SUBCOMMITTEE #3:
Health & Human Services

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

May 19, 2015
10:30 AM
Room 4203, State Capitol

Part B

Consultant: Samantha Lui

ISSUES RECOMMENDED FOR VOTE-ONLY

ISSUES FOR DISCUSSION

PLEASE NOTE. Only those items contained in this agenda will be discussed at this hearing. Please see the Senate Daily File for dates and times of subsequent hearings. Issues will be discussed in the order as noted in the Agenda unless otherwise directed by the Chair. Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling 916-651-1505. Requests should be made one week in advance whenever possible. Thank you.

ISSUES RECOMMENDED FOR VOTE-ONLY

5160 Department of Rehabilitation

1. Increase Funding for Vocational Rehabilitation Program

(Issue 001)

May Revision. The Administration proposes to increase by $155,000 the non-federal match of the 2014 Federal Workforce Innovation and Opportunity Act (WIOA) for the Vocational Rehabilitation program. Although previous versions of the WIOA did not require a state match, the 2014 WIOA does; this $155,000 reflects a ten percent non-federal match.

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

5175 Department of Child Support Services

1. Enrollment Caseload Population Estimate for Local Assistance

(Issue 004)

May Revision. The Administration proposes to decrease the amount in the department's state operations funding by $46,000, and to offset the reduction with a corresponding increase in federal funds by $46,000 to reflect a projected increase in Federal Performance Basic Incentive Funds.

Background. There are federal incentives tied to a list of performance measures that apply to the process of establishing parentage, the collection of child support, the overall cost of collecting child support, the establishments of cases with support orders, and collection on arrears. Gains made in these areas have led to an increase in Federal Performance Basic Incentive funds.

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

5180 Department of Social Services - CalWORKs

1. CalWORKs General Fund Offset

(Issue 705)

May Revision. The Administration requests a decrease of $43,724,000 General Fund to reflect an increase in Family Support Subaccount funds, associated with the redirection of 1991 health realignment funds for CalWORKs expenditures, thereby offsetting General Fund costs in the program.

Background. Pursuant to AB 85 (Budget Committee), Chapter 24, Statutes of 2013, county indigent health savings are redistributed to counties, via a redirection of 1991 health realignment funds, for CalWORKs expenditures, to offset General Fund costs in the program.

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

5180 Department of Social Services – Child Welfare Services

1. Interagency Child Abuse and Neglect Reporting (ICAN)

January Budget. The Administration includes a $4 million grant program to fund county welfare and probation departments' ICAN activities, for counties that choose to participate.

Staff Comment and Recommendation. Approve as proposed. The subcommittee considered this proposal on April 9, 2014. Subcommittee No. 4 on State Administration and General Government approved the Administration's proposal to suspend the ICAN mandate on May 7, 2015. According to the department and the Department of Finance, the amount of the grant is based on claims currently received by the State Controller's Office. Staff recommends that the department evaluate the appropriate level of funding needed for ICAN activities in the budget year and provide an update to the fiscal committees next year.

5180 Department of Social Services - Community Care Licensing

1. Next Phase Quality Enhancement

January Budget. The January budget includes a budget change proposal and accompanying trailer bill language. Specifically, the Administration requests 136 permanent positions (eight position authority) to strengthen enforcement; 13 two-year limited-term positions to improve the timeliness of complaint investigations; nine positions to expand technical assistance and establish a Southern California training unit; and $2.8 million for infrastructure costs (hardware/software, network, and telecommunication costs) for the budget year through 2019-20 and $588,701 in ongoing costs. The Administration also requests a corresponding $859,000 for FY 2016-17 through 2019-20 for the Office of Administrative Hearing (OAH) and other hearing-related costs, and $397,000 in ongoing costs.

In addition, the Administration proposes to increase the frequency of inspections from the current level of at least once every five years, to once every three years for child care facilities; once every two years for children's residential facilities; and annual inspections for adult and senior care facilities.

Proposed trailer bill language seeks to implement provisions related to increased inspection frequency, as determined by facility type.

Staff Comment and Recommendation. Approve BCP as proposed; adopt placeholder trailer bill language. The subcommittee considered this issue during its April 30, 2015 hearing. Staff notes the Legislature's intent to receive information, on an ongoing basis, to monitor, the department's commitment to increase inspection frequency by facility type. The Legislature may also wish to express its desire to evaluate the appropriateness of the inspection frequency by facility type at next year's budget hearings, after considering the March 2016 State Plan deadline, which will outline how the state intends to comply with new federal Child Care Development Block Grant requirements.

2. Licensing Costs Related to Sonoma Developmental Center Closure
(Issue 726)

May Revision. The Administration proposes an increase of $188,000 GF and one position to support initial licensing activities associated with the proposed closure of the Sonoma Developmental Center (SDC). It is anticipated that two additional positions will be needed, starting 2016-17. For more information about the proposed SDC closure, please see Agenda A of todays' hearing.

Staff Comment and Recommendation. Approve request as proposed. Staff notes that a similar staffing request was approved for the Agnews closure.

ISSUES FOR DISCUSSION

4700 Department of Community Services and Development

1. BCP #2: Migrant & Seasonal Farmworkers Drought Assistance Program

May Revision. The Administration requests $7.5 million General Fund in the budget year to provide emergency relief and support services to specified populations, including those who are low-income and migrant and seasonal farmworkers (MSFWs), within the state's most drought impacted counties. Services could include rental and utility assistance, transportation, and basic necessities, including access to food resources. The $7.5 million GF will augment existing federal Community Services Block Grant funding to support core funding for four local non-profit organizations.[1] Approximately 3,200 MSFWs and low-income individuals will be served, with an average benefit of $2,000 per person.

Background. The federal Department of Health and Human Services provides funding for the Department of Community Services and Development (CSD) through the Community Services Block Grant (CSBG). CSD distributes CSBG funding to a network of local, CSBG-eligible entities, which are comprised of private, non-profit, and local government organizations. CSD provides core funding to four local non-profit organizations that administer programs serving farmworkers and other low-income populations.

In calendar year 2015, $5.9 million CSBG funds were allocated to MSFW organizations. MSFW organizations serve all 58 counties in California. Services include: vocational education, remedial education, English language instruction, emergency food youth employment, health care acquisition, child care services, housing assistance, and energy payment assistance. Program services are determined by a mandatory biennial community needs assessment, which identifies local needs. Currently, MSFW organizations serve 24[2] of the most drought-affected counties, which are defined as those that have high unemployment; a high share of agricultural workers; and "exceptional" drought conditions, according to the U.S. Drought Monitor Classification System.

Justification. The current $5.9 million federal CSBG grant is not sufficient to meet needs of MSFWs and low-income populations impacted by the drought. According to the department, "MSFWs' persistent low wages and their dependence on seasonal work will cause immediate financial crisis with the loss of jobs." CSD's proposal includes the following implementation plan:

Timeframe	Activity
July to August 2015	• Receive funding • Develop program plan and service model with MSFW providers • Begin contract process
September 2015	Implement program
July to August 2016	• Final report • Program evaluation • Program closeout

[1] The four MSFW agencies are: California Human Development Corporation (Santa Rosa); Proteus, Inc.(Visalia); Central Valley Opportunity Center, Inc. (Winton); and the Center for Employment Training (San Jose).
[2] Amador, Butte, Colusa, Fresno, Glenn, Kern, Kings, Lake, Lassen, Madera, Monterey, San Benito, San Joaquin, Santa Cruz, Sierra, Siskiyou, Stanislaus, Sutter, Tehama, Tulare, Yolo, and Yuba counties.

Staff Comment and Recommendation. Hold open. Staff notes that the proposed implementation plan anticipates the program to close out by August 2016. However, effects of the drought may continue to impact California's economy beyond one year. In addition, a $400,000 one-time surplus of CSBG state operations funding was re-directed in January 2015 for the four MSFW organizations; to date, all funds have been expended. Staff recommends holding the item open for further discussion.

Questions

1. CSD: Please provide an overview of the proposal.

2. CSD: Please present the implementation timeline. Does the department foresee the need to have the requested funding be available for longer than one year? Or does it anticipate full expenditure of the $7.5 million GF within one budget year?

3. CSD: Does the department anticipate these services to also expand to the five new counties added to the list of counties that will receive drought food assistance boxes?

4. CSD: How often does the U.S. Drought Monitor Classification System update which counties experience "exceptional drought" conditions? Will the department re-allocate funding to include new counties that may have not been previously identified?

5180 Department of Social Services

1. BCP #86, TBL 610: Federal Immigration Assistance and Associated Impact
(Issue 704, 724, 725)

The May Revision includes three components and revised caseload and funding estimated, related to the federal immigration assistance:

1. Funding for the department to contract with qualified legal services organizations to provide application assistance for specified persons;
2. Provisional budget bill language to extend the liquidation period for encumbered amounts; and,
3. Proposed trailer bill language to implement these provisions.

May Revision. The Administration requests $5 million General Fund[3] for the department to contract with qualified nonprofit legal services organizations to provide application assistance to persons residing in California who are eligible for, or to renew, Deferred Action for Childhood Arrivals (DACA) or Deferred Action for Parents of Americans and Lawful Permanent Residents (DAPA) status. Legal services will include culturally and linguistically appropriate services provided by attorneys, paralegals, interpreters and other support staff for assistance in applying for DACA or DAPA status or renewal of that status with the United States Citizenship and Immigration Services.

In addition, the May Revision includes revised caseload estimates for several social services programs that may be impacted, as a result of the President's Immigration Accountability Executive Orders. The Administration provides that these estimates do not reflect an eligibility change for any of these programs; instead, the figures reflect an assumed increase in the take-up rate. Specifically, the May Revision reflects anticipated impacts to the following programs with a six-month phase-in:

- CalWORKs and CalFresh (Issue 704). As a result of DAPA eligible individuals seeking benefits for citizen children who currently are not receiving benefits, the CalWORKs and CalFresh caseload may increase from 8,800 to 12,152 children, and from 1,040 to 1,400 children, respectively, by the end of the budget year. The May Revision requests an increase in $19.2 million GF for CalWORKs; Item 5180-141-0001 be increased by $38,000 General Fund and Item 5180-141-0890 be increased by $54,000 Federal Trust Fund to reflect increased benefit and administrative costs in the CalFresh program.

- Cash Assistance Payments for Immigrants (CAPI). The department estimates that the caseload will increase by 250 individuals, resulting in a $1.4 million GF cost in the budget year.

[3] Of the $5 million GF, $191,000 General Fund (GF) will fund the establishment of a Staff Services Manager I position and a Career Executive Assignment Level A position. This funding supplements the $100,000 GF previously provided for state operations costs associated with the Unaccompanied Undocumented Minors (UUM) program. $4,809,000 General Fund for DSS to provide grants for the provision of legal and application services to individuals eligible for deferred action under the President's November 2014 Executive Order on immigration.

- In-Home Supportive Services Residual caseload (Issue 704). The department estimates that the caseload will increase by 2,034 individuals. The Administration requests an additional $13.9 million GF.

Trailer Bill. The May Revision includes trailer bill language that includes the following provisions:

1. Requires the department to contract with qualified nonprofit legal services organizations to provide application assistance to persons eligible to apply for, or renew, DACA or DAPA status based on the guidelines issued by the Department of Homeland Security.

2. Sets forth contract requirements for eligible nonprofit legal services organizations that provide application assistance for DACA or DAPA status or renewal of that status.

3. Authorizes the department to implement or interpret proposed law without taking any regulatory action.

Provisional Language to Budget Bill Item 5180-151-0001. Provisional language is also proposed to extend the liquidation period for encumbered amounts until June 30, 2021. The proposed language is as follows:

> X. Funds appropriated in this item shall be available for legal and application services to individuals eligible for deferred action under the President's November 2014 Immigration Accountability Executive Order shall be available for liquidation until June 30, 2021.

Background. On June 15, 2012, the Secretary of Homeland Security announced that certain individuals, who came to the United States as children and met several guidelines, may request consideration of deferred action for a period of two years, subject to renewal. On November 20, 2014, President Obama issued executive orders that expanded the population eligible for DACA program, and to include new Deferred Action for Parents of Americans (DAPA).

- The Deferred Action for Parents for Americans and Lawful Permanent Residents (DAPA)[4] authorizes undocumented immigrants, who have lived in the United States since 2010 and are parents of U.S. citizens and lawful permanent residents to apply for deferred action and employment authorization for a three year, renewable work permit. The program will be administered on a case-

[4] To be considered for the DAPA program, a person must meet the following criteria:
- Have lived in the U.S. continuously since January 1, 2010, up to the present time;
- Have been physically present in the U.S. on November 20, 2014 and at the time of making a request for consideration of DAPA with USCIS;
- Had no lawful status on November 20, 2014;
- Had on November 20, 2014, a son or daughter, of any age or marital status, who is a U.S. citizen or lawful permanent resident; and,
- Have not been convicted of a felony, significant misdemeanor, or three or more misdemeanors; do not otherwise pose a threat to national security; and are not an enforcement priority for removal.

by-case basis for individuals that meet specific guidelines, including a thorough background check.

- Expansion of the Deferred Action for Childhood Arrivals (DACA)[5] program for youth who came to the United States as children. The action expanded eligibility to undocumented immigrants who entered the country before 2010 (rather than 2007), eliminated a requirement that applicants be younger than 31 years old, and extended the duration of renewable work permits from two years to three years.

Currently, the U.S. Citizenship and Immigration Services (USCIS) is not accepting applications for the expanded DACA and the DAPA. A federal district court in Texas issued an order that temporarily blocks DAPA and the expanded DACA from being implemented. USCIS continues to accept renewal applications or initial applications from people who qualify under the initial DACA announcement in 2012.

The May Revision assumes the suspension will be lifted and the USCIS will be accepting applications for DACA and DAPA program in the near future. As such, the May Revision anticipates impacts to several social services programs beginning October 1, 2015.

Justification. The department provides the following justification for the position requests:

> The 2014 Budget Act provided $3 million GF for the implementation of the undocumented unaccompanied minors (UUM) program. This program provides legal services to UUMs with their immigration status in federal and state court proceedings, through 17 contracted non-profit legal services organizations. No position authority was provided for this program. The 2015-16 Governor's budget continues an annual $3 million allocation for this program. Of the annual funding provided, $100,000 is available for state operations costs, and although no position authority was established, 2014-15 funding largely was spent for staff overtime costs, mailings to UUMs released to sponsors, and associated program implementation costs.

LAO Comments and Recommendations. The LAO makes the following comments and recommendations related to federal immigration:

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[5] To be considered for the DACA program a person must meet the following criteria:

- Was under the age of 31 as of June 15, 2012;
- Have entered the U.S. before the age of 16;
- Have lived in the U.S. continuously since June 15, 2007;
- Born before June 15, 1981;
- Have been physically present in the U.S. on June 15, 2012, and at the time of making a request for consideration of deferred action with the United States Citizenship and Immigration Services (USCIS);
- Not have lawful status as of June 15, 2012;
- Be currently in school, have graduated or obtained a certificate of completion from high school, have obtained a general education development (GED) certificate, or is a honorably discharged veteran of the Coast Guard or Armed Forces of the U.S.; and,
- Have not been convicted of a felony, significant misdemeanor or three or more other misdemeanors, and do not otherwise pose a threat to national security or public safety.

- Significant Legal Uncertainty Creates Challenge in Estimating If and When President's Executive Actions May Be Implemented. In response to the lawsuit filed by officials in 26 states who contend the President's executive actions are an overreach of executive power, a federal district court judge issued an injunction preventing the actions from being implemented pending the result of the underlying litigation. The federal government subsequently appealed this injunction and on April 17, 2015, oral arguments were heard in the 5th Circuit Court of Appeals (hereafter referred to as the "5th Circuit"). The 5th Circuit has not yet issued a decision on the appeal. If the 5th Circuit lifts the injunction, then the federal government may proceed with implementing the President's executive actions even though the underlying litigation still remains to be resolved. However, if the 5th Circuit does not lift the injunction, the President's executive actions may be implemented no sooner than the time when the underlying litigation is resolved, which may not be before several years should appeals in the underlying litigation be made all the way to the United States Supreme Court.

- Eligible Individuals Would Also Have to Proactively Apply for State-Funded Programs**.** In addition to applying for deferred action status, individuals would need to take the additional step of applying for health and human services programs before receiving benefits from these programs. It is uncertain how many newly eligible individuals with DACA and DAPA status would apply for health and human services programs. However, there are reasons to suggest that enrollment could be low, such as government avoidance and language barriers.

- Estimated General Fund Expenditures Likely Overstated, particularly in CalWORKs**.** On the whole, we find the Administration's estimated General Fund expenditures resulting from the potential implementation of the President's executive actions are likely overstated for two main reasons: (1) enrollment phase-in will likely take longer than expected; and (2) it is difficult to predict the effect this has on CalWORKs and CalFresh enrollment. The LAO recommends reducing the Governor's estimates. Specifically, the LAO recommends:

    - Reducing the DSS estimated costs (for IHSS, CAPI, CalWORKS, and CalFresh) to account for a twelve-month phase-in period rather than a six-month phase-in period. This will likely reduce the DSS costs by roughly 50 percent ($17 million in General Fund savings).

    - Requiring DSS to provide the Legislature with an updated estimate of costs based on a twelve-month phase-in period.

Staff Comment. The Federal Immigration Assistance program for DAPA and DACA is structured nearly identically to the existing $3 million GF program for unaccompanied undocumented minors, but targeted to a different population of eligible individuals. The Legislature may wish to consider the following in evaluating this proposal.

- Other legal services that assist immigrants. From 1998-2008, the Naturalization Services Program (NSP) within the Department of Community Services and Development (CSD) provided assistance to legal permanent residents in obtaining citizenship, subject to Budget Act funding. The Legislature appropriated funds to support the program, which were distributed through contracts with community-based organizations for services such as: outreach, intake, referrals, citizenship application assistance, citizenship testing, interview preparation, and follow up activities. In the last several years of the NSP, through the 2007-08 fiscal year, CSD received a $3 million General Fund appropriation, which supported contracts with 23 community based organizations around the state. In 2008, 9,743 clients were served, and 5,502 received certificates of naturalization. Over ten years, a total of 118,488 clients were served. Since 2008, the program has not been funded. The Legislature may wish to consider: (1) whether it is appropriate to re-authorize funding for CSD to provide legal services to assist in naturalization; (2) whether it should authorize the use of the $5 million for contracts to include naturalization services under DSS; (3) if additional organizations, specified to certain qualifications, that provide assistance to immigrants should be authorized; and/or, (4) if there is another program structure that would otherwise provide additional services and supports to immigrants with naturalization.

- Coordination for programs aimed to assist immigrants. With the recent passage of federal and state actions, including the Department of Social Services' UUM and the Department Housing and Community Development's housing and support services for migrant farmworkers, the Legislature may wish to ask whether DSS will coordinate efforts to assist immigrants in navigating various programs and services offered by the state and federal governments, or to contemplate another structure that may be better equipped to coordinate resources and integration supports across various organizations.

Staff Recommendation. Hold open for further discussion and review.

Questions

1. DSS: Please briefly summarize the proposal and accompanying trailer bill language.

2. DSS: Does the department intend to coordinate services or information for immigrant populations, now that there a UUM and proposed Federal Immigration Assistance program?

3. DSS/DOF: Would legal service organizations be authorized to provide naturalization services? Why are naturalization services deemed to be ineligible for this funding?

2. May Revision Caseload and Estimates Update

(Issue 700, 701)

The May Revision proposes a net increase of $176,635,000 (increases of $218,155,000 General Fund, $12,366,000 Children's Health and Human Services Special Fund, $7,777,000 reimbursements, $532,000 Child Support Collections Recovery Fund, $12,000 Emergency Food Assistance Program Fund, partially offset by a decrease of $62,207,000 Federal Trust Fund) primarily resulting from updated caseload estimates since the Governor's budget. Realigned programs are displayed for the purpose of federal fund adjustments and other technical adjustments. Caseload and workload changes since the Governor's budget are displayed in the following table:

Program	Item	Change from Governor's Budget

Program	**Item**	**Change from Governor's Budget**
California Work Opportunity and Responsibility to Kids (CalWORKs)	5180-101-0001 5180-101-0890 Reimbursements	$88,034,000 -$162,005,000 -$95,000
Kinship Guardianship Assistance Payment	5180-101-0001	-$2,210,000
Supplemental Security Income/State Supplementary Payment (SSI/SSP)	5180-111-0001	-$22,776,000
In-Home Supportive Services (IHSS)	5180-111-0001 5180-111-3156 Reimbursements	$172,325,000 $12,366,000 -$39,960,000
Other Assistance Payments	5180-101-0001 5180-101-0122 5180-101-0890	-$1,416,000 $12,000 $671,000
County Administration and Automation Projects	5180-141-0001 5180-141-0890 Reimbursements	-$17,084,000 -$23,210,000 $25,551,000
Community Care Licensing	5180-151-0001 5180-151-0890	$1,264,000 -$27,000
Realigned Programs		
Adoption Assistance Program	5180-101-0890 5180-151-0890	$61,000 $88,000
Foster Care	5180-101-0001 5180-101-0890 5180-101-8004 5180-141-0890	-$17,000 $6,148,000 $532,000 $558,000
Child Welfare Services (CWS)	5180-151-0001 5180-151-0890 Reimbursements	-$2,981,000 $114,945,000 $11,268,000
Title IV-E Waiver	5180-153-0001 5180-153-0890	$3,016,000 $564,000
Adult Protective Services	Reimbursements	$11,013,000

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

Program[6]	**January estimate**	**May Revision**
CalWORKs	533,335	525,189
SSI/SSP	1,310,977	1,307,789
IHSS	462,648	467,000

Additionally, the Administration notes the following local assistance adjustments:

- Local assistance expenditures for DSS are estimated to increase by a net amount of $726,799,000. This is comprised of increases of $238,202,000 General Fund, $477,264,000 Federal Trust Fund, $12,366,000 Children's Health and Human Services Special Fund, $532,000 Child Support Collections Recovery Fund, $12,000 Emergency Food Assistance Program Fund, partially offset by a decrease of $1,577,000 reimbursements.

<u>LAO Comments</u>. In response to the May Revision, the LAO makes the following comments:

- <u>Estimated Total CalWORKs Spending in 2015-16 Is Down Slightly</u>**.** Total projected spending in CalWORKs for the budget year is down by a net amount of $31 million (total funds) relative to the January budget, reflecting various changes in estimated caseloads and about $20 million in increased grant costs related to the potential implementation of the President's executive action on immigration. For additional LAO comments on the President's executive action, please refer to pages 11-12 of the agenda.

- <u>Total CalWORKs Caseload Estimates Appear Reasonable.</u> The May Revision estimate of total CalWORKs cases shows a declining trend, which is expected given the improvement in the labor market. Based on more recent actuals, the May Revision projects a slightly more rapid caseload decline than in January.

- <u>Employment Services Caseload Estimate Likely Overstated.</u> When the Administration's January caseload estimates were prepared, actual employment services caseloads were increasing rapidly (from mid-2013 through mid-2014), and estimates assumed that these increases would continue through 2014-15 and into 2015-16. However, since July 2014, the employment services caseload has reversed direction and mostly declined. The Administration's May Revision estimates continue to show a significant increase in the employment services caseload into 2015-16. However, more recent actuals made available since DSS prepared its May Revision estimate make it likely that the employment services caseload will be at least 1,600 cases lower than estimated in 2014-15 and 2015-16, resulting in revised estimated caseloads of 227,577 and 238,273 cases, respectively.

[6] Total average caseload, by program

If the Legislature accepts the May estimates, the Legislature could (1) reduce the county single allocation by roughly $8 million in 2015-16, freeing up General Fund resources for other purposes, or (2) leave the otherwise freed-up resources in the single allocation, which would allow counties to flexibly use the funds to provide incrementally better service for a smaller caseload.

- <u>CalFresh Caseload Estimates Are Reasonable.</u> The Governor's May Revision proposes $692 million General Fund for CalFresh administrative costs, approximately $29 million General Fund less than in the January budget. This is primarily because the Governor's May Revision estimates that the non-assistance CalFresh caseload will continue to increase, but at a slower rate than previously expected. Specifically, the May Revision assumes that the CalFresh caseload will increase by eight percent in 2015-16 over the prior year, to an average of 1,949,066 households per month. The LAO attributes slower caseload growth to the: (1) continual improvements in the labor market so that fewer households are eligible; and (2) the temporary increase in individuals applying for assistance because of outreach related to the Affordable Care Act is winding down.

<u>Staff Comment and Recommendation</u>. Hold open May Revision caseload estimate changes, subject to additional conforming changes made by other legislative actions.

<u>Questions</u>

1. DSS: Please provide an overview of the May Revision estimates.

2. DSS/LAO: Please explain the fluctuations in the employment services caseload estimates.

3. LAO: Are the estimates reasonable?

5180 Department of Social Services - CalWORKs

1. Temporary Assistance for Needy Families (TANF) Transfer to CA Student Aid Commission
(Issue 703)

May Revision. The Administration requests an increase in the department's federal funding by $533,646,000 Federal Trust Fund to reflect an increase in the amount of federal TANF block grant funds available to offset General Fund costs in the Cal Grant program administered by the California Student Aid Commission (CSAC). Of this amount, $286,320,000 reflects a technical correction.

Background. The proposed Budget erroneously did not include the transfer amount assumed in the Governor's budget. The remaining increase of $247,326,000 is primarily attributable to shifting of long-term sanctioned CalWORKs cases from the federal TANF program to a solely state-funded non-TANF maintenance-of-effort program (see Item 6980-101-0001, Issue 214-MR).

Staff Comment and Recommendation. Hold open. Staff recommends a conforming action to Subcommittee No. 1 on Education.

Question

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

2. TBL 611: Child Support Pass-Through for Long-Term Sanction Cases

May Revision. The Administration proposes trailer bill to shift Temporary Assistance for Needy Families (TANF) funds in FY 2014-15 to carry forward to the budget year. These TANF funds will be transferred to the Student Aid Commission in the budget year to offset GF. According to the Administration, this funding shift is cost neutral.

Background. Effective March 1, 2015, adults who have been in long-term sanction status (12 consecutive months or more) for not complying with Welfare-to-Work requirements, are receiving benefits and services with state General Fund that does not count towards the maintenance of effort. This fund shift is estimated to increase the state's Work Participation Rate by 0.93 percent in federal fiscal year 2015, and 1.59 percent ongoing.

Approximately 14,550 CalWORKs cases are in long-term sanction status. This proposal changes how child support is treated for these cases. Since funding for these cases is now switched to non-MOE GF, these cases will no longer assign their child support to the state, and the Department of Child Support Services will no longer be required to track these cases. If this child support income can be reasonably anticipated, it could be factored into recipients' grant calculations.

Budget Act 2014. Last year, SB 855 (Budget and Fiscal Review), Chapter 29, Statutes of 2014, enacted a child support pass-through for safety-net and certain child-only cases. This language sought to resolve a conflict in federal and state laws by exempting Safety Net and Drug and Fleeing Felon child-only cases from assigning their child and spousal support rights to the state/county, cooperating with DCSS, and requiring these cases be referred to DCSS for child support enforcement/collection services. In

2013, when implementing the move-out of Safety Net and Drug/Fleeing Felon child-only cases out of the Temporary Assistance for Needy Families (TANF) program to exclude them from the federal TANF Program work participation requirement, DSS and the Department of Child Support Services (DCSS) discovered a conflict between federal law and California state law with regard to child support requirements. DCSS cited federal law that prohibited them from passing collected child support through to the state on behalf of non-TANF families, and instead, required that payments be made directly to the families. State law, on the other hand, required that all CalWORKs applicants and/or recipients assign support rights and cooperate with child support enforcement requirements, as a condition of eligibility, and requires counties to refer these families to the Local Child Support Agencies.

Staff Recommendation. Hold open for further discussion.

Question

1. DSS: Please provide an overview of the proposal and need for the language.

3. TBL 612: Previous Drug Felony Reporting Requirement

January Budget. The department estimates that approximately 400 persons with a prior felony drug conviction will be added to an existing CalFresh household, and approximately 1,100 households will become newly eligible for CalFresh. In addition, DSS estimates that around 3,900 CalWORKs child-only cases per month are anticipated to include an adult with a previous felony drug conviction that will become eligible for CalWORKs. The 2015-16 budget provides $23.4 million ($1 million General Fund) for this policy.

May Revision. The Administration proposes trailer bill language that deletes a mid-period reporting requirement that is no longer applicable. Existing law previously required a CalWORKs recipient to report a drug felony conviction, as specified, within ten days. This proposed trailer bill eliminates this requirement and makes the code consistent with current law.

Background. Senate Bill 855 (Budget and Fiscal Review), Chapter 29, Statutes of 2014, expands eligibility for adults who were previously ineligible for benefits due to a prior felony drug conviction, effective April 1, 2015.

Staff Recommendation. Hold open. The subcommittee previously considered the January budget during its March 26, 2015 hearing. Staff notes that no concerns have been raised.

Question

1. DSS: Please provide a summary of the proposal and the need for trailer bill language.

4. TBL 613 and BBL: Housing Support Program and Extension of Liquidation Period
(Issue 706)

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

1. Requires the department to award funds, according to criteria developed by the department in consultation with the County Welfare Directors Association, to provide CalWORKs housing support to recipients who are experiencing homelessness or housing instability.
2. Authorizes counties to continue providing housing support under the CalWORKs Housing Support Program to a recipient who may no longer be income eligible for CalWORKs.
3. Other technical, non-substantive changes.

In addition, the Administration proposes budget bill language to extend the availability of funds appropriated in the 2014 Budget Act to allow counties to liquidate Housing Support Program expenditures that occurred in fiscal year 2014-15 but will be paid in 2015-16. The proposed language is below:

> 5180-492—Reappropriation, Department of Social Services. The balances of the appropriations provided in the following citations are reappropriated for expenditure pursuant to Provision 1 and shall be available for encumbrance or expenditure until June 30, 2016:
> 0001—General Fund
>
> (1) Item 5180-101-0001, Budget Act of 2014 (Ch. 25, Stats. 2014)
> Provisions:
> 1. Funds allocated to counties pursuant to Provision 10 of Item 5180-101-0001 for housing support for those families in receipt of CalWORKs but unexpended as of June 30, 2015, shall be reappropriated for encumbrance or expenditure for services provided by a county in fiscal year 2014-15 that are claimed by the county in fiscal year 2015-16.

Background. SB 855 (Budget and Fiscal Review), Chapter 29, Statutes of 2014, established the CalWORKs Housing Support Program and provides $20 million ($12 million General Fund) to be awarded to 20 counties to provide evidence-based interventions to families receiving CalWORKs who are at risk for homeless or are homeless. Services could include landlord outreach, housing search and placement, legal services, and housing barrier assessment.

Justification. According to the Administration, “Because counties budget on a cash basis, expenditures are claimed against allocations in the year they are paid. As such, language is proposed to extend the liquidation period for 2014-15 expenditures until June 30, 2016.”

Staff Comment and Recommendation. Hold open for further consideration.

Question

1. DSS: Please summarize the proposal.

2. DSS/DOF: How much of last year’s HSP funds have been encumbered?

5. Welfare to Work 24-Month Clock

January Budget. The Governor's budget assumed $6.4 million ($500,00 General Fund) in associated savings for cases that will receive a grant reduction for not meeting the federal participation requirements after using 24 months of welfare-to-work (WTW) services. The March estimate projected 2,600 cases would experience a grant reduction by June 2016.

May Revision. The Administration estimates $1 million ($100,000) in savings for cases that will receive a grant reduction for not meeting federal requirements after 24 months of WTW services. The department also updates its estimate that after 24 months of WTW services and the conciliation process, approximately 1,500 cases will have the adult's portion of the grant removed by June 2016.

Background. SB 1041 (Budget and Fiscal Review Committee), Chapter 47, Statutes of 2012, created a differentiation between welfare-to-work participation rules that apply before expiration of a 24-month time limit. A county may provide extensions of up to six months, after a review at least every six months, of the more flexible rules for up to 20 percent of participants. Recognizing the significant program changes, AB 74 also established several early engagement strategies, such as subsidized employment, family stabilization, and online CalWORKs appraisal tool.

The first 24-months provide flexibility for CalWORKs clients to participate in activities, such as education and barrier-removal services. After 24-months, clients must participate in activities that satisfy federal work participation requirements. If clients do not meet the federal participation requirements following the 24-months of flexibility, then they may receive a grant reduction for the adult portion of the grant.

According to the department, although the 24-month clock was effective January 1, 2013, "it is assumed that the clock did not fully implement statewide until April 2013." The department projects that no clients will receive a grant reduction in the current year, but at least 9,000 cases may experience a grant reduction by June 2017.

Staff Recommendation. Informational; no action needed at this time. For additional information on the subcommittee's oversight of welfare-to-work requirements, SB 1041, and the implementation of early engagement strategies, please see the March 10, 2015, and March 26, 2015 hearing agendas.

Question

1. DSS: Please present the updated estimate, compared to the January budget and the March 10 estimates, regarding the number of recipients anticipated to reach the 24-month clock and who could potentially receive a grant reduction.

5180 Department of Social Services – Child Welfare Services

1. Case Record Reviews

(Issue 720)

May Revision. The Administration requests Item 5180-151-0001 be increased by $2,346,000 General Fund; Item 5180-151-0890 be increased by $2,472,000 Federal Trust Fund; and Item 5180-153-0001 be increased by $614,000 General Fund to provide additional funding to counties for the preparation and completion of upcoming federal child welfare case reviews. The May Revision projects 155 full-time equivalents in the budget year, with an annual statewide cost of $129,074 per social worker full-time equivalent. The May Revision estimates approximately 125,339 child welfare and probation cases in case review.

In addition, the May Revision outlines the number of full time equivalents that will be funded by county, depending on the number of cases to be reviewed.

No. of cases in a county	No. of Full-time equivalents (FTE)t funded
0-100	1 FTE
101-500	2 FTE
500-1,500	3 FTE
1,500	4 FTE

Background. The federal Administration on Children and Families memo 12-07[7] provides states title with information to establish and maintain Continuous Quality Improvement (CQI) systems and to provide information on claiming allowable federal financial participation costs for CQI. Funds are needed to comply with federal requirements for a state CQI and for conducting ongoing case reviews to measure the quality of casework provided by county welfare departments.

Similar to the federal CFSR process, the new CWS case record review includes online processes and interviews with children, parents, social workers, foster parents, and service providers. Each county welfare department and county probation department performs reviews on an ongoing basis – at least monthly for child welfare, and at least quarterly for probation.

Justification. After counties started implementing caseworker reviews, the department determined that the funding level included in the Governor's budget [$10.3 million total funds ($3.6 million GF)] is insufficient to complete all of the federally-required activities. Additional resources will assist in the state's and counties' efforts to achieve and maintain the necessary level of quality assurance and compliance with federal requirements under Titles IV-B and IV-E.

Staff Comment and Recommendation. Hold open for further consideration.

Question

1. DSS: Please provide an overview of the federal requirement for a state CQI. How will this proposal help the state meet federal requirements?

[7] https://www.acf.hhs.gov/sites/default/files/cb/im1207.pdf

2. Child Welfare Training Program

(Issue 721)

January Budget. The January budget includes $26 million ($10.8 million GF) to provide a statewide coordinated training program to meet the needs of county social workers assigned to emergency response, family maintenance, family reunification, permanent placement, and adoption responsibilities.

May Revision. The May Revision requests that Item 5180-151-0001 be increased by $474,000 General Fund and Item 5180-151-0890 be increased by $1,828,000 Federal Trust Fund to fund general cost increases associated with the provision of child welfare training for social workers.

Background. The Child Welfare Training Program includes training for public agencies, including county probation departments, who provide child welfare case management services. The training includes crisis intervention, investigative techniques, rules of evidence, indicators of abuse and neglect, assessment criteria, intervention strategies, family-based services, legal requirements of child protection, indicators of mental health needs, case management, and the use of community resources.

The May Revision reflects a $2.3 million ($474,000 GF) increase to cover the cost of a ten percent indirect cost rate for UC San Diego, Fresno State University, and UC Berkeley to continue providing the training.

Justification. According to the department, "If the partnership with the universities ends precipitously, it will have negative consequences for the state related to federal compliance. Should the increase not be approved, DSS will have to reduce current contract deliverables to the counties to cover these additional expenses."

Staff Comment and Recommendation. Hold open.

Questions

1. DSS: Please briefly summarize the proposal.

2. DSS: What types of "indirect costs" incurred by the university does this proposal seek to cover?

3. Strengthening Families Act

(Issue 722)

May Revision. The Administration requests an increase of $1,350,000 General Fund to Item 5180-151-0890; an increase of $1,422,000 in Federal Trust Fund; and, Item 5180-153-0001 to be increased by $1,333,000 General Fund to support newly identified requirements and components necessary to ensure compliance with the federal Preventing Sex Trafficking and Strengthening Families Act of 2014.

Background. Three of the top ten highest trafficking areas in the nation are in California: San Francisco, Los Angeles, and San Diego. Last year, the budget included $14 million to enable county child welfare agencies to serve victims of commercial sexual exploitation (CSE) through prevention and intervention strategies, and direct services (e.g., safe shelter, enhanced supervision, protection). New federal requirements include notification to relatives upon removal of a foster child from placement, data collection on pregnant minors and non-minor dependents, credit report checks for foster youth ages 14 and 15, increased documentation for youth in certain planned permanent living arrangements, and new policies, procedures, and protocols for missing youth, runaways, and children at risk of commercial or sexual exploitation.

Budget Act 2014. SB 855 (Budget and Fiscal Review), Chapter 29, Statutes of 2014, established the county opt-in CSEC program and appropriated $5 million General Fund for:

- Training foster youth and other youth on how to recognize and avoid being exploited ($750,000);
- Statewide training for county social workers, probation officers, out-of-home caregivers, and group home staff ($1.75 million); and,
- Protocol development and capacity building ($2.5 million).

Funds have been provided via several contracts to train social workers; and a new agreement is under development with the Community College Chancellor's Office to provide training to caregivers through the community colleges. In addition, the federal Preventing and Addressing Child Trafficking (PACT) grant provides $1.25 million over five years for consultation and training support to ten counties for developing multi-disciplinary teams.

Related Budget Issue for Commercial Sexual Exploitation of Children. The Governor's budget includes $17.8 million ($14 million GF) for: development and implementation of case management and services, employing local multidisciplinary teams including mandated partner service providers, such as law enforcement, mental health, probation, and others.

Advocate concerns. The County Welfare Directors Association (CWDA) is opposed to the Administration's proposal that "diverts $3.25 million of the $14 million General Fund intended for services to victims of child sex trafficking in the budget to meet new federal mandates under P.L. 113-183, Strengthening Families Act." CWDA request that the funds, separate from, and in addition to, the existing $14 million GF, for the new federally required CSEC activities be moved back in the Strengthening Families budget items ($3.25 million SGF), or that new funding be added to the CSEC premise on top of the $14 million GF. CWDA would like to ensure that proposed funds are sufficient for counties to meet the new federal mandates in 2015-16.

Staff Comment and Recommendation. Hold open. At an April 9, 2015 hearing, the subcommittee conducted oversight on the Commercial Sexual Exploitation of Children program; at which time, the department noted the likelihood of a May Revision request, stating "Work continues to define the requirements that overlap between the state CSEC program and federal HR 4980 legislation. This will ensure a consistent program and federal reimbursement for eligible activities."

Staff notes ongoing conversations between legislative staff, counties representatives, and the department to ensure that the budget request approved last year is better understood within the context of new federal requirements.

Questions

1. DSS: Please provide a summary of the proposal, including a walk-through of the new federal requirements.

2. DSS: How does this May Revision amend the $14 million that was allocated through the Budget Act last year?

3. DSS: The new federal law contains new mandates that implement in the budget year and other requirements that implement FY 2016-17. What type of activities will the $3.25 million fund?

4. Performance Data on Psychotropic Medication for Children in Foster Care

(Issue 723)

May Revision. The Administration proposes $149,000 ($100,00 GF)[8] for the department to contract with the University of California, Berkeley, for the purpose of matching Medi-Cal pharmacy claims data collected by the Department of Health Care Services (DHCS) with foster care data at regular intervals. This data matching effort will improve DSS' ability to identify and monitor psychotropic drug use in the foster care system. In addition, this control will allow for data analysis, including case specific information that can be shared with counties.

Background. Federal law requires that a state's health care oversight plan includes an outline of protocols for the appropriate use and monitoring of psychotropic medications. To meet the federal requirements (Public Law 112-34), DSS and DHCS have conducted cross-system data matching to inform policy decisions for effective oversight and monitoring. Currently, both departments do not have the capacity to produce data required by federal regulations.

Staff Comment and Recommendation. Hold open for further consideration. For additional information regarding psychotropic medication,

Questions

1. DSS: Please summarize the proposal.

2. DSS/DHCS: What types of analysis can UC Berkeley conduct that the two departments are not able to?

3. DSS: How frequent are "regular intervals" for data matching? Monthly? Quarterly?

4. DSS: If this proposal is approved, what is the earliest date for when the Legislature can expect to see performance data from UC Berkeley?

[8] An increase of $100,000 in Item 5180-151-0001, and an increase in $49,000 Federal Trust Fund.

5. Extension of Liquidation Period for Unaccompanied Minors Funding
(Issue 724)

May Revision. The Administration proposes budget bill language to extend the liquidation period for encumbered amounts in 2014-15 to June 30, 2012, for the provision of legal services provided to unaccompanied undocumented minors. The proposed language is as follows:

Addition of Budget Bill Item 5180-493:

5180-493—Reappropriation, Department of Social Services. Notwithstanding any other provision of law, the period to liquidate encumbrances appropriated for services to unaccompanied undocumented minors in the following citations are extended to June 30, 2021:
0001-General Fund
(1) Item 5180-151-0001, Program 25.35-Special Programs, Budget Act of 2014 (Ch. 25, Stats. 2014)

Background. As of March 2014, the federal government indicated that 5,831 UUMs were released to California sponsors prior to October 2014, and 1,120 since that date.[9] Senate Bill 873 (Budget and Fiscal Review), Chapter 685, Statutes of 2014, recognized this humanitarian crisis and authorized the department to contract with qualified nonprofit legal service organizations to provide legal services to Unaccompanied Undocumented Minors (UUMs). An UUM is eligible to receive state-funded legal services if s/he is in California, either in the physical custody of the federal Office of Refugee Resettlement (ORR) or residing with a family member or sponsor.

The 2014 Budget Act provides $2.9 million General Fund for these legal services. Funds only may be expended for new client representation agreements signed after execution of each contract with a legal services organization. 17 contracts were awarded to qualified legal service providers throughout California in early December 2014. As of April 2, 2015, the department has received 24 invoices; totaling 201 clients. The immigration cases of the clients represented to-date include Asylees (107), T-Visa (1), U-Visa (21) and Special Immigrant Juveniles (72).

Justification. Qualified nonprofit organizations only receive 50 percent of awarded funding up front and the remaining 50 percent is paid when the minor's case is closed. According to the department, closing a case could take several years.

Staff Comment and Recommendation. Approve; adopt placeholder budget bill language, as no concerns have been raised.

Question

1. DSS: Please briefly summarize the need for the budget bill language.

[9] This data periodically is updated, available here: http://www.acf.hhs.gov/programs/orr/programs/ucs/state-bystate-uc-placed-sponsors

6. TBL 609: Intensive Treatment Foster Care (ITFC) Rate Extension

May Revision. The Administration proposes trailer bill language that includes the following provisions:

1. Extends, from June 30, 2015 to December 31, 2016, the applicable interim period for specified modified serve and rate levels, which support modified in-home support counselor hours per month, apply.
2. Extends, from June 30, 2015 to December 31, 2016, the interim period for which specified modified serve and rate levels, that support the modified standard rate schedule, apply.
3. Requires the rate for the modified standard rate be adjusted for the California Necessities Index on July 1, 2015, and on July 1, 2016.

Background. ITFC offers an alternative, family-like setting for foster children who would otherwise be placed in group homes at a higher cost.. SB 1380 (Steinberg), Chapter 486, Statutes of 2008, expanded the number of children eligible for the ITFC program by including youth with serious behavioral problems who would otherwise require placement into group homes Rate Classification Level (RCL) 9 through 11. SB 1013 (Budget and Fiscal Review Committee), Chapter 35, Statutes of 2012, authorized the Continuum of Care Reform (CCR) effort to develop recommendations related to the state's current rate setting system, and to services and programs that serve children and families in the continuum of Aid to Families with Dependent Children-Foster Care (AFDC-FC) eligible placement settings. In particular, the Legislature expressed its intent for recommended reforms, including reforms related to the use of group homes, changes to the rate systems, and changes to the assessment of children's needs, and to outcome measurement, to promote positive outcomes for children and families.

SB 1013 also provided for an interim increase in rates, including a California Necessities Index increase, intended to ensure providers keep pace with the costs of providing care, recruitment, and retaining qualified foster caregivers for children needing intensive treatment in a home-based setting. The ITFC placement addresses the needs of the *Katie A.* subclass population, pending development of the therapeutic foster home and implementation of the continuum of care for foster children.

Related Budget Issue: Continuum of Care Reform. The budget includes $9.6 million ($7 million General Fund) to fund two of the 19 recommendations outlined in the Continuum of Care Reform Report: increase foster parent recruitment, retention, and training efforts ($3.8 million [$2.8 million GF]); and increase foster family agency social worker rates ($5.8 million [$4.2 million GF]) by fifteen percent.

On January 9, 2015, DSS released the report[10] concurrently with the release of the Governor's budget. The report provided 19 recommendations with the expressed goal to:

> Reduce reliance on group homes as a long-term placement setting by narrowly defining the purpose of group care, and by increasing the capacity of home-based family care to better address the individual needs of all children, youth, and caregivers.

[10] Please see http://www.cdss.ca.gov/cdssweb/entres/pdf/CCR_LegislativeReport.pdf for the full legislative report and list of recommendations.

According to the department, the recommendations "represent a paradigm shift from traditional group homes as a long-term placement to Short-Term Residential Treatment Centers (STRTC) as an intervention." The list of 19 recommendations seeks to improvement assessment of child and families to make more appropriate initial placement decisions; emphasize home-based family care; support placement with available services; change the goals for group home care placement; and, increase transparency for child outcomes. Some of the recommendations include:

- Accreditation. Require STRTCs and Foster Family Agencies to be accredited by a national body, as a condition of receiving a foster care rate.

- Foster Family Agencies (FFA). Allow public agencies to be licensed to operate an FFA. Strengthen resource family recruitment (such as relative caregivers and foster and adoptive families), training, and retention strategies.

- Short-Term Residential Treatment Centers (STRTCs). STRTC programs will provide services and support for children and youth who need short-term, intensive treatment. Placements must be reviewed at six-month intervals or less.

- Rate structures. Replace the group home Rate Classification Level system with a statewide residential rate for all STRTCs. Revise the FFA rate structure to account for two types of FFAs – those that provide core services, and those that function as home-finding agencies.

- Residential treatment. Phase-out county-operated children's shelters. Educationally-based boarding schools for foster youth must adapt and align their programs to meet CCR goals.

- Performance and outcomes. Use a client satisfaction survey to capture children and their families' perceptions regarding services received from STRTC and FFA treatment providers. Develop a method to increase transparency of a provider's performance.

Justification for the May Revision proposal. The ITFC's rate is due to sunset June 30, 2015. ITFC's will be an integral part of the overall continuum of care reform anticipated to begin implementation January 1, 2017. In order to ensure continuity of care, it is imperative that there be an extension of the ITFC rate. According to the department, "This proposal extends the interim increase to the ITFC foster care rates based on the original recommendations of the ITFC workgroup which was established as a result of SB 1380. The County Welfare Directors Association and the Children and Family Services Alliance support extending the interim increase for this much needed placement model. Retaining the increase and the cost of living adjustments to the rate will ensure that the providers will continue to provide a valuable level of care that will maintain the placements and not force the children to be displaced and/or moved to group home care."

Staff Comment and Recommendation. Hold open for further consideration.

Question

1. DSS: Please summarize the proposal, including how this ITFC rate extension fits into the timing of the continuum of care reform.

5180 Department of Social Services In-Home Supportive Services

1. Implementation of Federal Overtime Regulations for 2015-16

(Issue 710, 711)

May Revision. It is requested that Item 5180-111-0001 be increased by $18,260,000 General Fund and reimbursements be decreased by $9,354,000 to reflect updated IHSS caseload-related increases and a shift of one-time administrative costs from 2014-15 to 2015-16 due to the delayed implementation of Fair Labor Standards Act (FLSA) regulations. These adjustments reflect an overall increase in budget year funding for FLSA implementation, as updated for caseload and a shift in one-time administrative costs from current year to budget year.

Background. Due to increases in caseload, hours per case, and costs per hour, the May Revision increases funding for the program by $147.6 million General Fund in current year and $179.1 million General Fund in budget year.

In addition, the May Revision proposes to use one-time, unspent $184 million General Fund – the amount included in the current year for implementation of the Fair Labor Standards Act – to offset increasing IHSS costs. The remainder of the unspent FLSA-related funding appropriated in 2014-15 will be used to partially offset the overall increase in IHSS costs since the Governor's budget.

Staff Comment and Recommendation. Hold open for further discussion.

Question

1. DSS: Please briefly summarize the proposal.

2. Increase General Fund Loan Authority for the IHSS Program

(Issue 714)

May Revision. It is requested that Provision 2 of Item 5180-111-0001 be amended to increase loan authority from $385 million to $650 million to alleviate cash flow complications resulting from delayed reimbursement of federal funds from the Department of Health Care Services (DHCS).

Staff Comment and Recommendation. Hold open for further discussion. Staff notes the that there is a typical delay in receiving federal reimbursement for costs associated with the Coordinate Care Initiative and the enhanced federal funding for Community First Choice Option (CFCO). As a result, the department, often, makes payments to IHSS providers but may run low on cash flow towards the end of the budget year. This proposal anticipates this delay in federal reimbursements for CCI and seeks to ensure that DSS have the funding available until federal reimbursements arrive.

Question

1. DSS: Please briefly summarize the proposal.