AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER TONY THURMOND, CHAIR

WEDNESDAY, MARCH 18, 2015
1:00 P.M. - STATE CAPITOL ROOM 444

ITEMS TO BE HEARD

LIST OF PANELISTS IN ORDER OF PRESENTATION

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: CHILD WELFARE SERVICES AND FOSTER CARE – BUDGET AND PROGRAM REVIEW

- Will Lightbourne, Director, and Pete Cervinka, Program Deputy Director for Benefits and Services, California Department of Social Services
- Ryan Woolsey, Legislative Analyst's Office
- John Silva and Chi Lee, Department of Finance
- Public Comment only on the issues in this section (not on CCR, as that is Issue 2).

ISSUE 2: CONTINUUM OF CARE REFORM

- Pete Cervinka, Program Deputy Director for Benefits and Services, California Department of Social Services
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Angie Schwartz, Policy Director, Alliance for Children's Rights
- Jennifer Rodriguez, Executive Director, Youth Law Center
- Ryan Woolsey, Legislative Analyst's Office
- John Silva and Chi Lee, Department of Finance
- Public Comment

ISSUE 3: PROPOSALS IN CWS AND FOSTER CARE

- Sharon Rapport, Associate Director of California Policy, Corporation for Supportive Housing
- Philip Browning, Director, Los Angeles County Department of Children and Family Services
- Kathy Hughes, President and Chief Executive Officer, ChildNet Youth and Family Services; and Chair, California Alliance of Child and Family Services FFA Committee
- Amy Lemley, Policy Director, John Burton Foundation
- Reaction from Department of Social Services and Department of Finance
- Ryan Woolsey, Legislative Analyst's Office
- Public Comment

ISSUE 4: COMMUNITY CARE LICENSING – BUDGET AND PROGRAM REVIEW

- Pat Leary, Chief Deputy Director, and Pam Dickfoss, Deputy Director Community Care Licensing, California Department of Social Services
- Lourdes Morales, Legislative Analyst's Office
- John Silva and Chi Lee, Department of Finance
- Public Comment

ITEMS TO BE HEARD

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: CHILD WELFARE SERVICES AND FOSTER CARE – BUDGET AND PROGRAM REVIEW

PANEL

- Will Lightbourne, Director, and Pete Cervinka, Program Deputy Director for Benefits and Services, California Department of Social Services
  - DSS will present an overview and current program update for Child Welfare Services (CWS) and Foster Care, including implementation updates for issues covered in this agenda.
  - DSS is asked to also present briefly on each of the Governor's proposals in CWS, also outlined in this agenda.
- Ryan Woolsey, Legislative Analyst's Office
- John Silva and Chi Lee, Department of Finance
- Public Comment only on the issues in this section (not on CCR, as that is Issue 2).

PROGRAM DESCRIPTION

Background. The Children and Family Services Division (CFSD) of the Department of Social Services (DSS) provides leadership and oversight of Local County and community agencies in the implementation of an array of services designed to protect children from abuse and neglect, and to strengthen and preserve families. Toward this end, the CFSD meets federal and state requirements and attempts to promote best practices in child welfare services (CWS) through promulgation of regulations, and the delivery of training, technical assistance, fiscal resources, incentives, and program evaluations.

The state's foster care system provides temporary out–of–home placement for children who have been removed from their homes due to abuse or neglect. The foster care system relies on a continuum of placement types, ranging from the homes of relatives to institutional group care settings. State law requires that foster children be placed in the least restrictive, most family–like setting possible. Concerns about a lack of availability of less–restrictive placements that are able to meet the sometimes significant needs of foster children have motivated efforts to identify new ways to provide services and supports that would allow for greater reliance on more family–like settings and less reliance on institutional group care settings.

In January, DSS released a series of recommendations pursuant to legislative direction, collectively known as "continuum of care reform" (CCR), that are intended to address some of these concerns. In conjunction with the release of the CCR recommendations, the Governor's budget proposal includes $9.6 million ($7 million General Fund) to begin implementation of the recommendations. The CCR report, recommendations, and proposals are discussed more fully under Issue 2 of this agenda.

Caseload. The following table shows the caseload changes (number of youth) in CWS and Foster Care from the current fiscal year to the 2015-16 budget year.

Program/Service Type	2014-15	2015-16	Change
CWS – Emergency Response	39,898	39,802	-0.2%
CWS – Family Maintenance	23,560	23,663	0.4%
CWS – Family Reunification	23,170	23,192	0.1%
CWS – Permanent Placement	33,207	33,708	1.5%
Aid to Families with Dependent Children Foster Care (AFDC-FC)	43,843	43,798	-0.1%
AFDC-FC Foster Family Homes	24,798	24,909	0.4%
AFDC-FC Foster Family Agencies	13,237	13,368	1.0%
AFDC-FC Group Homes	5,808	5,521	-4.9%
Kinship Guardianship Assistance Payment Program (Kin-GAP)	14,114	14,489	2.7%
Adoption Assistance Program (AAP)	84,647	84,798	0.2%

Federal and State Roles. The federal government provides funding to states to pay for a portion of foster care primarily through Title IV–E of the Social Security Act. In connection with this funding, the federal government enacts laws and policies that require state compliance. Some of these requirements relate to the allowable use of federal Title IV–E funds. Others relate to child well–being outcomes and standards against which the state's performance is evaluated. States that fail to meet federal standards are required to enter into corrective action plans and can be assessed financial penalties for continued noncompliance. In areas not directly governed by federal law, the state has some flexibility. For example, the state has some discretion to determine the amount of payments that are received by different placement types to care for foster children. The state also has flexibility to delegate the direct administration of foster care to counties, which it chose to do in 2011 realignment, discussed further below.

Counties' Role and Realignment. Under the supervision of the state, county child welfare agencies are directly responsible for administering the foster care system, including finding temporary placements and finding permanent adoptive parents or guardians for children who cannot be safely reunified with their families. In addition to county welfare agencies, county probation agencies perform case management, including placement services, for foster children who are also involved with the juvenile justice system. The state provides counties some flexibility in how they operate their local programs, and therefore there is some variation in administration and services offered across the state. For example, counties have the discretion to provide supplemental payments to foster families that care for children that have special behavioral or medical needs.

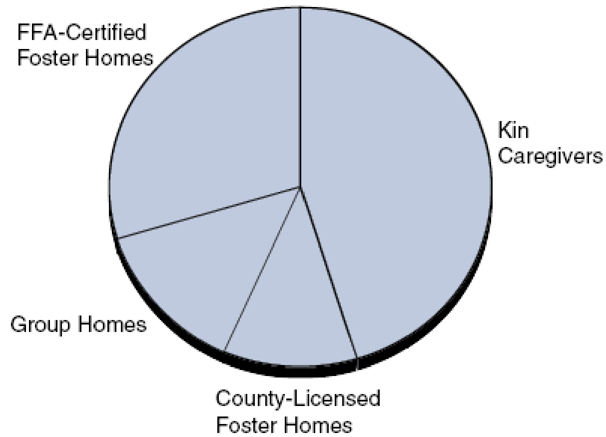
Prior to 2011–12, the state and counties shared the nonfederal costs of administering the foster care system. In 2011, the state enacted legislation known as the 2011 realignment, which transferred nonfederal funding responsibility for foster care and dedicated a portion of the state sales tax, or in lieu of General Fund dollars, to the counties. Under 2011 realignment, counties bear the fiscal risk of administering foster care. This means that if costs in the program increase from year to year, counties are generally required to pay the full nonfederal portion of these increased costs. Generally, counties would also receive the full nonfederal share of any savings in the event that program costs fall from year to year.

Additionally, legislation enacting 2011 realignment provided that counties are not required to implement any changes in state policy that increase overall program costs by instituting a higher level of service than what was required at the time 2011 realignment was enacted, unless the state provides funding to cover these increased costs. Proposition 30, approved by voters in November 2012, placed similar language in the State Constitution. This requirement means that the state generally must compensate counties for any changes in state policy that increase the costs of administering foster care.

Placement Options for Children Served by CWS. When finding a temporary placement for a foster child, counties have a variety of placement options to choose from. The four primary placement options are described below. The figure below from the Legislative Analyst's Office (LAO) February 2015 report *The 2015-16 Budget: Analysis of the Human Services Budget* shows the distribution of foster care placements across these options.

Figure 19
Foster Care Placements

2014-15



FFA = foster family agency.

- **Kinship Care.** Kinship care refers to when a foster child is placed with a relative for care and supervision. Under federal and state policy, kinship care is generally preferred over other foster care placement types, as it is the least restrictive, most family–like option. Currently, about 45 percent of children in foster care are placed with kin caregivers.

- **County–Licensed Foster Family Homes (FFHs).** Foster parents can be licensed by counties to provide temporary care and supervision for foster children in their homes. If a suitable relative placement cannot be found, a foster child may be placed in such a county–licensed FFH by the county. Counties are generally responsible for the recruitment of FFH caregivers. Currently, about 11 percent of children in foster care were placed in a county–licensed FFH setting.

- **Foster Family Agency (FFA)–Certified Foster Homes.** FFAs are private, nonprofit agencies defined under state law that recruit foster parents to provide care and supervision for foster children, generally those with elevated needs relative to children placed with county–licensed FFHs. Because of their elevated needs, these foster children would otherwise be at risk for group home placement. The FFAs provide more services to the foster parents and more frequent home visits than counties provide to county–licensed FFHs. Currently, about 30 percent of children in foster care were placed in foster homes through an FFA.

- **Group Homes.** Group homes, sometimes referred to as congregate care placements, provide 24–hour care, supervision, and services to foster children with significant emotional or behavioral problems that require a more restrictive environment than a foster home. Group homes vary in size, services provided, and level of supervision provided by group home staff. Group homes are the most restrictive and least family–like placement type (excluding foster children supervised by probation agencies), and therefore are generally the least preferred option for placement. Currently, about 13 percent of children in foster care were placed in a group home.

Provider Payments. As shown in table below from the LAO, family–based placements, including kin caregivers that are eligible for federal foster care payments, county–licensed FFHs, and FFA–certified foster homes, all receive the same monthly payment in compensation for the monthly costs of care and supervision, such as food, shelter, clothing, and other expenses the household incurs to care for the child. This monthly payment is sometimes referred to as the "basic rate." The basic rate is adjusted annually to reflect changes in cost of living.

One important exception to family–based placements receiving the basic rate is when a kin caregiver placement is not eligible for Title IV–E federal funding. Eligibility for federal foster care funding is determined by the circumstances of the family from which the foster child is removed, not the foster care provider with whom they are placed. Under current state law, nonrelative foster care placements (for example, a placement with a county–licensed FFH) that are ineligible for federal funding receive the basic rate, paid for with nonfederal funds. In lieu of the basic rate, kin caregiver placements that are not eligible for federal funding receive a cash grant through the CalWORKs program that is significantly less than the basic rate. Roughly a quarter of kin placements are estimated to be receiving a CalWORKs grant in place of the basic rate.

- **Specialized Care Increment at County Option.** Most counties have a "specialized care increment" system that provides supplemental payments, in addition to the basic rate, to foster homes that are caring for a foster child with significant health or behavioral needs. County–licensed FFHs and kin caregiver placements that are eligible for federal foster care payments may receive a specialized care increment. Kin caregiver placements that are not eligible for federal foster care payments may not. Not all counties provide a specialized care increment, and the amount of supplemental payments provided varies across counties that do—ranging from less than $100 to more than $1,000 monthly.

- **Foster Family Agencies.** The FFAs receive a monthly rate that consists of different components, including an administration rate, a social worker rate, a child increment rate, and the basic rate. The basic rate, as noted above, is adjusted annually to reflect changes in cost of living. The other components of the FFA rate were reduced by 10 percent in 2009 in order to achieve General

Fund savings and have not been increased since that time. At a minimum, the child increment, which is intended to reflect the elevated needs of foster children placed in FFA certified homes, and the basic rate are required to be passed through to foster parents. The social work and administration components of the FFA rate are typically retained by the FFA to provide services and treatment to certified foster families. Available services and treatment vary across FFAs, but could include additional social worker visits to the home, therapy, or in some cases mental health treatment.

- **Group Homes.** Group homes receive standard monthly rates based on the Rate Classification Level (RCL) system that are generally much higher than rates provided for family–based placements. For example, the RCL system features 14 rate levels that in 2014–15 range from $2,322 per month for level 1 to $9,879 per month for level 14. A provider's rate level is primarily determined by the qualifications of its staff and the number of staff hours that it proposes to provide children placed in its facility. Available services and treatments vary across group homes and may include counseling and mental health treatment.

IMPLEMENTATION OVERSIGHT

The administration will present briefly on each of these implementation efforts and any associated Governor's proposals for these in their testimony under this item.

Approved Relative Caregiver (ARC) Funding Option. In 2014, the Legislature created the ARC Funding Option Program, which provides state funds ($15 million General Fund in 2014-15 for six months and $30.3 million General Fund as an annualized amount proposed for 2015-16) to counties that choose to pay all kin caregivers the basic rate, regardless of eligibility for federal foster care payments. To protect the state from the risk of future growth in costs due to caseload changes, but to also avoid requiring counties to provide a higher level of service without compensation, which is not permissible under 2011 realignment, the program was made optional. As such, counties that choose to participate may use the appropriated General Fund dollars to provide increased payments to kin caregivers, but are responsible for any additional costs that may result in the future from changes in the affected caseload. Counties that choose to implement the ARC Funding Option Program have the flexibility to opt out at a later date. As of this writing, thirty counties have opted-into the program, including Alameda, Amador, Calaveras, Colusa, Contra Costa, Fresno, Inyo, Kings, Lake, Los Angeles, Madera, Marin, Mariposa, Mendocino, Mono, Monterey, Orange, Placer, Plumas, San Benito, San Francisco, San Joaquin, San Luis Obispo, Santa Barbara, Shasta, Solano, Sonoma, Stanislaus, Ventura, and Yolo.

The administration is additionally proposing clean-up trailer bill language as part of the Governor's budget to allow DSS to effectively implement the ARC Program, providing needed clarification in statute to administratively streamline the application process for grant payments, maximize federal funding, and ensure that families do not experience a break in services or payment. The clean-up language would also allow for an annual increase to the monthly payment to the caregiver to align with changes in the California Necessities Index. DSS states that no additional fiscal impact will result from this trailer bill proposal.

IV-E Waiver. California was approved for a five-year extension of the current federal Title IV-E California Well-Being Project (Project) for federal fiscal year (FFY) 2015 through FFY 2019. The waiver allows more flexible use of federal Title IV-E funding for the provision of foster care services to address the individualized services and specialized needs of children, youth and families served by the CWS and Probation systems. The extension includes the two current Title IV-E Project counties, Alameda and Los Angeles as well as seven additional counties: Butte, Lake, Sacramento, San Diego, San Francisco, Santa Clara, and Sonoma. There are a total of 21,654 youth who could be served in the nine Project counties, which represents 50 percent of the foster care caseload statewide. Of these cases, 6,814 are from the seven additional counties. The Governor’s budget includes the funding shifts associated with the expansion to these additional counties.

Commercially Sexually Exploited Children (CSEC) Efforts. In the 2014 Budget Act, and consistent with trailer bill SB 855, funding was appropriated for counties to develop protocols on how to handle CSEC cases, to train social workers and out-of-home caregivers on the issue, and to educate children and youth on how to avoid exploitation. Beyond these initial steps, DSS states that it was envisioned that future funding would be targeted to a select number of counties with significant CSEC caseloads However, federal legislation (HR 4980) also has been enacted with some CSEC provisions that somewhat overlap with California’s program and require statewide efforts.

The 2014-15 state budget appropriated $5 million General Fund for (1) training of foster youth and other youth on CSE risks, (2) CSEC overview training to foster parents, group home staff and probation staff, and (3) protocol development and capacity building. The Governor’s Budget proposes $17.8 million ($14 million GF) for development and implementation of case management and services, employing local multidisciplinary teams including mandated partner service providers, such as law enforcement, mental health, and others. DSS indicates that work continues within the administration to define the requirements overlap between the state CSEC program and the new federal legislation, to ensure a consistent program and to seek federal reimbursement for eligible activities.

Legal Counsel for Unaccompanied Undocumented Minors. The Governor’s budget includes $3 million (General Fund), of which $2.9 million is local assistance, to assist with the cost to provide legal services to Unaccompanied Undocumented Minors (UUMs) in California. Funding is awarded to qualified non-profit legal services organizations to provide legal services to eligible unaccompanied undocumented minors. These minors must be present in California and transferred to the care and custody of the federal Office of Refugee Resettlement or residing with a sponsor. Legal representation for these minors is important to assist them in the filing of, preparation for and representation in administrative and/or judicial proceedings. The legal services include culturally and linguistically appropriate services provided by attorneys, paralegals, interpreters and other support staff for state court proceedings, federal immigration proceedings and any appeals arising from those proceedings. The appropriations in 2014-15 and 2015-16 reflect funding for a September 27, 2014 implementation of legal counsel services provided to UUMs. UUMs, who are being cared for by the federal Office of Refugee Resettlement and who are present in the state and residing with a sponsor, are eligible to receive legal services subject to available funding. This funding is sufficient to serve approximately 725 UUMs.

PROPOSALS IN GOVERNOR'S BUDGET FOR CWS

The Governor's Budget additionally includes the following Budget Change Proposals and trailer bill language. The administration will present briefly on each of these proposals in their testimony under this item.

Implementing Legislation Promoting Problem Detection in Child Welfare. The Budget requests one permanent position at DSS (costing $87,000 General Fund, $129,000 total funds) to implement the provisions of AB 1978, Chapter 768, Statutes of 2014, which requires the DSS to collaborate with labor and the County Welfare Directors Association to develop and implement a confidential process whereby child welfare social workers can inform DSS of local policies, procedures, or practices that endanger the welfare of a child. The implementation date is January 1, 2016 and a report to the Legislature is required by January 1, 2018.

Children and Family Services Program Legislation. The Governor’s Budget includes costs ($8.8 million General Fund, $13.2 million total funds) for several chaptered Children and Family Services Program bills passed during the 2013-14 California Legislative Session including:

- AB 2454 (Chapter 769, Statutes of 2014) – “After 18 Terminated Guardianship” allows a non-minor in a guardianship or adoption to re-enter foster care if the guardian(s) or adoptive parent(s) is (are) failing to provide ongoing support between the ages of 18 and 21. There are 19 non-minors in a guardianship or adoptive placement that will re-enter foster care as a dependent.
- AB 2668 (Chapter 770, Statutes of 2014) – “After 18 Supervised Independent Living Placement Infant Payment” provides an additional $200 per month to non-minor dependents residing in a supervised independent living placement (SILP) with the completion of a parenting support plan. There are 25 non-minors who will receive the additional SILP payment.
- SB 1099 (Chapter 773, Statutes of 2014) – “Sibling Visitations” requires social workers to assess and document relationships and visitations with dependent and non-dependent siblings. There are 17,080 youth in care with dependent

siblings, 13,801 with non-dependent siblings and 6,818 with both dependent and non-dependent siblings that will require additional documentation.

- Chaptered by the federal government: House Resolution 4980 (Public Law 113-183) – "Strengthening Families Act" is aimed at preventing and addressing sex trafficking of children in foster care, extending and improving adoption incentives and improving international child support recovery. There are 8,253 CWS and probation youth aged 16 to 17, 20,586 CWS and probation youth aged 14 to 21, 124,793 total CWS and probation youth and 3,500 commercially sexually exploited children that will require additional administrative activities as a result of House Resolution 4980.

Interagency Child Abuse and Neglect Reporting (ICAN). Starting in 1980, there have been multiple changes to statutes under the Child Abuse and Neglect Reporting Act requiring child protection and law enforcement agencies to submit information on perpetrators of substantiated instances of child abuse or neglect to the Department of Justice, and to cross report to other agencies. The latest change required these agencies to fill out a new form. Federal funding (and GF for child protection agencies only) was provided to county child protection and probation agencies, with a county share, for these reporting activities. No funding was provided to law enforcement.

A test claim was filed in 1999 with the Commission on State Mandates (CSM) alleging the changes constituted an unfunded state mandate for local law enforcement, probation and county child protection agencies. The CSM found in favor of the claimant agencies. County child protection and probation departments have filed claims with the State Controller's Office (SCO) for reimbursement. The Governor's budget reflects the ongoing county share of cost, as federal funding (and GF for child protection agencies only) has been provided to the counties for these activities. The costs are based on statewide claims that have been filed to date by these agencies with the SCO. Eligible claimants were required to file initial reimbursement claims, for costs incurred between 1999-00 and 2012-13 with the SCO by July 15, 2014. Late initial claims are due by July 15, 2015. Annual reimbursement claims for 2013-14 are due by February 18, 2015, so the amount of this premise is subject to change. As discussed in the Department of Finance's Governor's Budget Summary, this mandate is proposed for suspension, but ongoing funding for this activity is proposed to be a $4 million optional grant program administered by the DSS.

Trailer Bill Language on Child Deaths. The administration states that this proposal will comply California statute with the federal Child Abuse Prevention and Treatment Act (CAPTA) regarding the disclosure of findings and information in child fatality and near fatality cases. California must comply with the requirements of CAPTA concerning the disclosure of findings and information in child fatality and near fatality cases. Federal guidance was issued in September 2012 related to disclosing information on these cases and the federal Administration for Children, Youth, and Families (ACYF) has directed states to provide a plan to ensure compliance. The federal Child Welfare Policy Manual (CWPM) clarifies that states must develop procedures for the release of information including, but not limited to, the following items:

- the cause of and circumstances regarding the fatality or near fatality
- the age and gender of the child
- information describing any previous reports of child abuse and/or neglect investigations that are pertinent to the child abuse and/or neglect that led to the fatality or near fatality
- the result of any such investigations
- services provided by and actions of the State on behalf of the child that are pertinent to the child abuse and/or neglect that led to the fatality or near fatality

The total amount budgeted for this reporting is $263,000 ($105,000 GF) for 2014-15, which represents a half year of funding. A total of $529,000 ($210,000 GF) is budgeted for a full year of costs in FY 2015-16. The budgeted amounts reflect the costs associated with compiling and publishing reports, and disclosing information on all near fatalities caused by suspected child abuse or neglect as required by federal CAPTA.

Staff Recommendation:

Staff recommends holding all issues in CWS open pending further discussion and consideration.

ISSUE 2: CONTINUUM OF CARE REFORM

PANEL

- Pete Cervinka, Program Deputy Director for Benefits and Services, California Department of Social Services
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Angie Schwartz, Policy Director, Alliance for Children's Rights
- Jennifer Rodriguez, Executive Director, Youth Law Center
- Ryan Woolsey, Legislative Analyst's Office
- John Silva and Chi Lee, Department of Finance
- Public Comment

BACKGROUND

Congregate Care. Research suggests that, while there are circumstances in which group home placement is warranted, for the majority of foster children, sustained group home placement is associated with negative outcomes, including increased later involvement with the criminal justice system, increased rates of reentry into foster care, and lower educational achievement. The DSS estimates that more than two–thirds of children placed in group homes remain there longer than two years.

Group home placements cost significantly more than other family–based placement options. Continued placement of foster children in group home settings when they could successfully be served in family–based settings may not only be less effective, but also a less efficient use of foster care resources.

Reducing Group Home Use. Reducing reliance on group home placements has been a priority for the state for some time. One major challenge to reducing reliance on group home placements is having an adequate supply of family–based placements, particularly those capable of caring for children whose elevated needs make them at risk for group home placement. In recent years, counties have reported a shortage of county–licensed FFHs, particularly in high–need areas of the state. Additionally, as discussed above, services and supports to enable family–based placements to care for children at risk for group home placement are not available to all family–based placement types. Ensuring the adequacy of family–based placements is a key consideration if reliance on group home placements is to be further reduced.

CCR Origin and Purpose. In connection with the 2012–13 Budget Act, DSS was required to establish a stakeholder workgroup to recommend revisions to rates, services, and programs in the foster care system, focusing attention, at a minimum, on services and programs provided by group homes and FFAs. The Legislature specified that the workgroup consider, among other things, (1) how assessment processes could be structured to match a foster child's characteristics to the appropriate placement setting, (2) how providing services more comprehensively could improve foster child outcomes, (3) how these services could be better provided in family–like settings, and (4) how quality evaluations and rate–setting systems could be used to improve the quality of placements. The Legislature required that DSS submit recommended revisions for the Legislature's consideration by October 2014.

CCR REPORT RECOMMENDATIONS

The DSS convened a stakeholder workgroup pursuant to this legislation in 2012. Workgroup discussions continued through the following three years. In January 2015, concurrent with the release of the Governor's budget proposal, DSS released *California's Child Welfare Continuum of Care Reform*, a report that features 19 interdependent recommendations based on workgroup discussions. The main objective of the recommendations is to improve the experience and outcomes of children and youth in foster care by (1) improving assessments of children and families to make better initial placement decisions, (2) emphasizing family–based placements by providing appropriate services and supports, (3) changing the goals of group home placements, and (4) increasing transparency and accountability for child outcomes. The report's specific recommendations fall into a few general areas as discussed below.

Recommendation on Assessments. Counties are currently required to use assessments when initially placing a foster child. Under the CCR recommendations, counties would be required to use assessments with standard features and would use the assessment to make placement decisions with the help of a "child and family team" consisting of the child, the child's family, and social workers.

Residential Treatment Recommendations. Under the CCR recommendations, placements in lower–level group homes (specifically those with RCL one through nine) would be discontinued, and children currently placed in such group homes would be transitioned to family–based placements. Higher–level group homes would continue to be available as a placement option when children cannot safely be placed in a family–based setting, but would be refocused as "short–term residential treatment centers," or STRTCs. The STRTCs would provide short–term, intensive therapeutic treatment and services based on more comprehensive assessments and specific care plans developed for each child that would explicitly address how the child would be transitioned to a family–based setting as quickly and appropriately as possible.

Home–Based Family Care Recommendations. To increase the capacity of family–based placements to care for children formerly in group home placements, services and supports would be more broadly available for family–based placements than under the current system. FFAs would be required to provide a more extensive set of core services to the foster families that they certify. Additionally, counties would be able to contract with FFAs to provide the same services to other foster families, including county–licensed FFHs and kin caregivers. Counties would also have the option to become licensed as FFAs and provide services to county–licensed FFHs and kin caregivers directly. Finally, the CCR recommendations would strengthen recruitment of foster families and increase training requirements to improve quality.

Fiscal Recommendations. The CCR recommendations envision some significant changes to the way payments are provided to STRTCs (formerly group homes) and FFAs. Under the recommendations, the RCL system would be replaced with a single, statewide STRTC rate. While a specific rate methodology for STRTCs is not identified in the recommendations, the new STRTC rate would likely be higher for many current group home providers due to increased requirements. For FFAs, the rate structure would be revised to recognize a distinction between FFAs that provide treatment and which are required to provide core services (as noted above) and FFAs that primarily focus on recruiting foster parents but do not provide treatment services. To account for expanded core services required to be provided by FFAs, the recommendations would increase the social worker component of the FFA rate.

Performance Measures and Outcomes Recommendations. In order to improve transparency and accountability in the foster care system, the recommendations would establish a series of performance measures and evaluate STRTCs and FFAs using these measures. Proposed performance measures would focus on outcomes including child safety, stability of placements, child health, and educational support. Data from these performance measures would be made publicly available to promote accountability. Additionally, a survey instrument would be designed to obtain feedback directly from foster children and families on the effectiveness of placements.

Budget Year Funding for Certain CCR Recommendations. Full implementation of the recommendations in the CCR report would be a multiyear effort. For the 2015–16 budget, the Governor proposes funding to begin implementation of two of the report's recommendations, described below. Specifically, the proposal includes $3.8 million ($2.8 million General Fund) for counties to increase outreach, recruitment, and support for foster parents, and $5.8 million ($4.2 million General Fund) to increase the social worker component of the FFA rate by 15 percent, for a total of $9.6 million ($7 million General Fund). Overall, the Governor's proposal would focus initial CCR implementation on building capacity in family–based placements before implementing other recommendations that would reduce group home placements. Because of 2011 realignment, the budget proposal does not assume counties will contribute funding and provides the full nonfederal share of costs from the General Fund.

STAKEHOLDER REACTION AND STAFF COMMENT

The CCR recommendations represent a significant step forward and major policy shift for the state's foster care system. The administration has chosen to pursue the more detailed changes needed to materialize their recommendations in a policy vehicle, and, at this time, there are no trailer bill proposals associated with the budget-related requests before the Subcommittee that are connected to the CCR – the aforementioned (1) Foster Parent Outreach, Recruitment, and Support and (2) FFA Social Worker Rate increase.

Some advocates have asked for a new approach to rates to be addressed in a more comprehensive, near-term, child-centered way than has been proposed in either a budgetary or policy context for the CCR. These discussions continue and the Subcommittee will continue to consider stakeholder feedback, however the limits of Prop. 30, most recently encountered in the creation of the ARC Funding Option Program (discussed previously), must be taken into consideration with any new proposal that would inhabit the realigned world of CWS.

The LAO raises the point that if the state were to require implementation of the CCR recommendations and provide General Fund dollars to reimburse counties for new costs, it is likely that counties would realize some savings as foster children are transitioned from more costly group home placements to less costly family–based placements. It seems reasonable that such savings could be used to offset state costs for CCR implementation, reducing the state's ongoing contribution to CCR implementation or even making it temporary. However, the specifics of how the long–term implementation of the CCR recommendations would be financed is unclear, both because little detail has been provided on how rates would be restructured and how broader CCR implementation would be sequenced, and because the provisions of 2011 realignment have not been tested in this way before.

The LAO additionally recommends, and staff concurs, that the administration be requested to answer the following questions in the course of this hearing on the CCR proposals, both as overall inquiries and applying to those proposals more solidly situated as budget requests:

- How will the implementation of the CCR Recommendations address challenges associated with realignment? To what extent would any county savings from reduced group home placements be used to offset state costs of implementing the CCR recommendations?

- How will funding proposed for County Foster Parent Recruitment and Support be allocated and used? Would the proposed funding be available to all counties? What specific county activities will the proposed funding pay for? What outcomes are expected from these activities? How will these outcomes be evaluated?

- What is the rationale for the proposed level of FFA Social Worker rate increase? What level of rate increase would be required to allow FFAs to adequately meet current law expectations? What are the new expectations and core services that FFAs would be required to perform under the CCR recommendations? What additional amount of rate increase would be required to allow FFAs to meet new expectations under the CCR recommendations?

Staff Recommendation:

Staff recommends holding the CCR issues and requests open pending further discussion and consideration.

ISSUE 3: PROPOSALS IN CWS AND FOSTER CARE

PANEL

- **Housing Child-Welfare Involved Families Experiencing Homelessness** – Sharon Rapport, Associate Director of California Policy, Corporation for Supportive Housing

- **Relative and Foster Parent Recruitment, Retention, and Support** – Philip Browning, Director, Los Angeles County Department of Children and Family Services

- **Support to Children and Families Provided by Foster Family Agency Social Workers** – Kathy Hughes, President and Chief Executive Officer, ChildNet Youth and Family Services and Chair, California Alliance of Child and Family Services FFA Committee

- **Increase and Expand THP-Plus for Nonminor Dependents Aging Out of Care and to Homeless Youth** – Amy Lemley, Policy Director, John Burton Foundation

- Reaction from Department of Social Services and Department of Finance

- Legislative Analyst's Office

- Public Comment

PROPOSALS FOR SUBCOMMITTEE CONSIDERATION

The Subcommittee is in receipt of the following proposals in the Child Welfare Services and Foster Care areas. Each of these will be presented in brief by a designated spokesperson on the panel. The proposals include:

Housing Child-Welfare Involved Families Experiencing Homelessness - $10 M General Fund. The Corporation for Supportive Housing (CSH) and Housing California request consideration of a budget item for "Bringing Families Home," a county matching grant program to end homelessness among child-welfare-involved families. Evidence shows moving homeless families into permanent housing prevents foster care placement and furthers family reunification. Many local homeless programs have systems to assess a family's housing needs, and a few counties have begun to create pilots to house homeless child-welfare-involved families. Yet, county child-welfare and housing systems face challenges in building partnerships and "scaling up" housing opportunities. Focused resources spurring county investment would advance collaboration between systems and end the cycle of foster care and homelessness for hundreds of families. In the fiscal year 2014-15 budget process, CSH advocated for a $3 million item. This year, CSH and Housing California are requesting $10 million. Recent data indicate more child-welfare-involved families need "supportive housing," a more expensive intervention. Targeting funds to families with greatest vulnerabilities could also make a significant long-term impact on ending homelessness among this population.

Through a competitive application process, DSS would choose select counties to receive matching funds. Counties would use up to 10% of the funds to begin a process of data sharing, meet reporting requirements and hire a liaison, a social worker dedicated to bridge child welfare and homeless systems, and to connect families to an existing assessment of a homeless family's housing needs. DSS would require counties to have functioning coordinated assessment and entry systems in place. Based on assessed needs, counties would use remaining grant funds to offer two types of assistance to families: (1) "rapid re-housing" for about 350-400 families, which helps families quickly exit homelessness and return to permanent housing, offering up to 18 months of rent and move-in assistance to cover move-in costs and case management, among other services, and (2) "supportive housing" for about 135-140 families to stabilize families with disabilities who have been homeless for at least a year or at least four times within the last three years, as well as families facing significant barriers to housing stability (i.e., parents with repeat involvement with child welfare).

Relative and Foster Parent Recruitment, Retention, and Support - $30.2 M General Fund. The County Welfare Directors Association of California requests support for a $30.2 million increase to support county Foster Parent and Kinship Care Recruitment, Retention and Support activities. Although foster care caseloads have dropped by nearly 40% since 2003, the loss of relative homes and county licensed foster care homes has outpaced this decline. Specifically, between 2003 and 2013, counties have lost over 50% of their licensed foster family homes. Lack of adequate supports for relatives and licensed foster parents discourages new families from fostering and hurts counties' ability to recruit and retain high quality caregivers. Without adequate supports, these foster caregivers can easily become overwhelmed with their caregiving responsibilities, which can lead to placement disruptions and other poor outcomes for foster children, including placements into institutions such as group homes, which are much more costly for tax payers and less desirable for children.

Only $2.5 million State General Funds ($4.2 million total funds) was allocated to counties for foster parent recruitment, retention and support activities prior to realignment of the child welfare and foster care programs in 2011. The Administration proposes to increase this level by $2.8 million State General Funds to support its CCR effort. While appreciated, this proposed level is woefully insufficient to fulfill the CCR recommendations to serve more foster youth through home-based settings. An upfront investment into recruitment, retention and supports for foster and kin caregivers, and importantly for the children in their care, is critical to the success of the CCR effort. The proposed $30.2 million investment would enable counties to support foster caregivers and foster youth in the following ways: (1) targeted recruitment and support efforts to better match foster families and foster children, (2) direct services and supports to foster and kin caregivers, such as respite care, child care, training, support to participate in team-based meetings concerning children in their care, and covering one-time expenses such purchasing an extra bed, and (3) and intensive family finding, engagement and support, assisting relatives with individualized support through mentorship, care coordination, in-home counseling, and assistance with accessing additional services.

Support to Children and Families Provided by Foster Family Agency Social Workers - $18.9 M General Fund. As part of a broader coalition, the California Alliance of Child and Family Services is requesting $18.9 million General Fund to bridge the gap between the underfunding of Foster Family Agency (FFA) social work services and implementation of the Continuum of Care Reform (CCR) recommendations. The Alliance states that without that support, FFAs may implode before the promise of CCR can be realized, and children who otherwise could be cared for in home-based family settings will find themselves in group care. The California Alliance of Child and Family Services is a statewide association of accredited, private nonprofit child and family organizations committed to providing the highest quality services and support for vulnerable children, youth and families, including: differential response services; family preservation; wraparound; kinship care support; supportive and therapeutic foster care; residentially-based services; family finding and engagement; specialty mental health services; special needs adoption; post-permanency support services; and transitional housing and support.

FFA certified families rely on their social workers to stand arm in arm with them and their child, to convey knowledge and offer support, to suggest tools and proffer advice, to answer the emergency call at 1:00 am and provide 24/7 crisis management, to schedule and supervise visits with siblings, parents and other family members, to help secure the right educational placement, and on and on. Tragically, qualified social workers are leaving FFAs at an alarming rate to take higher paying jobs in health care and the public sector. This exodus leads to grave rates of social worker turnover, the greatest and most negative impacts of which devolve onto the children and foster families who depend on them. The amount built into the current FFA rate for social work services has been frozen since 2001 and was cut an additional 10% in 2009 leaving an astounding 64% shortfall. The rate now supports an hourly wage of just $15.13/hour for a MSW level social worker, with minimal funding for benefits such as healthcare insurance. The Alliance states that their proposal would increase the Social Work component of the FFA rate by $200/month, thereby raising the funded hourly wage for a Foster Family Agency social worker to $24.47. By increasing just the Social Work component of the rate, the Legislature would ensure that FFAs must use all the funds for social work services and may not use them for any other purpose.

Increase and Expand THP-Plus for Nonminor Dependents Aging Out of Care and to Homeless Youth – $30 million General Fund. A coalition of organizations, including the John Burton Foundation and the California Coalition for Youth, are proposing to address the serious issue faced by homeless youth and youth aging out of foster care by expanding access to the State's transitional housing program, Transitional Housing Program-Plus (THP-Plus). They request a $30 million augmentation to THP-Plus, which would allow the program to provide safe, affordable housing and supportive services to 1,100 youth annually. Under this proposal, the eligibility criteria for THP-Plus would be modified to allow homeless youth, age 18 to 24, to participate in the program. The requested budget augmentation would be divided equally among the two populations to be served.

THP-Plus was established by the California State Legislature in 2001 and provides safe, affordable housing and supportive services to youth who turned age 18 while in the foster care or juvenile probation systems. It has been rigorously evaluated and found to improve outcomes in the area of education, health, criminal justice, economic security and housing stability. Currently, THP-Plus is administered by 50 county child welfare agencies and operated by 79 non-profit organizations. There are homeless youth providers who want to be able to expand their programs to ensure that homeless youth can take advantage of this proposed augmentation to THP-Plus. An investment in this program to serve homeless youth will also help expand services to more areas of the state where none currently exist.

Staff Recommendation:

Staff recommends holding all of these proposals open.

ISSUE 4: COMMUNITY CARE LICENSING – BUDGET AND PROGRAM REVIEW

PANEL

- Pat Leary, Chief Deputy Director, and Pam Dickfoss, Deputy Director Community Care Licensing, California Department of Social Services
  - DSS will present an overview and current program update for CCL, including a review of implementation progress of funding provided in the 2014 Budget.
  - DSS is asked to also present briefly on their Next Phase Quality Enhancement and Program Improvement proposal in the Governor's Budget, outlined more comprehensively in the agenda.

- Lourdes Morales, Legislative Analyst's Office

- John Silva and Chi Lee, Department of Finance

- Public Comment

PROGRAM DESCRIPTION

The Community Care Licensing (CCL) division within DSS oversees the licensing of various facilities that can be grouped into three broad categories: child care, children's residential, and adult and senior care facilities. The division is also responsible for investigating any complaints lodged against these facilities and for conducting inspections of the facilities. The state monitors approximately 66,000 homes and facilities, which are estimated to have the capacity to serve over 1.3 million Californians. Additionally, DSS contracts with counties to license an additional 8,700 foster family homes and family child care homes.

CCL Staffing and Facility Monitoring. The roughly 66,000 homes and facilities statewide directly under the regulatory purview of CCL are primarily monitored and licensed by just over 460 licensing analysts. These licensing analysts are located in 25 regional offices throughout the state and are responsible for conducting annually over 24,000 inspections and 14,000 complaint investigations. Current practice is for CCL to conduct random inspections on at least 30 percent of all facilities annually, and law requires each facility to be visited no less than once every five years. Additionally, approximately 10 percent of facilities are required to be inspected annually as a requirement of federal funding or due to poor compliance history. Although the CCL has had difficulty meeting these time frames in the past, the division is generally meeting these time frames currently.

Prior to 2002–03, most facilities licensed by CCL were required to be visited annually. Visits were used to check for compliance with health and safety requirements designed to protect those in the care of CCL–licensed facilities. Budget–related legislation enacted in 2003 lengthened the intervals between visits for most facilities from one year to five years. Additionally, the legislation included "trigger" language that increased the percentage of annual random inspections—starting with 10 percent of facilities—based on the number of citations issued in the prior year.

The extended interval between visits made CCL more reliant on complaints to identify health and safety violations. This means CCL is primarily identifying noncompliance after the fact, frequently as the result of a complaint where harm has already occurred, rather than identifying and addressing risks that may not have yet resulted in harm. There is concern that relying on complaints may be less effective at protecting the health and safety of clients than a system that detects and addresses issues proactively. Currently, CCL investigates over 14,000 complaints involving licensed care annually.

Recent Issues at Licensed Facilities. Recent health and safety incidents at licensed facilities have gained the attention of the media and the Legislature. These include incidents of neglect and abuse, as well as evidence in general of inconsistent and inadequate oversight, monitoring, and enforcement of licensing standards . In response to the health and safety issues discovered at facilities under the regulatory purview of CCL, the 2014–15 Governor's Budget proposed and the Legislature approved a comprehensive plan to reform the CCL program. In addition, CCL is working, using current resources, on a "Transparency Site," with increasing access to the public to inspection and complaint information for facilities. The Subcommittee has requested additional information on planned milestones for this site as it progresses in its development.

2014 BUDGET QUALITY ENHANCEMENT AND PROGRAM IMPROVEMENT UPDATE

2014–15 Budget Act Funds CCL Quality Enhancements. The 2014–15 spending plan funded the Governor's proposal for quality enhancements and improvements in CCL. This included 71.5 positions and $5.8 million General Fund to (1) create a more robust training program for licensing inspectors, (2) create a quality assurance unit that is trained to detect instances of systemic noncompliance, (3) centralize and make more efficient the application and complaint intake process, and (4) create some medical capacity at DSS to begin considering the increasing medical needs of those in assisted living facilities. The creation of the quality assurance unit was intended in part to address the historical lack of systematic enforcement data to help target enforcement resources to cases with the greatest likelihood of improving compliance. For instances when the license of a facility is suspended or revoked, budget–related legislation allows for the department to appoint a qualified temporary manager or receiver to: (1) assume responsibility of the operation of the facility and assist in bringing it into compliance, (2) facilitate the transfer of ownership of the facility to a new licensee, or (3) coordinate and oversee the transfer of clients to a new facility if the facility is closing.

Status of 2014–15 Reforms. The DSS has filled the vast majority of positions authorized as part of the 2014 Budget for the CCL quality enhancements. Several components of the 2014–15 spending plan are now fully implemented, while in other cases the department is still hiring and training its staff in preparation for implementation. Specifically, the greatest advances have been made in the provision of more robust training for managers and licensing analysts and in establishing the statewide complaint hotline, which is now operational. While staffing resources for the quality assurance unit and centralized application processing have been hired, these staff are still undergoing training before the units become operational. On the other hand, the department has not yet filled the nurse practitioner position authorized to assist in the oversight of a population that is increasingly medically fragile.

The final 2014–15 budget package included statutory language specifying that it is the intent of the Legislature to, over time, increase the frequency of CCL–regulated facility inspections to annually for some or all facilities.

GOVERNOR'S PROPOSAL

In response to the intent language noted above, the Governor's budget proposes a multiyear, multistage plan to further reform the CCL program. The proposal includes an increase of 28.5 positions (13 two–year limited–term positions) and $3 million General Fund in 2015–16 to (1) hire and begin training staff in preparation for an increase in the frequency of inspections for all facility types beginning in 2016–17 and (2) make various other changes intended to strengthen enforcement capacity and improve the quality of care delivered at facilities under the regulatory purview of CCL. The proposed reforms would go into effect incrementally through 2018–19. The proposal includes a request for additional resources in budget years beyond 2015–16 to fully implement the proposal. When fully implemented, the proposal would add a total of 145 new permanent positions within DSS at a cost of $37.3 million General Fund.

Multiyear, MultiStage Plan to Increase Inspection Frequency. The Governor's proposal would increase the frequency of inspections from at least once every five years to at least once every three years or more frequently depending on the facility type. To implement this component of the plan, the Governor requests a total of 133 positions, mostly licensing analysts. The Governor envisions hiring staff beginning in 2015–16 (with five positions) and incrementally through 2018–19 to correspond with the increased workload as the various stages of the proposal go into effect. Once fully implemented, child care facilities would be inspected every three years, children's residential care facilities would be inspected every two years, and adult and senior care facilities would be inspected annually. The CCL division would continue to conduct random inspections on at least 30 percent of all facilities annually as is current practice. The changes to inspection frequency would go into effect in stages as follows:

- Stage 1 of Increased Inspection Frequency: Sets Inspection Frequency for All Facility Types to at Least Once Every Three Years. Beginning in January 2017, the inspection frequency for child care, children's residential care, and adult and senior care facilities would be set at no less than once every three years.

- Stage 2 of Increased Inspection Frequency: Increases Inspection Frequency for Residential Care Facilities to at Least Once Every Two Years. Beginning January 2018, the inspection frequency for children's residential care and adult and senior care facilities would increase to no less than once every two years. The child care facilities would continue with an at least once every three years inspection frequency.

- Stage 3 of Increased Inspection Frequency: Increases Inspection Frequency for Adult and Senior Care Facilities to at Least Annually. Beginning January 2019, adult and senior care facilities would be inspected at least annually. The children's residential care facilities would continue with an at least once every two years inspection frequency.

The table from the LAO below compares current law to the Governor's proposed inspection requirements by facility type and over time.

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

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

Inspections that are more frequent could help overcome some of the recent health and safety incidents discovered at facilities under the regulatory purview of CCL, including incidents of neglect and abuse. Prolonged intervals between inspections allow noncompliance to occur and remain unaddressed, placing children, adults, and seniors at risk, while more frequent inspections could provide more consistent and adequate oversight and enforcement of licensing standards. There has been concern that five–year intervals between inspections are too lengthy and place vulnerable clients at risk. Most states inspect such facilities more frequently than at least once every five years.

DSS has described that the Governor's proposal to set inspection frequencies based on three very broad categories of facility type is driven in part by the degree of "informal" oversight available at each facility type. Informal oversight refers to the feedback clients or clients' families can offer providers or state officials regarding realized or potential threats to health and safety at CCL–licensed facilities. On the basis that child care facilities receive the highest level of informal oversight through the flow of parents in and out of facilities on a daily basis, the administration is of the view that parents' ability to identify risks and file complaints justifies the longer interval between inspections for this facility type. By comparison, the administration indicates adults and seniors are the most vulnerable as they receive the least amount of informal oversight and therefore require the most frequent inspections.

Updated Workload Study Still Pending. The requested resources for the Governor's multiyear plan are based on a 2001 workload study on licensing analysts. Yet the nature of a licensing analyst's workload has changed considerably over the last 14 years. In some cases workload has increased, such as through the addition of new statutory responsibilities. On the other hand, the introduction of the Key Indicator Tool—a measurement tool that is designed to measure compliance with a small number of licensing standards to predict compliance with all of the remaining licensing standards—has reduced workload for licensing analysts. The net effect of these changes on licensing analysts' workload is uncertain. Therefore, the 2001 study may no longer accurately reflect a licensing analyst's workload. Only once a revised study is available would DSS be able to assess the actual level of staffing resources necessary to increase the frequency of inspections as proposed. The DSS has been working towards a revised workload study. While the study was originally expected to be completed by December 2014, it is now expected to be delayed by more than one year. The LAO notes that the department may be able to update its requested resources at the May Revision based on preliminary findings from its revised workload study. The LAO also recommends that the Governor's budget proposal in 2016–17 reflect the findings of the revised workload study and incorporate the budget adjustments necessary to conform to the study.

Federal Child Care and Development Block Grant (CCDBG) Requirements. The recent reauthorization of the federal CCDBG requires annual inspections of child care facilities as a requirement of continued federal funding to states. The administration is currently awaiting additional federal guidance on this, although no state action to conform to the federal law changes appears necessary in2015–16.

Provides Resources to Address Complaint Backlog. As described above, CCL has experienced an increase in complaints since budget–related legislation lengthened the intervals between visits. DSS indicates the increase in complaints—coupled with reductions in staff in recent years that have not been fully remedied by the elimination of furloughs, hiring of replacement staff, and the use of overtime—have created a complaint backlog. Point–in–time data from January 2015 show 2,450 complaints remained unresolved beyond the 90–day period CCL allots for investigating and addressing substantiated complaints. These are referred to as "overdue" complaints. The figure below from the LAO provides a breakdown of open and overdue complaints by facility type as of January 2015. The Governor's 2015–16 budget proposes 13 two–year limited–term licensing analyst positions to address the complaint backlog.

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

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

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

The proposed positions would help (1) address the risk to clients that prolonged complaint investigations represent, (2) make programs current on addressing existing complaints, and (3) keep programs within the requirement to close complaint cases within 90 days going forward. DSS has increasingly had to dedicate resources to responding to complaints driven in part by the decreased inspection frequency. Clearing the backlog would free resources to engage in proactive enforcement rather than responding to violations where harm may have already occurred. Once the backlog is cleared, the expectation is that recent changes to the CCL program and components of the 2015–16 budget proposal, if approved, would prevent a return of overdue complaints. The more frequent facility visits and expansion of resources that support providers between visits, such as the technical assistance unit, are likely to reduce the instances of noncompliance and therefore lead to a smaller number of complaints going forward.

Provides Nurse Consultants to Monitor Residents' Medical Needs. Historically, RCFEs have been considered differently from skilled nursing facilities (SNFs) because their purpose is to serve those with less acute medical needs than those who would qualify for SNF placement. However, as the state's population has aged, and the general state policy goal of caring for people in the least restrictive setting has been emphasized, the role of the RCFEs has also changed to include those with more acute medical conditions. As a result, the CCL division has had to assess on a case–by–case basis whether residents can safely remain within a CCL–licensed facility rather than being cared for in a SNF. Currently, DSS contracts for this clinical expertise. The

Governor's 2015–16 budget proposes position authority for 1.5 nurse consultant positions to replace the use of contract staff for this purpose. The nurse consultants would be strategically located throughout the state so as to easily be deployed when licensing analysts need the assistance of medical experts.

Resources to Support Providers and Clients. The Child Care Advocate Program (CCAP)—formerly the Child Care Ombudsman Program—was established in 1984 to provide information to the general public and parents on child care licensing standards and regulations. The program's goal was to improve the level of engagement of client–families and advocates so as to ultimately enhance the quality of care delivered at child care facilities. The Technical Support Program (TSP) was established in 1992 to (1) assist residential care providers who were experiencing difficulty in complying with licensing standards and in achieving and maintaining compliance with licensing requirements, and (2) offer trainings to providers in specific areas where licensing analysts identified chronic noncompliance. Budget pressures in recent years reduced staffing for CCAP to two positions while eliminating TSP. The Governor's 2015–16 budget proposes position authority to add two positions to CCAP and provide three positions for TSP to expand the availability of technical assistance to providers. These resources would be available to respond to compliance–related questions and requests from providers and the public–at–large.

Creating Additional Training Capacity. The CCL division operates a training unit in Northern California that is responsible for training all new managers and licensing analysts at the time of hire. Additional training is provided as needed so that licensing inspectors remain current on regulatory requirements as statute changes. The division does not anticipate being able to absorb the increase in demand for training from the newly hired licensing analysts. In addition, the CCL division is interested in offering more robust ongoing training to licensing analysts based on special topics of relevance. The Governor's 2015–16 budget proposes four positions to establish a new Southern California training unit and to extend ongoing training offerings to current managers and licensing analysts.

ADDITIONAL PROPOSALS IN GOVERNOR'S BUDGET FOR CCL

The Governor's Budget additionally includes the following Budget Change Proposals and trailer bill language. The administration will present briefly on each of these proposals in their testimony under this item.

- **Implementing Legislation Related to Residential Care Facilities for the Elderly (RCFEs).** The Budget requests 8.8 permanent and 5.3 limited-term positions, for a total of 14.1 in 2015-16, at a cost of $2.3 million General Fund to implement recently enacted legislation. This body of new law increases civil penalties for licensed facilities throughout the state and, for RCFEs, prohibits problem licensees from admitting new residents, strengthens residents' personal rights, and expands training to increase compliance. The legislation includes:
  - AB 1570, Chapter 698, Statutes of 2014, which increased training for applicants and direct care staff at RCFEs.
  - AB 2171, Chapter 702, Statutes of 2014, which expanded personal rights of residents in RCFEs.
  - AB 2236, Chapter 813, Statutes of 2014, which increased civil penalties for licensed facilities.
  - SB 911, Chapter 705, Statutes of 2014, which increased training for RCFE administrators.
  - SB 1153, Chapter 706, Statutes of 2014, which placed a prohibition on new clients for particular RCFEs.

- **Implementing Legislation Related to Group Home Complaints.** The Budget requests two permanent and 4.5 limited-term positions, for a total of 6.5 in 2015-15, at a total cost of $726,000 General Fund to implement AB 388, Chapter 760, Statutes of 2014. The legislation requires DSS to include in its annual listing of licensed community care facilities the number, types and outcomes of licensing complaints made by facility staff or children in group homes and other youth residential facilities. It requires facilities to report to DSS any incidents concerning a child involving contact with law enforcement and DSS to inspect those facilities reporting an excessive number of calls to law enforcement. It also requires DSS to cross-report internally and to the Department of Health Care Services (DHCS) depending upon which entity had licensed the facility.

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

- **Staffing to Detect Registered Sex Offenders in Out of Home Care.** The Budget requests the conversion of four two-year limited-term positions set to expire June 30, 2015 to permanent at a cost of $364,000 General Fund ($443,000 total funds). These positions currently handle the workload of conducting address matches of the Department of Justice's California Sex Offender and Arson Registry (CSAR), the Licensing Information System (LIS), and the Child Welfare Services Case Management System (CWS/CMS), pursuant to recommendations issued in two reports (2008 and 2011) from the Bureau of State Audits.

- **Trailer Bill Language on Fingerprint Fee Exemption.** This proposal would continue for an additional two years the suspension of existing law that prohibits DSS and the Department of Justice (DOJ) from charging a fee to process a criminal history check of individuals who are licensed to operate child and adult facilities, provide care in a facility, or reside at that facility. Enacting this proposal therefore allows DSS to charge fees for this service. Since 2003-04, trailer bill language has been enacted on an annual basis to suspend existing statute that prohibits the DSS from charging the fingerprint licensing fee to process a criminal history check of individuals who are licensed to operate child and adult facilities, provide care in a facility, or reside at the facility. To the extent the prohibition to charge a fee is not suspended, and fee collection for this service ended, the state would be required to fund this activity, resulting in additional costs to the General Fund.

STAKEHOLDER REACTION AND STAFF COMMENT

The Subcommittee is in receipt of a letter from the California Assisted Living Association requesting a hastening of the movement to annual inspections for adult residential facilities. A letter from Assemblymember Ian Calderon requests uniform annual inspections for all facilities. The LAO has cautioned against adopting the entire multi-year proposal from the Governor, and to instead rely on analytics and a more data-driven model. The LAO contends that this approach could customize inspection frequency to the history and behavior of licensed actors, to maximize resources. The LAO argues that this kind of alternative would avoid an approach that might spur improvement and provide needed intervention for some facilities, while not others, depending on the type of facility in broad categories as is constructed in the Governor's current proposal.

Staff has requested information from the administration, on a technical assistance basis, on how their proposal might change if the ultimate goal were to move toward annual inspections. This information is forthcoming. With the resources proposed for 2015-16 in place in the Governor's proposal, and the acknowledged ramp-up that any increase in inspection frequency requires, the budget year might look virtually identical under an "annual inspection plan proposal" to what is being proposed under the Governor's current vision. The Assembly could choose to move forward with this proposal and continue to consider in future years whether and how a movement to annual inspections could work if the state were to pivot toward that as a goal in future years. Trailer bill language around this action in the 2015-16 budget might require some flexibility to allow for a change in future years if the Legislature is intentional about creating a possible separate path toward annual inspection of all facilities eventually.

Staff Recommendation:

Staff recommends holding all CCL issues open.