

SUBCOMMITTEE #3: Health & Human Services

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



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Part C

Consultant: Samantha Lui

ISSUES RECOMMENDED FOR VOTE-ONLY

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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**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 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. Approximately 3,200 MSFWs and low-income individuals will be served, with an average benefit of \$2,000 per person. Currently, MSFW organizations serve 24¹ 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.

Staff Comment and Recommendation. Approve. This issue was considered on May 19, 2015. As effects of the drought may continue to impact California's economy beyond the one year this budget request proposes, and staff recommends that department provide periodic updates and provide additional information, including, but not limited to overall met need, program outcomes, number of individuals served, and types of services provided, at future budget committee hearings and throughout its implementation.

5160 Department of Rehabilitation**1. Legislative Proposal: Supported Employment Program**

Background. The Supported Employment Program provides activities and services, including ongoing support services, needed to support and maintain an individual with a significant disability in an integrated employment setting. Persons with developmental disabilities who wish to participate in supported employment, enter the program through DOR. DOR services are typically limited to 18 months, after which the person typically shifts to the Department of Developmental Services (DDS)-funded supported employment program. Under the Part B agenda today, the committee approved a ten percent rate increase for the DDS-funded supported employment program.

Staff Comment and Recommendation. To correspond with the actions taken in the DDS budget, provide a 10 percent rate increase for supported employment programs funded through DOR, staff recommends approving \$264,000 GF for this purpose..

¹ 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.

5180 Department of Social Services**1. 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:

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

2. BCP #86, TBL 610: Federal Immigration Assistance and Associated Impact

(Issue 704, 724, 725)

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

1. \$4.8 million General Fund for the department to contract with qualified legal services organizations to provide application assistance for specified persons;
2. \$191,000 GF to establish a position at DSS;
3. Provisional budget bill language to extend the liquidation period for encumbered amounts until June 30, 2021; and,
4. Proposed trailer bill language to implement these provisions.

May Revision. The Administration requests \$5 million General Fund 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.

Background. 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). 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.

Staff Recommendation. Amend Governor's May Revision to reflect the following language to be included, in addition to what was proposed in May Revision, in trailer bill language:

- Augment the \$5 million proposed May Revision with an additional \$15 million General Fund, for a total of \$20 million for the proposal;
- Require that the department must contract with, and provide grants to, subject to available funding in the Budget Act, qualified non-profit organizations to provide legal services or legal training and technical assistance to non-profit legal organizations;
- Expand the list of organizations who may be eligible for contracts and grants, to include labor unions or central labor bodies;
- Expand the types of legal services that may be provided to include:
 - Other legal remedies for people receiving DACA or DAPA application assistance ;
 - Services to assist with the application process for naturalization; and
 - Services to provide legal training and technical assistance to non-profit legal service organizations, labor unions, or central labor bodies.
- Define the services that can be provided that assist the application process to include:
 - Outreach, workshop presentations, document review, Freedom of Information Act requests, and screening services to assist individuals with DACA, DAPA, naturalization, or other legal remedies.
- Define "legal training and assistance" to include:
 - Webinars, in-person trainings, technical assistance through e-mail, fax, or phone from non-profit legal organizations, labor unions, or labor bodies, their staff, and/or volunteers.
- Require that contracts and grants awarded through this program must fulfill specified criteria, including:
 - Legal services organizations that provide legal training and technical assistance must have at least ten years of experience conducting immigration legal services and technical assistance, and must be a Trust Fund Program administered by the State Bar of California
- Exempt specified organizations that provide legal training and technical assistance from providing legal services on a fee-per-case basis.
- Require the department, no later than March 1, 2016, to report to the fiscal legislative committee, the timeline for implementation.
- Require the department, no later than March 1, 2017, to provide information to the Legislature, including:
 - Participating entities awarded contracts and grants;
 - Number of applications submitted;
 - Identification of further barriers and challenges to immigration assistance and legal services related to naturalization and deferred action.
- Require the department, subject to available Budget Act funding, to contract with stakeholders that can demonstrate the ability to reach key communities eligible for DACA, DAPA, and naturalization.

- Define the terms “education” and “outreach” to include referrals to educational or legal services that support an applicant’s eligibility for citizenship or deferred action, and the importance of participating in civic engagement as a naturalized citizen. Education and outreach activities are prohibited from including representation as legal counsel that assists in the application process.

5180 Department of Social Services - CalFresh**1. State Emergency Food Assistance Program**

Budget Issue. The California Association of Food Banks (CAFB) requests a \$5 million General Fund appropriation for the State Emergency Food Assistance Program (SEFAP). Currently, there is no on-going General Fund dedicated for this use. In the 2013-14 fiscal year, the state Assembly donated \$1 million for one-time use. The \$5 million SEFAP request would be distributed to all counties based on the established formula for the distribution of Emergency Food Assistance Program, currently funded with federal dollars.

Background. The SEFAP funds provide additional flexibility to food banks, as they can purchase the items that they need to complement the types of foods that are currently available to them.

Staff Comment and Recommendation. Approve \$2.5 million GF in the budget year for this program. This item was considered at the subcommittee's April 30, 2015, hearing.

2. Nutrition Incentive Program/Market Match

Budget Issue. Advocates, including Roots of Change, Latino Coalition for a Healthy California, Ecology Center, and the Public Health Institute, proposed \$5 million General Fund annually to establish a statewide nutrition incentive program for purchasing California-grown fruits, nuts and vegetables (i.e. specialty crops), benefiting low-income families and California's economy.

Background. California's Market Match, beginning in 2009, doubles the purchasing power of nutrition assistance benefits (e.g. CalFresh) when spent on specialty crops at participating farmers' markets.

Staff Comment and Recommendation. Approve \$2.5 million GF in the budget year to establish a statewide nutrition incentive program and associated placeholder trailer bill to enact this action. This item was considered at the subcommittee's April 30, 2015, hearing.

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 Recommendation. Approve as requested, as no concerns have been raised.

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

May Revision. The Administration proposes trailer bill to allow the 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. 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.

Staff Recommendation. Approve as requested, as no concerns have been raised.

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. Approve as requested. The subcommittee previously considered the January budget during its March 26, 2015 hearing.

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.

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 homelessness or are homeless. Services could include landlord outreach, housing search and placement, legal services, and housing barrier assessment.

Staff Comment and Recommendation. Adopt placeholder trailer bill and budget bill language, as requested.

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. In recognition of the delays in rolling out the early engagement pieces, adopt placeholder trailer bill language to delay the effect of the 24-month clock policy for clients who were not afforded the benefits of program change, thereby ensuring that these clients do not receive a grant reduction in 2015-16. Approve \$1 million GF to continue to serve clients who will, as a result of this action, not be receiving a grant reduction. Staff recommends that the department provide relevant and updated data and information, throughout the interim and at legislative hearings, that will assess and determine the long-term impacts of the 24-month clock policy, including a) the utilization of supportive services, like child care; b) the participation in specified work or education related activities; c) the sanction rate, by county and statewide, as point-in-time and longitudinally.

6. Repeal of the Maximum Family Grant

Budget Issue. Advocates request to repeal the Maximum Family Grant (MFG).

Background. AB 473 (Brulte), Chapter 196, Statutes of 1994, prohibits an increase in CalWORKs aid based on an increase in the number of needy persons in a family due to the birth of an additional child, if the family has received aid continuously for the ten months prior to the birth of the child, as specified, or for longer than the gestational period of the new baby. Based on information provided by the Department of Social Services (DSS) from data collected from the county consortia, 13.3 percent of total children in CalWORKs families are currently subject to the MFG rule, or approximately 131,400 children. Approximately 58.2 percent of those children are under the age of six.

Staff Recommendation. Effective October 1, 2015, repeal the Maximum Family Grant, with the inclusion of \$158 million GF for the policy.

5180 Department of Social Services – Child Welfare Services**1. Continuum of Care Reform**

Budget Issue. 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.

Background. 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.

Staff Comment. Adopt as proposed; adopt placeholder trailer bill language that will include additional detail and specifications for how the \$3.8 million for foster parent outreach, recruitment and support will be used, as well as what outcomes should be expected; as well as additional guidance per legislative interest. The LAO noted, during the subcommittee's hearing on April 9, 2015, that the proposal also does not include detail for how funding will be distributed and whether all counties will have access to these funds. Staff recommends that proposed trailer bill language and further conversations with the department and stakeholders will identify this answer.

2. TBL 608: Child Near Fatality Public Disclosure

January Budget. The Administration proposes the following trailer bill language:

SECTION 1. It is the intent of the Legislature that California comply with the requirements set forth in the federal Child Abuse Prevention and Treatment Act (42 U.S.C. 5101 et seq; 42 U.S.C. 5116 et seq.) relating to the public disclosure of information pertaining to child near fatalities that are the result of child abuse or neglect.

Background. The federal Child Abuse Prevention and Treatment Act (CAPTA) requires that states receiving funds under CAPTA must disclose to the public findings and information about child abuse and neglect cases that result in fatalities or near fatalities. A September 15, 2008, letter from the federal Department of Health and Human Services, Administration on Children, Youth, and Families found that the state's disclosure practice for fatalities is more extensive than that released for near fatalities. The federal Child Welfare Policy Manual (CWPM) clarifies that states must develop procedures for the release of information including, but not limited to, the following items:

- Cause of and circumstances regarding the fatality or near fatality;
- Age and gender of the child;
- Information describing any previous reports of child abuse and/or neglect investigations; that are pertinent to the child abuse and/or neglect that led to the fatality or near fatality;

- Result of any such investigations; and,
- Services provided by and actions of the state on behalf of the child pertinent to the child abuse and/or neglect that led to the fatality or near fatality.

Senate Bill 39 (Migden), Chapter 468, Statutes of 2007, requires that once the cause of death from abuse or neglect has been substantiated, the child welfare agency must, within five days of a request, release specified records (age, gender, date of death of the child; whether an investigation is being conducted; whether the child was in foster care or in the home of his/her parent or guardian), subject to redaction of confidential information. The bill did not make any provision for the release of information for cases of near fatalities.

The CAPTA grant averages slightly more than \$3 million annually.

Staff Comment and Recommendation. Staff recommends rejecting the Governor's January trailer bill proposal, without prejudice. This item was heard at the subcommittee's April 9, 2015, hearing and held open to allow for additional time to refine language with stakeholders. The April 9 agenda reflected extensive trailer bill language that was previously posted online, but was rescinded prior to the hearing date. To date, (a) no additional, developed language --beyond the intent language stated above --is posted publicly; and (b) no consensus, across multiple stakeholders (County Welfare Directors Association, Child Advocacy Institute, NYCL, and the California Newspaper Publishers Association) has been reached. The inclusion and development of any language beyond this point would require extensive review not afforded by the May Revision process. Staff recognizes the department's commitment to identify language and practices to reach compliance with federal requirements, but recommends that the department do so through the policy process, to ensure that lengthier time of discussion is provided and that the proposed language does not represent a retreat from, or complicates, existing practice.

3. 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.

Staff Recommendation. Approve as proposed, as no concerns have been raised.

4. 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 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.

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.

Staff Recommendation. Approve as proposed, as no concerns have been raised.

5. 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. 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. Approve proposal, with direction for staff to continue working with advocates and the department to identify any possible technical problems associated with the relationship between prior funding and new proposal. 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."

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

(Issue 723)

May Revision. The Administration proposes \$149,000 (\$100,00 GF)² 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. To meet the federal requirements that a state's health care oversight plan must include an outline of protocols for the appropriate use and monitoring of psychotropic medications (Public Law 112-34), DSS and DHCS have conducted cross-system data matching to inform policy decisions for effective oversight and monitoring.

Staff Comment and Recommendation. Approve, as proposed. Staff notes the movement of proposes policies through the legislative process that pertain to the subject.

7. 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 service 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.

² An increase of \$100,000 in Item 5180-151-0001, and an increase in \$49,000 Federal Trust Fund.

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.

Staff Comment and Recommendation. Approve as proposed. Staff notes the ongoing conversations related to

5180 Department of Social Services In-Home Supportive Services**1. Fair Labor Standards Act**

January Budget. The Administration includes \$721 total funds (\$335 million GF) for a full-year of program and administrative activities, related to the implementation of FLSA overtime, as specified in SB 855 (Budget and Fiscal Review), Chapter 29, Statutes of 2014.

Staff Comment and Recommendation. Amend Governor's estimates to reflect a timeline that would ensure safe and expedient implementation of overtime. Based on estimates of the amount of time to make CMIPS II changes to enable the implementation of FLSA rules, the subcommittee may wish to consider directing staff to work with the Legislative Analyst's Office to identify the timeline.

2. BCP #1: IHSS CMIPS II and Overtime Implementation for FLSA

January Budget. The department requests \$1 million (\$513,000 GF) for associated operating expenses and for four new positions. The department is also seeking a two-year extension of the following four existing limited-term positions, associated with the Case Management, Information and Payrolling System II through the maintenance and operation phase. The department notes that existing backlogs and additional workload related to FLSA activities, such as incorporating workweek limitations and payment for providers who travel between two recipients in the CMIPS II system, have placed "some of the normal operational activities on hold and has resulted in time-consuming tasks for staff to research and identify the issues."

Staff Comment and Recommendation. Approve as proposed. The subcommittee first considered this proposal at its March 26, 2015 hearing. Staff notes the criticality of CMIPS II in implementing overtime payment and tracking.

3. Implementation of Federal Overtime Regulations

May Revision (Issue 710, 711). 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.

Background. The Budget Act of 2014 recognized these new regulations, thought to be effective January 1, 2015, and provided \$405.6 million (\$183.6 million GF) to cover implementation of federal requirements, including the creation of a new workweek system, automation changes for the Case Management Information and Payrolling System II (CMIPS II), and payment for overtime, travel time between two clients, and medical accompaniment wait time. On December 31, 2014, a federal district court determined that a portion of the regulations exceeded the Department of Labor's authority and delayed implementation of the regulations. California's implementation of FLSA, such as limiting providers to a 61-hour workweek (66-hour workweek minus the current seven-percent reduction in service hours), is delayed pending further action by the federal court.

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 Recommendation. Approve the Governor’s May Revision request.

4. Increase General Fund Loan Authority for the IHSS Program

(Issue 714)

May Revision. The Administration proposes 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 Recommendation. Approve, as no concerns have been raised.

5. Restoration of the Seven Percent Reduction

January Budget. The Governor’s budget includes a proposal to create a new managed care organization (MCO) tax, which is projected to raise an additional \$215.6 million GF in revenues (to be matched with federal funds) to fully restore the seven percent reduction in IHSS hours.

Background. A settlement agreement repealed previous reductions and replaced them with an eight percent across-the-board cut, effective July 1, 2013, which will become a seven percent across-the-board cut on July 1, 2014. The settlement agreement also included a provision to “trigger off” the ongoing reduction of up to seven percent—in whole or in part—as a result of enhanced federal funding received pursuant to an “assessment” (likely a fee or tax) on home care services, including IHSS. On August 28, 2014, the Administration sent a letter to the Legislature indicating that it had worked in good-faith to develop a federally-compliant proposal authorizing an assessment but, given the new federal guidance on health care related taxes, it would not be able to meet the October 1, 2014 deadline. The letter indicated that the Administration would work with all parties on viable legislation early in the 2015-16 Legislative Session.

Staff Recommendation. Approve \$228 million General Fund to restore the across-the-board seven-percent reduction in service hours.

5180 Department of Social Services – Adult Protective Services**1. APS Position Codification**

Budget Issue. The California Elder Justice Coalition, the California Commission on Aging, and the County Welfare Directors Association, request the following trailer bill language be included:

WIC 15753 is added, to read:

The department shall, to the extent funding for this purpose remains with the department, establish one full-time position which reports to the director to assist counties with the following functions in their operation of the adult protective services system:

- A. Facilitating the review and update of state policies and procedures to promote best casework practices throughout the state, and providing technical assistance to local programs to promote consistent statewide adherence to these policies.
- B. Developing recommended program goals, performance measures, and outcomes for the adult protective services system, and a strategic plan to accomplish these recommended goals, performance measures, and outcomes.
- C. Collaborating with other state departments and local communities that provide or oversee elder justice services to address the needs of elders and adults with disabilities and improve coordination and effectiveness of adult protective services.
- D. Exploring the development of a state data collection system that builds on existing statewide data and additionally tracks outcomes that will align with national data collection efforts.
- E. Participating in national, statewide and regional discussions on adult protective services and elder justice issues and providing information on California's adult protective services programs.
- F. Participating in the development of federal and state policy that responds to new and emergent needs and develops suggested quality assurance measures to be implemented at the local level.
- G. Facilitating the development of a regionally based, ongoing, comprehensive and consistent statewide adult protective services training program that responds to new and emerging trends .
- H. In collaboration with experts in the field, developing guidelines for local adult protective services programs that will make recommendations for local practice in following areas:
 - a. Caseload levels for adult protective services workers
 - b. Availability of tangible services for local programs
 - c. Educational and professional development of adult protective services workers
 - d. Structure for 24 hour adult protective services response

Staff Comment and Recommendation. Adopt as proposed. As of May 12, 2015, the one position at the department has been filled. Staff notes that advocates request this language to ensure that the department retains dedicated staff related to APS issues.