

**AGENDA  
ASSEMBLY BUDGET SUBCOMMITTEE NO. 1  
ON HEALTH AND HUMAN SERVICES**

**ASSEMBLYMEMBER MERVYN DYMALLY, CHAIR**

**WEDNESDAY, MAY 12, 2004  
STATE CAPITOL, ROOM 444  
1:30 P.M.**

**STAFF:  
CHRISTIAN GRIFFITH  
CONSULTANT**

---

---

**CONSENT ITEMS**

<b>ITEM</b>	<b>DESCRIPTION</b>	<b>PAGE</b>
<b>5175</b>	<b>DEPARTMENT OF CHILD SUPPORT SERVICES</b>	<b>3</b>
Issue 1	Child Support Budget Change Proposals	3
<b>5180</b>	<b>DEPARTMENT OF SOCIAL SERVICES</b>	<b>3</b>
Issue 2	Social Services Budget Change Proposals	3
<b>4130</b>	<b>HEALTH AND HUMAN SERVICES AGENCY DATA CENTER</b>	<b>4</b>
<b>5180</b>	<b>DEPARTMENT OF SOCIAL SERVICES</b>	<b>4</b>
Issue 3	Automation Budget Change Proposals And Fiscal Letters	4
<b>4700</b>	<b>DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT</b>	<b>5</b>
Issue 4	Departmental Budget	5

**VOTE-ONLY ITEMS**

<b>ITEM</b>	<b>DESCRIPTION</b>	<b>PAGE</b>
<b>5180</b>	<b>DEPARTMENT OF SOCIAL SERVICES</b>	<b>6</b>
Issue 1	Continuing Care Retirement Communities	6
Issue 2	Statewide Fingerprint Imaging System	6
Issue 3	Food Stamps for	6
Issue 4	Indian Health Clinics	6

<b>4220</b>	<b>CHILD DEVELOPMENT POLICY ADVISORY COMMITTEE</b>	<b>7</b>
Issue 5	Restoring CDPAC	7
<b>5180</b>	<b>DEPARTMENT OF SOCIAL SERVICES</b>	<b>8</b>
Issue 6	Repeal of Recent Legislation	8

**ITEMS TO BE HEARD**

<b>ITEM</b>	<b>DESCRIPTION</b>	<b>PAGE</b>
<b>5180</b>	<b>DEPARTMENT OF SOCIAL SERVICES</b>	<b>9</b>
Issue 1	Juvenile Probation Funding	9
<b>5175</b>	<b>DEPARTMENT OF CHILD SUPPORT SERVICES</b>	<b>11</b>
Issue 2	Overview of Child Support	11
Issue 3	County Share of Child Support Collections	13
Issue 4	Child Support Automation Federal Penalty	15
<b>5180</b>	<b>DEPARTMENT OF SOCIAL SERVICES</b>	<b>16</b>
Issue 5	Section 4.10 Reductions	16
Issue 6	SSI-SSP COLAs	18
Issue 7	Increasing Community Care Licensing Fees	19
Issue 8	Charging Small Child Care Providers for FBI and DOJ Fingerprinting Fee	21
Issue 9	Increased Staffing for Licensing	22
<b>5180</b>	<b>DEPARTMENT OF SOCIAL SERVICES</b>	<b>23</b>
<b>6110</b>	<b>CALIFORNIA DEPARTMENT OF EDUCATION</b>	<b>23</b>
Issue 10	In and Out of Market Rate Differential Regulations	23
Issue 11	Definition of Parents	25
<b>5180</b>	<b>DEPARTMENT OF SOCIAL SERVICES</b>	<b>26</b>
Issue 12	LAO CalWORKs and SSI/SSP Options	26

**CONSENT ITEMS**

**5175 DEPARTMENT OF CHILD SUPPORT SERVICES**

**CONSENT ISSUE 1: CHILD SUPPORT SERVICES BUDGET CHANGE PROPOSALS**

<b>Proposal Number</b>	<b>Description</b>	<b>Recommended Consent Action</b>
DCSS BCP #1 California Child Support Automation System (CCSAS) Project	Requests \$828,000 (\$282,000 General Fund) and 5.5 positions to address the workload needs for the second year of the project.	Adopt Proposed Budget Change Proposal
DCSS BCP #2 State Distribution Unit (SDU) Component of the California Child Support Automation System (CCSAS) Project	Requests \$191,000 (\$65,000 General Fund) and 2 positions for the State Disbursement Unit (SDU) to develop the SDU's development, procurement, and implementation.	Adopt Proposed Budget Change Proposal

**5180 DEPARTMENT OF SOCIAL SERVICES**

**CONSENT ISSUE 2: SOCIAL SERVICES BUDGET CHANGE PROPOSALS**

<b>Proposal Number</b>	<b>Description</b>	<b>Recommended Consent Action</b>
DSS BCP #5 Establish Additional Positions to Process SSA/SSI Disability Claims.	DSS requests \$4.7 million and 43.3 positions to address increases in workload in the SSA/SSI Disability Claims. There is no General Fund cost to this proposal.	Adopt Proposed Budget Change Proposals
DSS BCP #6 Medi-Cal Disability Workload Increase	DSS requests \$3 million (\$1.5 million General Fund) and 15 positions to address increases in workload in the Medi-Cal Disability determinations	Adopt Proposed Budget Change Proposals
DSS BCP #16 Real Choice System Change Grant Funds	DSS requests spending authority for federal grant funds. The grant will be \$648,000 in the budget year and \$181,000 in FY 05-06. DSS will use this funding to create training materials and manuals for the In Home Supportive Services program (IHSS).	Adopt Proposed Budget Change Proposals
DSS BCP #17 State Council on Developmental Disabilities	DSS requests reimbursement authority for \$651,000 and 6.8 positions to administratively support the State Council on Developmental Disabilities. DSS provides accounting, personnel, and business services to the Council.	Adopt Proposed Budget Change Proposal

**4130 HEALTH AND HUMAN SERVICES AGENCY DATA CENTER  
5180 DEPARTMENT OF SOCIAL SERVICES**

**CONSENT ISSUE 3: AUTOMATION BUDGET CHANGE PROPOSALS AND FISCAL LETTERS**

<b>Proposal Number</b>	<b>Description</b>	<b>Recommended Consent Action</b>
HHSDC BCP #1 DSS BCP A-3 IHSS Case Management Information and Payrolling Systems (CMIPS)	The Data Center requests \$1.6 million and 6 positions to extend continued planning activities for the Case Management Information and Payrolling Systems. DSS requests \$523,000 (\$345,000 General Fund) and 4 positions to provide a one-year extension of the CMIPS re-procurement.	Adopt Proposed Budget Change Proposals
HHSDC BCP #2 State Fingerprint Imaging System (SFIS)	Requests \$611,448 in the current year and \$711,448 in the budget year for ongoing application maintenance, consulting services, and Quality Assurance activities. The LAO recommends the Legislature reject this proposal. The Senate reduced proposed the funding by \$536,000.	Conform to Senate
HHSDC BCP #3 DSS BCP # 9 Electronic Benefit Transfer (EBT) Program Integrity	HHSDC proposes to reduce the spending authority for EBT to reflect lower caseloads. DSS proposes to continue two limited term positions for two additional years.	Adopt Proposed Budget Change Proposals
HHSDC BCP #4 Child Welfare Services/Case Management System (CWS/CMS)	Proposes to reduce spending authority by \$4.7 million to reflect anticipated level of expenditures for the Budget Year.	Adopt Proposed Budget Change Proposal
HHSDC Spring Fiscal Letter Unemployment Insurance Modernization Project	Unemployment Insurance Modernization Project allows EDD to continue funding for unemployment insurance automation.	Approve Spring Fiscal Letter

**4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT**

---

---

**CONSENT ISSUE 4: DEPARTMENTAL BUDGET**

The Department of Community Services and Development (DCSD) administers the Low-Income Energy Assistance Program (LIHEAP) and the Community Services Block Grant (CSBG). In addition, the DCSD plans, coordinates, and evaluates programs that provide services to the poor and advises the Governor on the needs of the poor.

The LIHEAP provides cash grants and weatherization services, which assist low-income persons in meeting their energy needs. The CSBG provides funds to community action agencies for programs intended to assist low-income households. The Governor's proposed budget includes total expenditures of \$166.3 million for the DCSD in 2002-03.

- ◆ **No General Fund Support for DCSD.** Due to budget constraints, no State General Fund is budgeted for DCSD. Cuts in FY 02-03 and 03-04 eliminated all discretionary programs. In 2002-2003, the State spent \$5.8 million General Fund on the Naturalization Services Programs, Mentorship program, and CallIHEAP.

**VOTE-ONLY ITEMS**

**5180 DEPARTMENT OF SOCIAL SERVICES**

<b>Issue #</b>	<b>Item</b>	<b>Description</b>	<b>Recommended Actions</b>
Vote Only Issue #1	Continuing Care Retirement Communities	The Subcommittee consider adopting the following Trailer Bill Language: HSC 1771.9 On or before July 1, 2005, the department, with input from the Continuing Care Advisory Committee established pursuant to Section 1777, shall create a panel of residents, providers and representatives of the department to develop governance standards for applicants and operators of Continuing Care Retirement Communities, including, but not limited to standards that define the authority and representation of independent directors on boards of directors of Continuing Care Retirement Communities and on the audit, compensation and nominating committees of the boards of directors.	Adopt Proposed Trailer Bill Language
Vote Only Issue #2	Statewide Fingerprint Imaging System	According to the Department of Social Service, the total budget for SFIS in the budget year is \$8.5 million General Fund.	Eliminate all funding for the SFIS and adopt placeholder Trailer Bill Language to eliminate fingerprinting requirements.
Vote Only Issue #3	Food Stamps for	The Legislature is currently considering legislation [AB 1796 (Leno)] that would allow California to opt out of the lifetime federal disqualification from food stamps for persons convicted of a felony involving controlled substances.	Adopt Trailer Bill Language so that California opts out of Disqualification from Food Stamps for individuals arrested with a drug related felony.
Vote Only Issue #4	Indian Health Clinics	The budget terminates funding for mental health and substance abuse services delivered by Indian Health Clinics to CalWORKs beneficiaries for savings of \$2.7 million.	Restore \$2.7 million in TANF funds for Indian Health Clinics

**4220 CHILD DEVELOPMENT POLICY ADVISORY COMMITTEE**

---

---

**VOTE-ONLY ISSUE 5: RESTORING CDPAC**

The Subcommittee will consider the Administration's elimination of all funds for the Child Development Policy Advisory Committee.

**BACKGROUND:**

In the 2003-2004 budget, Governor Davis vetoed all funding for the Child Development Policy Advisory Committee (CDPAC) and eliminate all 5.3 positions of the committee's staff. The Commission was funded at \$619,000 (\$367,000 General Fund).

CDPAC provided public policy recommendations to the Governor, the Legislature and relevant State Departments on child care and development. The Committee had nine full committee hearings and frequent subcommittee meetings throughout the year. CDPAC was originally established as the Governor's Advisory Committee on Preschool and Educational Program in 1965 by AB 1331 (Unruh). CDPAC was one of over 300 Boards and Commissions contained in the budget. It is the only advisory body in the State that oversees the multi-billion dollar child care and development industry.

**5180 DEPARTMENT OF SOCIAL SERVICES**

---

---

**VOTE-ONLY ISSUE 6: REPEAL OF RECENT LEGISLATION**

The Governor's mid-year reduction proposal assumed the repeal of four items of recent legislation.

**BACKGROUND:**

The Governor's mid-year reduction proposal assumed the repeal of four items of recent legislation. The Legislation was chaptered under the previous administration and comprised the following bills:

- SB 577 (Kuehl): Protection and advocacy agencies: protecting and advocating for the rights of persons with developmental disabilities and mental disorders
- AB 1151 (Dymally): Duty to Foster Children Reaffirmation Act
- AB 408 (Steinberg): Child Relationships
- AB 529 (Mullin): Opportunities for Children in Family Day Care Homes

The Assembly Democratic Leadership has determined that any legislative repeals should be addressed in the policy committee process and not in the budget.

**COMMENTS:**

The Governor's budget also proposed to eliminate AB 231 (Steinberg) that expanded eligibility for food stamp programs. The Subcommittee discussed this proposal on May 5.



## Items To Be Heard

### 5180 DEPARTMENT OF SOCIAL SERVICES

---

---

#### ISSUE 1: JUVENILE PROBATION FUNDING

The Subcommittee will reconsider its previous action to restore State funding for Juvenile Probation programs.

#### BACKGROUND:

In California, counties are the primary providers of services to youthful offenders and juveniles at risk of becoming involved in the criminal justice system. In fact, the counties handle more than 95 percent of juveniles involved in the criminal justice system. Specifically, county probation departments provide a range of services designed to meet the diverse needs of juvenile offenders, at-risk youth, and to a lesser degree their families. These services range from after-school programs designed for relatively low-level at-risk youth, to formal counseling, and alcohol and drug treatment services. Services are provided both in the community and in residential facilities, such as juvenile halls, camps, and ranches. Generally, the purpose of these programs is public safety and rehabilitation. The effectiveness of the counties in responding to juvenile crime has an impact on public safety, as well as on the population of the state's youth correctional facilities and prisons.

The most significant source of federal funds is the federal Temporary Assistance for Needy Families (TANF) block grant, which has historically provided approximately \$200 million for probation services. Data on county general fund spending for probation services statewide are not available. Before the establishment of the TANF block grant, county juvenile probation services were partially supported by federal Title IV-A funds (named after the section of the Social Security Act authorizing the funding program). However, this program was eliminated in 1995. In order to restore juvenile probation services, the Legislature enacted the Comprehensive Youth Services Act as part of welfare reform, which authorized TANF funding for the counties based upon their Title IV-A probation services expenditures (Welfare reform also established the California Work Opportunity and Responsibility to Kids [CalWORKs] program which provides cash grants and employment services to low-income families). It should be noted that county probation department claims filed for reimbursement under the old Title IV-A program were taken into consideration by the federal government in determining California's share of TANF funds and thus increased the state's TANF block grant by approximately \$140 million. Under current law, the TANF block grant for juvenile probation programs sunsets in October 2004.

**SUBCOMMITTEE ACTION:**

On May 5, 2004, the Subcommittee took the following action (Vote 4-0)

1. Restore Juvenile Probation funding with General Fund.
2. Adopt placeholder Trailer Bill Language to require that the funding be used for the same activities as the current TANF funding.

The Subcommittee also directed staff to work with Subcommittee #4 to identify the appropriate Department or Agency to budget the General Fund support of Juvenile Probation.

**COMMENTS:**

Currently, the State uses federal TANF funds as its funding source for money it provides to counties. Although there are historical arguments for why these funds have been allocated for Juvenile Probation costs; the current fiscal constraints within the TANF block grant would require the Subcommittee to identify an offsetting reduction within the block grant to restore funding for this program.

There is a policy bill on this issue. AB 2947 (Pacheco) would repeal the October 31, 2004, sunset on the Comprehensive Youth Services Act, providing services to juveniles detained in juvenile halls, camps and ranches, funded by the state's Temporary Assistance for Needy Families (TANF) block grant.

**5175 DEPARTMENT OF CHILD SUPPORT SERVICES**

**ISSUE 2: OVERVIEW OF CHILD SUPPORT**

The Subcommittee will be updated on DCSS's performance.

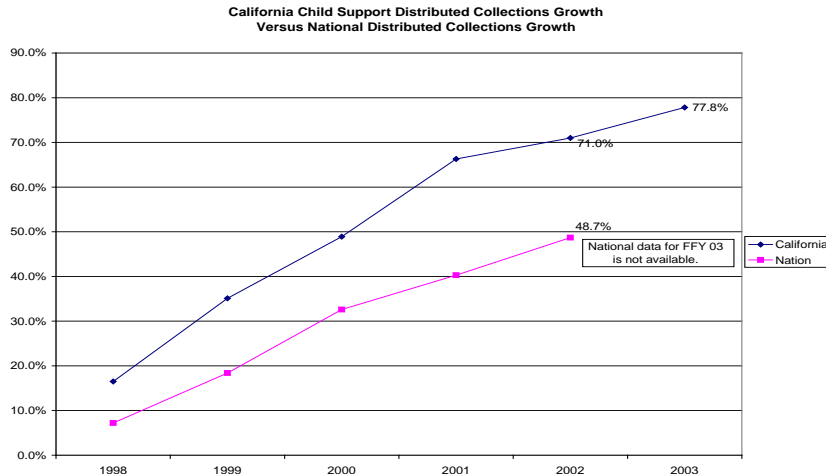
**BACKGROUND:**

The Department of Child Support Services (DCSS), created on January 1, 2000, administers California's child support program by overseeing 58 county child support offices. The primary purpose of the program is to collect from absent parents, support payments for custodial parents and their children. Local child support offices provide services such as locating absent parents; establishing paternity; obtaining, enforcing, and modifying child support orders; and collecting and distributing payments.

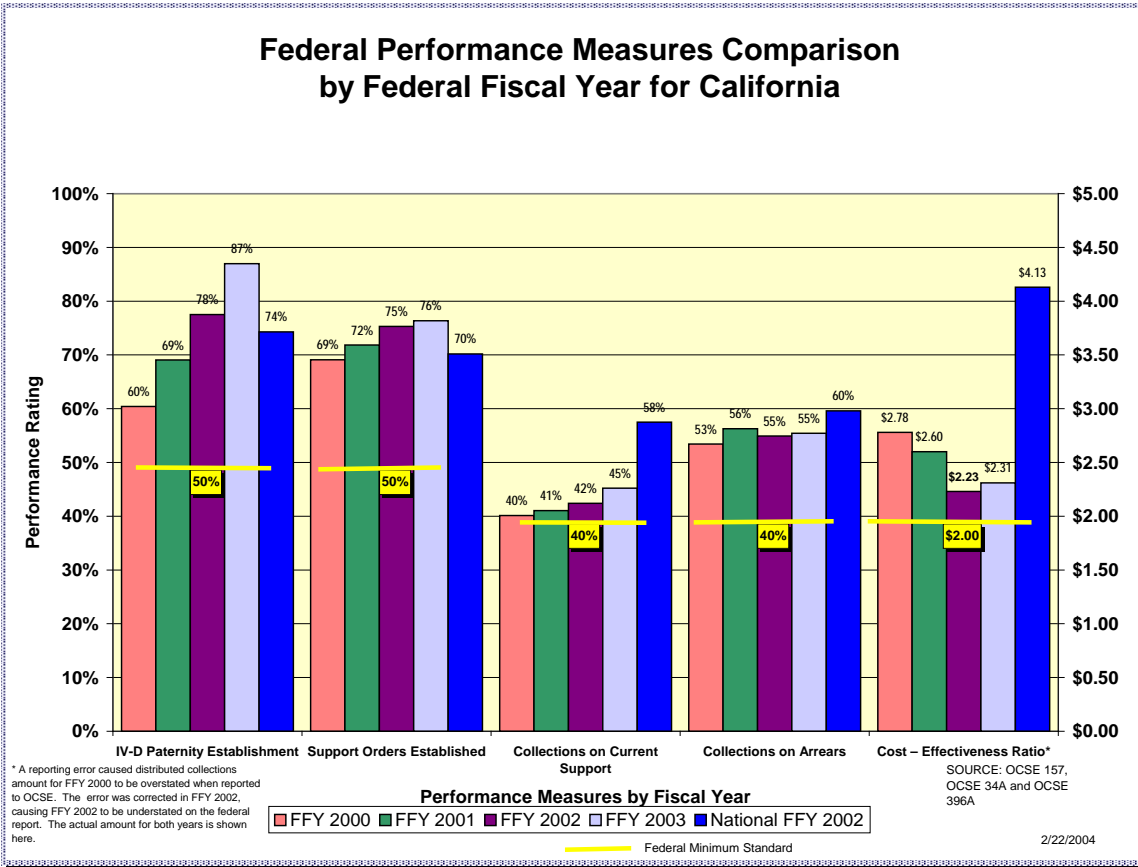
Prior to the legislative reforms in California, the child support program was administered at the local level by the county district attorneys (DAs), with state oversight by the DSS. In an effort to improve program performance, the Legislature passed a package of bills in 1999, including Chapters 478 (AB 196 Kuehl), 479 (AB 150, Aroner), and 480 (SB 542, Burton and Schiff). Together, these acts made significant changes to the organization, administration, and funding of the program (see Figure 1). Generally, these reforms significantly increased state authority and oversight over the program, and changed state administrative responsibility for developing the statewide child support automation system. Included among the changes are the creation of a new state Department of Child Support Services; the transfer of local administration from the county DAs to separate county child support agencies; and the transfer of responsibility for procurement of the automation system from the state Health and Human Services Agency Data Center to the Franchise Tax Board.

**TRENDS SINCE DCSS ESTABLISHED**

Since DCSS assumed control of the program, the State has improved significantly in all major performance measures. The chart below illustrates the growth in child care collections as compared to the rest of the nation.



The chart below illustrates the State's performance in the major performance measures as compared to the national average for all State's. The State has improved on all of these measures over the last four years, with the exception of the cost-effectiveness ratio. The State's recent expenditures child support automation partially account for the drop in the cost effectiveness of the programs.



**COMMENTS:**

The Department has conducted several workgroups to discuss how county allocations relate to performance. The final meeting of this workgroup will be held on April 1<sup>st</sup>.

**5175 DEPARTMENT OF CHILD SUPPORT SERVICES**

---

---

**ISSUE 3: COUNTY SHARE OF CHILD SUPPORT COLLECTIONS**

The Governor's Budget proposes to capture child support collections that currently go to counties.

**BACKGROUND:**

Most child support collections are paid to the custodial parent. However, a portion of the child support dollars collected by the counties are used to pay back the state, federal, and local governments for the cost of grants provided under the California Work Opportunity and Responsibility to Kids (CalWORKs) and the Foster Care programs. (These grants were paid on behalf of the children whose noncustodial parents are now paying child support.) These are known as assistance collections. Under current law, 50 percent of those funds are returned to the federal government, 47.5 percent constitute state General Fund revenue, and the remaining 2.5 percent reimburse the counties for their share of the CalWORKs grants. Counties have received these funds since the 1970's.

The Governor's budget proposes that the state retain \$39 million in collections that constitutes the counties' share of assistance collections and use it as state General Fund revenue.

**COMMENTS:**

Many counties use these funds to offset the county share of cost of foster care and child welfare programs. Counties currently face very limited budgetary options that will limit their ability to replace these funds. As a result, this shift of funding may result in large reductions in foster care and child welfare programs statewide. For example, counties pay about 19 percent of all costs for child welfare services and these funds are matched by State and Federal dollars. If all these child support collections dollars were used for child welfare, it would represent \$205.3 million in total expenditures that would be reduced.

The Subcommittee should consider how the proposed shift of funding would impact programs.

The LAO recommends that Governor's proposal to keep the county share of collections be modified into an incentive for the counties to improve their performance. Under the LAO recommendation, counties that meet all of the established performance measures would be allowed to retain their share of the assistance collections. The LAO points out that the child support program is driven in large part by state and federal performance measures. States receive federal incentive funds based on their ability to achieve the federal performance measures, and may be penalized for repeated failure of certain measures. Adopting this recommendation would reduce General Fund revenue by \$12.4 million in 2004-05. However, by providing the counties with a better performance incentive, the LAO believes that it should result in more federal incentive funds coming to the state, which will in part offset the loss of General Fund revenues. Further, the LAO points out that stronger county performance should help assure that the state will avoid future federal penalties.

**PANELISTS:**

Frank Mecca  
CWDA

Kelly Brooks  
CSAC

Other Panelists are pending confirmation and will be named at the hearing.

All other public comment will be addressed in the public comment hearing.

**5175 DEPARTMENT OF CHILD SUPPORT SERVICES**

**ISSUE 4: CHILD SUPPORT AUTOMATION FEDERAL PENALTY**

The Governor's Budget proposes to continue a county share of the federal child support automation penalty.

**BACKGROUND:**

Federal law requires states to have completed the development and implementation of statewide child support systems by 1997. Since California did not complete its system by that time, the federal government reduces, in the form of penalties, its share of the costs for administering the state's child support program. Through 2002-03, the state incurred penalties totaling approximately \$562 million. The penalties for the current and budget years are expected to be \$195 million and \$220 million, respectively. Thus, through the budget year, federal penalties will have totaled almost \$1 billion. When California Child Support Automation System (CCSAS) is fully implemented in 2008, the federal penalties should be eliminated.

In the Current Year Budget, Counties were assessed a one-time 25 percent share of the federal child support automation penalty. The Governor's proposed budget would extend this one-time penalty for the budget and future years in which a federal penalty is owed. The proposed change would result in \$55 million in General Fund savings in the budget year.

**COMMENTS:**

In the *Analysis*, the LAO argues that transferring the California Child Support Automation System from the Franchise Tax Board to the Department of Child Support Services would increase accountability for the project's success. The LAO recommends that the administration report on potential problems and anticipated savings from implementing this option.

**PANELISTS:**

Kelly Brooks  
CSAC

Donna Seitz  
Los Angeles County

Other Panelists are pending confirmation and will be named at the hearing.

All other public comment will be addressed in the public comment hearing.

**5180 DEPARTMENT OF SOCIAL SERVICES**

**ISSUE 5: SECTION 4.10 REDUCTIONS**

**BACKGROUND:**

The FY 03-04 budget contained a provision, called section 4.10, that allowed the Governor to make reductions to State operations for the purpose of achieving General Fund savings. For the Department of Social Service's budget, the Administration proposed statutory changes to allow achieve the level of reductions adopted in the current year. The Department of Social Services is the only State Department to propose statutory changes on account of these administrative savings.

The chart below indicates the statutory change, the action taken in Senate Subcommittee and Subcommittee staff recommendation.

<b>4.10 Proposed Change</b>	<b>Description</b>	<b>Senate Action</b>	<b>Staff Recommendation</b>
Eliminate the Child Care Advocate Program	Proposes legislation to make it optional for the DSS to establish a Child Care Ombudsman program and renames the program as the Child Care Advocate Program.	Adopted proposed language	Conform to Senate
Processing of Applications for Trustline Certification	Proposes legislation to shift the responsibility of receiving Trustline applications and submitting provider fingerprints to the Department of Justice from the DSS to the Child Care Resource and Referral Network.	Rejected proposed language	Conform to Senate
Expand Activities Supported by the Technical Assistance Fund	Proposes legislation to broaden the activities supported by the Fund to include administrative and other licensing activities.	Adopted proposed language	Conform to Senate
Certification and Monitoring of Out-of-State Group Homes	Proposes legislation to eliminate the requirement that the Department of Social Services certify and monitor out-of-state group homes.	Rejected proposed language	Conform to Senate
Eliminate Claimants Rights for Rehearings	Proposes legislation to eliminate the statutory authority for claimants and counties to request rehearings from the Department of Social Services.	Rejected proposed language	Conform to Senate
CalWORKs Mental Health Pilot Program	Proposes legislation to eliminate the requirement that DSS	Adopted proposed	Conform to Senate



	develop a plan for operation of the pilot program and report to the Legislature by 2005.	language	
Group Home Rates	Proposes legislation to (1) impose a 3-year suspension of the biennial rate-setting requirements applicable to group home programs and foster family agencies; (2) authorize a 3-year suspension of non-provisional program audits; and (3) remove the requirement for the department to reimburse certain providers for audit costs.	Rejected proposed language	Conform to Senate

**COMMENTS:**

Subcommittee staff believe that the scope of statutory change suggested in the proposed Section 4.10 changes exceeds the spirit legislative intent in the budget bill. Some of the changes have relatively small amounts of savings, but involve significant shifts in public policy.

**5180 DEPARTMENT OF SOCIAL SERVICES**

**ISSUE 6: SSI-SSP COLAS**

The Subcommittee will discuss the budget's proposed effect on SSI/SSP grant activities.

**BACKGROUND:**

Under current law, both the federal and state grant payments for SSI/SSP recipients are adjusted for inflation each January. The COLAs are funded by both the federal and state governments. The state COLA is based on the California Necessities Index and is applied to the combined SSI/SSP grant. The federal COLA (based on the Consumer Price Index for Urban Wage Earners and Clerical Workers) is applied annually to the SSI portion of the grant. The remaining amount needed to cover the state COLA on the entire grant is funded with state monies.

The Governor proposes to suspend the January 2005 State COLA (2.77 percent) which results in a cost avoidance of \$84.6 million in 2004-05. In addition, the Governor proposes a no pass of the January federal SSI which, results in savings of \$62.5 million. Under this proposal the state funded SSP portion of the grant is reduced by the precise amount of the federal increase, which becomes effective January 2005.

The table below details the effect of the proposed suspension on the SSI-SSP Grant level as the Grant remains at its current year level and the January 2005 COLAs are not provided.

SSI/SSP Grants	Current Grant	2005 Grant With COLAs	Net Change	Percentage Change
<b>Individuals</b>				
SSI	\$564	\$574		
SSP	226	238		
Totals	<b>\$790</b>	<b>\$812</b>	<b>(\$22)</b>	<b>-2.7%</b>
<b>Couples</b>				
SSI	\$846	\$861		
SSP	553	577		
Totals	<b>\$1,399</b>	<b>\$1,438</b>	<b>(\$39)</b>	<b>-2.7%</b>

**COMMENTS:**

The Subcommittee has suspended the State portion of the SSI/SSP COLA in previous years.

**5180 DEPARTMENT OF SOCIAL SERVICES**

**ISSUE 7: INCREASING COMMUNITY CARE LICENSING FEES**

The Subcommittee will consider a proposal to increase fees for Community Care Licensing.

**BACKGROUND:**

The Community Care Licensing Division (CCL) develops and enforces regulations designed to protect the health and safety of individuals in 24-hour residential care facilities and day care. Licensed facilities include child care; foster family and group homes; adult residential facilities; and residential facilities for the elderly. The Governor's budget proposes expenditures of \$124.9 million (\$42.2 million General Fund) for the CCL in 2004-05.

The Governor's budget proposes an increase in most CCL fees for a budget year savings of \$5.8 million General Fund. Further, the budget proposes to continue to increase the fees by equal increments each year for the next two years (through 2006-07). Figure 1 shows examples of a few of the various types of facilities licensed by CCL and illustrates how the fees have grown and are projected to grow if the Governor's proposal is adopted. By 2006-07, the fees generated should be enough to fully offset the General Fund costs associated with administering the program. Currently, CCL fees are considered General Fund revenue and offset 40 percent of the General cost of the program.

The chart below details the estimated effect of the fees levels for various types of facilities:

CCL Licensing Fees					
Examples of Facilities	2002-03	2003-04	2004-05	2005-06	2006-07
Family child care home (1-8 children)	\$25	\$50	\$67	\$83	\$100
Child care centers (31 to 60 children)	200	400	533	667	800
Adult day care centers (16 to 30 adults)	100	125	167	208	250
All residential care facilities (7 to 15 people)	450	563	793	1,023	1,253

The Department comments that it analyzed its own expenditures within the Licensing Division and attempted to assign the fee increases in proportion to the total expenditures for child care and residential programs.

**COMMENTS:**

Currently, the CCL fee revenues are considered General Fund revenue and as such are deposited into the General Fund along with all other General Fund revenues. This makes it difficult for the Legislature to determine whether or not the fees are adequate or excessive when it comes to funding the General Fund portion of the CCL budget. The LAO believes that greater oversight of these revenues is necessary given the significant fee increases being proposed by the administration. Toward that end, the LAO recommends enactment of legislation to create a special fund into which the fee revenues would be deposited, with expenditures subject to appropriation by the Legislature. This would increase the Legislature's oversight of the use of these fees. Further, it would help the Legislature determine the appropriateness of the fee level and whether or not it was keeping pace with or outpacing the cost of administering the program.

The Department of Finance is looking at its existing special fund structures to see if there is an administratively simple way to create a special fund for licensing revenues.

The FY 2003-2004 Budget contained a fee increase that ranged from 25-100 percent, depending upon the type of facility.

Some facilities effected by these fees are supported with by rates that are set by the State. These facilities have not received rate increases in a number of years, and this fee increase only increases costs within their fixed operating budget.

**5180 DEPARTMENT OF SOCIAL SERVICES**

---

---

**ISSUE 8: CHARGING SMALL CHILD CARE PROVIDERS FOR FBI AND DOJ FINGERPRINTING FEE**

The Subcommittee will consider a proposal to require small child care providers to pay for their background checks.

**BACKGROUND:**

Currently law exempts small child care providers from having to reimburse the State for the cost of running the criminal background checks necessary to obtain a license. The budget for the current year required providers to pay these fees for one year.

The Governor's Budget proposes to continue to charge small child care providers for the one-time \$40 cost of conducting the Department of Justice and FBI background checks on staff necessary for licensing. The proposal would save the State \$2.7 million in the budget year.

**COMMENTS:**

None.

**5180 DEPARTMENT OF SOCIAL SERVICES**

---

---

**ISSUE 9: INCREASED STAFFING FOR LICENSING**

The Subcommittee will discuss two budget proposals to increase Community Care Licensing staffing.

**BACKGROUND:**

The Governor's Budget includes two budget change proposals to increase Community Care Licensing staffing.

In the Section 27 letter, the Department of Social Services added 52.5 positions to address increase workload required for criminal background checks. The budget contains a proposal to authorize 58.2 positions and \$4.6 million (\$2.6 million General Fund) to continue these positions in the budget year. If an individual that applies or currently works in a licensed facility of any kind has any type of criminal record, or if they are accused of a crime, the Licensing staff conducts an investigation to determine whether that individual can be involved in a licensed facility. The increase workload is associated with improved information provided by the Department of Justice.

The second proposal requests 18.5 positions and \$1.3 million (\$1.2 million General Fund) to accommodate an increase in the number of licensed facilities the Community Care Licensing Division is serving.

**COMMENTS:**

None.

**5180 DEPARTMENT OF SOCIAL SERVICES  
6110 CALIFORNIA DEPARTMENT OF EDUCATION**

---

---

**ISSUE 10: IN AND OUT OF MARKET RATE DIFFERENTIAL REGULATIONS**

The Department of Education (CDE) has proposed regulations that would differentiate the amount that the State pays providers that do provide care to private paying families.

**BACKGROUND:**

Current law requires that a provider that accept vouchers to serve private-pay children in at least 25 percent of their slots. The intent of the language is to ensure that the State is not paying more than the private paying market for child care. This language has not been enforced in the vouchered program.

For the 2003-2004 Fiscal Year, Trailer Bill Language was adopted that suspended the enforcement of this provision for the current fiscal year. Members of the Legislature were concerned with the effect of the enforcement of this provision on low-income communities and concerns with the collection of data from non-vouchered families.

CDE issued draft regulations that would have enforced the 75-25 rule. The regulations would require:

Providers must submit documentation that 25 percent of the children are unsubsidized and the rates paid for these unsubsidized slots

If a provider does not serve at least 25 percent unsubsidized families, the provider will be reimbursed at a rate that equals the average rate paid to 5 randomly selected providers in the same Zip Code.

In addition to the 75-25 rule, CDE also sought to implement regulations that would differentiate payments to providers that did not serve private paying children, citing Sections 8265m 8266.5, and 8269 of the Education Code.

**COMMENTS:**

Current law requires that the State reimburse providers solely on the rates that private pay providers are paid. The Legislature is considering several efforts to set the rate paid to providers also reflect the quality of the services provided by accounting for staffing levels and educational attainment.

The City and County of San Francisco believes that 75-25 rule suspended by the Subcommittee last year, should be permanently eliminated.

All licensed exempt care would be effected by this proposal, although the caps in the tiered reimbursement proposal would also still apply. The actual rate of pay for a licensed exempt provider would be the lesser of the amount that was paid from the two different processes.



**5180 DEPARTMENT OF SOCIAL SERVICES  
6110 CALIFORNIA DEPARTMENT OF EDUCATION**

---

---

**ISSUE 11: DEFINITION OF PARENTS**

The child care reform trailer bill contains a language that would redefine a parental unit for the purposed of child care.

**BACKGROUND:**

The child care reform trailer bill contains a language that would redefine a parental unit for the purposed of child care. The proposed language amends §8208(t) to define “parent” to mean “a parent, stepparent, adoptive parent, caretaker relative and any other adult living with a child.”

The new definition deletes the rest of the previous definition, “who has responsibility for the care and welfare of the child.” This revised definition would include any adult living with a child, including many who would have no legal responsibility toward the child under any other circumstances. This could include an older sibling who is 18 or over (perhaps one who is home on leave from the military for a few months), an elderly grandparent or other relative, or an adult who is completely unrelated to the child, no matter whether that individual is capable of providing care for a child. Note that in other sections the term’s “family” and “household members” are used interchangeably

**COMMENTS:**

Advocates has raise concerns regarding this language

**5180 DEPARTMENT OF SOCIAL SERVICES**

**ISSUE 12: LAO CALWORKS AND SSI/SSP OPTIONS**

The Legislative Analyst's Office has three options for savings that involve changes to the CalWORKs and SSI/SSP programs.

**BACKGROUND:**

The Legislative Analyst's Office has three options for savings that involve changes to the CalWORKs and SSI/SSP programs. These are options provided by the LAO, but LAO does not necessarily recommend that the Subcommittee adopt them. These options are:

- **Reduce the maximum monthly SSI/SSP grants for couples by \$174 per month.** When compared to the federal poverty guideline, the SSI/SSP grants for couples is 39 percent above the federal poverty level, but the SSI/SSP grant for an individual is 5.5 percent of above this level. The LAO option would reduce the couple's grant level to a level that would be about 21 percent above the poverty guideline. The average grant for a couple is currently \$1,399 per month. The option would save \$89 million General Fund in the budget year.
- **Reduce State-only SSI/SSP grants for immigrants by 10 percent.** Currently, the State-only SSI/SSP grants are \$10 less than regular SSI/SSP grant level. This option would reduce the grant levels by 10 percent, which would reduce the average grant by \$78 per month for an individual and \$138 per month for a couple. This option would save \$ 7 million General Fund in the budget year.
- **Eliminate CalWORKs grants for families over the 120 percent of poverty.** CalWORKs families above 120 percent of poverty generally have small grant levels (up to \$150 per month) but these families would be able to recoup up to 45 percent of the lost grant with additional food stamp benefits. The proposal would save \$37 million in the budget year.

**COMMENTS:**

CalWORKs families earning close to the 120 percent of poverty level are most likely working while on aid. If the proposed option were adopted, it may have a negative effect upon the CalWORKs work participation rate.

**PUBLIC COMMENT:**

There are no panelists for this item; this item has been placed on the agenda to provide an opportunity for the public to comment on the impact of the options listed above.