SUBCOMMITTEE #3:
Health & Human Services

Chair, Senator Holly J. Mitchell

Senator Jeff Stone, Pharm.D.
Senator William W. Monning

April 30, 2015
9:30 a.m. or Upon Adjournment of Session
Room 4203, State Capitol

Staff: Samantha Lui

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1. Overview

The Department of Child Support Services (DCSS) is the single state agency designated to administer the federal Title IV-D mandated Child Support Program (CSP). California's Child Support Program seeks to enhance the well-being of children and families' self-sufficiency by providing professional services to locate parents, establish paternity, and establish and enforce orders for financial and medical support. DCSS estimates that there are over 1.3 million child support cases in California.

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

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

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

Total Collections Received, by source (FY 2013-14)	
Wage Witholding	$1.6 billion
IRS federal income tax refund	$168 million
FTB state income tax refund	$33 million
Unemployment Insurance Benefits	$62 million
Collections from other IV-D states	$93 million
Non-custodial parents regular payments	$310 million
Other sources* (Liens, workers' compensation, disability insurance benefits offset, California insurance intercepts, and full collections program without wage levies)	$94.8 million

Total child support distributed collections have grown from $2.3 billion (FY 2003-04) to a projected $2.316 billion for the budget year ($1.95 billion non-assistance payments; $367 million assistance payments). According to the Administration, wage withholding continues to be the most effective way to collection child support, constituting 67 percent ($1.5 billion) of the total collections received. For more information about total collections received by source, please see the department's chart, above.

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

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

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

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

The California Child Support Automation System (CCSAS) has been implemented since 2008, and it received its federal certification as the statewide automation system shortly thereafter. The program's cost was approximately $1.5 billion dollars, and implementation took around eight years. DCSS must maintain the automation system, and is responsible for ensuring that LCSAs can access the system. Ongoing annual costs for the CCSAS are approximately $118.79 million ($103.8 million CSE; $14.97 million SDU).

2013 Federal Performance Measures. Federal incentive payments are based on the state's annual data reliability compliance and its performance in five measures, which were established by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and the Child Support Performance and Incentive Act of 1998. The five performance measures are:

1. **Statewide Paternity Establishment Percentage (PEP)** measures the number of children born out-of-wedlock for whom paternity was acknowledged or established in the fiscal year compared to the total number of children in the state born out-of-wedlock during the preceding fiscal year. California measured 98.6 percent for Federal Fiscal Year (FFY) 2013, a decreased of three percentage points from FFY 2012 to FFY 2013. The federal minimum performance level is 50 percent.

2. **Cases with Support Orders Established** measures cases with support orders as compared to total caseload. California measured 89 percent for FFY 2013, an increase of 1.1 percentage points from FFY 2012 to FFY 2013. The federal minimum performance level is 50 percent.

3. **Collections on Current Support** measures the current amount of support collected as compared to the total amount of current support owed. California measured 63.3 percent for FFY 2013, an increase of 1.9 percentage points from FFY 2012 to FFY 2013. The federal minimum performance level is 40 percent.

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

4. **Cases with Collections on Arrears** measures the number of cases with child support arrearage collections as compared with the number of cases owing arrearages during the federal fiscal year. California measured 65.1 percent for FFY 201, an increase of 1.6 percentage points from FFY 2012 to FFY 2013. The federal minimum performance level is 40 percent.

5. **Cost Effectiveness for California** compares the total amount of distributed collections to the total amount of expenditures for the fiscal year, expressed as distributed collections per dollar of expenditures. California measured $2.54 for FFY 2013, an increase of seven cents from FFY 2012 to FFY 2013. The federal minimum performance level is $2.00.

DCSS estimates that California will be entitled to $40.6 million in federal incentive funds for fiscal year (FY) 2014-15 and the budget year.

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

Update on Local Child Support Agency Revenue Stabilization. Since July 1, 2009, the state provides $18.7 million ($6.4 million General Fund) for 51 LCSAs to stabilize caseworker staffing, and to avoid a loss in child support collections. To receive an allocation of revenue stabilization funds, DCSS requires that revenue stabilization funds are distributes to counties based on their performance on two key federal performance measures—1) collections on current support and 2) cases with collections on arrears. According to 2013-14 data, DCSS found that revenue stabilization funds maintained statewide child support collections. Specifically, the stabilization funds have assisted in retaining:

- 231 child support caseworkers
- $131.4 million in total distributed collections.
- $17.7 million in net total assistance collections.
- $8.4 million GF share of assistance collections.
- $113.7 million in total non-assistance collections.

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

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

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

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

Currently, a policy bill is moving through the legislative process to address this federal provision of law. The department indicates that failure to enact the provisions of this measure may risk approximately $680 million in annual federal child support funding.

Child Support Automation System – Information Technology Contract Staff. Last year, the budget authorized the department, starting in the budget year and until FY 2016-17, to shift $11.95 million ($4.06 million General Fund) from local assistance funding to state operations, and authorized the DCSS to establish 100 new full-time permanent positions to replace 100 information technology contract staff over a three year period. The resources would continue the maintenance and operations of the federally-mandated California Child Support Automation System (CCSAS) Child Support Enforcement (CSE) system. The Administration notes that this transition will result in a reduction of $699,196 ($237,727 GF) over three years. DCSS included the following timeline for the replacement of contractor staff with permanent state civil staff within multiple sections of the Technology Services Division.

Transition Schedule: Child Support Enforcement System, Maintenance, & Operations Resources

Fiscal Year	Contract Positions	Contract Costs	Civil Service Positions	Civil Service Costs	Annual Savings
2014-15	35	$4,374,068	35	$4,129,888	$244,180
2015-16	38	$4,910,975	38	$4,562,277	$348,698
2016-17	27	$3,365,790	27	$3,259,472	$106,318
Total	100	**$12,650,833**	100	**$11,851,637**	**$699,196**

To date, DCSS notes that they have filled 34 of the 35 positions approved for the current year. The department also expects to meet the projected annual savings for the current year.

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

Question

1. Please provide a brief overview of the department and its services.

2. TBL 606: Continued Suspension of Performance and Health Insurance Incentive Payments

Budget Issue. The budget proposes suspending the health insurance incentive and the top ten improved performance incentive for two years. A continued suspension of these incentive payments results in $4 million General Fund (GF) savings annually -- $3 million GF for health insurance incentives and $1 million GF for the performance incentive. No matching federal funds are available for these incentive payments.

Background on health insurance incentives. Existing state law requires the Department of Child Support Services to provide a health insurance incentive ($50 per case) to the local child support agency (LCSA) for obtaining third-party health coverage, or insurance, for beneficiaries, if the budget provides GF support for the incentive. Since 2003, these health insurance incentive payments to LCSAs have been suspended. Currently, LCSAs must seek health coverage for children in their caseload. Given the recent changes regarding the responsibility of individuals to obtain health coverage introduced by the Affordable Care Act, DCSS is evaluating where this program fits into the overall health coverage framework and whether it should be retained or modified.

Background on improved performance incentives. Federal law sets minimum performance standards for the child support program. Existing state law requires the department to provide to ten counties, which demonstrate the best performance on federal and state performance standards, an additional five percent of the state's share of those counties collections used to reduce or repay aid. The counties must use the increased recoupment for child support-related activities that may not be eligible for federal child support funding under Part D of Title IV of the Social Security Act, including, but not limited to, providing services to parents to help them better support their children financially, medically, and emotionally. Since 2002, these top ten performance incentive payments to LCSAs have been suspended. DCSS is currently evaluating how to restructure the program to better target incentives towards specific reforms or innovations that could improve collections and the reliability of payment of child support owed by non-custodial parties.

Justification. According to the department, as part of the department's strategic plan for state fiscal years 2015-19, improving program performance, including establishing orders for monetary and medical support, is a priority. The department has been closely monitoring local performance over the years and the budget proposal is anticipated to result in GF savings.

Staff Comment & Recommendation. Approve; adopt placeholder trailer bill language. Staff notes that the department, in collaboration with LCSA directors, is evaluating current practice indicators and metrics. The department notes that it is considering how the Affordable Care Act has increased health coverage, which affects the provision of health insurance incentive payment. By the fall, the department anticipates sharing with staff how the department may redesign the incentive payments, so incentives are structured to encourage behavior that would not otherwise occur, and to reward innovation.

Questions

1. DCSS/DOF: Please summarize the trailer bill provisions and need for the trailer bill.

2. DCSS: Given that these incentive programs have been suspended for 13 years, has the department seen any difference in performance absent the incentives (e.g., Have some LCSAs been successful in identifying health coverage and improved performance without a payment incentive)?

3. DCSS: While these programs have been suspended, how has the department been monitoring local performance to ensure that a) children are being connected with health coverage, and that b) LCSAs are being recognized for improved performance?

1. Overview

Background. The Community Care Licensing (CCL) Division in the Department of Social Services (DSS) oversees the licensure or certification of approximately 66,000 licensed community care facilities, and has responsibility for protecting the health and safety of individuals served by those facilities. Around 460 licensing analysts monitored and license facilities. CCL does not license skilled nursing facilities, which instead, are licensed by the Department of Health Care Services; or, facilities that provide alcohol and other drug treatment. The table below shows some of the facilities licensed by CCL.

Facility Type	Description
Child Care Licensing	
Family Child Care Home	24 hr. non-medical care in licensee's home.
Children's Residential Facilities	
Crisis Nursery	Short-term, 24-hr., non-medical care for eligible children under 6 years of age.
Group Homes	24-hr., non-medical care to children in structured environment; facilities are of any capacity.
Small Family Homes & Foster Family Home	24-hr. care in the licensee's home for 6 or fewer children, who have disabilities.
Transitional Housing Placement	Provides care for 16+ yrs. old in independent living.
Adult & Elderly Facilities	
Adult Day Programs	Community based facility/program for person 18+ years old.
Adult Residential Facilities (ARF)	24-hr. non-medical care for adults, 18-59 years old.
Adult Residential Facility for Persons with Special Healthcare Needs	24-hr. services in homelike setting, for up to 5 adults, who have developmental disabilities, being transitioned from a developmental center.
Residential Care Facilities for the Chronically Ill	Facilities with maximum capacity of 25.
Residential Care Facilities for the Elderly (RCFE)	Care, supervision, and assistance with activities of daily living to eligible persons, usually 60+ yrs. old. Facilities range from 6 beds or less, to over 100 beds.
Continuing Care Retirement Communities (CCRC)	Long-term continuing care contract; provides housing, residential services, and nursing care.
Social Rehabilitation Facilities	24-hr. non-medical care in group setting to adults recovering from mental illness.
Special Agencies	
Certified Family Homes (CFH)	CFHs are certified by foster family agencies.

Background Check. Applicants, licensees, adult residents, and employees of community care facilities who have client contact must receive a criminal background check. An individual submits fingerprint imaging to the California Department of Justice (DOJ). The Caregiver Background Check Bureau, within CCL, processes and monitors background checks. If an individual has no criminal history, DOJ will forward a clearance notice to the applicant or licensee and to the Caregiver Background Check Bureau within the Community Care Licensing Division. If an individual has criminal history, DOJ sends the record to the Bureau, where staff reviews the transcript and determines if the convictions for crimes may be exempt. For individuals associated with a facility that cares for children, an additional background check is required through the Child Abuse Central Index. According to DSS, there are approximately 175,000 fingerprint submissions annually, with approximately 1,300 (0.6 percent) individuals denied criminal record exemptions.

Facility licensing practices and requirements. All facilities must meet minimum licensing standards, as specified in California's Health and Safety Code and Title 22 regulations. According to DSS, around 1.4 million Californians rely on CCL enforcement activities to ensure that the care they receive is consistent with standards set in law.

DSS must conduct pre- and post-licensing inspections for new facilities, including when a previously licensed facility changes hands. In addition, the department must conduct unannounced visits to licensed facilities under a statutorily required timeframe. Prior to 2003, these routine inspection visits were required annually for all facilities except family child care homes, which received at least triennial inspections. In 2003, a human services budget trailer bill AB 1752 (Budget Committee), Chapter 225, Statutes of 2003, reduced the budget for CCL by $5.6 million, and reduced the frequency of these inspections. As a result, CCL must visit a small number of specified facilities and conduct random, comprehensive visits to at least 10 percent of the remaining facilities annually.

Ultimately, the department must visit all facilities at least once every five years, which is less frequent than required in most states. In addition, there is a "trigger" by which annually required inspections increase if citations increase by 10 percent from one year to the next. For FY 2012-13, the annual required inspection requirement was met 80 percent of the time, while the annual random inspection requirement was met 94 percent of the time.

Below is a chart that summarizes the type of inspection conducted in licensed facilities, how many inspections utilized the Key Indicator Tool (KIT), and how many comprehensive inspections were triggered after the KIT.

CCL Inspections in All Facilities
By Type of Inspection and Protocol
Fiscal Year 2012-13

Type of Inspection	Total of Inspections	How many inspections utilized the Key Indicator Tool (KIT)?	How many inspections that utilized the KIT triggered a comprehensive inspection?
Annual Required Inspection	6,054	5,515 (91.1%)	419 (7.6%)
Random Inspection	17,233	16,682 (96.8%)	1,217 (7.3%)
Required Five-Yr. Visit	3,984	3,673 (92.2%)	375 (10.2%)

*As of SFY 2012-13 Quarter 3, CDSS is able to document percentage of inspection visits utilizing comprehensive versus KIT. Additionally, CDSS is now able to document the percentage of KIT visits that triggered a comprehensive visit.

Key Indicator Tool. After the 2003 changes, and because of other personnel reductions,[2] CCL fell behind in meeting the visitation frequency requirements. In response, DSS designed and implemented the key indicator tool (KIT), which is a shortened version of CCL's comprehensive licensing inspection instruction, for all of its licensed programs. The KIT complements, but does not replace, existing licensing requirements. A KIT measures compliance with a small number of rules, such as inspection review categories and facility administration and records review, which is then used to predict the likelihood of compliance with other rules. Some facilities, such as facilities on probation, those pending administration action, or those under a noncompliance plan, are ineligible for a key indicator inspection and will receive an unannounced comprehensive health and safety compliance inspection.

CCL contracted, until December 31, 2014, with the California State University, Sacramento, Institute of Social Research (CSUS, ISR) to provide an analysis and recommendations regarding the development and refinement of the KIT. CSUS, ISR is currently reviewing and analyzing four years of licensing data, both pre and post KIT implementation. However, due to the unforeseen data clean-up and the narrative basis of the data, the project's approach is currently being re-examined.

Complaints. Complaints are handled at regional offices. Licensing analysts, who would otherwise be conducting inspections, stay in the regional office, two times a month, to receive complaint calls and address general inquiries and requests to verify licensing status from the public. CCL must respond to complaints within 10 days, and may conduct related onsite investigations. During FY 2012-13, DSS received 13,127 complaints and initiated 12,996 (99 percent) of these investigations within ten days of receipt. The department indicates that as of February 10, 2014, there are 5,291 complaints pending, of which 3,151 (59.5 percent) have been ongoing more than 90 days.[3] The table, created by the LAO, denotes the division's open and overdue complaints, as of January 2015.

Community Care Licensing (CCL) Division's Open and Overdue Complaints
January 2015

Facility Type	Total Open Complaints	Complaints Open Over 90 Days[a]
Child care	550	65
Children's residential care	1,615	820
Adult and senior care	2,505	1,565
Totals	**4,670**	**2,450**

[a]CCL allots a 90–day period for investigating and addressing substantiated complaints. Complaints that remain open beyond 90 days are referred to as "overdue" complaints.

Licensing fees and penalties. Licensed facilities must pay an application fee and an annual fee, which is set in statute. The revenue from these fees is used to partially offset the cost of CCL enforcement and oversight activities. In addition to these annual fees, facilities are assessed civil penalties if they are found to have committed a licensing violation. Civil penalties assessed on licensed facilities are deposited into the Technical Assistance Fund, and are required to be used by the department for technical assistance, training, and education of licensees.

[2] CCL estimates that over 15 percent of its staff was lost due to retirements, transfers, and resignations, as well as a prolonged period of severe fiscal constraints.
[3] DSS notes that due to the complexity of complaints and other entity involvement, such as law enforcement, complaints may require more than 90 days of investigation.

In FY 2013-14,, CCL collected 94 percent of its annual fees. During state FY 2012-13, CCL invoiced $1,370,400 in civil penalties; the amount of civil payments received for FY 2012-13 was $572,000.[4]

Recent Events. Several high-profile cases in child and adult residential facilities recently surfaced, pertaining to the following:

- 2011 Bureau of State Audits report.[5] In October 2011, the California State Auditor issued a report, which found that more than 1,000 addresses for licensed facilities and out-of-home child placements matched with addresses for registered sex offenders in the DOJ's Sex and Arson Registry. DSS immediately began legal actions against eight licensees and issued 36 exclusion orders, barring individuals from licensed facilities; counties also removed children and ordered sex offenders out of homes. While county child welfare service agencies performed the required background checks, the audit report found that they did not consistently notify DSS of deficiencies or forward required information to DOJ.

- Castro Valley Assisted Living Facility. In October 2013, DSS closed Valley Springs Manor, a Residential Care Facility for the Elderly (RCFE) located in Castro Valley, but news articles reported that more than a dozen elderly residents were left in the facility more than two days after the state ordered the facility to be closed.

Budget actions. Last year, the budget included $7.5 million ($5.8 million GF) and 71.5 positions for quality enhancement and program improvement measures. The additional positions and resources seek to improve the timeliness of investigations; help to ensure the CCL Division inspects all licensed residential facilities at least once every five years, as statutorily required; increase staff training; establish clear fiscal, program, and corporate accountability; develop resources for populations with medical and mental health needs; and updated facility fees. The budget recognized that although CCL currently has no staff with medical expertise, DSS licenses facilities that do allow for incidental medical care. Of the 71.5 positions, all positions, except the one nurse practitioner position, which was intended to develop a process and regulations regarding medical conditions and treatments, have been filled. In addition, recent events surrounding Castro Valley exposed the division's limited ability to effectively levy and collect fines, shut down poor performing actors, and recoup related expenses. In response, the budget also established a temporary manager and receivership process. The 2014 budget also included statutory language noting the Legislature's intent to increase the frequency of CCL–regulated facility inspections to annually for some or all facilities.

Staff Comment & Recommendation. This is an informational item, and no action is required.

Questions

1. DSS: Please provide a brief overview of CCL's program and budget, including an update on implementation of last year's budget actions and the department's contract for the KIT analysis. When can the Legislature expect to see a report on whether the KIT has been successful and accurate in identifying compliance?

[4] The department notes that civil payments may not coincide with the invoiced amount because payments in FY 2012-13 may have been for civil penalties assessed in the previous fiscal years. Also, penalty assessments may be appealed, reduced, or dismissed.

[5] Full text of the 2011 report can be found at http://www.bsa.ca.gov/pdfs/reports/2011-101.1.pdf.

2. BCP #3 & TBL 601: CCL Next Phase: Quality Enhancement

Budget Issue. 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. The proposal is comprised of two objectives: 1) strengthen enforcement, and 2) improve performance, quality, and outcomes.

Strengthen enforcement. This phase of the quality enhancement and program improvement addresses one of the most significant impacts resulting from the sustained decrease in inspection frequency, which over-relies on complaints as the primary means to monitor facilities. The department 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. The table (below), created by the LAO, compares current law to the Governor's proposed inspection requirements, by facility type and over time.

Inspection Frequency: Current Law and Governor's Proposal, by Facility Type

Facility Type	Current Law	Governor's Proposal Stage 1: January 2017	Governor's Proposal Stage 2: January 2018	Governor's Proposal Stage 3: January 2019
	Inspections must occur at least once every. . .			
Child care facilities	5 years	3 years	3 years (unchanged from stage 1)	3 years (unchanged from stage 1)
Children's residential care facilities	5 years	3 years	2 years	2 years (unchanged from stage 2)
Adult and senior care facilities	5 years	3 years	2 years	1 year

The CCL division would continue to conduct random inspections on at least 30 percent of all facilities annually, as is current practice. The department also assumes the need for three additional regional offices, strategically located throughout the state, for licensing staff.

Performance, quality, and outcomes. Specifically, of the nine positions to expand technical assistance and establish a Southern California training unit, the budget assumes two positions for the Child Care Advocate Program; three positions for the Technical Support Program (TSP) for residential care facilities; and four positions to establish a training unit in Sothern California. Currently, there is only one unit located in Sacramento that trains all new licensing program analysts.

Trailer bill. The budget provides for an accompanying trailer bill that proposes language to implement the provisions discussed above.

Background. For background on the CCL, please see pages 10-14 of the agenda.

LAO Comment and Recommendation. In the *2015-16: Analysis of the Human Services Budget*, the LAO finds that the Governor's proposal is responsive to the Legislature's interest in decreasing the time interval between required inspections. Increasing the inspection frequency for all facility types to at least once every three years (the first stage of the Governor's proposal) is a reasonable first step. However, future–year changes to further increase inspection frequencies should be based on the need for targeted inspections of the most problematic facilities as identified by data analysis rather than solely on broad facility type, as proposed by the Governor.

- Inspection frequency. Inspections that are more frequent could help overcome some of the recent health and safety incidents discovered at facilities under the regulatory purview of CCL, including incidents of neglect and abuse. Although a three–year inspection interval appears to be a reasonable minimum standard for inspection frequency moving forward, the optimal inspection interval is difficult to identify and likely varies among facilities. The LAO recommends that the choice of increased inspection frequencies (above the once every three years level) be based on data that target resources to individual facilities with the greatest likelihood of improving compliance. Also, the LAO recommends only approving stage one of the Governor's proposal, while directing DSS to develop a data–driven model to determine the appropriate frequency of inspections for the future stages of the Governor's plan.

- Workload study. Also, the LAO raises concerns about the Governor's request for staffing resources, which is based on a 2001 outdated workload study. In some cases workload has increased, such as through the addition of new statutory responsibilities. On the other hand, the introduction of the Key Indicator Tool has reduced workload for licensing analysts. The net effect of these changes on licensing analysts' workload is uncertain. Therefore, the 2001 study may no longer accurately reflect a licensing analyst's workload. To the extent possible, the approved level of staffing should reflect the findings from an updated workload study currently in progress.

- Impact of Child Care and Development Block Grant (CCDBG). The recent reauthorization of the federal CCDBG requires annual inspections of child care facilities, as a requirement of continued federal funding. The Administration is awaiting additional federal guidance, although the earliest deliverable date is March 2016, for a three-year state plan. For additional information and discussion about the CCDBG, please see Senate Subcommittees No. 1 on Education and No. 3 on Health and Human Services agenda for their April 16, 2015 hearing.

In addition, the LAO recommends that the Legislature consider the following:

- Approve the following positions:
  - 13 two–year, limited–term positions and associated expenditure authority to address the backlog in overdue complaints;
  - 1.5 nurse consultant positions to provide medical expertise to licensing analysts;
  - Five positons to expand CCAP and reestablish TSP;
  - Four positions and associated expenditure authority to establish a new Southern California training unit and to extend ongoing training offerings to current managers and licensing analysts.

<u>Staff Comment and Recommendation</u>. Hold open both proposals. The Administration proposes significant investment into the department's licensing improvement efforts, which appears to be responsive to the Legislature's interests, but most importantly, protects the nearly 1.4 million Californians in the 66,000 facilities statewide. The department builds on the momentum and leadership from last year's budget actions and various policy vehicles to increase training of staff, centralize complaints, enhance health and safety of clients, improve customer service, and modernize the licensing process. However, the Governor's proposal sets inspection frequencies based on three very broad categories of facility type, and based on the degree to which "informal" oversight is available. For example, child care facilities receive the highest level of informal oversight through the flow of parents in and out of facilities on a daily basis. By comparison, the Administration indicates adults and seniors are the most vulnerable as they receive the least amount of informal oversight and therefore require the most frequent inspections.

Staff recommends holding open both the budget proposal and associated trailer bill for further discussion.

<u>Questions</u>

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

2. DSS: What steps will the department take to ensure that a three-year ramp-up is feasible and remains on track?

3. DSS: How did the department determine the appropriate inspection frequency for each type facility?

4. DSS: How is the department considering and working with the Department of Education in compliance with the CCDBG for child care facility inspections?

3. TBL 600: Continue Suspension of Fingerprint Licensing Fee Exemption

Budget Issue. The Administration proposes suspending, for two additional years, existing law that prohibits the Department of Social Services (DSS) and the Department of Justice (DOJ) from charging a fee to process a criminal history check of individuals who are licensed to operate child and adult facilities, to provide care in a facility, or who reside at that facility. Specifically, this proposal allows DSS to charge fees for this criminal history check.

Background. Individuals who are licensed to operate child and adult facilities, to provide care to clients in those facilities, or who reside at a facility must undergo a comprehensive background check. DSS requires a fingerprint-based background check from the DOJ and from the Federal Bureau of Investigation (FBI) for individuals wishing to provide care. DOJ bills the department $35 per person ($17 for the FBI and $18 for the Live Scan service). For individuals associated with children's facilities that serve six or fewer children, the background check also includes a check of the Child Abuse Central Index (CACI), which incurs an additional $15 fee.

Justification. According to the Administration, since 2003-04, budget trailer bill language has been enacted annually to suspend existing statute that prohibits the DSS from charging the fingerprint licensing fee to process a criminal history check of specified individuals. To the extent the prohibition to charge a fee is not suspended, and fee collection for this service ended, the state must fund this activity with GF.

Staff Comment & Recommendation. Approve and adopt placeholder trailer bill language. Staff recommends approving the proposal, as no concerns have been raised.

Questions

1. DSS: Please briefly summarize the trailer bill language.

4. BCP #7: AB 1217 - Home Care Services Consumer Protection Act

Budget Issue. The Administration proposes a General Fund loan of $5.5 million to the Home Care Fund, utilizing $4.3 million for staff resources[6] (25.5 permanent, 11.5 limited-term for a total of 37 positions in 2015-16). The Administration states that the General Fund will be repaid with fee revenue in future years, and the new program will be entirely fee-supported. These resources will enable to timely implementation of AB 1217 (Lowenthal), Chapter 790, Statutes of 2013, which requires DSS to regulate home care organizations and provide for background checks of affiliated, and independent, home care aides who wish to be listed on a registry. Implementation will begin on January 1, 2016.

Background. AB 1217 enacted the Home Care Services Consumer Protection Act, effective January 1, 2016. The Act requires DSS to:

- Develop licensing requirements to regulate organizations that hire aides;
- Obligate licensee and aide applicants of the HCOs to submit to state and federal criminal background checks; and,
- Maintain a public Web-based registry, which will list aides who have passed a criminal background check and which home care organization(s) an aide is affiliated, if applicable.

Aides, who are employed by a HCO as of January 1, 2016, will have until July 1, 2016, to complete their background check. The department estimates that around 70,000 background checks need to be conducted. AB 1217 also provides that DSS has no responsibility for the oversight of home care aides (HCAs). Independent home care aides, who are not employed by a licensed home care organization, are not subject to regulatory oversight, but may voluntarily apply to be listed on the registry.

Finally, AB 1217 established the Home Care Fund, into which fees of the home care organizations and aides will be deposited to repay the GF loan. AB 1217 required that the Act to be fully supported by fees paid by the HCO and home care aides.

2014 Budget Act. Last year, the budget included General Fund for vendor contract funding ($251,000) and ten positions to establish, and maintain, the operational and administrative components of the Home Care Services Consumer Protection Act.

Staff Comment & Recommendation. Approve. Staff recommends approving the proposal, as no concerns have been raised.

Questions.

1. DSS: Please briefly summarize the proposal.

2. DSS: How has the Administration involved stakeholders in the development of this proposal?

[6] 24 permanent and 9.5 two-year limited term positions in the Community Care Licensing Division; three permanent positions, effective January 1, 2016, in the legal division; and an extension of two one-year limited-term positions in the information systems division

5. BCP #52: Residential Care Facilities for the Elderly – Related Legislation

Budget Issue. The budget requests $2.3 million General Fund to fund 8.8 permanent and 5.3 limited-term positions, for a total of 14.1 in 2015-16, at a cost of to implement recently enacted legislation.

Background. Last year, the Governor signed 19 bills to reform licensing programs, as administrated by the Community Care Licensing Division to improve the quality of care and improve department oversight. These bills focused on improving Residential Care Facilities for the Elderly (RCFE) care, empowering residents, and providing the department will tolls to ensure compliance with regulatory standards. Specifically, these new laws increase civil penalties for licensed facilities throughout the state and, for RCFEs, prohibits problem licensees from admitting new residents, strengthens residents' personal rights, and expands training to increase compliance.

The budget proposes staffing to implement the following legislation:

Improve training requirements for RCFE staff:

- AB 1570 (Chesbro), Chapter 698, Statutes of 2014, which increased training to 80 hours of coursework (60 hours of which must be in-person) for applicants and direct care staff at RCFEs;
- SB 911 (Block), Chapter 705, Statutes of 2014, which increased training for RCFE administrators and create new civil penalties for discriminating or retaliating against a resident or employee for calling 911;

Promote alternative to license revocation:

- AB 2236 (Maienschein and Stone), Chapter 813, Statutes of 2014, which increased civil penalties for licensed facilities;
- SB 1153 (Leno), Chapter 706, Statutes of 2014, which placed a prohibition on new clients for some RCFEs; and,

Expand personal rights of residents in RCFEs:

- AB 2171 (Wieckowski), Chapter 702, Statutes of 2014, which expanded personal rights of residents in RCFEs.

Staff Comment and Recommendation. Approve. Staff recommends approving the request for positions to implement the enacted legislation.

Question

1. To DSS: Please briefly describe how the positions will implement the related legislation.

6. BCP #12: Staffing to Detect Registered Sex Offenders in Out-of-Home-Care

Budget Issue. The Administration requests $443,000 total funds ($364,000 General Fund) to make permanent four two-year limited-term positions that are set to expire on June 30, 2015.

Background. In a 2011 report, *California Can and Must Provide Better Protection and Support for Abused and Neglected Children*, the Bureau of State Audits found over 1,000 addresses in the Department of Justice's Sex Offender Registry (DOJ SOR) match addresses of department of county licensed facilities or homes of children in the child welfare system. The report recommended the department and counties regularly compare addresses reported to the DOJ against addresses of current and prospective caregivers in the Licensing Information System (LIS) and the Child Welfare Services Case Management System (CWS/CMS).

Currently, the Department of Social Services (DSS) conducts address matches with DOJ's California Sex Offender and Arson Registry, the LIS, and CWS/CMS. The Budget Act of 2013-14 established positions to investigate complaints and a position in the information systems division.

Justification. According to the department, "At this time, limited-term and existing staff have been redirected to identify and remove RSOs on a temporary basis. The redirection of this staff significantly delays critical responsibilities, including investigation; legal support; criminal arrest inquiries; and agency referrals."

Staff Comment and Recommendation. Approve. Making permanent these positions would help the department achieve compliance with applicable laws related to tracking sex offenders residing in facilities; conduct monthly analysis and review of DOJ SOR address data, as normalized and compared by the RSO match process; and provide policy direction, education, and technical assistance to county welfare and probation departments to correctly investigate address matches.

Staff recommends approving the proposal, as no concerns have been raised.

Question

1. DSS: Please briefly summarize the proposal.

2. DSS: Since the creation of these positions, in 2013-14, how many addresses in the DOJ registry matched addresses of DSS or county licensed facilities in the homes of children in the child welfare system?

7. BCP #54: Positions to Implement Assembly Bill 388

Budget Issue. The Administration requests $726,000 General Fund to establish two permanent and 4.5 limited-term positions to implement AB 388 (Chesbro), Chapter 760, Statutes of 2014. The department notes that it will return with a subsequent request for permanent licensing program analyst positions.

Background. AB 388 requires DSS to include in its annual listing of licensed community care facilities the number, types and outcomes of licensing complaints made by facility staff or children in group homes and other youth residential facilities. It requires facilities to report to DSS any incidents concerning a child involving contact with law enforcement and DSS to inspect those facilities reporting an excessive number of calls to law enforcement. It also requires DSS to cross-report internally and to the Department of Health Care Services (DHCS) depending upon which entity licensed the facility.

Staff Comment and Recommendation. Approve. As the number of facility inspections is expected to increase, the department expresses its need for additional staff to review protocols, collect data from facilities, and make data available to county child welfare agencies, juvenile courts, and the public. In addition, given the recent congregate care reforms and recommendations put out by the department, the trajectory of existing group home licensure and inspection frequency may need to be further evaluated. Staff recommends approving the positions to implement AB 388.

Question

1. To DSS: Please briefly summarize the proposal and need for the positions.

2. To DSS: How are these positions being coordinated with the Continuum of Care Reform process? Does the department anticipate an equal number of facility inspections annually, as group homes are recommended to be re-classified into short-term residential treatment centers (STRTCs)?

5180 Department of Social Services – CalFresh

1. Overview and Governor's Budget

Budget Issue. The Governor's budget includes $2.0 billion ($0.7 billion GF) for CalFresh administration in 2015-16, a $67.4 million ($13.7 million GF) decrease from the 2014-15 appropriation. This decrease is largely attributable to revised caseload projections. The base CalFresh caseload is projected to increase 6.9 percent in the current year, and an additional 6.4 percent in 2015-16. The CalFresh caseload is projected to reach an average of 1.9 million households in 2014-15 and 2.0 million households in 2015-16.

Background. CalFresh is California's name for the national Supplemental Nutrition Assistance Program (SNAP). As the largest food assistance program in the nation, SNAP aims to prevent hunger and to improve nutrition and health by helping low-income households buy the food they need for a nutritionally adequate diet. CalFresh food benefits are funded nearly exclusively by the federal government.

A Snapshot

- In 2014, approximately 1.9 million households (4.2 million people) received CalFresh benefits.
- More than half of recipients are children.
- Average monthly benefit per household is $308.
- In 2012, nearly 4 million Californians were food insecure.

Californians are expected to receive a $8.0 billion (all federal funds) in CalFresh benefits in 2014-15, rising to $8.5 billion in 2015-16. According to the U.S. Department of Agriculture's Economic Research Service, every $5 in new SNAP/CalFresh benefits generates as much as $9 of economic activity (gross domestic product), which represents a multiplier effect of 1.79.

CalFresh benefits are provided on electronic benefit transfer (EBT) cards, and participants may use them to purchase food at participating retailers, including most grocery stores, convenience stores, and farmers' markets.[7] In an average month in 2012-13, approximately $630 million in CalFresh food assistance was disbursed to around 4.2 million Californians. The average monthly benefit per household is around $308 ($143 per person). Since 1997, California has also funded the California Food Assistance Program (CFAP), a corresponding program for legal permanent non-citizens, who are ineligible for federal nutrition assistance due to their immigration status. The proposed CFAP budget includes $65.6 million GF for food benefits, with an expected average monthly caseload of around 19,000 households (with about 47,000 recipients).

Eligibility and benefits. CalFresh households, except those with an aged or disabled member or where all members receive cash assistance, must meet gross and net income tests. Most CalFresh recipients must have gross incomes at or below 130 percent of the federal poverty level (which translates to approximately $2,008 per month for a family of three) and net incomes of no more than 100 percent of the federal poverty level ($1,545 per month for a family of three), after specified adjustments. The average monthly benefit per household is around $339 ($151 per person).

[7] Non-allowable items under CalFresh include: alcoholic beverages, tobacco products, medicines, vitamins, or any non-food items, like pet food, soap, household supplies, or cosmetics.

Efforts to improve participation. The participation rate for the working poor population was 65 percent nationally. California's overall participation rate was the lowest in the nation at an estimated 55 percent.[8] California's participation rate[9] for the working poor population was also the lowest in the nation at an estimated 49 percent.[10] Reasons offered for California's poor performance with respect to CalFresh participation include, among others, a lack of knowledge regarding eligibility among individuals who are eligible, frustration with application processes, concerns about stigma associated with receiving assistance, and misconceptions in immigrant communities about the impacts of accessing benefits.

Several recently enacted program changes seek to improve CalFresh program participation. Some of those program changes include:

1. Elimination of fingerprint imaging requirement. AB 6 (Fuentes), Chapter 501, Statutes of 2011, eliminated the fingerprinting requirement, which was intended to prevent duplicate receipt of aid. However, fingerprint imaging created the perception of stigma and other measures were already in place to prevent duplicative receipt.

2. Semiannual reporting. Evidence suggested that a number of CalFresh households may leave the caseload after failing to correctly submit regular reports, only to reapply a few months later. AB 6 also amended the reporting requirement from three quarterly reports in a certification period to one report in a certification period.

3. Face-to-face interview waiver. All counties offer telephone interview in lieu of a face-to-face interview for intake and recertification appointments for CalFresh-only clients.

DSS indicates that California continues to make significant program changes to increase access to the CalFresh program. Several of these changes were included in recently enacted legislation or administrative decisions to streamline application and other administrative policies. In addition to other recent forums for county/state dialogue about CalFresh efficiency and increased participation, and partly in response to a request from this subcommittee last year, the Director of DSS has also asked each county to undertake a goal-setting process with respect to increased participation.

2014 Federal Farm Bill. Every five years, Congress passes legislation, known as the "Farm Bill," which contains provisions governing federal policy for agriculture, nutrition, conservation, and forestry. On February 7, 2014, President Obama was signed the Agricultural Act (Act) of 2014,[11] enacting sweeping changes to federal nutrition programs, including $8.6 billion cuts from the Supplemental Nutrition Assistance Program. Specifically, the federal Farm Bill will:

[8] DSS has noted that the federal government does not count the state's "cash-out" policy for SSI/SSP recipients (whereby those individuals receive a small food assistance benefit through SSP and are not eligible for additional CalFresh benefits) in its participation rate. The Department estimates that the state's participation rate could be a few percentage points higher if many those individuals who would otherwise be eligible for CalFresh were counted as participating. The state would still have the lowest participation rate in the nation.
[9] While this is the participation rate methodology recognized by the federal government, there has been continuous debate about the accuracy of this methodology for California due to the underrepresentation of the immigrant population in the census data.
[10] While California's caseload has doubled in recent years, this does not necessarily alter the state's participation rate in a significant way because the number of eligible households and individuals has also risen steeply.
[11] H.R. 2642 (Stabenow), P.L. 113-79

- Clarify certain SNAP eligibility rules, in that lottery winners and specified college students are not eligible for SNAP.
- Strengthen SNAP program integrity and combat benefits trafficking.
- Test strategies to connect more SNAP participants to employment, including a pilot project to spark state innovation.
- Improve access to healthy food options by requiring stores to stock more perishable foods and testing new ways for clients to make purchases with their SNAP benefit card.

Several provisions impacted California; specifically:

- LIHEAP payments made to households, in order to get the automatic Standard Utility Allowance, must be greater than $20 annually.
- No funds appropriated by the Farm Bill may be used for recruitment activities, designed to persuade an individual to apply for SNAP.
- Excessive requests for replacement EBT cards may be declined, unless the household provides an explanation for the loss.
- The promotion of "physical activity" is now permitted as use of the federal Nutrition Education funding.

Staff Comment and Recommendation. Information included for discussion; no action needed. Research finds that food-insecure adults face higher risks of chronic diseases, like diabetes and hypertension, as well as depression and poor mental health. For children, food insecurity is also linked to poor academic outcomes.

Questions

1. DSS: How can the state partner with local agencies to ensure that eligible low-income Californians receive federally-funded CalFresh food benefits?

2. DSS: What opportunities have been leveraged to reach more Californians during ACA implementation?

2. BCP #11: CalFresh Technical Assistance & Program

Budget Issue. The Administration requests $747,000 in federal expenditure authority for six positions to support SNAP-Ed implementation by conducting ongoing fiscal and programmatic program reviews, improved contract oversight, and to increase the level of technical assistance to state implementing agencies and local implementing agencies.

Background. SNAP-Ed, known as CalFresh Nutrition Education in the state, is a 100 percent federally-funded program, which offers nutrition education to millions of CalFresh eligible, low-income individuals. California receives more SNAP-Ed funding than any other state in the country – a total of $136 million. As a result of this funding increase, the department must ensure appropriate program management and oversight, as required by the U.S. Department of Agriculture, Food, and Nutrition Services (US-FNS)'s management evaluation of the department. Federal emphasis on nutrition education and obesity prevention has increased signification, such as an increase in program tracking requirements and increase in data being reported to the federal government.

In addition, the number of contractors and grantees has increased to five implementing agencies, including the department with 19 county welfare departments and 105 local implementing agencies. Examples of state agencies and partner non-profit organizations include the Department of Public Health, Nutrition Education Obesity Prevention Branch, the U.C. Davis CalFresh Nutrition Education Program, Department of Aging, and the Catholic Charities of California.

The federal government has approved the additional funding for these six positions.

Staff Comment and Recommendation. Approve. As the requests positions have no state GF implication, staff recommends approving the positions.

Question

1. DSS: Please summarize the proposal.

3. Drought Food Assistance Program

Budget Issue. In January 2014, Governor Brown declared an emergency drought. SB 103 (Budget and Fiscal Review), Chapter 2, Statutes of 2014, enacted the $687 million drought relief package. SB 103 includes provisions that provide up to $25 million General Fund to the Department of Social Services (DSS) for drought food assistance. AB 91 (Budget), Chapter 1, Statutes of 2015 provides $17 million and re-appropriates an existing $7 million General Fund to expand food assistance to persons affected by the drought to include the counties of Imperial, San Luis Obispo, Santa Barbara, Ventura, and Coachella Valley in Riverside County.

Background. The CalFresh program is intended to help families prevent hunger, with emergency food programs as a safety net resource. To be eligible for food programs, a recipient must have income below 150 percent of federal poverty level, be a local resident, and use the food received in their personal home. The Drought Food Assistance Program (DFAP) is the temporary program developed in response to the Governor's Drought Emergency Declaration, and seeks to provide food assistance to drought-affected communities with high levels of unemployment.

Distribution timeline. DFAP food is provided by the California Emergency Foodlink, the non-profit CDSS contractor which normally purchases and distributes USDA food statewide. Counties that will receive DFAP are those with unemployment rates that were above the state-wide average in 2013, and which have a higher share of agricultural workers than California as a whole. For 2013, the average unemployment rate for California was 8.9 percent, and the share of workers employed in agriculture was 2.64 percent. Receiving counties include Amador, Butte, Colusa, Fresno, Glenn, Kern, Kings, Lake, Lassen, Madera, Merced, Modoc, Monterey, San Benito, San Joaquin, Santa Cruz, Sierra, Siskiyou, Stanislaus, Sutter, Tehama, Tulare, Yolo, and Yuba.[12] AB 91 also added four counties and the Coachella Valley to those eligible to receive DFAP.

According to the department, as of January 2015, DFAP has provided over 400,000 boxes to food banks that have distributed boxes to nearly 190,000 households.

Eligibility and content. Household DFAP eligibility is based on a self-certification process, whereby recipients identify themselves as the head of a household in an affected community where the household's unemployment or underemployment is directly related to the drought. DFAP food boxes are prepackaged, weigh approximately 25 pounds, and designed to provide food for a household of four people for about five days. Contents include, among others, spaghetti, pinto beans, apple sauce, green beans, corn, and tomato sauce.

Outreach. The department envisions that participating food banks will inform affected households of the location and availability of DFAP food distributions. Food banks are expected to collaborate with other local community organizations that may be engaged with these families. Eligible households with longer-term needs also will be offered information and assistance in applying for CalFresh.

[12] According to DSS, this list is subject to change, as more information about drought impacts becomes available, including the results of a University of California, Davis, study that is currently underway.

<u>Staff Comment & Recommendation</u>. The item is informational and is included for discussion. No action is required.

<u>Questions</u>

1. DSS: Please briefly provide an overview of the drought emergency food assistance, the food banks' role in food distribution, and who is eligible for DFAP.

2. DSS: Please provide an update on the newly eligible counties and areas who may qualify to receive DFAP boxes.

4. Proposals for Investment

The subcommittee received the following requests for investment.

4A. State Emergency Food Assistance Program

Panelist: SEFAP - Andrew Cheyne, Policy Director, CA Association of Food Banks

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.

4B. Nutrition Incentive Program/Market Match

Panelist: Justin Rausa, Policy Director, Roots of Change

Budget Issue. A large coalition of organizations has written with the "Market Match" proposal, led by Roots of Change, Latino Coalition for a Healthy California, Ecology Center, and the Public Health Institute. This proposal would provide annually $5 million General Fund 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. Hold open. Staff recommends keeping the above proposals for investment open for further discussion and review.

5180 Department of Social Services – Other

1. TBL 604: Employment Development Data Sharing

Budget Issue. The Administration proposes trailer bill language that authorizes the Employment Development Department (EDD) to share data with federal, state, or local government departments or agencies, or their contracted agencies, to support social services administration.

The department notes that there are no additional costs associated with this issue. Instead, the Department of Social Services bears the cost for its existing data sharing agreement, which is accounted for in existing administration costs. The current inter-agency data sharing agreement is a three-year contract (July 1, 2014, through June 30, 2017) for approximately $89,000.

In addition the language posted on the Department of Finance's website, the department offers the following revision in paragraph (7) of Section 1095 of the UICS:

> (7) To enable federal, state, or local government departments or agencies, or their contracted agencies, subject to federal law **including the confidentiality, disclosure, and other requirements set forth in Part 603 of Title 20 of the Code of Federal Regulations,** to evaluate, research or forecast the effectiveness of public social services **programs** ~~**provided**~~ **administered** pursuant to Division 9 (commencing with Section 10000) of the Welfare and Institutions Code, or Part A of Title IV of the Social Security Act (42 U.S.C. Sec. 601 et seq.), when the evaluation, research, or forecast is directly connected with, and limited to, the administration of **the** public social services **programs**.

The above change clarifies the following:

- Emphasizes that CDSS will be subject to the confidentiality and disclosure requirements
- Notes that the purpose is to evaluate the effectiveness of public social services "programs administered," which addresses concerns that the data might be used for purposes other than the statutorily-authorized research projects.

Background. Existing law authorizes the use of EDD data for verification and eligibility purposes. However, it does not address data sharing for evaluation, research, budget development, and forecasting purposes. EDD does have the discretion to share with other government entities, but would prefer the establishment of explicit statutory authority. The three-year agreement between DSS and EDD to acquire confidential wage and Unemployment Insurance claim in formation files for current and/or previous public assistance and program recipients of CalWORKs, CalFresh, Medi-Cal, foster care, Supplemental Security Income, and In-Home Supportive Services Program. This agreement has been in place, and renewed, since 1996. Under this contract, DSS submits lists of Social Security numbers (SSNs) to match with EDD databases. This output data from EDD provides employer-reported quarterly earnings for nearly 95 percent of California employment. This data allows DSS to create analyses for internal research, budget development, performance monitoring, and program evaluation.

According to the department, most recently, San Francisco and Los Angeles counties have requested EDD data to conduct specific projects within their counties; however, EDD denied the requests, citing the inability for the DSS to re-disclose data to counties.

<u>Staff Comment and recommendation</u>. Hold open. The department and Employment Development Department have been working collaboratively on the language. In a letter received on March 2015, the federal Department of Labor expressed their support for the language conformity, "so long as all requirements for agreements, payment of costs, and safeguards and security requirements are adhered to [sic]." Any action taken in this subcommittee will also need a conforming action in Senate subcommittee No. 5 on Corrections, Public Safety, Judiciary and Labor, which includes EDD in its jurisdiction.

<u>Question</u>

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

5180 Department of Social Services – State Hearings Division (SHD)
0530 Health and Human Services Agency, Office of Systems Integration

1. Overview

State hearings, which are adjudicated by Administrative Law Judges (ALJs) employed through DSS, are used to provide due process to recipients of, and applicants for, many of California's health and human services' programs, including Medi-Cal, CalWORKs, CalFresh, and In-Home Supportive Services, when a recipient disagrees with a decision made by their local county welfare department. The *King v. McMahon* and *Ball v. Swoap* court decisions mandate that DSS provides recipients with timely due process for the adjudication of appeals hearings. Additionally, these court orders impose financial penalties on DSS for failing to adjudicate decisions within specified timeframes. The penalties are paid to the prevailing claimant. Federal mandates require that all requests for hearings be adjudicated within 90 days, or 60 days for CalFresh, of a recipient's request.

Penalty structure. Under the court orders, the minimum daily penalty amount is $5.00 per day, or a minimum of $50, whichever is greater. However, if 95 percent of all decisions are not issued within the required deadlines in a given month, the daily penalty rate for that programmatic category increases by $2.50 over the penalty rate being paid to claimants the previous month. In contrast, if 95 percent of all decisions related to that particular program are issued on time in a given month, the corresponding daily penalty rate decreases by $2.50 from the penalty rate being paid the previous month. The maximum daily rate under the court orders is $100 per day.

According to the department, since August 1, 2013, the State Hearings Division is currently achieving a 95 percent overall monthly timeliness each month, creating a steady decline in the daily rate in each program area. As of April 2015, the penalty rate per day of a late decision was $72.50 for Medi-Cal, $20 for CalWORKs, $5.00 for CalFresh, and $82.50 for IHSS. Penalties levied on the state for untimely SHD adjudication in 2012-13 totaled $5.2 million. In contrast, in January 2014, the penalty rate per day of a late decision was $82.50 for Medi-Cal, $55 for CalWORKs, $12.50 for CalFresh. The penalty rate per day for a late decision for IHSS remains the same at $82.50.

According to DSS, recent processing times, average penalties, and total penalties paid by program are listed below:

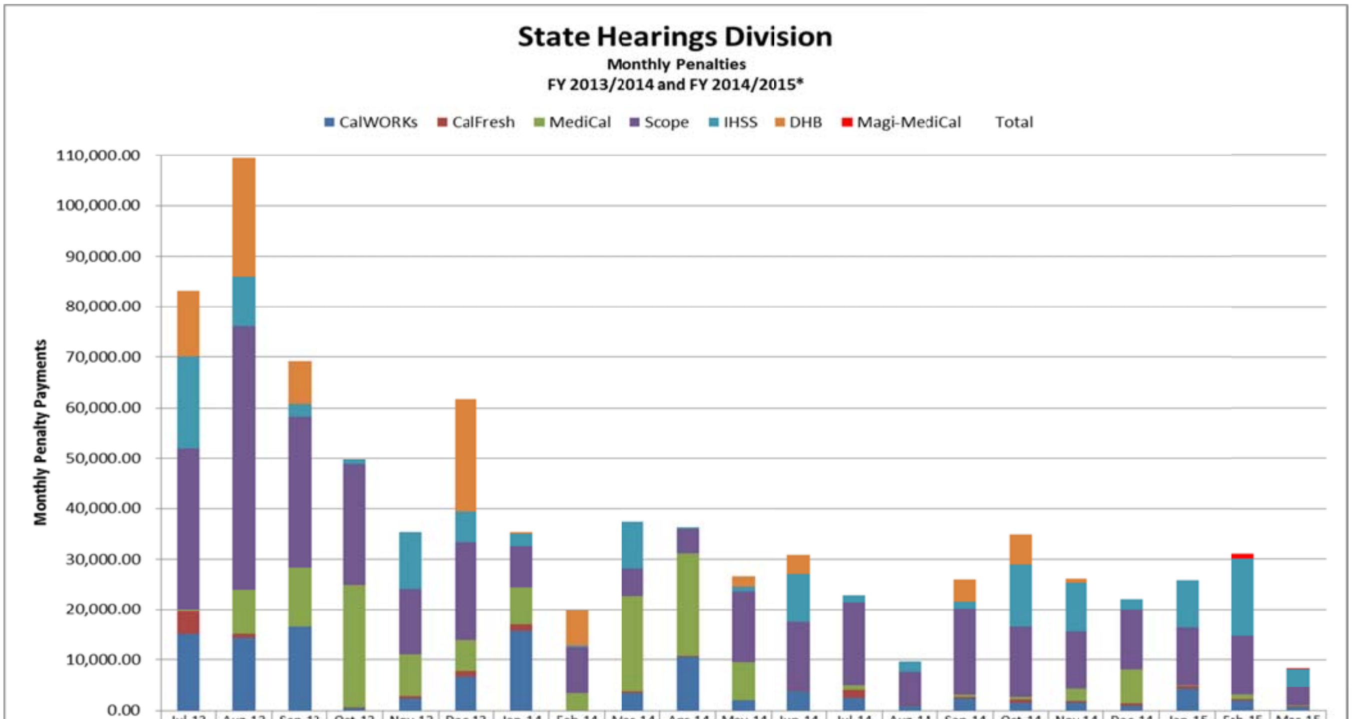
Program	Timeliness Requirement (In Days)	Average Processing Time of Late Cases (In Days)	Average Days Late	Average Penalty
CalFresh	60	81.09	21.09	$125.94
CalWORKs	90	104.28	14.28	$209.04
IHSS	90	101.57	11.57	$857.18
Medi-Cal	90	112.01	22.01	$1,478.60

State Hearing Penalties by Program for the Last 5 Fiscal Years

Total Penalties Paid by Program					
FY	CalWORKs	CalFresh	Medi-Cal	IHSS	Total
FY 08/09	$30,063	$6,670	$212,948	$1,430	$251,110
FY 09/10	$179,585	$43,422	$369,305	$158,790	$751,102
FY 10/11	$169,630	$67,988	$215,508	$231,320	$684,445
FY 11/12	$176,133	$59,170	$482,280	$389,158	$1,106,740
FY 12/13	$250,955	$54,948	$3,396,300	$597,618	$4,299,820
FY 13/14	$91,952	$8,807	$423,363	$71,133	$595,255
FY 14/15 YTD	$16,532	$4,030	$124,202	$54,003	$198,767

The department notes several contributing factors to the increase in penalties from fiscal years 2008-09 through 2012-13, such as a 26 percent increase in overall workload and inadequate resources from a hiring freeze, furloughs, and retirements. The Medi-Cal spike was associated with CBAS cases and was one-time workload.

In FY 2013-14, $595,255 was paid for penalty payments. Below is a chart that captures the monthly penalties, from FY 2013-14 to the current year, according to program.

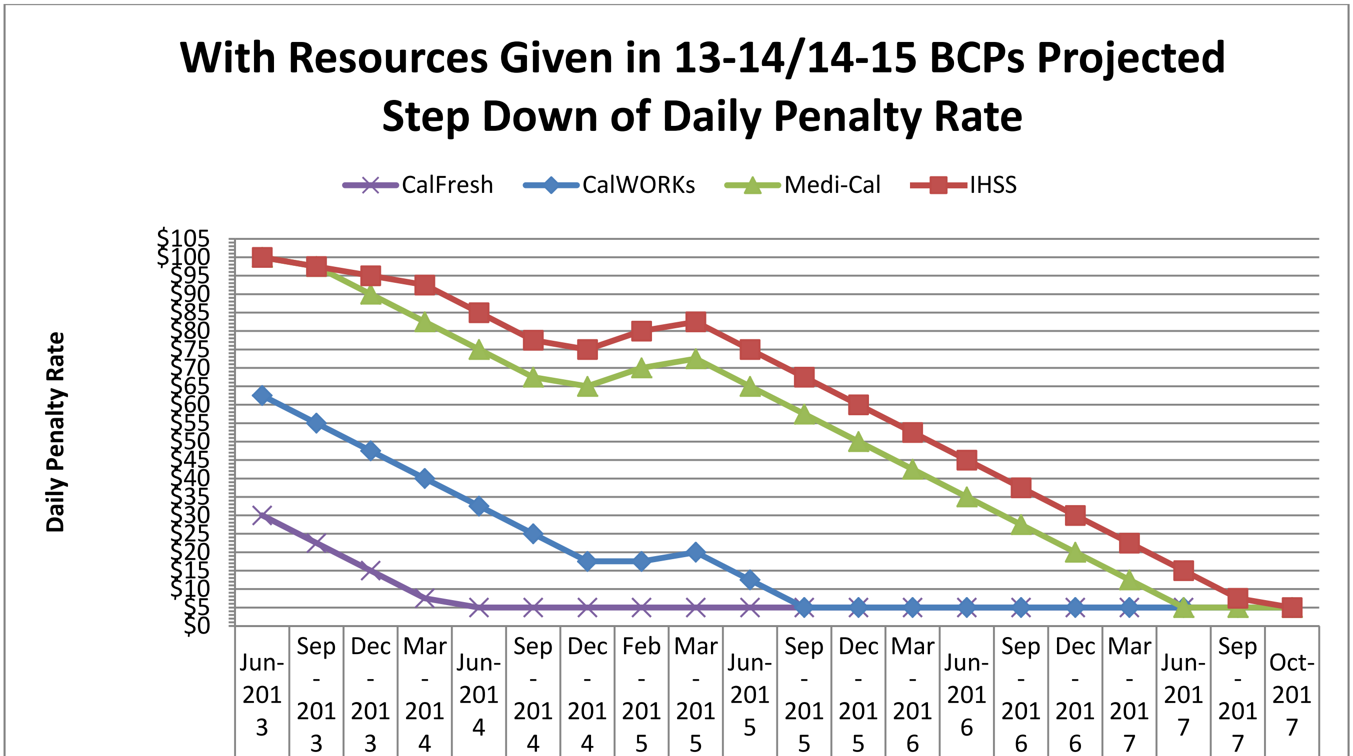


	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
Total	83,237.	109,534	69,205.	49,785.	35,299.	61,697.	35,335.	19,860.	37,437.	36,295.
Magi-MediCal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DHB	13,100.	23,500.	8,385.0	0.00	0.00	22,230.	350.00	7,055.0	0.00	0.00
IHSS	18,135.	9,900.0	2,437.5	855.00	11,100.	5,985.0	2,340.0	380.00	9,250.0	270.00
Scope	32,000.	52,100.	29,932.	23,940.	13,042.	19,530.	8,225.0	8,840.0	5,527.5	4,720.0
MediCal	400.00	8,900.0	11,895.	24,225.	8,325.0	6,120.0	7,350.0	3,485.0	18,892.	20,480.
CalFresh	4,482.5	700.00	0.00	240.00	382.00	1,230.0	1,225.0	50.00	207.50	140.00
CalWORKs	15,120.	14,434.	16,555.	525.00	2,450.0	6,602.5	15,845.	50.00	3,560.0	10,685.

	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Total	26,607.	30,960.	22,897.	9,595.0	26,070.	34,930.	26,230.	22,087.	25,952.	31,005.	8,290.0
Magi-MediCal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	840.00	72.50
DHB	2,015.0	3,825.0	0.00	0.00	4,387.5	5,850.0	875.00	0.00	0.00	0.00	0.00
IHSS	875.00	9,605.0	1,485.0	1,920.0	1,472.5	12,525.	9,687.5	2,100.0	9,532.5	15,280.	3,547.5
Scope	14,182.	13,350.	16,457.	6,580.0	17,077.	13,845.	11,375.	11,830.	11,475.	11,620.	3,625.0
MediCal	7,440.0	0.00	869.50	0.00	472.50	455.00	2,312.5	6,695.0	135.00	1,050.0	145.00
CalFresh	0.00	150.00	1,505.0	50.00	160.00	635.00	380.00	525.00	575.00	200.00	280.00
CalWORKs	2,095.0	4,030.0	2,580.0	1,045.0	2,500.0	1,620.0	1,600.0	937.50	4,235.0	2,015.0	620.00

Last year, the Governor’s budget proposed, and the Legislature approved, 41 permanent positions (24 ALJs and 17 support staff) to handle an increased state hearings caseload. DSS indicates that these late decisions are a result of caseload growth and that the amount of penalties has increased since 2006, totaling $1.1 million for 2011-12, and projected to be as high as $1.8 million yearly over the next three years.

The chart, as provided by the department, projects a declining penalty rate, as associated for the CalFresh, CalWORKs, Medi-Cal, and IHSS programs, with the additional resources given in the last two budgets.



	Jun-2013	Sep-2013	Dec-2013	Mar-2014	Jun-2014	Sep-2014	Dec-2014	Feb-2015	Mar-2015	Jun-2015	Sep-2015	Dec-2015	Mar-2016	Jun-2016	Sep-2016	Dec-2016	Mar-2017	Jun-2017	Sep-2017	Oct-2017
CalFresh	$30	$22	$15	$7.	$5.	$5.	$5.	$5.	$5.	$5.	$5.	$5.	$5.	$5.	$5.	$5.	$5.	$5.	$5.	$5.
CalWORKs	$62	$55	$47	$40	$32	$25	$17	$17	$20	$12	$5.	$5.	$5.	$5.	$5.	$5.	$5.	$5.	$5.	$5.
Medi-Cal	$10	$97	$90	$82	$75	$67	$65	$70	$72	$65	$57	$50	$42	$35	$27	$20	$12	$5.	$5.	$5.
IHSS	$10	$97	$95	$92	$85	$77	$75	$80	$82	$75	$67	$60	$52	$45	$37	$30	$22	$15	$7.	$5.

Recent Caseload Growth. The department indicates that the state hearings caseload has increased significantly in the past five years, specifically, from approximately 80,000 requests for hearing and 14,000 decisions issued in 2007-08, to 85,500 hearing requests and 15,000 decisions in 2013-14. The department projects to receive around 96,000 hearing requests, due to increased Medi-Cal eligibility and scopes cases, as well as Modified Adjusted Gross Income (MAGI) coming online, and 19,300 decisions for 2014-15. The Great Recession and corresponding state fiscal crisis led to billions of dollars in reductions to California’s health and human services programs, along with corresponding contractions in eligibility for and/or services provided by those programs.

Hearing requests filed and decisions written. The two attachments display more specific information about the total number of hearing requests filed and the number of decisions rendered.

Staff Comment. The item is informational, and no action is required.

Questions

1. DSS-SHD: Please briefly provide an overview of the function of the state hearings division and the structure of the timeliness requirements and penalties for not meeting them.

5180 Department of Social Services – State Hearings Divisions
0530 Health and Human Services Agency, Office of Systems Integration

2. State Hearings Appeals Case Management System (ACMS) Project

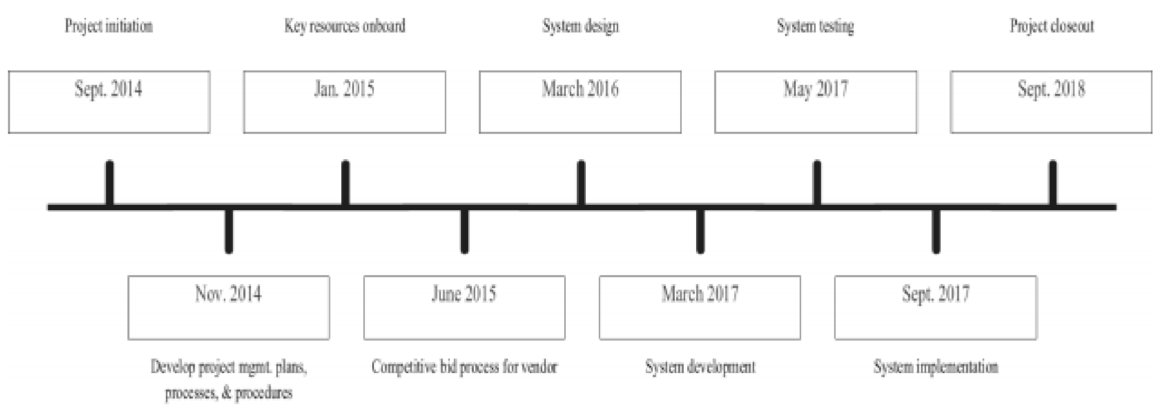
Budget Issue. The Administration requests a net increase in $176,000 for the Office of Systems Integration (OSI) spending authority, including the extension of one limited-term position ($131,000). In addition, the budget includes a shift of $45,000 in vendor costs from current year to budget year. This is a shift in cost due to the revised procurement schedule and does not reflect an increase in project costs.

These changes reflect a nine-month shift in procurement schedule, because the Feasibility Study Report (FSR) did not account for two federal and one state review periods of funding documents, procurement documents, and the unsigned vendor contract. The original project schedule also did not allow for a new procurement procedure of the Statewide Technology Procurement Division.

Background on the Appeals Case Management System (ACMS). The ACMS mainframe application is housed at the Office of Technology Services and 21 ad-hoc applications hosted at DSS headquarters in Sacramento. The ACMS tracks, schedules, and manages appeal requests from California's 58 counties. Collectively, these systems are known as the State Hearings System (SHS). DSS indicates that the current SHS does not meet existing business requirements and will not be able to handle the anticipated increase of volume, associated with ACA implementation. SHS runs Natural and COBOL programming languages, which the state can no longer support. Due to these factors, DSS notes that there has been a 417 percent increase in state General Fund civil penalties over the prior five-year period for untimely state hearing decisions.

In August 2011, the Office of Management and Budget (OMB) authorized an exception to federal cost allocation funding rules to encourage states to leverage ACA resources to develop informational linkages between their health and social services system. The enhanced federal financial participation for implementation of health care reform is available through December 2015, for development, implementation, and maintenance and operations activities for functionalities implemented by that date.

The ACMS project timeline is below:



The Governor's budget includes $3.9 million total funds ($1.7 million GF) for ACMS.

<u>Staff Comment and Recommendation</u>. Approve. Despite the extended procurement schedule, the department expects to meet the original implementation date of October 2017. Staff recommends approving the funding authority to extend the one limited-term position.

<u>Question</u>

1. OSI: Please briefly summarize the proposal, including how the department will ensure that it will meet the target implementation date of October 2017.

5180 Department of Social Services – Automation
0530 Health and Human Services Agency, Office of Systems Information

1. Child Welfare Services - New System Project (CWS-NS)

Budget issue. The Governor's budget includes $16.6 million total funds ($7.2 million GF) for the CWS-NS Project.

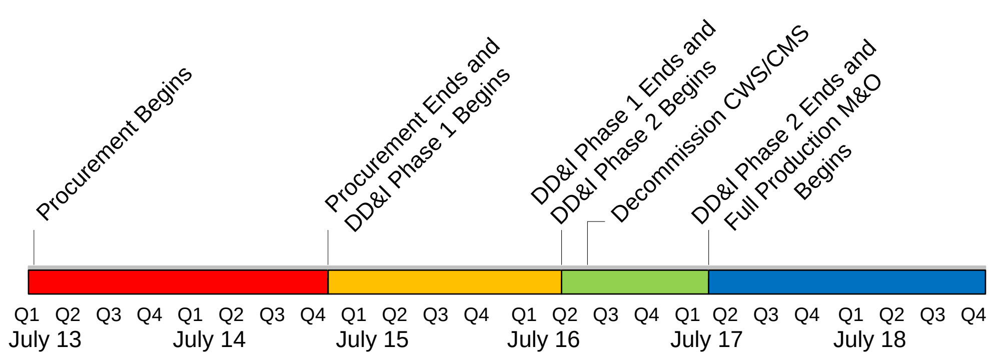
Background. Child Welfare Services/Case Management System (CWS/CMS) was fully implemented and transitioned to its operational phase in 1998. DSS has overall responsibility for the system, including providing project and program direction to OSI. OSI provides information technology expertise and is responsible for implementation and day-to-day operations of the system. The current contract for CWS/CMS runs through November 2016, with potential extensions of up to three years.

According to the Office of Systems Integration (OSI), the anticipated total one-time costs up through the design and development of the system, which is expected to finish in 2017, are $351.1 million ($154.9 million GF). Compared to continuing to operate the current system and making necessary changes to it, however, the Administration estimated that the state will realize savings by completing the CWS-NS system because of its reduced maintenance and operations costs.

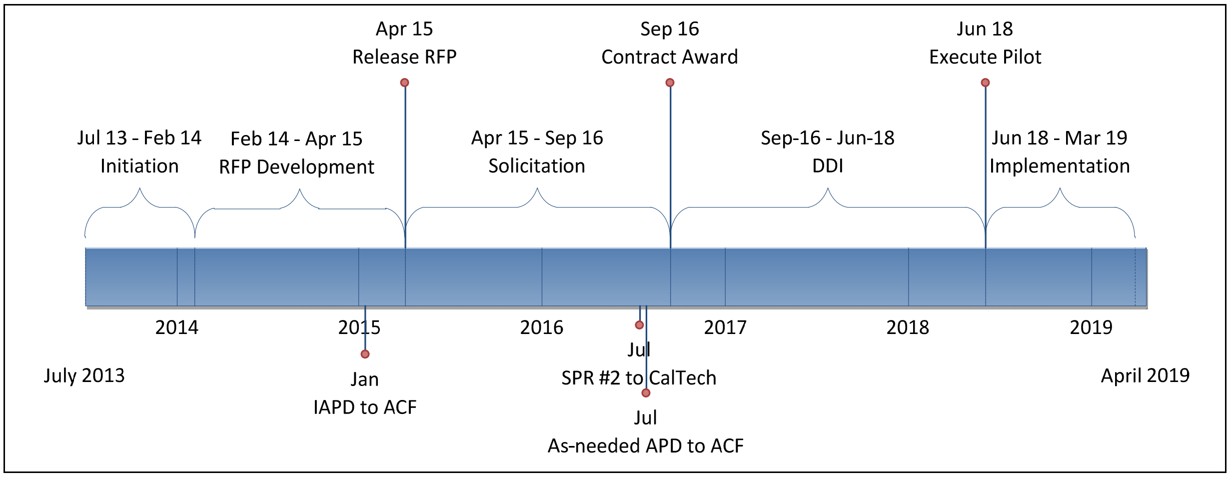
As of April 1, 2014, there was a projected 19-month delay for CWS-NS. Specifically, the planning and procurement process added 14 months: nine months because the department was unable to fill necessary state positions due to the two-year, limited-term nature of the positions; and an additional five months to complete the request for proposal, among other items. Also, the design, development, and implementation (DDI) phase added five months for additional testing.

The previous timeline for the project was:

Table 1 – CWS-NS Project Timeline



The new timeline for the CWS New System Project is below:



Currently, the department notes the following milestones:

Milestone	*Date*	*Status*
Implementation Advance Planning Document (IAPD) Submission to Administration for Children and Families (ACF)	April 2015	On Schedule
RFP Released to Bidders	September 2015	On Schedule
Contract Award	February 2017	On Schedule

Possible risks that may impact the project include the unanticipated extension of an RFP schedule or if using the Statewide Automated Welfare System Consortia to meet Title IV-E eligibility determination and financial management functionality will comply with pending federal Statewide Automated Child Welfare Information System regulations. The department also recognizes the delay in the development of the project management plan will cause inconsistent execution of the project process. In addition, the department notes its concern to recruit and retain qualified candidates for limited-term positions will impact the schedule, quality, and costs of the project.

Staff Comment & Recommendation. Informational only, included for oversight and discussion. While the department raises concerns about the potential risk posed to IT projects by limited-term positions (as they are more prone to recruitment and retention challenges than permanent positions), staff notes that it is common for IT staff to be limited-term while a project is being developed and implemented because this workload is not ongoing. Permanent positions are generally provided to projects once it is in the maintenance and operation phase, as there is ongoing workload associated with maintaining an IT system.

Questions.

1. OSI: Please summarize the current CWS-NS timeline and project costs.

2. OSI: How are the department and OSI working to ensure the system is on-course and that there are appropriate and competitive bids?

2. Oversight: Automation and LEADER Replacement System

Budget issue. The budget includes approximately $380 million ($119.8 million GF) for automation projects, like SAWS, Statewide Fingerprint Imaging System, the Electronic Benefit Transfer Project, and the State Hearing Division Appeals Case Management System. Specifically, the department estimates around $97 million ($23 million GF) for the Los Angeles Eligibility, Automated Determiniation, Evaluation, and Reporting Replacement System (LEADER Replacement System, or LRS Project).

Background. In March 2015, the LRS Project completed the development (coding/programming) phase. The LRS Pilot Go-live date is being rescheduled from the end of August to the end of September, to provide ample time to complete testing. As a result, the User Acceptance Testing (UAT) start date will be adjusted by one month as well, but the overall implementation schedule is on track. The project remains on schedule to fully deploy the LRS solution for LA County's DPSS and DCFS by November 2016 with no change to project costs.

During a February legislative briefing, the department recommended that there are two time periods when significant policy changes should be avoided are:

- September 2015 through December 2015 (the period during and shortly after Pilot).
- March 2016 through November 2016 (the period during and shortly after Countywide Implementation, which remains the same).

Although certain changes, such as Cost of Living Adjustments (COLAs), and certain numerical rate changes may be coded during these periods, new programs and policies, as well as more complex policy changes, cannot be automated within these periods. Any significant policy changes made within these periods will require a manual work-around until automation is possible, with potential negative consequences for clients, county caseworkers, and the smooth countywide roll-out of LRS. Therefore, close collaboration between the state and county on the scope and timing of future program and policy changes will be essential.

Staff Comment and Recommendation. Item included for oversight and discussion purposes. No action needed. OSI and CDSS provide quarterly updates to legislative staff. Staff recommends the continuation of these meetings, and recognizes the department and OSI's current monitoring of the LRS project progress.

Question

1. To DSS/OSI: Please provide an overview on the progress of LRS.

3. Electronic Benefit Transfer (EBT) 3 Project – Transition to New EBT Services

Budget issue. The Administration requests an increase of $1.6 million to the Office of Systems Integration (OSI) expenditure authority, beginning January 1, 2016, for the following one-time costs associated with the transition to a new Electronic Benefit Transfer (EBT) Service Provider:

- New EBT service provider transition costs, and
- EBT 3 Transition Team, which includes:

EBT 3 Consultant Transition Team	
Consultant Position	**Cost**
Transition Manager (1 full-time consultant)	$150,998
Technical Manager (1 full-time consultant)	$150,998
Master Project Scheduler (1 part-time consultant)	$90,399
County Manager (1 full-time consultant)	$122,198
County Liaison (3 full-time consultants)	$366,593
Project Management Support (1 full-time consultant)	$112,595
Integration Services Support (1 part-time consultant)	$90,399
TOTAL	**$1,084,180**

The estimated costs are based on actual transition costs associated with the previous food and cash transition, and projected costs for the EBT 3 transition effort. Specifically, the $1,084,180 cost for the EBT 3 Consultant Transition Team is based on projections utilizing current standard hourly rates (e.g., estimated hourly service rate, annual hourly cap, travel, and per capita) for the various consultant classifications.

Background on EBT. The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 required the replacement of the paper-based food benefit distribution process with EBT technology. In August 1997, California enacted AB 1542 (Ducheny), Chapter 279, Statutes of 1997, to codify this requirement, and provided each county with the option to issue certain cash assistance benefits via EBT.

The California EBT Project is responsible for automating the issuance, delivery, redemption, settlement, and reconciliation of California's food and cash assistance program benefits. The benefiting programs under the California EBT Project include the CalFresh, as well as the following assistance programs: California Work Opportunity and Responsibility to Kids (CalWORKs) Program, the Refugee Cash Assistance Program, the State Utility Assistance Subsidy (SUAS) (formerly known as the Low-Income Home Energy Assistance Program), the Cash Assistance Program for Immigrants, and General Assistance/General Relief.

The California EBT system distributes food benefits to recipients through the use of magnetic-stripe cards at point-of-sale terminals and automated teller machines (ATMs), and other electronic fund transfer devices. According to the department, the EBT system issues over $11 billion annually in food and cash aid benefits to over two million EBT cardholders that comprise California's most vulnerable population.

According to CDSS, in 2013, there were 35.5 million EBT transactions, with about one-fifth of them charged fees or surcharges. Of that, 17 million transactions were used for direct purchases, 2.5 million were for cash back only from a purchase of service location and nearly 5.5 million transactions were purchases with cashback. These transactions incurred relatively minimal fees. However, 71 percent of the 10.4 million transactions that were cash withdrawals (7.4 million transactions) incurred fees.

Background on the EBT Project. The Department of Social Services, as the EBT Program Sponsor, contracts with the OSI to manage the California EBT Project and to procure and manage the California EBT Services Contract. The current EBT services contract with service provider, Xerox State & Local Solutions, Inc., expired in March 2015. The contract has three one-year extensions available, which, when executed by the state, would extend the contract to March 2018. Given the length of time for the previous reprocurement effort, OSI is in procurement phase for new EBT services.

California is also looking for ways to realize economies of scale, leverage existing systems or service offerings where feasible, and to comply with the State's strategic direction towards horizontal integration. The California Department of Public Health (CDPH) is federally required to transition the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) participants from the current paper-based food instruments to EBT issuance by October 1, 2020. The automation of WIC is known as eWIC EBT. To meet this federal deadline and leverage OSI's EBT expertise and the California EBT system, the CDPH will contract with the OSI for EBT transaction processing and cardholder services.

The previous migration from the initial EBT Service Provider (J. P. Morgan Electronic Financial Services, Inc.) to the current EBT Service Provider (Xerox) was successfully completed in 18 months. The department anticipates a similar 18-month transition schedule for the upcoming EBT 3 transition, with cutover to a new California EBT system no later than September or October 2017.

After the successful bidder is identified and the Intent to Award is announced, the OSI will request federal and state approval for the transition to new maintenance and operations (M&O) services and any necessary funding. No costs for the EBT 3 implementation will be incurred until the OSI receives both federal and state approval.

Staff Comment and Recommendation. Hold open. Staff recommends holding the item open for further consideration. Specifically, some issues to discuss include:

- Fees and Charges. The California Reinvestment Coalition's March 2014 report found that $19 million per year in public benefits is going to pay for bank fees and an additional $6.7 million is spent annually on fees to pay bills and make purchases using prepaid cards, money orders, independent check cashers and in-person pay locations. In total, "$25.7 million of the state's aid meant to support the wellbeing of families is instead going to fees charged to conduct the most basic financial transactions."[13] The report found that some ATM owners charge a fee of up to $4 every time someone uses an EBT cards in their machines. The OSI notes that it is working to increase in-network ATMs to preserve benefits and reduce to incidences of surcharges. Further, the OSI is working to leverage new technologies to use mobile phones for free cash access, such as Code for America mobile applications like "EBT Near Me," which identifies stores and surcharge-free ATMs; or "Balance," which lets anyone check their EBT balance with a text message.

- System stability. On October 12, 2013, Xerox, the state's EBT system vendor, reported that all EBT systems in 17 states with Xerox contracts were down, including California. The shutdown was prompted by a routine testing of a backup system. Despite these glitches, the department is working to ensure that those who use EBT do not see any service disruptions during the migration and in daily use. For example, the department works with over 35,000 retailers in California and rolls-up reconciliation information from all 58 counties on a daily and monthly basis. During the migration process, it estimates that the system will go dark for 20-36 hours. To prevent any challenges for EBT users, the department will take preventative maintenance steps, and will require that the security measures are a strong component for the Request for Proposal (RFP) solicitation. The department also notes that it will benefit from the lessons learned from previous challenges associated with the prior migration, where in five separate occurrences, less than one half of one percent of EBT cardholders' accounts were incorrectly debited for transactions denied at a retailer or ATM.

Questions

1. To OSI: Please summarize the proposal.

2. Although department anticipates a migration time of 18 months, what are some possible challenges that could arise (and that the Legislature should monitor) to make sure everything is on track?

3. What is the department doing to ensure that those who use EBT don't see any service disruptions?

4. How is the department working to ensure that clients are aware of EBT that do not incur fees?

[13] "THE $19 MILLION ATM FEE: How Better Banking Services Would Protect Our Public Investment in Families," California Reinvestment Coalition, March 2014.

4. BCP #9: Horizontal Integration

Budget issue. The Administration requests to make permanent two limited-term positions and provide funding for the Assistant Director of Horizontal Integration. The requested positions will e plan for and implement horizontal integration efforts involving multiple automated systems, such as Statewide Automated Welfare System (SAWS), Child Welfare Services – New System (CWS-NS), Medi-Cal Eligibility Determination System (MEDS), Leader Replacement System (LRS), and the Appeals Caseload Management System (ACMS). The staff will establish standards for data exchange, attempting to ensure that new systems are able to communicate and share recipients' information and implement improvements to streamline recipient paperwork and social worker workload. Total staffing costs are $371,000 total funds ($162,000 GF).

Background. Over the last year and a half, the horizontal integration staff has focused on ensuring that integration is accounted for in interactions and developments regarding Affordable Care Act (ACA) efforts, as well as other integration opportunities within the Health and Human Services Agency. The unit identifies integration opportunities, researches global examples to implement integration, and provides a cultural change in vision to drive staff to move beyond silos. Specifically, the unit sees possible integration efforts with the Department of Health Care Services, Department of Public Health, Employment Development Department, Department of Education, and the courts system.

Justification. According to the department, possible outcomes include an increased number of eligible people connected to programs, reduction in the duration and level of services received, and increased satisfaction with the process to obtain, and to retain, those services. Examples of explicit outcomes include using existing data sources to pre-populate forms and reduce the need for clients to re-provide the data; automate the verification of information; and conduct data matching inquiries to ensure program integrity.

Staff Comment and Recommendation. Approve. Staff recommends approving the positions as no concerns have been raised.

Question

1. To DSS: Please briefly describe the proposal and need for an extension of positions.

2. To DSS: What are examples of projects that have been better integrated as a result of these positions?