard and discussed this issue during its March 30, 2017 hearing.

Issue 4: Enact pilot to aid CalFresh families impacted by unsafe drinking water

Budget Issue. California Food Policy Advocates requests \$5 million in the 2017-18 budget for a three-county supplemental nutrition benefit pilot to bring relief to CalFresh families impacted by unsafe drinking water.

Staff Comment and Recommendation. Approve trailer bill as placeholder. This subcommittee heard and discussed this issue during its April 20, 2017 hearing

Issue 5: Protect ABAWDs from expiring federal waiver

Budget Issue. Under SNAP regulations, a state can qualify for a 12-month statewide ABAWD waiver if it is determined that the unemployment level is below a certain amount. However, the current ABAWD waiver is set to expire in 2018, and certain counties and regions within California will lose waiver eligibility due to their declining unemployment rates. Those counties will then be required to implement the ABAWD time limit, putting likely hundreds of thousands of individuals at risk for not receiving CalFresh benefits.

Staff Comment and Recommendation. Approve trailer bill as placeholder that authorizes self-initiated volunteer work to be performed in order to qualify for the ABAWDs exemption and exempts people who are dealing with homelessness from the time limits, to the maximum extent permitted by federal law. Further, approve Supplemental Reporting Language to require the department to update the Legislature on its development of statistical reports relative to the CalFresh program. These reports shall be developed by the department in consultation with a workgroup composed of advocates for beneficiaries and county representatives. This subcommittee heard and discussed this issue during its April 20, 2017 hearing.

Issue 6: Additional funding for CalFood

Budget Issue. The California Association of Food Banks requests funding CalFood (formerly the State Emergency Food Assistance Program, or SEFAP) at \$17.5 million General Fund in the 2017-18 budget. The May Revision includes one-time funding of \$2 million General Fund for CalFood in 2017-18.

Staff Comment and Recommendation. Approve \$6 million General Fund ongoing in addition to the May Revision funding for CalFood. This subcommittee heard and discussed this issue during its March 2, 2017 hearing.

Issue 7: Senior Nutrition Program

Budget Issue. The California Association of Area Agencies on Aging and other advocates requests \$12.5 million General Fund to augment existing senior nutrition programs. Area Agencies on Aging operate these programs, including Congregate Mealsites and Home-delivered Meals (known as Meals on Wheels).

Staff Comment and Recommendation. Approve \$4 million General Fund ongoing for the Senior Nutrition Program. This subcommittee heard and discussed this issue during its March 2, 2017 hearing.

ISSUES FOR DISCUSSION

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

5180 DEPARTMENT OF SOCIAL SERVICES – MISCELLANEOUS

Issue 1: May Revision Caseload Adjustments (Issues 401-MR and 402-MR)

May Revision. The May Revision proposes a net increase of \$946,241,000 (increases of \$1,273,224,000 reimbursements, \$250,000 Special Olympics Fund, and \$1,000 Child Health and Safety Fund, partially offset by a decrease of \$138,455,000 General Fund, \$188,398,000 Federal Trust Fund, \$375,000 State Children’s Trust Fund, and \$6,000 Emergency Food Assistance Program) primarily resulting from updated caseload estimates since the Governor’s Budget. Realigned programs are displayed for the purpose of federal fund adjustments and other technical adjustments. Caseload and workload changes since the Governor’s budget are displayed in the following table:

| Program | Item | Change from Governor’s Budget |
|---|----------------|----------------------------------|
| California Work Opportunity and Responsibility to Kids (CalWORKs) | 5180-101-0001 | -\$44,299,000 |
| | 5180-101-0890 | -\$163,449,000 |
| | Reimbursements | -\$40,000 |
| Kinship Guardianship Assistance Payment | 5180-101-0001 | -\$4,170,000 |
| Supplemental Security Income/State Supplementary Payment (SSI/SSP) | 5180-111-0001 | -\$37,266,000 |
| In-Home Supportive Services (IHSS) | 5180-111-0001 | -\$26,461,000 |
| | Reimbursements | \$1,259,776,000 |
| Other Assistance Payments | 5180-101-0001 | -\$283,000 |
| | 5180-101-0122 | -\$6,000 |
| | 5180-101-0890 | \$3,566,000 |
| | 5180-101-8106 | \$250,000 |
| County Administration and Automation Projects | 5180-141-0001 | -\$27,823,000 |
| | 5180-141-0890 | -\$34,466,000 |
| | Reimbursements | \$20,668,000 |
| Community Care Licensing | 5180-151-0001 | -\$347,000 |
| | 5180-151-0890 | -\$65,000 |
| Special Programs | 5180-151-0001 | -\$201,000 |
| Realigned Programs | | |
| Adoption Assistance Program | 5180-101-0890 | \$2,325,000 |
| Foster Care | 5180-101-0001 | \$676,000 |
| | 5180-101-0890 | -\$2,529,000 |

| Program | Item | Change from Governor's Budget |
|-------------------------------------|----------------|-------------------------------|
| | 5180-141-0001 | \$2,000 |
| | 5180-141-0890 | -\$435,000 |
| Child Welfare Services (CWS) | 5180-151-0001 | \$1,999,000 |
| | 5180-151-0279 | \$1,000 |
| | 5180-151-0803 | -\$375,000 |
| | 5180-151-0890 | \$15,630,000 |
| | Reimbursements | \$8,000 |
| Title IV-E Waiver | 5180-153-0001 | -\$282,000 |
| | 5180-153-0890 | -\$9,090,000 |
| Adult Protective Services | 5180-151-0890 | \$115,000 |
| | Reimbursements | -\$7,188,000 |

The updated 2017-18 caseload estimates for the largest programs are summarized below:

| Program ¹ | January estimate | May Revision |
|----------------------|------------------|--------------|
| CalWORKs | 464,782 | 454,736 |
| SSI/SSP | 1,284,131 | 1,275,638 |
| IHSS | 516,935 | 517,115 |

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

- SSI/SSP caseload assumptions appear reasonable, but lower than expected. The May Revision estimates are slightly below what was estimated in January.
- Administration’s CalWORKs caseload estimates are likely overstated. While the LAO agrees that the rate of decline will likely slow in 2017-18 and is subject to some uncertainty, they believe the rate of decline will be more significant than assumed in the May Revision.
- IHSS estimates, including increases in caseload, hours per case, and cost per hour relative to January, appear reasonable, and are based off of the most recent actuals available.

Questions.

1. DSS: Please provide an overview of the May Revision estimates for major programs.
2. LAO: Are the estimates reasonable? Can you discuss your take on the CalWORKs caseload in more detail?

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

¹ Total average caseload, by program

5180 DEPARTMENT OF SOCIAL SERVICES – IMMIGRATIONS BRANCH**Issue 1: Immigration Services (Issue 410-MR)**

Budget Proposal. The Administration requests that Immigration Services funding be increased by \$15 million General Fund, for a total of \$30 million General Fund, to further expand the availability of legal services for people seeking naturalization services or assistance in securing other legal immigration status.

Staff Comment and Recommendation. Hold open. Trailer bill language is forthcoming, and this proposal overlaps with the One California request.

Issue 2: Proposal for Investment: One California

Budget Proposal. The One California coalition, Due Process Coalition, and various immigrant rights and civil rights organizations, joined by the Latino Legislative Caucus and the Asian Pacific Islander Legislative Caucus on various pieces, make the following requests: 1) That there be \$30 million General Fund for affirmative immigration remedies and naturalization services including education, outreach, and application assistance be ongoing instead of one-time (this portion acknowledges the \$15 million ongoing existing funding); 2) \$31 million General Fund ongoing for removal defense services, including \$1 million General Fund one time to aid deported veterans with post-conviction relief and return; and 3) \$545,000 General Fund one-time to support expanded legal training and resources. The request totals \$61,545,000 million.

Staff Comment and Recommendation. Hold open. Trailer bill language is forthcoming, and this proposal overlaps with the Administration's May Revision proposal.

Issue 3: Proposal for Investment: Special Immigrant Juvenile Status (SIJS)

Budget Proposal. When placed with a guardian or non-offending parent, abused, abandoned, or neglected immigrant children have the opportunity to seek Special Immigrant Juvenile Status (SIJS), which protects them from deportation and puts them on a path to receiving a green card. The Immigrant Defenders Law Center and others request several clarifications to the California Code of Civil Procedure, as some state judges remain confused about their role in the SIJS process. The requested changes are 1) to limit the scope of SIJS findings to be used in SIJS petitions only to ensure that judges are aware that the offending parent will not suffer any repercussions; 2) to make clear that when a child is independently represented by counsel, the guardian ad litem (GAL) does not also need legal representation; and 3) provides a mechanism to allow for counsel for the minor child in SIJS cases to serve the dual role of attorney and GAL absent a conflict of interest.

Staff Comment and Recommendation. Hold open. Last year, the Legislature made clarifications in statute regarding this issue in budget trailer bills to ensure that immigrant children can have access to the courts and SIJS findings so they can petition the federal government for SIJS relief.

5180 DEPARTMENT OF SOCIAL SERVICES – STATE HEARINGS DIVISION**Issue 1: BBL: Appeals Case Management System (Issue 415-MR)**

Governor’s Budget. The Administration requests that items 5180-141-0001 and 5180-141-0890 be amended to include provisional language to both allow for the transfer of funds between these items and 5180-001-0001 and 5180-001-0890 to continue funding for the Appeals Case Management System project staff that are set to expire on December 31, 2017, and to allow the project to increase expenditure authority to the extent that project vendor contract negotiations result in additional up-front costs, subject to Department of Finance and California Department of Technology approval. Total project costs remain unchanged from Special Project Report No.1, and the proposed Budget Bill Language will allow the project to accelerate funding estimated for future fiscal years based on the final vendor agreement.

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

5180 DEPARTMENT OF SOCIAL SERVICES – CHILD WELFARE SERVICES**Issue 1: Continuum of Care Reform: Social Worker Hourly Rate (Issue 411-MR)**

May Revision. The Administration requests that Item 5180-151-0001 be increased by \$5,504,000, Item 5180-151-0890 by increased by \$2,690,000 and Item 5180-153-0001 be increased by \$4,054,000 to reflect the actual county social worker rates for the Child and Family Team and Second Level Administrative Review components of the Continuum of Care Reform (CCR).

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

Issue 2: Infant Supplement and Dual Agency Rate Parity (Issue 412-MR)

May Revision. The Administration requests an increase of \$1,610,000 General Fund to provide foster youth placed with relative caregivers the same infant supplement and dual agency rate for special needs as federally eligible foster youth. This provides parity for all foster youth, regardless of federal eligibility, consistent with CCR efforts. Trailer bill language is necessary to implement this program.

Staff Comment and Recommendation. Approve trailer bill as placeholder. This subcommittee heard and discussed this issue during its March 30, 2017 hearing.

5180 DEPARTMENT OF SOCIAL SERVICES – CALWORKS**Issue 1: CalWORKs Single Allocation**

May Revision. The CalWORKs Single Allocation reflects the cost to administer the CalWORKs program and provide employment services and Stage One Child Care to individuals in the CalWORKs Welfare to Work program, and Cal-Learn Intensive Case Management. Funding for each category within the Single Allocation is based on different methodologies that adjust funding from prior years based on caseload projections and assumed costs per case. In the Governor’s Budget, the Single Allocation was proposed to be cut by \$200 million in 2017-18. The May Revision proposes to cut an additional \$45 million from the Single Allocation in 2017-18, bringing the total cut up to \$245 million on top of a \$160 million Single Allocation cut in the current year.

Advocate Concerns. The County Welfare Directors Association and others have previously brought up concerns that the methodology behind the Single Allocation is problematic. When the program sees dramatic swings in caseload, it makes it difficult for counties to ramp up quickly in years when caseload and funding increases, as well as when they have to make rapid cuts when caseload and funding drops. With the latest proposed cuts, counties will likely be forced to enact immediate service reductions, eliminate positions, and lay off existing staff.

Staff Comment and Recommendation. Hold open for further discussion.

Questions.

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

Issue 2: Statewide Fingerprinting Imaging System (SFIS) Contract Renewal

Budget Issue. State law requires applicants and recipients of CalWORKs benefits to provide fingerprint images as a condition of eligibility, using the Statewide Fingerprinting Imaging System (SFIS). The contract for SFIS expires on August 31, 2017. The contract for SFIS is valued at \$12.1 million General Fund.

Background. Currently, CalWORKs applicants are required to extensively prove their identity and other information regarding eligibility in multiple ways, including:

- Providing a Social Security Number (SSN) and various documents to prove identity, such as a driver's license or state ID card, a photo ID from a government agency (such as a school), a passport, or immigration documentation.
- Providing additional documentation to verify various eligibility factors such as income (recent pay stubs or tax records), unearned income (such as SSI benefits, child support or worker's compensation), relationships (birth certificates), residency (rental agreements or current bills), property and other resources (vehicle registration, bank statements), and immunization records for children under the age of six.
- Identity verification using the information provided in the previous two bullets are checked against multiple databases, including: 1) the federal databases of the Social Security Administration (SSA) and the United States Citizenship and Immigration Services (USCIS); 2) the Medi-Cal Eligibility Data System (MEDS), which consolidates information on individuals who have applied or are receiving public benefits; 3) the Income Eligibility Verification System (IEVS) Applicant System, which checks for data against Employment Development Department and Franchise Tax Board data in addition to the SSA and USCIS; 4) the Statewide Client Index (SCI), which generates a unique identifier for each public assistance case; 4) the Statewide Automated Welfare System (SAWS).
- In addition to verifying identity, counties use many of these same documents to perform a "file clearance" to ensure that none of the people on the application are already active in a case to avoid opening duplicate cases and/or identifying potentially fraudulent activity.

In addition to these means of verifying identity and avoiding cases of duplicate aid, CalWORKs applicants are also required to provide fingerprint images. However, this practice has not proven to be an efficient use of resources. An early 2000s State Auditor report found that, after reviewing cases of almost 2 million public benefit recipients, the total number of cases of verified fraud identified by SFIS were as low as 45.

AB 6 (Fuentes), Chapter 501, Statutes of 2011, was successful in eliminating the fingerprinting requirement for CalFresh, but not CalWORKs. In the years since this bill passed, the department has not raised fraud as an issue in the CalFresh program. CalFresh uses a process similar to that of CalWORKs, with the exception of fingerprinting.

Staff Recommendation. Hold open.

Questions.

1. LAO: Please provide a brief history of fingerprinting in the CalWORKs program and summarize the results of the audit.
2. LAO: Please discuss the current system of verifying identity in the CalWORKs program.

5180 DEPARTMENT OF SOCIAL SERVICES – IN-HOME SUPPORTIVE SERVICES (IHSS)**Issue 1: Elimination of Coordinated Care Initiative (Issue 407-MR)**

Background. The Coordinated Care Initiative (CCI) was created in 2012 as an effort to reduce state costs and improve health care delivery by coordinating services through a single health plan. The Governor's budget estimated that the CCI will no longer be cost-effective and does not meet the statutory savings requirements. Current law allows the Administration to discontinue the CCI if this is found to be the case. The Governor's proposal for unwinding of the CCI included ending the IHSS Maintenance-of-Effort (MOE) and returning to the prior state-county sharing ratio, and shifting collective bargaining responsibility back to demonstration counties. The Administration estimated that eliminating the IHSS County MOE provided approximately \$600 million General Fund savings in 2017-18, and a corresponding shift of these costs to counties due to the return to the cost-sharing ratio for the program. Counties were concerned that 1991 Realignment funds, which fund the counties' share of IHSS, would not be enough to cover these costs, and this would only be exacerbated in out years.

May Revision. The May Revision reflects an updated estimate of \$592.2 million General Fund savings, and the Administration has put forth a new proposal which stemmed from discussions with stakeholders during the spring. The proposal includes the following provisions:

- General Fund Assistance for counties of \$400 million in 2017-18, \$330 million in 2018-19, \$200 million in 2019-20, and \$150 million in 2020-21 and ongoing.
- Redirection of all Vehicle License Fee (VLF) growth for three years from the Health, County Medical Services Program (CMSP), and Mental Health Subaccounts to provide additional resources for IHSS. In years four and five, 50 percent of the VLF growth will be redirected.
- A new MOE structure rather than a share-of-cost structure as proposed in the Governor's Budget. A new base for county costs of IHSS in 2017-18 will be created for this purpose, and will include both services and, notably, administration costs. The portion of the MOE obligation met by administrative costs is capped. In year one, the inflation factor will be zero; in the second year, five percent, and in future years, will be on a sliding scale based on 1991 Realignment revenue performance.
- Counties experiencing financial hardship due to the increased costs of IHSS may apply to the Department of Finance for a low-interest loan to help cover these costs.
- Returns collective bargaining to counties and maintains the 35 percent county share of negotiated increases and proposes that the state participation cap always be \$1.10 above the hourly minimum wage set in SB 3 (Leno), Chapter 4, Statutes of 2016, for large employers. The cap would rise with inflation once the minimum wage reaches \$15 per hour. For counties at or exceeding the current state cap of \$12.10, the state would agree to participate at its 65 percent share of costs up to a 10 percent increase in wages and benefits over three years.
- Beginning July 1, 2017, if a county does not conclude bargaining with its IHSS workers within nine months, the union may appeal to the Public Employment Relations Board.

Below is a table provided by the LAO summarizing the main components of the proposal:

| Main Features of the Proposal | | | | | | |
|--|------------------------------|------------------------------|------------------------------|---|---|----------------------|
| | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 And On |
| General Fund support to partially offset increased county IHSS costs | \$400 million | \$330 million | \$200 million | \$150 million | \$150 million | \$150 million |
| Realignment revenue growth to partially offset increased county IHSS costs^a | All sales tax and VLF growth | All sales tax and VLF growth | All sales tax and VLF growth | All sales tax growth and half of VLF growth | All sales tax growth and half of VLF growth | All sales tax growth |
| Adjustment factor to maintenance of effort^b | 0% | 5% | 0, 3.5, or 7% | 0, 3.5, or 7% | 0, 3.5, or 7% | 0, 3.5, or 7% |
| DOF estimate of county IHSS costs not covered by state General Fund or realignment revenues | \$141 million | \$129 million | \$230 million | \$251 million | No projection | No projection |

^a A small portion of VLF growth would still be provided to the Child Poverty and Family Supplemental Support Subaccount in 1991 realignment.
^b Starting in 2019-20, the adjustment factor will depend on the rate of growth in realignment revenues. If realignment revenues are negative, the adjustment factor will be zero. If the realignment revenues are less than 2 percent, the adjustment factor will be 3.5 percent. If the realignment revenues exceed 2 percent, the adjustment factor will be 7 percent. DOF forecasts the adjustment factor will be 7 percent in 2019-20 and 2020-21.
 IHSS = In-Home Supportive Services; VLF = vehicle license fee; and DOF = Department of Finance.

Below is a table provided by the Department of Finance showing a breakdown of the various realignment subaccounts:

2017 May Revision

County IHSS Mitigation
(\$ millions)

| | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|-----------------|-----------------|-----------------|-----------------|
| Increased County IHSS Costs ^{1/} | \$592.2 | \$681.3 | \$812.3 | \$952.6 |
| Offsets: | | | | |
| Realignment Growth Funds ^{2/} | | | | |
| Available Sales Tax Growth | -\$18.2 | -\$128.6 | -\$235.9 | -\$339.9 |
| Redirect Mental Health VLF Growth | -\$36.0 | -\$66.8 | -\$96.7 | -\$110.5 |
| Redirect Health/CMSP VLF Growth | -\$20.4 | -\$37.8 | -\$54.7 | -\$62.5 |
| Redirect AB 85 VLF Savings | -\$12.6 | -\$23.4 | -\$33.9 | -\$38.7 |
| State General Fund ^{3/} | -\$364.0 | -\$296.1 | -\$161.3 | -\$150.0 |
| Total Offsets | -\$451.2 | -\$552.7 | -\$582.5 | -\$701.6 |
| Net Increase in County Costs | \$141.0 | \$128.6 | \$229.8 | \$251.0 |
| Total GF Impact | -\$400.0 | -\$330.0 | -\$200.0 | -\$150.0 |

^{1/} Resets county IHSS base costs in 2017-18 using historical state/county cost-sharing ratios. 5-percent growth factor applied in 2018-19 and 7-percent growth factor applied annually thereafter.

^{2/} Reflects year growth is allocated and paid to counties instead of accrual year.

^{3/} Amounts adjusted to reflect accrual of AB 85 growth in year prior to county allocation.

LAO Comments. The LAO makes the following comments and recommendations:

- Other 1991 Realignment programs using the Health, Mental Health, and Child Poverty subaccounts would not receive any growth funding until 2020-21. Counties may have to provide local general fund to support costs in these programs or make program reductions until growth funding is partially or fully restored.
- Counties would not receive caseload growth costs incurred in 2016-17. The May Revision shifts revenues that traditionally would have been paid for costs incurred in 2016-17 to cover IHSS costs that will be incurred in 2017-18. As a result, counties will have to cover costs incurred in 2016-17 that realignment revenues would have paid.
- Overall, the proposal achieves some county priorities, including the reduction of 2017-18 IHSS costs to counties; the MOE and tiered adjustment factors make increases to counties' IHSS costs relatively predictable; and the adjustment factors tied to the growth in the realignment funding; and the Administration's proposal to adjust the wage cap based on changes in statewide minimum wage recognizes the impact of this state policy decision on counties' IHSS costs.
- However, the proposal is extremely complex and many details of the proposal are unsettled. The 1991 realignment fiscal structure is already complex, and this adds an additional layer of complexity. Offering this solution in the May Revision gives the Legislature almost no time to review such a complex – and still incomplete – proposal that could have significant long-term impacts to both state and county finances.
- The LAO recommends adopting a simpler, shorter-term solution such as providing some General Fund relief for the counties in the next few years, while allowing time for the Legislature to fully consider a solution for the long-term.

Staff Comment and Recommendation. Hold open. Staff is concerned that there is a lack of detailed information concerning the forthcoming trailer bill language and encourages the Administration to provide any detail it can before the full Senate Budget and Fiscal Review Committee hearing.

Questions.

1. DSS: Please discuss the May Revision proposal, and all individual components of it.
2. DSS: Please discuss any anticipated impacts on programs that typically use the growth funds from the realignment subaccounts used in this proposal.
3. DSS: Please discuss stakeholder involvement in the process of developing this proposal, as well as any reactions you have heard from stakeholders.
4. LAO: Please provide any comments, concerns, or recommendations you may have regarding this proposal.