

SUBCOMMITTEE NO. 3

Agenda

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



May 19, 2016
9:30 a.m., or Upon Adjournment of Floor Session
Room 4203, State Capitol

Consultants: Theresa Pena and Michelle Baass

ISSUES RECOMMENDED FOR VOTE ONLY

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5180 DEPARTMENT OF SOCIAL SERVICES – CALWORKS**Issue 1: Trailer Bill Language: Approved Relative Caregiver (ARC) Program Parity**

May Revision. The Administration proposes to clarify that a relative who has been approved under the resource family approval (RFA) process and who is federally ineligible for Aid to Families with Dependent Children-Foster Care (AFDC-FC) is authorized to receive a CalWORKs grant and a supplement amount equal to the resource family basic amount paid to children who are federally eligible for AFDC-FC.

Background. The ARC program allows counties that opt in to provide payments to federally ineligible relative caregivers an amount equal to the foster care basic rate received by federally eligible relative caregivers of dependent children. Approved relatives in these counties would receive a grant payment which would consist of funds from CalWORKs, General Fund, and county, if necessary.

Advocate Concerns. The Alliance for Children’s Rights has strong concerns about the proposed TBL. They feel that the TBL as currently drafted does the opposite of what it intends, and actually builds inequities into resource family approval process by making it clear that relatives are not included when caring for non-federally eligible children, except at the counties’ option and through an entirely different program.

Staff Comment and Recommendation. This subcommittee heard and discussed this item during its May 17, 2016 hearing. Approve proposed trailer bill language as placeholder with the understanding that the department will work with stakeholders on concerns. Trailer bill language should ultimately reflect the stated goal to provide for program parity.

Issue 2: Trailer Bill Language: Subsidized Employment

Budget Proposal. CWDA is proposing trailer bill language to streamline the two CalWORKs subsidized employment programs, AB 98 and Expanded Subsidized Employment, to reduce the administrative burden of two separate programs and to help maximize utilization of the programs.

Staff Recommendation. This subcommittee heard and discussed this item during its March 10, 2016 hearing. Approve trailer bill language as placeholder. No concerns have been raised.

Issue 3: California Farm to Food Bank Tax Credit Proposal

Budget Proposal. The California Association of Food Banks and others are requesting to extend California's current tax credit for farm donations to food banks from 2017 to 2022, increase the credit from 10 percent to 15 percent, expand the list of qualified donation items, and value items at wholesale cost.

Background. AB 152 (Fuentes), Chapter 503, Statutes of 2011, created the existing 10 percent tax credit for donations of fresh fruits and vegetables to a qualified nonprofit entity and required DSS to establish and administer a State Emergency Food Assistance Program. This proposal is also included in a bill, AB 1577 (Eggman), currently on the Assembly Appropriations Committee suspense calendar, and is similar AB 515 (Eggman), which was vetoed last year with a host of other tax credit bills. The Governor's veto message stated that tax credits needed to be considered comprehensively as part of the budget process.

Advocates argue that extending the credit would increase access to healthy foods for low-income Californians.

Staff Recommendation. This subcommittee heard and discussed this item during its May 12, 2016 hearing. Approve as requested.

Issue 4: State Emergency Food Assistance Program (SEFAP)

Budget Proposal. The California Association of Food Banks requests a \$10 million General Fund appropriation for the SEFAP. Currently, there is no on-going General Fund dedicated for this use. The \$10 million SEFAP request would be distributed to all counties based on the established formula for the distribution of Emergency Food Assistance Program, currently funded with federal dollars.

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

Staff Recommendation. This subcommittee heard and discussed this item during its March 10, 2016 hearing. Approve a \$2 million on-going appropriation for the SEFAP.

5180 DEPARTMENT OF SOCIAL SERVICES – IMMIGRATIONS BRANCH**Issue 5: Immigration Services Funding Augmentation**

Budget Proposal. The One California coalition, joined by the Latino Legislative Caucus and the Asian Pacific Islander Legislative Caucus, request an increase of \$25 million to the Immigration Services Program for a total of \$40 million in FY 2016-17. They state that the current level of investment does not reflect the need for services in the state or the demonstrated capacity to meet those needs.

Background. The Immigration Services Program was established in the 2015-16 budget to provide services for California's immigrant communities that may be eligible for deferred action protection programs or citizenship. Advocates claim that under the current \$15 million investment, less than 1 percent of the immigrant community that is eligible to apply for naturalized citizenship is being reached. They also point out that despite the emphasis on DACA, the funding will only reach 2.8 percent of the total eligible population in the state.

Staff Recommendation. This subcommittee heard and discussed this item during its April 28, 2016 hearing. Approve a \$10 million augmentation to the Immigration Services Program.

5180 DEPARTMENT OF SOCIAL SERVICES – CHILD WELFARE SERVICES**Issue 6: Continuum of Care Reform (Issue 407-MR)**

May Revision. The Administration requests an additional \$59.9 million General Fund in 2016-17 to fund the implementation of the Continuum of Care Reform (CCR) enacted by AB 403 (Stone), Chapter 773, Statutes of 2015, and to implement revisions to the state's current rate-setting system, services and programs serving children and families in the continuum of Aid to Families with Dependent Children - Foster Care (AFDC-FC) eligible placement settings.

Background. Last year, the Legislature passed AB 403 (Stone), Chapter 773, Statutes of 2015 to implement the Continuum of Care Reform (CCR), which seeks to improve the assessment of child and families, emphasize home-based family care, support placement with available services, and increase transparency for child outcomes. The Governor's budget included approximately \$61 million General Fund to implement the various components of the CCR.

Advocate Concerns. Advocates have expressed strong concern with the proposed rate structure, given that there has not been sufficient time to review the new rates and assess their impact on the CCR effort. They also feel there is not enough information on details surrounding the levels of care and the assessment tool, which will be instrumental in how children are placed into homes and how the rate structure works within the larger goals of CCR.

Staff Comment and Recommendation. This subcommittee heard and discussed this item during its May 17, 2016 hearing. Staff remains concerned that there has not been sufficient time to review the new rates, and that there is a lack of information concerning the levels of care and assessment tool. Staff recommends approval of the May Revision proposal, but with the addition of supplemental reporting language that at minimum, requires the department to meet with stakeholders to discuss their concerns around the rates, and that, as a starting point for this continued dialogue, a meeting take place with legislative staff, the department, and advocates in July of 2016 to further assess the proposed rate structure intended to inform future rate discussions. Additionally, staff requests that the department schedule monthly briefings to update legislative staff on the progress of CCR implementation and the rate structure to begin after the passage of the 2016 budget and ongoing through the 2016-17 fiscal year. Staff recommends that the Committee request for the LAO to provide an initial draft of supplemental reporting language to staff that is consistent with the description above and any additional details recommended by the LAO.

Issue 7: Trailer Bill Language: Child Near Fatalities and Fatality Reporting and Disclosure

May Revision. The Administration proposes trailer bill language to comply with federal requirements to establish requirements regarding the disclosure of findings and information in child near fatality incidents resulting from abuse and neglect. The proposed language requires the county welfare services agency to provide a written description of findings related to the child near fatality, including a summary of reports received and actions taken by the county welfare services agency, upon request within 30 days of either the request or the disposition of the investigation. The trailer bill language also allows counties the option to establish their own policy to release actual, redacted documents in place of the summary. The language also makes some changes to current statute on fatality reporting and disclosure, including extending the amount of time the county welfare services agency has to respond to a request from 10 days to 30 days.

Background. The federal Child Abuse Prevention and Treatment Act (CAPTA) requires that states receiving funds under CAPTA must disclose to the public findings and information about child abuse and neglect cases that result in fatalities or near fatalities. On December 8, 2015, the federal Administration for Children, Youth, and Families (ACYF) notified DSS of non-compliance with federal guidelines regarding public disclosure procedures in cases where a child dies or nearly dies as the result of abuse or neglect. If the state is unable to comply with federal reporting requirements, California could lose up to a total of \$4.8 million in CAPTA funds. A number of approaches would satisfy the federal requirement, including the current Administration proposal, which the Administration has vetted with the federal AYCF.

Advocate Concerns. The California Newspaper Publishers Association and some children's advocates have raised concerns with the writing a summary of certain events in the case, and prefer to be able to have the original documents with redacting. They have also expressed concerns with the proposed changes to the amount of time for responding to a request, among other provisions.

Staff Comment and Recommendation. This subcommittee heard and discussed this item during its May 17, 2016 hearing. Staff recommends rejecting the Administration's proposal and instead conforming to federal law by approving placeholder trailer bill language that uses existing law with respect to fatalities as a starting point to craft language that will comply with the federal requirements on near fatality disclosures and makes federally required changes to fatality disclosures.

Issue 8: Meeting the Requirements of Commercially Sexually Exploited Children (CSEC) Mandates

Budget Proposal. CWDA requests a total of \$19.7 million GF increase for the CSEC program to aid child welfare agencies in meeting their mandate to serve children who are commercially sexually exploited. Specifically, CWDA requests \$16.2 million GF to bring Tier I counties up to Tier II level funding, and to fully fund all Tier II counties. CWDA also requests \$3.5 million GF for on-going training of child welfare staff to help CSEC youth.

Background. In 2014, SB 855 clarified that children who are commercially sexually exploited must be served as dependents under the child welfare system. Shortly after SB 855 was signed into law, federal mandates created additional imperative for child welfare agencies to serve this population. In 2015-16, \$10.75 million GF was made available for counties. Eighteen counties received Tier I funding to support local protocol development and twenty-two counties with established protocols received Tier II funding to implement those protocols.

Staff Comment and Recommendation. This subcommittee heard and discussed this item during its April 21, 2016 hearing. Approve proposal as requested.

Issue 9: Public Health Nursing and Monitoring of Psychotropic Medication

Budget Proposal. The National Center for Youth Law and various other organizations request \$1.65 million GF (with an assumed federal match of \$4.95 million) to provide additional staffing to ensure that there is appropriate medication case management within the Health Care Program for Children in Foster Care (HCPCFC) and to meet the requirements of recently passed legislation. This funding would enable the hiring of additional Public Health Nurses (PHNs) to review and monitor psychotropic medication and treatment, assist in scheduling and monitoring appointments, and support court review of treatments.

Staff Comment and Recommendation. This subcommittee heard and discussed this item during its April 21, 2016 hearing. Approve proposal as requested.

5180 DEPARTMENT OF SOCIAL SERVICES – IN-HOME SUPPORTIVE SERVICES (IHSS)**Issue 10: Trailer Bill Language: IHSS MOE**

Governor’s Budget. The Administration proposes to clarify in existing law that counties are responsible for paying the entire nonfederal share of any IHSS cost increase exceeding the maximum amount of the state’s participation, and that the counties’ share of these expenditures are included in the county IHSS MOE.

Background. Beginning July 1, 2012, all counties in California were required to have a county IHSS MOE, which would be in-lieu of paying the nonfederal share of IHSS costs. Statute specified that the county’s IHSS MOE would be based on expenditures from FY 2011-12 and would be adjusted by an inflation factor of 3.5 percent annually, beginning July 1, 2014. In addition, the county IHSS MOE would be adjusted for the annualized costs of increases in provider wages and/or health benefits that were locally negotiated, mediated, or imposed prior to the Statewide Authority assumption of its responsibilities. If the department approved a rate or benefit increase, the state would be responsible for 65 percent of the nonfederal share of the costs while the county would be responsible for the remaining 35 percent with a limit for the state up to \$12.10 per hour for wages and health benefits.

The department notes that this proposal clarifies and affirms the intent of existing law that the increased costs to the contract mode are shared by the counties, consistent with the IHSS MOE.

Advocate concerns. The California State Associate of Counties (CSAC), the County Welfare Directors Association of California (CWDA), and the California Association of Public Authorities (CAPA) have concerns with the current way the TBL is drafted. They are not opposed to TBL that would clarify that the county IHSS MOE’s should be increased for the county’s share of contract provider wage or health benefit increases resulting from local negotiations, but feel that the proposed language is too broad.

Staff Recommendation. This subcommittee heard and discussed this item during its April 28, 2016 and May 17, 2016 hearings. The department and CWDA indicate that they are still working together to address concerns. Approve placeholder trailer bill language provided by CWDA with the understanding that it will only move forward if consensus is reached.

Issue 11: IHSS Overtime Restriction Exemptions (Issues 417-MR and 418-MR)

May Revision. The Administration requests an increase of \$22,277,000 General Fund and reimbursements to be increased by \$25,122,000 to reflect costs associated with exempting providers who meet specified criteria from IHSS overtime restrictions contained in SB 855 (Committee on Budget and Fiscal Review) Chapters 29, Statutes of 2014.

Background. Exemptions will be available for live-in family care providers who, as of January 31, 2016, reside in the home of two or more disabled minor or adult children or grandchildren for whom they provide services. A second type of exemption will be considered for recipients with extraordinary circumstances and granted on a case-by-case basis. Under either exemption, the maximum number of hours for a provider may work cannot exceed 360 hours per month.

Staff Comment and Recommendation. This subcommittee heard and discussed this item during its May 17, 2016 hearing. Approve as requested.

**0530 HEALTH AND HUMAN SERVICES AGENCY/OFFICE OF SYSTEMS INTEGRATION
5180 DEPARTMENT OF SOCIAL SERVICES****Issue 1: Budget Change Proposal: Case Management, Information and Payrolling System (CMPIS II)**

Governor's Proposal. The Administration requests a budget year increase of \$4.8 million in the OSI spending authority and one permanent position for the CMIPS II project and a corresponding increase of \$8.7 million in DSS Local Assistance budget authority. \$4.8 million is requested for staffing and annual base operations costs to address workload increases, and \$3.9 million is requested to fund data center services.

Background. CMIPS II project costs have increased substantially in the current year due to schedule shifts, a delay in implementing changes related to the Federal Fair Labor Standards Act and workload increases in base operational costs. The CMIPS II project is transitioning into the M&O phase, which will require the procurement of a new systems integrator and begin a new phase that requires the support of experienced counsel. This BCP requests resources to establish an Attorney II position and the corresponding Operating Expense and Equipment (OE&E) for this position. OSI does not currently have sufficient legal resources to meet increased demand. \$4.6 million of this proposal is needed for adjustments to prime vendor services, and \$3.9 million is needed for data center services to support increased capacity requirements, IHSS caseload growth, and the impact from current legislative changes.

Staff Comment and Recommendation. This subcommittee heard and discussed this item during its April 28, 2016 hearing. Approve as requested.

Issue 2: Spring Finance Letter: CWS-NS

Governor's Budget. The Administration requests an augmentation of \$32.1 million in combined state and federal funding for DSS local assistance costs, as well as \$28.66 million in expenditure authority for OSI to develop and implement CWS-NS. This funding will be available until project completion and reviewed on an annual basis. Budget bill language is also being requested which will allow for increased project funding beyond the appropriation authority, funds to be transferred to state operations for project-related activities, and provides various reporting requirements.

Background. In November 2015, the state changed its typical procurement approach from a monolithic, multi-year Request for Proposal to pursue an agile development approach for numerous smaller modules of functionality reflecting the same ultimate scope as the prior efforts.

The department notes that it requests additional resources for the CWS-NS project in light of uncertainty in the Agile development process, and the need to be flexible in administrative processes and contracting, and uncertainty in vendor competition and performance.

Staff Comment and Recommendation. This subcommittee heard and discussed this item during its April 21, 2016 and May 17, 2016 hearings. Approve augmentation of \$32.1 million in combined state and federal funding for DSS local assistance costs and \$28.66 million in expenditure authority for OSI to develop and implement CWS-NS. Approve budget bill language LAO drafted at Staff's request that clarifies that the flexibility should not increase total project costs, and that the Legislature have adequate notification before funds are increased, and staff will continue refining language with the department. Below is the language that the LAO has provided:

Of the funds appropriated in Schedule (1) of this item, \$29,179,000 is for the support of activities related to the Child Welfare Services-New System (CWS-NS) project. Expenditure of these funds is contingent upon approval of project documents by the Department of Finance and the Department of Technology. This amount may be increased by the Department of Finance, up to a maximum of \$5,000,000 during the 2016-17 fiscal year, upon approval of revised project documents. Such an increase shall only be used to support an acceleration of planned project activities, and shall not be used to increase total project costs. Any such increase shall be authorized no less than 30 calendar days following written notification to the Chairperson of the Joint Legislative Budget Committee, or a lesser period if requested by the department and approved by the Chairperson of the Joint Legislative Budget Committee or his or her designee.

Issue 3: Trailer Bill Language: Child Welfare Services Automation

Budget Issue. CWDA proposes trailer bill language that would codify the new Agile approach to CWS automation by (1) requiring DSS, OSI and CWDA to jointly seek resources to enable the necessary level of engagement by counties in the Agile development and maintenance process; (2) require that counties have a voting seat on all governance bodies; (3) require that existing CWS/CMS operations functionality be maintained and not decommissioned until the full statewide implementation of the CWS-NS in all counties; and (4) requires the continuation of existing monthly updates to the Legislature and stakeholders on efforts to develop and implement CWS-NS and regularly scheduled quarterly forums offered to provide project updates to stakeholders and legislative staff.

Staff Comment and Recommendation. This subcommittee heard and discussed this item during its April 21, 2016 hearing. Approve trailer bill language as placeholder.

4170 DEPARTMENT OF AGING**Issue 1: Senior Nutrition Program**

Budget Proposal. The California Commission on Aging, the California Association of Area Agencies on Aging, and the Congress of California Seniors request \$5.4 million General Fund to augment existing senior nutrition programs. Area Agencies on Aging operate these programs, including Congregate Mealsites and Home-delivered Meals (known as Meals on Wheels).

Staff Comment and Recommendation. This subcommittee heard and discussed this item during its April 28, 2016 hearing. Approve \$2 million General Fund to augment existing senior nutrition programs.

4265 DEPARTMENT OF PUBLIC HEALTH

Issue 1: Special Session Legislation Related to e-Cigarettes and Tobacco

Issue. Various pieces of legislation regarding e-cigarettes and tobacco, including SB 5 X2 (Leno), Chapter 7, Statutes of 2016, SB 7 X2 (Hernandez), Chapter 8, Statutes of 2016, and AB 7 X2 (Stone), Chapter 4, Statutes of 2016 were past as part of the recent special session and result in increased workload for the department. The May Revision does not include resources to implement the legislation. As discussed at the May 18th hearing, Subcommittee staff requested technical assistance from the department on the resources needed to implement this legislation.

Subcommittee Staff Comment and Recommendation. It is recommended to augment the department's budget by \$1 million General Fund in 2016-17 and \$1.95 million General Fund in 2017-18 and ongoing for enforcement activities and \$1.36 million in Proposition 99 funds in 2016-17 for outreach and media campaigns. These funds would support:

- **For Enforcement Activities: 10 permanent positions (phased-in beginning in 2016-17) for inspections conducted by the Food and Drug Branch (FDB):**
 - FDB conducts inspections working with undercover decoys and investigators who travel statewide conducting undercover buys to ensure compliance with the federal STAKE Act. The undercover inspections involve purchasing the evidence (i.e. combustible or e-cigarettes), recording the evidence (video surveillance), and documenting the transaction. FDB will enforce both electronic cigarettes and the increase in the legal smoking age during 2016/17, utilizing a phased-in approach. Positions required and start dates are as follows:
 - Supervising Investigator 1.0 – September 1, 2016
 - AGPA 2.0 – October 1, 2016
 - Investigator 2.0 – October 1, 2016
 - Investigator 4.0 – February 1, 2017
 - Attorney 1.0 – May 1, 2017
 - Contract dollars will be used to fund decoys that work with investigators to conduct statewide undercover buys to ensure compliance with the federal STAKE Act.
- **For Outreach/Media/Education:** \$1.36 million in Proposition 99 funding will be used to develop and conduct an education and outreach campaign focused on the Tobacco 21 law.
 - The Education and Outreach Effort will consist of the following:
 - Retailer Letters to 37,000 licensed tobacco retailers and about 1,200 vape shops. Mailing will include signs, window cling, fact sheet, FAQ, Tip Sheets on valid ID for CA and active duty military and products covered by the expanded tobacco products definition.
 - Paid point-of-sale educational signs at gas stations and convenience stores to raise awareness that the minimum age of tobacco sales is 21.
 - Ads in Retailer Trade Publications.
 - Updated federal STAKE Act mandated age-of-sale warning signs, which will include the military exemption language.
 - Window Clings, “We check IDs”.

- The Education and Outreach Effort will begin in June 2016 with mailing and signage using existing Prop 99 funds. The paid point-of-sale media campaign will run July-August 2016 and January-March 2017.
- The costs of these efforts in 2017-18 and beyond will be reviewed as part of the Proposition 99 evaluation during the 2017-18 budget development cycle.

Issue 2: School-Based Health Centers Request

Issue. As discussed at the May 5th Subcommittee hearing, Assembly Member Ridley-Thomas requests to fund two limited-term positions (24 months) to provide technical assistance to assist in the development and expansion of school-based health centers.

Subcommittee Staff Comment and Recommendation. It is recommended to augment the department's budget by \$600,000 from the Tobacco Settlement Account to support two two-year limited term resources as described above.

0877 CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
4265 DEPARTMENT OF PUBLIC HEALTH
4560 MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION

Issue 1: Jail Construction Funding

Issue. The Governor's budget includes \$250 million General Fund for jail construction funding. This proposal was rejected in Subcommittee No. 5 on May 18th and instead, Subcommittee No. 5 took action to approve the following General Fund augmentations and necessary budget bill and trailer bill language for investments designed to reduce people's involvement in the criminal justice system. The following General Fund augmentations relate to health and human services programs:

- a. \$80 million to build capacity for the continuum of children's mental health crisis services.
- b. \$10 million for sexually transmitted disease prevention
- c. \$10 million for teen pregnancy prevention (focusing on Foster Care teens)
- d. \$6 million for the Adolescent Family Life Program
- e. \$2 million for prevention and treatment efforts related to hepatitis B and hepatitis C

Subcommittee Staff Recommendation. It is recommended to conform to Subcommittee No. 5's action.