

AGENDA – HUMAN SERVICES**ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES****ASSEMBLYMEMBER SHIRLEY N. WEBER, PH.D., CHAIR****FRIDAY, MAY 23, 2014
1:00 P.M. - STATE CAPITOL ROOM 447**

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VOTE-ONLY CALENDAR

0530 HEALTH AND HUMAN SERVICES AGENCY

ISSUE 1: May Revision Office of Investigations and Law Enforcement Support Proposal

This issue was heard by the Subcommittee on March 19th. The May Revision included \$1.8 million (\$1.2 million General Fund and \$600,000 in reimbursements) for nine positions to create an Office of Investigations and Law Enforcement Support within the Health and Human Services Agency. The purpose of this office is to provide support and oversight for the public safety officers currently working within the state hospitals and developmental centers.

Staff Recommendation:

Reject the May Revision request and instead:

- Approve \$216,000 and three two-year limited term positions: one supervising special investigator two position; one training officer three position; and one associate government program analyst position.
- Adopt placeholder trailer bill language requiring the Health and Human Services Agency staff to develop uniform training and policies and procedures for peace officers at both the state hospitals and developmental centers. In addition, HHS is required to work with system stakeholders to develop recommendations to further improve the quality and stability of law enforcement and investigative functions at both development centers and state hospitals in a meaningful and sustainable manner. Recommendations due to Legislature no later than 1/10/15.
- Approve \$200,000 General Fund for the Office of the Inspector General.
- Adopt placeholder trailer bill language directing the Office of the Inspector General to prepare a recommendation for presentation to the appropriate Senate and Assembly committees to address oversight and transparency of the employee discipline process and use of force within the Department of State Hospitals. The recommendation is to include requirements for reporting of employee misconduct, and how the office of internal affairs within that department is organized, conducts investigations and reports. The recommendation is also to include a review of how the Department presents employee misconduct and discipline cases to the State Personnel Board and any changes that should be made. Finally, the presentation shall include the feasibility and cost of either bringing the state hospitals under the Inspector

General's jurisdiction or creating a separate Inspector General's Office for the state hospital system.

- Adopt placeholder trailer bill language directing the California Health And Human Services Agency to cooperate with the Office of the Inspector General and provide unfettered access to all requested documents and personnel.
- The Office of the Inspector General is directed to complete its inquiry and provide a report to the appropriate Senate and Assembly committees by March 1, 2015.

This conforms to action taken in the Senate.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS)

The Subcommittee has heard the DDS issues at its March 19 and May 16, 2014 hearings.

ISSUE 1: Vendor Audit Positions BCP #3

DDS is requesting \$897,000 (\$605,000 GF) for 7.0 limited-term auditor positions to meet workload associated with increased demand for vendor audits and associated recovery of funds. This issue was heard by the Subcommittee on March 19th.

Staff Recommendation:

Approve BCP #3. Adopt the following supplemental report language:

By March 1, 2015, and annually thereafter, the department shall provide information to the fiscal and policy committees of the Legislature regarding the number and type of audits conducted and in process and total funds recouped as the result of audit activities in the previous fiscal year. The information provided shall also indicate how the number of audits conducted and the total funds recouped in the previous fiscal year compares to the expectations specified in the budget change proposal for 2014-15. Lastly, the information provided shall include the number of total authorized and filled audit positions.

By March 1, 2015, and annually thereafter, the department shall provide information to the fiscal and policy committees of the Legislature regarding whistleblower complaints received in the previous fiscal year that are referred to the Vendor Audit Section for investigation. This information shall include the number of such complaints received, the number pending investigation, the number under investigation, the number with completed investigations, and a description of the allegations and outcomes of the completed investigations.

ISSUE 2: Redirection of Headquarters staff – BCP# MR 1 - Future of Developmental Centers Implementation Component

The May Revision proposes an augmentation of \$458,000 (\$321,000 GF) to redirect existing, unfunded positions at DDS headquarters to address the community program workload associated with the Task Force recommendations. Specifically, these positions will support community resource development; implementation and monitoring of the two new models of behavioral care; coordination with, and oversight of, regional center resource development and quality assurance activities; and organizing and participating in the stakeholder process moving forward.

Staff Recommendation:

Approve BCP # MR 1.

ISSUE 3: May Revision Adjustments for Developmental Centers

The May Revision makes the following adjustments to the Governor's January budget for developmental centers:

For Fiscal Year 2013-14:

- Updates funding to \$556.0 million (\$305.2 million GF), a decrease of \$19,683 (\$8,617 GF) over the Governor's January budget.
- Redirects Sonoma Developmental Center Program Improvement Plan salary savings of \$2.2 million (\$1.3 million GF), resulting from delays in filling 42.5 positions, to offset the following:
- \$137,000 increase (\$82,000 GF) in the State Council on Developmental Disabilities contract (Client Rights Advocate Interagency Agreement) due to various employee compensation adjustments approved through collective bargaining.
- \$2.1 million increase (\$1.2 million GF) to support the Independent Consultant Review Expert contract required by the Program Improvement Plans (PIPs) at Fairview, Lanterman and Porterville developmental centers.
- \$19,683 decrease (\$8,617 GF) resulting from the transfer of the Foster Grandparent Program at Lanterman Developmental Center to the community services program.

For Fiscal Year 2014-15:

- Increases funding of \$2.2 million (\$1.5 million GF) and a net staffing decrease of 3.4 positions related to population staffing adjustments.
- \$139,000 (\$83,000 GF) increase to the State Council on Developmental Disabilities contract (Clients' Rights Advocate Interagency Agreement) due to various employee compensation adjustments approved through collective bargaining.
- \$28,000 (\$18,000 GF) transfer to Community Services Program for the utilization of Foster Grandparent Program.
- Additional adjustments discussed elsewhere in this agenda.

Staff recommendation:

Approve May Revision adjustments (not otherwise addressed in this agenda).

ISSUE 4: Lanterman Developmental Center Closure Adjustments

Lanterman Developmental Center (LDC), which is in the process of transitioning its residents into community-based placements as part of a closure process, currently houses 58 residents. The budget assumes a net decrease of \$22.7 million (\$12.0 million GF) related to position reductions, staff separation costs, enhanced staffing adjustments, and post-closure activities. LDC's residential population is expected to be zero by December 31, 2014.

To reflect adjustments related to the closure of Lanterman Developmental Center, the May Revision requests a net decrease of \$ 2.5 million (\$1.4 million GF) and a reduction of 45.5 positions.

Staff Recommendation:

Approve As Budgeted.

ISSUE 5: Fairview, Porterville and Lanterman Developmental Centers Program Improvement Plans (PIPs)

The May Revision requests an increase of \$1.5 million (\$0.9 million GF) for costs associated with Independent Consultative Review Expert (ICRE) contracts, as required by the PIPs. These costs include funding for independent monitoring at Lanterman while residents remain at the facility. ICRE contracts also require the development of action plans for Fairview and Porterville developmental centers.

Staff Recommendation:

Approve As Budgeted. Additionally staff recommends the adoption of the following Supplemental Report Language:

Beginning in July 2014, the department shall provide quarterly briefings to update legislative staff regarding implementation of the Program Improvement Plan for Sonoma, Fairview, and Porterville Developmental Centers, implementation of the Monitoring Agreement for Lanterman Developmental Center, implementation of corrective action at Canyon Springs Residential Facility, and any other pending licensing or certification issues at any of the Developmental Centers or at Canyon Springs Residential Facility. The briefings shall include information on population at each facility, staffing levels (including use of overtime and the number of vacant and filled positions for level-of-care and non-level-of-care staff), and the status of transitioning residents to community settings (including number of transition plans completed). Finally, the briefings shall include information on the number of state staff who have transitioned to community staff as a result of the Community State Staff Program.

ISSUE 6: Crisis Services at Fairview and Sonoma Developmental Centers – Future of Developmental Centers Implementation Component

The May Revision proposes \$3.2 million (\$2.0 million GF), 43.1 positions, and trailer bill language, to improve crisis services at FDC and provide new crisis services at SDC. Specifically, this proposal would create separate crisis units at each facility. An existing, ICF-DD certified housing unit will be modified and staffed at each facility to serve residents requiring crisis services in a five-bed, distinct unit. The cost to establish the proposed crisis unit at FDC is \$2.1 million (\$1.2 million GF) and will require 28.8 new permanent positions (full year). The cost to establish the proposed crisis unit at SDC is \$1.1 million (\$736,000 GF) and will require 14.3 permanent staff positions (half year).

Along with the funding described above, the May Revision proposes trailer bill language to expand authority for acute crisis placements, already established in law, to SDC.

Staff recommendation:

Approve the funding and positions as proposed. Adopt modified trailer bill language, as follows:

Add subsection (h) to Welfare and Institutions Code 4418.7, to read:

The acute crisis centers at Fairview Developmental Center and Sonoma Developmental Center shall consist of one distinct unit at each developmental center, distinct from other developmental center residential units, and serve no more than five residents in each unit. The acute crisis centers shall assist the consumer to transition back to his or her prior residence, or an alternative community-based residential setting, within the timeframe described in this section.

ISSUE 7: Community State Staff Program - Future of Developmental Centers Implementation Component

A community state staff program was associated with both the Agnews and Lanterman developmental centers' closures. This program allows developmental center staff to continue to work with residents moving from a developmental center to the community, and maintain state staff status, through a contract with a community provider. Currently, 12 Lanterman DC employees have been selected for the community state staff program. The May Revision proposes trailer bill language to expand the Community State Staff Program to support anyone transitioning from any developmental center into the community. Because utilization during the early stages of the program is expected to be small, DDS currently has sufficient reimbursement authority within its proposed budget to support this program during 2014-15.

Staff recommendation:

Approve the trailer bill language from the administration as placeholder.

ISSUE 8: Community Services Caseload and Utilization Adjustments in Fiscal Year (FY) 2013-14

The 2013-14 community caseload, as of January 31, 2014, is estimated to decrease by 493 consumers, to the level of 265,216, under the Governor's budget caseload estimate. The May Revision updates FY 2013-14 funding for the community services budget to \$4.4 billion (\$2.5 billion GF) and includes increased expenditures of \$18.5 million (\$6.5 million GF) above the Governor's January budget, but within the 2013-14 Budget Act allocation. These changes reflect a \$1.1 million (GF) decrease in the regional center operations (OPS) budget; and an increase of \$19.6 million (\$7.6 million GF) in the purchase-of-services (POS) budget.

Staff Recommendation:

Approve the 2013-14 May Revision adjustments, as proposed.

ISSUE 9: Caseload, Utilization, and Expenditure Adjustments in Fiscal Year (FY) 2014-15

The May Revision projects the total community caseload at 274,696, as of January 31, 2015, an increase of 9,480 over the updated 2014-15 Governor's January budget; and proposes expenditures of \$4.7 billion (\$2.6 billion GF) for the community-services budget in the 2014-15 fiscal year, an increase of \$35.2 million (\$12.0 million GF) over the Governor's January budget. This includes a decrease of \$0.5 million (\$3.3 million GF) in the regional center operations budget, reflecting updated caseload and utilization data and additional Home and Community-Based Services Waiver enrollment; an increase of \$24.2 million (\$11.8 million GF) in POS expenditures, reflecting updated caseload and utilization data; an increase of \$1.8 million in the Early Start, Part C in Other Agency Costs to reflect an updated grant award amount.

These adjustments also include a \$3.6 million decrease (\$9.6 million GF decrease) in POS related to implementation of the minimum wage increase, specifically an increase of \$0.9 million (\$6.1 million GF decrease) due to updated expenditures, consumer information, and the percentage of expenditures eligible for federal financial participation; and the exclusion of supported employment (SEP) individual and group rates from a minimum wage rate adjustment. This issue is discussed later in this agenda.

These adjustments include a \$0.3 million increase (\$0.2 million GF) in POS to reflect updated expenditures in estimating the impact of Fair Labor Standards Act (FLSA) changes related to the payment of overtime, and a \$13.0 million (\$12.9 million GF) re-appropriation from 2011-12 for POS and OPS costs associated with implementation of various recommendations in Health and Human Services Agency's report, "The Future of Developmental Centers." These issues will be discussed later in this agenda.

Staff Recommendation:

Approve the 2014-15 May Revision adjustments, as further adjusted by the actions taken on the issues in this agenda.

ISSUE 10: Increased Cash Flow Loan Authority

The department seeks the following budget bill language to increase the loan authority provided under 4300-101-0001 from \$260 million to \$395 million in order to meet the POS cash flow needs when there are delays in collecting reimbursements from the Health Care Deposit Fund.

4300-101-0001

"2. A loan or loans shall be made available from the General Fund to the State Department of Developmental Services not to exceed a cumulative total of \$~~260,000,000~~ 395,000,000. The loan funds shall be transferred to this item as needed to meet cashflow needs due to delays in collecting reimbursements from the Health Care Deposit Fund and are subject to the repayment provisions of Section ~~16351~~ of the Government Code. All moneys so transferred shall be repaid as soon as sufficient reimbursements have been collected to meet immediate cash needs and in installments as reimbursements accumulate if the loan is outstanding for more than one year."

Staff Recommendation:

Approve as proposed.

ISSUE 11: Enhanced Behavioral Support Homes – Future of Developmental Centers Implementation Component

The May Revision proposes a pilot program to develop up to six enhanced behavioral support homes per year, through the re-appropriation of \$5.4 million General Fund from 2011-12, a portion of which is unspent Community Placement Plan (CPP) funds, and proposed trailer bill language. According to DDS, these homes would be developed by regional centers utilizing CPP funds and would serve no more than four residents each, as a "step-down" and long-term residential option. In the first year, two of the six

authorized homes may be developed with secured perimeters. In subsequent years, one of the six authorized homes may be developed with secured perimeters. The homes will be certified by DDS and licensed by the Department of Social Services (DSS). The homes will be distributed regionally, have a strong behavior component, and provide other services customized to each resident. Examples of individually tailored services include pharmacological services, psychiatric services and counseling.

The Administration proposed trailer bill language that would allow the department to promulgate emergency regulations to design the homes. The pilot would end January 1, 2020, unless extended or made permanent through further legislative action. The department would be required to conduct a review of the pilot and share its results with the DSS by September 1, 2018.

The proposed trailer bill language is complex and many significant components of this proposed pilot program would be determined through an accelerated regulatory process. Additionally, the Administration has only recently provided this language to committee staff and system stakeholders.

Staff Recommendation: Approve the funding associated with this issue and adopt placeholder trailer bill language. Direct committee staff to work with the Administration and LAO to develop a final language proposal.

ISSUE 12: Community Crisis Homes – Future of Developmental Centers Implementation Component

The May Revision proposes that DDS develop two community crisis homes (one in the north and one in the south), each to serve no more than eight individuals at risk of admission to a developmental center, on a short-time basis. The Administration proposes to re-appropriate \$3.9 million General Fund from 2011-12, a portion of which is unspent Community Placement Plan (CPP) funds. The homes would be developed by regional centers using the CPP funds, owned by a non-profit organization and leased to a regional center provider. The homes will be certified by DDS and licensed by DSS. Additionally, the May Revision proposes trailer bill language that would allow the department to promulgate emergency regulations to develop these two homes.

The proposed trailer bill language is complex and many significant components of this program would be determined through an accelerated regulatory process. Additionally, the Administration has only recently provided this language to committee staff and system stakeholders.

Staff Recommendation:

Approve the funding associated with this issue and adopt placeholder trailer bill language. Direct committee staff to work with the Administration and the LAO to develop a final language proposal.

ISSUE 13: Additional Community Housing Options – Future of Developmental Centers Implementation Component

The May Revision proposes that DDS develop, under existing authority, two transitional homes (\$1.5 million General Fund) and an adult residential facility for persons with special health care needs (ARFPSHN) home that includes behavioral supports (\$900,000 General Fund). These homes would be funded through the re-appropriation of \$2.4 million General Fund from 2011-12, a portion of which is unspent CPP funds.

Unlike the previous two proposals, this issue addresses home models that do not require additional statutory authority but address gaps in the existing array of services available.

Staff Recommendation:

Approve As Budgeted.

ISSUE 14: Regional Center Staffing Enhancements – Future of Developmental Centers Implementation Component

The May Revision proposes to re-appropriate \$1.2 million (\$1.1 million GF), a portion of which is unspent CPP funds, to increase regional center staffing to support resource development, quality assurance, support for specialized behavioral and medical care homes, and enhanced case management. This proposal includes the following:

- **Quality Assurance Staff: \$380,000 General Fund.** Six regional center positions (eight months funding) to assist in transitioning individuals from developmental centers into the community. Quality assurance staff functions would include, but not be limited to, monitoring the new living arrangement to ensure it is meeting the consumer's unique needs, following up on and helping to resolve quality of care issues, utilizing risk management and system monitoring data toward positive outcomes, and providing technical assistance and training for regional center and service provider staff.
- **Resource Developer Staff: \$190,000 General Fund.** Two regional center positions to assist in the development of the models discussed above. The resource developers will be responsible for overall project management and communicating with involved parties. The resource developers will work with the non-profit organizations (NPOs) to search for and acquire properties, assist with the design of the homes, assist with budget development and monitoring to ensure the projects stay on budget, monitor the progress of the projects to ensure timelines are met, work with all parties to resolve issues as they arise, and facilitate development through final licensure and occupancy. The success of

these projects is contingent upon adequate staffing to manage their development.

- Board-Certified Behavioral Analyst (BCBA) staff: \$160,000 General Fund. Two regional center staff to oversee the development and ongoing operation of the models discussed above. The staff will help design the homes, including the physical layout and program designs, and will be responsible for ongoing oversight and monitoring of each individual's unique treatment plan. The treatment goals and plans for each individual will need to be modified frequently to respond to changing needs, and the regional center BCBA staff will provide the necessary oversight to ensure the service provider's staff is properly responding to each individual's unique needs, as well as crises that arise.
- Nursing staff: \$153,000 General Fund. DDS is proposing to employ the services of two regional center registered nurses (RNs) statewide that will be responsible for assisting in the development of the homes and the ongoing oversight and monitoring of the care provided to the individuals who transition into the homes.
- Enhanced caseload ratio of 1:45 for two years: \$344,000 (\$254,000 General Fund). This equates to 6.4 new positions. Regional centers are currently required to provide this staffing ratio for the first year an individual moves from a developmental center to the community. This proposal would extend the enhanced caseload ratio for a second year following a move to the community.

Staff Recommendation:

Approve As Budgeted.

ISSUE 15: Improved Quality Assurance for Residents of Developmental Centers Moving To the Community – Future of Developmental Centers Implementation Component

Under this proposal \$121,000 (General Fund), a portion of which is unspent CPP funds, would be re-appropriated to provide quality assurance for residents of developmental centers moving to the community. Specifically, DDS will revise the contract with the existing risk management consultant to evaluate overall indicators of performance for developmental center (DC) movers (such as changes in residential settings, changes in the Client Development Evaluation Report, and Special Incident Report (SIR) rates); analyze SIR data with the goal of identifying subpopulations with greater risk for specific SIR types, and individuals at risk of additional SIRs; and perform statewide reviews of abuse, neglect, and mortality SIRs to ensure that proper reporting, investigation, and risk prevention, and mitigation occur. Additionally, DDS will expand the National Core Indicators satisfaction survey of individuals and families to increase the sample size for persons who have transitioned from a DC.

Staff Recommendation:

Approve As Budgeted.

ISSUE 16: Re-appropriation Authority - Future of Developmental Centers Implementation Component

The department seeks budget bill language, as follows, to provide the authority to re-appropriate \$13,048,000 of unspent funds from Item 4300-101-0001, Budget Act of 2011, a portion of which is unspent Community Placement Plan (CPP) funds. These funds would be used to implement components of the Future of Developmental Centers report discussed above and at the Subcommittee's May 16th hearing.

"4300-490--Reappropriation, Department of Developmental Services. Notwithstanding any other provision of law, the following periods to liquidate encumbrances of the following citations are each extended to June 30, 2015:

0001--General Fund

(1) Item 4300-101-0001, Budget Act of 2009 (Ch. 1, 2009-10 3rd Ex. Sess., as revised by Ch. 1, 2009-10 4th Ex. Sess.), as partially reverted by Item 4300-495, Budget Act of 2010 (Ch. 712, Stats. 2010), as reappropriated by Item 4300-490, Budget Act of 2012 (Chs. 21 and 29, Stats. 2012) and Budget Act of 2013 (Ch. 20, Stats. 2013)

(2) Item 4300-101-0001, Budget Act of 2010 (Ch. 712, Stats. 2010), as reappropriated by Item 4300-490, Budget Act of 2012 (Chs. 21 and 29, Stats. 2012) and Budget Act of 2013 (Ch. 20, Stats. 2013)

~~(3) Item 4300-101-0001, Budget Act of 2011 (Ch. 33, Stats. 2011)~~

4300-491—Reappropriation, Department of Developmental Services. Notwithstanding any other provision of law, Item 4300-101-0001, Budget Act of 2011 (Ch. 33, Stats. 2011) is available for liquidation of encumbrances through June 30, 2015. The unencumbered balance of \$13,048,000 is reappropriated for the purposes provided for in the appropriation and shall be available for encumbrance or expenditure until June 30, 2015, and for liquidation through June 30, 2017."

Staff Recommendation:

Approve budget bill language and adopt placeholder supplemental report language, as drafted by LAO, to require the department to report annually on unspent CPP funds, as follows:

By March 1, 2015, and annually thereafter, the department shall provide information to the fiscal and policy committees of the Legislature and the Legislative Analyst's Office on the difference between (1) the total amount of appropriated Community Placement Plan (CPP) funds from three years prior and (2) the actual amount of spent CPP funds from three-years prior, at which time CPP expenditures will be final.

ISSUE 17: Measuring the Success of the Proposals Related to the Future of Developmental Centers Report

The Administration is to be commended for its efforts to build consensus around the complex issues associated with the future of developmental centers. The proposals put forth in the May Revision are promising. However, of the new three models of care proposed, only the enhanced behavioral homes will be a pilot project. The two models of crisis service – the two crisis units at the developmental centers and the community crisis homes – offer a real opportunity to examine the benefits and challenges of each model in meeting the needs of persons they are both intended to serve. Outside of a requirement that DDS provide DSS with a review of the enhanced behavioral homes by September 1, 2018, there is no requirement that these models be reviewed, assessed, or evaluated; no mechanism for system stakeholders or members of the public participation in, or access to, a review, assessment or evaluation of these models; and, except for the enhanced behavioral homes, no statutorily-established point in time in which the Legislature would review the effectiveness of these models and make a determination as to the expansion or modification of these models.

Staff Recommendation:

Direct staff to work with the department and LAO to include reasonable evaluation components in trailer bill related to proposals to implement the Future of Developmental Centers report, including providing the Legislature with sufficient information to determine whether these programs should be continue

ISSUE 18: Improving Consumer Placement Planning Efforts

The Subcommittee has discussed the existing community placement plan (CPP) process. While the proposals submitted by the Administration to implement the recommendations in the Future of Developmental Centers report are promising, these efforts should not slow the existing process to support residents at developmental centers who are ready to move to the community or ensuring that existing crisis resources are appropriately utilized.

Current law requires regional centers to conduct comprehensive assessments of any consumer residing in a developmental center (Welfare and Institutions Code §4419.25(c)(2)(A)). These assessments are important tools in determining the

readiness of residents to move and identifying the services and supports necessary to make that move successful.

Current law (Welfare and Institutions Code §4433) requires that DDS contract with an independent, statewide non-profit agency to provide regional center client rights advocacy services. The contract is held by Disability Rights California (DRC).

Current law (Welfare and Institutions Code §4418.7 and §4648) requires that regional center client rights advocates be informed of any acute crisis admissions to Fairview Developmental Center or an Institute of Mental Diseases (IMD).

Staff Recommendation:

In order to ensure these assessments are utilized for their intended purpose, that appropriate services and supports are provided to those moving to the community, and that existing crisis services are utilized appropriately, staff recommends the following actions be taken:

1. Adopt placeholder trailer bill language to require a court be provided with a copy of the comprehensive assessment, and any updates to it, during all judicial reviews of a consumer's commitment to a developmental center. This is important information for a court when it considers the appropriateness of extending a commitment or other less-restrictive settings.
2. Increase the DRC regional center client rights advocacy contract by \$200,000 to ensure they have sufficient resources to participate in individual program plan meetings and any court proceedings for persons moving from a developmental center to the community.
3. Adopt placeholder trailer bill language to ensure that regional center client rights advocates are provided with these notices in a timely manner and to expand notice requirements to placements in the Sonoma Developmental Center crisis unit and community crisis homes, once these options are established.

ISSUE 19: Regional Centers Core-Staffing Formula

The Subcommittee has discussed the shortcomings of the existing regional center core-staffing formula and heard testimony from stakeholders about the negative impact this outdated formula and years of operations budget freezes and reductions has had on the delivery of services and supports to persons with developmental disabilities and their families.

The core staffing formula is the primary driver of the regional centers' operations budgets. As it has not been updated in over two decades, it is difficult to discern how well it addresses how regional center staffing should be structured or funded to best meet the needs of the people they serve.

Staff Recommendation:

Adopt placeholder budget bill language, as follows:

The department shall convene a stakeholder group, consisting of regional centers, advocates, providers, family members and persons with developmental disabilities, to review the core-staffing formula for regional centers and make recommendations to update the positions and core-staffing allocation formula to reflect the current and future needs of regional centers in serving their clientele in a manner that is effective, cost-efficient, minimizes staff turnover, and is compliant with all federal and state requirements. This review shall include staff classifications and caseload ratios necessary to meet the diverse needs of persons with developmental disabilities and their families, reasonable salary ranges, and regional differentials.

The department shall present their recommendations for changes to the core-staffing formula to budget committees in both houses during the 2014-15 budget deliberations.

ISSUE 20: Minimum Wage Increase and Supported Employment Programs (SEP)

The May Revision proposes to reduce the purchase-of-services budget by \$3.6 million (\$9.6 million GF) below the Governor's budget to reflect (1) an increase of \$0.9 million (\$6.1 million GF decrease) to reflect updated expenditures, consumer information, and percentage of expenditures eligible for federal financial participation used to estimate the impact of the minimum wage increase, and (2) the exclusion of individual and group supported employment programs (SEPs) in participation in this adjustment. The Governor's January budget included an estimate of \$4.5 million (\$3.5 million GF) for the impact of the minimum wage increase on these programs.

Provider organizations argue that the Governor's proposal falls short of making adjustments to reflect the real impact the minimum wage increase will have on their programs. For example, providers cite California Labor Code § 515 as requiring certain supervisory staff to be paid twice the minimum wage under defined circumstances. They additionally argue that a minimum wage increase necessitates increases for staff above the minimum wage to maintain the differentials earned through seniority and promotion within their agencies.

Included in the Governor's January budget was \$4.5 million (\$3.5 million GF) for the impact of the minimum wage increase on individual and group supported employment programs (SEP). However, DDS has determined that it does not have enough visibility into the composition of the SEP hourly rate to know whether a minimum wage increase is warranted. Therefore, the Administration has withdrawn this portion of their minimum wage proposal. It is worth noting that SEPs received a 10 percent rate reduction in 2008, and their rates have been frozen at that level since that time.

Supported employment programs support persons with developmental disabilities to acquire and be successful in paid employment positions throughout their community. The Legislature and the Governor stated their preference for these programs with the passage of AB 1041 (Chesbro), Chapter 667, Statutes of 2013, which adopted an “employment first” policy for persons with developmental disabilities.

Increasingly, federal agencies have encouraged states to move away from the provision of services in segregated settings. In April of this year, the U.S. Justice Department announced that it has entered into a settlement agreement with the State of Rhode Island to address the rights of people with disabilities to receive state-funded employment and day services in the broader community, rather than in segregated sheltered workshops and facility-based programs. Similar actions are underway in other states. Additionally, new federal HCBS waiver regulations for residential and non-residential services puts greater emphasis on states providing service and supports in integrated settings with full access to the greater community. These recent developments speak to California’s need to strengthen existing programs that promote and provide heightened opportunities for community access, such as supported employment programs.

Staff Recommendation:

- Adopt supplemental report language to require the department to report back to the Legislature, by May 14, 2015, on the actual costs associated with the minimum wage increase.
- Increase the May Revision 2014-15 Purchase-of-Services budget by \$4.5 million (\$3.5 million General Fund). Adopt placeholder trailer bill language to amend Welfare and Institutions Code § 4860 to reflect a rate adjustment for supported work programs approximately equal to \$4.5 million (\$3.5 million General Fund). In addition, provide funding of \$11.3 million General Fund to restore the SEP 10 percent reduction that took place in 2008.

ISSUE 21: Federal Overtime Changes

Recent Federal Labor Standards (FSLA) changes require overtime compensation for service providers previously exempt, effective January 1, 2015. Among the services purchased by regional centers, supported living programs, in-home respite programs, and personal assistance services will be impacted.

The Governor’s budget, as adjusted by the May Revision, includes \$7.5 million (\$4 million GF), and trailer bill language, for the budget year costs to address the administrative costs associated with implementation of the FSLA change, specifically, the hiring of additional staff to avoid the need to pay overtime.

The Subcommittee has heard testimony from many care providers and persons with disabilities about the profoundly personal nature of the services provided by these workers, in many cases workers who are also family members. Even if there were an abundance of workers necessary to avoid the overtime issue in the manner the Governor envisions, it may not be reasonable to expect persons with complex disabilities and often challenging communication skills, to easily find the same level of skill and trust with another care provider. However, there is unlikely to be an abundance of workers available to ensure service will be provided without gaps under the Administration's scheme. In the alternative, the cost of assuming that overtime will be paid in most cases would be \$17 million (\$30.9 million GF).

Staff Recommendation:

Augment the budget by \$9.5 million (\$5.2 million GF) (combined with the \$7.5 million in the Governor's Budget, as adjusted in the May Revision, this will provide six months funding) for the costs to respite service agencies, personal assistants and supported living services in implementing the new overtime requirements, effective January 1, 2015. Reject the Administration's trailer bill. Adopt the LAO recommendation requesting that DDS report back on the results of rate increases on impacted vendors and if the 2.25 percent was the correct estimate.

ISSUE 22: Impact of Multi-Year Reductions on Community Services and Supports

The Subcommittee has discussed the impact of multi-year reductions on community services and supports. Most community-based service providers have not received a rate increase since 2006. Residential care providers (ARM), day programs, and traditional work programs received a three percent rate reduction in February 2009, which expired in July 2012. These providers receive an additional rate reduction of 1.25 percent in July 2010, which expired in July 2013. Since 2008, providers whose rate is set through negotiations with individual regional centers have had their rate limited to the median rate for the year 2007. These providers were not subject to the three percent and 1.25 percent rate reductions discussed above. Supported work providers, whose rate is set in statute, received a 24 percent rate increase in 2006, but it was subsequently reduced 10 percent in 2008.

Other changes further skewed the relationship between costs and reimbursement rates. These include:

- Exceptions to rate freezes, and reductions, justified through a "health and welfare" waiver.
- Prohibition on use of POS for program "start-up" costs.
- Implementation of a uniform holiday schedule.
- Implementation of additional administrative functions, including required audits, for providers.

Although these actions may have provided necessary fiscal relief to the state budget, the cumulative impact has been to substantially distort the relationship between rates paid for services and the actual cost of these services and, in some cases, have created a disparity in payments to programs providing similar services. Additionally, system preferences for service models have changed in the ensuing years but rates have not changed to reflect the costs of these new, preferred models. For example, ARM rates are based on six-person homes. However, regional centers increasingly prefer four person homes. Likewise, smaller day and work programs are generally viewed as more effective than the larger, congregate models. Finally, as discussed under Issue 10, federal agencies are increasingly pressing for services and supports to be provided in settings that are more fully integrated in, and reflect, community-life.

Recommendation 6 of the Future of Developmental Centers report relates to the future of the community system. DDS intends to establish a task force to “explore community system improvements and make recommendations”; however, their timeline for doing this is not specified. For the reasons discussed above, it is clear that more immediate attention should be paid to stabilizing community-based services and supports and ensuring the community provides the array of services and supports necessary to meet the needs of all consumers.

Outside of the minimum wage and overtime adjustments, the May Revision provides no additional rate increases for community-based programs, nor does it propose a venue for a collaborative discussion with stakeholders on how the existing rate structure should be modified to ensure the appropriate array of stable and quality services and supports are available.

Staff Recommendation:

Adopt placeholder budget bill language, as follows:

The department shall review and make recommendations to the Legislature for revisions to existing rate-setting methodologies for community-based services and supports purchased by regional centers for persons with developmental disabilities and their families. In making its recommendations, the department shall consider the rate structures that best achieve all of the following:

- *Meet the current and future needs of persons with developmental disabilities.*
- *Provide a range of options that maximize consumer choice and opportunities for integration in all aspects of community life.*
- *Reflect appropriate state and federal requirements for staffing levels, staff qualifications, prudent auditing requirements, and other quality control measures.*
- *Provide maximum program quality and stability in a cost-effective manner.*
- *Reflect reasonable actual costs associated with the provision of services and supports.*

The department shall convene a stakeholder workgroup consisting of regional centers, service providers, consumers, family members and advocates to provide input prior to their finalization of their recommendations.

The plan may propose an incremental strategy, beginning in fiscal year 2015-16, for making rate methodology changes, and other statutory and regulatory changes, necessary to implement the recommendations. The recommendations shall be provided to the fiscal and policy committees of the Legislature by January 10, 2015.

ISSUE 23: Early Start Program

The Subcommittee has discussed the impact of reductions to the Early Start Program, which provides early intervention services to infants and toddlers with disabilities and their families. These reductions eliminate eligibility for some infants and toddlers and discontinued the provision of services in the Early Start Program that are not required by the federal government, with the exception of durable medical equipment. DDS has testified that up to 12,000 children may have been impacted by these reductions.

Many infants and children at-risk of developing a developmental disability, and who are denied access to the Early Start Program, may become eligible for regional center services after the age of 3, and may require more intense and costly services and supports for the entirety of their lives.

Staff Recommendation.

Appropriate \$15.7 million (GF) and adopt placeholder trailer bill language to restore eligibility to infants and toddlers to the level that was in place prior to the State Budget Act of 2009.

ISSUE 24: Insurance Co-Pays and Deductibles

The 2013-14 state budget included trailer bill language to allow regional centers to make health insurance co-pays and co-insurance payments, on behalf consumers and their families, for the services identified as necessary in an IPP, under defined circumstances.

The adopted trailer bill language also prohibited payment by regional centers of insurance deductibles (the amount the insured must spend on covered health services before insurance benefits can be utilized), as it can be difficult to link insurance deductibles to a specific service or family member.

Regional centers were provided an appropriation of \$9.9 million (GF) to cover the costs of insurance co-pays and co-insurance for the 2013-14 budget year, and the same amount is proposed for the budget year. Based on updated data provided by DDS,

regional centers have expended approximately \$1.3 million on co-pays and co-insurance for all health services, through March 2014. Of that amount, approximately \$1.1 million is for co-pays and co-insurance for behavioral services.

With only two months left in the current fiscal year, regional centers have expended approximately 13 percent of the current year appropriation provided for the payment of co-pay and co-insurance. The same level of appropriation, \$9.9 million (GF), is provided in the budget year.

Staff Recommendation:

Adopt placeholder trailer bill language to remove the prohibition on regional center payment of insurance deductibles. Adopt placeholder trailer bill language to amend existing reporting requirements for regional center expenditures on co-pay and co-insurance payments to include expenditures on deductibles; provide information on the estimated savings associated with the payment of insurance co-pays, co-insurance and deductibles; provide information on the number of consumers and families who have qualified for an exception due to extraordinary circumstances.

5180 DEPARTMENT OF SOCIAL SERVICES (DSS)

The Subcommittee has heard the following DSS issues in prior hearings, noted on the chart and in the write-up of issues. Please see those agendas for more information and details for these proposals.

Issue	Proposal	Hearing Date	Staff Recommendation
1	CalWORKs Parent/Child Engagement Demonstration Pilot	26-February	AAB with placeholder TBL to prioritize Safety Net cases and make participation in the pilot a "clock stopper" for any participant
2	CalWORKs State/County Peer Review BCP	26-February	AAB with placeholder BBL to (a) focus the positions and breadth of work on successful implementation of Early Engagement components and (b) assist in clarification of intent of recent changes to improve the CalWORKs program and opportunities for clients in a meaningful way.
3	CalWORKs TAP Trailer Bill	26-February	Reject proposal for elimination, approve placeholder TBL to retain the Temporary Assistance Program but extend the implementation deadline from October 1, 2014 to October 1, 2016, as follows: Amend subdivision (a) Section 11320.32 of the Welfare and Institutions Code to read: ..."no later than October 1, 2014 2016 ."
4	CCL BCP on Licensing for Family Child Care Homes in Sacramento County	2-April	AAB
5	CCL BCP on Implementation of AB 1217 on Home Care Services	2-April	AAB with placeholder TBL pursuant to consensus reached between the administration and key stakeholders, reflected in the administration's new May Revision version of the language
6	State Hearings Division BCP on ACA Caseload and New Automation System	2-April	AAB
7	Child Welfare Services (CWS) IV-E Tribal Cost of Care TBL	2-April	AAB with placeholder TBL
8	May Revision: CWS Total Child Welfare Training System	20-May	AAB
9	May Revision: CWS-NS Delay Adjustment	20-May	AAB
10	May Revision: Child Near Fatalities Reporting with	20-May	AAB with BBL

Issue	Proposal	Hearing Date	Staff Recommendation
	BBL		
11	May Revision: Child and Family Services Review-Case Record Reviews with BBL	20-May	AAB with BBL
12	May Revision: Katie A. v. Bonta Settlement Agreement Reporting Requirements with BBL	20-May	AAB with BBL
13	May Revision: Title IV-E California Well-Being Waiver Project with BBL	20-May	Reject May Revision Title IV-E Position Request
14	May Revision: Caseload and Estimates Update	20-May	Approve May Revision caseload estimate changes, subject to additional conforming changes made by other legislative actions

ISSUE 15: In-Home Supportive Services Program

The Subcommittee discussed issues and heard testimony, including reaction to the Governor's proposals and proposals for reinvestment, regarding the In-Home Supportive Services Program (IHSS) at its March 5th and May 20th hearings.

Staff Recommendation:

1. Reject the proposed trailer bill language pertaining to FLSA and the Governor's proposal to prohibit overtime pay. As a result, staff recommends augmenting \$66 million for costs to implement payment for overtime.
2. Adopt placeholder trailer bill language to eliminate the seven percent reduction in program hours and amend the 2010 assessment statute on personal care services, effective October 1, 2014 (due to the need to update CMIPS II programming). Upon enactment of the assessment, federal financial participation will backfill General Fund IHSS expenditures. Staff recommends augmenting the budget by \$140 million for associated costs.
3. Approve the May Revision requests for CMIPS II in DSS:
 - (Item 5180-111-0001, Issue 351). An increase of \$10 million (\$5,050,000 General Fund and \$4,950,000 reimbursements) is requested to support CMIPS II system changes needed in 2014-15, including changes related to the increase to the state's minimum hourly wage, and enhancements to accommodate blind and visually impaired IHSS recipients.

- (Item 5180, Issue 401). The Administration requests an increase of \$511,000 (\$255,000 GF and \$256,000 reimbursements) to support three permanent and two, two-year limited-term positions to address unforeseen workload associated with the transition from the CMIPS Legacy system to CMIPS II.

4. Approve the May Revision issue on IHSS: Affordable Care Act Caseload Impact (Issue 352).

ISSUE 16: Supplemental Security Income/State Supplementary Payment (SSI/SSP)

The Subcommittee discussed issues and heard testimony, including proposals for reinvestment, regarding the SSI/SSP program at its March 5th hearing.

Staff Recommendation:

Reinstate the SSI/SSP state COLA (also will implement for the related Cash Assistance Program for Immigrants), starting April 1, 2015, pursuant to changes in the California Necessities Index. The estimate for this is \$15 M GF in 2014-15 and \$70 M GF in 2015-16.

ISSUE 17: Community Care Licensing

The Subcommittee discussed issues and heard testimony regarding the Community Care Licensing (CCL) program and the BCP on Quality Enhancement and Program Improvement at its April 2nd hearing.

Staff Recommendation:

Amend the proposed trailer bill language and adopt placeholder trailer bill to effectuate the following:

1. Delayed implementation of the Quality Enhancement proposal in the BCP, no sooner than October 1, 2014.
2. Adoption of a three-year phased-in plan to increase to annual inspection frequency, beginning no later than April 1, 2015.
3. Remove specified language pertaining to penalty rate structure to be replaced with intent language regarding scope of penalties.
4. Approval of the application and annual fee increases as proposed in the BCP.

5. Modify the addition to "serious violations" to include "injury or death of a resident."
6. Add procedures that the Department of Social Services must implement to minimize the trauma of residents or clients at risk of physical or mental abuse, abandonment, or any other substantial threat to health or safety following a temporary suspension or revocation of a license.
7. Augment the funding of the BCP by \$2 million General Fund to support the additional positions as part of the three-year phase-in toward annual inspections and the movement of the start date for the Quality Enhancement components to October 1, with a six-month ramp-up before the inspection phase-in begins, as called for in this action.
8. Require the Department to provide written and verbal updates (e.g. in the form of a stakeholder call) on its progress to the Legislature and interested stakeholders on hiring of positions, implementation of the Quality Enhancement proposal and related systems changes, and the progress of the phase-in at regular intervals, but at least semi-annually.

ISSUE 18: CalWORKs

The Subcommittee discussed issues and heard testimony, including proposals for reinvestment, about the CalWORKs program at its February 26th and April 30th hearings.

Staff Recommendation:

Adopt the Anti-Child Poverty and Work Support Plan, to include the following actions:

1. **7 Percent CalWORKs Grant Increase and Ongoing Inflation Adjustor.** The 7 percent increase in the CalWORKs Maximum Aid Payment (MAP) level would be effective April 1, 2015, for a BY cost of \$64 M GF (full year cost is \$229 M GF). At April 1, 2016, and every April 1 thereafter, an Inflation Adjustor would take effect. Includes adoption of placeholder trailer bill language to effectuate this change.
 - A 7 percent increase in the grant would take it from its current \$670/month maximum for a family of three in a high-cost county to \$717/month, moving the grant as a percent of the Federal Poverty Level from 41 to 44 percent, and from 32 to 34 percent of the Supplemental Poverty Measure. The grant would stand dollar for dollar at the level it was at in 2004 with this change, as currently it is at the 1989 level.
 - The Inflation Adjustor would increase with the California Necessities Index and would be provided first with funds from the Child Poverty Subaccount, with GF providing the balance if the Subaccount falls short.

- If there is a surplus of funds from the Subaccount after providing the Inflation Adjustor, then the excess funds would provide an additional grant increase for that marginal amount each year when this occurs. This would permanently rebase the grant upward. This mechanism replaces the current statutory mechanism of the Child Poverty Subaccount.
2. **\$25 Per Child Food Benefit.** This new state-funded food assistance benefit per month would be effective April 1, 2015, for a BY cost of \$78 M GF (full-year cost is \$313 M GF). Includes adoption of placeholder trailer bill language to effectuate this change.
- Each CalWORKs household receiving CalFresh benefits with children (including households with and without aided adults, regardless of welfare-to-work participation status) would receive the monthly benefit of \$25 per child in the Assistance Unit (AU). This would include children affected by the maximum family grant (MFG) rule. Providing the benefit to CalWORKs AUs that receive CalFresh reaches 90-93 percent of the CalWORKs caseload and the families with the deepest needs who are living in poverty.
 - The new \$25 benefit would be loaded on the Electronic Benefits Transfer (EBT) card, much like the WINS benefit that is currently being implemented across the consortia.
 - A CalWORKs/CalFresh family today receives \$6 less per month than they did a year ago, despite the 5 percent increase that took effect March 1, 2014. Due to the sunset of the ARRA CalFresh supplement, families experienced a net \$29 a month decrease in combined CalWORKs/CalFresh benefits in November 2013 and they received an additional \$23 with the March 2014 grant increase, thus the net \$6 loss in overall resources.
3. **Increase in Earned Income Disregard (EID) Rewarding Work.** This increase in the base disregard from its current \$225 to \$700 would be effective April 1, 2015, for a BY cost of \$45 M GF (full-year cost is \$180 M GF). Includes adoption of placeholder trailer bill language to effectuate this change.
- Families earning less than \$225 per month would not be affected. Families earning more than \$225 per month would have their grants increased by up to \$238 per month (with minimum wage earnings between 20-40 hours per week) as a result of increasing the EID intercept.
 - The total maximum amount of resources in a month for families most impacted by this change would go from a range of \$1,129 to \$1,475 (with 20 hours of work at the lower end and 40 hours of work at the higher end) to a range of \$1,363 to \$1,713 for a family of three in a high cost county.
 - The 50 percent disregard for each additional dollar earned after \$700 would remain as it is under the current \$225 policy. In other words, the 50 percent marginal tax rate on earnings above the base would remain unchanged.
 - Under the current base disregard of \$225, a family can earn up to \$225 per month without receiving decreased cash assistance. The base component of the EID is intended to create an incentive to start working, as families face the equivalent of a 0 percent marginal tax rate on earnings up to \$225. Increasing

the base disregard lengthens the income range over which families face this 0 percent marginal rate.

4. **Family Stabilization Services.** This provides ongoing funding of \$25 M GF for Family Stabilization services to be available for the full 2014-15 budget year. Includes adoption of placeholder trailer bill language to effectuate this change.
 - The current proposed funding level for 2014-15 provides for enhanced case management time. Additional resources are necessary to effectively allow counties to fulfill the statutory requirement that Family Stabilization “shall include intensive case management and services.”
 - Part of this action is the adoption of placeholder trailer bill language to amend WIC 11325.24 to clarify that funds provided for Family Stabilization may be used to provide housing and other needed services to a family during any month that a family is participating in Family Stabilization.

5. **Homeless and Housing Support.** Provides ongoing funding of \$25 M GF to address housing supports in the CalWORKs program and defines the target population as families for whom homelessness and housing instability is a barrier to self-sufficiency or child well-being.
 - Stable housing is a fundamental component of self-sufficiency and child well-being. According to the National Alliance to End Homelessness, residential stability is a necessary precursor to effectively address barriers that inhibit that self-sufficiency, and research is clear that children who lack safe and stable housing demonstrate worse academic and social outcomes. Under the current model, housing support in the CalWORKs program is minimal, and families frequently struggle to find and retain safe, affordable, and stable housing. Expanding homeless and housing support in the CalWORKs program would help to meet a critical need for families working to achieve self-sufficiency.
 - Includes adoption of placeholder Budget Bill Language as follows to effectuate this change and clarifications may be needed to (1) clarify that income tests for participants receiving these funded services shall be the same as those currently in place in the program (and not under the minimal asset limit thresholds required in current homelessness assistance programs) and (2) that the funds may be countable by DSS as assistance or non-assistance in the way that best adheres to the intent of this action and that is most beneficial to the overall program, to be determined by the administration in consultation with legislative staff.

CalWORKs Housing Support – Provisional Budget Bill Language

Provision X:

X. Of the amount appropriated in schedule (x), \$25 million shall be available for housing supports for those families in receipt of CalWORKs for whom homelessness or housing instability is a barrier to self-sufficiency or child well-being.

- (a) It is the intent of the Legislature that housing supports provided with this funding utilize evidence-based models, such as those established in the United States

Department of Housing and Urban Development's Homeless Prevention and Rapid Re-Housing Program. Supports provided may include but are not limited to:

- (i) Financial assistance, including rental assistance, security deposits, utility payments, moving cost assistance, and motel and hotel vouchers.
- (ii) Housing stabilization and relocation, including outreach and engagement, landlord recruitment, case management, housing search and placement, legal services, and credit repair.

(b) These funds shall be allocated to participating counties by the California Department of Social Services according to an allocation methodology to be developed by the Department in consultation with the County Welfare Directors Association and other stakeholders.

(c) Participation criteria for counties, the proportion of funding to be expended on reasonable and appropriate administrative activities so as to minimize overhead and maximize services, and tracking and reporting procedures shall be developed by the California Department of Social Services in consultation with the County Welfare Directors Association.

6. **Clarifying Statutory Changes** in accordance with the following:

Family Stabilization. Family stabilization (FS) is intended to increase client success during the flexible WTW 24-Month Time Clock period by ensuring a basic level of stability: intensive case management and barrier removal services. Clients must have a "Stabilization Plan" with no minimum hourly participation requirements, and six months of clock-stopping is available, if good cause is determined. Advocates have raised the concern that participants of family stabilization may be at increased risk of sanction status, despite the original intent of family stabilization being an activity to provide interventions for families in crisis. Therefore, adopt placeholder uncodified trailer bill language to read:

Section X. It is the intent of the Legislature to clarify that the Family Stabilization Program within CalWORKs is a voluntary activity intended to provide constructive interventions for parents and to assist in barrier removal for families facing very difficult needs. Participants in Family Stabilization are encouraged to participate, but there is no intention that parents be sanctioned as part of their experience in this program component.

Countable Hours. SB 1041 requires recipients to meet hourly work requirements "each week." Advocates have expressed concern that this has been explicitly interpreted to discount a client's efforts at work participation if he or she was short one hour a week or has other scheduling needs but would otherwise meet the monthly participation rate. Therefore, adopt placeholder trailer bill language to allow recipients to meet hourly work requirements if the weekly average over the entire month meets the weekly requirement.

7. Adopt the following placeholder Supplemental Report Language on the Earned Income Tax Credit:

The Legislative Analyst shall evaluate the costs, benefits, and tradeoffs of various options for establishing a state Earned Income Tax Credit and submit a report with its findings to the Legislature by January 1, 2015. In preparing this report, the Legislative Analyst shall consult with stakeholders that will include, but not be limited to, those determined in consultation with Legislative staff.

8. Adopt placeholder Supplemental Report Language on CalWORKs Oversight as follows:

The Department of Social Services shall collaborate with legislative staff, the LAO, and key stakeholders on the creation of an annual report on CalWORKs, covering caseload dynamics, demographics of families and children living in poverty and deep poverty in the program, impacts and implementation of recent policy changes, and other components to be decided in the course of those discussions. The report will also address the use and outcomes of Research Funds appropriated to DSS. Progress toward an annual report shall be provided in the form of a verbal update by January 15, 2015, with the first iteration of the report to be presented by April 1, 2015, at which date there shall be consideration regarding the annual date ongoing.

ISSUE 19: Foster Care

The Subcommittee discussed issues and heard testimony, including proposals for reinvestment, regarding Child Welfare Services and Foster Care at its April 2nd hearing.

Staff Recommendation:

- 1. Foster Care Payments for Relative Caregivers.** Approve \$30 million General Fund in 2014-15 and on-going to raise rates for non-federally eligible relative caregivers in foster care.
- 2. Services to Child Victims of Commercial Sexual Exploitation.** Approve the funding request (below) and adopt placeholder trailer bill language as follows:

The Legislature finds and declares that in order to adequately serve minors who have been sexually exploited or trafficked, it is necessary that counties develop and utilize a multidisciplinary team approach to case management, service planning, and provision of services and that counties develop and utilize interagency protocols to ensure services are provided as needed to this population.

First-year costs: \$40.563 million (\$20.282 million GF)

Ongoing costs: \$28.517 million (\$14.259 million GF)

- 3. Youth Permanency Outcomes.** Provide start-up capital for two counties to create or expand specialized youth permanency programs, with provisions that each county track and reinvest savings, replicating a model pioneered by Sacramento County.

First-year costs: \$750,000 with annual, ongoing costs of \$1.2 million until fiscal year 2018-19.

4. **Group Home Age Minimum for Staff.** Adopt proposed placeholder trailer bill language to increase the qualifications for group home staff by increasing the minimum age to 21, as follows. The current age qualification requirements for group home staff are set at 18 years old.

Section 1502.36 is added to the Health and Safety Code to read:

1502.36 (a) Each Person employed on the staff of a group home for foster youth as defined in paragraph (13) of subdivision (a) of Section 1502 shall be at least 21 years of age.

5. **Reporting to Collect Social Worker Caseload Data.** Adopt proposed placeholder trailer bill language to require DSS to begin collecting data on county Child Welfare Services social worker caseloads, and to provide such data during its annual realignment report, as follows:

Section 10104 of the Welfare and Institutions Code is amended to read:

10104. It is the intent of the Legislature to ensure that the impacts of the 2011 realignment of child welfare services, foster care, adoptions, and adult protective services programs are identified and evaluated, initially and over time. It is further the intent of the Legislature to ensure that information regarding these impacts is publicly available and accessible and can be utilized to support the state's and counties' effectiveness in delivering these critical services and supports.

(a) The State Department of Social Services shall annually report to the appropriate fiscal and policy committees of the Legislature, and publicly post on the department's Internet Web site, a summary of outcome and expenditure data that allows for monitoring of changes over time.

(b) The report shall be submitted and posted by April 15 of each year and shall contain expenditures for each county for the programs described in clauses (i) to (vii), inclusive, of subparagraph (A) of paragraph (9) of subdivision (f) of Section 30025 of the Government Code.

(c) The report shall also contain the amount of growth funds per county, child welfare service social worker caseloads per county, the number of authorized positions in the local child welfare service agency, and the number of vacant positions in the local child welfare service agency.

(d) ~~(e)~~ The department shall consult with legislative staff and with stakeholders to develop a reporting format consistent with the Legislature's desired level of outcome and expenditure reporting detail. Counties shall cooperate with the department to provide the information necessary for the report.