

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

**ASSEMBLYMEMBER SHIRLEY N. WEBER, PH.D., CHAIR
(ASSEMBLYMEMBER WESLEY CHESBRO, ACTING CHAIR FOR THIS HEARING)**

**WEDNESDAY, MARCH 26, 2014
3:00 P.M. - STATE CAPITOL ROOM 444**

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4170	CALIFORNIA DEPARTMENT OF AGING (CDA)	
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4700	DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT (CSD)	
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ITEMS TO BE HEARD

4170 CALIFORNIA DEPARTMENT OF AGING

ISSUE 1: PROGRAM AND BUDGET REVIEW

Department Description. The California Department of Aging's (CDA's) mission is to promote the independence and well-being of older adults, adults with disabilities, and families through:

- Access to information and services to improve the quality of their lives;
- Opportunities for community involvement;
- Support to family members providing care; and
- Collaboration with other state and local agencies.

As the designated State Unit on Aging, the Department administers Older Americans Act programs that provide a wide variety of community-based supportive services as well as congregate and home-delivered meals. It also administers the Health Insurance Counseling and Advocacy Program. The Department also contracts directly with agencies that operate the Multipurpose Senior Services Program.

The Department administers most of these programs through contracts with the state's 33 local Area Agencies on Aging (AAAs). At the local level, AAAs contract for and coordinate this array of community-based services to older adults, adults with disabilities, family caregivers and residents of long-term care facilities.

Overview of Department's Major Areas

- **Nutrition.** The Nutrition Program provides nutritionally-balanced meals, nutrition education and nutrition counseling to individuals 60 years of age or older. In addition to promoting better health through improved nutrition, the program focuses on reducing the isolation of the elderly and providing a link to other social and supportive services such as transportation, information and assistance, escort, employment, and education.
- **Senior Community Employment Services.** The federal Senior Community Service Employment Program, Title V of the Older Americans Act, provides part-time subsidized training and employment in community service agencies for low-income persons, 55 years of age and older. The program also promotes transition to unsubsidized employment.
- **Supportive Services.** This program provides supportive services including information and assistance, legal and transportation services, senior centers, the Long-Term Care Ombudsman and elder abuse prevention, and in-home services for frail older Californians as authorized by Titles III and VII of the Older Americans Act.

The services provided are designed to assist older individuals to live as independently as possible and access the programs and services available to them.

- **Community-Based Programs and Projects.** This program includes the community-based Health Insurance Counseling and Advocacy Program (HICAP). HICAP provides personalized counseling, community education and outreach events for Medicare beneficiaries. Volunteer counselors assist individuals understanding their rights and health care options. HICAP is the primary local source for accurate and objective information and assistance with Medicare benefits, prescription drug plans and health plans. The 2013 budget provided additional expenditure authority to CDA of \$660,000 to reflect a one-time federal grant to provide training for HICAP staff and one-on-one dual eligibility health insurance counseling related to Cal MediConnect.
- **Medi-Cal Programs.** This program includes oversight of the Multipurpose Senior Services Program (MSSP) and Community-Based Adult Services (CBAS) program. Both of these programs are administered by CDA through interagency agreements with the Department of Health Care Services (DHCS). CBAS is a community-based day health program that provides services to adults 18 years of age or over who are at risk of needing institutional care due to chronic medical, cognitive, or mental health conditions and/or disabilities. CDA certifies CBAS centers for participation in the Medi-Cal Program. Under a 1915 Medicaid home and community-based services waiver, MSSP provides health and social care management to prevent premature and unnecessary long-term care institutionalization of frail adults aged 65 or older who otherwise would be placed in a nursing facility. A more detailed description and update on MSSP is included below.

Historical Budget Reductions. Between July 2007 and June 2012, the CDA budget was reduced by approximately \$30.1 million in General Fund. These recessionary cuts eliminated any state support for program funding that had previously complemented federal funds received for aging services, including state funds that had supported most of the Community Based Services Programs in the Older Californians Act, including Foster Grandparent, Brown Bag, Alzheimer's Day Care Resource Centers, Senior Companion, Linkages, Respite Purchase of Services, and the Long Term Care Ombudsman programs. These cuts also eliminated General Fund supporting the federal Senior Community Services Employment and reduced state funds supporting the federal senior congregate and home-delivered nutrition programs.

Fiscal Overview:

Fund Source	2012-13	2013-14	2014-15	BY to CY Change	% Change
	Actual	Projected	Proposed		
General Fund	\$31,416	\$32,235	\$32,228	(7)	(0.02%)
State HICAP Fund	2,468	2,478	2,477	(1)	(0.04)
Federal Trust Fund	149,033	150,298	149,188	(1,110)	(0.7)
Special Deposit Fund	1,186	1,190	1,190	-	-
Reimbursements	7,350	12,510	10,483	(2,027)	(16.2)
Skilled Nursing Facility Quality and Accountability Fund	1,900	1,900	1,900	-	-
Total Expenditures	\$193,353	\$200,611	\$197,466	(3,145)	(1.6%)
Positions	107.9	115.5	117.8	2.3	2

MSSP UPDATE

The Multipurpose Senior Services Program (MSSP) provides social and health care management services for frail, elderly clients who wish to remain in their own homes and communities. Clients must be aged 65 or older, eligible for Medi-Cal, and certified (or certifiable) as eligible to enter into a nursing home. Teams of health and social service professionals assess each client to determine needed services, and then, work with the clients, their physicians, families, and others to develop an individualized care plan. Services provided with MSSP funds include: care management; adult social day care; housing assistance; in-home chore and personal care services; respite services; transportation services; protective services; meal services; and, special communication assistance.

CDA currently oversees operation of the MSSP program statewide and contracts with local entities that directly provide MSSP services to approximately 12,000 individuals. The program operates under a federal Medicaid Home and Community-Based, Long-Term Care Services waiver.

MSSP as Part of the Coordinated Care Initiative. The Coordinated Care Initiative (CCI) is intended to integrate medical, behavioral, long-term supports and services (LTSS), and home and community-based services through a single Medi-Cal health plan for persons eligible for both Medicare and Medi-Cal, or “dual eligible,” in eight demonstration counties. Under CCI, Medi-Cal beneficiaries will be required to join a participating Medi-Cal managed care health plan to receive their Medi-Cal health

benefits, including MSSP. Additionally, CCI will integrate LTSS into Medi-Cal managed care for individuals eligible for Medi-Cal, but not Medicare.

For recipients in non-demonstration counties, the MSSP program's current eligibility process and programmatic requirements will continue without changes. The MSSP sites in the CCI counties will continue to provide waiver services to clients for 19 months after the transition to managed care.

The MSSP operates in 48 counties. Fifteen of the 39 MSSP sites are in Coordinated Care Initiative (CCI) demonstration counties. The current MSSP 1915 (c) Home- and Community-Based Services Waiver will expire on June 30, 2014. DHCS and CDA are working together to submit a waiver renewal application which will continue MSSP through June 30, 2019. The waiver renewal addresses transitioning MSSP from a Medi-Cal fee-for-service (FFS) benefit to a managed health care benefit, no earlier than April 1, 2014, in one CCI county (San Mateo), and in the remaining seven CCI counties no sooner than July 1, 2014.

160 MSSP waiver participants will transition into Medi-Cal managed care in San Mateo County, no sooner than April 1, 2014. 5,233 participants will transition into Medi-Cal managed care in Alameda, Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Santa Clara Counties, no sooner than July 1, 2014. The remaining 4,047 MSSP waiver participants will continue in the MSSP Waiver under FFS Medi-Cal.

Informational Charts. The next two charts have been provided by the administration and indicate, first, the 2014-15 MSSP funded slots broken out by the CCI and non-CCI counties, and, second, the cutover of slots pursuant to the expected timeline of the implementation of the CCI. It is important to note that slots are not directly equivalent to "persons" or "cases."

CCI COUNTIES	
	Slots
Alameda	377
Los Angeles	2,952
Orange	455
Riverside	248
San Bernardino	276
San Diego	550
San Mateo	160
Santa Clara County	375
Subtotal CCI County Slots	5,393
NON-CCI COUNTIES	
Amador, Calaveras, Mariposa and Toulumne	80
Butte, Glenn and Tehama	160
Contra Costa	160
El Dorado	60
Fresno and Madera	251
Humboldt	104
Imperial	160
Kern	167
Kings and Tulare	163
Lake and Mendocino	240
Lassen, Modoc, Shasta, Siskiyou and Trinity	160
Marin	80
Merced	160
Monterey	160
Napa and Solano	160
Placer, Sacramento and Yolo	276
San Francisco	446
San Joaquin	160
Santa Barbara	160
Santa Cruz	160
Sonoma	160
Stanislaus	160
Ventura	160
Yuba	52
Subtotal Non-CCI County Slots	3,999
Unallocated Slots	51
TOTAL MSSP SLOTS	9,443

County	Plans	Cal MediConnect		MLTSS	CCI MSSP
		Passive Enrollment Begins	MSSP Clients cutover and Benefit into CMC	MSSP Clients enrollment into Medi-Cal managed care and Benefit in Medi-Cal managed care	MSSP 19 month ends and is no longer a waiver benefit
County	Plans	Start Date (based on birth month)	Start Date (all in one month)	Start Date (all in one month)	End Date (county by county based on earliest date)
Alameda	Anthem Blue	TBD	TBD	TBD	TBD
	Alameda Alliance	TBD	TBD	TBD	TBD
Los Angeles	Healthnet	4/1/2014*	01/01/15	08/01/14	02/29/16
	LA Care	4/1/2014*	01/01/15	08/01/14	02/29/16
	Care 1st	4/1/2014*	01/01/15	N/A	N/A
	Care More	4/1/2014*	01/01/15	N/A	N/A
	Molina	4/1/2014*	01/01/15	N/A	N/A
Orange	Cal Optima	TBD	TBD	TBD	TBD
Riverside	IEHP	04/01/14	08/01/14	08/01/14	02/29/16
	Molina	04/01/14	08/01/14	08/01/14	02/29/16
San Bernadino	IEHP	04/01/14	08/01/14	08/01/14	02/29/16
	Molina	04/01/14	08/01/14	08/01/14	02/29/16
San Diego	Care 1st	04/01/14	08/01/14	08/01/14	02/29/16
	CHGP	04/01/14	08/01/14	08/01/14	02/29/16
	Healthnet	04/01/14	08/01/14	08/01/14	02/29/16
	Molina	04/01/14	08/01/14	08/01/14	02/29/16
	Kaiser	N/A	N/A	08/01/14	02/29/16
San Mateo	HPSM	04/01/14	04/01/14	7/1/2014**	10/31/15
Santa Clara	Anthem Blue	01/01/15	01/01/15	08/01/14	02/29/16
	SCFP	01/01/15	01/01/15	08/01/14	02/29/16

Footnotes:

* - this is the beginning of Voluntary Enrollment

** - Full Duals will receive MLTSS benefits 4/1/14

REINVESTMENT PROPOSALS

The Subcommittee has received proposals regarding reinvestment of additional state funds for aging programs. These include:

- **The California Association of Area Agencies on Aging (C4A)** is requesting consideration of a reinvestment of \$16.7 million General Fund to restore funding previously provided for the Older Californians Act. (The programs affected by the proposal received this level of funding prior to the reduction cycles that were worst in 2008-09 and the few years following.) C4A states that this reinvestment would allow AAAs to again provide vital services such as food distribution, Alzheimer's care, care management, respite and support to working families with caregiver obligations. A letter from Assemblymember V. Manuel Perez in support of this proposal has also been received and states; "Especially now with the state's older population on the rise and projected growth over the next three decades, we must make essential state investments to repair and revitalize [the] network of flexible, locally driven, person-focused services."

Other supporters of this proposal include the California Commission on Aging, Congress of California Seniors, California Long Term Care Ombudsman Association, California Association of Public Authorities, California Health Advocates, and AARP.

The funding request breaks out as follows, with descriptions from the C4A letter included:

- Linkages - \$7.9 million. Once funded at \$7.9 million, the Linkages program provided limited case management to functionally impaired adults who are at risk of institutionalization. Linkages clients did not need to be eligible for Medi-Cal, but many of them were or very close to spending down and becoming Medi-Cal eligible. Many clients were referred from MSSP, APS, and other organizations serving at risk adults. Linkages was provided through 36 sites throughout the State and served an estimated 5,600 individuals at an average per client cost of \$1,400 annually.
- Alzheimer's Day Care Resource Centers - \$3.8 million. Once funded at \$3.787 million, the ADCRC program provided previously licensed Adult Day Care (ADC) and Adult Day Health Care (ADHC) centers with funds to support an enhanced infrastructure (specialized staffing, training, education and caregiver support systems) required to meet the needs of persons with moderate to severe levels of dementia. These clients have complex behavioral issues that require more intensive levels of supervision and hands-on care. There were 56 ADCRCs in California that served approximately 3,200 frail older persons at an annual per person cost of about \$1,800. Approximately 33 percent of the clients had severe cognitive impairment,

- 38 percent were 85 or older and over 33 percent poor. It is estimated that elimination of this program resulted in many clients being placed in an institution or nursing facility.
- Ombudsman - \$3.8 million. Once supplemented with \$3.8 million in state dollars, the California Long-Term Care (LTC) Ombudsman Program provides advocacy services to protect the health, safety, welfare and rights of residents of skilled nursing facilities and residential care facilities for the elderly. There are 35 local Ombudsman Programs responsible for overseeing nearly 9,000 long-term care facilities representing 293,000 residents. In 2011-12, Ombudsman conducted 44,771 facility-monitoring visits and investigated 37,542 individual resident complaints, resolving or partially resolving almost 70% of the cases. The ability of Ombudsmen to visit long-term care facilities or investigate complaints of elder abuse has significantly been hampered since the cut in funding. Long Term Care Ombudsman Services of San Luis Obispo County has written separately to advocate for Ombudsman funding of \$3.8 million for 2014-15 and ongoing.
 - Brown Bag - \$541,000. Funded at \$541,000, the Brown Bag Program provided food to some 27,000 low-income seniors at 600 Brown Bag sites throughout California. It was estimated that nearly 675,000 bags of food were distributed annually. While the Elderly Nutrition Program provides daily meals, the Brown Bag Program provided staples that were used throughout the week. The distribution of food was arranged by the area agency on aging, utilizing 25 providers and nearly 3,900 volunteers. Every dollar in the program leveraged another \$40 dollars from the local community. Eliminating the Brown Bag Program resulted in over \$21 million dollars of food and services being taken away from seniors.
 - Respite Purchase of Services - \$317,000. Previously funded at \$317,000, the Respite Purchase of Services Program provided temporary relief to caregivers of frail elderly or functionally impaired adults who are at risk of institutional placement and not receiving respite services from other programs. Some 700 families received short-term respite services with nearly 18,000 hours of care provided. Elimination of this program denied critical respite for those individuals or families who were exhausted from caring 24/7 for a functionally impaired family member.
 - Senior Companion - \$317,000. Funded at \$317,000, the Senior Companion Program engaged senior volunteers to provide supportive services and assistance to at-risk older persons. The volunteers were a vital support system, allowing the older client to remain in the community. For a small stipend, these volunteers were also a resource to many other home and community-based programs, helping the homebound client with chores, housekeeping, and shopping. Elimination of the Senior Companion Programs

resulted in hundreds of frail adults being isolated and at risk of having no assistance with many tasks related to their health and safety.

C4A has suggested a block granting approach for this funding proposal to allow for local AAAs to have flexibility to match renewed services with local needs. This raises the question of how this approach reconciles with the program-specific nature of the funding request, however advocates argue that needs at the AAA are demonstrable across program areas commensurate with or exceeding the funding reductions of prior budgets. C4A states, "The flexibility of block granting Older Californians Act funding to local Area Agencies on Aging will insure effective service delivery, maximize the efficiency of the use of funds, and provide local control and decision-making."

- **The MSSP Site Association** has written requesting a reinvestment of \$5.1 million for 2014-15, which it states will create an additional 2,762 slots for MSSP clients. The letter chronicles the reductions that MSSP sustained in 2008-09 and in 2010-11, with funding cuts of 10% and 11% respectively. The letter contends that MSSP saves the state an estimated \$117 million by decreasing nursing home placement and that with restored capacity, MSSP could save the state \$146 million annually. Questions on this proposal include how the funding to slot ratio would be assured if an argument were that rates in MSSP are too low and how this enhanced funding works with, and reconciles to movement of MSSP slots into the CCI now and as CCI unfolds.

FEDERAL GRANTS

CDA has been awarded several competitive federal demonstration grants, which include the following:

- **U.S. Department of Transportation New Freedom Initiative Grant.** CDA was awarded a \$400,000 Department of Transportation New Freedom Grant from June 1, 2011 to December 31, 2013. The grant seeks to increase accessibility and availability of transportation services for older adults and adults with disabilities, and provides mobility management training to California's 33 AAAs.
- **Administration on Aging, Chronic Disease Self-Management Education Grant.** CDA was awarded a \$1.72 million, three-year (September 1, 2012 to August 31, 2015) federal Administration on Aging grant to fund the Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education (CDSME) grant project. CDA has collaborated with the California Department of Public Health (CDPH) to expand the availability of the Chronic Disease Self-Management Program and Diabetes Self-Management Program to individuals who are low-income, limited or non-English speaking, Medi-Cal eligible, and/or veterans. CDA, in partnership with CDPH, will contract with Partners in Care, which will subcontract with the AAAs, or the public health departments, in Los Angeles, Orange, Napa, San Diego, San Francisco, Solano, and Sonoma counties.

Subcommittee staff has requested that comprehensive, timely information be submitted to the Legislature on an annual basis covering what federal grants CDA is administering and including outcome/impact information. The Legislative Analyst's Office (LAO) has been asked to assist with facilitation of the development of this oversight resource both for CDA and for federal grants administered through the Department of Rehabilitation.

PANEL

- Lora Connolly, Director, California Department of Aging
- Ed Long, Deputy Director, California Department of Aging
 - Please provide the department program and budget overview.
 - Please provide your reaction/feedback to the issues, including the reinvestment proposals, raised in the agenda.
- Legislative Analyst's Office
- Department of Finance
- Public Comment

Staff Recommendation:

Staff recommends holding the overall CDA budget open pending the May Revision.

ISSUE 2: GOVERNOR'S BUDGET CHANGE PROPOSALS FOR 2014-15

The Governor's Budget Change Proposals (BCPs) for CDA include the following:

- **Federal Grant Related to Alzheimer's.** CDA requests a total of \$820,000 in federal budget authority in order to receive a three-year federal Administration on Aging grant. The grant will build a dementia capable integrated system of care for patients with Alzheimer's disease or related disorders enrolled in the California Cal MediConnect. Specifically, the grant will educate care managers to provide person-centered services; and, provide care coordination to individuals and family caregivers, including referrals to services and community support. CDA would work with the California Department of Health Care Services, California Alzheimer's Association Chapters, and interested managed care plans to target patients, family caregivers, and care managers associated with health plans in the Coordinated Care Initiative (CCI) pilot counties. Local Alzheimer's Association Chapters will fully cover the match requirement; therefore, approval of this request will not result in any General Fund costs.

The department indicates that the following seven health plans are scheduled to be involved:

- Health Plan of San Mateo (Year 1)
- Care 1st Health Plan (Year 1)
- Health Net (in the City of Los Angeles) (Years 1 and 2)
- LA Care (Year 2)
- Anthem/CareMore (Year 2)
- Santa Clara Family Health Plan (Year 2)
- Alameda Alliance for Health (Year 2)

In Year 3, CDA seeks to expand the care manager training to interested health plans in Riverside and/or San Bernardino counties.

Current year authority for \$153,000 is being obtained via the Section 28 process. This proposal requests expenditure authority in the amounts of \$276,000 for 2014-15, \$311,000 for 2015-16, and \$80,000 for 2016-17. CDA states that this grant aligns with key recommendations contained in the California State Plan for Alzheimer's Disease.

- **Aging and Disability Resource Connection.** CDA requests the transfer of administration and program oversight responsibilities for the Aging and Disability Resource Connection (ADRC) program from the California Health and Human Services Agency (CHHS) to CDA. Providing program oversight for the local network of ADRCs is more appropriately handled at the departmental level and will allow the CDA to use its existing federal grant funding and federal funds from DHCS and State Independent Living Council (SILC) to continue the program when CHHS grant funds expire. The CDA requests 2.6 one-year limited-term positions currently housed in

CHHS to be transferred to the CDA budget and \$275,000 in additional reimbursement authority to fund the ADRC program oversight activities. CDA reimbursement authority will be required to collect federal funds from DHCS and SILC via Interagency Agreements. This request will not result in a General Fund increase.

The ADRC model builds on existing networks and funding to Area Agencies on Aging (AAAs) and Independent Living Centers, and are intended to be a trusted resource for individuals (public and/or private pay) looking for information on the full range of LTSS options. According to the Administration of Community Living's Semi-Annual Report (April 1 to September 30, 2013), ADRCs collectively served more than 33,000 Californians. In California, seven ADRC partnership serve 11 counties (Butte, Colusa, Del Norte, Glenn, Nevada, Orange, Plumas, Riverside, San Diego, San Francisco, and Tehama), and one new ADRC (Alameda County) is in the final planning stages.

In 2007, a CMS demonstration grant, California Community Choices Project, established additional regional ADRCs and state level program support at CHHS, managed by a unit of 2.6 positions. Over the past five years, this effort has been funded by federal grants and limited foundation support. ADRC funding is currently supported with reimbursements from an interagency agreement with the Department of Health Care Services using its remaining 2010 Money Follows the Person (MFP) federal grant funds. That funding, and the authority for the current positions, was approved for one year as part of the 2013-14 budget, and ends June 30, 2014. Federal funding for local ADRCs has, historically, been through opportunities where only a state entity is eligible to apply.

- **Model Approaches to Statewide Legal Assistance Systems Phase II.** CDA requests \$536,000 in federal budget authority to receive a three-year federal Administration for Community Living Model Approaches to Statewide Legal Assistance Systems-Phase II grant. Building upon its Phase I efforts, this project seeks to implement strategies to improve the coordination and efficiency of the Older Americans Act legal services delivery stems and target resources to older adults in greatest needs. Approval of this request will not result in a General Fund cost. The requested amount includes current year authority of \$179,000 to be obtained through the Section 28 process.

With the Phase I grant, CDA and its partners developed a model of delivering coordinated, cost-effective legal services, responsive to the needs of seniors, particularly those who are low-income or have limited English proficiency. Also, under the Phase I grant, CDA, LSNC, and the Legal Aid Association of California established the California Model Approaches Advisory Group, comprised of representatives from AAAs, local senior legal services providers, members of the Judicial Council, State Bar Access to Justice Commission, and academia. This Advisory Group prioritized recommendations for future coordination of work, including: increased sharing of tools and resources; increased partnership among

legal services and AAAs; and, increased education about legal services. CDA states that 4,100 clients benefitted in Phase I.

In May 2013, the Administration of Community Living released a competitive three-year funding opportunity for State Units on Aging to implement a Phase II grant to continue efforts begun under the Phase 1 grant. CDA was awarded the Phase II grant, and will continue to partner with LSNC and the Legal Aid Association of California. The Subcommittee has requested information on the projected number of clients who would benefit from Phase II.

PANEL

- Lora Connolly, Director, California Department of Aging
 - Please present on each of the three BCPs from CDA.
- Legislative Analyst's Office
- Department of Finance
- Public Comment

Staff Recommendation:

Staff recommends holding these BCPs open pending final actions on the CDA budget in the May Revision hearings.

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

ISSUE 1: PROGRAM AND BUDGET REVIEW

Department Description. The mission of the Department of Community Services and Development is to administer and enhance energy and community services programs that result in an improved quality of life and greater self-sufficiency for low-income Californians.

Overview of Department's Major Areas

Energy Programs. The Energy Programs assist low-income households in meeting their immediate and long-term home energy needs through financial assistance, energy conservation, and weatherization services.

- The Low-Income Home Energy Assistance Program (LIHEAP) provides financial assistance to eligible low-income households to offset the costs of heating and/or cooling residential dwellings, assistance payments for weather-related or energy-related emergencies, and weatherization services to improve the energy efficiency of homes. This program may include a leveraging incentive program in which supplementary LIHEAP funds can be obtained by LIHEAP grantees if non-federal leveraged home energy resources are used along with LIHEAP weatherization related services.
- The Department of Energy Weatherization Assistance Program provides weatherization to improve the energy efficiency of low-income residential dwellings and safeguard the health and safety of household occupants.
- The Lead Hazard Control Program provides services to fully abate or control lead paint hazards in low-income privately owned housing with young children.

Community Services. The Community Services Block Grant (CSBG) is designed to enable local organizations to help low-income families achieve and maintain self-sufficiency through a broad range of activities. These activities include education, employment services, emergency services, housing, income support and management, and health and nutritional services. Additionally, CSBG funds are used by local community organizations to revitalize low-income communities

Fiscal Overview:

Fund Source	2012-13	2013-14	2014-15	BY to CY Change	% Change
	Actual	Projected	Proposed		
Federal Trust Fund	218,882	252,025	251,511	(514)	(0.2)
Greenhouse Gas Reduction Fund	-	-	80,000	80,000	100
Total Expenditures	\$218,882	\$252,025	\$331,511	79,486	31.5%
Positions	97.0	107.8	107.8	-	-

REINVESTMENT PROPOSAL

A host of organizations, including the California Immigrant Policy Center, Asian-American and Pacific Islanders for a Fair and Inclusive Budget, PICO California, and the California Catholic Conference, among many others, have written to request program funding of a minimum of \$10 million for the Naturalization Services Program (NSP).

The Latino Legislative Caucus has submitted a letter signed by its Chair, Senator Ricardo Lara, and its Vice Chair, Assemblymember Luis Alejo, requesting restoration of this program, stating, "Nearly 2.5 million legal permanent residents in California are eligible for naturalization. With federal immigration reform on the horizon, we believe it is urgent to restore this valuable program in order to give immigrants access to naturalization services, and the opportunity to engage in a process toward citizenship that emphasizes increased civic engagement. We must also ensure that a mechanism exists to serve the huge backlog of legal permanent residents who are currently eligible for naturalization or in the process."

NSP was administered by CSD from 1998 to 2008. Under this program, CSD contracted with community based organizations (CBOs) to assist legal permanent residents in obtaining citizenship. Activities and services performed included outreach, intake, referrals, citizenship application assistance, citizenship testing, interview preparation, and follow up activities.

In the last year of the program (2007/08 SFY), CSD was awarded \$3 million (GF) and contracted with 23 CBOs around the state. In the same year, 9,743 clients were served, and 5,502 received certificates of naturalization. A total of 118,488 clients were served during the life of the program.

NSP was funded from the state General Fund (GF) as follows:

CSD Naturalization Services Program	
Fiscal Year	Total Funding (GF)
2000/01	\$7,000,000
2001/02	\$4,889,000
2002/03	\$2,864,783
2003/04	-
2004/05	\$1,500,000
2005/06	\$1,500,000
2006/07	\$3,000,000
2007/08	\$3,000,000
2008/09	\$0

The Subcommittee has asked for the administration to briefly discuss the history and outcomes of the NSP program. Public comment will allow advocates to present their proposal.

PANEL

- Linné Stout, Director, Department of Community Services and Development
 - Please provide the department program and budget overview.
 - Please provide your reaction/feedback to the issues, including the reinvestment proposal, raised in the agenda.
- Legislative Analyst's Office
- Department of Finance
- Public Comment

Staff Recommendation:

Staff recommends holding the overall CSD budget open pending the May Revision.

ISSUE 2: GOVERNOR'S BUDGET CHANGE PROPOSAL FOR 2014-15

The Governor's Budget includes the following BCP for CSD:

- **Weatherization and Solar Programs in Disadvantaged Communities.** CSD requests \$80 million from the Greenhouse Gas (GHG) Reduction Fund in 2014-15, with an additional \$80 million in 2015-16, to support activities promoting greenhouse gas (GHG) emission reductions in disadvantaged communities in the residential sector.

The \$80 million in funding each year will be allocated to State Operations (\$5 million) and Local Assistance (\$75 million). Funds will support the expansion of existing weatherization and solar programs, including such efforts as installation of solar photovoltaic systems, solar water heating systems, insulation, weather-stripping, caulking, fixing or replacing windows, refrigerator replacement, lighting upgrades, electric and gas water heater repair/replacement, low flow water devices, and heating and cooling system repair/replacement.

CSD states that there is strong support for the department to receive the requested Cap and Trade funds to install energy efficiency measures and clean and renewable energy generation in disadvantaged communities. On May 14, 2013, the California Environmental Protection Agency (CalEPA), in conjunction with the "Climate Action Team," consisting of representatives from 16 California State Departments and Boards and the Workforce Development Agency released the *Cap-and-Trade Auction Proceeds Investment Plan*. The plan evaluates opportunities for GHG emissions reductions and identifies priority State investments to help achieve GHG reduction goals and yield valuable co-benefits. According to the plan, "investment of the cap-and-trade auction proceeds brings both the opportunity and the responsibility to spent them well to further the objectives of AB 32. These objectives include reducing the emissions of GHG that contribute to climate change, as well as cutting other forms of air pollution, including in disadvantaged communities."

The California Air Resources Board identified CSD as the entity to carry out the important mission identified by the Climate Action Team and the Cap and Trade Investment Plan, based on CSD's 30+ years of experience with making low-income homes throughout California more energy efficient through weatherization

CSD's past program funding and outcomes are detailed on the following two charts provided by the department. The second chart displays the amounts and outcomes that were associated with federal ARRA dollars. CSD met with some challenges in the early stages of its distribution and use of the ARRA funds, tracked by a Bureau of State Audits report and the Legislature's oversight role. CSD ultimately carried out the full implementation of the funds and successfully weatherized many homes in the state.

Low-Income Home Energy Assistance Program (LIHEAP)

Federal Source: U.S. Dept. of Human and Health Services, Administration for Children and Families, by Federal Program Years

	2008	2009	2010	2011	2012	2013	2014
Weatherization Funding Allocated	\$27,921,477	\$49,277,008*	\$56,998,650*	\$57,000,177	\$39,749,952	\$38,558,815	\$39,233,354
Number of Single Family Units	9,314	16,524	22,448	19,423^	8,687^	8,765^	N/A
Number of Multi-Family Units	7,049	11,460	11,553	10,053^	2,850^	3,993^	N/A
Total Number of Units Weatherized	16,363	27,984**	34,001**	29,476^	11,537^	12,758^	N/A
Solar Funding Allocated	0	0	\$13,958,451	0	0	\$1,680,000	0
Number of Dwellings with Solar Installed	0	0	1,482	0	0	17^	0

* Updated 1/23/2014; previously 2009 was \$49,080,684 & 2010 was \$56,851,328

**Updated 1/23/2014; previously 2009 was 27,567 & 2010 was 34,005

^ Year-to-date figures through 3/24/2014. Final figures are pending.

Weatherization Assistance Program

Federal Source: U.S. Dept. of Energy, by Federal Program Years

	2008	2009 (ARRA)	2009/2010*	2011/2012*	2013/2014*
Weatherization Grant Award	\$6,265,676	\$185,811,061	\$19,079,071	\$6,407,462	\$3,445,628**
Number of Single Family Units	2,480	38,734	5,253	2,004^	N/A
Number of Multi-Family Units	1,111	20,597	2,485	555^	N/A
Number of Homes Weatherized	3,591	59,331^^	7,738^^	2,559^	N/A

* Annual DOE WAP funding combined

** FY 2014 WAP Award is estimated

^ Year-to-date figures through 3/24/2014. Final figures are pending.

^^ Updated 1/23/2014; previously 2009 ARRA was 59,066 & 2009/10 was 7,734

Note: Totals do not account for units leveraged between LIHEAP & DOE.

The expected outcomes from the \$160 million (over two years, with an additional year to liquidate funds) included in this proposal are detailed in this chart provided by CSD. CSD estimates to weatherize a total of 23,700 units, of which 10,100 is single family units and 13,600 is multi-family units. CSD estimates that 5,925 solar units will be installed.

Cap and Trade Outcomes

Type of Household	FY 2014/15 Units	FY 2015/16 Units	FY 2016/17 Units	FY 2017/18 Units	Total Units
Single Family Units	3,544	3,190	2,712	654	10,100
Multi-Family Units	900	4,500	5,100	3,100	13,600
Total Units	4,444	7,690	7,812	3,754	23,700
Solar Units	1,474	1,922	1,953	576	5,925

Other Issues.

Consultant Costs. The BCP includes \$2.4 million in consultant costs. CSD has provided additional information on these consultant resources; this information is under review.

Provider Network. CSD's Provider Network is made up of community based organizations and local government agencies throughout the state. There are 21 service providers currently serving the Disadvantaged Communities identified by the CalEnviroScreen tool. The CalEnviroScreen included 18 indicators divided into two broad categories: "burden of pollution," which includes exposures as well as environmental effects, and "population characteristics," which includes sensitive populations and socioeconomic factors. Each ZIP code in the state was assigned a value for each indicator relative to all other ZIP codes. The indicator scores were totaled to determine an overall CalEnviroScreen Score. The higher the score, the greater the impact. CalEPA then identified the top 10 percent of the ZIP codes as "disadvantaged communities" for the purpose of investing auction proceeds. The following chart refers to those "Top 10%" zip codes.

Service Providers in Disadvantaged Communities	County
Campeños Unidos, Inc.	San Diego
Central Valley Opportunity Center, Inc.	Stanislaus
Community Action Partnership of Kern County	Kern
Community Action Partnership of Madera County, Inc.	Madera
Community Action Partnership of Orange County	Orange
Community Action Partnership of Riverside	Riverside
Community Action Partnership of San Bernardino	San Bernardino
Community Action Partnership of Ventura County	Ventura & LA
Community Resource Project	Sacramento
Community Services & Employment Training, Inc.	Tulare
Contra Costa Employment & Human Services Dept.	Contra Costa
Economic Opportunity Council of San Francisco	San Francisco
Fresno County Economic Opportunities Commission	Fresno
Kings Community Action Organization, Inc.	Kings
Long Beach Community Action Partnership	Los Angeles
Maravilla Foundation	Los Angeles
Merced County Community Action Agency	Merced
Metropolitan Area Advisory Committee	San Diego
Pacific Asian Consortium in Employment	Los Angeles
San Joaquin County Dept. of Aging and Community Services	San Joaquin
Spectrum Community Services, Inc.	Alameda

PANEL

- Jason Wimbley, Chief Deputy Director, Department of Community Services and Development
 - Please present the BCP.
- Legislative Analyst's Office
- Department of Finance
- Public Comment

Staff Recommendation:

Staff recommends holding this BCP request open pending final actions on the CSD budget in the May Revision hearings.

5175 DEPARTMENT OF CHILD SUPPORT SERVICES

ISSUE 1: PROGRAM AND BUDGET REVIEW

Department Description. The mission of the Department of Child Support Services (DCSS) is to enhance the well-being of children and the self-sufficiency of families by providing professional services to locate parents, establish paternity, and establish and enforce orders for financial and medical support.

DCSS is committed to ensuring that California's children are given every opportunity to obtain financial and medical support from their parents in a fair and consistent manner throughout the state. DCSS is committed to providing the highest quality services and collection activities in the most efficient and effective manner.

Overview of Department's Major Areas. The Department of Child Support Services (DCSS) is the single state agency designated to administer the federal Title IV-D state plan. The Department is responsible for providing statewide leadership to ensure that all functions necessary to establish, collect, and distribute child support in California, including securing child and spousal support, medical support and determining paternity, are effectively and efficiently implemented. Eligibility for California's funding under the Temporary Assistance to Needy Families (TANF) Block Grant is contingent upon continuously providing these federally required child support services. Furthermore, the Child Support Program operates using clearly delineated federal performance measures, with minimum standards prescribing acceptable performance levels necessary for receipt of federal incentive funding. The objective of the Child Support Program is to provide an effective system for encouraging and, when necessary, enforcing parental responsibilities by establishing paternity for children, establishing court orders for financial and medical support, and enforcing those orders.

Child Support Administration. The Child Support Administration program is funded from federal and state funds. The Child Support Administration expenditures are comprised of local staff salaries, local staff benefits, and operating expenses and equipment. The federal government funds 66 percent and the state funds 34 percent of the Child Support Program costs. In addition, the Child Support Program earns federal incentive funds based on the state's performance in five federal performance measures. Revenue Stabilization funds (\$18.7 million (\$6.4 million General Fund) annually) have been provided to Local Child Support Agencies (LCSAs) to retain caseworker staff in order to maintain child support collections. A report on the workforce retention and associate collections associated with this augmentation is provided to the Legislature every January with the Governor's Budget.

Child Support Automation. Federal law mandates that each state create a single statewide child support automation system that meets federal certification. There are two components of the statewide system. The first is the Child Support Enforcement (CSE) system and the second is the State Disbursement Unit (SDU). The CSE

component contains tools to manage the accounts of child support recipients and to locate and intercept assets from non-custodial parents who are delinquent in their child support payments. In addition, it funds the local electronic data processing maintenance and operation costs. The SDU provides services to collect child support payments from non-custodial parents and to disburse these payments to custodial parties.

FFY 2013 – Federal Performance Measures. DCSS has provided the following updated information on federal performance measures.

- **Statewide Paternity Establishment Percentage (PEP)** for California measured 98.6 percent in FFY 2013. California's performance decreased in this measure by 3.0 percentage points from FFY 2012 to FFY 2013. The Statewide PEP measures the total number of children born out-of-wedlock for whom paternity was acknowledged or established in the fiscal year compared to the total number of children in the state born out-of-wedlock during the preceding fiscal year, expressed as a percentage.
- **IV-D Paternity Establishment Percentage** for California measured 100.5 percent in FFY 2013. California's performance increased in this measure by 2.1 percentage points from FFY 2012 to FFY 2013. The IV-D PEP measures the total number of children in the IV-D, caseload in the fiscal year who have been born out-of-wedlock and for whom paternity has been established, compared to the total number of children in the IV-D caseload as of the end of the preceding fiscal year who were born out-of-wedlock, expressed as a percentage.
- **Cases with Support Orders Established** for California measured 89.0 percent for FFY 2013. California's performance increased in this measure by 1.1 percentage points from FFY 2012 to FFY 2013. This data element measures cases with support orders, including orders for medical support only and zero support orders, as compared with the total caseload, expressed as a percentage.
- **Collections on Current Support** for California measured 63.3 percent for FFY 2013. California's performance increased in this measure by 1.9 percentage points from FFY 2012 to FFY 2013. This performance standard measures the amount of current support collected as compared to the total amount of current support owed, expressed as a percentage.
- **Cases with Collections on Arrears** for California measured 65.1 percent for FFY 2013. California's performance increased in this measure by 1.6 percentage points from FFY 2012 to FFY 2013. This performance standard measures the number of cases with child support arrearage collections as compared with the number of cases owing arrearages during the FFY, expressed as a percentage.

- **Cost Effectiveness** for California measured at \$2.54 for FFY 2013. California's performance increased in this measure by \$0.07 from FFY 2012 to FFY 2013. This measure compares the total amount of distributed collections to the total amount of expenditures for the fiscal year, expressed as distributed collections per dollar of expenditure.

Cases. DCSS serves 1.29 million cases, with 26.6 percent currently assisted cases (cases that receive state aid, affecting the calculation of their receipt of child support), 50.6% formerly assisted cases, and 22.8% never assisted.

Fiscal Overview:

Fund Source	2012-13	2013-14	2014-15	BY to CY Change	% Change
	Actual	Projected	Proposed		
General Fund	\$298,865	\$312,964	\$312,892	(72)	(0.02%)
Federal Trust Fund	445,713	494,894	494,607	(287)	(0.06)
Reimbursements	96	123	123	-	-
Child Support Collections Recovery Fund	186,120	190,408	190,408	-	-
Total Expenditures	\$930,794	\$998,389	\$998,030	(359)	(0.03%)
Positions	493.7	593.5	628.5	35	5.9

**GOVERNOR'S BUDGET REQUEST FOR
2014-15**

- **Staffing Support for CCSAS-CSE.** DCSS requests a shift in funding from Local Assistance to State Operations in the amount of \$11.95 million (\$4.06 million General Fund) and position authority for 100.0 full-time permanent positions to replace 100.0 contract staff over a three-year period of time beginning in 2014-15, to continue the maintenance and operations (M&O) of the federally mandated California Child Support Automation System (CCSAS) Child Support Enforcement (CSE) system. This transition will result in an on-going reduction of \$699,196 (\$237,727 General Fund) in total project funding and on-going net budgetary savings.

Currently, the 100 contract staff supports the M&O, including development, database administration, technical architecture, testing, performance management, and network support. The minimum qualifications for these positions require experience, skills, and knowledge in specific tools, technologies, systems, concepts, computer languages, or other technical areas. The replacement of contractor staff with

permanent state civil service staff will be spread over multiple functions within multiple sections of the Technology Services Division (TSD) to ensure a smooth transition. Annual savings from this transition are estimated at \$237,737 General Fund and are expected to be achieved once the transition is completed.

PANEL

- Kathleen Hrepich, Interim Director, Department of Child Support Services
 - Please provide the department program and budget overview.
- Linda Adams, Deputy Director Administrative Services, Department of Child Support Services
 - Please present the BCP.
- Legislative Analyst's Office
- Department of Finance
- Public Comment

Staff Recommendation:

Staff recommends holding this BCP open pending final actions on the DCSS budget in the May Revision hearings.