

California State Assembly



Agenda

Assembly Budget Subcommittee No. 2 on Human Services

Assemblymember Dr. Corey Jackson, Chair

Wednesday, May 1, 2024
1:30 P.M. – State Capitol, Room 444

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Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the Subcommittee.

Panels

0530 California Health and Human Services Agency

Issue 1: Overview of California Health and Human Services Agency Programs

- Brendan McCarthy, Deputy Secretary, Program and Fiscal Affairs, California Health and Human Services Agency
- Joseph Donaldson, Principal Program Budget Analyst, Department of Finance
- Ryan Miller, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

Issue 2: Health and Human Services Innovation Accelerator Initiative Delay Proposal in Governor’s Budget

- Brendan McCarthy, Deputy Secretary, Program and Fiscal Affairs, California Health and Human Services Agency
- Joseph Donaldson, Principal Program Budget Analyst, Department of Finance
- Ryan Miller, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

Issue 3: Governor’s Budget Proposal Regarding the Safety Net Reserve Fund

- Brendan McCarthy, Deputy Secretary, Program and Fiscal Affairs, California Health and Human Services Agency
- Andrew Cheyne, Managing Director of Public Policy, GRACE/End Child Poverty California
- Eileen Cubanski, Interim Executive Director, County Welfare Directors Association of California
- Joseph Donaldson, Principal Program Budget Analyst, Department of Finance
- Aanam Khan, Principal Program Budget Analyst, Department of Finance
- Sonia Schragger Russo, Fiscal and Policy Analyst, Legislative Analyst’s Office

0530 California Health and Human Services Agency, Center for Data Insights and Innovation

Issue 4: Overview of Center for Data Insights and Innovation and Efforts to Simplify Program Access to Human Services and Health Programs for Eligible Individuals and Families

- John Ohanian, Director, Center for Data Insights and Innovation
- Joseph Donaldson, Principal Program Budget Analyst, Department of Finance
- Ryan Miller, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

**0530 California Health and Human Services Agency, Office of Technology and Solutions Integration
5180 Department of Social Services**

Issue 5: Statewide Automated Welfare System (CalSAWS) Update and Responses to Questions from Consumer Advocates

- Steve Zaretsky, Project Director, CalSAWS Project, Office of Technology and Solutions Integration
- John Boule, Executive Director, CalSAWS Consortium
- Ryan Gillette, Chief Data Officer, Deputy Director, Research, Automation and Design Division, California Department of Social Services
- Jennifer Tracy, Advocates Co-Lead, California Association of Food Banks
- Eileen Cubanski, Interim Executive Director, County Welfare Directors Association of California
- Emily Marshall, Budget Analyst, Department of Finance
- Joseph Donaldson, Principal Program Budget Analyst, Department of Finance
- Brian Metzker, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

Issue 6: Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) Requests in Governor's Budget and Readiness for Permanent Rates Structure Proposal

- James Duckens, Chief Deputy Director, Office of Technology and Solutions Integration
- Jessica Rougeaux, Branch Chief, Child Welfare System Branch
- Eileen Cubanski, Interim Executive Director, County Welfare Directors Association of California
- Marlon Davis, Budget Analyst, Department of Finance
- Joseph Donaldson, Principal Program Budget Analyst, Department of Finance
- Brian Metzker, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

Issue 7: Electronic Benefit Transfer (EBT) Theft and Update on Implementation of Prior Funding Investments

- Ryan Gillette, Chief Data Officer, Deputy Director, Research, Automation and Design Division, California Department of Social Services
- Andrew Cheyne, Managing Director of Public Policy, GRACE/End Child Poverty California
- Gilbert Ramos, Human Services Deputy Executive Officer, San Bernadino County
- Emily Marshall, Budget Analyst, Department of Finance
- Joseph Donaldson, Principal Program Budget Analyst, Department of Finance

- Sonia Schragger Russo, Fiscal and Policy Analyst, Legislative Analyst’s Office

5180 Department of Social Services

Issue 8: Security Architecture Compliance Assessment Budget Change Proposal

- Chad Crowe, Chief Information Officer, California Department of Social Services
- Aanam Khan, Principal Program Budget Analyst, Department of Finance
- Brian Metzker, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

4700 Department of Community Services and Development

Issue 9: Overview of Department of Community Services and Development

- Jason Wimbley, Acting Director, Department of Community Services and Development
- Omar Sanchez, Budget Analyst, Department of Finance
- Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

Issue 10: Federal Trust Fund Authority Augmentation Budget Change Proposal

- Jason Wimbley, Acting Director, Department of Community Services and Development
- Omar Sanchez, Budget Analyst, Department of Finance
- Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

Public Comment will be taken at the conclusion of all panels.

Items To Be Heard

0530 California Health and Human Services Agency

Issue 1: Overview of California Health and Human Services Agency Programs

This issue provides fiscal and program background for the California Health and Human Services Agency (CalHHS).

CalHHS Guiding Principles and Strategic Priorities. As discussed further on its [website](#), the CalHHS values and vision are summarized below.

Our North Star

We envision a *Healthy California for All* where every individual belongs to a strong and thriving community.

Where all our children can play and learn, and where we are confident that we have done all we can to pass to them a state they can lead into the future.

Where older and disabled Californians can live with purpose and dignity, and where they are supported and valued.

Where equity is not just a word or concept but *the* core value.

Where we constantly pursue social and racial justice by not only lifting all boats but especially those boats that need to be lifted more.

Where health care is affordable, accessible, equitable and high-quality so it drives toward improved health.

Where we prioritize prevention and the upstream factors that impact an individual’s health and well-being.

Where we are committed to tackling the economic inequalities that force many Californians to live on the street.

Where necessities like housing and childcare are complemented by access to physical and behavioral health services.

Where we see the whole person and where programs and services address the social, cultural and linguistic needs of the individuals they serve.

Where climate threats collide with forward leaning health practices and policies that visibly turn the tide toward community resilience.

And where we see our diversity as a strength, and where we embrace a joint responsibility to take care of one another.

Guiding Principles.

- Focus on Equity
- Actively Listen
- Use Data to Drive Action
- See the Whole Person
- Put the Person back in Person-Centered
- Cultivate a Culture of Innovation
- Deliver on Outcomes

Strategic Priorities.

- Create an Equitable Pandemic Recovery
- Build a Healthy California For All
- Integrate Health and Human Services
- Improve the Lives of California’s Most Vulnerable
- Advance the Well-Being of Children and Youth
- Build an Age-Friendly State for All

CalHHS Funding, Positions, and Organization.

Funding Source (Dollars in millions)	CalHHS Total Budget		Change from FY 2023-24 to FY 2024-25
	FY 2023-24	FY 2024-25	
General Fund	\$75	\$272	\$197
Federal Funds	\$5	\$13	\$8
Other Funds	\$654	\$658	\$4
Reimbursements	\$5	\$5	\$0
Total Budget	\$739	\$948	\$209

State Operations Summary

State Operations (Dollars in Millions)	2023-24	2024-25
Personal Services	\$109	\$111
Operating Expenses & Equipment	\$630	\$599
Total, State Ops Services	\$739	\$710
General Fund	\$75	\$47
Federal Fund	\$5	\$0
Special Funds	\$654	\$658
Reimbursements	\$5	\$5

Other/Special Funds Detail:				
Reimbursements (0995)	\$25,833	\$4,894	\$4,980	\$4,994
Office of Patient Advocate Trust Fund (3209)	\$1,703	\$2,302	\$2,967	\$2,380
Data Insights and Innovation Fund (3377)	\$0	\$0	\$0	\$0
988 Suicide and BH Crisis Svcs Fund (3414)	\$0	\$5,500	\$5,500	\$0
Central Service Cost Recovery Fund (9740)	\$2,950	\$11,367	\$11,407	\$11,412
California HHS Automation Fund (9745)	\$563,247	\$623,592	\$626,384	\$644,134

The table below illustrates the total position count, including Budget Change Proposals for the 2024-25 Governor’s Budget. Positions with limited-term funding, but no permanent position authority, are not included.

Program	FY 2023-24	FY 2024-25
Secretary of California Health and Human Services	89.5	87.5
California Office of Health Information Integrity	4.2	4.2
Office of Youth and Community Restoration	33.00	37.0
Office of Technology and Solutions Integration	415.60	409.1
Office of Patient Advocate	7.2	7.2
Center for Data Insights and Innovations	4.0	4.0
Office of the Surgeon General	7.0	7.0
Total	560.5	556.0*

*Including LT and Temporary positions, the CalHHS workforce is approximately 597.1¹

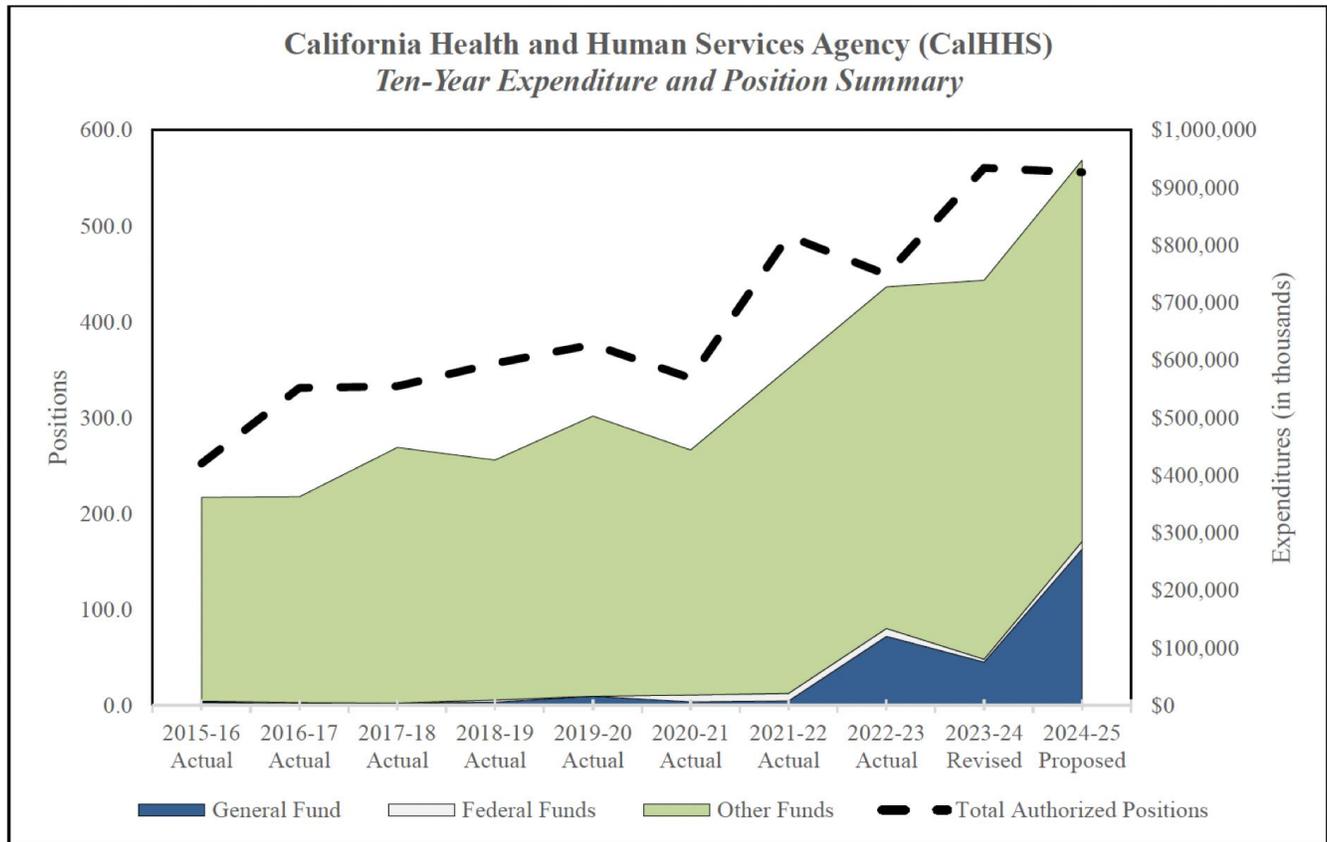
Local Assistance Program

Program (Dollars in millions)	FY 2023-24 Total	FY 2023-24 State GF	FY 2024-25 Total	FY 2024-25 State GF
TITLE II JJDP Grants	\$0	\$0	\$237	\$225

Title II Juvenile Justice and Delinquency Prevention Act (JJDP) Grants

Funding (millions)	FY 2023-24 Appropriation	FY 2023-24 Revised Budget	FY 2024-25 Governor's Budget	FY 2023-24 Change from FY 2023-24 Appropriation	FY 2024-25 Change from FY 2023-24 Appropriation
Total	\$0	\$0	\$237	\$0	\$237
Federal	0	0	225	0	12
State	0	0	12	0	225

Of note, the Office of Youth and Community Restoration and Juvenile Justice issues are within the jurisdiction of the Assembly Budget Subcommittee No. 6 on Public Safety.



Background. The California Health and Human Services Agency (CalHHS) oversees twelve departments and five offices that provide a range of health care services, social services, mental health services, alcohol and drug services, income assistance, and public health services to Californians. CalHHS is administered by a cabinet-level Secretary of Health and Human Services, appointed by the Governor and confirmed by the California State Senate. According to CalHHS, its primary mission is to provide policy leadership and direction to the departments, boards, and programs it oversees, to reduce duplication and fragmentation among departments in policy development and implementation, to improve coordination among departments on common programs, to ensure programmatic integrity, and to advance the Governor's priorities on health and human services issues.

The departments and other entities within CalHHS include:

- Department of Aging (CDA)
- Department of Public Health (CDPH)
- Department of Child Support Services (DCSS)
- Department of Community Services and Development (CSD)
- Department of Developmental Services (DDS)
- Emergency Medical Services Authority (EMSA)
- Department of Health Care Services (DHCS)
- Department of Managed Health Care (DMHC)

- Department of State Hospitals (DSH)
- Department of Rehabilitation (DOR)
- Department of Social Services (DSS)
- Department of Health Care Access and Information (HCAI)

Within CalHHS there are several other entities administered by appointed commissions or governing boards, including:

- State Council on Developmental Disabilities
- Commission on Aging
- California Senior Legislature
- California Children and Families Commission
- California Health Benefit Exchange (Covered California)
- State Independent Living Council

CalHHS also oversees the allocation of funds to local governments under 1991 and 2011 State-Local Realignment.

Within the organizational structure of CalHHS are five offices and the Center for Data Insights and Innovation.

Office of the Secretary of Health and Human Services. The Office of the Secretary formulates and coordinates policy among the Agency’s departments, and communicates with the Legislature, stakeholders, and the public about issues relating to the state’s health and human services programs. The Office of the Secretary is composed of six distinct offices or units, including:

Office of Legislative Affairs – The Office of Legislative Affairs provides coordination, oversight, and management of proposed legislation and ensures the Administration’s legislative priorities are developed and implemented. The office provides policy guidance, instruction, and direction to health and human services departments and entities, and coordinates with the Governor’s Office on legislative positions.

Office of External Affairs – The Office of External Affairs manages ongoing public information and public affairs functions and provides guidance and direction to public information officers in health and human services departments and entities. The office serves as the official Agency spokesperson to respond to media inquiries, and coordinates with the Governor’s Office communication staff on significant and sensitive media issues.

Office of the Agency General Counsel – The Office of the Agency General Counsel provides legal counsel to the Office of the Secretary and senior Agency staff, coordinates with the Governor’s Office of Legal Affairs and with the Chief Counsels in health and human services departments and entities.

Office of Program and Fiscal Affairs – The Office of Program and Fiscal Affairs is responsible for formulating, analyzing, revising, and evaluating the program and fiscal impacts of major

health and human services policies of the Administration. This work includes assessment of all policy, legislative, fiscal, and other issues that have implications among health and human services departments and agencies, as well as other state agencies.

Administration Unit – The Administration Unit manages personnel, human resources, training, and internal budget issues.

Office of the Agency Information Officer – The Office of the Agency Information Officer supports health and human services departments and entities to successfully deliver data and technology solutions through portfolio support, enterprise architecture, information security, agency governance, and horizontal integration activities.

Office of Policy and Strategic Planning – The Office of Policy and Strategic Planning is responsible for driving measurable outcomes on CalHHS guiding principles and strategic priorities through system alignment and program integration across the agency’s departments and offices. The Office works on a set of initiatives to advance equity, address the social determinants of health, and ensure a whole person approach.

Office of Technology and Solutions Integration (OTSI). The Office of Technology and Solutions Integration (OTSI) procures, manages, and delivers technology systems that support the delivery of health and human services to Californians. OTSI manages a portfolio of large, complex information technology (IT) projects, providing project management, oversight, procurement, and support services for these projects and coordinating communication, collaboration, and decision-making among project stakeholders and program sponsors. After the procurement phase, OTSI oversees the design, development, governance, and implementation of IT systems that support the administration of health and human services programs in California.

Office of the Surgeon General (OSG). The Office of the Surgeon General (OSG) was established in 2019 to advise the Governor, serve as a leading spokesperson on matters of public health, and drive solutions to the state’s most pressing public health challenges. The OSG has established early childhood, health equity, adverse childhood experiences (ACEs), and toxic stress as key priorities. The Surgeon General has set a goal to reduce ACEs and toxic stress by half in one generation.

Office of Law Enforcement Support (OLES). The Office of Law Enforcement Support (OLES) was established in 2014 to provide monitoring and oversight of law enforcement personnel serving in the Office of Protective Services at DSH and DDS. OLES develops training protocols, policies, and procedures for law enforcement officers operating at DSH and DDS, and investigates incidents involving law enforcement personnel at state hospitals or developmental centers.

Office of Youth and Community Restoration (OYCR). The Office of Youth and Community Restoration (OYCR) supports the transition of justice involved youth being served in local communities by promoting a youth continuum of services that are trauma responsive and culturally informed, using public health approaches that support positive youth development,

building the capacity of community-based approaches, and reducing the justice involvement of youth. The OYCR also assesses the efficacy of local programs, provides technical assistance and support, reviews local Juvenile Justice Realignment Grants, fulfills statutory obligations of an Ombudsperson, and develops policy recommendations.

Center for Data Insights and Innovation (CDII). The Center for Data Insights and Innovation (CDII) was established in 2021 to advance CalHHS data initiatives and help turn data into insights, knowledge, and action. The Center combines functions from the previous Office of Health Information Integrity (CalOHII), Committee for the Protection of Human Subjects (CPHS), Office of the Patient Advocate (OPA), and Office of Innovation. These functions include ensuring state department compliance with the Health Insurance Portability and Accountability Act (HIPAA) and other related state and federal privacy laws, health plan and medical group report cards evaluating health care quality and the patient experience, and reporting on health care consumer and patient assistance centers by state agencies (Department of Managed Health Care, Medi-Cal, Department of Insurance, and Covered California). CDII also administers the CalHHS Open Data Portal, which provides public access to non-confidential health and human services data.

Panel

Questions and Requests for the Panel:

- ◇ Please provide an overview of the Guiding Principles and Strategic Priorities for CalHHS.
- ◇ Please provide an explanation of how these Guiding Principles and Strategic Priorities reconcile with the program eliminations proposed for CalWORKs, Child Welfare, and Immigration programs for the Department of Social Services in the Governor’s January 10 Budget?
- ◇ What steps is CalHHS taking to analyze the repercussions on housing instability/homelessness, adverse childhood experiences, and negative health effects when it advances or approves program cuts/eliminations?
- ◇ Please provide an update on the implementation of the Language Access Policy and Plan and \$20 million that was approved in 2023.
 - Brendan McCarthy, Deputy Secretary, Program and Fiscal Affairs, California Health and Human Services Agency
 - Joseph Donaldson, Principal Program Budget Analyst, Department of Finance
 - Ryan Miller, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

Staff Comments

The Subcommittee may choose to ask for an update in writing to be shared by a date certain on the implementation of the Language Access Policy and Plan given concerns voiced by some stakeholders.

Staff Recommendation: Hold open.

Issue 2: Health and Human Services Innovation Accelerator Initiative Delay Proposal in Governor’s Budget

General Fund Budget Solution – Governor’s Budget. CalHHS requests to revert and delay General Fund expenditure authority of \$42 million in 2023-24 and \$32 million in 2024-25, approved in the 2023 Budget Act, for the CalHHS Innovation Accelerator. This project, which intends to pursue innovative opportunities for addressing major health challenges, such as diabetes-related morbidity and mortality, disparities in maternal and infant mortality, and preventing and mitigating infectious disease, would be delayed until 2025-26 and 2026-27.

Multi-Year Funding Request Summary				
Fund Source	2023-24	2024-25	2025-26	2026-27
0001 – General Fund	(\$42,000,000)	(\$32,000,000)	\$42,000,000	\$32,000,000
Total Funding Request:	(\$42,000,000)	(\$32,000,000)	\$42,000,000	\$32,000,000

The 2023 Budget Act included General Fund expenditure authority of \$42 million in 2023-24 and \$32 million in 2024-25 to support the CalHHS Innovation Accelerator. There was also a \$1 million appropriation associated with state administrative costs to create a Request for Proposal (RFP) for long-term planning for this project.

According to the Administration’s original proposal, submitted in June 2023, the CalHHS Innovation Accelerator is a public-private partnership to create the environment for researchers and developers to create solutions to the greatest health challenges facing Californians, such as diabetes-related morbidity and mortality, addressing disparities in maternal and infant mortality, and preventing and mitigating infectious disease. The Accelerator would: (1) identify a set of five key areas or health disparities that threaten Californians; (2) seek to fund researchers and implementation efforts to create and/or identify solutions that can close targeted disparities; and (3) create the conduit and connections that ensure these solutions and inventions are brought into Californians safety net programs to have more immediate benefit to Californians facing these disparities. The 2023 Budget Act also included language exempting the Accelerator from state contracting requirements.

CalHHS requests to revert and delay General Fund expenditure authority of \$42 million in 2023-24 and \$32 million in 2024-25, approved in the 2023 Budget Act, for the CalHHS Innovation Accelerator. This delay in funding is being proposed to address the General Fund shortfall. The \$1 million in state administrative funding is currently latent pending what is decided in the 2024 Budget.

Panel

Questions and Requests for the Panel:

- ◇ Please provide a brief overview of this what this initiative is and what concrete supports or services for vulnerable communities it would provide.

- ◇ Have substantive decisions been made about the use of these funds? If not, why, and what would be the plan moving forward if the delay in funding is approved?
- ◇ How does the Administration balance this proposed delay with the proposed cuts that would, if adopted, cease currently utilized housing (e.g. CalWORKs Family Stabilization) and other services?
- ◇ What entities would be partners and receive funding through this program? Could for-profit entities be eligible for funds?
 - Brendan McCarthy, Deputy Secretary, Program and Fiscal Affairs, California Health and Human Services Agency
 - Joseph Donaldson, Principal Program Budget Analyst, Department of Finance
 - Ryan Miller, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

LAO Comments

When this was initially proposed last year, the Legislative Analyst’s Office (LAO) recommended that the Legislature reject the proposal. The LAO stated that while the health challenges the administration raises deserve attention, the administration has provided essentially no justification for this proposal. In particular, the LAO stated that it was not clear why this proposal is needed in light of existing efforts addressing the referenced health challenges. Such a justification is especially crucial during tight budgetary times.

If the final budget agreement continues to prioritize this program for inclusion in the multiyear, the LAO recommends that the Legislature adopt provisional oversight language to help ensure the resources for this program are spent consistent with legislative priorities.

Staff Comments

The recently enacted Early Action package included the removal of the \$42 million from the 2023-24 fiscal year, however the decision on the requested delay was not yet made.

Staff Recommendation: Hold open.

Issue 3: Governor's Budget Proposal Regarding the Safety Net Reserve Fund

The Governor's Budget proposes a \$900 million withdrawal from the Safety Net Reserve. The proposed \$900 million withdrawal from the Safety Net Reserve reflects the entire balance of the reserve.

The following information was provided by the Legislative Analyst's Office (LAO).

Safety Net Reserve. The Governor proposes withdrawing the entire balance of the Safety Net Reserve—\$900 million. Withdrawing the entire balance of the Safety Net Reserve may not be consistent with legislative intent. The Safety Net Reserve was designed to help cover costs of increasing caseload in Medi-Cal and the California Work Opportunity and Responsibility to Kids (CalWORKs) program in the event of an economic downturn. Although caseloads under the Governor's budget are higher than anticipated in June, economic conditions likely do not yet match what the Legislature envisioned when it created the reserve. Moreover, the administration proposes ongoing reductions to CalWORKs despite withdrawing these reserves. Withdrawing the entirety of this reserve may not be consistent with its original design.

Welfare and Institutions Code Section 11011. This is the statute that created and that governs the Safety Net Reserve. Additional funds have been added to this reserve since its creation. The highlighted portion discusses the intended use related to CalWORKs, which falls under Sub. 2's jurisdiction, and Medi-Cal, which falls under the Sub. 1 jurisdiction.

(a) (1) (A) The Safety Net Reserve Fund is hereby established in the State Treasury. The Medi-Cal Subaccount and the CalWORKs Subaccount are hereby created within the Safety Net Reserve Fund.

(B) On and after the effective date of the act adding this subparagraph, the Medi-Cal Subaccount and the CalWORKs Subaccount established pursuant to subparagraph (A) are hereby abolished and the balances remaining in those subaccounts shall be transferred to the Safety Net Reserve Fund.

(2) Notwithstanding any other law, the Controller may use the funds in the Safety Net Reserve Fund for cashflow loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code.

(b) Upon the enactment of the 2018 Budget Act, upon order of the Director of Finance, the Controller shall transfer two hundred million dollars (\$200,000,000) from the General Fund to the CalWORKs Subaccount.

(c) Upon appropriation by the Legislature, the Safety Net Reserve Fund shall be utilized, in addition to other state revenues, for the purpose of maintaining existing program benefits and services for the Medi-Cal and CalWORKs programs during economic downturns, when program costs may increase due to economic conditions.

(Amended by Stats. 2019, Ch. 29, Sec. 143. (SB 82) Effective June 27, 2019.)

Panel**Questions and Requests for the Panel:**

- ◇ Please explain the use of the Safety Net Reserve in the Governor's Budget.
- ◇ Please explain how this use of the Safety Net Reserve reconciles with the requirement in code (highlighted above) that it be used to maintain existing programs, specifically as it relates to the \$300 million in General Fund reductions proposed permanently in the CalWORKs program in the Governor's Budget?
 - Brendan McCarthy, Deputy Secretary, Program and Fiscal Affairs, California Health and Human Services Agency
 - Andrew Cheyne, Managing Director of Public Policy, GRACE/End Child Poverty California
 - Eileen Cubanski, Interim Executive Director, County Welfare Directors Association of California
 - Joseph Donaldson, Principal Program Budget Analyst, Department of Finance
 - Aanam Khan, Principal Program Budget Analyst, Department of Finance
 - Sonia Schragger Russo, Fiscal and Policy Analyst, Legislative Analyst's Office

LAO Comments

The Legislative Analyst's Office (LAO) has provided the following comments on the use of the Safety Net Reserve in the Governor's Budget.

Withdrawal May Be Inconsistent With Legislative Intent for Reserve. The Safety Net Reserve, established in 2018-19, was designed to help cover costs of increasing Medi-Cal and CalWORKs caseloads in the event of an economic downturn. Although caseloads under the Governor's budget are higher than anticipated in June, economic conditions likely do not yet match what the Legislature envisioned when it created the reserve. Moreover, the administration proposes the ongoing reductions mentioned above despite withdrawing these reserves. Withdrawing the entirety of this reserve, while simultaneously proposing reductions, may not be consistent with its original design.

Staff Comments

Staff Recommendation: Hold open.

0530 California Health and Human Services Agency, Center for Data Insights and Innovation

Issue 4: Overview of Center for Data Insights and Innovation and Efforts to Simplify Program Access to Human Services and Health Programs for Eligible Individuals and Families

This issue provides fiscal and program background for the Center for Data Insights and Innovation (CDII), an agency within the California Health and Human Services Agency (CalHHS).

California Health and Human Services			
Center for Data Insights & Innovation Funding Summary: FY 2023-24 FY2024-25			
As of January 10, 2024			
Center for Data Insights & Innovation	FY 2023-24	FY 2024-25	Difference
CDII Program Budget			
Program 0280	\$13,129,000	\$13,129,000	\$0
Program 0285 CALOHII	\$1,841,000	\$1,841,000	\$0
Program 0295 OPA	\$2,967,000	\$2,380,000	-\$587,000
Program 0296 CDII	\$1,080,000	\$1,090,000	\$10,000
Total All Programs	\$19,017,000	\$18,440,000	-\$577,000
CDII Budget by Fund			
Health Plan Improvement Trust Fund	\$2,967,000	\$2,380,000	-\$587,000
General Fund	\$14,351,000	\$14,354,000	\$3,000
Reimbursements Fund 0995	\$1,699,000	\$1,706,000	\$7,000
Total All Funds	\$19,017,000	\$18,440,000	-\$577,000

The following information was provided by the CDII to describe its programs and functions.

Data Exchange Framework (DxF). The Data Exchange Framework (DxF) Data Sharing Agreement is the first ever, required, statewide data sharing agreement of its kind in California and is key to achieving the state’s plans for transforming healthcare, expanding coverage, advancing equity, and improving connections between health and social services entities. The DxF aims to fill in gaps of understanding about social determinants of health, enabling our health and social services providers to address health inequities and disparities, especially in historically underserved and underrepresented communities.

Participants in the DxF are either mandated by HSC 130290 or voluntary signatories to the Data Sharing Agreement. All Participants must follow the DxF Policies and Procedures (P&Ps), which impose protections for HSSI and outline purposes for when HSSI can be shared. The P&Ps

also require Participants to provide individuals with access to their HSSI as well as stating what Participants must do in the event of a breach. The DxF allows every Californian, no matter where one lives within our state, to be able to walk into a doctor's office, a county social service agency, or an emergency department and be assured health and social services providers can access the information they need to provide safe, effective, whole-person care—while keeping the data of individuals private and secure.

Insights Lab. Insights Lab is responsible for nimble analytics capabilities and integrated data products that combine information from across CalHHS departments and programs to help inform policy development and program design.

Insights Lab provides solutions to facilitate data sharing and leads multiple data initiatives within CalHHS to inform and enhance person-centered services. The Lab supports a culture of innovative data-driven decision making and workforce development. Insights Lab is where projects such as the All-Hazards Dashboard, Equity Dashboard, the Research Data Request Form, and other interactive data-smart decision-making tools are developed, tested, and refined. The Insights Lab also supports the Committee for the Protection of Human Subjects (CPHS), which serves as the institutional review board (IRB) for CalHHS which ensures that research involving human subjects is conducted ethically and with minimal risk to participants.

Data and Engineering. Data and Engineering is comprised of the Data Hub and the Open Data Portal. The Data Hub provides a focal point for data-sharing across all California Health & Human Services Agency (CalHHS) departments and offices, and assists with data curation, consolidation, management, and analytics, made possible by linking clients across departments to enable an integrated view of client participation across CalHHS programs and services. The Open Data Portal provides public access to one of the State's most valuable assets – non-confidential health and human services data.

Data Hub carries out a number of key analytical functions. The Data Hub supports CalHHS' analytical efforts by supporting the All-Hazards Dashboard, Equity Dashboard, and analyzes the relationships between CalHHS programs and services and the populations they serve. The goals of the Open Data Portal are to spark innovation, promote research and economic opportunities, engage public participation in government, increase transparency, and inform decision-making.

Quality Reporting. AB 172, enacted in 2021, requires CDII to publish quality of care reports. The statute transitioned reporting requirements to CDII from the California Office of the Patient Advocate (OPA) and expanded the scope to address new data sources and topics, such as the impacts of socioeconomic status, timely access to care, and health equity disparities.

CDII is statutorily charged under the California Health and Safety Code §130204 with implementation of a multi-departmental complaint data reporting initiative, building off the foundation established by OPA. CDII produces annual reports about consumer health care complaints made to California consumer assistance centers with the assistance of other CalHHS departments. The Quality reporting program produces the annual Edition of the California Health Care Quality Report Cards which are comprised of a Commercial Health Plan Report Card,

Commercial Medical Group Report Card, and a Medicare Advantage Medical Group Report Card.

Compliance Program. Through AB-172, passed in 2021, CalOHII (California Office of Health Information Integrity) became a part of CDII, and CDII assumed CalOHII's duties. One of these duties is to ensure that California state departments abide by the Health Insurance Portability and Accountability Act (HIPAA).

CDII's compliance team is responsible for ensuring impacted State departments are compliant with HIPAA and other information privacy and security regulations related state and federal laws. CDII assesses all State entities to determine which entities have health information and which state and federal laws regulate the health information. CDII's Compliance Program develops and maintains the Statewide Health Information Policy Manual (SHIPM) to provide state departments with a resource that provides guidance on how to protect patient privacy while promoting coordinated care, promotes uniform interpretation and application of health information laws including those relating to security, patients' rights, and transactions and code sets. This division also helps private entities through the State Health Information Guidance (SHIG), a collaboration with various organizations to develop materials to help clarify federal and state laws that affect disclosure and sharing of health information.

Committee for the Protection of Human Subjects (CPHS). Under the federal Common Rule, CPHS is the institutional Review Board (IRB) for all departments under CalHHS. As such, the IRB is required to review human subjects research involving funding, staff, or subjects under the custodial control (such as state hospital patients) of CalHHS departments.

CPHS ensures research involving human subjects is conducted ethically and with minimal risk. CPHS is required to review and approve all research-related requests for data that can be linked to an individual that is held by any state department. CPHS review may be conducted at a convened public meeting. The committee must address projects that have any contact with human subjects and may also discuss data-only projects.

Panel

Questions and Requests for the Panel:

- ◇ Please provide an overview of CDII's major initiatives.
- ◇ What is the crossover impact in our major Health and Human Services programs? For instance, how many of those enrolled in Medi-Cal are eligible for and enrolled in, or not, CalFresh and CalWORKs?
- ◇ What is CDII working on to enable a single point of entry to multiple programs for eligible individuals and families, enabling them to have access to additional programs when they apply for one?

- ◇ What critical program outcomes can the Interagency Data-Sharing Agreement help us to understand at a state level?

- ◇ There has been increasing attention to the rate of homelessness and housing instability in the CalWORKs population. Will the Interagency Data-Sharing Agreement help us to achieve an unduplicated count, and therefore a rate of housing instability and homelessness, for the use of these services for the CalWORKs population? If yes, by when, and can the Legislature assist with any policy changes that can advance this goal?
 - John Ohanian, Director, Center for Data Insights and Innovation
 - Joseph Donaldson, Principal Program Budget Analyst, Department of Finance
 - Ryan Miller, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

Staff Comments

Staff Recommendation: Hold open.

**0530 California Health and Human Services Agency, Office of Technology and Solutions Integration
5180 Department of Social Services**

Issue 5: Statewide Automated Welfare System (CalSAWS) Update and Responses to Questions from Consumer Advocates

As introduced under Issue 1, the Office of Technology and Solutions Integration (OTSI), formerly known as the Office of Systems Integration (OSI) – the name was changed last year -- procures, manages, and delivers technology systems that support the delivery of health and human services to Californians. OTSI manages a portfolio of large, complex information technology (IT) projects, providing project management, oversight, procurement, and support services for these projects and coordinating communication, collaboration, and decision-making among project stakeholders and program sponsors. After the procurement phase, OTSI oversees the design, development, governance, and implementation of IT systems that support the administration of health and human services programs in California.

The funding display on the following pages captures the automation projects that OTSI manages, with the associated annual funding per project for the current year and budget year.

Office of Technology and Solutions Integration (OTSI)

Project	FY 2023-24	FY 2024-25	Difference
CalHEERS			
Federal Fund	\$99,067,000	\$119,351,000	\$20,284,000
General Fund	\$35,442,000	\$42,358,000	\$6,916,000
Covered California Fund	\$47,430,000	\$44,095,000	(\$3,335,000)
SPM (SAWS)			
Federal Fund	\$1,152,000	\$1,152,000	\$0
General Fund	\$3,995,000	\$3,995,000	\$0
Other	\$2,813,000	\$2,813,000	\$0
CMIPS			
Federal Fund	\$87,414,000	\$84,007,000	(\$3,407,000)
General Fund	\$31,500,000	\$29,379,000	(\$2,121,000)
Other	\$0	\$0	\$0
CWS-CMS			
Federal Fund	\$25,708,000	\$25,708,000	\$0
General Fund	\$32,591,000	\$32,591,000	\$0
Other	\$4,261,000	\$4,261,000	\$0
CWS-CARES			
Federal Fund	\$97,439,000	\$84,309,000	(\$13,130,000)
General Fund	\$101,659,000	\$88,113,000	(\$13,546,000)
Other	\$1,182,000	\$988,000	(\$194,000)
EBT			
Federal Fund	\$158,583,000	\$53,977,000	(\$104,606,000)
General Fund	\$46,002,000	\$43,529,000	(\$2,473,000)
Other	\$15,681,000	\$7,256,000	(\$8,425,000)
CalEVV			
Federal Fund	\$8,770,000	\$7,680,000	(\$1,090,000)
General Fund	\$4,951,000	\$4,351,000	(\$600,000)
Other	\$0	\$0	\$0
WDTIP			
Federal Fund	\$4,399,000	\$4,399,000	\$0
General Fund	\$0	\$0	\$0
Other	\$0	\$0	\$0

WDTIP Replacement System			
Federal Fund	\$4,185,000	\$9,763,000	\$5,578,000
General Fund	\$0	\$0	\$0
Other	\$0	\$0	\$0
WIC EBT			
Federal Fund	\$5,440,000	\$5,440,000	\$0
General Fund	\$0	\$0	\$0
Other	\$0	\$0	\$0
ePOLST			
Federal Fund	\$0	\$0	\$0
General Fund	\$3,136,000	\$9,140,000	\$6,004,000
Other	\$0	\$0	\$0
Data Infrastructure Solution			
Federal Fund	\$0	\$0	\$0
General Fund	\$1,871,000	\$4,446,000	\$2,575,000
Other	\$0	\$0	\$0
Central Registry			
Federal Fund	\$0	\$0	\$0
General Fund	\$190,000	\$2,584,000	\$2,394,000
Other	\$0	\$0	\$0

Note: Project funding is budgeted within sponsor departments, with reimbursement of expenditures incurred by OTSI on behalf of sponsors occurring via the Health and Human Services Automation Fund.

OTSI Enterprise Capabilities Funding			
General Fund	\$2,548,000	\$2,548,000	\$0

Total Funding			
Federal Fund	\$492,157,000	\$395,786,000	-\$96,371,000
General Fund	\$263,885,000	\$263,034,000	-\$851,000
Covered California	\$47,430,000	\$44,095,000	-\$3,335,000
Other	\$23,937,000	\$15,318,000	-\$8,619,000

Positions	
Authorized	415.6
Filled	369.6
Vacant	46.0

Statewide Automated Welfare System (SAWS) Overview. SAWS encompasses the case management systems supporting the State of California’s public assistance programs, providing eligibility determination and benefit calculation for county eligibility and employment staff to assist program applicants and recipients.

SAWS provides support and automation for the administration of the following programs:

- CalWORKs
- CalFresh/Supplemental Nutrition Assistance Program
- California Food Assistance Program
- Medi-Cal
- Foster Care
- Refugee Cash Assistance
- Cash Assistance Program for Immigrants
- Kinship Guardianship Assistance Payment
- General Assistance/General Relief
- Welfare-to-Work
- Child Care
- Adoption Assistance Program

Based on federal direction, and for SAWS to continue receiving Federal Financial Participation (FFP) to comply with State and Federal technical architectures, the Centers for Medicare and Medicaid Services (CMS) and Food and Nutrition Service (FNS) required California to implement a single CalSAWS System supporting all 58 counties by 2023. In June 2019, the expanded 58-county CalSAWS JPA became the single legal entity for purposes of managing the CalSAWS Consortium and the CalSAWS System. CalSAWS became the single statewide system on October 30, 2023.

Background on California Statewide Automated Welfare System (CalSAWS). CalSAWS is the single automated case management and eligibility system supporting CDSS programs and other public benefits programs, including CalWORKs, CalFresh, Medi-Cal, Foster Care, and other social services, as noted above. BenefitsCal is the public-facing portal and CalSAWS is the county eligibility and benefit calculation system.

CalSAWS Project – Governor’s Budget. Funding for CalSAWS consists of state, federal, and county funds based on the sharing ratios of the various benefit programs. The total CalSAWS Project budget for 2024-25 is \$346 million (\$99.6 million General Fund). This is exclusive of automation projects to fund specified state or federal policy changes outside of the base CalSAWS budget. The budget for CalSAWS is summarized on the next page.

California Statewide Automated Welfare System (CalSAWS) Project

EXPENDITURES:

(in 000s)

		<u>FY 2023-24</u>			
Item 141 – Automation	Total	Federal	State	County	Reimb.
CalSAWS Project	\$355,078	\$57,456	\$105,758	\$10,830	\$181,034

		<u>FY 2024-25</u>			
Item 141 – Automation	Total	Federal	State	County	Reimb.
CalSAWS Project	\$345,955	\$50,543	\$99,644	\$14,120	\$181,648

The following breakdown of the CalSAWS budget is provided by the California Health and Human Services Agency Office of Technology and Solutions Integration (OTSI).

- The CalSAWS budget for 2024-25 includes \$300 million (87 percent) for general maintenance and operations. Operations for CalSAWS includes hardware, software, cloud services; technical infrastructure services such as wide area network, local area network, help desk, system performance monitoring, batch operations, and project management; personnel and legal services; print services; quality assurance services; and facilities. The remaining \$46 million (13 percent of the total) accommodates system changes.
- Of the \$46 million, \$17.5 million (five percent) is limited to client correspondence enhancements, BenefitsCal portal mobile enhancements, and CalHEERS interface enhancements, in accordance with approved scope by State and federal sponsors. Approximately \$28.6 million (8 percent) will be utilized for other changes including recurring policy maintenance.
- The CalSAWS budget for 2023-24 includes \$37 million (10 percent) for migration activities. This represents seven percent of the overall migration costs with the majority of the work completed in prior years. Operations costs in 2023-24 equate to \$272 million (77 percent), and \$46 million (13 percent) for enhancements.

Category	SFY 24/25	%
Operations		
Hardware/Software/Cloud Services	\$107,500,000	31%
Technical Infrastructure	\$105,400,000	30%
Personnel & Legal Services	\$51,000,000	15%
Print Services	\$26,100,000	8%

Quality Assurance Services	\$7,200,000	2%
Facilities	\$2,800,000	1%
Subtotal	\$300,000,000	87%
System Changes		
Client Correspondence	\$8,100,000	2%
BenefitsCal	\$6,200,000	2%
CalHEERS Interface	\$3,200,000	1%
Additional System Changes	\$28,600,000	8%
Total	\$46,100,000	13%

Combined Total	\$346,100,000	100%
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The breakdown of the costs for additional system changes (eight percent in the chart above) according to historical categories is provided below.

Additional System Changes	Annual Cost	% of Total
Legislative & Recurring Policy Maintenance	\$18,000,000	63%
Online Help/Training, Texting & Notifications	\$2,800,000	10%
CalSAWS/BenefitsCal Integration	\$2,000,000	7%
Software and Security Upgrades	\$1,700,000	6%
Change Management and Communications	\$1,700,000	6%
Worker-Facing System Usability Including ADA Compliance	\$900,000	3%
Ancillaries (Interactive Voice Response/Contact Center/Lobby Management, Imaging)	\$600,000	2%
Reports & State Requests	\$600,000	2%
Bank Changes, Office Schedules, Warrant Print Updates	\$300,000	1%
Total	\$28,600,000	100%

2023 Budget Act – State Oversight of CalSAWS Project and Interface with Child Welfare System. The 2023 Budget Act included funding for five permanent positions across OTSI, CDSS, and Department of Health Care Services to support the CalSAWS consolidation and to direct, govern, and oversee the planning and implementation of CalSAWS. The 2023 Budget Act also included \$25 million for a bidirectional interface between CalSAWS and Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) systems.

2023 Budget Act – CalSAWS Stakeholder Engagement. The 2023 Budget Act also included Supplemental Report Language requiring the Administration and CalSAWS to report on efforts to improve engagement with stakeholders to solicit and integrate their feedback into prioritization of enhancements to public-facing elements of CalSAWS. This was in response to stakeholder

concerns that client and community-based organization feedback into the design of public-facing elements of CalSAWS, such as BenefitsCal, were not being considered meaningfully, leading to design issues that could have been avoided. The key elements of this report include:

- Improved processes for solicitation and incorporation of stakeholder feedback and input into prioritization of enhancements to public-facing elements of CalSAWS. The report shall consider, at a minimum, the processes for the Collaboration Model group, monthly public meetings such as the Joint Powers Authority Board and Project Steering Committee meetings, and quarterly stakeholder meetings.
- Consistent, effective communication with stakeholders to ensure meaningful, timely inclusion of their feedback and input on public-facing elements of CalSAWS. The report shall consider, at a minimum, communication among Collaboration Model group members, explanation of decisionmaking on enhancement inclusion and prioritization, and sharing of client and community-based organization feedback and insights with stakeholders.
- Examples of changes, enhancements, or other progress towards furthering the goal of minimizing the burden of the overall eligibility process for enrollment and retention of benefits for low-income Californians and streamlining interactions for both clients and eligibility workers, within existing technology, resources, and policy. The report shall consider, at a minimum, migration of the remaining California Work Opportunity and Responsibility to Kids Information Network (CalWIN) counties to CalSAWS, full post-migration implementation of CalSAWS and its ancillary systems as the single system, and ongoing CalSAWS and ancillary system development and operations activities.

OTSI and CalSAWS submitted this report to the Legislature in January 2024. The CalSAWS advocates noted that the report included valuable information to further support collaboration and public access to benefits. Nonetheless, in a response letter to the Legislature, the advocates raised a number of remaining issues, some of which include:

- A lack of transparency around the criteria for system enhancements to be assessed, and how county enhancements are prioritized against other needs.
- A lack of timelines for implementation of enhancements that have been prioritized by advocates.
- A lack of information about the overall design process.
- A lack of clarity on who is responsible for ensuring the requirements in WIC 10823 around stakeholder engagement are met, and who advocates should connect with.
- Workers continue to be unaware of the tech help desk and struggle to get support when they face tech issues.

The CalSAWS Advocates Group, made up of more than 70 community-based organizations across the state, recommends the following in their response to the Supplemental Report:

1. Provide meaningful data to demonstrate how the legislative requirement to reduce client burden is being understood and mitigated.
2. Provide a full description of the design process for BenefitsCal that identifies all the phases and steps in the process, which ones have been identified for advocates' engagement or not (and why), and the criteria for advocate engagement.
3. Develop a transparent and inclusive approach for public engagement in the County Enhancement Request Process for changes that impact the public.
4. Further transparency in the Collaboration Model by providing criteria and definitions of terms for how enhancement requests are assessed.
5. Further integrate best practices for public engagement for the Collaboration Model.
6. Update the search feature on the CalSAWS website to allow for customized searches that would ensure this resource can effectively function as a communication source.
7. Provide details on the "improved facilitation strategies and information sharing" in the Stakeholder meetings.
8. Provide an organizational chart or some other point in time document to clarify the individuals who are assigned to the roles and responsibilities for stakeholder engagement.

Panel

Questions and Requests for the Panel:

- ◇ Please provide an overview of the total budget for CalSAWS in 2024-25. Please describe how ongoing funding and positions for OTSI to direct, govern, and oversee the planning and implementation of CalSAWS has been implemented.
- ◇ What office or state administration individual is point for accountability to problem solve in response to issues that consumer advocates have raised, are raising, and will raise in the future as implementation of the single system continues? Who at the state is responsible for implementation of the policies pertaining to stakeholder engagement and what forums or processes are in place for stakeholders to connect with that office or state administration individual?
- ◇ When will the Administration be able to provide the functionality data that was requested by legislative staff earlier in 2024? On what periodic basis can this performance data be provided to enable ongoing oversight of the CalSAWS?
- ◇ What are the denial rates for our major safety net programs, namely CalWORKs and CalFresh?

- ◇ What are the current priority issues for resolution for consumer advocates?
- ◇ Would creation of a CalSAWS Ombudsperson assist with ensuring that the CalSAWS project meets its obligations to meaningfully engage advocates and respond to issues that impede access to public programs, many of which are federal and state entitlements?
 - Steve Zaretsky, Project Director, CalSAWS Project, Office of Technology and Solutions Integration
 - John Boule, Executive Director, CalSAWS Consortium
 - Ryan Gillette, Chief Data Officer, Deputy Director, Research, Automation and Design Division, California Department of Social Services
 - Jennifer Tracy, Advocates Co-Lead, California Association of Food Banks
 - Eileen Cubanski, Interim Executive Director, County Welfare Directors Association of California
 - Emily Marshall, Budget Analyst, Department of Finance
 - Joseph Donaldson, Principal Program Budget Analyst, Department of Finance
 - Brian Metzker, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

LAO Comments

The Legislative Analyst's Office (LAO) has provided the following comments on the CalSAWS project.

California Statewide Automated Welfare System (CalSAWS) Stakeholder Engagement Processes Continue to Mature. Pursuant to supplemental report language (SRL) adopted as part of the 2023-24 Budget Act, the administration and CalSAWS submitted their report on CalSAWS stakeholder engagement to the Legislature in January 2024. According to the report, stakeholder engagement processes meant to inform public-facing elements of CalSAWS, like BenefitsCal, continue to mature. Some examples of these processes include the Collaboration Model—a group that is comprised of different stakeholders focused on the discussion and prioritization of enhancements to the public-facing elements of CalSAWS—and quarterly stakeholder meetings. Continued development of these processes by the administration and CalSAWS include efforts to improve communication with stakeholders on, for example, BenefitsCal enhancement timelines and usability observations collected through monthly user-centered design sessions. Our review of the report suggests CalSAWS continues to mature stakeholder engagement processes created during the project's development and implementation.

Advocate Stakeholders Continue to Raise Concerns, With Specific Recommendations for Improvement. In March 2024, advocate stakeholders submitted their own response to the January 2024 report to the administration, CalSAWS, and the Legislature. While advocate stakeholders acknowledge the efforts made to improve stakeholder engagement that were noted in the report, they also provided examples in which their feedback was not solicited or received or in which stakeholder engagement processes were not effective. For example, the advocate stakeholders raised concerns about specific data on BenefitsCal usage being inaccessible or

unavailable and a lack of transparency about how CalSAWS assesses and prioritizes each of the enhancement requests. The report concludes with nine recommendations to improve CalSAWS stakeholder engagement going forward. Our review of the advocate stakeholder response to the January 2024 report suggests that continued work is needed to improve CalSAWS stakeholder engagement processes.

SRL Provides for Final Report on CalSAWS Stakeholder Engagement. The SRL adopted as part of the 2023-24 Budget Act provides budget and policy committee staff with the option to request a final updated report on CalSAWS stakeholder engagement at the end of 2023-24. This final report would update the Legislature on CalSAWS' latest efforts on stakeholder engagement as well as provide documentation in support of these efforts. Consistent with the first report, the stated legislative intent of these reports is to improve processes for soliciting and integrating the feedback and input from stakeholders into the prioritization of enhancements to the public-facing elements of CalSAWS (while acknowledging the existing automation commitments and resource constraints of the system).

Recommend Requesting Final Report With Updates Since January, Including Responses to Advocate Stakeholder Recommendations. We recommend the Legislature request the final, updated CalSAWS stakeholder engagement report by the end of 2023-24. In furtherance of the legislative intent in the SRL, we also recommend the Legislature direct the administration and CalSAWS to respond to the nine recommendations in the advocate stakeholders' March 2024 response to the January 2024 report. These responses might include actionable steps to improve advocate stakeholder inclusion and involvement in stakeholder engagement processes, and build on efforts by CalSAWS to foster better overall stakeholder communication.

Staff Comments

Subcommittee staff are in receipt of the following more detailed information requests from the CalSAWS Advocates Group, which the Subcommittee may wish to use to request that this data be provided timely to both the Legislature and advocates. In addition, the Subcommittee may wish to pose a question about the full feedback loop for functionalities, particularly those that advance access and equity, such as translated information, to ensure that CalSAWS is operationally meeting objectives that align with CalHHS vision and values.

1. Functionality data for BenefitsCal website, pursuant to what is listed below, starting at least back to November 2023 when all counties joined BenefitsCal.
 - a. Completion success rate of various BenefitsCal transactions (example: of users who start an application, what percentage complete it in the same sitting; what percentage complete it within a week; what percentage start but do not submit within a week).
 - b. The time it takes users to complete various tasks, both average as well as the full distribution such as 10th percentile/90th percentile of users.
 - c. Report (PII-redacted) BenefitsCal "Always On" survey responses and sentiment checks by theme and percentage of responses per theme, since November 2023.
 - d. Report on "AskCalSAWS" key metrics (number of tickets received, average time to resolution of tickets, what percentage of tickets are not responded to, what percentage of

tickets are resolved vs. marked as won't fix; themes of/general issues represented by tickets and percentage of each in the total).

- e. Top five drop off points (where people stop in the application) and percentage of people who start an app and stop at the specific points.
- 2. Share a full description of the design process, including any aspects, steps or phases where advocates or other stakeholders may or may not be included.
- 3. Share meaningful responses to the advocate comments from March on the Supplemental Report Language published in January.
- 4. Identify opportunities to support public access to the tech help desk that minimizes client and eligibility worker burden, per the requirements in WIC 10823.1-3.
- 5. Create a commitment to incorporate outcomes measurements into the processes for development and implementation of functionality (beyond box checking of requirements). This should include a timeline with key milestones and be collaboratively created with stakeholders.

Staff Recommendation: The Subcommittee may choose to ask the Administration to provide the information requested above and in their letter in response to the CalSAWS report. The Subcommittee may choose to ask the Administration to identify the individual who is responsible in a state leadership position to respond to the priority issues raised by consumer advocates with regard to fair access to programs and set a time for a status check-in with the Subcommittee in either an informal or formal way.

The Subcommittee may ask the Administration to report back on statewide denial rates for major Health and Human Services programs, namely CalWORKs and CalFresh.

In addition, the SRL adopted last year on CalSAWS provided for a final updated report that could be requested by the budget subcommittees and policy committees to be furnished by end of the current fiscal year. The Subcommittee may wish to request this.

Issue 6: Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) Requests in Governor’s Budget and Readiness for Permanent Rates Structure Proposal

The issue covers requests made in the Governor’s Budget for the Child Welfare Services – California Automated Response and Engagement System (CWS-CARES) Project and oversight over this major automation effort. The proposal in the Governor’s Budget to establish a new permanent rate structure for foster care, which would begin to implement July 1, 2026 and which was covered in the April 3, 2024 Sub. 2 hearing agenda, relies on this CWS-CARES being completed.

Project Background. The Child Welfare Services (CWS) program is the primary prevention and intervention resource for child abuse and neglect in California. The Child Welfare Digital Services (CWDS) organization is responsible for maintaining and operating the existing Child Welfare Services/Case Management System (CWS/CMS), CWS-California Automated Response and Engagement System (CARES)-Live, and the development of the CWS-CARES. The CWDS is a partnership of the California Department of Social Services (CDSS), the CalHHS Office of Technology and Solutions Integration (OTSI), and the County Welfare Directors Association, in collaboration with 58 local child welfare agencies and tribal partners representing the Indian Child Welfare Act. The CWDS works closely with other State of California stakeholders including the California Health and Human Services Agency, the California Department of Technology (CDT), and the Department of Finance.

The CWS/CMS is the existing statewide system used by approximately 30,000 county, tribal, and state workers. The system automates the case management, service planning, and information gathering functions of child welfare services. However, the CWS/CMS, which was initially implemented in 1997, is outdated with technical constraints and cannot keep pace with state and federal child welfare laws, practices and system requirements and is incapable of achieving federal Comprehensive Child Welfare Information System (CCWIS) compliance.

In August 2018, the CWDS conducted extensive research to identify Platform-as-a-Service (PaaS) offerings resulting in an award to Salesforce. The CWDS will deliver the CWS-CARES operational applications on the Salesforce platform, using an iterative development methodology and user-centered design. In tandem, the CWDS will deliver the CWS-CARES data services on the CARES Data Infrastructure (CDI). Together, operational applications delivered on the Salesforce platform and data services delivered on the CDI make up California’s CCWIS.

Total Project Budget as provided by OTSI in their annual summary of automation projects:

Total CWS-CARES Budget/Cost	Timeframe	Document Referenced
\$1,711,011,443	FY 2019-20 to FY 2028-29	SPR #6

OTSI SFY 2023-24 Budget (CWS-CARES and CARES-Live):

Federal Funds	General Fund	Other	Total*
\$97,438,888	\$101,658,735	\$1,182,137	\$200,279,760

*The 2023 Budget Act included provisional language providing initial total funding of \$130.2m that may be augmented for an additional \$70.1m.

Project Status:

The CDT approved the Special Project Report (SPR) 6 on May 12, 2023, to continue with the Design, Development, and Implementation (DD&I) of the CWS-CARES. The Child Welfare Digital Services (CWDS) will deliver the core CWS-CARES solution through two versions: CWS-CARES Version 1 (V1) due for completion in October 2026 and CWS-CARES Version 2 (V2). The CWS-CARES V2 extends functionality of the CWS-CARES V1 with data-intensive features supporting the CCWIS compliance and continuation of interfaces, external systems, and Child Welfare Contributing Agencies, thus making it a more efficient and effective system for users.

Vendor(s):

Contractor	Scope of Services	Start Date	End Date	Contract Term
HHS Technology Group LLC	CARES-Live Site Reliability 2	1/4/2021	10/3/2026	Core + four 1-year options
KPMG, LLP	Product Value Services	3/1/2021	10/31/2027	Core + one 1-year option
KPMG, LLP	Financial Management Services	8/1/2022	11/30/2025	Core + two 1-year options
Deloitte Consulting LLP	Platform as a Service Systems Integrator	4/1/2021	10/31/2027	Core + one 1-year option
Deloitte Consulting LLP	Implementation Services	7/7/2021	7/6/2026	Core + two 1-year options
Elyon Enterprise Strategies, Inc.	Independent Advisor	4/13/2021	4/12/2027	Core + three 1-year options
OnCore Consulting, LLC	CARES Data Infrastructure	4/15/2021	4/14/2027	Core + three 1-year options
Speridian Technologies, LLC	Quality Assurance Testing Services	9/1/2021	8/31/2026	Core + two 1-year options
Infinite Solutions Inc.	Project and Technical Management Services	9/7/2021	9/6/2027	Core + three 1-year options

Technology Management Solutions	Independent Verification and Validation	5/1/2022	4/30/2026	Core + two 1-year options
Evident Change	Structured Decision Making	3/1/2023	5/31/2027	Core + time only
Capio Group	CARES-Live M&O Services	3/14/2023	3/13/2028	Core + three 1-year options
E.K. Technologies dba E.K. Associates	ServiceNow M&O	4/12/2023	4/11/2025	Core + one 1-year option
Cinnovx	Technical Advisory Services	7/1/2023	6/30/2026	Core + time only
The Highlands Consulting Group LLC	Strategic Communication Support Services	8/4/2023	8/3/2024	Core + two 1-year options

Notable Budget/Contract Changes:

SPR 6 served to more accurately display the cost of the current CWS-CARES project effort by separating CARES from CARES-Live costs. In alignment with direction from the Administration for Children and Families (ACF), Non-CCWIS CARES-Live is being monitored as maintenance and operations and the cost allocation was adjusted to display only CARES costs.

State Staffing:

Organization	Authorized Positions	Filled Positions
OTSI	81.0	75.0
CDSS	10.0	8.0

Budget Change Proposal – Governor’s Budget. The Office of Technology and Solutions Integration (OTSI) requests \$173.4 million (\$88.1 million General Fund, \$84.3 million federal funds, and \$988,000 reimbursements) for 2024-25, along with five new, permanent OTSI positions. Additionally, OTSI requests provisional language to increase project expenditure authority up to an additional \$52 million (\$26 million General Fund). The requested funding and positions provide the resources to continue the design, development, and implementation activities for the Child Welfare Services – California Automated Response and Engagement System (CWS-CARES) and CARES-Live. This funding is consistent with project costs that were approved in the 2023 Budget Act in accordance with Special Project Report (SPR) 6.

As mentioned, CWS-CARES is a statewide case management and data solution for child welfare services to replace the state’s current system, known as CWS/CMS. The replacement of the current CWS/CMS system is needed to meet federal requirements. According to OTSI, CWS-CARES will:

- Allow key members of the Child and Family Team (CFT) to have direct access to enter information or access shared information to support case plan and service delivery.

- Allow children and their families to be at the center of decision making by providing families with direct access to help them have access to key information and communicate with their worker.
- Provide timelier service delivery and enable social workers to spend less time doing data entry and more time working directly with families.
- Increase process and system efficiency, resiliency, quality, and maintainability across the state.
- Track cost at the individual level (a step towards tracking dollars to outcomes by person and by program).
- Support achievement of the Comprehensive Child Welfare Information System (CCWIS) certification requirements to maintain federal financial participation (FFP) funding and avoid large state repayments and federal non-compliance penalties.

According to OTSI, funding to continue the CWS-CARES project is necessary to improve the quality and overall effectiveness of statewide child welfare delivery while also meeting the CCWIS regulations that secure retention of federal funding. The existing CWS/CMS system was initially implemented in 1997 and is not compliant with the CCWIS federal and state laws, regulations, or policies, which has resulted in the following:

- The state is unable to collect 54 of the 205 total Adoption and Foster Care Analysis and Reporting System (AFCARS) fields, resulting in federal penalties assessed quarterly. In addition, CDSS committed to collection of an additional 85 data elements related to the Indian Child Welfare Act (ICWA) that are not able to be collected in CWS/CMS.
- Counties have had to invest resources and local funding into systems and workarounds to track data to help them in managing their programs rather than into staffing or direct services. Often data in these systems are not accessible for state and federal reporting, resulting in a lack of complete and accurate data statewide.
- Counties and tribes are unable to quickly implement new changes to the system. Implementation of prevention services under the federal Family First Prevention Services Act (FFPSA) are dependent on having a consistent statewide data collection system to allow for state and federal reporting required to draw down FFP.
- End-users have adopted time-intensive manual processes and created external systems to bridge gaps in the CWS/CMS functionality, impacting the ability to efficiently provide consistently high-quality services across the state.

This project will deliver the core CWS-CARES solution through two versions: CWS-CARES Version 1 (V1) and CWS-CARES Version 2 (V2). The CWS-CARES V2 extends the functionality of the CWSCARES V1 with data-intensive features supporting CCWIS compliance and

continuation of interfaces, external systems, and Child Welfare Contributing Agencies, thus making it a more efficient and effective system for users.

In 2019, CDSS and OTSI delivered several feature sets using the custom development approach, including the Child Welfare History Snapshot, Facility Search, and Child and Adolescent Needs and Strengths (CANS) Assessment. These three feature sets in production today are referred to as maintenance and operations “CARES-Live.”

On May 27, 2021, the project selected Resource Family Approval (RFA) Application Submission, Review, and Approval process as the greenfield demonstration module for the CWS-CARES. The development and functional testing of planned feature sets was completed on December 31, 2021, and the RFA Application process went live on January 31, 2022, with Fresno County being the first of five counties to receive the RFA rollout. The remaining counties went live on February 22, 2022.

The project submitted SPR 6, which was approved in May 2023. SPR 6 describes the CWS-CARES project status and updated plan for the CWS-CARES Design, Development & Implementation (DD&I) activities. Since then, the project has completed two additional product milestones with functionality related to Investigations Engagement and Determination. Additionally, several new milestones have started including Prevention Services, Case Closures, Warrants, Court Hearing Framework, Other Hearings, and Eligibility Programs.

Resource and Staffing Request. This request is for funding for state, county, and vendor resources; hardware/software; and core constituent participation to continue the DD&I of the CWS-CARES project to replace the existing legacy system. This request for continued funding is consistent with SPR 6 and the work to be completed in 2024-25. The chart below summarizes total project funding for 2024-25. Note that this includes General Fund and federal funds, as well as provisional authority included in the 2024-25 budget request. The \$225.4 million total includes the requested \$52 million in provisional authority. Of the total requested funding including provisional authority, \$114.1 million is General Fund.

The table on the next page provides the Project Budget Detail associated with this request.

Budget Category	2024-25 Proposed CWS-CARES Costs	2024-25 Proposed CARES-Live Costs	2024-25 Total Proposed Costs
CWS-CARES Project			
OTSI Personal Services	14,332,163	2,778,782	17,110,945
Hardware/Software	14,510,388	889,301	15,399,689
Contract Services	133,673,178	3,766,645	137,439,824
CARES Development Services	120,045,707	0	120,045,707
CARES-Live Services	0	3,226,203	3,226,203
Project Management Services	4,741,511	91,283	4,832,794
County Consultant Services	8,885,960	449,159	9,335,119
OE&E	14,179,759	7,141,365	21,321,124
OSI Other OE&E (Gen Exp., Travel, and Facilities)	2,882,355	514,070	3,396,425
DGS Fees	1,830,798	376,607	2,207,405
Enterprise Services	6,117,578	1,258,426	7,376,004
Data Center Services	3,349,028	4,992,262	8,341,290
Total OTSI Spending Authority	176,695,488	14,576,093	191,271,582
CWS-CARES Project			
CDSS Personal Services	1,520,000	0	1,520,000
CDSS Other OE&E (Gen Exp., Travel, and Facilities)	462,000	0	462,000
Core Constituent Participation	30,822,770	0	30,822,770
IPOC Contract Services	800,000	0	800,000
County Regional Training Academy	306,251	0	306,251
Tribal Consultant	181,000	0	181,000
*Tribal Participation (Non-Add Line)	100,000	0	100,000
Total CDSS Local Assistance	34,092,021	0	34,092,021
Total Project Budget	210,787,509	14,576,093	225,363,603

* Tribal Participation Costs to be submitted as a separate Premise item and are only reflected in this view for display purposes.

** Of the amounts reflected in the table above, \$52,070,000 (\$26,035,000 General Fund) is held provisionally.

The five requested positions included in this proposal would add to the 81 existing positions currently at OTSI to support the project. A summary of the requested positions is below:

OTSI Requested Positions Summary

Proposed Resources	Additional Resources for FY 2024-25	Classification
Content Strategist	1 position	Information Tech. Specialist I (ITS I)
Research & Design Lead*	1 position	Information Tech. Specialist II (ITS II)
CDI Data Analytics Specialist	1 position	Information Tech. Specialist I (ITS I)
CDI Data Analytics Lead	1 position	Information Tech. Specialist II (ITS II)
Information Security Analyst	1 position	Information Tech. Specialist II (ITS II)
Total	5 positions	

*This position was previously requested in SPR 6; however, the position title and project unit have since been reclassified.

2023 Budget Act – CWS-CARES. The 2023 Budget Act included \$130.2 million (\$66.6 million General Fund) for 2023-24 for state operations to continue the DD&I activities of the CWS-CARES project. Budget bill language includes authority to access an additional \$70.1 million (\$35 million General Fund) should project activities accelerate. Additionally, budget bill language makes expenditure of these funds contingent upon verification of satisfactory progress, as defined, by the Department of Finance, in consultation with the Department of Technology. Budget bill language further requires CDSS to convene monthly meetings with the LAO, legislative staff, the Department of Technology, the Department of Finance, and other relevant parties to review project status reports; provide stakeholders, counties, and the Legislature with monthly project status reports; and schedule an annual progress demonstration. Trailer bill language increases legislative oversight of the project and specifies project objectives.

Total Project Funding. The total project costs through 2028, provided by OTSI, are summarized below.

Total Project Cost Details through 2028:

Cost Category	CARES	CARES-Live
Project Costs (One-Time and Continuing)		
Staff (Salaries & Benefits)	\$111,625,168	\$20,707,213
Consulting & Prof. Services: Interdepartmental	\$16,684,205	\$3,121,222
Consulting & Prof. Services: External	\$969,938,348	\$85,876,580
Consolidated Data Centers	\$25,561,033	\$4,883,746
Information Technology	\$179,485,291	\$3,375,931
Misc. OE&E Rollup (Departmental Services; Central Administrative Services; Office Equipment; Other;	\$227,183,327	\$21,217,358
Cost Category	CARES	CARES-Live
Unclassified/Special Adjustment; Local Assistance)		
Total Project Costs (One-Time and Continuing):	\$1,530,477,372	\$139,182,050
Future Ops. IT Staff & OE&E Costs (Maintenance & Operations)		

Staff (Salaries & Benefits)	\$32,219,160	\$20,141,187
Consulting & Prof. Services: Interdepartmental	\$2,575,306	\$1,976,783
Consulting & Prof. Services: External	\$82,109,226	\$36,366,000
Consolidated Data Centers	\$9,878,543	\$29,161,674
Information Technology	\$39,833,683	\$5,232,437
Misc. OE&E Rollup (Departmental Services; Central Administrative Services; Office Equipment; Other; Unclassified/Special Adjustment; Local Assistance)	\$13,918,154	\$18,932,029
Total Future Ops. IT Staff & OE&E (Maintenance & Operations):	\$180,534,071	\$111,810,111
	Total CARES Costs	TOTAL CARES-Live Costs
	\$1,711,011,443	\$250,992,161
	TOTAL PROJECT COSTS	
	\$1,962,003,604	

Panel

Questions and Requests for the Panel:

- ◇ Please provide an overview of the requests made in the Governor’s Budget for CWS-CARES.
- ◇ Please explain the timeline broadly for achieving full implementation of CWS-CARES and how this relates to the proposed effective date for the Permanent Rates Structure being advanced by the Administration.
- ◇ How is the Child and Adolescent Needs and Strengths (CANS) Assessment addressed or not in the CWS-CARES thus far, and what work would need to be completed on this aspect prior to the July 1, 2026 proposed start date for the Permanent Rates Structure? What percentage of these assessments are currently being completed timely and what percentage are not?
- ◇ Do OTSI or CDSS has concerns about the readiness of CWS-CARES in relationship to the Permanent Rates Structure?

- James Duckens, Chief Deputy Director, Office of Technology and Solutions Integration
- Jessica Rougeaux, Branch Chief, Child Welfare System Branch
- Eileen Cubanski, Interim Executive Director, County Welfare Directors Association of California
- Marlon Davis, Budget Analyst, Department of Finance
- Joseph Donaldson, Principal Program Budget Analyst, Department of Finance
- Brian Metzker, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

LAO Comments

The Legislative Analyst's Office (LAO) has provided the following comments on the CWS-CARES project.

Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) Information Technology (IT) Project Continues to Progress. As of early April, the CWS-CARES IT project completed at least three product milestones (that is, new functionalities developed and implemented with user testing finished or underway), with several other product milestones under development and planned for completion by the end of 2023-24. The CWS-CARES project team also continues to work on related project activities such as, for example, conversion of data from the Child Welfare System/Case Management System (CWS/CMS) to CWS-CARES; evaluation of other county applications and IT systems outside CWS/CMS to consider incorporation of their functionalities into CWS-CARES; planning, development, and implementation of the interfaces between CWS-CARES and other state and county IT systems; and, training of state and county staff on business process changes and implementation scenarios related to CWS-CARES. Our review of recent annual progress demonstration materials and project oversight documents does suggest the project is making progress largely in line with the project's most recent baseline cost, schedule, and scope in Special Project Report (SPR) 6.

Recent Updates in Project Oversight Documentation Suggests Potential Slip in Schedule. The California Department of Technology's (CDT's) most recent independent project oversight report (IPOR) for CWS-CARES, however, suggests the project may not be on track to achieve its objectives within the approved timeframe. CDT requested a "holistic schedule stabilization and recovery plan" from the project by the end of March to address a number of issues and risks that could impact the project schedule. These issues include: (1) there being at least two product milestones that are falling behind schedule, resulting in delays to other milestones; and (2) the pace of milestone development and implementation being currently inadequate to meet the baseline project schedule. Project risks related to county forms, data conversion, and distribution of project resources also remain open. (At least some of these risks are being mitigated by the project.) As of the latest IPOR, however, the requested plan had not been provided to CDT. While the project continues to progress and has not yet triggered another SPR, it is our understanding from CDT's latest project oversight documents that a slip in baseline project schedule is at least possible.

Unclear Whether Project Will Expend Its Entire 2023-24 Appropriation. As of the end of February 2024, CWS-CARES project expenditures totaled \$48.8 million of the \$186.3 million budgeted in 2023-24. Some of the difference between the project budget and expenditures can be explained by how project vendors are paid, which can lead to large month-to-month differences, and by reimbursement time lines that can extend many months after the end of a fiscal year. The large difference (\$137.5 million) between the project budget and expenditures, however, raises questions about what if any funding can be reduced to ameliorate the immediate budget problem facing the state. We recommend the Legislature request an update on project expenditures, including whether the project expects to expend the full amount budgeted in 2023-24.

Unclear Whether Provisional Budget Bill Language Will Be Used to Request Remaining Project Funding. As part of the 2023-24 Budget Act, the Legislature adopted provisional budget bill language (and trailer bill language [TBL]) that conditioned \$35.1 million of the \$186.3 million in CWS-CARES funding on the demonstration of “verified satisfactory progress” towards project completion. It is unclear at this time whether the Department of Finance will authorize up to this amount of funding based on its determination of “verified satisfactory progress,” and notify the Legislature of the increase in accordance with the provisional budget bill language. We recommend the Legislature request an update on any potential augmentation under this provisional budget bill language, particularly given current project expenditures to date. Based on the administration and project’s response, the Legislature could consider whether to increase the amount of funding conditioned by this language to ensure “verified satisfactory progress” is demonstrated in writing to the Legislature.

New Proposed CCR Permanent Rates Structure May Require Additional Functionalities. In January 2024, the Department of Social Services (DSS) introduced a proposal to implement the statutorily required permanent foster care rates structure. This new structure will replace the current, interim structure used to pay foster care rates to resource families and service providers. The administration and stakeholders currently are in the process of developing budget TBL establishing the framework for the new structure. Currently, the administration estimates the transition to the new rates structure will begin July 1, 2026. While many details of the new structure are still under development, the new rates likely will require CWS-CARES and CalSAWS to automate new components. (The Governor’s Budget included \$12 million General Fund in 2024-25 to begin these automation efforts.) At this point, the full cost, scope, and timeline of any new automation efforts necessary to implement the permanent rates structure are unknown and will depend on the details of the new structure.

Staff Comments

As of the February 2024 report to the Legislature, \$48.7 million of the 2023 Budget Act appropriation for CWS-CARES had been spent. OTSI reports that this is due to extended invoicing and claiming timelines and that they expect to use the full budget in 2023-24. The Legislature and LAO have requested monthly spending projections for the remainder of the current fiscal year.

Staff Recommendation: Hold open.

Issue 7: Electronic Benefit Transfer (EBT) Theft and Update on Implementation of Prior Funding Investments

EBT Theft Continues to Impact Public Benefits Recipients. Since October 2021, California has seen a significant increase in EBT theft, which is a nationwide problem. CDSS has implemented a variety of theft mitigation strategies and is actively collaborating with federal, state, and local law enforcement on the investigation of criminal activity related to EBT theft. One of the key causes of this theft is that EBT cards have outdated technology and are not chip-enabled, making CalFresh, CalWORKs, and CAPI recipients particularly vulnerable to skimming theft relative to other cardholders.

Fiscal Impact of EBT Theft. When benefits are stolen, recipients are entitled to replacement benefits, which are funded by a combination of state and federal funds. The administration projects this theft will cost the state over \$260 million total funds (\$196 million General Fund) to provide and administer reimbursements in 2023-24. Counties are required to issue replacement benefits within 10 days of the request. The federal authority to restore benefits expires on September 30, 2024.

Efforts to Improve EBT Card Technology. The 2023 Budget Act includes \$50 million (\$17.1 million General Fund) in 2023-24, \$23 million (\$7.9 million General Fund) in 2024-25, and \$3.5 million (\$1.2 million General Fund) in 2024-25 for EBT upgrades to safeguard CalWORKs and CalFresh clients' access to benefits, including card technology enhancements.

The Governor's budget for 2024-25 includes \$65.8 million (\$20.4 million General Fund) in 2023-24 and \$10.7 million (\$3.5 million General Fund) in 2024-25 to improve EBT card technology and security. The proposal shifts about \$16 million from 2024-25 and 2025-26 to the current year. This funding shift is due to expedited implementation; the projected multiyear cost remains unchanged. The administration currently anticipates that, beginning in summer 2024, EBT cards will be issued with chip and tap-to-pay technologies, which provide improved fraud protection over magnetic stripe technology.

Efforts to Address and Investigate EBT Theft. The 2022 Budget Act included funding for four positions to monitor, investigate, and support criminal prosecution of EBT theft. Over 2022, CDSS completed the roll-out of CVV cards, which resulted in a significant decrease in scamming, but do not protect cards from being skimmed and cloned, which is the pervasive method of theft occurring currently. CDSS is one of many agencies involved in addressing and investigating EBT theft, among local, state, and federal law enforcement.

Panel**Questions and Requests for the Panel:**

- ◇ Please describe how EBT Theft is impacting CalWORKs, CalFresh, and other public benefits recipients. How many households have had their benefits stolen? What was the total General Fund cost of replacing stolen EBT benefits in 2022-23 and 2023-24? Please explain

federal changes that cover some costs of benefits replacement and the limitations on federal funding for EBT replacement.

- ◇ Please provide an update on the roll-out of EBT technology improvements, including chip-enabled cards, across all types of stores and ATMs. What is the long-term plan for EBT card security to provide equitable protection to households accessing CalFresh and CalWORKs?
- ◇ How is the department using resources appropriated in prior budgets to investigate instances of EBT theft?
- ◇ What changes have DSS and counties made to make it quicker and easier for individuals whose benefits have been stolen to receive reimbursement?
- ◇ Is there any process for recovering stolen Summer EBT benefits?
 - Ryan Gillette, Chief Data Officer, Deputy Director, Research, Automation and Design Division, California Department of Social Services
 - Andrew Cheyne, Managing Director of Public Policy, GRACE/End Child Poverty California
 - Gilbert Ramos, Human Services Deputy Executive Officer, San Bernadino County
 - Emily Marshall, Budget Analyst, Department of Finance
 - Joseph Donaldson, Principal Program Budget Analyst, Department of Finance
 - Sonia Schragger Russo, Fiscal and Policy Analyst, Legislative Analyst's Office

Staff Comments

The Subcommittee may choose to request a plan by a date certain from the Administration on how the chip and tap rollout will occur and what protections are being secured for recipients. The Subcommittee may want to request periodic updates as well until the issues are fully resolved.

Staff Recommendation: Hold open.

5180 Department of Social Services

Issue 8: Security Architecture Compliance Assessment Budget Change Proposal

Budget Change Proposal – Governor’s Budget. CDSS requests \$2 million General Fund one-time to meet the new IT security Zero Trust Architecture (ZTA) and Multifactor Authentication (MFA) standards defined by the California Department of Technology (CDT).

Background on New California Department of Technology (CDT) Standards. In May 2023, the CDT introduced new requirements describing MFA and ZTA standards. This letter mandates all state entities assess, plan, and implement the initial maturity stage of the five pillars as defined by the CISA ZTA Maturity Model Version 2.0 by May 2024.

Background on CDSS Information Systems Division (ISD). CDSS’s Information Systems Division (ISD) provides planning and operational support, as well as information security and privacy rules and standards, application development, and support for existing and new systems. ISD manages and oversees department-wide technology activities and divisional IT projects, as well as the upkeep of state-mandated manuals and reports. ISD is also in charge of the department's enterprise architecture, technological research and analysis, and project approval document preparation guidelines.

Resource Request. According to CDSS, “while CDSS supports ZTA implementation, it is not possible for CDSS to implement all of the policy and system changes necessary by the new standards without additional resources, technology, and assistance. The requested funding will be used to perform and support the ZTA assessment which is crucial for CDSS to align with the new requirements set forth by the CDT. Additionally, this assessment will provide invaluable insights into the time, resources, and technology required to implement ZTA successfully within our organization. By conducting a ZTA assessment, we can evaluate our current identity and access management implementation and identify any gaps or vulnerabilities that may exist. This assessment will enable us to address these deficiencies promptly, ensuring compliance with the new requirements and reinforcing our security posture. By proactively assessing our organization’s readiness for ZTA, we can position ourselves as leaders in compliance, mitigate potential findings, and demonstrate our commitment to safeguarding sensitive information and critical infrastructure. Implementing ZTA is a complex endeavor that involves various components, such as network architecture, identity management, data protection, endpoint security, cloud security, and incident response. The ZTA assessment will provide us with a comprehensive understanding of our current state, enabling us to assess the time, resources, and technology required for successful ZTA implementation. This assessment will help us identify potential challenges, estimate costs, and develop an implementation roadmap that aligns with our organization’s unique needs and priorities.”

If approved, CDSS would initiate a competitive procurement process to secure one-time professional services to perform ZTA technology environment and workforce assessment. The first year’s expected schedule include the following phases:

- November 2024: Initiate Competitive Procurement Process

- January 2025: Award Contract
- February 2025: Onboarding, Planning & Effort Initiation
- March 2025: Technical Assessment and Analysis
- July 2025: Workforce Analysis
- September 2025: Presentation and Alignment

Panel

Questions and Requests for the Panel:

- ◇ Please provide an overview of this proposal.
- ◇ Please explain why it is necessary to invest new General Fund in this project in 2024-25. Are there alternatives to General Fund being used and what are the associated trade-offs of this?
- ◇ What may occur if the request is denied?
 - Chad Crowe, Chief Information Officer, California Department of Social Services
 - Aanam Khan, Principal Program Budget Analyst, Department of Finance
 - Brian Metzker, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

Staff Comments

Staff Recommendation: Hold open.

4700 Department of Community Services and Development

Issue 9: Overview of Department of Community Services and Development

The mission of the Department of Community Services and Development (CSD) is to reduce poverty for Californians in partnership with community-based organizations dedicated to helping low-income families achieve and maintain economic security, meet their home energy needs, and reduce their utility costs through energy efficiency upgrades and renewable energy.

Programs administered by CSD include:

Community Services Block Grant (CSBG). CSBG is an annual federal grant that funds a variety of local services and activities designed to alleviate the causes and conditions of poverty. The community-based organizations that receive CSBG funding provide locally determined services and activities that include programs to address employment, education, asset building, housing and shelter, tax preparation, nutrition, and emergency services, among others. Income eligibility for CSBG is currently 200 percent of the Federal Poverty Level. For 2021, the most recent data-year available, CSBG funded services and activities served 685,356 low-income individuals in California.

Low Income Home Energy Assistance Program (LIHEAP). LIHEAP is an annual federal grant that provides an array of services to assist low-income households manage and meet their home heating and/or cooling needs, including energy bill assistance and residential weatherization services. Services are delivered through a network of community-based organizations. Because funding is limited, LIHEAP prioritizes assistance to households with the highest levels of need, including those with the lowest incomes, those in an emergency or crisis, or vulnerable populations such as older adults or young children. Income eligibility for LIHEAP is 60 percent of State Median Income. For 2023, LIHEAP provided services to 192,653 low-income households.

U.S. Department of Energy Weatherization Assistance Program (DOE WAP). DOE WAP is an annual federal grant that provides weatherization services to improve the energy efficiency of eligible low-income households. DOE WAP services are delivered through CSD's network of LIHEAP service providers. In addition to the annual grant, DOE WAP was awarded supplemental funding under the federal Bipartisan Infrastructure Law. The Department of Energy has taken a phased approach to program implementation for Bipartisan Infrastructure Law funding and the first phase of service delivery has begun under this multi-year effort.

Low-Income Weatherization Program (LIWP). LIWP is funded by a mix of state cap-and-trade auction proceeds and state general fund to provide energy efficiency and renewable energy services (such as solar photovoltaic systems) to improve the energy efficiency of low-income single-family farmworker and multi-family affordable housing and reduce greenhouse gas emissions. Income eligibility for LIWP is 80 percent Area Median Income.

California Earned Income Tax Credit (CalEITC) Grant Program. Administered by CSD through an interagency agreement with the Franchise Tax Board, the CalEITC Education and

Outreach Grant Program funds non-profits and local governmental organizations to increase awareness of CalEITC, the Young Child Tax Credit, and Individual Taxpayer Identification Numbers, as well as supports free tax preparation and Individual Taxpayer Identification Number assistance.

Low Income Household Water Assistance Program (LIHWAP). The limited-term, federally funded LIHWAP provides financial assistance to low-income Californians to help manage their residential water utility costs. LIHWAP sunset on March 31, 2024 at the federal program deadline and is no longer accepting applications for assistance. Income eligibility for LIHWAP is 60 percent State Median Income. LIHWAP has served over 85,000 low-income households.

LIHWAP was created as part of the Consolidated Appropriations Act of 2021 and is modeled on the LIHEAP program, with services delivered at the local level through a network of non-profit and local governmental organizations. Customers must apply to receive a LIHWAP benefit, and their water or sewer utility must be enrolled in the program to credit eligible customer accounts with a benefit. Outreach, intake, and eligibility determinations are made by local LIHWAP service providers who provide similar services for the LIHEAP program. Low-income households who meet program eligibility requirements can receive financial assistance to help pay their current bills or pay off past due bills if they are in arrears.

California has received a combined total of \$116 million in one-time funding for LIHWAP through the Consolidated Appropriations Act of 2021 and American Rescue Plan Act of 2021. Through April 2024, as part of the program closeout process, CSD will calculate final expenditures for the program. The available funding remaining will be distributed to eligible program enrollees as a second water or sewer bill benefit. CSD estimates that eligible low-income households previously served by LIHWAP will receive a second final benefit of approximately \$200 to \$250.

An overview of CSD's budget and positions is included on the following pages.

FUNDING (in Thousands)	2023-24	2024-25	Difference
Energy Programs			
General Fund (Low-Income Weatherization Program (LIWP))	\$2,033	-	\$(2,033)
Federal Trust Fund (Various, specified below)	\$220,483	\$272,431	\$51,948
<i>Low Income Home Energy Assistance Program (LIHEAP)</i>	212,451	260,773	
<i>Low Income Household Water Assistance Program (LIHWAP)</i>	432	-	
<i>U.S. Dept. of Energy - Weatherization Assistance Program (DOE WAP)</i>	7,600	11,658	
Reimbursements (Low-Income Weatherization Program (LIWP))	\$50	\$50	-
Greenhouse Gas Reduction Fund (Low-Income Weatherization Program (LIWP))	\$40,749	-	\$(40,749)
California Emergency Relief Fund (California Arrearage Payment Program (CAPP))	\$1,974	-	\$(1,974)
Coronavirus Fiscal Recovery Fund of 2021 (California Arrearage Payment Program (CAPP))	\$1	-	\$(1)
Energy Totals, All Funds	\$265,290	\$272,481	\$7,191
Community Services Programs			
General Fund (Legislative Priorities)	\$5,216	-	\$(5,216)
Federal Trust Fund (Community Services Block Grant)	\$68,479	\$71,489	\$3,010
Reimbursements (California Earned Income Tax Credit Education and Outreach Grant)	\$21,096	\$5,550	\$(15,546)
Community Service Totals, All Funds	\$94,791	\$77,039	\$(17,752)
FUNDING (in Thousands)			
General Fund	\$7,249	-	\$(7,249)
Federal Trust Fund	\$288,962	\$343,920	\$54,958
Reimbursements	\$21,146	\$5,600	\$(15,546)
Greenhouse Gas Reduction Fund	\$40,749	-	\$(40,749)
California Emergency Relief Fund	\$ 1,974	-	\$(1,974)
Coronavirus Fiscal Recovery Fund of 2021	\$1	-	\$(1)
Totals, All Funds	\$360,081	\$349,520	\$(10,561)

POSITIONS	2023-24	2024-25	Difference
Energy Programs	93.2	93.2	-
Community Services	31.7	31.7	-
Total Positions	124.9	124.9	-

CSD’s program funding is 100 percent encumbered. There is no relevant program funding where appropriations have typically or regularly exceeded the expenditure amount.

CSD is almost completely federally funded. Its primary federal programs, CSBG, LIHEAP, and DOE WAP, are annual grants funded through the federal budget process. Because these are not entitlement programs, the funding for these programs have never historically met the needs of all eligible low-income Californians.

For example, LIHEAP only serves approximately 5 to 6 percent of the income-eligible population. This is based on U.S. Census estimates for the number of households in California that meet program income eligibility requirements of 60 percent of State Median Income. For Federal Fiscal Year 2023, the program provided services to 192,653 low-income households in California with \$247 million in funding.

While LIHEAP received significant supplemental federal funding during the pandemic, funding levels are now returning to historical levels. The lower level of funding is leading to stricter priority requirements that target benefits for households with the greatest need for energy assistance (households with the lowest incomes, in an emergency or crisis, or vulnerable populations such as older adults or young children).

Panel

Questions and Requests for the Panel:

- ◇ Please provide an overview of the Department of Community Services and Development programs.
- ◇ What trends is CSD observing in community needs (e.g. hunger, housing, other basic needs) over the past few years and currently?
 - Jason Wimbley, Acting Director, Department of Community Services and Development
 - Omar Sanchez, Budget Analyst, Department of Finance
 - Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

Staff Comments

Staff Recommendation: Hold open.

Issue 10: Federal Trust Fund Authority Augmentation Budget Change Proposal

Budget Change Proposal – Governor’s Budget. The Department of Community Services and Development (CSD) requests an increase in the department’s Federal Trust Fund base authority for local assistance programs (\$52 million for energy programs and \$3 million for community services) to align the next three fiscal years with current funding levels of core federal grant programs. After three fiscal years, CSD would reassess and submit a new budget proposal for additional changes to its federal expenditure authority, if needed. This proposal does not impact the General Fund.

Department of Community Services and Development (CSD). The mission of the Department of Community Services and Development (CSD) is to reduce poverty for Californians by partnering with private nonprofit and local government organizations dedicated to helping low-income families achieve and maintain economic security, meet their home energy needs, and reduce their utility costs through energy efficiency upgrades and access to clean renewable energy.

Background. CSD’s current Federal Trust Fund base authority for local assistance programs 4181-Energy (\$198.6 million) and 4185-Community Services (\$62.2 million) is no longer sufficient due to current funding levels of its established federal grant awards. CSD’s core federal grant programs have continued to increase, requiring CSD to annually secure additional authority through the Section 28 process. The Department in consultation with the Department of Finance is taking this proactive action to align CSD’s baseline authority over the next three years to CSD’s current funding levels of core federal grant programs. According to CSD, this augmentation of the Federal Trust Fund base local assistance authority will facilitate the timely release of federal grant program funds to its network of local service providers, which in turn facilitates timely delivery of energy assistance and other supportive services to low-income Californians.

As noted by the LAO, over the past several years, CSD has submitted Section 28.00 letters to the Legislature in order to secure the necessary federal expenditure authority to be able to accept the state’s full award amounts for the core programs. These letters all have been approved. By increasing CSD’s expenditure authority, the department anticipates that fewer Section 28.00 letters would be required to ensure sufficient expenditure authority in a timely manner. Importantly, Section 28.00 letters still would be required in cases where allocated federal funding exceeds the increased expenditure authority threshold. For example, the recent large one-time augmentations provided as part of federal pandemic relief efforts still would trigger the Section letter process. In other words, the Legislature would continue to be notified prior to CSD accepting significant augmentations above the anticipated grant amounts.

Panel**Questions and Requests for the Panel:**

- ◇ Please provide an overview of this proposal.

◇ Does CSD foresee any issue or concern regarding this proposal?

- Jason Wimbley, Acting Director, Department of Community Services and Development
- Omar Sanchez, Budget Analyst, Department of Finance
- Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office

LAO Comments

The Legislative Analyst's Office (LAO) has provided the following comments regarding this proposal.

BCP Overview. As part of the 2024-25 Governor's Budget, the administration introduced a budget change proposal (BCP) for the Department of Community Services and Development (CSD) seeking to increase the department's base federal funds expenditure authority for local assistance programs by \$55 million for the next three years. After that time, the department would reassess and submit a new budget proposal for additional changes to its federal expenditure authority, if needed. The rationale for this request is to align CSD's federal expenditure authority with current/anticipated local assistance grant amounts for its three core programs: Low-Income Household Energy Assistance Program (LIHEAP), Department of Energy Weatherization Assistance Program (DOE WAP), and Community Services Block Grant (CSBG).

Federal Funding Trends. These three programs, which are 100 percent federally-funded, receive annual federal appropriations. (Annual appropriations are allocated to states using grant formulas.) Over time, the federal grant amounts allocated to the state have been increasing, while CSD's base federal expenditure authority at the time of the annual budget act has remained unchanged. The nearby table provides the state's actual grant amounts, compared to federal expenditure authority. (Notably, the table does not account for large one-time funding augmentations for LIHEAP and CSBG that the state received as part of federal relief packages in response to COVID-19. Rather, the table displays only the base amounts.) As shown in the table, over the past six years, the annual grant amounts increasingly have exceeded CSD's federal expenditure authority. (The BCP is requesting to increase departmental expenditure authority only for the amount tied to local assistance. As shown in the final row of the table, in 2022-23 and 2023-24, the local assistance amount exceeding expenditure authority is around \$55 million—in line with CSD's requested amount.)

Interaction with Section 28.00 Letter Process. Over the past several years, CSD has submitted Section 28.00 letters to the Legislature in order to secure the necessary federal expenditure authority to be able to accept the state's full award amounts for the core programs. These letters all have been approved. By increasing CSD's expenditure authority, the department anticipates that fewer Section 28.00 letters would be required to ensure sufficient expenditure authority in a timely manner. Importantly, Section 28.00 letters still would be required in cases where allocated federal funding exceeds the increased expenditure authority threshold. For example, the recent large one-time augmentations provided as part of federal pandemic relief efforts still would trigger the Section letter process. In other words, the

Legislature would continue to be notified prior to CSD accepting significant augmentations above the anticipated grant amounts.

CSD Core Programs Funding History by State Fiscal Year						
Base Grant Amounts Compared to Expenditure Authority at Budget Act						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 ¹
Energy Programs:						
DOE WAP						
Federal Grant Year	2018	2019	2020	2021	2022	2023
Amount	\$ 6,881,295	\$ 7,540,160	\$ 9,107,043	\$ 8,349,546	\$ 8,746,720	\$ 9,848,498
Local Assistance	\$ 6,259,256	\$ 6,429,489	\$ 8,025,659	\$ 7,149,694	\$ 7,231,667	\$ 8,647,016
State Ops	\$ 622,039	\$ 1,110,671	\$ 1,081,384	\$ 1,199,852	\$ 1,515,053	\$ 1,201,482
LIHEAP						
Federal Grant Year	2019	2020	2021	2022	2023	2024
Amount	\$ 204,287,924	\$ 205,301,307	\$ 199,142,268	\$ 205,798,407	\$ 253,580,230	\$ 253,580,230
Local Assistance	\$ 194,073,528	\$ 195,036,242	\$ 189,190,907	\$ 195,717,396	\$ 241,186,622	\$ 241,186,622
State Ops	\$ 10,214,396	\$ 10,265,065	\$ 9,951,361	\$ 10,081,011	\$ 12,393,608	\$ 12,393,608
Energy Programs Grants	\$ 211,169,219	\$ 212,841,467	\$ 208,249,311	\$ 214,147,953	\$ 262,326,950	\$ 263,428,728
Expenditure Authority	\$ 198,582,000					
Community Services:						
CSBG						
Federal Grant Year	2019	2020	2021	2022	2023	2024
Amount	\$ 63,765,790	\$ 65,735,512	\$ 66,181,263	\$ 67,057,259	\$ 68,379,005	\$ 68,379,005
Local Assistance	\$ 60,577,501	\$ 62,448,737	\$ 62,872,200	\$ 63,704,397	\$ 64,960,055	\$ 64,960,055
State Ops	\$ 3,188,289	\$ 3,286,775	\$ 3,309,063	\$ 3,352,862	\$ 3,418,950	\$ 3,418,950
Community Services Grants	\$ 63,765,790	\$ 65,735,512	\$ 66,181,263	\$ 67,057,259	\$ 68,379,005	\$ 68,379,005
Expenditure Authority	\$ 62,264,000					
Totals:						
Total Federal Grants ²	\$ 274,935,009	\$ 278,576,979	\$ 274,430,574	\$ 281,205,212	\$ 330,705,955	\$ 331,807,733
Local Assistance	\$ 260,910,285	\$ 263,914,468	\$ 260,088,766	\$ 266,571,487	\$ 313,378,344	\$ 314,793,693
State Ops	\$ 14,024,724	\$ 14,662,511	\$ 14,341,808	\$ 14,633,725	\$ 17,327,611	\$ 17,014,040
Total Expenditure Authority	\$ 260,846,000	\$ 260,846,000	\$ 260,846,000	\$ 260,846,000	\$ 260,846,000	\$ 260,846,000
Difference	\$ 14,089,009	\$ 17,730,979	\$ 13,584,574	\$ 20,359,212	\$ 69,859,955	\$ 70,961,733
Difference less state ops	\$ 64,285	\$ 3,068,468	\$ (757,234)	\$ 5,725,487	\$ 52,532,344	\$ 53,947,693

(1) 2023-24 amounts for LIHEAP and CSBG are estimates, based on prior year.
 (2) Grant amounts reflect base grants and do not include one-time augmentations that the state received as part of federal pandemic relief packages.
 CSBG = Community Services Block Grant, DOE WAP = Department of Energy Weatherization Assistance Program, LIHEAP = Low-Income Household Energy Assistance Program

Proposal Seems Reasonable. Overall, we think this BCP is reasonable for a few key reasons. First, CSD’s proposed increase in federal expenditure authority would be limited term and the department plans to reevaluate after three years. Second, the requested amount seeks to align expenditure authority with current local assistance grant amounts for core programs. Finally, the Section 28.00 process is intended to ensure the Legislature is informed when departments receive unanticipated additional federal funds. In this case, CSD is anticipating that its grant amounts for core programs will continue to exceed current expenditure authority. As such, it makes sense that CSD’s federal expenditure authority proactively be increased as part of the

budget process, rather than the department continuing to request additional authority through the Section 28.00 process.

Staff Comments

Staff Recommendation: Hold open.

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 2 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Nicole Vazquez.