AGENDA
SUBCOMMITTEE NO. 1
ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER PATTY BERG, CHAIR

WEDNESDAY, APRIL 18, 2007
STATE CAPITOL, ROOM 444
1:30 P.M.

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: CASELOAD, PORTRAIT OF SERVICES FOR CHILDREN, AND CARE DELIVERY MODELS

BACKGROUND

Children and Family Services includes a continuum of programs designed to protect children from abuse, neglect, and exploitation, strengthen families, deliver services to children in out-of-home care, and support the adoption of children with special needs. These programs are operated by county welfare departments, and funded jointly with federal, state, and county resources.

The budget provides $5.1 billion ($1.7 billion General Fund) to support children and family services programs. Federal funding for these programs is provided by Social Security Act Titles IV-B, IV-E, XIX, and XX funding, as well as Temporary Assistance for Needy Families (TANF) funds.

Child Welfare and Foster Care Funding Sources

(dollars in millions)

		OTHER			
2006-07	**FEDERAL IV-E**	**FEDERAL**	**STATE**	**COUNTY**	**TOTAL**
Child Welfare Services	$827.3	$557.2	$778.6	$217.6	$2,380.3
Foster Care Grants	473.2	0.0	431.2	664.1	1,568.4
Foster Case Mgmt	37.9	0.0	27.9	9.8	75.6
KinGAP	0.0	0.0	107.7	32.0	139.7
Adoptions	47.5	0.0	59.7	0.5	107.6
AAP	282.3	0.0	291.8	97.3	671.4
Total	**$1,668.2**	**$557.2**	**$1,696.9**	**$1,021.3**	**$4,943.6**

		OTHER			
2007-08	**FEDERAL IV-E**	**FEDERAL**	**STATE**	**COUNTY**	**TOTAL**
Child Welfare Services	$841.1	$634.3	$714.0	$211.2	$2400.6
Foster Care Grants	465.1	0.0	419.5	659.6	1,544.2
Foster Case Mgmt	23.8	0.0	17.7	6.1	47.6

KinGAP	0.0	0.0	144.2	47.6	191.8
Adoptions	47.9	0.0	60.3	0.5	108.7
AAP	312.1	0.0	320.4	106.8	739.2
Total	**$1,690.0**	**$634.3**	**$1,676.1**	**$1031.8**	**$5,032.2**

Child Welfare Services (CWS). This program encompasses a variety of services designed to protect children from abuse, neglect, and exploitation. Services include Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement. Combined average monthly caseload for these programs is estimated to decline by 2.5 percent in the budget year, primarily due to an increase in Kin-GAP caseload, which reduces Permanent Placement services. Total funding for CWS increased by 0.9 percent, to $2.4 billion ($714 million General Fund).

Foster Care Program. The state's Foster Care Program provides support payments for children in out-of-home care, including foster homes, foster family agencies, residential treatment for seriously emotionally disturbed children and group homes. Average monthly foster care caseload is estimated to decrease by 4.4 percent, to 69,000 children. In recent years, group home and foster family agency caseload has been gradually increasing. Foster family homes caseload has been decreasing, primarily due to a shift to the Kin-GAP program. Total foster care funding is expected to decrease by 1.8 percent, to $1.6 billion ($449.7 million General Fund).

Kin-GAP and Enhanced Kin-GAP Programs. The Kin-GAP programs provide support to children in long-term stable placements with relatives. The projected average monthly caseload for both programs is 20,789 children, reflecting an increase of 21.7 percent. The Kin-GAP programs are funded with General Fund Maintenance of Effort (MOE) and county funds. Total funding for Kin-GAP increased by 37.3 percent, to $191.8 million MOE/county funds. The Kin-GAP increase results in a decrease in Foster Family Home and Child Welfare Services – Permanency Planning.

Adoptions Programs. The state's adoptions programs include the Adoptions Assistance Program (AAP) as well as other state and county efforts to improve permanency outcomes for foster children. The AAP provides subsidies to promote permanent placement of children who are older, members of sibling groups, have disabilities, or are otherwise difficult to place. Budget year AAP caseload is expected to be 77,600, an increase of 6.6 percent over current year. Total funding for AAP and other adoptions programs increased by 8.8 percent, to $847.9 million ($380.7 million General Fund).

PANELISTS

- Department of Social Services
- Legislative Analyst's Office
- Department of Finance

ISSUE 2: CURRENT PERFORMANCE AND STATUS OF FEDERAL REVIEW

BACKGROUND

Children and Family Services Review (CFSR). In 2002, the federal Administration for Children and Families (ACF) conducted a performance review of California's child welfare system for the first time. The performance review included two broad sets of evaluation criteria. Both sets of criteria contained seven separate subareas for review. The first part of the review, referred to as "systemic," focused on factors such as training, statewide data collection, and the state's quality assurance processes. The second part of the review focused on seven measurable outcomes within three broad areas: safety, well-being, and permanency of children involved in the system.

In 2002, California passed two of the seven systemic factors and failed all seven of the outcome measures pertaining to child safety, well-being, and permanency. As a result, the state was required to develop and implement a Performance Improvement Plan (PIP) in order to avoid penalties in the form of reductions in federal funding. The PIP outlined the degree of improvement that the state needed to achieve in order to avoid penalties, as well as a number of action steps that the state was required to take. The original PIP had 141 Action Steps and over 2900 tasks to be completed by June 30, 2005. As of June 30, 2005 per Region IX, the State successfully completed all PIP action steps and tasks.

As of July 2005, the ACF certified that the state had successfully met all seven of the systemic factors and completed those required action steps in the PIP. In April 2007, the ACF will review the state's performance on the other outcome measures (safety, permanency, and well-being) of the PIP. Although the final data that will be used for the April 2007 review are not yet available, the LAO has compared the state's performance for 2005 and 2006 using the latest available data. The following table summarizes the state's performance. As the chart on the following page shows, California has improved and is now passing in four of the seven safety, permanency, and well-being outcome areas. However, we continue to fail in three of those areas.

Child Welfare Services
California's Performance Improvement Status

Performance Outcomes	Performance Second Quarter 2005 Result	Performance Second Quarter 2005 Pass/Fail	Performance Second Quarter 2006 Result	Performance Second Quarter 2006 Pass/Fail
Safety				
(1) Children are protected from abuse and neglect (two goals)		**F**		**P**
Children with repeat maltreatment ↓	8.7%	P	8.4%	P
Maltreatment of children in foster care ↓	0.78	F	0.66	P
(2) Children are safely maintained in their homes		**F**		**P**
Children with repeat maltreatment ↓	22.6%	F	22.1%	P
Permanency				
(3) Children have permanency and stability in their living situations		**F**		**F**
Children who reenter foster care after exit ↓	10.7%	F	10.9%	F
Children/family reunified within 12 months ↑	68.2	P	68.2	P
Children adopted within 24 months ↑	29.3	P	29.7	P
Children with two or less placements in 12 months ↑	85.2	F	85.7	F
Timely establishment of permanency goals ↑	74.3	P	77.8	P
Proportion of children with goal of long-term foster care ↓	31.3	P	28.8	P
Well-Being				
(4) Children whose family relationships and connections are preserved		**F**		**P**
(5) Families have enhanced capacity to provide for their children's needs		**F**		**F**
(6) Children receive appropriate services to meet their educational needs		**F**		**F**
(7) Children receive adequate services to meet their physical and mental health needs		**F**		**P**

↑ ↓ Arrows indicate direction of desired performance improvement.

Next CFSR Review. California is scheduled for its next CFSR review in federal fiscal year 2007-08. The ACF has introduced a new data measurement method for determining the effectiveness of states' child welfare systems under the CFSR. Unlike the first CFSR, where states were compared to their performance on seven data measures, the next CFSR will include 17 separate elements, 15 of which are new to the CFSR process. As of February 7, 2007 the State has received ACF confirmation that it has passed 11 of the 14 federal outcome measures. The new CFSR measures will also need to be integrated into the state's oversight process, requiring changes in our state accountability system under AB 636.

Potential Penalty for PIP Failure. Federal penalties are assessed based on whether the state meets its goal for each outcome. For each goal not met, a penalty of one percent of the state's federal fund allocation is assessed beginning with federal fiscal year 2002. California's penalties have been held in abeyance pending the final review of the state's PIP, although interest (of 12.5 percent) and the penalties continue to accrue. The full penalty amount for the state's failure of the three outcome measures is estimated to be $25.8 million. Penalties could be applied as early as May or June 2007.

CWS Improvement Pilot Projects. Beginning in 2004-05, $13.7 million ($7.8 million General Fund) has been provided to 11 counties for pilot projects to improve their CWS outcomes. The pilots have focused on three methods for improving CWS delivery: (1) differential response intake, (2) standardized safety assessment, and (3) improving permanency and youth services. The success of these pilot projects will help improve outcomes measured by AB 636 and the CFSR.

2006-07 Funding to Further Improve Outcomes. The 2006 Budget Act included over $200 million in on-going funding targeted toward improving child welfare and foster care outcomes. The largest single piece of funding is $98 million ($61.4 million General Fund) provided to county welfare departments to fund needed outcome improvements identified in the counties' system improvement plans developed pursuant to AB 636. The funds are allowed to be used flexibly for local priorities. The County Welfare Directors Association conducted a survey of the twelve largest counties, which represents 79 percent of the funding, to determine how the funds are being spent. The overwhelming majority of the funds are being used by these counties to hire more social workers to reduce caseloads. Additional activities being funded include differential response, prevention services for at-risk children, services to emancipated youth and youth in out-of-home care, and family preservation and wraparound services. In addition, approximately $29.1 million ($13.1 million General Fund) was provided for county social worker training and to hire additional adoption caseworkers. It is still too soon to have data from the counties to determine if these investments are improving CWS outcomes.

The remaining funding was provided for efforts to help with the adoption of hard-to-place foster children, youth transitioning out of foster care, additional financial aid for foster youth attending college, Kinship programs, transitional housing, and the Title IV-E waiver. The DSS indicates that they have allocated much of this funding, but it is still too soon to see an impact on outcomes as a result of this funding.

AB 636, California Child Welfare System Improvement, and Accountability Act. In 2001, the Legislature passed the Child and Family Welfare System Improvement and Accountability Act (AB 636, Steinberg) to replace the state's process-driven county compliance review system with a new system focused on results for children and families. Using the federal CFSR standards as a starting point, AB 636 established a framework for measuring county performance and monitoring improvement in ensuring the safety, permanence, and well-being of children. However, AB 636 also added outcome measures and requirements that were important to California.

Starting in January 2004, counties began engaging their communities in examining performance and developing specific plans for system improvement. In this initial self-assessment phase, counties examined their strengths, service gaps, and needs based on the outcome measure data. Each county prepared and submitted a self-improvement plan to the department and began implementing new practices and policies designed to improve their performance. The system is structured as an ongoing quality improvement program, with each county monitoring its quarterly performance data and adjusting its approach accordingly.

Counties have also been participating in peer quality case reviews focused on areas needing improvement. In these focused reviews, neighboring counties partner with the department to review a random sample of cases and interview social workers to generate qualitative in-depth analysis of case results while promoting best-practice sharing among counties.

BUDGET REQUESTS

1. The DSS requests $702,000 ($351,000 General Fund) and five positions to establish a new unit to support federally required CFSR activities. In the last federal CFSR, DSS redirected staff to complete the tasks associated with the Statewide Self Assessment but was not able to maintain this redirection to continue work on the PIP. The DSS still does not have the dedicated staff to perform the next self assessment for the 2008 CFSR. The two existing limited-term positions provide targeted technical assistance to counties to implement system changes and improve outcomes in high priority areas. Based on federal statute, the CFSR reviews will occur every three years. The budget also includes a request to make two limited-term positions related to AB 636 implementation permanent.

2. The proposed Governor's budget includes $941,000 ($198,000 General Fund) and seven positions to provide state leadership, oversight, and technical support to counties who are working to improve children's programs. The DSS request includes $941,000 ($198,000 General Fund) and seven positions to provide state leadership, oversight, and technical support to counties who are working to improve children's programs. The DSS notes that a significant investment in local child welfare services was made in 2006-07, but no commensurate increase in state support for these local activities was provided. The positions would be used for the following activities:

Increase Child Safety – Two positions would assist counties in the implementation of the Standardized Safety Assessment System and Differential Response, monitor counties' performances, and assist counties in improving these outcomes.

Improve Permanency – Four existing limited-term positions would be made permanent to provide on-going leadership, oversight, and program expertise to social services and mental health partners at both the state and local levels in order to assure that counties meet the requirements of the Mental Health Services Act (MHSA). The DSS also requests $300,000 in MHSA funds to contract for wraparound training and technical support to counties.

Improve Well-Being – One position would develop and disseminate, in collaboration with the Department of Mental Health, mental health and developmental screening tools for use by physicians to see foster children, provide instruction and consultation to county staff to ensure accurate and adequate documentation of the results of mental health and developmental screens, assessments, and treatment services, and provide on-site county consultation and technical assistance.

PANELISTS

- Department of Social Services
- Legislative Analyst's Office
- Department of Finance

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ISSUE 3: RATES FOR RELATIVES AND FOSTER FAMILIES

BACKGROUND

The state has four major foster care placements:

Foster Care Placements	
Placement Type	**Description**
Foster Family Homes	♦ A residential facility that serves no more than six foster children. ♦ Provides 24-hour care and supervision in a licensee's home. ♦ Foster care grant may be supplemented for care of children with special needs.
Foster Family Agency Homes	♦ Homes operating under nonprofit foster family agencies, which provide professional support. ♦ These placements are required by law to serve as an alternative to group home placement.
Group Homes	♦ A facility of any capacity that provides 24-hour non-medical care, supervision, and services to children. ♦ Generally serve children with more severe emotional or behavioral problems who require a more restrictive environment.
Kin-Gap	♦ Considered an exit to the foster care system. ♦ Provides support to children in long-term stable placements with relatives. ♦ Relatives are expected to provide 24-hour care and supervision. ♦ No supplemental payments for children with special needs. ♦ Funded with Federal TANF/ State TANFMOE General Fund.

The caseload figures from 2006-07 as provided by the department are:

Foster Care Facility Placements	Caseload
Foster Family Home	42,359
Foster Family Agency	19,846
Group Home	11,437
KIN-GAP	14,815

RATE LEVELS

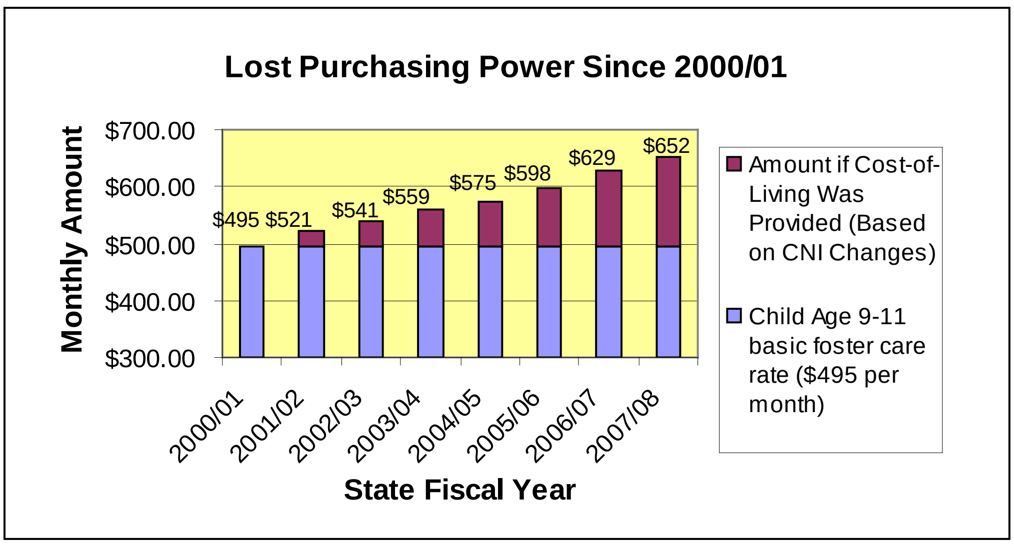
- Foster family homes rates range from $425 to $597 based on the age of the child.
- Non treatment foster family agencies rates range from $414 to $580 based on the age of the child.
- Treatment foster family agency rates range from $1,589 to $1,865 based on the age of the child.
- Intensive treatment foster care program rates range from $2,985 to $4,476 based on service levels provided.
- Group home rates range from $1,454 to $6,371 based on the levels of care and services provided.

REQUEST FOR RATE ADJUSTMENT

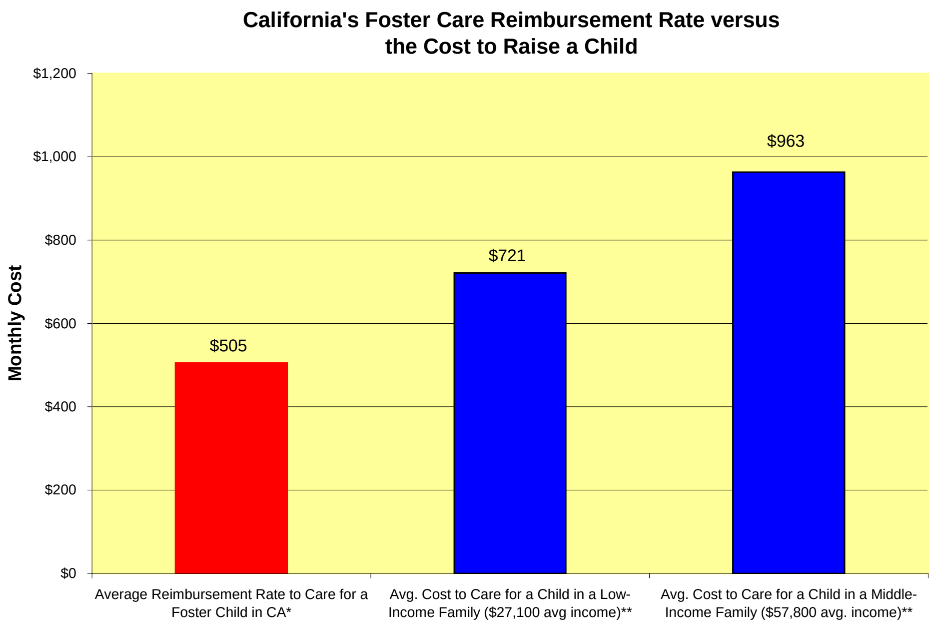
The County Welfare Directors Association (CWDA) is proposing an increase in the "basic" board and care rate paid to care for foster children. Foster parents have not received a rate increase in over six years (the last increase of 4.85 percent was provided in July 2001). This proposal requests a 5 percent rate increase effective January 1, 2008, and bases future increases on percentage changes in the state cost-of-living based to the California Necessities Index. The CWDA states that this would enable foster caregivers - including relatives, non-related extended family members, licensed foster families, and adoptive parents - to provide a nurturing and supportive home to foster and adopted children in their care.

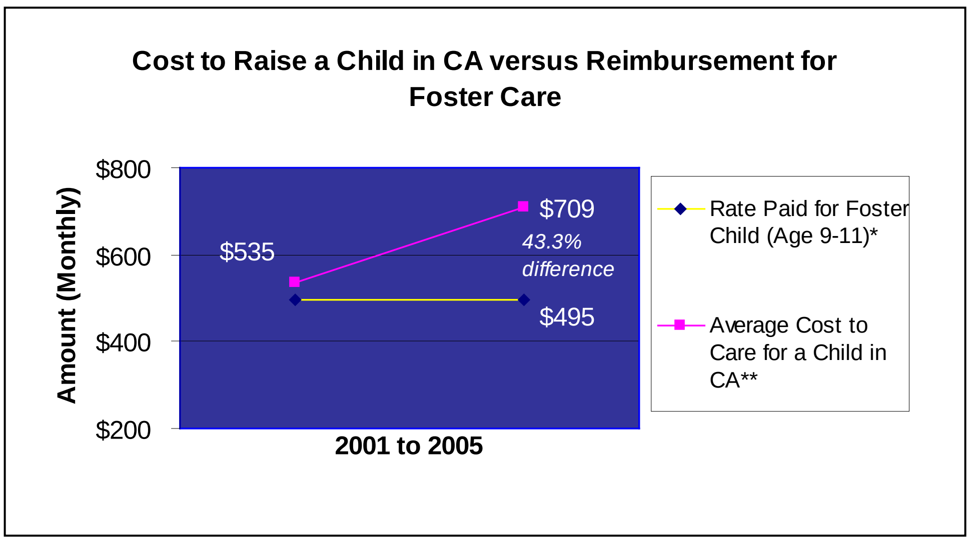
The CWDA states that the rate to cover basic expenses of caring for a foster child—housing, food, utilities, and basic transportation—has not kept up with inflation. California's cost of living has increased steadily while reimbursement for basic board and care has moved in the opposite direction. Lost purchasing power is estimated to be over 24 percent by July 2008.

State Fiscal Year	CNI	Child Age 9-11 basic foster care rate	Rate if COLA was provided	Loss of purchasing power since 01/02
2000/01		$495.00		
2001/02	5.31%	$495.00	$521	5.04%
2002/03	3.74%	$495.00	$541	8.47%
2003/04	3.46%	$495.00	$559	11.53%
2004/05	2.75%	$495.00	$575	13.89%
2005/06	4.07%	$495.00	$598	17.26%
2006/07	5.19%	$495.00	$629	21.34%
2007/08	3.70%	$495.00	$652	24.12%



CWDA contends that California pays $425 to $597 per month, or $505 on average (basic rate), to care for a foster child, while the average cost to care for a child is between $721 and $963 per month. The minimal costs to raise a child, based on more specific California-data where available, now exceeds the foster care board and care rate by over 43 percent: Fewer supports have led to a steady and precipitous decline in available foster families. Whenever possible, foster children are placed into a family home environment and with a family capable of meeting the child's needs. Unfortunately, lack of adequate supports drives many foster caregivers away and hurts counties' ability to recruit and retain high quality caregivers.


California's Foster Care Reimbursement Rate versus the Cost to Raise a Child
Monthly Cost
$1,200
$1,000
$800
$600
$400
$200
$0
$505
$721
$963
Average Reimbursement Rate to Care for a Foster Child in CA*
Avg. Cost to Care for a Child in a Low-Income Family ($27,100 avg income)**
Avg. Cost to Care for a Child in a Middle-Income Family ($57,800 avg. income)**


Cost to Raise a Child in CA versus Reimbursement for Foster Care
Amount (Monthly)
$800
$600
$400
$200
$535
$709
43.3% difference
$495
2001 to 2005
Rate Paid for Foster Child (Age 9-11)*
Average Cost to Care for a Child in CA**

The department states that the last CNI percentage change on foster rates occurred on July 1, 2001, which was a 4.85 percent COLA was provided rather than the full CNI of 5.31 percent. The percentage changes in the CNI since 2001 are included below:

1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
2.36	2.96	5.31	3.74	3.46	2.75	4.07	3.75

PANELISTS

- Department of Social Services
- Legislative Analyst's Office
- Department of Finance
- Frank Mecca, County Welfare Directors Association
- Regina Deihl, Legal Advocates for Permanent Parenting
- California Alliance for Child and Family Services

ISSUE 4: RESIDENTIALLY-BASED SERVICES

BACKGROUND

Since 2004, the California Alliance of Child and Family Services has been working on a framework for a new system of Residentially-Based Services (RBS) designed to insure that group home placement is used judiciously, appropriately, and effectively. In order to obtain specific, affirmative outcomes that cannot be reached using services provided while a child or youth lives in a family setting in the community. The Alliance has worked with DSS and a group of stakeholders to further develop the framework, which is now available in a report released in February 2007. The report advances a framework for transforming the current system of group home care into a more comprehensive new system of child-centered RBS.

The RBS model has the following characteristics:

- Transitions group homes from a structured often long-term living environment for children who have experienced multiple failed placements in foster family homes to an intensive short-term intervention tasked with returning children to their own homes or to another permanent and stable family setting in as short a time possible.

- Intended to enhance services and expedite permanent family placement for children receiving group home care by reforming the way group homes are utilized, the range of services they offer and how they are reimbursed for these services.

- Authorizes the range of behavioral and/or therapeutic interventions necessary to overcome major obstacles to children living in their own homes or other stable family setting, including two new and critical categories of services, which group homes are now not authorized or funded to provide: (1) Family support services while the children are in the program to prepare families to be able to successfully care for the children when they are discharged; and (2) Post-discharge services necessary to ensure that children are able to remain with their families after they leave the group living arrangement.

Strengths of Proposal. The department cites the following attributes of the RBS model:

- Moves in a positive direction by identifying some specific service delivery objectives, multidisciplinary placement planning, and outcome driven objectives that are aligned with current CWS outcomes through AB 636.

- Focuses on innovative strategies in-group care through creation of performance based agreements between counties and providers.

- Focuses on service delivery and outcomes, collaborative engagement with counties to develop flexible funding strategies, and service expansion into communities and diversification of service offerings.

REQUEST FOR RATE ADJUSTMENT

The California Alliance of Child and Family Services (Alliance) is requesting that the Subcommittee consider an update of the foster care rate methodology as a whole. The Alliance states that six years without any new funding has been devastating for foster families and caregivers. In order to stabilize the foster care system, the Alliance argues that it is essential that there be an update to the foster care payment methodology to address unavoidable costs associated with minimum wage changes, payroll tax increases, higher benefit costs, caregiver recruitment/retention and specialized care requirements.

The Alliance states that the payment methodology update will cost an estimated $22 million General Fund. The Alliance argues that this augmentation is necessary to cover a 5 percent increase in the assumption used for entry level child care worker wages (from $7.83 to $8.22/hr) and a 20 percent increase in the assumption used for payroll taxes/benefits (20 to 24 percent of payroll). Together, these changes will increase overall group home rates by 5 percent. The funding will also cover a similar 5 percent increase in rates paid to foster family agencies ($1697 to $1782/mo on average) and county licensed foster parents ($495 to $520/mo plus a 5 percent change in the special needs increment on average). "These General Fund costs can be offset by concurrent savings accrued from the decline in group home and foster family placements. Last year, CWS group home placements dropped by 7.9 percent and probation placements fell 4.8 percent. Placements in other foster care settings were also reduced by 3.4 percent. Assuming that this trend continues into 2007/08, reduced utilization will save the General Fund nearly $16 million per year. To the extent that some of the longer term projects can be rolled into this year’s agenda, even greater savings will accrue."

REQUEST FOR TRAILER BILL ADJUSTMENT

Additionally, the Alliance has asked the Subcommittee to adopt placeholder trailer bill language to extend a small flexibility provision on RCL rates into the budget year. This language is currently under consideration with staff.

PANELISTS

- Department of Social Services
- Legislative Analyst's Office
- Department of Finance
- California Alliance for Child and Family Services

ISSUE 5: KATIE A. LAWSUIT

BACKGROUND

Katie A. v. Bonta is a class action lawsuit filed in July 2002 against Los Angeles County, including the Department of Children and Family Services (DCFS), and the State Departments of Health Services and Social Services, challenging the longstanding practice of keeping children who are in the foster care system, or at risk of removal from their families, and have mental health needs in congregate care, group homes or other institutions instead of providing services that would enable them to stay in their own homes and communities. The suit seeks to ensure that the State and counties provide critical mental health services and behavioral supports to tens of thousands of Medi-Cal eligible children in order to prevent their removal from families or bouncing from placement to placement while their emotional health and stability deteriorate.

The lawsuit asks to expand the existing Medi-Cal funded Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) program to include “wraparound services” and “therapeutic foster care.” On March 14, 2006, the court issued a preliminary injunction mandating that wraparound services and therapeutic foster care be provided to all foster children who have an identified mental health need. The State has appealed the injunction to the Ninth Circuit Court of Appeal. On October 24, 2006, the court heard arguments regarding the injunction. At the hearing, the parties told the Ninth Circuit that there is an “informal stay” of implementation efforts pending the outcome of the hearing.

On March 23, 2007, the 9th Circuit issued its ruling. The 9th Circuit held that the district court abused its discretion by relying on an erroneous legal standard of the federal Medicaid statute in granting the preliminary injunction. The injunction was reversed, and remanded to Judge Matz. The 9th circuit said that "(t)he court should have examined whether all required component services under Sect. 1396d(a) of the Medicaid Act were already being supplied. If all mandated services, are being supplied effectively, the State is not obligated to go further and package the services as wraparound and therapeutic foster care.

CMS has written a letter that explains the federal position on Medicaid funding for the services requested by plaintiffs, which the State submitted as part of its appeal. CDSS continues with the statewide program development of wraparound as part of our regular oversight responsibility using workgroups, technical assistance and training. Implementation activities are jointly connected to the Mental Health Services Act (MHSA) that requires all counties to explore the feasibility of establishing a wraparound program.

The current number of counties with SB 163 wraparound is 35. Six more counties are actively planning to develop a program. All but one of these new wraparound counties are a direct result of the MHSA.

LOS ANGELES COUNTY SETTLEMENT

Los Angeles County settled its portion of the suit in July 2003. As a part of the Settlement Agreement, the County closed MacLaren Children's Center in May 2003 and entered into a formal agreement to provide services to children and youth in LA County. The Court retains jurisdiction to enforce the Settlement Agreement until the case is dismissed pursuant to the terms of the Agreement.

The Agreement also established an Advisory Panel of 6 national child welfare and mental health experts to both monitor the County's progress in meeting its obligations under the Agreement as well as to advise and assist the County in its implementation efforts. The Advisory Panel makes routine visits to Los Angeles and provides the Court with periodic reports on the County's progress towards the Settlement objectives and an assessment of whether the County has satisfied its obligations under the Agreement. The Advisory Panel has issued six reports to the district court to date.

The primary objectives of the Settlement Agreement are to ensure class members promptly receive necessary, individualized mental health services in their own home, a family setting or the most homelike setting appropriate to their needs; receive the care and services needed to prevent removal from their families or dependency or, when removal cannot be avoided, to facilitate reunification, and to meet their needs for safety, permanence, and stability. One specific requirement of the Agreement was to expand wraparound services.

LA County DCFS and the Department of Mental Health developed a joint plan to fulfill the County's obligations under the Settlement Agreement in October 2005.

PANELISTS

- Department of Social Services
- Legislative Analyst's Office
- Department of Finance
- Patrick Gardner, National Youth Law Center
- Los Angeles County

ISSUE 6: KIN-GAP

BACKGROUND

The 2006-07 Budget increased funding by $8 million (state General Fund) to provide kin care providers additional support in a specialized care increment to meet a child's special needs and clothing allowance currently only available in foster care placement. This action also extended eligibility for kin care assistance to certain probation youth who have been living with a relative for at least 12 months. The 2006 budget also approved $2.5 million (state General Fund) to expand Kinship Support Services and allow all counties to apply for KSSP funding.

The proposed Governor's Budget includes trailer bill language that would eliminate the Kinship Guardian Assistance Payment Program Plus (Kin-GAP Plus). In addition, the County Welfare Directors Association (CWDA) has identified two additional issues with implementation of the Kinship Guardian Assistance Payment Program (Kin-GAP) for the Subcommittee's consideration.

Kinship Guardian Assistance Payment Program (Kin-GAP): The Kin-GAP program is intended to enhance family preservation and stability by recognizing that many foster children are in long-term, stable placements with relatives and that these placements are the permanent plan for the child. Accordingly, a dependent child who has been living with a relative for at least twelve months may receive a subsidy if the relative assumes guardianship and the dependency is dismissed. Kin-GAP rates are equal to 100 percent of the basic foster care rate for children placed in a licensed or approved home.

Kinship Guardian Assistance Payment Program Plus (Kin-GAP Plus): The Kin-GAP Plus program was established in the 2006 budget trailer bill as a voluntary alternative to the existing Kin-GAP program. The goals of the Kin-GAP Plus were the same as those of the "regular" Kin-GAP Program, but the eligibility was expanded to include certain probation youth who have been living with a relative for at least twelve months. As with "regular" Kin-GAP, the Kin-GAP Plus rates are also equal to 100 percent of the basic foster care rate for children placed in a licensed or approved home, but are increased by a clothing allowance and, if eligible, by a specialized care increment. These rate adjustments provide relative caregivers parity with the amounts that foster families receive.

The Kin-GAP Plus program was intended to be funded as a non-TANF/MOE (Temporary Assistance for Needy Families/Maintenance of Effort) program (i.e., as a state-only program), in order to avoid inclusion of these families in the calculation of the state's work participation rate for CalWORKs pursuant to the federal Deficit Reduction Act of 2005. However, it was determined that there would be problems providing child support and Medi-Cal benefits because of the state-only nature of the program. Therefore, this program is proposed to be eliminated in the trailer bill.

Enhanced Kinship Guardian Assistance Payment Program (Enhanced Kin-GAP): The Enhanced Kin-GAP program replaced Kin-GAP Plus. Its goals and enhanced funding are identical to Kin-GAP Plus, but the source of funding is TANF/MOE. This shift in the funding source allows Enhanced Kin-GAP participants to remain eligible for Medi-Cal and child support.

Enhanced Kin-GAP Clean-up Issues: The CWDA has identified two issues with implementation for possible legislative clean-up.

1. County Sharing Ratio for Clothing Allowance: The trailer bill lacked sufficient clarity on the 100 percent General Fund share of the state clothing allowance add-on to Kin-GAP.

2. Statutory Exclusion from Clothing Allowance: Three counties, Tehama, Plumas, and Colusa, are excluded by statute from providing the state clothing allowance. Adding these counties would cost less than $15,000 General Fund per year.

PANELISTS

- Department of Social Services
- Legislative Analyst's Office
- Department of Finance
- County Welfare Directors Association

ISSUE 7: BUDGET METHODOLOGY, CASELOAD REDUCTION, AND PROGRAM IMPROVEMENT

BACKGROUND

Although statute requires the Department of Social Services to provide the Legislature with an updated budget methodology for child welfare services by February 1, 2007, this methodology has not yet been provided. The department states that the report remains under administrative review in the Governor's office. Funding for the CWS program comes from a variety of state, federal, and local sources. Listed below are the main components of state funding for core CWS.

- CWS Base Funding. The state currently allocates base funding to CWS by applying caseload standards (that is, number of cases handled by a caseworker) to average monthly case counts to determine the number of workers necessary to provide services in the program. The current methodology uses caseload standards agreed upon in 1984.

- Hold Harmless Funding. In preparing the budget for CWS, DSS adjusts funding upward when the caseload increases, but does not adjust funding downward when the caseload declines. The practice of not adjusting the budget to reflect caseload decline is known as the “hold harmless” approach and provides substantial additional funding to counties with declining caseloads.

- CWS Augmentation. The Legislature has been concerned about the size of social worker caseloads and its effect on services. As a result, the Legislature established the CWS augmentation in 1998, increased the amount available in 2000, and added an additional $98 million in 2006-07 to be continued on an ongoing basis. There is no county matching requirement for these funds.

Child Welfare Services Workload Study (SB 2030) Findings: In 1998, the Department of Social Services commissioned the SB 2030 study of counties' caseloads. At the time, the study concluded that for most categories the caseloads per-worker were twice the recommended levels. According to the study, it was difficult for social workers to provide services or maintain meaningful contact with children and their families because of the number of cases they were expected to carry. The report also found that the 1984 standards used by the state were based on outdated workload factors, and did not reflect any additional responsibilities that had been placed on social workers by the state and federal governments.

These findings and the minimal and optimal social worker standards proposed by the report have been included in budget discussions regarding staffing standards since the report's release. However, due to the state's budget shortfalls, the department has continued to use the 1984-workload standards, instead of the minimal and optimal standards, as the basis for allocating funds to counties for child welfare services staff. Although the 1984 workload standards are still in use, additional funding of approximately $478.4 million ($232.7 million General Fund) has been provided in recent years to move closer to SB 2030 standards.

The human services trailer bill for the Budget Act of 2005 requires DSS to report annually at budget hearings on how close the state is to achievement of the SB 2030 standards.

Child Welfare Services (CWS) Budget Methodology: As part of the budget process last year, discussions occurred about whether to place the SB 2030 standards in statute with a timeline for achieving them. Instead, the final Budget Act of 2006 provided $98 million ($61.4 million General Fund) that could be used for local priorities, including hiring social workers It also required the Department of Social Services to lead a workgroup, including the California Welfare Director's Association, legislative staff, and members of organizations representing social workers, to develop a methodology for budgeting the child welfare services program to meet statutory program requirements and outcomes taking into account the SB 2030 standards. Moreover, the legislation requires that the revised methodology be incorporated into the May Revision of the Governor's budget for implementation in 2007-08.

As part of that process, the DSS consulted with the University of California, Davis, Center for Public Policy Research, to conduct an independent review of research including other states' caseload standards. The research showed that California's caseloads are higher than most other states, and it found that the SB 2030 study to be the most extensive and highly regarded effort to date to measure appropriate workload in child welfare.

The department states that the draft report identifies the multiple funding sources that make up CWS, recognizes the improved CWS program efforts and outcome in California since inception of Federal and AB 636 outcome measures, analyzes the SB 2030 study and considers UCD findings, and makes conclusions and recommendations for future funding level adjustments and methodologies. The department also states that the report does not address the cost-of-doing business issue, but does recognize the impact of that decision.

LAO RECOMMENDATION

Because the details of the administration's proposal are not yet available, the LAO was not able to comment on the proposed changes. However, the LAO recommended that the Legislature consider the following questions in assessing this proposal:

- *How Does the Plan Adjust for the Effects of the Hold Harmless Policy?* County funding through the hold harmless policy varies widely. Some counties may already have significantly lower caseload ratios as the result of hold harmless gains, and as a result, may reach recommended caseload standards with less additional funds. It would be more cost effective for the state to target its resources on counties with the greatest caseloads per worker than to provide increases regardless of current county caseloads.

- *Does the Proposal Connect Funding and Performance on Outcome Measures?* Chapter 75 states that the $98 million for outcome improvement "be linked to improved outcomes." Given the Legislature's interest in outcome improvement, does the proposal link the allocation of funds to a county's CWS outcomes?

PANELISTS

- Department of Social Services
- Legislative Analyst's Office
- Department of Finance
- County Welfare Directors Association
- Service Employees International Union
- Association of Federal, State, County, and Municipal Employees
- National Association of Social Workers

ISSUE 8: TRANSITIONAL HOUSING

BACKGROUND

Last year's budget increased funding for the Transitional Housing Placement Program Plus (THHP) by $4 million (state General Fund) by eliminating the county share of cost for the program. The proposed Governor's Budget includes $29.3 million ($18.9 million General Fund) for THPP. The THPP was augmented in the 2006 Budget Act by $4.2 million General Fund and the county share of cost for the program was removed. These changes led to greater than expected growth in the program in the current year. The 2007-08 estimate of total costs will be recalculated at the May Revision.

The Transitional Housing Placement Program (THPP) provides housing assistance to emancipating foster youth aged 16 to 24. Prior to last year, counties had a 60 percent share of cost for THPP services provided to children 18 and older. Once the share of cost was removed, county interest in participation expanded more quickly than anticipated. The administration is pursuing legislation to provide an augmentation to the program in the current year of $11.9 million General Fund to meet this additional demand by the counties for resources. That bill is AB 845 (Bass).

Each year, approximately 5,000 youth emancipate from the foster care system in California; many leave without the resources, skills, or abilities to find safe housing and support. These youth are at a critical juncture and may become homeless, out of school, unemployed, and receive CalWORKs or, with housing and other support, become healthy and productive citizens.

Overview of the Transitional Housing Placement Program (THPP) and Transitional Housing Placement-Plus (THP-Plus).

THPP

- The THPP is a transitional housing placement opportunity for foster and probation youth ages 16 to 18 who are currently in the child welfare system.

- The program's goal is to provide a safe living environment so that youth can practice the skills necessary to live on their own after leaving foster care.

- Participants may live alone with departmental approval, with roommates in apartments, and in single-family homes. Supportive services are provided by THPP agency staff, county social workers, and Independent Living Program (ILP) Coordinators or by contracted providers.

- The placement is licensed by the CDSS Community Care Licensing Division.

- The youth receive educational guidance, employment counseling, and assistance in reaching emancipation goals as outlined in their Transitional Independent Living Plan (TILP).

THP-PLUS

- The THP-Plus is a transitional housing placement opportunity for former foster youth ages 18 to 24 who have emancipated from the child welfare system.

- The program's goal is to provide the least restrictive, safe living environment while helping youth achieve self-sufficiency by learning life skills.

- Participants may live alone with departmental approval, with roommates in apartments, and in single-family homes. Supportive services are provided by THPP agency staff, county social workers, and ILP Coordinators or by contracted providers.

- The placement is certified by the county to meet health and safety standards.

- Services include: educational guidance, employment counseling, and assistance in reaching life goals as outlined in the participant's Transitional Independent Living Plan (TILP).

- The number of participating counties for FY 07/08 has increased significantly due to the elimination of the county share of cost.

Counties participating include:

For FY 2006/2007:
- Twenty-nine counties are providing THPP services.
- Five counties are providing THP-Plus services
- Projected number of youth to be served by both programs is 550

For FY 2007/2008:
- Thirty-three counties will provide THPP services.
- Forty-five counties will provide THP-Plus services.
- Projected number of youth to be served by both programs is 1990.

PANELISTS

- Department of Social Services
- Legislative Analyst's Office
- Department of Finance
- John Burton Foundation

ISSUE 9: DEPENDENCY DRUG COURTS

BACKGROUND

Dependency Drug Courts (DDC) monitor families who are involved with the child welfare system and for whom substance abuse is a significant issue. These courts oversee compliance with the law, protection and permanency planning for children and therapeutic interventions for individuals with substance abuse problems. In California and in other states, dependency drug courts have been determined to have important positive effects on child welfare case outcomes. Under contract to the California Department of Social Services (CDSS), UCLA completed in 2006 a comparative analysis of dependency drug courts in three California counties, assessing case outcomes and cost avoidances.

Since 2004, the department has provided technical assistance and staff support to the Judicial Council's Collaborative Justice Advisory Committee and to local efforts to test and disseminate these practices. With the Department of Alcohol and Drug Programs, the DSS is planning the next phases of DDC expansion and evaluation of prospective data. Approximately 20 additional counties will be funded under the expansion.

Last year's budget increased funding for Dependency Drug Courts by $3 million (General Fund) above the Governor's May Revision amount of $2.1 million (General Fund) to expand the program to additional counties. $1.8 million of dependency drug court funds for FY 2006-07 was allocated July 1, 2006, for the original 9 counties: El Dorado, Modoc, Merced, Orange, Sacramento, San Diego, San Luis Obispo, Santa Clara, and Santa Cruz. An additional $3 million was awarded to 8 additional counties via a competitive bid process. The counties awarded the $3 million are Butte, Lake, Los Angeles, Riverside, San Bernardino, San Francisco, San Joaquin, and Tehama.

PANELISTS

- Department of Social Services
- Department of Alcohol and Drug Programs
- Legislative Analyst's Office
- Department of Finance
- Sanford Robinson, Director - Specialized Treatment and Recovery Services - Sacramento (STARS)

ISSUE 10: DEFICIT REDUCTION ACT IMPACTS AND IV-B

BACKGROUND

The Deficit Reduction Act (DRA) of 2005 - Amended Title IV-E of the Social Security Act to tighten the rules concerning reimbursable administrative and maintenance payment costs for eligible foster care. New restrictions include:

- Counties may only claim Federal Financial Participation (FFP) for the allowable administrative costs for an otherwise Title IV-E eligible child placed in foster care with a relative for whom approval is pending for a specific time period prior to approval. Impact: Unknown. California has requested up to six months for the pending approval time period and is waiting for federal response. Impact could be minimal if request is granted.

- FFP for allowable administrative costs cannot be claimed for more than one calendar month that immediately precedes the month in which an otherwise Title IV-E eligible child moves from a federally ineligible facility (e.g. hospital, juvenile hall), into an eligible foster family home or child care institution. Impact: Child Welfare and Probation Agencies will receive less funding for administrative activities conducted on behalf of children in their care

- Title IV-E administrative costs for candidates for foster care during the period they were residing in the home of removal are allowed provided specified conditions are met including documenting at least every 6 months that the child is at imminent risk of removal from the home. Impact: Adds a new requirement to re-determine foster care candidacy every six months.

- Eliminated the Rosales expansion and reiterates the original federal requirement that the child's eligibility is based upon the AFDC eligibility of the original home of removal as the program was in effect on July 16, 1996. The effective date of the elimination is June 9, 2006, rather than the date of February 8, 2006, as set forth in the DRA. Impact: Fewer children will be federally eligible. These children may be eligible for a CalWORKs grant, which is substantially less than a foster care grant.

- Clarifies that a child must meet the AFDC eligibility criteria (as it existed on July 16, 1996) at the time of his or her removal from the home for Adoption Assistance Program eligibility. Impact: Improves administrative efficiency. Previously, a child had to meet the AFDC eligibility criteria at the time the adoption proceedings were initiated in addition to the initial determination.

PANELISTS

- Department of Social Services
- Legislative Analyst's Office
- Department of Finance

ISSUE 11: IV-E WAIVER UPDATE

BACKGROUND

The proposed Governor's Budget includes $180,000 ($90,000 General Fund) and 1.5 limited-term positions to provide state administrative oversight and evaluation activities related to the development and implementation of the Title IV-E waiver.

On March 31, 2006, the federal government approved the state's request to waive certain provisions of Title IV-E under a IV-E waiver demonstration project. Under the terms of the waiver, up to 20 counties may participate, using federal funds for services that would normally not be eligible for federal reimbursement. The purpose of the waiver is to encourage and allow the use of innovative strategies or intensive services in order to prevent or limit placement in foster care. Two counties have chosen to opt into the waiver, Los Angeles and Alameda. These two counties account for 37 percent of the child welfare caseload.

In exchange for flexibility in use of the federal Title IV-E funds, participating counties will receive a capped allocation. This allocation, combined with the state's General Fund contribution, comprises the total amount available to the counties to fund child welfare and foster care services. The participating counties may not claim more that this annual allocation. Any unspent allocation will be available to the county in the subsequent year; conversely, and county expenditures in excess of this allocation must be absorbed by the county. The state's agreement with the federal government allows the funding amount for the counties to increase by two percent each of the five years of the waiver period.

LAO RECOMMENDATION

In their 2007-08 Budget Analysis, the LAO recommends that the Legislature adopt budget bill language that establishes a reserve fund and sets out conditions for its use. This reserve is intended to mitigate the fiscal risk posed to counties participating in the waiver and any potential safety risk to children that might result from a spike in caseload.

2007-08 BUDGET REQUEST

The DSS is requesting $180,000 ($90,000 General Fund) and 1.5 limited-term positions to provide state administrative oversight and evaluation activities related to the development and implementation of the Title IV-E waiver. The DSS notes that the different funding mechanism will require significant systems changes to the current budgeting, allocation, and claiming processes resulting in additional fiscal and accounting workload. In addition, the DSS cites a number of legal activities that might develop as a result of the waiver.

PANELISTS

- Department of Social Services
- Legislative Analyst's Office
- Department of Finance
- Los Angeles County

ISSUE 12: CHAFEE GRANTS

BACKGROUND

The California Chafee Educational and Training Voucher Program (ETV) provides resources specifically to meet the educational and training needs of youth aging out of foster care. Youth can be awarded up to $5,000 per school year and money does not need to be paid back. The awards are intended to supplement, not supplant, any grant funds that the student may otherwise be entitled to receive. The total grant funding may not exceed the student's cost of attendance.

To qualify, the youth must have been in foster care between the ages of 16-18 and have not reached their 22nd birthday as of July 1 of the award year. In addition to be used for educational expenses, the funding can be used for child care, transportation and rent.

The student must be enrolled in an eligible career or technical school or college course of study for one year or at least half time and must maintain satisfactory academic progress to continue receiving the grants. The satisfactory academic progress is determined by the school or college.

The award selection priority order is as follows:

- Renewal students
- Students aging out of the program
- Students who have dependents
- Students who have unmet needs beyond financial aid eligibility

This year's ETV award amount is $13,788,697, which includes $8,088,697 federal funds and $5,700,000 state general funding. In FY 06/07, to date, a total of 2,643 youth have received ETV awards of which 1,463 were new students.

The 2006 Budget increased funding by $5.7 million (General Fund) to fund additional financial aid for foster youth attending two-year or four-year colleges under the Chafee Scholarship program. The increased funding provided through the state general fund has resulted in the current elimination of the waiting list of eligible youth. This increase was intended to fully fund all eligible foster youth in the first wave of application, however subsequent years were not addressed.

The DSS reports that the status of the contract with the California Student Aid Commission is that it has been approved effective April 2007. It is now a three-year contract and the process has been restructured to allow two years to spend the federal grant rather than the one year previously provided.

When asked if the funds can flow directly to the California Student Aid Commission, the DSS responded that according to the Social Security Act, Section 471, the department is the single agency with authority to receive federal Title IV-E funds through the approval of the State Plan. Therefore, no other agency could receive direct funding through Title IV-E. However, the department does have the authority to pass-through the funds.

PANELISTS

- Department of Social Services
- Legislative Analyst's Office
- Department of Finance
- California Student Aid Commission
- California Youth Connection, Jennifer Rodriguez, Legislative and Policy Manager

ISSUE 13: PAARP RATE PROPOSAL

BACKGROUND

The California Alliance for Child and Family Services, joined by the County Welfare Directors Association, is proposing an increase in the rate for the Private Adoption Agency Reimbursement Program (PAARP) from $5,000 to $10,000 per case.

The California Alliance of Child and Family Services represents more than 150 nonprofit agencies that provide an array of services and support to vulnerable children and families throughout the state. The Alliance states that currently 54,000 children could remain in long-term foster care and age out without a chance for a permanent family. Only 7,103 children were adopted out of foster care this past year. Private non-profit adoption agencies finalized 2,217 of those adoptions, representing almost one-third of all adoptions of foster children in the state.

The Alliance argues that non-profit private adoption agencies are losing on average $5,000 per adoption of each foster child. According to CDSS, no new agencies have applied to participate in the PAARP program in the past three years. Non-profits want to finalize more adoptions, but they are limited in their growth because they cannot sustain continued losses.

The County Welfare Directors Association strongly supports an increase in PAARP because non-profit private adoption agencies specialize in finding permanent homes for children with high needs. Often, these are children who are medically fragile, have had severe trauma and abuse, have developmental delays from prenatal exposure, or who belong to a sibling set. These factors require more intensive recruitment for the right families willing to love and nurture children with special needs.

The proponents of this proposal state that the following factors make this proposal compelling to address basic needs of the program:

- *Cost to Recruit Adoptive Parents Has Increased:* The recent commitment of California's child welfare system to find permanent families for foster children of all ages who have been traumatized by abuse, abandonment or neglect results in more extensive and costly recruitment to find prospective families and higher training and support costs to prepare families.

- *Concurrent Planning Increases Costs:* In Concurrent Planning cases, foster children are placed with potential adoptive parents who know they will be able to adopt the child only if reunification fails. Recruitment, training and support for potential adoptive parents, willing to become attached to a child without the security of knowing they will be able to adopt, is much more difficult and therefore more expensive.

- *No Increase in Reimbursement Rate for Seven Years*: It is expensive to recruit and train staff to do adoption specialty work. The salaries and benefits paid social workers in private adoption agencies is much lower than in public agencies. Lower compensation creates higher staff turnover, which in turn, creates higher costs to train and retain adoption competent staff.

- *Facility Costs Have Increased:* Facility costs are particularly expensive in metropolitan and coastal counties where many foster youth reside. Utilities and insurance have risen dramatically.

Increasing the PAARP payment is projected to cost the state an additional $2,650 per child because the federal share of cost is 47 percent. The State's share of 53 percent amounts to an increase of approximately $5.6 million. However, the Alliance contends that this increase is offset by three factors: 1) Increased adoptions could allow California to receive federal incentive dollars of $6,000 per child and an additional $4,000 for each child over nine; 2) California will save $3,917 in foster care payments, court costs and social work for each year an adopted child would have been in foster care; and 3) the State will save $2,746 per year in Medi-Cal costs for each child (CDSS Adoptions Cost/Benefit Analysis). Also, PAARP is the only funding mechanism linked to performance in Child Welfare Services. Payment is made only after a successful placement and adoption.

PANELISTS

- Department of Social Services
- Legislative Analyst's Office
- Department of Finance
- California Alliance for Child and Family Services
- Sierra Adoption Services

ISSUE 14: STATE SUPPORT FOR ADOPTIONS

BACKGROUND

Last year's budget increased funding by $4 million (General Fund) above the $6.3 million (General Fund) in the Governor's proposed budget in January for efforts to help with the adoption of children and youth over age nine. LA and SF, Kern and Alameda Counties are participating. The 2006 Budget also approved $12.2 million ($7.1 million General Fund) proposed in the Governor's Budget to hire additional state and county adoptions caseworkers. An allocation of $40,539,000 General Fund was distributed to all adoptions counties via CFL No. 06/07-07 (dated July 24, 2006), and for Improving Adoptions Outcomes, an allocation of $6,304,000 General Fund was distributed with Adoptions Basic.

BUDGET REQUESTS

The Department of Social Services has four requests for state operations funding to support adoption-related activities.

1. **Mutual Consent Program** – Siblings (AB 2488, Leno, Chapter 386, Statutes of 2006): AB 2488 reduces the age from 21 years to 18 years that the Department of Social Services or an adoption agency may release the names and addresses of siblings to one another. It also permits an adoptee or sibling under 18 years of age, with permission from his or her adoptive parent or legal parent or guardian, to waive confidentiality of contact information for release to a sibling. In cases where there is no waiver on file, AB 2488 authorizes the court to appoint a confidential intermediary, which could be the Department of Social Services, to search for one sibling on behalf of the other.

   The DSS has submitted a request for $274,000 ($187,000 General Fund) and three positions to handle the duties of the confidential intermediary. Although the DSS currently handles post-adoption inquiries, they anticipate increased numbers of these inquiries and that most will petition the court to appoint a confidential intermediary to facilitate contact. It is reasonable to expect that there will be increased workload as a result of this bill; however, the DSS acknowledges that it has no concrete basis for knowing what that increase ultimately will be.

2. **Intercountry Adoptions** (SB 1393, Florez, Chapter 809, Statutes of 2006): SB 1393 provides for an expedited re-adoption process in California with fewer requirements for a foreign-born child adopted by California residents in the child's country. The expedited process is available if DSS has certified that the laws of the foreign country where the child was originally adopted meet or exceed California's adoption laws. SB 1393 requires DSS to certify five specified countries, China, Guatemala, Kazakhstan, Russia, and South Korea, and allows the expedited re-adoption process for any other countries that DSS has certified.

   The DSS has submitted a request for $381,000 General Fund and three positions to implement SB 1393. It is clear that there is additional workload to certify the five countries; however, much of this workload consists of one-time, up front activities related to the certification. It is not clear how much workload will be on an on-going basis. According to DSS, about 90 percent of the intercountry adoptions in California are from the five specified countries. Therefore, it is not known how many additional countries will need to be certified.

3. **Adoption Facilitator Registry** (SB 1758, Figueroa, Chapter 754, Statutes of 2006): SB 1758 requires the DSS to establish and adopt regulations for a statewide registration process, including an appeal process, for adoption facilitators. It also requires the DSS to establish and adopt regulations to require adoption facilitators to post a bond.

   The DSS has submitted a request for $237,000 General Fund and two positions to implement SB 1758. There is clearly additional workload for DSS to establish and adopt regulations for the registration and appeal process and for the bond. Although there will be on-going workload to handle new applicants and appeals, much of the work is one-time in nature. Furthermore, the justification for the on-going need for the requested legal position is to provide legal and litigation support without any justification or prior experience to support that workload.

4. **Hague Convention on Intercountry Adoption**. The Hague Convention on International Adoption is an international treaty to establish standards for intercountry adoptions focused on preventing child abduction and child trafficking. In February 2006, the U.S. State Department issued new federal regulations implementing the treaty and the treaty took effect in March of 2006. One of the federal requirements is that agencies providing intercountry adoptions be accredited by the Council on Accreditation if they are involved in adoptions in one of the 47 countries that are signatories to the treaty.

The DSS has submitted a request for $92,000 General Fund and one position to implement policy letters, regulations and forms, and provide training and technical assistance to adoption agencies. The DSS cites a tripling in the rate of intercountry adoptions over the last decade and an (unspecified) increase in the number of adoption agencies providing intercountry adoptions. The DSS also indicates that they have legislation (SB 703, Ducheny) to conform state statute to federal law in this area, with new regulations and adoption reporting requirements to follow.

PANELISTS

- Department of Social Services
- Legislative Analyst's Office
- Department of Finance