Senate Budget and Fiscal Review—Holly J. Mitchell, Chair

SUBCOMMITTEE NO. 3 Agenda

Senator Richard Pan, Chair
Senator William W. Monning
Senator Jeff Stone

May 3, 2018
9:30 a.m., or Upon Adjournment of Session
Room 4203, State Capitol
Part A

Consultant: Theresa Pena

ISSUES RECOMMENDED FOR VOTE-ONLY

ISSUES FOR DISCUSSION

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ISSUES RECOMMENDED FOR VOTE ONLY

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT (CSD)

Issue 1: Budget Change Proposal: Low-Income Weatherization Program (LIWP) Reappropriation

The Administration requests reappropriation of any unexpected balances of 2015-16 local assistance appropriations received from the Greenhouse Gas Reduction Fund (GGRF) to be available for encumbrance until the end of 2018-19, and available for liquidation until the end of 2018-19. The proposal includes budget bill language.

Launch of the LIWP 2015-16 Single-Family program was delayed following protests to the competitive bid process identifying Regional Administrator awardees. Due to this delay, contracts were not finalized until June 2017. When factoring in ramp-up activities such as the renegotiation of project implementation plans, implementation of outreach strategies, and seasonal factors during winter months that limit project completions, liquidation of all the funds by the end of 2017-18 seems unrealistic. If the reappropriation authority is not granted, CSD anticipates reverting a total of $57 million in GGRF.

Staff Comment and Recommendation. Approve. This subcommittee heard and discussed this item during its April 19, 2018 hearing. No concerns have been raised.

5180 DEPARTMENT OF SOCIAL SERVICES – CHILD WELFARE SERVICES

Issue 1: Budget Change Proposal: Case Reviews Oversight Assistance

The Administration requests $1.1 million ($247,000 General Fund) in 2018-19 and $1.0 million ($231,000 General Fund) ongoing for eight Associate Governmental Program Analysts (AGPAs) and one Staff Services Manager I to allow for the department to provide increased coordination with and technical assistance to the counties to develop or improve mental and physical health services for vulnerable children ages zero to five, and to conduct required qualitative case reviews for rural child welfare and probation agencies who have been unable to conduct their own reviews.

The department notes that these new resources will allow the department to provide increased technical assistance to counties in an effort to reduce the percentage of children ages zero to five who are in foster care longer than 24 months from the current 40 percent to the federal standard of 30.3 percent, reduce the infant mortality rate, and conduct the necessary qualitative case reviews for rural counties, and ultimately bring the state into compliance with federal standards and avoid potential penalties.

Staff Comment and Recommendation. Approve. This subcommittee heard and discussed this item during its April 12, 2018 hearing. No concerns have been raised.

Issue 2: Budget Change Proposal: Psychotropic Medication Oversight in Foster Care

The Administration requests $1.4 million ($375,000 General Fund) split over two years to continue meeting statutory mandates of SB 484 (Beall), Statutes of 2015, Chapter 540. This is the equivalent of six positions.

SB 484 mandated additional review and increased standards regarding psychotropic medication usage in group homes, which created new data collection and notification requirements for the Community Care Licensing Division in DSS, and required that DSS annually develop a methodology for quantifying psychotropic medication usage to identify facility outliers. The bill also required DSS to publish a statewide summary of the information gathered during these inspections in order to review and evaluate the use of psychotropic medications among youth in group home care.

The department originally identified 206 facilities and redirected 22 Licensing Program Analysts (LPAs) for these purposes. However, over time, the department found that the time it took to complete these inspections was 7.2 hours per facility, which is 2.5 times the average time it takes to complete a group home inspection.

Staff Comment and Recommendation. Approve. This subcommittee heard and discussed this item during its April 12, 2018 hearing. No concerns have been raised.

5180 DEPARTMENT OF SOCIAL SERVICES – DISASTER SERVICES BUREAU

Issue 3: Budget Change Proposal: Resources for Disaster Preparedness

The Administration requests $428,000 General Fund in 2017-18 and $397,000 General Fund ongoing for three permanent positions (one Staff Services Manager I and two Associate Governmental Program Analysts) to support catastrophic planning and strengthen California's mass care and shelter capabilities.

DSS has been assigned by the California Governor's Office of Emergency Services (Cal OES) in the State Emergency Plan as the lead for mass care and shelter in California. In the last five years, over 500 evacuation shelters have been operated across California in response to emergency incidents, including seven Presidentially-declared disasters within just the last three years. Recent disasters such as the Oroville Auxiliary Spillway Incident and the 2017 wildfires have expanded the workload for the department and highlighted the need for DSS to increase its capacity.

Staff Comment and Recommendation. Approve. This subcommittee heard and discussed this item during its April 19, 2018 hearing. No concerns have been raised.

5180 DEPARTMENT OF SOCIAL SERVICES – STATE HEARINGS DIVISION (SHD)

Issue 4: Budget Change Proposal: Appeals Case Management System

The Administration requests $188,000 General Fund ($493,000 Total Funds) for one permanent Staff Services Manager I, two Associate Governmental Program Analysts, and one Senior Information Systems Analyst to provide continued support for the development and implementation of the Appeals Case Management System (ACMS).

The 2014 Budget Act approved four limited-term positions for the ACMS project. Project development for the ACMS began in August of 2017, with project implementation to begin in August of 2018 and maintenance and operations to begin in September 2018. However, the four positions expired in December 2017. The department considers the approval of these existing staff resources on an ongoing basis as necessary to complete the development and implementation of ACMS.

Staff Comment and Recommendation. Approve. This subcommittee heard and discussed this item during its April 19, 2018 hearing. No concerns have been raised.

Issue 5: Budget Change Proposal: Medicaid Managed Care Final Rule Hearings and Increased Workload

The Administration requests $1.2 million General Fund ($3.2 million Total Funds) in 2017-18 and $1.1 million General Fund ($3.1 million Total Funds) ongoing for 10 Administrative Law Judge II's and six Administrative Law Judge I's to process the increased workload associated with the implementation of the federal Medicaid Managed Care Final Rule and the increase in existing workload due primarily to the ongoing impact of the implementation of the Affordable Care Act.

Under the federal Centers for Medicare and Medicaid Services Final Rule, managed care plans that contract with the Department of Health Care Services will now be the first level of appeal for managed care case before asking for a state hearing. This rule change requires SHD to now review all of the managed care appeals for jurisdiction and conduct hearings and write decisions in all expedited appeals within three business days (under prior rules it was under 10 days).

The department points out that lack of adequate SHD staffing to address and implement the federal rule changes will result in delays in complying with timeliness requirements, which could increase penalties.

Staff Comment and Recommendation. Approve. This subcommittee heard and discussed this item during its April 19, 2108 hearing. No concerns have been raised.

ISSUES FOR DISCUSSION

4170 Department of Aging (CDA)

Issue 1: Spring Finance Letter: Increased Resources for SNAP-Ed Program

Governor's Proposal. The Administration requests to increase state operations reimbursement authority by $200,000 and three positions, and local assistance reimbursement authority by $1.28 million (all federal funds), for the Supplemental Nutrition Assistance Program – Education (SNAP-Ed). The positions requested are one Health Program Specialist and the conversion of two existing Associate Governmental Program Analysts into permanent positions.

These funds will be used to administer and evaluate the department's SNAP-Ed service delivery model and increase base funding to the local Area Agencies on Aging (AAAs) that participate in the program.

Background. The Department of Social Services (DSS) receives SNAP-Ed funding from the United States Department of Agriculture/Food and Nutrition Services (USDA/FNS). SNAP-Ed grants are available to support statewide nutrition education programs for low-income individuals who are eligible or receiving benefits from the SNAP program (CalFresh in California). DSS partners with the Department of Public Health and the University of California Davis to provide SNAP-Ed to California's overall eligible population. DSS entered into an interagency agreement with CDA to provide SNAP-Ed services statewide specifically targeting older adults. CDA, through the AAAs, has been conducting SNAP-Ed outreach and educational programs focused on health promotion and obesity prevention, and increasing awareness and enrollment in CalFresh. Older Californians have a very low CalFresh participation rate.

Staff Comment and Recommendation. Approve. No concerns have been raised.

Questions.

1. Please provide an overview of the proposal.

4185 CALIFORNIA SENIOR LEGISLATURE (CSL)

Issue 1: Spring Finance Letter: Reappropriation of Unencumbered Balance

Governor's Proposal. The Administration requests the reappropriation of the unencumbered balance of General Fund appropriated to the CSL in the Budget Act of 2017. The CSL estimates that $300,000 of the $375,000 appropriated in 2017-18 will not be expended by the end of the fiscal year. CSL requests the reappropriated funds be available for encumbrance or expenditure until June 30, 2019.

The intent of the reappropriation is to provide the CSL more time to rebuild its revenue base through the Tax Check Off, which has been in decline since a name change and is currently undergoing rebranding efforts.

Background. The CSL, established in 1982, is a nonpartisan, volunteer organization comprised of 40 senior senators and 80 senior assemblymembers, who are elected by their peers in elections supervised by the Advisory Councils in 33 Planning and Services Areas. The CSL's mission is to gather ideas for state and federal legislation and to present these proposals to members of the Legislature and/or Congress. Each October, the CSL convenes a model legislative session in Sacramento, participating in hearing up to 120 legislative proposals.

The CSL has been funded through voluntary contributions received with state income tax returns. State law allows taxpayers to contribute money to voluntary contribution funds (VCFs) by checking a box on their state income tax returns. With a few exceptions, VCFs remain on the tax form until they are repealed by a sunset date or fail to generate a minimum contribution amount.

Due to declining revenues stemming partly from a name change of the fund, the CSL was intermittently removed from the tax check off list over the past several years. In order to keep the CSL operational, the Legislature included a one-time $500,000 General Fund appropriation in the Budget Act of 2016. CSL spent $235,000 of this in the past year, and the remaining $265,000 were reappropriated and carried into 2017-18. Combined with the one-time 2017-18 General Fund appropriation of $375,000, CSL has approximately $640,000 to spend in the current year. Additionally, as of January 1, 2018, CSL has approximately $71,000 from the tax check off fund. CSL has estimated their current year expenditures to be $324,000.

Staff Comment and Recommendation. Approve. No concerns have been raised.

Questions.

1. Please provide an overview of the proposal.

2. Has the CSL had any further conversations with the Administration about a long-term funding source since the Three-Year Financing Plan came out this year?

5160 DEPARTMENT OF REHABILITATION (DOR)

Issue 1: Spring Finance Letter: CPUC Interagency Agreement

Governor's Proposal. The Administration requests an increase of $2 million in reimbursement authority for 2018-19 and 2019-20 to assist the California Public Utilities Commission (CPUC) in administering the Deaf and Disabled Telecommunications Program (DDTP). The CPUC will reimburse DOR's costs.

The $2 million will allow the DDTP to purchase speech generating devices (SGDs), and the DOR will administer part of the program by evaluating candidates, individuals with speech disabilities, and disseminating the devices to those who need SGDs.

Background. The CPUC is responsible for the DDTP, which offers relay service and assistive telecommunications equipment to California residents who are certified as having a hearing, speech, mobility, vision, or cognitive disability through the California Relay Service and the California Telephone Access Program. The DDTP is funded via a surcharge assessed on revenues collected from end-users for all intrastate communication services in California.

As a result of AB 136 (Beall), Chapter 404, Statutes of 2011, the CPUC engaged in a public forum discussion with stakeholders to expand the DDTP to include SGDs. The CPUC collaborated with the State Assistive Technology Contractor, California Foundation for Independent Living Centers, to undertake a small voice options pilot in 2016-17 to provide alternative equipment for those speech-disabled persons who cannot or would rather not receive the services of a Speech Language Pathologist and would rather choose a telecommunications assistive device for themselves. The need for additional information and resources to extend this pilot into a permanent statewide program is now necessary, and CPUC has identified a partnership with the DOR as key in ensuring that individuals with speech disabilities receive the necessary equipment. This collaboration with CPUC leverages resources and is consistent with DOR's role as the designated state unit for the provision of Assistive Technology services authorized by the federal Assistive Technology Act.

Staff Comment and Recommendation. Approve. No concerns have been raised.

Questions.

1. Please provide an overview of the proposal.

Issue 2: Spring Finance Letter: Disability Access Business Engagement

Governor's Proposal. The Administration requests $400,000 in reimbursement authority and three permanent positions for ongoing workload associated with two interagency agreements, the California State Lottery (CSL) and the California Workforce Association (CWA) and providing technical assistance to state entities to convert their websites and documents into an accessible format. The positions requested are two Associate Governmental Program Analysts (AGPAs) and one Training Officer. This request has no General Fund impact.

Background. DOR has been designated as the lead state agency in California's efforts to implement the Americans with Disabilities Act (ADA) in state government. The DOR established the Disability Access Services section to serve as subject matter experts and a resource that provides public information, consultation, training and technical assistance to state and local government, consumers, employers and businesses to increase access, independence and employment. The DOR is also required to assist in making places and information as available to Californians with disabilities as to Californians without disabilities, and is mandated under the Workforce Innovation and Opportunity Act (WIOA) to collaborate with local workforce systems to ensure competitive integrated employment for individuals with disabilities.

Currently, the number of requests for technical assistance, policy consultation, training, and education has increased and cannot be accommodated within DOR's resources at this time. There are 154 state departments and agencies who are potential customers of DOR for their services.

Additionally, the newly approved contract between DOR and the CWA will require delivery of 50 training classes with up to 1,500 attendees across the state, and combined with other activities resulting from DOR's increased involvement with local workforce development boards, will represent a 75 percent increase in workload for DOR.

DOR is also responsible for supporting the CSL Retailer Access Program by aiding the CSL with physical inspections for accessibility of five percent of 23,000 CSL facilities. DOR has had to redirect current staff to complete these inspections, but this has resulted in a six month backlog of quality assurance reviews.

Staff Comment and Recommendation. Approve. No concerns have been raised.

Questions.

1. Please provide an overview of the proposal.

Issue 3: Spring Finance Letter: Vending Stand Fund Authority Increase

Governor's Proposal. The Administration requests an increase of $1 million Vending Stand Fund (VSF) beginning 2018-19 for the Business Enterprises Program (BEP), which supports blind food vendors operating in government facilities.

The funds will provide DOR with the capacity to fund the increase cost of the necessary services and resources to approximately 90 BEP blind vendors. This request has no General Fund impact.

Background. DOR administers the BEP program under the Vocational Rehabilitation Services program. Federal law requires federal entities to give priority to blind individuals operating vending facilities on federal property, and California law requires the state to provide employment opportunity to vendors who are blind through establishing a priority for providing food service on state property. DOR is designated by the U.S. Department of Education as the State Licensing Agency to administer this priority through the BEP on both federal and state property. Eligible individuals who are blind must successfully complete the Vendor Training Program. Currently, there are 89 licensed BEP vendors operating 101 vending facilities.

Vendors operating a BEP facility pay a set-aside fee into the Vending Stand Fund, in addition to paying their liability insurance and workers' compensation fees. The set-aside fee is capped at six percent of gross sales; vendors can choose to pay the six percent or use the BEP set-aside fee schedule approved by the federal oversight agency, the Rehabilitation Services Administration. Set-aside fees are not collected from vendors when the net proceeds fall below a set exemption amount, which is adjusted annually. The BEP develops a yearly budget based on the projected revenues and expenses of the VSF. For over the last five years, the VSF has taken in more set-aside fees than required for BEP expenditures, and as a result the current balance is over $5 million and anticipated to continue to grow.

From 2007-08 to 2012-13, the VSF expenditure authority was $3.4 million. At the time, DOR found this to be more than adequate and in 2013-14 the Budget Act reduced VSF expenditure authority by $1 million. Over time, the result has been that the $1 million reduction has negatively impacted DOR's ability to fully cover BEP expenditures, especially as allocable expenditures such as equipment purchase, health and dental premiums, and worker's compensation has increased.

Staff Comment and Recommendation. Approve. No concerns have been raised.

Questions.

1. Please provide an overview of the proposal.

5180 DEPARTMENT OF SOCIAL SERVICES – IN-HOME SUPPORTIVE SERVICES

Issue 1: Spring Finance Letter: IHSS Collective Bargaining and State Administration

Governor's Proposal. The Administration requests an increase of $288,000 and reimbursements to be increased by $277,000 on a two-year limited-term basis to address a temporary increase in workload for the Department of Social Services (DSS) associated with recent statutory changes to the In-Home Supportive Services (IHSS) program related to collective bargaining for IHSS provider wages and benefits and county maintenance-of-effort (MOE) provisions.

The workload consists of technical assistance to counties and collective bargaining representatives, and review of county-negotiated collective bargaining proposals for compliance with state law. The requested resources will also support the increased administrative workload associated with the revised county IHSS MOE funding structure. Positions funded by these resources include one Staff Services Manager and three Research Analyst II's.

Background. SB 90 (Committee on Budget and Fiscal Review), Chapter 25, Statutes of 2017, and AB 110 (Committee on Budget), Chapter 8, Statutes of 2018, have both increased the workload of the Fiscal Forecasting and Policy Branch's Children and Adult Program Estimates Bureau (CAPEB) within DSS.

Through this legislation, an IHSS collective bargaining mediation and fact-finding process through the Public Employment Relations Board (PERB) was established, if a county and the collective bargaining representatives for IHSS providers fail to reach agreement by January 1, 2018. This process sunsets on January 1, 2020. The requested resources will address questions raised by counties and collective bargaining representatives during this period. The changes under both of these bills have also increased the CAPEB workload associated with providing technical assistance and review of county-negotiated collective bargaining proposals, as DSS anticipates the workload to provide a fiscal analysis on a collective bargaining proposal will significantly increase because all 58 counties can submit various wage and benefit increase scenarios.

The department states that this new workload is significant and current resources are not able to absorb the increases.

Staff Comment and Recommendation. Approve. No concerns have been raised.

Questions.

1. Please provide an overview of the proposal.

4170 Department of Aging
5180 Department of Social Services

Issue 1: Miscellaneous Proposals for Investment

The subcommittee has received the following proposals for investment:

1. CalWORKs Sponsored Noncitizen Eligibility

Budget Issue. The Alameda County Board of Supervisors requests the expansion of CalWORKs program eligibility for sponsored noncitizens, aligning these provisions with CalFresh. In cases when a sponsor is suddenly unable to support the sponsored noncitizen, the sponsored noncitizen is determined to be indigent, which allows for an agency to certify the noncitizen's case. In CalFresh, these determinations are renewable annually without restriction; but in CalWORKs, there is no provision for renewal.

Staff Comment and Recommendation. Hold open.

2. Additional funding for the Deaf Access Program

Budget Issue. The California Coalition of Agencies Serving the Deaf & Hard of Hearing, Inc. request an increase of $4.1 million for the Deaf Access Program (DAP) in 2018-19, which would translate to the DAP being funded at $8.8 million for 2018-19 and beyond. $3 million of this funding is for serving "linguistically isolated" populations, which requires trilingual interpreters fluent in Spanish and other languages, while $1.1 million would offset past reductions and fill service gaps.

Background. The DAP provides equal access to state and local services and programs, as mandated by law, to all 58 counties. The program, currently funded at $4.7 million, has experienced reduced funding in 2008-09.

Staff Comment and Recommendation. Hold open.

3. Dignity at Home Fall Prevention Program

Budget Issue. This request asks for $2.5 million General Fund for the California Department of Aging to fund a program to help seniors and others at risk of falling make home modifications and take steps to reduce the risk of falls in homes. An average home modification costs $700.

Background. This request is also reflected in SB 1026 (Jackson).

Staff Comment and Recommendation. Hold open.