

# SUBCOMMITTEE NO. 3

# Agenda

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



## Part A: Human Services May Revision Issues

Monday, May 20, 2024  
9:00am  
1021 O Street – Room 1200

Consultant: Elizabeth Schmitt

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**PUBLIC COMMENT**

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**5180 DEPARTMENT OF SOCIAL SERVICES****Issue 1: Child Care – May Revision Solutions**

**Budget Solutions – Governor’s May Revision.** The Governor’s May Revision includes the following child care budget solutions under the California Department of Social Services (CDSS):

- **Ends the Child Care Slot Expansion.** The May Revision proposes to end the expansion of over 200,000 new subsidized child care slots agreed to under the 2021 Budget Act. This would limit the total slot expansion to approximately 119,000 total awarded slots. This proposal would involve rescinding final award letters recently issued for 12,000 General Child Care slots. This generates savings of \$489 million in 2024-25, \$951 million in 2025-26, and \$1.5 billion in 2026-27 and 2027-28.
- **Cuts Funding for the Emergency Child Care Bridge Program.** The May Revision proposes to reduce funding for the Emergency Child Care Bridge Program, which provides subsidized child care slots to children recently placed in foster care on an emergency basis, by \$34.8 million ongoing.
- **Uses Federal Funds and Prop 64 (Cannabis Funds) to Offset Child Care General Fund Costs.** The May Revision proposes to offset General Fund supporting child care with various federal and Prop 64 funds. This frees up \$596.8 million General Fund in 2023-24 and \$375.5 million General Fund in 2024-25.

**Approximately \$89 million in Unspent Federal Funds for Child Care.** The May Revision proposes to utilize remaining federal relief funds and Prop 64 funds to offset General Fund supporting child care. This creates net General Fund savings. However, the Administration estimates that some federal funds for child care may go unspent in 2023-24. This includes:

- *\$19 million in ARPA Discretionary Funds.* The Administration projects approximately \$19 million in federal ARPA funds will revert to the federal government at the end of the federal fiscal year (September 2024). ARPA Discretionary funds were obligated by September 2023 to support slot expansion, reimbursement flexibilities, infrastructure grants, child care data system, and CDE after school program.
- *\$70 million in federal Child Care and Development Fund (CCDF) dollars.* The Administration estimates that approximately \$70 million in federal CCDF dollars for 2023-24 could go unspent in 2023-24. The state has a longer timeline to obligate these funds, so they will not revert to the federal government at the end of the fiscal year. In general, the federal government requires CCDF funds be used to supplement, not supplant, state General Fund; if the slot expansion is indefinitely paused as proposed at the May Revision, it is unclear if the state would have the opportunity to expend these funds.

**Approximately \$60 million in New Federal Child Care Funding Anticipated from Federal Government this summer.** As a result of recent federal actions, California is expected to receive an additional approximately \$60 million in new CCDF dollars for the September 2023- September 2024 grant year. The federal government has posted initial award amounts to states, and these funds are likely to be available in the first quarter of 2024-25; however, the state has not officially received these funds and anticipates receiving them in July or August of 2024.

**Subcommittee Staff Comment and Recommendation – Hold Open.** Last year, the LAO identified about \$550 million in federal relief funds that were at risk of reverting to the federal government by the September 30, 2023 federal deadline. To avoid that outcome, the Legislature worked with the administration to carry over these unspent funds into 2023-24 and prioritize the use of expiring federal relief funds prior to using other fund sources, including the General Fund. Given the May Revision proposes to pull back on existing commitments to fund the slot expansion, including award letters that have already been issued to providers, avoiding any reversion of federal funds will again be critical.

**Questions.** The Subcommittee requests the Administration respond to the following:

1. What are the allowable purposes for the \$19 million in projected remaining federal ARPA funds? Does the state have any options to shift these funds into allowable federal purposes to avoid these dollars reverting to the federal government? If the slot expansion were not paused, would the state have more options for spending these funds?
2. What are the state’s options to spend the approximately \$70 million in previously awarded CCDF funds that are projected to go unspent? When do these funds need to be obligated, and what are the allowable purposes? Could these dollars be obligated and then spent to continue the slot expansion? Would the May Revision proposal to indefinitely pause the slot expansion impact the state’s ability to spend these funds?
3. Could the Legislature preemptively account for the anticipated \$60 million in new federal CCDF funds as part of the 2024-25 budget? What are the potential uses of these funds? Would the May Revision proposal to indefinitely pause the slot expansion also impact the state’s ability to spend these funds?

**Issue 2: CalWORKs – May Revision Solutions**

**Budget Solutions – Governor’s May Revision.** The Governor’s May Revision includes the following CalWORKs budget solutions under CDSS:

- **Cuts the CalWORKs Home Visiting Program.** The May Revision cuts the CalWORKs Home Visiting Program by \$47.1 million ongoing. The total budget for CalWORKs Home Visiting Services in 2023-24 is \$97.6 million.
- **Eliminates CalWORKs Mental Health and Substance Use Disorder Services.** The May Revision eliminates all funding (\$127 million ongoing) for CalWORKs mental health and substance use disorder services. This program provides mental health and substance use disorder treatment to CalWORKs participants and was implemented in 1998.
- **Reduces the CalWORKs Single Allocation.** The May Revision proposes to reduce the Employment Services component of the 2024-25 Single Allocation by \$272 million General Fund one-time.

**CalWORKs Budget Solution Adopted in Early Action.** The Early Action package included the following solutions under CDSS:

- **CalWORKs Single Allocation Unspent Balance from 2022-23.** The Early Action package approved the Governor’s proposal to revert the unspent balance (\$336 million) of the CalWORKs Single Allocation from 2022-23.

**Open CalWORKs Solutions Included in Governor’s January Budget.** The Governor’s January budget includes the following budget solutions under CDSS, which were covered in this Subcommittee on April 11:

- **Full Withdrawal of the Safety Net Reserve:** Draws down the full Safety Net Reserve (\$900 million).
- **CalWORKs Single Allocation Eligibility Administration:** Cut of \$40.8 million to CalWORKs eligibility administration functions.
- **CalWORKs Family Stabilization Program:** Elimination of the CalWORKs Family Stabilization Program, for \$71 million ongoing. The May Revision restores 2023-24 funding to \$55 million but continues to eliminate all funding beginning in 2024-25.
- **CalWORKs Subsidized Employment Program:** Elimination of the CalWORKs Subsidized Employment Program, for \$134.1 million ongoing. The May Revision restores 2023-24 funding to \$134.1 million but continues to eliminate all funding beginning in 2024-25.
- **CalWORKs Employment Services Intensive Case Management:** Freeze of a planned increase to caseworker hours for intensive cases, for \$47 million ongoing.

**Subcommittee Staff Comment and Recommendation – Hold Open.** These solutions were discussed at the Subcommittee’s May 16 hearing.

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please describe current and prior year utilization, expenditures, and number of families reached through CalWORKs Home Visiting Program. What are the outcomes of this program? What is the anticipated impact of this proposed cut? How much does the Administration project will be spent from this appropriation by the end of 2023-24?
2. Please describe current and prior year utilization, expenditures, and number of families reached through CalWORKs Mental Health and Substance Use Treatment program. What are the outcomes of this program? What is the anticipated impact of this proposed cut? How much does the Administration project will be spent from this appropriation by the end of 2023-24?
3. What does the Administration anticipate to be the combined impact of the \$40.8 million ongoing cut to the CalWORKs Single Allocation proposed at the Governor’s Budget and the additional one-time \$272 million cut to the CalWORKs Single Allocation proposed at May Revise? Will these cuts to the Single Allocation impact access to CalWORKs benefits and services?

**Issue 3: Child Welfare – May Revision Solutions**

**Budget Solutions – Governor’s May Revision.** The Governor’s May Revision includes the following child welfare budget solutions under CDSS:

- **Eliminates \$50 million ongoing funding for Resource Family Caregiver Approvals.** The May Revision eliminates \$50 million ongoing for county child welfare agencies to complete caregiver approvals for foster caregivers, primarily relative caregivers. This funding was implemented in 2022.
- **Proposes Permanent Foster Care Rate Structure be Subject to a “trigger.”** The May Revision makes the proposed permanent foster care rate structure subject to a “trigger” based on the availability of General Fund in spring 2026. Current law requires the state to adopt a permanent foster care rate structure by January 1, 2025.
- **Cuts \$80 million from the Bringing Families Home Program, originally proposed to be delayed to 2025-26.** The Bringing Families Home program provides support maintaining and securing stable housing for families involved in the child welfare system who are homeless or at risk of experiencing homelessness. A recent evaluation of this program found that participation in the program increased family reunification among families with children in foster care when they began receiving services through Bringing Families Home. Bringing Families Home was supported by one-time multi-year investments in the Budget Acts of 2021 and 2022 (see the Subcommittee’s April 25 agenda for more information). This solution was proposed as a delay at Governor’s Budget and is now proposed as a cut. When remaining 2021 and 2022 funding for this program expires in 2025, this program will end.

**Open Child Welfare Solutions Included in Governor’s January Budget.** The Governor’s January budget includes the following budget solutions under CDSS, which were covered in this Subcommittee on April 25:

- **Supervised Independent Living Placement (SILP) Housing Supplement:** Elimination of \$25 million (\$18.8 million General Fund) for the SILP Housing Supplement to help transition-age youth in foster care pay for housing.
- **LA Public Health Nursing Early Intervention Program:** Elimination of \$8.3 million beginning in 2024-25 to eliminate state funding for LA County’s Public Health Nursing Early Intervention Program for children at risk of medical neglect.
- **Family Urgent Response System (FURS):** Elimination of the FURS program, which provides 24/7 support and in-person response to help stabilize a foster care placement, for \$30 million ongoing.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide an overview of the May Revision solutions proposed for CDSS child welfare. For each May Revision solution, please provide background, including if there has been any historical underspending and the number of people served, and describe the programmatic impact of the proposed cut.
2. The state has been moving towards a kin-first culture -- supporting relatives to care for children in their families who must be placed in foster care. The \$50 million proposed to be cut supports the casework to complete Resource Family Approvals. Will this cut undermine the child welfare system's ability to keep children connected to their families?
3. How does the May Revision proposal to make the Administration's proposed permanent foster care rate structure subject to a trigger in 2026 fulfill the state's statutory mandate to adopt a new foster care rate structure by January 1, 2025?



**Issue 4: In-Home Supportive Services – May Revision Solutions**

**Budget Solutions – Governor’s May Revision.** The Governor’s May Revision includes the following In-Home Supportive Services (IHSS) budget solutions under CDSS:

- **Rescinds In-Home Supportive Services (IHSS) Benefits Based on Immigration Status.** The May Revision eliminates the IHSS Medi-Cal benefit for undocumented individuals of all ages, resulting in \$94.7 million savings.
- **Eliminates the IHSS Backup Provider System.** The May Revision eliminates the IHSS Backup Provider System, which was implemented in 2022 and provides a way for IHSS recipients to receive backup care, generating \$11.6 million in ongoing savings.
- **Reduces \$60 Million in Federal Funds from IHSS Career Pathways.** The May Revision reduces federal Home and Community-Based Services spending on the IHSS Career Pathways Program by \$60 million. The May Revision proposes to shift the \$60 million in federal funds into DDS Rate Reform implementation, which frees up an equal amount of General Fund. Of the \$295 million in federal funds originally allocated for IHSS Career Pathways Program, approximately \$203.5 million remained as of March 31, 2024. Also as of March 31, 2024, 18,509 providers have completed at least one training class and CDSS has processed 443,635 claims for training time, as well as the following numbers of incentive payments:
  - Incentive 1 (15 hours) – 19,500
  - Incentive 2 (1 month) – 2,255
  - Incentive 3 (6 month) – 860

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide an overview of the May Revision solutions proposed for IHSS. For each May Revision solution, please provide background, including if there has been any historical underspending and the number of people served, and describe the programmatic impact of the proposed cut.
2. How would the Administration plan to execute the proposal to rescind IHSS benefits from undocumented individuals? Has the Administration also considered the potentially higher costs if individuals who lose access to IHSS rely instead on institutional care?

**Issue 5: CalFresh and Food Programs – May Revision Solutions**

**Budget Solutions – Governor’s May Revision.** The Governor’s May Revision includes the following budget solutions under CalFresh and Food Programs:

- **Delays California Food Assistance Program Expansion.** The May Revision proposes to delay the planned expansion of the California Food Assistance Program to adults age 55 and over regardless of immigration status to 2027-28. Implementation is currently scheduled for October 2025. This results in approximately \$30 million savings in 2024-25 and \$114 million in 2025-26.
- **Cancels the CalFresh Minimum Benefit Pilot Program.** The May Revision proposes to cancel the CalFresh Minimum Benefit Pilot Program, which would provide a \$50 minimum food benefit to certain households. This was approved in the 2023 Budget Act. This generates \$15 million in one-time savings.
- **Eliminates the Work Incentive Nutrition Supplement (WINS) Program.** The May Revision proposes to end the WINS program, which provides a supplemental \$10 monthly benefit to approximately 124,000 CalFresh households. This generates \$25 million in ongoing savings.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide an overview of the May Revision solutions proposed for CalFresh and food programs. For each May Revision solution, please provide background, including if there has been any historical underspending and the number of people served, and describe the programmatic impact of the proposed cut.

**Issue 6: Adult Protective Services and CDSS Housing Programs – May Revision Solutions**

**Budget Solutions – Governor’s May Revision.** The Governor’s May Revision includes the following budget solutions under Adult Protective Services:

- **Cuts Funding for Adult Protective Services Expansion.** The May Revision cuts funding for the expansion of Adult Protective Services by \$40 million ongoing. The Adult Protective Services expansion began in 2021 and increased eligibility and case management for Adult Protective Services cases. Total funding for the APS expansion in 2023-24 is \$79.1 million (\$69.3 million General Fund).
- **Eliminates Funding for Statewide Training for Adult Protective Services.** The May Revision proposes to eliminate \$4.8 million in all ongoing funding for Adult Protective Services Training, which provides a curriculum for all Adult Protective Services social workers. This program was initially implemented in 2001.
- **Cuts \$65 Million from the Home Safe Program and \$50 million from the Housing and Disability Advocacy Program.** The May Revision proposes to cut \$65 million from the Home Safe Program, which provides housing support to adults in Adult Protective Services, and \$50 million from the Housing and Disability Advocacy Program (HDAP), which provides housing and help applying for federal disability benefits for older and disabled adults. These programs were augmented with significant one-time funding in the 2021 and 2022 budget acts (see the Subcommittee’s March 7 agenda for more information). The Governor’s January budget proposed to delay this funding for these programs to 2025-26; the May Revision instead proposes to cut those amounts. HDAP is supported by \$25 million in ongoing funds; however Home Safe has no ongoing fund source and the program would come to an end in 2025. These solutions were covered in the Subcommittee’s May 16 hearing.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide an overview of the May Revision solutions proposed for Adult Protective Services. For each May Revision solution, please provide background, including if there has been any historical underspending and the number of people served, and describe the programmatic impact of the proposed cut.

**Issue 7: Immigration and Equity Programs – May Revision Solution**

**Budget Solution – Governor’s May Revision.** The Governor’s May Revision includes the following budget solution under the Rapid Response Program:

- **Cuts Funding for Rapid Response Program.** The May Revision proposes to cut \$29 million in funding for the Rapid Response program, which funds humanitarian response at the southern border. The Early Action package included a re-appropriation to carry over remaining funding for the Rapid Response Program from the 2021 and 2022 Budget Acts.

**Open CDSS Solutions Included in Governor’s January Budget.** The Governor’s January budget includes the following budget solutions under CDSS, which were covered in this Subcommittee on April 11:

- **Temporary Protected Status Program:** Elimination of the supplemental immigration services funding for those with Temporary Protected Status, for \$10 million ongoing.
- **CSU Immigration Legal Services:** Significant reduction of \$5.2 million ongoing for immigration legal services for CSU students and families.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following questions:

1. Please provide an overview of the May Revision proposal to cut \$29 million in Rapid Response program funds. These funds were recently re-appropriated in early action with the intention of allowing previously appropriated funding to continue supporting critical sheltering and humanitarian operations and the southern border. What is the anticipated impact of this cut on shelter services and operations?

**Issue 8: California Department of Social Services – May Revision Overview**

**Overview – May Revision.** The total budget for CDSS at May Revision is \$49.3 billion (\$19.4 billion General Fund). The overall 2024-25 CDSS budget at May Revision includes a total fund increase largely due to caseload growth, offset by a decrease of \$1.9 billion General Fund, reflecting the Governor’s proposed solutions described in the previous issues, notably the proposed termination of the child care slot expansion.

**May Revision CDSS Caseload Adjustments.** The May Revision proposes a net ongoing increase of \$1.96 billion in 2024-25 that primarily results from updated caseload estimates since the Governor’s Budget, composed of a \$755.2 million ongoing decrease to General Fund, a \$1.96 billion ongoing increase to federal funds, a \$27,000 ongoing decrease to special funds, and a \$754 million ongoing increase to reimbursements. Caseload and workload changes since the Governor’s Budget are displayed in the following table:

Program	Item	Change from Governor’s Budget
California Work Opportunity and Responsibility to Kids (CalWORKs)	5180-101-0001	(799,802,000)
	5180-101-0890	665,010,000
Child Care	5180-101-0001	(159,450,000)
	5180-101-0890	126,527,000
	5180-104-0001	(368,000)
	Reimbursements	2,442,000
Kinship Guardianship Assistance Payment	5180-101-0001	(145,000)
Supplemental Security Income/State Supplementary Payment (SSI/SSP)	5180-111-0001	(31,357,000)
In-Home Supportive Services (IHSS)	5180-111-0001	104,445,000
	Reimbursements	723,748,000
Other Assistance Payments	5180-101-0001	76,926,000
	5180-101-0122	(27,000)
	5180-101-0890	1,034,869,000
	5180-101-8075	-
	Reimbursements	-
County Administration and Automation Projects	5180-141-0001	50,152,000
	5180-141-0890	34,467,000
	Reimbursements	25,968,000
Child Welfare Services	5180-151-0001	3,612,000
	5180-151-0890	21,320,000
Special Programs	5180-151-0001	799,000
Adult Protective Services	Reimbursements	81,000
<b>Realigned Programs</b>		
Adoption	5180-101-0001	-
	5180-101-0890	81,242,000
Foster Care	5180-101-0001	-
	5180-101-0890	(4,140,000)
	5180-141-0890	3,515,000
Child Welfare Services	5180-151-0001	-
	5180-151-0890	(991,000)
	Reimbursements	1,559,000
Adult Protective Services	Reimbursements	205,000

The following chart summarizes CDSS caseload projections at May Revision:

**CDSS CASELOAD PROJECTIONS**

<b>Program</b>	<b>FY 2023-24 Caseload</b>	<b>FY 2024-25 Caseload</b>	<b>CY to BY % Change</b>
<b>CalWORKs</b>	348,621	354,772	1.8%
<b>CalFresh</b>	3,063,889	3,089,948	0.9%
<b>California Food Assistance Program (CFAP)</b>	54,658	58,838	7.6%
<b>CalWORKs Child Care</b>	135,736	141,062	3.9%
<b>IHSS</b>	664,958	703,921	5.9%
<b>SSI/SSP</b>	1,099,947	1,076,332	-2.1%
<b>Cash Assistance Program for Immigrants (CAPI)</b>	15,333	15,976	4.2%
<b>Child Welfare Services (CWS)</b>	112,756	111,518	-1.1%
<b>Foster Care (FC)</b>	46,114	45,358	-1.6%
<b>Adoption</b>	86,941	87,087	0.2%
<b>Kin-GAP</b>	17,634	17,609	-0.1%

Source: CDSS

**Other CDSS Budget Adjustments – May Revision.** In addition to the cuts described in Issue 1, the May Revision includes the following budget adjustments for CDSS:

- **Maintenance of County Expense Claim Reporting Information System.** CDSS requests that Item 5180-001-0001 be increased by \$730,000 and four positions in 2024-25 and \$533,000 and four positions in 2025-26 and ongoing to continue maintenance and operations activities for the County Expense Claim Reporting Information System. CDSS requests that Item 5180-001-0890 be increased by \$183,000 in 2024-25 and \$356,000 in 2025-26 and ongoing for this purpose.
- **Summer EBT.** CDSS requests that Item 5180-001-0001 be increased by \$1,253,000 in 2024-25, \$1,234,000 in 2025-26 and ongoing to assist with program support for the Summer EBT program (now known as SUN Bucks.)

- **Child Welfare Training Program: Funding Shift from Local Assistance to State Operations.** CDSS requests that Item 5180-001-0001 be increased by \$210,000 and 1.2 positions in 2024-25 and \$205,000 and 1.2 positions in 2025-26 and ongoing, to continue to support statewide coordination for the Child Welfare Training Program in compliance with federal requirements. CDSS requests that Item 5180-001-0890 be increased by \$142,000 in 2024-25 and \$139,000 in 2025-26 and ongoing, and 0.8 positions, for this purpose. These adjustments reflect a net-zero shift of existing funds for this program from local assistance to state operations.
- **Guardian Background Check System Maintenance and Operations.** CDSS requests that Item 5180-001-0001 be increased by \$312,000 in 2024-25 and 2025-26, and \$612,000 in 2026-27, on a limited-term basis, for increased maintenance and operations costs for the existing Guardian Background Check System.
- **Preschool Development Grant Reimbursement Authority.** CDSS requests that Item 5180-001-0890 be increased by \$328,000 one-time to allow the Department of Social Services to assist the California Health and Human Services Agency with the administration of the Preschool Development Grant. Additionally, CDSS requests that provisional language be added to allow the Department of Finance to adjust expenditure authority to Schedule (1) for future Preschool Development Grant awards.
- **Provisional Language Only: Fiscal Responsibility Act (FRA) Alternative Accountability Pilot Opportunity.** CDSS requests that provisional language be added to Item 5180-001-0001 to allow the Department of Finance to augment this item for costs associated with participation in the FRA Pilot no sooner than 30 days after notification in writing is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chair of the Joint Legislative Budget Committee if the State of California is selected for participation in the work outcomes pilot pursuant to section 302 of H.R. 3746, the Fiscal Responsibility Act.
- **Provisional Language Only: Able-Bodied Adult without Dependents Rule.** CDSS requests that provisional language be added to Items 5180-001-0001 and 5180-001-0890 to allow the Department of Finance to increase expenditure authority in this item up to \$250,000 to comply with the federal Able-Bodied Adult without Dependents rule if State Operations resources are necessary.
- **CalWORKs AB 85 Maximum Aid Payment Increase.** CDSS requests that Item 5180-101-0001 be increased by \$12,522,000 ongoing to reflect a 0.3 percent increase to the CalWORKs Maximum Aid Payment levels. The increased grant costs are funded entirely by 1991 Realignment revenue in the Child Poverty and Family Supplemental Support Subaccount. This replaces the 0.8 percent grant increase projected at Governor's budget.
- **Elimination of Comparable Disqualification.** CDSS requests that Item 5180-101-0001 be increased by \$80,000 in 2024-25 and ongoing and Item 5180-141-0001 be decreased by \$206,000 in 2024-25 and ongoing, and Item 5180-141-0890 be decreased by \$308,000 in 2024-25 and ongoing as a result of the elimination of Welfare-to-Work comparable disqualification to align the California Food Assistance Program and CalFresh policy.

- **Federal Reporting and Communication Requirements with National Center for Missing and Exploited Children.** CDSS requests that Item 5180-151-0001 be increased by \$432,000 ongoing for additional workload for county child welfare agencies and probation departments to comply with additional federal reporting and communication requirements when reporting missing youth. CDSS requests that Item 5180-151-0890 be increased by \$311,000 ongoing for this purpose. CDSS requests that statutory changes be added for these purposes.
- **Los Angeles County Child Welfare Stabilization.** CDSS requests that Item 5180-495 be amended to eliminate a reversion proposed at Governor’s Budget that is no longer feasible.
- **Child Welfare Training Program: Funding Shift from Local Assistance to State Operations.** CDSS requests that Item 5180-151-0001 be decreased by \$210,000 in 2024-25 and \$205,000 in 2025-26 and ongoing to shift funds to state operations to continue to support statewide coordination for the Child Welfare Training Program in compliance with federal requirements. CDSS requests that Item 5180-151-0890 be decreased by \$142,000 in 2024-25 and \$139,000 in 2025-26 and ongoing for the same purpose. These adjustments reflect a net-zero shift of existing funds for this program from local assistance to state operations.
- **Foster Care Rate Reform Automation.** CDSS requests that Item 5180-141-0001 be increased by \$2,465,000 one-time to update foster care rate reform automation costs proposed at Governor’s Budget.
- **Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Reappropriation.** CDSS requests that Item 5180-494 be amended to reappropriate up to \$2,657,000 General Fund for an additional year for workforce training and county readiness activities to support implementation of Child and Family Teams for family maintenance cases associated with the implementation of BH-CONNECT.
- **Provisional Language Only: Family First Prevention Services Reappropriation.** CDSS requests that Item 5180-493 be amended to reflect a technical change to correct the item number for the State Block Grant in support of the Family First Prevention Services Act.
- **Provisional Language Only: Fiscal Responsibility Act (FRA) Alternative Accountability Pilot Opportunity.** CDSS requests that provisional language be added to Item 5180-101-0001 to allow the Department of Finance to increase expenditure authority in this item up to \$2.4 million to implement the Fiscal Responsibility Act Pilot (Federal H.R. 3746) if California is selected to participate in the FRA pilot.
- **Provisional Language Only: Fiscal Responsibility Act (FRA) Alternative Accountability Pilot Opportunity.** CDSS requests that provisional language be added to Item 5180-141-0001 to allow the Department of Finance to augment this item for costs associated with participation in the FRA pilot upon selection of the State of California for participation in the pilot pursuant to section 302 of H.R. 3746, the Fiscal Responsibility Act.



**Chaptered Legislation – May Revision.** The May Revision includes the following adjustments to enable CDSS to implement recently chaptered legislation.

- **Daycare Facilities: Incidental Medical Services Plan**, Chapter 631, Statutes of 2023 (SB 722). CDSS requests that Item 5180-001-0001 be increased by \$173,000 and one position in 2024-25, and by \$169,000 in 2025-26 and 2026-27 to implement the legislation.
- **Firearms in Family Child Care Homes**, Chapter 249, Statutes of 2023 (SB 2). CDSS requests that Item 5180-001-0001 be increased by \$162,000 and one position in 2024-25, 2025-26, and 2026-27 to implement the legislation.
- **Paid Sick Leave Implementation**: Chapter 309, Statutes of 2023 (SB 616). CDSS requests that Item 5180-111-0001 be increased by \$17,319,000 ongoing and reimbursements be increased by \$21,024,000 ongoing to implement the legislation.
- **Facility Management System (FMS) Project Planning Resources Reappropriation**. CDSS requests that Item 5180-492 be amended to reappropriate up to \$5 million from Item 5180-001-0001 of the 2021 Budget Act and up to \$3 million from Item 5180-001-0001 of the 2022 Budget Act to support planning efforts of the FMS project.
- **Juvenile Court - Dependents Removal**, Chapter 618, Statutes of 2023 (SB 578). CDSS requests that Item 5180-151-0001 be increased by \$1,161,000 in 2024-25 and ongoing to implement the legislation.
- **Assuring Services for Family Reunification**, Chapter 458, Statutes of 2023 (AB 937). CDSS requests that Item 5180-151-0001 be increased by \$933,000 in 2024-25 and ongoing to implement the legislation.
- **Childcare Dual Language Learners**, Chapter 435, Statutes of 2023 (AB 393) CDSS requests that Item 5180-001-0001 be increased by \$764,000 and four positions in 2024-25 and \$742,000 and four positions ongoing beginning in 2025-26, and Item 5180-101-0001 be increased by \$297,000 ongoing to implement the legislation.
- **Lesbian, Gay, Bisexual, Transgender Disparities Reduction Act**, Chapter 832, Statutes of 2023 (AB 1163). CDSS requests that Item 5180-141-0001 be increased by \$519,000 one-time in 2024-25 to implement the legislation.
- **Cal-Learn Pregnancy or Parenting**, Chapter 615, Statutes of 2023 (SB 521). CDSS requests that Item 5180-141-0001 be increased by \$294,000 one-time to implement the legislation.
- **Cal-Learn Sanctioned Grants Repeal**, Chapter 615, Statutes of 2023 (SB 521). CDSS requests that Item 5180-101-0001 be increased by \$18,000 in 2024-25 and \$37,000 in 2025-26 and ongoing to implement the legislation.
- **Family Reunification Services for Financial Hardship Noncompliance**, Chapter 552, Statutes of 2023 (AB 954). CDSS requests that Item 5180-151-0001 be increased by \$1,866,000 ongoing. It is also requested that Item 5180-151-0890 be increased by \$673,000 ongoing.

- **Pupil Meals**, Chapter 600, Statutes of 2023 (SB 348). CDSS requests that Item 5180-001-0001 be increased by \$907,000 in 2024-25 and \$883,000 in 2025-26 and ongoing to implement the legislation.
- **Refugee Internet Resources**, Chapter 399, Statutes of 2023 (SB 465). CDSS requests that Item 5180-151-0001 be increased by \$82,000 in 2023-24 to implement the legislation.
- **Elderly and Dependent Adult Abuse - Mandated Reporting**: Chapter 580, Statutes of 2023 (AB 1417). CDSS requests that Item 5180-001-0001 be increased by \$173,000 in 2024-25 and \$169,000 in 2025-26 on a limited-term basis to implement the legislation.

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide a brief overview of the CDSS May Revision budget and caseload adjustments for CDSS.

**Issue 9: California Department of Social Services – May Revision Trailer Bills**

**Trailer Bills – Governor’s May Revision.** The May Revision includes the following new trailer bills under CDSS:

- **Permanent Foster Care Rate Structure.** This trailer bill makes various changes to the department’s proposed permanent foster care rate structure based on stakeholder feedback received after the initial version was published in February.
- **Information Sharing for Small Family Child Care Homes.** This trailer bill seeks to amend Health and Safety Code section 1596.86 to increase the accessibility and transparency of licensed small family daycare home information. It would bring CDSS into compliance with federal funding requirements for consumer and provider education by making specified information for licensed small family daycare homes publicly available to parents searching for child care options for their children. This language also proposes to make technical conforming changes to Government Code section 7927.305.
- **Facility Inclusion for Community Care Expansion Preservation Program.** This trailer bill authorizes CDSS to accept an alternative legally enforceable agreement in lieu of a deed restriction for a facility awarded Community Care Expansion (CCE) funding and that seeks to receive Capitalized Operating Subsidy Reserve (COSR) funds, to demonstrate the requirement to provide licensed residential care for at least the term of the reserve. This statutory amendment will allow licensed facility operators who have operational gaps and are at risk of closure to have greater access to operational funds from the CCE program. This change helps restore equity between facility operators who own their facility and those who lease the property where they operate their licensed facility, particularly for operators participating in the CCE Preservation Program. No budgetary resources are required to enact this proposed amendment.
- **Federal Reporting and Communication Requirements with National Center for Missing and Exploited Children.** This trailer bill would update state law to (1) mirror the additional federal reporting and communication requirements on states, for county child welfare agencies and probation departments when reporting missing youth to law enforcement authorities for entry into the National Crime Information Center (NCIC) database and the National Center for Missing and Exploited Children (NCMEC), and (2) clarify counties are authorized to share information from juvenile case files with the NCMEC, a nonprofit entity.
- **Specialized Care Increment Eligibility.** This trailer bill would allow Tribes with a Title IV-E agreement with the state to create their own Specialized Care Increment (SCI) rate-setting system for children under their jurisdiction. The proposed changes also explicitly clarify that children under county jurisdiction placed in a tribally approved home may receive the county’s SCI, where applicable.
- **Resource Family Approval Program Alignment with Emergency Caregiver Funding Program.** This trailer bill would align the 90-day Resource Family Approval (RFA) application processing time frame with the 120-day Emergency Caregiver (EC) Funding time frame.

- **State and Federal Kinship Guardianship Assistance Payment Program Alignment.** This trailer bill would: (1) eliminate the \$10,000 cash savings and personal property asset limits for children and nonminor beneficiaries of the state- and federally-funded Kinship Guardianship Assistance Payment (Kin-GAP) programs and (2) clarify income and property received after the start date of aid shall be disregarded. These limits are not required by federal law and are barriers to saving for a successful transition to adulthood for children and non-minors who receive Kin-GAP benefits.
- **Excellence in Family Finding, Engagement, and Support Program.** This trailer bill would authorize a participating county or tribe in the Excellence in Family Finding, Engagement, and Support (EFFES) Program, which does not have sufficient caseload, as determined by the California Department of Social Services (CDSS), for a full-time family-finding worker to submit a written request to CDSS for authorization to use program funding for a portion of a full-time position for family-finding activities. This helps alleviate challenges for small counties and tribes and removes a barrier preventing these counties and tribes from accessing one-time funding for the program.
- **SNAP Reimbursement.** Existing law provides for the establishment of a statewide electronic benefits transfer (EBT) system, administered by the State Department of Social Services, for the purpose of providing financial and nutrition assistance benefits. Existing state regulations, under the 2020 *Ortega v. Johnson* appellate court ruling, allow for the replacement of CalFresh food benefits, known federally as the Supplemental Nutrition Assistance Program (SNAP), and California Food Assistance Program (CFAP) food benefits that have been stolen via electronic theft using state funds. Existing federal law provides for the replacement of SNAP benefits, and Disaster SNAP benefits, known in California as Disaster CalFresh, that have been stolen via electronic theft, such as EBT card skimming, cloning, scamming, and other similar fraudulent methods between October 1, 2022 through September 30, 2024 using federal funds. This trailer bill codifies the policy for reimbursing electronically stolen CalFresh food benefits that was established under federal guidance, thereby overriding the former state benefit replacement policy established as a result of the *Ortega* court ruling and allowing for continuity of the current policy. The proposal also stops state-funded replacements of stolen CalFresh, if at any point federally funded replacements are again available.
- **Tribal Nutrition Assistance Program.** This trailer bill would remove language referencing the Food Distribution Program on Indian Reservations (FDPIR) from the Tribal Nutrition Assistance Program (TNAP) authorizing statute in Welfare and Institutions Code Section 18936. Removal of the FDPIR verbiage from statute ensures access to TNAP funds to combat food insecurity in Native American communities across California, as intended when TNAP was authorized.
- **CalWORKs Intensive Case Management Hourly Increase Pause.** This trailer bill removes the requirement that intensive case management hours budgeted per case per month increase from 8.75 to 10 hours for 2024-25. This aligns with the proposed Governor's Budget solution to freeze case management hours, generating \$47 million in ongoing savings.
- **California Food Assistance Program (CFAP) Elimination of Comparable Disqualification.** This trailer bill would eliminate the Welfare-to-Work (WTW) comparable disqualification policy for the California Food Assistance Program (CFAP) to maintain alignment with current CalFresh

policy and ensure equity between CFAP and CalFresh recipients. CalFresh is set to eliminate comparable disqualifications for WTW sanctions effective August 1, 2024. Currently, the change proposed is set to occur in 2027-28. This trailer bill would expedite eliminating the requirement in order to avoid CFAP and CalFresh misalignment.

- **Family Reunification Delay Implementation.** AB 135 (Chapter 85, Statutes of 2021) enhanced CalWORKs Family Reunification (FR) services by authorizing a cash grant and child care services to families who have a child removed from the home and have been determined eligible for FR, effective July 1, 2022. Due to unforeseen challenges in implementing these policy changes, CDSS did not issue the instructions until November 2023 through All County Letter (ACL) 23-94, which initiated the CalSAWS automation process. CalSAWS notified CDSS that automation is anticipated to be completed in November 2024. This proposal seeks to extend the implementation date of eligibility for the cash grant and child care services from July 1, 2022, to July 1, 2024, or when CalSAWS is able to automate the features necessary for implementation, to be consistent with the updated timing of implementation.
- **CalWORKs MAP Increase.** This trailer bill would effectuate the 0.3 percent increase to the CalWORKs Maximum Aid Payment, effective October 1, 2024. This is a smaller amount than the 0.8 percent grant increase projected at Governor's Budget.
- **Data Sharing to Quantify the Impacts of the Safety Net on the Whole Californian.** This trailer bill provides statutory authority for CDSS to receive data to measure and report outcomes related to housing stability of Californians currently or potentially participating in CDSS programs, including but not limited to CalFresh, CalWORKs, housing and homelessness programs, and Guaranteed Income.
- **California Food Assistance Program (CFAP) Overissuance Retention Rates.** At the time of this writing, this trailer bill was pending.
- **IHSS Permanent Backup Provider System.** This trailer bill would sunset existing law establishing the statewide permanent backup provider system to implement the May Revision proposal to eliminate funding for this program.
- **Work Incentive Nutrition Supplement (WINS) Program.** At the time of this writing, this trailer bill was pending.
- **IHSS for Undocumented Individuals.** At the time of this writing, this trailer bill was pending.

#### **Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide an overview of CDSS May Revision trailer bills.
2. Please provide an update on the foster care permanent rate structure trailer bill, including major changes to the trailer bill as a result of recent stakeholder feedback sessions.

**4170 CALIFORNIA DEPARTMENT OF AGING**

**Issue 1: California Department of Aging - May Revision Solutions**

**Budget Solutions – Governor’s May Revision.** The Governor’s May Revision includes the following budget solutions under the California Department of Aging (CDA):

- Elimination of Older Californians Act Modernization Funding for Senior Nutrition.** The May Revision proposes to eliminate all remaining funding (\$37.2 million in 2024-25, 2025-26, and 2026-27, for a total of \$111.6 million) for the Older Californians Act Modernization. The 2022 Budget Act included \$186 million over three years to restore local services and supports for older adults that were reduced during the Great Recession; the 2023 Budget Act spread this funding out over five years instead of the original three years. This funding was intended to enable the local Area Agencies on Aging (AAAs) to continue to serve new meal participants brought on during the COVID pandemic. A detailed chart of actual expenditures and budget allocations for senior nutrition from various fund sources, provided by CDA, is below:

	<i>ACTUAL EXPENDITURES: Used to compare against actual meal counts</i>		<i>Allocated/Budget</i>		
	2021/22	2022/23	2022/23	2023/24	2024/25
Federal Funding (OAA ongoing)	\$84,047,080	\$77,742,187	\$89,400,000	\$104,941,000	\$104,941,000
General Fund Congregate Nutrition (on-going)	\$9,192,746	\$11,814,867	\$9,462,000	\$9,462,000	\$9,462,000
General Fund Home Delivered Nutrition (on-going)	\$16,873,863	\$45,687,717	\$51,344,000	\$51,344,000	\$51,344,000
Federal Funding (COVID, one-time)	\$54,159,435	\$0	\$0	\$0	\$0
Modernizing OCA (one-time)	\$0	\$0	\$0	\$15,100,000	\$0
HCBS (one-time)		\$8,356,524	\$20,700,000		
State Operations	\$2,161,632	\$4,018,719	\$4,395,000	\$4,664,000	\$4,945,000
<b>TOTAL</b>	<b>\$166,434,755</b>	<b>\$147,620,013</b>	<b>\$175,301,000</b>	<b>\$185,511,000</b>	<b>\$170,692,000</b>
Total without State Ops	\$164,273,123	\$143,601,294	\$170,906,000	\$180,847,000	\$165,747,000
Local Admin @ 10%	<b>\$16,427,312</b>	<b>\$14,360,129</b>	<b>\$17,090,600</b>	<b>\$18,084,700</b>	<b>\$16,574,700</b>
<b>Total without overhead/admin</b>	<b>\$147,845,811</b>	<b>\$129,241,164</b>	<b>\$153,815,400</b>	<b>\$162,762,300</b>	<b>\$149,172,300</b>

When comparing 2022-23 nutrition budget levels to 2024-25 proposed budget levels, there is a net decline of \$5 million. The \$37 million would have covered that gap, as well as funding associated with expiration of local COVID nutrition programs.

- **Elimination of Older Adult Behavioral Health Program.** The May Revision proposes to eliminate funding for the Older Adult Behavioral Health Program as follows: \$5.4 million in 2023-24, \$20 million in 2024-25, and \$8.4 million in 2025-26. The 2023 Budget Act included \$50 million over three years to advance behavioral health for older adults: \$30.3 million to local partners for older adult behavioral health capacity building; \$4.5 million to allow for continued operation of the statewide Older Adult Friendship Line; and \$10.5 million for an older adult behavioral health stigma reduction media campaign.

**CDA Solution Adopted in Early Action.** The 2024 Early Action package included the following solution under CDA:

- **Cancellation of Healthier at Home Pilot Program.** The Early Action package included \$11.9 million General Fund savings to cancel the Healthier at Home Pilot Program.

**Subcommittee Staff Comment and Recommendation – Hold Open.** This issue was heard at the Subcommittee’s May 16 hearing.

**Questions.** The Subcommittee requests the Administration respond to the following:

1. The Older Californians Act funding proposed to be eliminated was intended to restore services, primarily for senior nutrition programs, that were cut during the Great Recession. What is the net reduction in total funding for senior nutrition when combining this proposed cut with the expiration of federal pandemic relief funds? How did demand for meals, and the costs of those meals, including non-congregate options like Meals on Wheels, change during the pandemic? Does the department anticipate lower demand or meal costs in the near future?
2. The Older Adult Behavioral Health Program proposed to be cut originally included \$20 million in 2023-24, but the Administration is proposing to cut \$5.4 million in 2023-24. How much of the funding, specifically for the media campaign, has been spent to date?

**4300 DEPARTMENT OF DEVELOPMENTAL SERVICES**

**Issue 1: Department of Developmental Services – May Revision Overview**

**Overview – May Revision.** The May Revision includes \$15.4 billion (\$10 billion General Fund) for DDS in 2024-25; a net increase of \$1.9 billion (\$2 billion General Fund) over the updated 2023-24 budget, which is a 14.5 percent total fund increase. The total DDS budget at May Revision is summarized below:

**Program Highlights**  
(Dollars in Thousands)

	<b>FY 2023-24*</b>	<b>FY 2024-25</b>	<b>Difference</b>
<b>Community Services Program</b>			
Regional Centers	\$12,941,848	\$14,878,990	\$1,937,142
<b>Total, Community Services</b>	<b>\$12,941,848</b>	<b>\$14,878,990</b>	<b>\$1,937,142</b>
General Fund	\$7,626,916	\$9,596,982	\$1,970,066
Program Development Fund	\$434	\$434	\$0
Developmental Disabilities Services Account	\$150	\$150	\$0
Federal Trust Fund	\$57,470	\$57,338	(\$132)
Reimbursements	\$4,330,931	\$5,223,346	\$892,415
Mental Health Services Fund	\$740	\$740	\$0
HCBS ARPA	\$542,237	\$0	(\$542,237)
HCBS ARPA Reimbursements	\$382,970	\$0	(\$382,970)
<b>State Operated Services</b>			
Personal Services	\$260,198	\$281,128	\$20,930
Operating Expense & Equipment	\$66,986	\$60,425	(\$6,561)
<b>Total, State Operated Services</b>	<b>\$327,184</b>	<b>\$341,553</b>	<b>\$14,369</b>
General Fund	\$291,362	\$309,792	\$18,430
Lottery Education Fund	\$100	\$100	\$0
Reimbursements	\$35,722	\$31,661	(\$4,061)
<b>Headquarters Support</b>			
Personal Services	\$122,143	\$121,131	(\$1,012)
Operating Expense & Equipment	\$53,363	\$47,313	(\$6,050)
<b>Total, Headquarters Support</b>	<b>\$175,506</b>	<b>\$168,444</b>	<b>(\$7,062)</b>
General Fund	\$109,301	\$112,677	\$3,376
Federal Trust Fund	\$2,979	\$3,010	\$31
Program Development Fund	\$451	\$452	\$1
Reimbursements	\$53,487	\$51,794	(\$1,693)
Mental Health Services Fund	\$511	\$511	\$0
HCBS ARPA	\$6,523	\$0	(\$6,523)
HCBS ARPA Reimbursements	\$2,254	\$0	(\$2,254)
<b>Total, All Programs</b>	<b>\$13,444,538</b>	<b>\$15,388,987</b>	<b>\$1,944,449</b>
<b>Total Funding</b>			
General Fund	\$8,027,579	\$10,019,451	\$1,991,872
Federal Trust Fund	\$60,449	\$60,348	(\$101)
Lottery Education Fund	\$100	\$100	\$0
Program Development Fund	\$885	\$886	\$1
Developmental Disabilities Services Account	\$150	\$150	\$0
Reimbursements	\$4,420,140	\$5,306,801	\$886,661
Mental Health Services Fund	\$1,251	\$1,251	\$0
HCBS ARPA	\$548,760	\$0	(\$548,760)
HCBS ARPA Reimbursements	\$385,224	\$0	(\$385,224)
<b>Total, All Funds</b>	<b>\$13,444,538</b>	<b>\$15,388,987</b>	<b>\$1,944,449</b>

\*FY 2023-24 includes \$1.3 million Control Section 19.565 funding  
\*FY 2023-24 does not include \$10.75 million for CPP reappropriation (GF).



**DDS Budget Adjustments – May Revision.** In addition to the cuts described in Issue 1 and the service utilization and caseload related changes described above, the May Revision includes the following budget adjustments for DDS:

- **Reimbursement System Project and Maintenance and Operation Costs.** DDS requests that Item 4300-001-0001 be increased by \$3,258,000 in 2024-25, \$2,443,000 in 2025-26, and \$1,791,000 ongoing beginning in 2026-27 to complete the Reimbursement System Project and support maintenance and operations costs. This request also includes provisional language to make the level of 2024-25 funding contingent upon approval of the pending Iterative Project Report by the Department of Technology.
- **Reimbursement System Project – Reappropriation.** DDS requests that Item 4300-490 be added to reappropriate \$5 million from Item 4300-001-0001, Budget Act of 2021, through June 30, 2025. This request corrects a reappropriation included in the 2022 Budget Act and will support completion of the Reimbursement System Project and maintenance and operations costs.
- **Uniform Fiscal System Modernization and the Consumer Electronic Records Management System Project Planning.** DDS requests that Item 4300-001-0001 be increased by \$3,323,000 and reimbursements be increased by \$369,000 one-time to support planning for the Uniform Fiscal System Modernization and Consumer Electronic Records Management System projects. It is also requested that Item 4300-101-0001 be increased by \$2,665,000 one-time for these purposes.
- **Allocation for Employee Compensation.** DDS requests that Item 4300-001-0001 be increased by \$18,000 and reimbursements be increased by \$2,000 ongoing to reflect revised employee compensation costs.
- **Allocation for Employee Benefits.** DDS requests that Item 4300-001-0001 be increased by \$2,000 ongoing to reflect revised staff benefit costs.
- **State Operated Facilities – Complex Needs Residential Program Update.** DDS requests that Item 4300-001-0001 be decreased by \$7,038,000 and 28.8 positions one-time to reflect revised staffing cost assumptions for the program in 2024-25.
- **State Operated Facilities – Population and Staffing May Revision.** DDS requests that Item 4300-001-0001 be increased by \$3,286,000 and 16 positions and reimbursements be decreased by \$3,286,000 and 16 positions ongoing to reflect revised federal reimbursement assumptions related to the Stabilization Training Assistance Reintegration home program.
- **Regional Centers – Caseload and Utilization May Revision.** DDS requests that Item 4300-101-0001 be increased by \$41,210,000 and reimbursements be increased by \$32,371,000 ongoing. It is also requested that Item 4300-101-0890 be decreased by \$132,000 ongoing. These adjustments reflect updated expenditure estimates in operations and purchase of services driven by caseload and utilization. In addition to adjustments based on caseload and utilization, 2023-24 expenditure estimates also align with proposed changes in the federal Home and Community-Based Services Spending Plan.

- **Language Only.** DDS requests that Provision 2 of Item 4300-101-0001 be amended to change General Fund loan authority from \$1,038,350,000 to \$1,044,669,000 to reflect revised estimates regarding federal reimbursements.

**Subcommittee Staff Comment and Recommendation – Hold Open.** This issue was covered in the Subcommittee’s May 16 hearing.

**Questions.** The Subcommittee requests the Administration respond to the following:

1. The May Revision decreases projected 2024-25 expenditures for the department’s new Complex Needs Residential Program, which was approved in the 2023 Budget Act, due to revised development timeline of the homes and the related phased-in staffing assumptions. Does the revised timeline also affect the \$10.5 million included in the 2023-24 budget for this program? How much of the 2023-24 appropriation has been spent to date and what work has been completed?
2. The May Revision continues increases the budget for Porterville Developmental Center by \$20 million in 2024-25 compared to the revised 2023-24 budget. Porterville is budgeted for the maximum population capacity of 211 people. What is the current population at Porterville and what has the historical Porterville population been over the last approximately five years?
3. The May Revision includes a solution to save \$20 million by stopping new enrollments in the Direct Support Professional (DSP) internship program. The 2022 workforce package included additional one-time workforce programs which have experienced some implementation delays. The Regional Center Tuition Reimbursement program included \$30.8 million; the department estimates that based on the 351 current (and 55 pending) participants, \$12.2 million would be spent with no new enrollments. Could this program be limited in a similar way to the Administration’s proposed limitation of the internship program – honoring existing commitments but generating approximately \$18.6 million in savings? Similarly, the DSP stipend program expires June 30, 2024; of the \$127.8 million appropriation, the Administration reports that \$41 million has been spent through March (there is a 90 day lag on payments), and projects less than \$10 million would remain after June 30, 2024 at the current rate of registration and completion. Could any amount of these anticipated savings be reverted in 2023-24?

**Issue 2: Department of Developmental Services – Case Management Systems Project Planning**

**Budget Change Proposal – Governor’s May Revision.** DDS requests \$6.4 million (\$6 million General Fund) including one-year limited term resources equivalent to nine positions for continued project planning efforts supporting the combined Uniform Fiscal System Modernization (UFSM) and Consumer Electronic Records Management System (CERMS) project. The requested resources will enable DDS to complete the state’s required California Department of Technology (CDT) Project Approval Lifecycle (PAL) planning process.

**Background on Regional Center Fiscal and Case Management Systems.** Regional centers currently use outdated legacy systems, for both fiscal and case management purposes. Both systems are undergoing a modernization process to better support individuals and families, regional center staff, service providers, and DDS. DDS is currently moving through the state’s required California Department of Technology (CDT) Project Approval Lifecycle process.

**Funding for Fiscal and Case Management Modernization.** The HCBS Spending Plan includes \$7.5 million to fund the modernization of the fiscal system (known as Uniform Fiscal System Modernization or UFSM), and the case management system (known as Consumer Electronic Records System or CERMS). In addition to HCBS funds, the 2023 Budget Act included \$12.7 million (\$12.2 million General Fund) for one-year limited term resources equivalent to 17 departmental positions and two positions per regional center in 2023-24 to support continued planning efforts for both projects.

**Supplemental Report Language in the 2023 Budget Act.** The 2023 Budget Act including Supplemental Report Language requiring quarterly updates on the department’s fiscal and case management system projects. The report required includes: (1) the current status of the projects; (2) preliminary baseline cost, schedule and scope of the proposed projects after Stage 2 Alternatives Analysis; (3) the preliminary goals and outcomes for the two projects, including definitions for and measurements of completion and success; (4) a list of activities undertaken by DDS to engage stakeholders; (5) a list of organizational change management activities undertaken by DDS to prepare regional centers for any business process changes; and (6) project risks and issues identified during project planning and proposed mitigation.

**Project Update.** The following includes some highlights of project progress as of January 2024:

- DDS market research determined these projects will be combined into one project. A new Stage 1 Business Analysis combining both projects into one will be submitted. Both projects have received Stage 1 approval and DDS has submitted the current Stage 2 Alternatives Analysis package to CDT for approval.
- DDS anticipates that the federal Centers for Medicare & Medicaid Services (CMS) will fund approximately 90 percent of project planning, design development, and implementation.
- DDS has completed organizational change management plan and schedule.
- DDS has completed the extraction of UFS data from all regional centers and completed other data analysis.

- Stakeholders have prioritized details requirements. The team continues to provide DDS stakeholders updates on the status of the project, meet with them to validate our understanding of requirements, workflows, and processes.
- The Request for Proposal (RFP) is planned for November 2024.
- The preliminary scheduled is below:

Milestones	Expected Completion Date
Start the Development of the SI Scope of Work	11/8/2023
Anticipated Official California Department of Technology S2AA Approval	2/15/2024
Anticipated Department RFP Approval (S3SA)	4/17/2024
Anticipated CMS RFP Approval	8/23/2024
Anticipated California Department of Technology S3SA Approval	10/28/2024
Anticipated California Department of Technology/Statewide Technology Procurement RFP Release	11/6/2024
Vendor Bids Due	2/3/2025
Anticipated CMS Contract Approval by CMS	10/22/2025
Anticipated California Department of Technology Contract Approval	11/26/2025
Notification of Intent to Award	12/1/2025
Contract Start Date	12/17/2025

Source: DDS

**Project Objectives.** The project objectives listed below are included in the Supplemental Report:

- Transition the fiscal and programmatic foundations of the developmental services system away from process measures to payment for measurable changes in outcomes for people with IDD.
- Reduce disparities in regional center performance across operational measures while achieving or surpassing benchmark expectations for those activities.

- Increase the information readily available to remediate disparities in authorized services, their geographic availability, and actual service utilization, across ages and other demographic categories, residential types, regional centers, and consumer diagnoses.
- Increase the ability of people with IDD and their families to access information about their services and supports, to enable self-service functions and empower their engagement in person-centered planning and case management.
- Reduce operational frustrations that contribute to high rates of turnover in the service coordinators that people with IDD depend upon for the authorization of services that enable their community integration and achievement of person-centered goals.
- Implement a new accounting solution that can be fully integrated with case management systems and other regional center mission-critical third-party applications, ensuring that unique individual service needs are met.
- Implement a new billing module that allows vendors to either enter or directly upload invoices, in a standard data format, into the billing system to support the retainment of quality service providers that are needed to meet individual consumer service needs.
- Create report of users accessing confidential individual financial information.

**Stakeholder Engagement.** According to the Supplemental Report, the project teams have collaborated with regional centers, individuals receiving services and their families, as well as services providers over the last two years. DDS has held a total of 198 meetings to date: 185 meetings with the regional centers, 9 meetings with individuals and families, and 4 meetings with service providers.

**SB 138 Requirements for New Case Management System.** Trailer bill language from the 2023 Budget Act included in SB 138 (Committee on Budget and Fiscal Review), Chapter 192, Statutes of 2023, requires DDS to incorporate the following intake information in its new case management system: (1) the number of individuals for whom intake was requested; (2) the outcome of that intake, including whether an assessment was determined to be necessary; (3) the length of time it took to complete the assessment; and (4) the number of notices of action sent regarding the outcome of the initial 15-day intake period. In addition, SB 138 requires updated data definitions and standard IPP template to be integrated with the new case management system and requires DDS to explore the feasibility of tracking generic services in its new case management system.

**Staffing and Resource Request.** According to DDS, “the proposed resources will allow DDS to continue the PAL activities. DDS determined the number of requested position equivalent resources based on CDT’s project management best practices and recommendations from OSI and supported by real project milestone experiences with the Electronic Visit Verification and Reimbursement System Project technology projects. Each position will perform specific roles and duties on the project. DDS is unable to redirect existing resources to develop the new system because current employees support existing maintenance and operations workload.

In addition, DDS requests resources for each RC's involvement to continue the data analysis and cleanup effort. DDS requests resources dedicated to each RC to support the project, specifically, to assist with end-to-end data analysis, data profiling/cleansing and validation services, data migration/conversion planning and activities, and data governance framework establishment for the combined UFSM and CERMS Project.

Finally, resources are requested to continue consulting services to assist with the PAL process and data management services. These consulting services were procured in 2023 utilizing federal Home and Community-Based Services American Rescue Plan Act funding. The Project Manager and Business Analysis services are being used to develop the documentation and approvals for the state-required PAL. Data management services are required to determine the quality of data from the 21 RCs, determine cleanup strategy and lead the effort for the 21 RCs to clean up their data. CMS Advance Planning Document (APD) manager will provide Certification Consultant Services for CERMS/UFSM to request approvals of federal advance planning documents and federal financial certification documents to receive enhanced federal funding.”

**Subcommittee Staff Comment and Recommendation – Hold Open.**

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide a brief update and timeline for the department's new fiscal and case management system project.
2. The 2023 Budget Act included \$12.7 million (\$12.2 million General Fund) for one-year limited term resources equivalent to 17 departmental positions and two positions per regional center in 2023-24 to support continued planning efforts. This is in addition to the \$7.5 million HCBS funds for project planning. DDS also anticipates the availability of federal funding for the project. How much of the 2023 Budget Act appropriation has been spent? Could anticipated federal funds supplant the need for General Fund resources in 2024-25? If so, would provisional language allowing the department to access General Fund only in the case that federal funds do not materialize be appropriate?
3. What work is being conducted with regional centers to prepare for the new system? Similarly, there is funding included for consumer engagement – how will those funds be used?

**0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY - OYCR****Issue 1: Office of Youth and Community Restoration- Transfer of Juvenile Justice Grants**

**Trailer Bill Language – Governor’s May Revision.** CalHHS proposes trailer bill language to transfer administration of 2011 juvenile realignment grants from the Board of State and Community Corrections (BSCC) to the Office of Youth and Community Restoration (OYCR). Taken with the 2024-25 Governor’s Budget proposal to shift administration of one federal Title II grant from BSCC to OYCR, this should effectuate the transfer of the administration of juvenile grants from BSCC to OYCR as required by Welfare and Institutions Code 2200 (which requires that all juvenile justice grant administration functions at the BSCC move to OYCR by January 1, 2025.)

The Governor’s budget proposal to shift only the Title II federal grant was heard in this Subcommittee on February 29.

**Trailer Bill would Remove Reporting Requirements.** The proposed trailer bill language removes provisions that make Juvenile Reentry Grant funding to counties contingent on counties providing the state with certain data necessary to administer this grant. In addition, the language does not provide OYCR with authority to audit this data, which BSCC currently has. The LAO notes that this could make it harder for OYCR to administer this grant. The trailer bill additionally adds language to WIC 2200 that ties the transfer of grants to existing grant allocation methodologies.

**Subcommittee Staff Comment and Recommendation – Hold Open.** Subcommittee staff notes that removing existing reporting requirements and auditing authority currently under BSCC is not part of the statutory mandate to shift the administration of juvenile justice grants from BSCC to OYCR.

**Questions.** The Subcommittee requests the Administration respond to the following:

1. Please provide a comprehensive walkthrough of this proposed trailer bill. Please describe each grant that is proposed to be shifted to OYCR as well as every additional change to current law that is included in the language.
2. Why does this trailer bill remove provisions that make Juvenile Reentry funding to counties contingent on the provision of data to the state?
3. Does the Administration intend not to extend OYCR the same auditing authority currently held by BSCC?
4. Is the Administration’s intent with this transfer to make any other changes to the way juvenile justice grants are administered, other than shifting administration functions from one state agency to another?