

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

**Assemblymember Hector De La Torre, Chair**

**WEDNESDAY, APRIL 5, 2006, 1:30PM**  
**STATE CAPITOL, ROOM 444**

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## ITEM TO BE HEARD

### ITEM 5175 DEPARTMENT OF CHILD SUPPORT SERVICES

#### ISSUE #1: CHILD SUPPORT PROGRAM PERFORMANCE

The Subcommittee will review child support program performance.

#### BACKGROUND:

The State receives federal financial incentives and penalties based on five child support performance measures. In FFY 2002, California's average score ranked 41<sup>st</sup> among 54 states and territories, and scored lower than the national average on three out of five measures. The budget estimates only a 2.4 percent increase in collections in 2006-07.

In addition, approximately \$19 billion in child support arrears is currently owed to families in the state. An analysis conducted by the Urban Institute found that approximately \$4.8 billion of the state's arrears is collectable, including \$2.3 billion of which is owed to the state for CalWORKs reimbursements.

Federal Performance Measure	National Ave FFY 2004	California FFY 2005	Federal Minimum Standard
IV-D Paternity Establishment	81%	<b>86%</b>	50%
Support Orders Established	74%	<b>80%</b>	50%
Collections on Current Support	59%	<b>49%</b>	40%
Collections on Arrears	60%	<b>56%</b>	40%
Cost-Effectiveness Ratio	\$4.38	<b>\$2.15</b>	\$2.00

#### COST-EFFECTIVENESS:

California's child support system collected \$2.15 in revenue for every \$1.00 spent on collection efforts in federal fiscal year 2004. This is significantly lower than the national average of \$4.38 in revenue per dollar spent. Among 54 states and territories, California ranks 49<sup>th</sup> in cost-effectiveness.

The California Child Support Directors Association indicates that the following factors contribute to the state's relatively poor cost-effectiveness ratio:

- **Automation Projects Still in Development:** California is still spending significant resources on CCSAS development and legacy automation costs. All but two other states no longer have major automation development costs.

- **Judicial Child Support Model:** California has a court-based child support system that that Association indicates is more expensive than the administratively based systems used in many other states.
- **Uncollectible Arrears:** Much of the child support arrears is owed by low-income non-custodial parents. According to a March 2003 report prepared for the department, 25 percent of debtors have no recent income, 36 percent have net annual income of \$10,000 or less, and only 1 percent have net annual income over \$50,000. In addition, California has a disproportionate share of the nation's child support arrears – 12 percent of the nation's child support caseload, vs. 20 percent of the nation's arrears.
- **Caseload Composition (CalWORKs vs. non-CalWORKs cases):** Child support collections are generally lower for families that have or are currently receiving CalWORKs, as the non-custodial parent is more likely to be low-income. California has a higher proportion of child support families that are current or former CalWORKs recipients than other states. However, an analysis of individual county cost-effectiveness conducted by the department last year found that a high proportion CalWORKs families in a county did not necessarily result in proportionately higher county costs.
- **Lack of Universal Caseload Model:** Three states require all parents to make child support payments through the state's child support system. The Association indicates that states with universal caseloads are more cost-effective because they have more cases with higher orders that are more likely to pay voluntarily or via wage assignment.

#### **ASSISTANCE CHILD SUPPORT COLLECTIONS AND COST-EFFECTIVENESS DECLINING:**

Although the budget anticipates that total collections will increase by 2.4 percent, assistance collections are expected to decline by 1.8 percent. Assistance collections, which have been declining since 2000-01, reflect payments from non-custodial parents that are redirected to the state and federal government to repay past welfare costs. Non-assistance collections are fully directed to custodial parents and children. In addition, as a result of flat or declining collections and increasing costs, the state's child support system continues to rank well below the national average for cost-effectiveness.

DCSS is reviewing data on collections to see if the Department can substantiate any explanations for these changes. Data DCSS is currently analyzing includes review of changes in caseloads, changes in collections, changes in collections per case, and the correlation with the CalWORKs caseload changes to the child support caseloads. Another area DCSS anticipates reviewing is the overall economic conditions in California. Certainly the emphasis that the program has put on improving performance

over the past 5 years has served to achieve overall increases in collection while local resources have not increased.

**PANELISTS:**

Greta Wallace  
Department of Child Support Services

Karen Echeverra  
Department of Child Support Services

David Oppenheim  
California Child Support Directors Association

**STAFF COMMENT:**

Meeting the federal automation requirements has dominated the State's public policy direction in child support for the last five years. Now that the State is on the verge of compliance, the Legislature can focus more on improving the State's performance.

**ISSUE #2: COMPROMISE OF ARREARS PROGRAM**

The Governor's budget proposes to continue 6.5 of the Compromise of Arrears Program positions at DCSS.

**BACKGROUND:**

The budget proposes \$520,000 (\$177,000 General Fund) to maintain 6.5 of 9 expiring limited-term positions for the Compromise of Arrears Program (COAP). This program accepts reduced lump sum settlements from non-custodial parents with arrearages in exchange for their commitment to make ongoing payments.

The COAP was established in 2003-04 Human Services Budget Trailer Bill to offer reduced lump sum settlements to parents in exchange for their commitment to make ongoing payments. This program is also intended to reconnect families estranged due to unresolved child support payments. The Governor's budget assumes 7,250 applications will be processed for COAP in the budget year.

Approximately \$19 billion in child support arrears is currently owed to families in California. An analysis conducted by the Urban Institute found that approximately \$4.8 billion of the state's arrears is collectable, including \$2.3 billion that is owed to the state for CalWORKs reimbursements. In September 2005, the DCSS sponsored an Arrears Management Roundtable, which looked at the performance of California compared to other States and examined options to reduce arrearages and increase child support collections. The Legislature may wish to review these options to reduce arrearages.

**COAP IMPACT LESS THAN EXPECTED:**

The FY 03-04 estimates for the COAP program anticipated that the program would lead to an increase in child support collections of \$39.5 million. However, the budget year assumes that the total amount of collections generated by COAP will be \$8.9 million, far less than originally projected.

The original estimates for the savings were based upon the experience of the FTB State Tax compromise program. Experience with the pilot has shown that the COAP program is targeting a different population that is not participating at a comparable level.

The Department also comments that it recently restructured the program. Beginning in July 2005, the Department worked with counties to simplify the program and reduce that amount of paperwork associated with its administration. The Department hopes this will expand the utilization of COAP, it plans to monitor the recent changes to the program and prepare an evaluation of the program in 2008.

**PANELIST:**

Karen Echeverra  
Department of Child Support Services

**STAFF COMMENT:**

The Compromise of Arrears Program was designed to address the State child support arrearage problem. Although it did not have as big an impact as expected, it did provide a better mechanism for non-custodial parents with an arrearage to achieve compliance.

**ISSUE #3: UPDATE ON CHILD SUPPORT AUTOMATION AND FEDERAL PENALTIES**

DCSS believes that the Budget Year is the last year for federal automation penalties.

**BACKGROUND:**

Since 1997, California has been subject to substantial federal penalties due to the state's failure to establish a single statewide system for the collection of child support. The cumulative federal penalty from 1998 through 2006 is expected to be over \$1.2 billion General Fund. The automation system is scheduled for statewide certification by September 2006, at which time the State should be relieved of future penalties.

The Governor's Budget includes \$220 million General Fund in 2006-07 for the federal fiscal year (FFY) 2006 penalty. The penalty amount is a percentage of program administration costs, with an increasing percentage each year. California has reached the maximum percentage level at 30 percent of administrative costs.

**AUTOMATION PROJECTS:**

To achieve federal certification, the State must have two statewide systems in place, the California Child Support State Automation System (CCSAS) and the State Disbursement Unit (SDU).

**CCSAS**

The CCSAS project is composed of two phases. The first phase is currently in the process of migrating all of the counties on to one single automation platform to meet the federal government's requirement of a single statewide system. This single platform will meet the federal government requirements, but it will be based upon existing systems that were designed decades ago and will not meet state operational needs in the future. As a result, the CCSAS second phase is developing a new statewide platform, based upon modern system design, that will provide DCSS and the counties with a system that meets the State's operational needs and can be easily maintained and updated.

The first phase of CCSAS should be completed by September 2006. Phase two of the project is already underway and should be completed by the end of 2011.

**SDU**

The SDU component of CCSAS will provide statewide collections and electronic disbursement of child support payments. In 2005-06 the SDU is being implemented in stages; several new counties are converting to the SDU each month. Total funding for the SDU component is estimated to be \$37.7 million in 2006-07. All employers and non-custodial parents are scheduled to begin sending child support payments through the centralized SDU in May or June 2006. Total costs for the SDU are projected to be

\$217 million (\$76 million General Fund) from December 2004 through December 2011. This component is scheduled for certification by September 2006.

**BUDGET PROPOSAL RELATED TO DCSS AUTOMATION:**

- **Establish Customer Support Service Center.** The budget requests \$824,000 (\$280,000 General Fund) for 13.1 new positions, and 3.5 redirected positions, to establish a statewide Customer Service Support Center. This Center would respond to telephone inquiries regarding child support cases that will be added to the SDU as it becomes operational.
- **Establish Centralized Financial Management Team.** The budget requests \$530,000 (\$180,000 General Fund) for 5.5 new positions, and 4.5 redirected positions, to establish a Centralized Financial Management Team to resolve exceptions for non-assistance child support cases that will be added to the SDU as it becomes operational. These exceptions include multiple county collection adjustments and holds, and other issues that would not be resolved by local child support agencies.

**SPRING FISCAL LETTERS:**

The Department of Finance has issued two early Spring Fiscal Letters for the two projects administered by DCSS:

*CSE March 14, 2006 Spring Finance Letter.* The Finance Letter requests \$16.1 million (\$5.5 million General Fund) in 2006-07 redirected from unspent 2004-05 and 2005-06 funds for the CSE. This funding is requested to meet federal certification requirements, ensure proper system operation, and maintain existing local functionality. The Department indicates that major components of this request include \$2 million to change data identifiers for Non IV-D cases, \$4.3 million to incorporate bar coding on child support documents, \$2 million for conversion of outstanding disbursements, and \$1.5 million for interfaces and report functions for connections to welfare automation systems. The Administration has also requested expedited review of a Section 11.00 request, dated March 14, 2006, to sign an additional contract with the CSE vendor for \$16 million, effective March 31, 2006.

*SDU March 27, 2006 Spring Finance Letter.* The Spring Finance Letter requests an additional \$11 million (\$3.7 million General Fund) to ensure sufficient outreach and instruction to employers of non IV-D cases, proper allocation and processing of non IV-D payments, and sufficient resources are available for call center and help desk support for program participants, employers, and state and local child support staff. The Administration has also notified the Legislature through a Section 11.00 notification of a pending contract amendment with the SDU vendor to increase the contract by \$11.8 million.



Both fiscal letters include Budget Bill Language to increase the authority of the Administration in 2006-07 to augment the budgeted funding for the program mid-year without the normal Legislative notification.

**PANELISTS:**

David Maxwell-Jolly  
Department of Child Support Services

Kathy Curtis  
Legislative Analyst's Office

**STAFF COMMENT:**

DCSS has also requested mid-year adjustments to the Department's current year budget to address project changes associated with the implementation of the CCSAS system. The Department reports that an additional current year funding request for the SDU project is also forthcoming. Given the tight timelines associated with meeting the federal certification deadline in September, DCSS has requested that the customary 30 day notice requirements for such request be waived in both cases. The Legislature has granted the Department two waivers of the 30 day notification requirements for project changes to accommodate these project deadlines.

Given that the Joint Legislative Budget Committee has allowed the Department to waive notification requirements for resources requested for both the CCSAS and SDU projects, there is no reason for the proposed budget bill language.

**ISSUE #4: IMPACT OF STATEWIDE DISTRIBUTION UNIT ACCOUNTING ON \$50 INCOME DISREGARD AND ARREARAGES**

A recent State change to the definition of "payment" may impact how child support payments are credited to families.

**BACKGROUND:**

CalWORKs recipients that receive child support from a non-custodial parent the first \$50 of current child support without any impact on their grant level. The remainder of the support offsets the benefits the CalWORKs received. If there is any additional funding from the non-custodial parent, it is used to pay any past-due child support.

While implementing the SDU, DCSS has changed the definition for the "legal date of collections" for child support payments. Under this new system, payment will officially occur when the Department has posted the payment or "Date of Withholding". Previously, DCSS had dated collections to the day the payment was made to the Department or "Date of Receipt". This change of definition means that most payments will now be credited several days later than the previous practice.

This change has resulted in two potential problems:

1. CalWORKs families could potentially not receive a \$50 disregard payment if a support payment made at the end of the month is not posted until the subsequent month. In addition, they may not receive a payment for the first month of the support payment that they would have received under the previous method.
2. Non-custodial parents with a wage assignment may accrue an arrearage if their employer fails to submit the payment from the wage assignment early enough to be posted by the local child support agency.

The Department comments that it is has developed protocols to address both potential problems.

**PANELIST:**

David Maxwell-Jolly  
Department of Child Support Services

**STAFF COMMENT:**

The Department will articulate its response to these two problems.

The State could hold harmless families affected by this policy change.

**ISSUE #5: EFFECT OF DEFICIT REDUCTION ACT ON CHILD SUPPORT PROGRAM**

The Deficit Reduction Act made several changes to the Child Support program.

**BACKGROUND:**

On February 6, 2006, the President signed the Deficit Reduction Act of 2005, which cuts federal funding state child support collection programs. More specifically, makes the following changes:

1. **No Match for Incentive Funds.** Prohibits state child support programs from using federal performance incentive payments to draw down matching federal funds. In 2006-07 the budget anticipates \$47 million in performance incentive payments from the federal government, plus \$94 million in matching federal funds. \$47 million in additional General Fund spending would be required to avoid a funding reduction for the state's child support collection program.
2. **New Non-Assisted Child Support Fee.** Assesses an annual fee on the state equal to \$25 for most non-assistance child support cases. This fee is deducted from the federal funds the state receives for program administration. The Legislative Analyst's Office (LAO) estimates that this fee would result in \$5 million in lost federal funds annually.
3. **Federal Participation for Income Disregard.** Provides federal financial participation in the \$50 income disregard for CalWORKs cases receiving child support. The state must currently reimburse the federal government for its 50 percent share of the amount passed through to the family. The LAO estimates that this will result in annual General Fund savings of \$15 million.
4. **Other policy changes.** The Deficit Reduction Act also made some smaller changes:
  - Clarifies the definition of medical support.
  - Lowers the threshold of uncollected child support that would result in the denial of a passport.
  - Lowers the federal matching rate for paternity testing.
  - Requires States to review and adjust child support orders in TANF cases every three years.
  - Expands options for states assign and distribute child support.

**PROVISIONS EFFECTIVE 2008:**

The federal bill provides an exception to the required effective dates of each provision, if state law changes are required. The section states:

*In the case of a State Plan under part D of title IV of the Social Security Act which the Secretary determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this subtitle, the effective date of the amendments imposing the additional requirements shall be 3 months after the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins AFTER the date of the enactment of this Act.*

For purposes of the preceding sentence, in the case of California that has a 2-year legislative session, each year of the session shall be considered to be a separate regular session of the State legislature. Therefore, Section 7311 allows California the regular legislative session that begins AFTER final passage of the bill (February 2006) to pass new legislation (2007 regular session). After the legislative session, the State will have 3 months into the first calendar quarter to implement (2008).

#### **ESTIMATED IMPACT OF FEDERAL REDUCTIONS IN CALIFORNIA:**

If the state does not backfill the lost funding, the Center for Law and Social Policy (CLASP) estimates that California would lose an estimated \$827.1 million in federal funds over the next ten years, and approximately \$1.7 billion in child support payments would go uncollected during the same period. Further, CLASP estimates the state could lose as much as \$500 million in assistance collections over the next ten years (assistance collections are payments from non-custodial parents that are redirected to the state and federal government to repay past welfare costs).

#### **PANELIST:**

David Maxwell-Jolly  
Department of Child Support Services

**STAFF COMMENT:**

Unlike changes to the TANF program in the Deficit Reduction Act, the changes to the child support program do not take effect until 2008.

**ISSUE #6: LOCAL ASSISTANCE FUNDING**

The Subcommittee will examine funding for local child support administration.

**BACKGROUND:**

The Governor's Budget proposes to continue holding General Fund support for local child support agencies (LCSAs) flat at \$740 million (\$192 million General Fund) in 2006-07. Funding has remained at that level since 2002 and LCSAs indicate that flat funding has reduced the rate of growth in child support collections. The Subcommittee may wish to consider a 5 percent increase for LCSAs.

Local child support agencies are responsible for the administration of child support programs at the county level and perform functions necessary to establish and collect child support. Program activities include establishing child support cases, establishing child support orders, collecting current and past-due child support, enforcing medical support orders, and implementing customer service initiatives. California provides baseline compensation to counties, on a statewide basis, at a level comparable to 13.6% of the estimated level of collections adjusted to reflect county expenditures and available General Fund resources. The DCSS allocates resources for administration of local child support programs in a lump sum and does not control county expenditures for program activities and for child support initiatives.

Baseline county funding for the implementation of local child support programs is established according to a statutory formula based on child support collections. Individual county allocations are generally based on historic county expenditures and vary across the state.

In recent years, the Legislature has considered the effect on program performance of child support administrative funding reductions, and the relationship of existing allocations to program performance and actual costs. No statewide consensus has been reached, although some data suggests that California can improve its performance without investing new resources in the child support program if under-performing local agencies improve their performance.

**INCENTIVE PAYMENTS:**

The budget proposes trailer bill language to continue the suspension of two programs, the Health Insurance Incentives and the Improved Performance Incentives programs, through 2006-07. The Health Insurance and the Program Improvement Incentive programs were part of the Child Support reform legislation passed in 1999. The Health Insurance Incentives program paid local child support agencies (LCSAs) \$50 for each case for which they obtained third-party health insurance coverage or insurance for child support applicants or recipients. The Improved Performance Incentives program provided the ten best performing LCSAs with 5 percent of the amount they collected on behalf of the state for public assistance payment recoupments. The funding received by

the LCSAs from the Improved Performance Incentives program was required to be reinvested back into the Child Support Program. These programs were suspended for four years beginning 2002-03. The Department of Finance notes that LCSAs are required by DCSS regulations to seek third-party health insurance coverage as part of their normal business processes.

**COUNTY REQUEST FOR ADDITIONAL FUNDING:**

The California Child Support Directors Association (CSDA) requests a five percent increase in Local Assistance Administrative funding to support local operation of California's Title IV-D child support program. Because the Federal Financial Participation (FFP) rate is 66 percent, CSDA's request would require an additional State General Fund investment of approximately \$12.1 million in order to draw \$23.4 million in federal funds for a total of \$35.5 million in new funding.

Funding to support the local child support program has been held flat for the past four years. Flat funding has resulted in an ongoing decline in the rate of growth of child support collections. According to statistics from the State Department of Child Support Services (DCSS), the rate of growth in distributed collections has dropped from 8.7 percent in Federal Fiscal Year (FFY) 2001 to 1.8 percent in FFY 2005. This represents a 79 percent decline in the rate of growth over the last five years.

CSDA believes that among the reasons for decline is the loss of approximately 1,800 child support positions over the past three years representing a 17.4 percent reduction in staffing. Additional local positions may be eliminated or held vacant in 2006-07, as a result of flat funding.

**PANELISTS:**

David Oppenheim  
California Child Support Directors Association

Jan Sturla  
California Child Support Directors Association

David Maxwell-Jolly  
Department of Child Support Services



**STAFF COMMENT:**

This Subcommittee has also considered the impact of county allocations on performance. Last year the Subcommittee appropriated \$1 million General Fund to supplement county administration funding for child support programs in three lowest per-case funded counties in the State (Los Angeles, San Bernardino, and Imperial Counties) to provide greater equity and improved performance. This funding was not part of the final budget agreement adopted by the legislature.

**ITEM 5180 DEPARTMENT OF SOCIAL SERVICES****ISSUE #7: COMMUNITY CARE LICENSING REFORM PROPOSAL**

The Governor's budget includes a substantial change to the Community Care Licensing Division.

**BACKGROUND:**

The Governor's budget includes \$6.7 million (\$6 million General Fund) and 80 new positions that would allow DSS Community Care Licensing (CCL) to complete required licensing workload and increase visits to facilities. Additional staffing is requested primarily to address a backlog of required visits, as well as to increase the number of random sample licensing visits from 10 percent to 20 percent annually. Other administrative and statutory reforms are proposed to improve the efficiency of the licensing program and increase client protections.

CCL licenses over 85,000 community care facilities across the state. These facilities have the capacity to serve over 1.4 million clients requiring different types of care and supervision. Licensees include childcare facilities, certified foster family homes, foster family agencies, residential care facilities for the elderly, residential care facilities for the chronically ill, adoption agencies, transitional housing, and adult day care. State staff primarily carries out licensing activities, although some counties are responsible for licensing child care and foster family homes. CCL staff currently visit randomly selected 10 percent of facilities annually, and visit all facilities no less than once every five years. At-risk facilities are visited at least annually.

The chart below illustrates the number of facilities licensed by CCL:

<b>Facility Type</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>
Family Child Care Homes	42,949	44,418	44,802	45,833	45,484
Child Care Centers	14,547	14,690	14,810	14,938	15,151
Child and Adult Residential	18,322	18,827	19,379	19,881	20,145
Certified Family Homes*	13,952	14,525	14,230	14,049	12,378
<b>Total</b>	<b>89,770</b>	<b>92,460</b>	<b>93,221</b>	<b>94,701</b>	<b>93,128</b>

\*Note that Certified Family Homes are licensed by Foster Family Agencies, but complaints are investigated by CCL.

**IMPACT OF AB 1752:**

The 2002-2003 Human Services Budget Trailer Bill AB 1752 eliminated the required annual or triennial visits and instead required the department to visit annually the following facilities:

- Facilities owned or operated by a licensee on probation or against whom an accusation is pending;
- Facilities subject to a plan of compliance requiring an annual inspection;
- Facilities subject to an order to remove a person from a facility;
- Facilities that require an annual visit as a condition of federal financial participation such as facilities serving adults with developmental disabilities.

All other facilities are subject to an annual inspection based on a 10 percent random sampling method, with each facility visited at least once every five years. The 2003 Budget Act changes also included an escalator clause to trigger annual visits for an additional 10 percent of facilities if citations increase by 10 percent or more.

#### **PROBLEMS IDENTIFIED AT NOVEMBER 30, 2005 CCL HEARING:**

The Subcommittee held a hearing on CCL at on November 30, 2005 on Community Care Licensing. Advocates from the various programs provided feedback to the committee about the challenges of the program. Advocates made the following suggestions:

- Increase the frequency of inspections to once a year.
- Provide public access to licensing inspection and citation information.
- Re-establish Technical Support/Child Care Advocate positions to improve customer service for licensees.
- Improve the consistency of LPA analysts through better training.
- Re-examine how foster care guidelines may interfere with proper parenting of youth.
- Create better protocol for closing problem facilities.

#### **BUDGET YEAR REFORM EFFORT:**

The Community Care Licensing Division has set the following goals for this year:

- I. **Health and Safety of Kids and Adults who are in Community Care**  
2005
  - Comply with mandated visits (see chart for statistics)
  - Fill vacancies so that required monitoring of licensed facilities can occur
  - Reinstitute annual monitoring of out-of-state group homes for foster children
  - Reinstitute tri-annual monitoring of continuing care facilities for seniors

- ✓  
2006 Implement Investigator/Complaint Specialist pilot in order to improve the quality and timeliness of complaint investigations
- ✓ Resources requested in Governor's Budget to increase statutorily required random visits to 20%
- ✓ Resources requested in Governor's Budget to comply with monitoring requirements retroactive to 2003-04
- ✓ Implement Complaint Risk Assessment pilot (whereby a modified monitoring visit may occur when CCL is in the facility responding to a complaint)

## II. Build the Bench

2005

- ✓ Conduct LPA exam for first time in over a decade in order to create an expanded hiring pool of entry level analysts
- ✓ Re institute LPA Training Academy for LPAs
- ✓ Design a more comprehensive LPA Training Academy for new LPAs
- ✓ Design Technology Module to be incorporated in LPA and Supervisor Training Academies
- ✓ Provide Training for Trainers so each program has a trainer to provide client-specific training and technical assistance to staff
- ✓ Execute contracts with CSU and UC for annual program-specific training which is required by law
- ✓ Begin "Succession Planning" discussions for supervisors, mid-managers, and administrative levels

2006

- ✓ Resources requested in Governor's Budget to implement a three week LPA Training Academy for new Licensing Program Analysts
- ✓ Design, develop and provide CCL Supervisor Training

## III. Program Efficiencies/Improvements

2005

- ✓ Develop program management data/reporting system
- ✓ Purchase "middleware" for the field in order to reduce need for duplicate entry of same data

- ✓ Develop “flagging system” so that licensing staff can access information about people involved in administrative actions
  - ✓ Develop county-state sharing of criminal clearance information so that licensee in one county does not have to be fingerprinted and cleared in order to run the same type of business in another geographical area
  - ✓ Design and pilot fee payment by credit card
  - ✓ Conduct a pilot whereby Foster Family Agencies (FFAs) can certify/decertify homes online
  - ✓ Conduct pilot whereby FFAs can access criminal background clearances of employees online
  - ✓ Develop and maintain common library of policy guidelines to field to facilitate more uniform operations
- 2006
- ✓ Implement upload project to eliminate the need for duplicate data entry of facility information (middleware)
  - ✓ Implement improvements to the Trustline application input process in order to speed up the processing time
  - ✓ Resources requested in the Governor’s Budget to develop an automated fee collection, application, and orientation process
  - ✓ Resources requested in Governor’s Budget to develop an automated Administrator Certification Testing process
  - ✓ Replace outdated laptops in the field with tablet devices where visit data can be entered and documentation printed at the facility site
  - ✓ Resources requested in Governor’s Budget to perform a feasibility study to expand the sharing of administrative action information between departments
  - ✓ Utilize additional subsequent disposition information from DOJ to assist in the processing of arrest cases

#### IV. Customer Service

2005

- ✓ Implement credit card payment of fees: design, procure and pilot
- ✓ Implement FFA business applications – certification and clearances
- Participate in conferences with providers and advocates. Include mid-level manager feedback in policy and operations deliberations

- Conduct/attend quarterly exchanges with legislative committee staff regarding CCL goals, operational issues, etc.
  - Eliminate duplicate applications and clearances when moving between counties and state licensing offices
  - Increase sharing of information among departments about problem facilities, licensees, etc
- 2006
- Expand the use of credit cards as a collection method statewide
  - Expedite criminal background review process for arrest cases where DOJ can provide subsequent disposition information
  - Develop an automated fee collection, application, and orientation process
  - Develop and automated Administrator Certification testing process
  - Reduce the time it takes to process Trustline applications via the Trustline Automated Review Process (TARP)

**BUDGET YEAR REFORM EFFORT FUNDING:**

The budget requests \$6.7 million (\$6 million General Fund) and 80 new positions to complete required licensing workload and increase visits to facilities. Additional staffing is requested primarily to address a backlog of required visits, as well as to increase the number of random sample licensing visits from 10 percent to 20 percent annually. Other administrative and statutory reforms are proposed to improve the efficiency of the licensing program and increase client protections. The table below summarizes the proposed function of the 80 positions contained in the budget:

Function		Number of Positions	Description
Increase Visits	Random	38 Permanent Positions	To increase random visits from 10 percent of facilities to 20 percent each year.
Eliminate Backlog	Current	29 two and a half-year limited-term positions	To eliminate a backlog of 25,000 random visits to facilities that have not been completed by 2008-09. DSS has also requested \$110,000 of overtime for this function
Personnel		1 one-year limited term position	To assist in hiring CCL staff.
Expand Academy	Training	5 permanent positions	To operate a training academy to enhance field staff efficiency.
Share Database with other	DSS	2.5 permanent positions	To share the DSS database of excluded or abusive employees with

Departments		other HHS departments.
Process Arrest Disposition Info from DOJ	4.5 permanent positions	To handle information regarding convictions after arrest provided by the Department of Justice.
<b>Total</b>	<b>80.0 positions</b>	

**INCREASED VISITS AND BACKLOG:**

Most of the positions requested will allow the Department to increase the total number of sites visited each year. The budget increases permanent staffing to address the current need for visits and also some limited-term staffing to address the current backlog of inspections. The chart below details how both efforts will increase the number of CCL inspections over the next three years and eliminated the existing backlog.

	Est. 20% Random Visits Needed	Est. Random Visits Made	Est. Backlog (Diff Needed minus made)	Backlog Visits Made	% Backlog Visits Made
2003-04	13,568	3,392	10,176		
2004-05	13,568	5,427	8,141		
2005-06	13,568	6,783	6,785		
2006-07	13,568	13,568	0	10,041	40.0%
2007-08	13,568	13,568	0	10,041	40.0%
2008-09	13,568	13,568	0	5,020	20.0%
<b>Totals</b>	<b>81,408</b>	<b>56,306</b>	<b>25,102</b>	<b>25,102</b>	<b>100.0%</b>

**TRAINING ACADEMY:**

The budget requests 5 permanent positions to operate a training academy to enhance field staff efficiency. CCL currently staffs training with only currently one analyst and one manager, sufficient to provide minimal one-week LPA workshops. The increased staffing is expected to allow CCL to conduct more intensive training for LPA's.

**BACKGROUND CHECK PROCESS CHANGES:**

The DSS reform proposal contains several changes to the background check process:

***Budget Changes***

- **Share DSS Database with other Departments.** CCL currently maintains a database of individuals who were the subject of a previous administrative legal action resulting in revocation, denial, and exclusion. This flagging system protects the health and safety of the public by ensuring that child molesters, sexual

predators, elder abusers and other persons whose licenses have been revoked or who have been excluded from care facilities for serious misconduct do not get the subsequent license for, or obtain employment in, a care facility licensed by the CCL or counties.

- **Process Arrest Disposition Information from DOJ.** DSS will receive information on 8,500 individuals who have been convicted of a crime and who require an exemption to remain at a facility.

#### **SOME TRAILER BILL PROVISION WILL MOVE TO POLICY BILL:**

The Administration has moved Trailer Bill Provision originally proposed in the budget into a policy bill. The Administration has sponsored SB 1759 (Ashburn) to implement the following provisions:

- **Clarify background check before initial presence in a community care facility.** Requires individuals to obtain either a criminal record clearance from DOJ or a criminal record exemption from DSS before initial presence in a community care facility.
- **Two-year waiting period for exemption reinstatement.** Prohibits, for a period of two years, an individual from seeking reinstatement or an exemption after a request for an exemption has been denied or revoked. If a request for an exemption has been denied based on a conviction of a crime for which no exemption may be granted, the individual shall be excluded for the remainder of the individual's life.
- **Perjury Requirement.** Requires applicants undergoing a CCL background check to sign a declaration under penalty of perjury disclosing whether or not the person has 1) any prior criminal convictions or arrests, or 2) any disciplinary action taken against the person by any state, local or federal governmental agency.

Although these provisions were in the a draft of the trailer bill submitted by the administrations earlier this year, the administration no longer wishes to consider them as part of the Human Services Trailer bill.

#### **CUSTOMER SERVICE IMPROVEMENTS:**

The reform effort has two proposals intended to improve CCL customer service:

- **Administrator Certification:** The budget requests \$115,000 to contract out administrator certification testing and grading functions. The budget also requests statutory changes to allow administrator certification fees to be adjusted to reflect this cost.



- **Integrated Fee Collection:** The budget requests \$250,000 to contract for an integrated licensing/certification fee collection process. Providers would be able to use credit cards, Electronic Fund Transfers, and other electronic transactions.
- **90 day inspection:** Adds a requirement in trailer bill that newly opened facilities receive an inspection within 90 days of opening.

**TECHNICAL ASSISTANCE AND CHILD CARE ADVOCATES:**

Although many providers cited the importance of technical assistance and child care advocates; the Governor's reform effort does not increase funding for these activities.

**SENATE ACTION:**

Senate Subcommittee #3 took the following actions on this issue on March 30<sup>th</sup>, 2006:

- Approve the licensing reform proposal.
- Adopt placeholder trailer bill language to clarify that the department shall conduct unannounced visits to at least 20 percent of facilities per year.

**PANELIST:**

Jo Frederick  
Department of Social Services

**STAFF COMMENT:**

Issue #9 of this agenda discusses the issue of public access to licensing information.

**ISSUE #8: COMMUNITY CARE LICENSING ENFORCEMENT**

The LAO Analysis included a substantial recommendation regarding the CCL's system for enforcement.

**BACKGROUND:**

The LAO Analysis included a substantial recommendation regarding the CCL's system for enforcement. This analysis focused upon issues not addressed in the Governor's reform proposal.

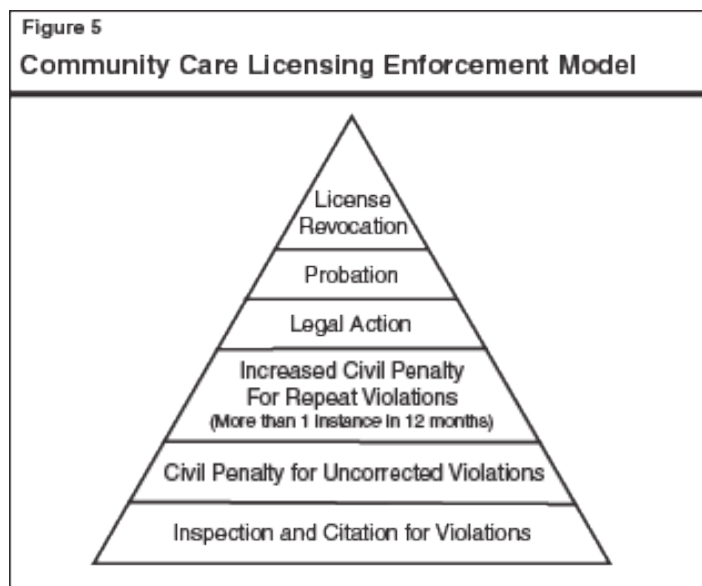
**LAO ANALYSIS OF ENFORCEMENT:*****Enforcement System***

The LAO believes that the Governor's proposal ignores gaps in the enforcement process, which is designed to ensure that facilities are either safe or if they are not, that they cease operation.

During 2005-06, CCL estimates that it will issue over 33,000 citations for violations that present an "immediate risk" to the health and safety of clients in facilities which it licenses. The CCL has the task of assuring the timely correction of these violations and taking enforcement action when necessary. The ability to inspect more frequently, as the Governor proposes, does not by itself improve safety, as we discuss below.

The CCL follows a progressive enforcement model to achieve compliance with regulations. This model begins with inspections and citation for violations, which must be corrected within a specified amount of time. Current law requires that civil penalties be levied when a provider fails to correct a serious violation. Repeat violations within a 12 month period also result in penalties. In cases where facilities chronically fail to comply with licensing officials, CCL management may initiate a noncompliance conference, where a "plan of compliance" is developed. This is an alternative to immediately pursuing legal action against the provider's license. If the provider does not comply after this, CCL seeks a legal action to either place the provider on probation, or revoke the license. Although progressive enforcement is the typical approach to compliance, a serious, substantiated complaint or incident report, which presents an immediate risk of harm, usually results in a Temporary Suspension Order, which immediately shuts down the facility, pending the results of a hearing.

Figure 5 illustrates the progressive enforcement model. The wide base of the pyramid represents the relatively large number of citations and inspections. The narrow top represents the relatively small number of license revocations. The levels in between are comprised of progressively more intensive enforcement actions designed to achieve compliance with regulation.



As shown in Figure 5, civil penalties are a central step in enforcing compliance with regulations, reflecting the consequences for failure to comply with licensing regulations. The details of civil penalty usage, including the amounts for each type of facility, circumstances and type of violation are defined in current law. Civil penalties are tiered in order to provide an increasing financial incentive to correct serious violations. Normally, penalties are assessed only after a provider has failed to correct a violation within a designated period of time. Penalties increase when serious violations are repeated twice within a 12 month period and again if a violation occurs in a third instance. In most cases, a penalty is levied as an amount per day until correction of the violation is achieved, providing an increasing incentive to correct the licensing violation. In some cases, statute requires that penalties be levied immediately with no correction time allowed. These instances include violation of background check requirements, operation of a facility while unlicensed, or if an individual in care becomes sick, injured or dies as a result of a deficiency.

CCL issues facility licenses that do not expire. Although licensees are required to pay an annual fee, there is no immediate consequence for nonpayment. The fee process has no bearing on the status of the license.

### ***Problems with Enforcement System***

Figure 6 illustrates how problems outlined above create an enforcement gap. The LAO elaborate on these problems below.



- **Limited Usage of Civil Penalties.** Although current law requires that facilities are subject to civil penalty assessment for specified violations, DSS does not have information about the number of civil penalties levied, the types of facilities most frequently penalized, or any data revealing the instances in which the penalties were levied. The LAO believes that CCL is using this enforcement tool less than would be expected. Their estimate, along with anecdotal evidence that licensing analysts are inconsistent in applying penalties suggests that there is limited usage of this enforcement tool.
- **No Civil Penalty Requirement for Family Child Care Homes.** A family child care home (FCCH) is a facility where licensees provide day care in their own homes for no more than 14 children. These homes care for about 35 percent of the children in licensed child care. The Health and Safety Code clearly requires civil penalties for all licensed facilities with the exception of family child care homes. As regards FCCHs, the statute states that CCL “may” levy civil penalties, thereby delegating this authority to the administration. The DSS has not issued regulations for civil penalties on FCCHs. The LAO understands that with exceptions for violations of background check regulations, civil penalties are generally not levied on family child care homes. The department has provided no explanation for this policy. By not levying penalties on this facility type for licensing violations, CCL removes a key tool from its enforcement strategies. Without any monetary penalty, CCL must rely on more intensive levels of the enforcement structure when a facility fails to comply with regulation. Such enforcement procedures, such as repeated visits, non-compliance conferences or administrative action require more resources and offer a much less immediate consequence for a licensee. Thus, in the LAO’s view, statute should be clarified to require civil penalties be applied to FCCHs.

- **Nonexpiring Licenses.** The license issued by CCL to care providers in California is a non-expiring license. One study of other states' licensing (for child care facilities only) that the LAO reviewed reveals that California is one of 12 states who grant licenses that do not expire. Once a facility has applied and successfully received its license, it is effective indefinitely, regardless of the licensee's record of compliance. Facilities do pay an annual fee for their license, which is due upon the anniversary of their licensing date. If the facility does not pay, licensing staff must initiate administrative procedures to close the facility. In a system where a license expires, the state could deny the renewal request for providers with serious compliance problems or who have unpaid collections or fees. Under the current system, the only way to proceed against such a provider is to initiate an administrative action to revoke the license.

**LAO ANALYSIS RECOMMENDATION:**

As discussed above, LAO believes that the Governor's proposal does not address serious gaps in the enforcement process. Increased inspections alone, as the Governor proposes, will not guarantee safer facilities. The LAO offers a series of recommendations to improve CCL's enforcement and compliance procedures listed below:

- Enact legislation that requires that FCCHs be assessed civil penalties for lack of timely correction of violations and for repeated violations.
- Establish a special fund for the deposit of civil penalty collections from all facilities including family child care homes. In the absence of other data on civil penalties, such a fund will assist the Legislature in monitoring the amount of penalties and enforcement actions.
- Adopt supplemental report language that requires DSS to report on the costs and benefits of developing the capacity to track the following enforcement data: (1) the number of civil penalties issued for noncorrection of violations and for repeated serious violations, (2) the number of noncompliance conferences held and, (3) the number of resulting probationary, and revocation actions taken against facility licenses.
- Enact legislation instituting a license renewal requirement. Such a requirement could improve the state's ability to maintain compliance and to improve its collections of fees and penalties owed.

**LAO ANALYSIS RECOMMENDATION:**

The LAO offers two recommendations to improve CCL's data about enforcement and compliance:

- Establish a special fund for the deposit of civil penalty collections from all facilities including family child care homes. In the absence of other data on civil

penalties, such a fund will assist the Legislature in monitoring the amount of penalties and enforcement actions.

- Adopt supplemental report language that requires DSS to report on the costs and benefits of developing the capacity to track the following enforcement data: (1) the number of civil penalties issued for noncorrection of violations and for repeated serious violations, (2) the number of noncompliance conferences held and, (3) the number of resulting probationary, and revocation actions taken against facility licenses.

**PANELISTS:**

Lauren Nackman  
Legislative Analyst's Office

Jo Frederick  
Department of Social Services

**STAFF COMMENT:**

The Department's current computer database may hinder efforts to get better data on citations and compliance.

The LAO recommendation on citations is address in the next issue on the agenda.

**ISSUE #9: AVAILABILITY AND QUALITY OF CCL ENFORCEMENT INFORMATION**

The Subcommittee will explore the need for quality public data on CCL facilities.

**BACKGROUND:**

At the November 30, 2005 Subcommittee hearing, advocates noted that the State has little public information available to consumers about the licensing history of facilities. Other than personally visiting a regional CCL office, consumers have means of accessing information about past compliance problems of licensed facilities. Advocates express concern that the consumers and their families did not have critical information about a facility's compliance history and could thus not make an informed decision about where to seek care.

Some advocates had suggested that DSS could create a listing of all of the State's licenses facilities with relevant compliance and citation history that could be searched on the internet. The California Advocates for Nursing Home Reform (CANHR) currently operates a similar internet-accessible database that displays nursing home compliance.

**LAO OBSERVATION ON CITATION DATA:**

LAO believes that the current data available on monetary penalties is not sufficient. The LAO notes that data regarding the usage of civil penalties is important management information that DSS should have in order to make the best possible use of a primary enforcement strategy. Like statistics on inspection visits and citations, this information should also be available to the Legislature. Because civil penalties are levied primarily in response to chronic and serious violations, they also provide information about the level of compliance of licensed facilities. The LAO recommends that CCL should report at budget hearings on its plans to collect penalty information, the resources required, and an estimated timeline for such a project.

Currently, licensing fees are deposited in a special fund to allow additional oversight and tracking of their volume. Given the lack of information about civil penalty assessment and collections, placing civil penalties in a special fund would be a good first step in improving the availability of this kind of information. This would provide the Legislature with some insight into trends in enforcement and compliance.

**Citations Issued by DSS Community Care Licensing**

	2002-03	2003-04	2004-05	2005-06*	Increase from 2004-05 to 2005-06
Type A Citations	35,599	27,553	25,574	34,204	33.7%
Type B Citations	30,638	18,037	18,249	26,530	45.4%
Citations Not Coded	466	346	310	266	-14.2%
<b>Total All Citations</b>	<b>66,703</b>	<b>45,936</b>	<b>44,133</b>	<b>61,000</b>	<b>38.2%</b>

\* Estimated

**PANELISTS:**

Department of Social Services

Lauren Nackman  
Legislative Analyst's Office

**STAFF COMMENT:**

The Subcommittee has received substantial feedback from advocates and consumers advocating for more public information of the compliance history of licensed facilities.

The overall number of citations may be affected by a variety of factors, including the overall quality of care provided in the state, the number of CCL visits made, the number of complaints, the number and type of facilities, and the number of residents or clients.



**ISSUE #10: SUBSTITUTE EMPLOYEE REGISTRY**

The Subcommittee will consider re-establishing Substitute Employee Registries.

**BACKGROUND:**

Child care facilities must meet certain maintain staffing ratios depending upon age of the child to comply with State licensing requirements. For example, infant center care requires one staff person for every four infants that are provided care. Current law also requires individuals to obtain either a criminal record clearance from DOJ or a criminal record exemption from DSS before initial presence in a community care facility. Because this clearance process is expensive and time consumptive, facilities have very few options for meeting both requirements in the event that one of their staff cannot work on a particular day. Without temporary alternative staffing available, facilities may have to shut down or close part of their program to meet both requirements.

Between 1999 and 2002, DSS experimented with a Substitute Employee Registry (SER) program. SERs acted as temporary employment agencies for child care centers to provide qualified staff that had undergone the background checks on a short term basis. The project was terminated due to the lack of CCL staff to supervise it.

In 2002, the Legislature passed and the Governor signed SB 646 – Ortiz (Chapter 669 of 2002) requiring the reinstatement of the SER program in specified counties but the reinstatement has been blocked by an Administration-requested Budget provision (This year, Provision 6, 5180-001-0001) which requires the program to be fee-supported. Since there are only one or two agencies continuing to provide temporary employees to centers, a fee-support requirement effectively kills the program.

**PANELIST:**

Department of Social Services

**STAFF COMMENT:**

Given the renewed interest in assuring that child care facility staff have cleared a background check process, the SER would help ensure that facilities could continue operations uninterrupted when faced with temporary staffing shortage.

The Subcommittee could restore the use of SERs by deleting Provision 6 in 5180-001-0001 and adding two positions to supervise the SER program.

Last year, the Department of Social Services estimated that staffing for the SER program would cost approximately \$134,000 General Fund for 2.1 positions (1 LPA, .5 AGPA. .5 OA and .1 Senior Staff Counsel). At the request of staff, Department is

reviewing the resources needed to implement the SER in the budget year and should have an updated figure at the time of the hearing.

**ITEM 0530 HEALTH AND HUMAN SERVICES AGENCY**  
**ITEM 5180 DEPARTMENT OF SOCIAL SERVICES**

**ISSUE #11: UPDATE ON SAWS PROJECTS**

The Subcommittee will hear an update on SAWS projects.

**BACKGROUND:**

The Statewide Automated Welfare System (SAWS) automates the eligibility, benefit, case management, and reporting processes for a variety of health and human services programs operated by the counties: CalWORKs, Food Stamps, Foster Care, Medi-Cal, Refugee Assistance, and County Medical Services Program. The SAWS project includes four primary systems managed by local consortia, a statewide time-on-aid tracking system, and a statewide project management and oversight office.

**Statewide Automated Welfare System  
(dollars in millions)**

Program	Region	2005-06		2006-07	
		Total Funds	General Fund	Total Funds	General Fund
CalWIN	18 counties (36% caseload)	\$153.8	\$56.4	\$117.5	\$44.0
LEADER	Los Angeles County (39% of caseload)	\$11.2	\$3.0	\$11.4	\$3.0
C-IV	4 counties (12% of caseload)	\$45.5	\$15.9	\$48.8	\$17.1
ISAWS	35 counties (13% of caseload)	\$37.3	\$14.6	\$40.6	\$16.0
WDTIP	Statewide time on aid tracking	\$3.9	--	\$3.9	--
Statewide Project Mgmt	Statewide project management and oversight	\$6.2	\$2.7	\$6.4	\$2.8
<b>Total</b>		<b>\$257.9</b>	<b>\$92.6</b>	<b>\$228.6</b>	<b>\$82.9</b>

**CalWIN:** The Governor's Budget requests \$117.5 million (\$44 million General Fund) to continue implementation and operations of the CalWIN system. Implementation of this system began in Sacramento County in March 2005, and completion of the project is expected by July 2006. Funding for 2006-07 includes one-time implementation costs of \$60 million, and ongoing maintenance costs of \$57 million. These costs are \$21.8 million higher than previously budgeted, due to the following:

• County Support Staff:	\$ 827,000
• Help Desk Staff:	\$ 4,376,000
• Local Telecommunication	\$ 4,630,000
• Print Charges	\$ 10,388,000
• <u>Quality Assurance</u>	<u>\$ 1,575,000</u>
<b>Total</b>	<b>\$21,796,000</b>

Note that the 2005 May Revision also added \$25.1 million in additional funding for CalWIN implementation above the \$128 million previously anticipated for 2005-06.

**LEADER:** The Governor's Budget requests \$11.4 million (\$3 million General Fund) for the LEADER system, used by Los Angeles County. LEADER system implementation was completed on April 30, 2001. Due to the need for a more manageable, accountable, and comprehensive automation system, Los Angeles County plans to port the LEADER system to a SAWS-based system. Due to the unique needs of the county, and the difficulty of integrating Los Angeles County's business processes with other counties, the county would not join another county automation system consortium, but would adapt one of the systems used by other counties for Los Angeles County. This is anticipated to occur by April 2010. The Governor's Budget includes \$2.8 million (\$1.1 million General Fund) in 2006-for transition planning activities. Note that ongoing maintenance and operations costs for LEADER may increase in April 2007, as the current contract with the existing vendor expires at that time, and a new contract will be negotiated for April 2007 to April 2010.

**C-IV:** The Governor's Budget includes \$48.8 million (\$17.1 million General Fund) for ongoing maintenance and operations of the C-IV system. C-IV began system development in 2001, and completed implementation in 2004. The budget requests \$632,000 in additional maintenance and operations costs in 2006-07 for a vendor inflation adjustment and additional county support resources.

**ISAWS:** The Governor's Budget requests \$37.5 million (\$14.7 million General Fund) for ongoing maintenance and operations of the ISAWS system. The budget also includes \$890,000 (\$392,000 General Fund) in 2005-06 and \$3.1 million (\$1.4 million General Fund) in 2006-07 for planning costs to migrate the 35 ISAWS counties to C-IV. The ISAWS system was completed in the early 1990's. Due to technology and functionality problems, including manual workarounds and a proprietary mainframe architecture, the ISAWS counties have evaluated options to migrate to another SAWS system. They have chosen to migrate to C-IV. Planning activities for ISAWS migration will begin in March 2006, and will continue through December 2007. One-time transition costs to migrate the ISAWS counties to C-IV are roughly estimated at \$136 million. Once the transition to C-IV is complete, ongoing maintenance and operations costs for the 35 ISAWS counties are expected to decline by \$10.8 million.

**LAO CONCERNS AND RECOMMENDATION FOR CALWIN PROJECT:**

The LAO recommends that the Legislature deny a \$4.4 million proposal increase to county Help Desk staff from 127 to 195. The LAO cannot determine whether the proposed ratio of 143 end users per one help desk staff is the appropriate staffing level given the information provided by the Department.

**CWDA COMMENTS ABOUT HELP DESK STAFFING:**

The Counties believe that the additional help desk staffing included in the budget is not sufficient. The counties point out that the CalWIN level of funding is 25 percent less than the funding level provided for the old CDS system, which CalWIN replaced. CWDA has requested an additional \$3.6 million (1.2 million General Fund) for additional help desk staff to keep the level of services provided with the previous system.

**PANELISTS:**

Department of Social Services

Kathy Curtis  
Legislative Analyst's Office

Frank Mecca  
CWDA

**STAFF COMMENT:**

Help Desk staffing has played a critical role in enabling case workers to use the county systems effectively.

**ISSUE #12: UPDATE ON THE CWS/CMS GO FORWARD PLAN**

The Subcommittee will receive an update on the CWS/CMS system.

**BACKGROUND:**

In 1993, the federal government offered funding to any state that agreed to develop a Statewide Automated Child Welfare Information System (SACWIS). A SACWIS system performs certain functions such as processing child abuse investigations and preparing foster care case plans. If a state chose to develop such a system, then the federal government provided "incentive funding" at 75 percent of total costs for the first three years of the project's development and then 50 percent for the subsequent years. In 1994, California received federal approval to develop CWS/CMS as SACWIS-compliant. In 1997, the state announced the completion of the CWS/CMS system when it became operational in all counties.

The federal government, however, did not consider CWS/CMS complete because the system did not meet all the SACWIS requirements. Starting in 1999, the federal government raised concerns about the inability of the CWS/CMS system to meet SACWIS requirements. In June 2003, the federal government notified the State that it did not consider CWS/CMS to meet SACWIS requirements. As a result of that decision, the federal government reduced its share of funding for CWS/CMS from roughly 50 percent to 30 percent. In addition, the federal government notified the State that it would not provide any federal funding for the current contract after August 2005.

Starting in March 2004, the administration began developing a strategy to address the federal government's concerns about achieving SACWIS compliance. In August 2004, the administration provided its SACWIS compliance strategy—the Go Forward Plan—to the federal government. The total costs for the Go Forward Plan are currently estimated to be \$82 million (all funds) over four years. The plan consists of three components:

- Conducting a Technical Architecture Alternatives Analysis (TAAA) to determine the costs and benefits of achieving SACWIS compliance versus non-SACWIS compliance.
- Developing a Request for Proposal (RFP) for a contractor to maintain the CWS/CMS software.
- Transferring the CWS/CMS hardware from the current contractor's site to DTS.

In October 2004, the federal government approved the CWS/CMS Go Forward Plan and restored SACWIS funding to the project. In addition, the federal government retroactively provided SACWIS funding for July 2003 to September 2004.

**TAAA FINDINGS:**

The TAAA concluded that SACWIS functions are necessary to meet county program needs. In addition, the analysis concluded that the current CWS/CMS system does not meet either the state or county program needs. In addition, the analysis indicates that the current CWS/CMS system's technology is costly to maintain, difficult to modify, and requires significant technical enhancements to meet program needs. To solve these issues, the analysis examined three alternatives: (1) modify the existing system to include SACWIS functionality, (2) migrate the CWS/CMS technology over time to newer technology, and (3) develop a new system.

The analysis concluded that the most cost effective solution was to develop a new system. One time costs for the new system were estimated to be \$136 million and annual maintenance and operation costs were estimated to be about \$93 million. Total ten year costs were estimated at \$1.3 billion. The TAAA also estimates that it will take three years to develop the new system. (This estimate does not take into account (1) preparing the feasibility study report (FSR) and (2) preparing the RFP and conducting the procurement. According to a schedule included in the TAAA, the state will spend the budget year developing the FSR and preparing the RFP.

The administration is considering whether to develop a new system to replace the CWS/CMS system. The Department of Finance comments that no decision has been made at this time.

**UPDATE ON FEDERAL GOVERNMENT REVIEW:**

The federal government is requesting an Advance Planning document for planning activities for the new system. The new document, a Planning Advance Planning Document, is currently being prepared. The ACF letter also discusses SACWIS funding assumptions. CDSS will continue to negotiate with the federal government on the funding request surrounding the development of the new system.

**LOS ANGELES MYCSW INTERFACE:**

Los Angeles County has created a front-end interface for the CWS/CMS system called the MyCSW system. The interface is designed to improve the functionality of the program for social workers.

The federal government has submitted a letter to the State to protest the fact that Los Angeles had made automation changes that affect the CWS/CMS system without federal authorization.

**PANELIST:**

Department of Social Services

**STAFF COMMENT:**

The federal government continues to value bureaucratic automation approval processes and system design consideration more than the system's functionality and benefit to the program.



**ISSUE #13: COMPUTER REPLACEMENT AND SOFTWARE UPGRADE COSTS**

The Subcommittee will review a proposed change to the way the State budgets for County computer replacement and software upgrades.

**BACKGROUND:**

Currently, funding to replace obsolete computers and install newer versions of software on the State's automation systems is considered part of the project funding and is provided on a one-time basis. These projects are commonly known as a "refresh" of the system.

In the budget year, such "refresh" projects for the CWS/CMS and CalWIN system have not been included in the budget. The Department of Finance has decided that these projects should not be budgeted as a unique project and should instead be claimed by counties as part of their normal administrative costs.

**CWDA REQUEST:**

CWDA has requested that the two refresh projects be included in the budget. The total cost of including these projects would be \$15.3 million (\$6.0 million General Fund) with \$9.9 million (\$3.3 million General Fund) for CalWIN and \$5.4 million (\$2.7 million General Fund) for CWS/CMS.

CWDS thinks that making these expenses a program cost would be impractical. Currently there is no means to request budget augmentation for each impacted program in order to refresh hardware or software. In addition, the significant costs of a refresh cannot be readily absorbed into allocations that are based on caseload and staffing costs. The result is likely to be an increasing number of obsolete and failing PCs and printers impacting services to clients.

**PANELISTS:**

Nick Buchen  
Department of Finance

Frank Mecca  
County Welfare Director's Association

**STAFF COMMENT:**

Finance has cited the proposal to freeze county administrative costs as the justification for no funding the two refresh projects. Both the Senate and Assembly have rejected this proposal.