AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER ELOISE GÓMEZ REYES, ACTING CHAIR

WEDNESDAY, APRIL 24, 2019
2:30 P.M. – STATE CAPITOL, ROOM 444

(PLEASE CONSULT THE DAILY FILE FOR ANY POSSIBLE CHANGES.)

ITEMS TO BE HEARD

NON-DISCUSSION ITEMS

LIST OF PANELISTS IN ORDER OF PRESENTATION FOR ITEMS TO BE HEARD

All panelists are asked to maintain remarks to under three minutes please.
Public comment is restricted to one minute per person please.

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: COMMUNITY CARE LICENSING (CCL) PROGRAM AND BUDGET REVIEW

- Pat Leary, Acting Director, and Pam Dickfoss, Deputy Director of Community Care Licensing, California Department of Social Services
- Justin Freitas, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

ISSUE 2: LOW-INCOME WEATHERIZATION PROGRAM (LIWP) PROGRAM AND BUDGET REVIEW

- Linné Stout, Director, and Jason Wimbley, Chief Deputy Director, Department of Community Services and Development
- Marco César Lizárraga, Executive Director, La Cooperativa Campesina de California
- Mauricio Blanco, Project Manager, La Cooperativa Campesina de California
- Luis H. Sanchez, Chief Executive Officer, Community Resource Project
- Andy Brooks, Director, West Coast Operations, Association for Energy Affordability
- Luis Bourgeois, Department of Finance
- Ginni Bella, Legislative Analyst's Office
- Public Comment

5175 DEPARTMENT OF CHILD SUPPORT SERVICES

ISSUE 3: GOVERNOR'S PROPOSAL FOR LOCAL CHILD SUPPORT AGENCIES (LCSAS) ADMINISTRATIVE FUNDING AUGMENTATION

- David Kilgore, Director, and Nan Chen, Chief Financial Officer, Department of Child Support Services
- Marie Girulat, Local Child Support Services Agency Director, San Bernardino County
- Luis Bourgeois, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

ISSUE 4: ADVOCACY PROPOSALS FOR CHILD SUPPORT SERVICES

- Jessica Bartholow, Legislative Advocate, Western Center on Law and Poverty
- David Kilgore, Director, and Nan Chen, Chief Financial Officer, Department of Child Support Services
- Luis Bourgeois, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

NON-DISCUSSION ITEMS

There are no panels for non-discussion items, but the Chair will ask if there is any public comment for these items.

If a Member of the Subcommittee wishes for a discussion on any of these issues, please inform the Subcommittee staff and the Chair's office as soon as possible. Thank you.

ITEMS TO BE HEARD

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: COMMUNITY CARE LICENSING (CCL) PROGRAM AND BUDGET REVIEW

PANEL

- Pat Leary, Acting Director, and Pam Dickfoss, Deputy Director of Community Care Licensing, California Department of Social Services
- Justin Freitas, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

BACKGROUND

The Community Care Licensing (CCL) Division in the Department of Social Services (DSS) oversees the licensure or certification of approximately 59,000 licensed facilities that include childcare, children's residential, adult and senior care facilities, and home care services. CCL is responsible for protecting the health and safety of individuals served by those facilities. Licensing program analysts investigate complaints lodged and conduct inspections of the facilities. The division consists of 1,316 staff, 590 of which are in the field and operate out of 30 field offices.

Background Checks. Applicants, licensees, adult residents, and employees of community care facilities who have client contact must receive a criminal background check. An individual submits fingerprint imaging to the California Department of Justice (DOJ). The Caregiver Background Check Bureau, within CCL, processes and monitors background checks. If an individual has no criminal history, DOJ will forward a clearance notice to the applicant or licensee and to the Caregiver Background Check Bureau. If an individual has a criminal history, DOJ sends the record to the Bureau, where staff reviews the transcript and determines if the convictions for crimes may be exempt. For individuals associated with a facility that cares for children, an additional background check is required through the Child Abuse Central Index.

Inspections. All facilities must meet minimum licensing standards, as specified in California's Health and Safety Code and Title 22 regulations. Approximately 1.4 million Californians rely on CCL enforcement activities to ensure that the care they receive is consistent with standards set in law. DSS conducts pre- and post-licensing inspections for new facilities and unannounced visits to licensed facilities under a statutorily-required timeframe. The 2015 budget increased the frequency of inspections from at least once every five years to at least once every three years or more frequently, depending on facility type. These reforms went into effect incrementally. Currently, childcare facilities must be inspected at least once every three years, children's residential care facilities must be inspected at least once every two years, and adult and senior care facilities must be inspected at least once every year.

CCL reports that it has completed inspections for 99.47% of all facilities within statutory timeframes. This equates to 57,900 facilities inspected and 311 or .53% that did not receive an inspection within the mandated timeframe.

Percentage of Facilities Inspected within Mandated Timeframe in 2018

Program	2018 Inspection Mandate	Percent of Facilities Inspected	2019 Inspection Mandate
Adult & Senior Care	2 Years	99.8%	Annual
Children's Residential	2 Years	97.4%	2 Year
Child Care	3 Years	99.5%	3 Year

Complaints. Complaints are handled at regional offices. Licensing analysts, who would otherwise be conducting inspections, stay in the regional office two times a month, to receive complaint calls and address general inquiries and requests to verify licensing status from the public. CCL is required to respond to complaints within 10 days. For the 2018-19 fiscal year, CCL estimates it will receive 14,606 complaints. As of February 2019, CCL has received 9,737 complaints.

Licensing Fees and Penalties. Licensed facilities must pay an application fee and an annual fee, which is set in statute. The revenue from these fees is deposited into the Technical Assistance Fund (TAF) and is expended by the department to fund administrative and other activities in support of the licensing program. In addition to these annual fees, facilities are assessed civil penalties if they are found to have committed a licensing violation. Civil penalties assessed on licensed facilities are also deposited into the TAF, and are required to be used by the department for technical assistance, training, and education of licensees.

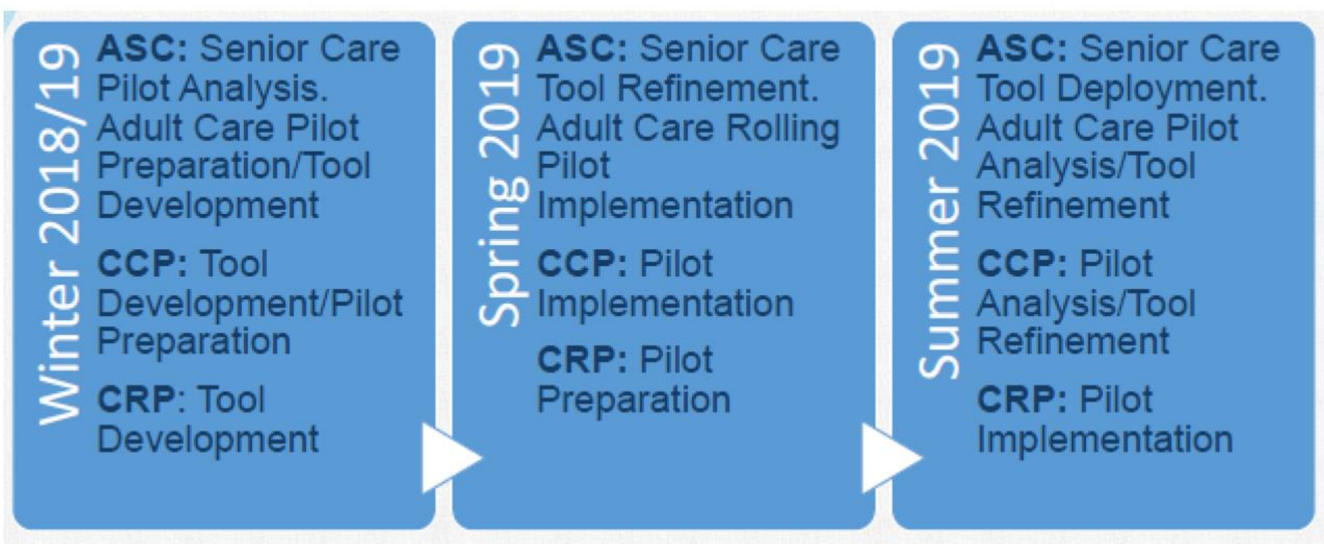
Key Indicator Tool. After various changes in 2003, and because of other personnel reductions, CCL fell behind in meeting the visitation frequency requirements. In response, DSS designed and implemented the key indicator tool (KIT), which is a shortened version of CCL's comprehensive licensing inspection instruction, for all of its licensed programs. CCL began using several KITs as complements to their comprehensive inspection processes. KITs are intended to: (1) standardize the inspection protocol between facilities and between inspectors; (2) enhance the efficiency of the inspection process; and, (3) appropriately identify whether a more comprehensive inspection is warranted. Some facilities, such as facilities on probation, those pending administrative action, or those under a noncompliance plan, are ineligible for a key indicator inspection and would receive an unannounced comprehensive health and safety compliance inspection.

In 2017, the Legislature approved Supplementary Reporting Language that required the Department to meet with legislative staff and stakeholders to discuss the KIT analysis and current status of inspections, and to provide a report on the long-term plan for the use of the KIT. In September 2017, the Department released a report detailing its planned approach for a new tool.

New Inspection Tools. In light of the absence of a standardized inspection tool, CCL is developing a variety of standardized inspection tools to improve the effectiveness and quality of the inspection process. These tools will also be developed differently for the various licensing categories, understanding that different facility types will have different statutory requirements and indicators of compliance to meet. CCL intends to adapt an agile project management style and incorporate continuous quality improvement into the tool development process. These tools will replace the KITs, designed for each CCL program type.

The department proposes three different types of tools: (1) comprehensive tools; (2) domain-focused tools; and, (3) specialty tools. Comprehensive tools will be used for pre-licensing inspections, post-licensing inspections, and required annual inspections, and will contain extensive requirements in all domain areas that are relevant to the time of visits. Domain-focused tools will be developed after and based on data from comprehensive tools. Specialty tools will be used with both comprehensive and domain-focused tools if a deeper dive into a specific area is identified. CCL began with the development and deployment of tools for the Adult and Senior Care (ASC) Program and will subsequently complete tools for the Children's Residential (CRP) and Child Care programs (CCP).

Below is a timeline provided by the Department showing the various phases of development and implementation of the tools:



*ASC – Adult Senior Care Program, CCP – Child Care Program, CRP – Children's Residential Program

The Senior Care pilot was carried out from July to September 2018. The pilot consisted of 320 visits to 164 facilities, carried out by 20 licensing program analysts. The pilot tested process measures, such as the duration of the inspection and the learnability of the tools, and looked at the validity and reliability of the tool, particularly inter-rater reliability. There was an overall acceptable level of inter-rater reliability (the degree or agreement among raters) in implementing the Senior Care Tools (74%). Generally, an acceptable standard is 70%. This is an area of continued focus for training efforts.

The analysis compared the count and average number of citations issued per pilot facility to citations issued for all facilities from FY 2015 – FY 2017 and found there were generally a comparable number of citations overall with more type B citations cited than type A. Type A (those that pose an immediate health and safety risk) were down approximately 29% and Type B were up approximately 60% from the past 3-year average. As of November 2018, the tools for the Senior Care program were in post-pilot analysis and tool revision based on that analysis.

As referenced above, additional program pilots are planned as follows:

- Spring/Summer 2019 – Child Care Program Standard and Domain Focused pilot.
- Fall 2019 – Adult Care Program and Children's Residential Care Program Comprehensive Tool pilot.

CCL is in the process of drafting the comprehensive and specialty tools for the Adult Care program. Interim standard tools for the Child Care program were in development, and comprehensive/specialty tools were being developed for the Children's Residential program.

UPDATE ON QUALITY ENHANCEMENT AND PROGRAM IMPROVEMENT MEASURES

In 2014-15, the budget included $7.5 million ($5.8 million General Fund) and 71.5 positions for quality enhancement and program improvement measures. The additional positions and resources were provided to improve the timeliness of investigations, help to ensure the CCL division inspects all licensed residential facilities as statutorily required, increase staff training, establish clear fiscal, program, and corporate accountability, develop resources for populations with medical and mental health needs, and update facility fees.

In 2015-16, the budget included an increase of 28.5 positions (13 two-year limited-term positions) and $3 million General Fund in 2015-16 to hire and begin training staff in preparation for an increase in the frequency of inspections for all facility types beginning in 2016-17.

In 2016-17, in order to further comply with the increased frequency of inspections, including annual random inspections, and various other legislative requirements related to caregiver background checks, licensing, and registration activities, and appeals and Residential Care Facility for the Elderly (RCFE) ownership disclosure, the budget included funding of $3.7 million General Fund for 36.5 positions.

In 2017-18, an additional $3.3 million from the Technical Assistance Fund (TAF) was approved to help complete timely complaint allegations, address the growing backlog of RCFE and Adult Residential Facilities (ARF), continue implementation efforts related to the RCFE Reform Act of 2014, and 5.5 permanent LPAs and one-half Attorney III.

Staffing Update. In CCL, a division of approximately 1400, DSS reports that it is always challenging to keep up with attrition in addition to hiring for new positions. Since July 2018, the Division lost 220 staff to retirement, promotions, transfers or other reasons. The LPA class maxes out at the low end of the AGPA range, so we lose many staff, particularly in this region, to transfers. Vacancies are just a symptom of the problem. An LPA and their supervisor who inspect residential facilities have greater responsibility and are likely to work overtime, including nights and weekends. It is also a physical and stressful job, which, in addition to normal family issues such as pregnancy and illnesses, in some instances results in leaves of absence.

Since July 1, 2018, CCL has filled 271 positions. To fill these positions, CCL managers had to review 11,300 applications and conduct 1,800 interviews. In addition, managers were required to complete reference checks, criminal background checks and file reviews. In total, managers spent over 14,000 hours on hiring, time taken away from important duties such as providing direction, mentoring, and reviewing complaints.

CCL has provided the following information regarding the Quality Improvement Initiative positions and accomplishments to date:

Summary of Quality Enhancement BCP Positions and Accomplishments

Project	Positions as of 2/01/2019		Fiscal Year	Accomplishments
	Allocated	Filled		
Clinical Consultants Unit/Mental Health Unit[1]	8	7	14/15 15/16	The Program Clinical Consultants assisted with clinical records review and determination of Enhanced Civil Penalties, provided recommendations on exception requests for prohibited health conditions, assisted in the Clinical Symposium on topics such as falls prevention, residents with diagnosis of dementia, and early identification of resident's change in condition, provided ongoing consultation and assistance with the Regional staff, provided clinical opinion and assisted with Legal, and testimony at administrative hearings and court, and provided input and assistance in creating/ modifying staff training to meet the needs of the LPA/LPMs.
Corporate Accountability	1	1	14/15	The Corporate Accountability staff provided support to the Central Applications Bureau in the review of compliance histories of large corporate chains seeking to open new facilities. Provided support to ASCP by Identifying large corporate chains and creating bi-annual reports on compliance history and trends.
Policy Support/Program Training	6	6	14/15	The Policy and Process Management Bureau has completed 5 regulation packages, cut the response time to policy inquiries and time to update forms in half. They continuously make timely updates to the Evaluator Manual.
Statewide Hotline[2]	23.5	17.5	14/15	The Centralized Complaint and Information Bureau supports the three CCLD Programs: Adult and Senior Care, Children's Residential and Child Care and their 29 Regional Offices throughout the state. CCIB operates as a Contact Center and is accessed via a widely published toll free number and email address. In 2018, CCIB analyst handled 80,000 calls and responded to over 12,000 faxes and emails. By centralizing calls, Community Care licensing has the ability to track data that can be used for outreach. CCIB also works with the programs and policy to ensure that consistent information is given throughout the state.
Centralized Applications	11	11	14/15	CAB analyst processed an average of 120 applications per year with an average processing time of 263 days per application, reduced backlog of 463 applications pending over 90 days old to under 300, will meet the anticipated continued annual growth of application submissions and reduce average processing times further to a projected 120 days by the end of FY 2019-2020.

Quality Assurance	6	5	14/15	The Quality Assurance Unit developed metrics for measuring each of the three program's performance, sends out Monthly Division and Program Management Reports to help the programs comply with mandates for inspecting facilities and responding to complaints, developed tools to monitor law enforcement contacts in CRP facilities (AB 388), developed a high risk facilities list to help RO staff follow-up on those facilities that pose the greatest risk to health and safety, identified the Most Common Cited Deficiencies each year. Provides ongoing ad hoc data analysis to the programs and is assisting in the development of the new Inspection Tool.
Investigations Timeliness	6	5	14/15	With the implementation of these 6 SIA positions IB has been able to complete cases more quickly and it has afforded the investigators to spend their time on duties and tasks that require a peace officer. The SIAs have also taken over the major portion of the Arrest Only cases which in turn allowed for IB to put the 12 investigators that previously completed the AO cases, in to the field.

Project	Positions as of 2/01/2019		Fiscal Year	Accomplishments
	Allocated	Filled		
Licensing Program Analyst Academy	8	6	14/15	The additional training positions have resulted in the expansion of the LPA Academy from 2 weeks to 4 weeks; three weeks taught by Central Training Section and includes an intensive program specific
Administrator Certification	4	3	14/15	In 2018 this unit has processed 13,773 administrator certifications/re-certifications and revised testing procedures and updated tests for all programs.
Technical Assistance	5	5	15/16	The Technical Support Program (TSP) provides onsite technical assistance to Adult and Senior Care and Children's Residential Facilities that are not in substantial compliance. TSP has completed over 80 engagements with struggling facilities and created resource guides to assist licensee maintain ongoing compliance.
Southern California Training	4	4	15/16	Increased the frequency of Academies so new LPA all receive training within the first six months of employment. Reduced the amount of travel resource needed.
Administrative Support	3	3	15/16	The FAS (Field Automation Systems) technical field support position provides technical support to field staff (e.g., Licensing Program Analysts) in using FAS, an IT system that is used by CCLD to record information related to facility inspection. The facilities planning, management and requisition position is responsible for identifying, securing and maintaining new and existing work space for CCLD programs statewide. The personnel transaction position facilitates all CCLD hiring in addition to tracking all authorized CCLD positions. In addition, the position maintains CCLD organization charts and provides critical statistical information to CCLD management (e.g., vacancies, leave of absence,
Timely Completion of Complaint Investigations	13	13	15/16	See Complaint Table
Steadily Increase Inspection Frequency[3]	73	63	16/17 17/18 18/19	See Inspection Table
Management/Support Staff[4]	43	35.5	16/17 17/18 18/20	Assisted LPAs in meeting the inspection mandates and keeping up with the complaint and other workload. Inspection mandates were met for 99.5% of facilities for 2018. Although the number of complaints has increase over time, the number of complaints over 90 days (backlog) has generally decreased from the high in FY
Total	**214.5**	**185**		

1 - Clinical Consultants Unit/Mental Health Unit (5.0 NP in FY 14-15; 3.0 NC III in FY 15-16) - The Mental Health Nursing positions were combined with Medical Expertise Nurses; a separate unit was not created.

2 - Staff turnover is high due to the call center environment.

3 - Steadily Increase Inspection Frequency (52.5 LPA in FY 16-17; 8.5 LPA in FY 17-18; 26.0 LPA FY 18-19)

4 - Management/Support Staff (15.0 OA (T), 8.0 LPM I, 2.0 LPM II in FY 16-17; 2.0 OA (T), 1.5 LPM I, 0.5 LPM II in FY 17-18; 8.0 OA (T), 4.5 LPM I, 1.5 LPM II in FY 18-19). Support Staff are particularly difficult to recruit and retain.

Inspections Frequency and Complaint Response. CCL has provided the following information regarding inspection frequency and complaint response for all types of facilities under CCL's jurisdiction:

COMMUNITY CARE LICENSING DIVISION COMPLAINT ANALYSIS 2009 - 2018						
Fiscal Year	Total Complaints Rolled Over From Prior Year(s)	Total Complaints Received	Total Complaints Received + Prior Year(s) Rollover	Total Complaint Approved	Current Year Net Loss/gain	Total Complaints Over 90 Days
2009-10	2,508	12,553	15,061	11,599	3,462	1,051
2010-11	3,462	12,523	15,985	13,151	2,834	703
2011-12	2,834	13,195	16,029	12,277	3,752	1,462
2012-13	3,752	13,109	16,861	11,999	4,862	2,241
2013-14	4,862	13,981	18,843	13,363	5,480	**2,744**
2014-15	5,480	14,952	20,432	14,805	5,627	2,477
2015-16	5,627	15,429	**21,056**	15,524	5,532	2,441
2016-17	5,532	15,163	20,695	15,696	4,999	1,786
2017-18	4,999	16,036	21,035	15,802	5,233	1,918

CCL notes that the number of complaints received has generally increased over time with the high in 2017-18. At the same time, the number of complaints over 90 days generally decreased from a high in 2013-14.

All programs have shown an increase in the total number of complaints received; however, Adult and Senior Care had a 28% increase over the past five fiscal years, from 2013-14 to 2017-18. A likely contributor to the increase was the RCFE Reform Act of 2014, which included several bills that were signed into law. SB 895 (Corbett), Chapter 704, Statutes of 2014 included requirements for CCL to post inspection reports online, creating a transparency website, and for all RCFEs to post the Licensing Complaint Poster in a conspicuous place accessible to residents, families and staff. AB 1572 (Eggman), Chapter 177, Statutes of 2014 increased rights for Resident and Family Councils.

Average Number of Days for Approved Complaints by Fiscal Year

Program	2013-14	2014-15	2015-16	2016-17	2017-18
Adult & Senior Care	153	172	184	164	129
Children's Residential	155	155	142	134	136
Child Care	55	55	60	68	70
Division	119	129	133	127	112

Due to their complexity and the number of allegations, some complaints require more than 90 days to conclude. The average number of days to approve a complaint varies by program type and is longer for programs that provide 24-hour care.

STAFF COMMENT/QUESTIONS

This is an oversight issue for Community Care Licensing (CCL), given the significant investments made in past budgets and CCL's foundational role in the health and safety of licensed facilities caring for vulnerable children and adults.

The Subcommittee may wish to ask CCL to respond to the following requests and questions in the course of their testimony:

1. Please provide an update on inspection frequency and the confidence level to be able to reach the annual inspection standards as prescribed in current law.

2. What are the benefits and possible impediments in the new inspection tools?

3. What are the areas for continuing improvement in complaint response?

4. What is the feedback from district staff on the changes across CCL?

Staff Recommendation:

Hold open.

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

ISSUE 2: LOW-INCOME WEATHERIZATION PROGRAM (LIWP) PROGRAM AND BUDGET REVIEW

PANEL

- Linné Stout, Director, and Jason Wimbley, Chief Deputy Director, Department of Community Services and Development
- Marco César Lizárraga, Executive Director, La Cooperativa Campesina de California
- Mauricio Blanco, Project Manager, La Cooperativa Campesina de California
- Luis H. Sanchez, Chief Executive Officer, Community Resource Project
- Andy Brooks, Director, West Coast Operations, Association for Energy Affordability
- Luis Bourgeois, Department of Finance
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- Public Comment

BACKGROUND

The mission of the Department of Community Services and Development (CSD) is to reduce poverty for Californians by partnering with a network of private, non-profit, and local government community service providers dedicated to helping low-income families achieve and maintain self-sufficiency and meet their home energy needs. Members of the statewide network are commonly referred to as Community Action Agencies or Local Service Providers.

The Governor's budget proposes total spending of $297.5 million (no General Fund) for CSD, for 2019-20. Below is a summary of the Governor's proposed funding for 2018-19 and 2019-20:

Funding for Department of Community Services and Development
(Dollars in millions)

Funding Source	Federal FY 2018	Federal FY 2019
Low Income Home Energy Assistance Program	$191.1	$204.3
Community Services Block Grant	$63.5	$63.8
Dept. of Energy Weatherization Assistance Program	$6.9	$7.5
	State FY 2018-19	**State FY 2018-19**
Greenhouse Gas Reduction Fund	$10	$10

CSD's programs include:

- **Community Services Block Grant (CSBG).** CSBG is an annual federal grant that provides or supports a variety of local services to alleviate the causes and conditions of poverty with the goal of helping people achieve self-sufficiency. Examples of CSBG supported services and activities include local programs to address employment, education, asset building, housing and shelter, tax preparation, and nutrition and emergency services.

- **Low-Income Home Energy Assistance Program (LIHEAP).** LIHEAP is an annual federal grant that provides financial assistance to offset the costs of heating/cooling residential dwellings, for energy-related emergencies, and weatherization services to improve the energy-efficiency of homes.

- **U.S. Department of Energy Weatherization Assistance Program (WAP).** WAP is an annual federal grant that provides weatherization services to eligible low-income individuals to improve the energy-efficiency of low-income homes and safeguard the health and safety of occupants.

- **Low-Income Weatherization Program (LIWP).** LIWP is funded by state cap-and-trade auction proceeds to provide energy efficiency and renewable energy services such as solar photovoltaic systems. These services are provided to low-income single-family and multi-family dwellings within disadvantaged communities to help reduce greenhouse gas emissions and save energy.

LOW-INCOME WEATHERIZATION PROGRAM

California's Low-Income Weatherization Program (LIWP) provides low-income households with solar photovoltaic (PV) systems and energy efficiency upgrades at no cost to residents. LIWP is designed with the primary goal of reducing greenhouse gas emissions (GHG) by saving energy and generating clean renewable energy. As importantly, the program reduces residential energy expenses for low-income households, strengthening their economic security.

LIWP funds energy efficiency upgrades and solar for both low-income single-family households and multi-family affordable housing. These offerings improve household conditions and contribute to the health of communities through improved air quality. They also help lower operating costs for affordable housing administrators, helping to preserve valuable below-market housing for low-income families.

LIWP also helps cushion the impact of climate change on vulnerable communities, making it more affordable for low-income households to keep their homes cool and comfortable at a lower cost, such as through energy efficient air conditioning or improved insulation, and protect children and seniors from the health impacts of higher temperatures. In addition, as many low-income Californians are already struggling to make ends meet – and spending a higher proportion of their income on housing than ever before – LIWP can help by lowering utility bills and freeing up limited disposable income for other critical expenses. LIWP is the only program of its kind in California that focuses exclusively on serving low-income households with solar PV and energy efficiency upgrades at no cost. By doing so, the program plays an important role in ensuring that all Californians have the opportunity to benefit from California's Climate Investments and program services.

CSD has been appropriated $202 million for LIWP from the Greenhouse Gas Reduction Fund since 2014-15. $10.5 million of that total remains to be awarded, with the remaining balance either expended or awarded in contract. With the conclusion of the procurement for the Farmworker Housing Component, the final $10.5 million in LIWP funding is scheduled to be awarded in April 2019. LIWP is part of California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing GHG emissions.

LIWP currently funds the following program components:

Single-Family Energy Efficiency & Solar PV - Allocation: $57.6 million, Expenditures: $55.1 million. Scheduled to sunset by April 2019, the LIWP Single-Family Energy Efficiency & Solar PV Regional Administrator Component is a regionally administered program that installs no-cost energy efficiency measures, solar water heating, and solar PV in low-income single-family dwellings. Service delivery has concluded in four of the five designated service regions, with services ongoing in the Los Angeles County Region.

LIWP FY 2015/16 Regional Administrator Status (as of February 28, 2019)					
Regions	**Region 1** N. California	**Region 2** Bay Area	**Region 3** Central Valley	**Region 4** Los Angeles	**Region 5** S. California
Administrator	Community Resource Project	Build it Green	Community Action Partnership Orange County	Build it Green	La Cooperativa Campesina de California
Allocation	*$5.2 million*	*$5.7 million*	*$13.5 million*	*$21.1 million*	*$12.2 million*
Expenditures	*$5.2 million*	*$5.7 million*	*$13.5 million*	*$18.6 million*	*$12.2 million*
Balance	*$0*	*$0*	*$0*	*$2.5 million*	*$0*
Completion	*June 2018*	*December 2018*	*December 2018*	*April 2019*	*December 2018*

The following vignettes have been offered by CSD as success stories for this program:

The Garcias are a couple in their mid-60s, living in South Sacramento, who are permanently disabled and living on fixed incomes. Like many grandparents, they help watch their grandchildren during the week. They were devastated and concerned when their heating and air conditioning system broke and needed to be replaced. After contacting the local LIWP administrator, Community Resource Project, the Garcias received not only a new heating and air conditioning system, but a rooftop solar photovoltaic (PV) system, solar water heater system, and other energy efficiency measures. These LIWP funded improvements not only ensure that their home is kept cool and comfortable year-round, but they will also receive significant savings on their monthly energy bills.

Mrs. Branch, a widowed elderly woman residing in East Palo Alto with her disabled son, had been living in her home without heat for the last year after her furnace was shut off by her utility company for leaking carbon monoxide. Her temporary reliance on borrowed space heaters resulted in her utility bills exponentially increasing, making it difficult to pay the bill each month. She learned about the LIWP in the spring of 2018 and began receiving a multitude of energy-saving improvements in her home. Build It Green, the local administrator for LIWP, installed rooftop solar PV, a new refrigerator, door and exterior repair, ceiling fans, low-flow faucets, LED bulbs, and weather-stripping through LIWP funds, as well as a new furnace. These improvements collectively saved her an average of $1,268 a year on her utilities.

Farmworker Housing Component, Single-Family Energy Efficiency & Solar PV - Allocation: $10.5 million, Awards Scheduled for April 2019. A new $10.5 million LIWP Farmworker Housing Component will focus on the direct installation of energy efficiency measures and solar PV systems for farmworker households. The Farmworker Housing Component will provide services across 12 counties with the highest farmworker populations. Two administrators will be identified through a Request for Proposal that was released in January 2019. Contract awards are scheduled to be made in April 2019.

Multi-Family Energy Efficiency & Renewables - Allocation: $54.4 million, Expenditures: $28.5 million. LIWP Multi-Family provides technical assistance and incentives for the installation of energy efficiency measures and solar PV in low-income multi-family dwellings serving priority populations. Multi-family farmworker housing is also specifically targeted for services. From 2014-15 to 2018-19, the Multi-Family Component has been allocated $54 million under LIWP. LIWP Multi-Family is scheduled to sunset in 2020 based on current funding levels.

The following illustrative vignette have been offered by CSD for this program:

Ms. Guzman, a mother of two boys, is a resident of Casas de la Viña, a 56-unit affordable apartment rental community that serves low-income families and farmworkers in Madera County. Dana moved to Casas de la Viña when she needed to find a new home after the death of her husband. Casas de la Viña is one of several properties owned by Self-Help Enterprises, an organization that develops affordable housing to serve the needs of low-income Central Valley residents. LIWP's Multi-Family Energy Efficiency and Renewables program administrator, the Association for Energy Affordability (AEA), provides technical assistance and incentives for the installation of energy-efficiency measures and solar PV in low-income multi-family dwellings in disadvantaged communities.

Proteus, a non-profit that provides education, job training, job placement, and other services to farm working families, installed several of the energy-saving measures on the property. Overall, the project included a deep energy efficiency and renewable energy retrofit, with the installation of more than 181 kilowatts of solar panels generating 95 percent of the onsite development to offset resident energy bills. The project also consisted of the installation of efficient new heat pump heating and cooling systems, heat pump water heaters, energy efficient windows, LED lighting, refrigerators, and plumbing fixtures.

Due to Casas de la Viña's participation in the LIWP Multi-Family program, the community expects to achieve zero net energy, with the property now generating as much energy as it consumes. Over its lifetime, the solar PV system and installed energy efficiency measures will lead to an estimated reduction of over 3,000 MTCO2e in GHG emissions. The residents of Casas de la Viña will now be able to use the money they save on utility bills to support their family's other critical needs. In Ms. Guzman's case, those savings are going towards necessities like clothes and school supplies for her boys.

Community Solar Pilot - Allocation: $4.4 million, Awards Announced in November 2018. The new $4.4 million LIWP Community Solar Pilot program is designed to expand access to renewable energy for low-income households, including those that do not have the ability to participate in existing low-income solar PV programs – either due to a lack of home ownership, inadequate roofing for solar PV, or other factors. Two awards were announced in November 2018:

- GRID Alternatives/Santa Rosa Band of Cahuilla Indians - $2.05 million, 994 KW benefiting tribal and low-income households.
- GRID Alternatives/Port of Richmond - $2.38 million, 989 KW benefiting low-income households in Richmond disadvantaged communities.

STAFF COMMENT/QUESTIONS

In past years, there has been some concern about CSD's Regional Administrator approach for LIWP by various stakeholders. In particular, stakeholders were concerned that contractors located in the geographic region to which they were applying were not given proper consideration. In response, the Legislature directed CSD to prioritize existing ties to local communities and give preference to organizations with demonstrated performance outcomes in future procurements. CSD was also required to provide quarterly briefings on LIWP to legislative staff. The Department provided its most recent briefing in February of 2019, and published a LIWP program update in March 2019.

This is an oversight issue for CSD. The Subcommittee may wish to ask for a general update of LIWP programs and funding, and how CSD has crafted the recent Request for Proposals in line with the statutory changes referenced above.

Staff Recommendation:

Hold open.

5175 DEPARTMENT OF CHILD SUPPORT SERVICES

ISSUE 3: GOVERNOR'S PROPOSAL FOR LOCAL CHILD SUPPORT AGENCIES (LCSAS) ADMINISTRATIVE FUNDING AUGMENTATION

PANEL

- David Kilgore, Director, and Nan Chen, Chief Financial Officer, Department of Child Support Services
- Marie Girulat, Local Child Support Services Agency Director, San Bernardino County
- Luis Bourgeois, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

BACKGROUND

The Department of Child Support Services (DCSS) is the single state agency designated to administer the federal Title IV-D mandated Child Support Program (CSP). California's Child Support Program seeks to enhance the well-being of children and families' self-sufficiency by providing professional services to locate parents, establish parentage, and establish and enforce orders for financial and medical support. DCSS estimates that there are approximately one million child support cases in California, serving approximately one in ten Californians.

Local and regional child support agencies deliver services, which are available to all California residents. There are a total of 49 local child support agencies (LCSAs) across the state. The majority of LCSAs serve one county, with the exception of seven regionalized LCSAs that serve multiple counties.

Families can be referred to CSP through public assistance programs, or may apply for services at an office or online. When a current child support payment is collected for a party receiving public assistance benefits, such as CalWORKs, the custodial party will receive the first $50 of the child support payment. The balance of the payment is used to reimburse federal, state and county governments for the cost of the benefits. After the initial application or referral, the family proceeds to case intake. In federal fiscal year 2017, there were 974,273 non-custodial parents (NCP), approximately 1 million custodial parties (CP), and approximately 1.7 million dependents served by the program. About 50,000 of the NCPs were also CPs on a separate case. The figure on the next page displays all cases within the state's child support program by case type.

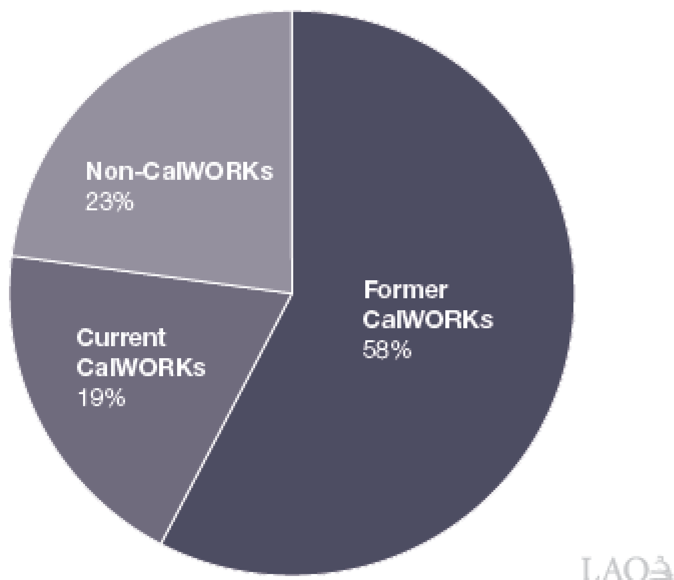
The Governor's budget provides $1.08 billion ($339.3 million General Fund) for 2019-20. The table on the following page provides a summary of the CSP's proposed funding in 2019-20.

Child Support Program Costs for 2019-20					
	Federal	State	County	Reimbursements	Total
State Operations	$126.6 million	$56 million	$0	$123,000	$182.7 million
Local Assistance	$615.9 million	$283.3 million	$13.6 million	$0	$912.8 million
				Total	**$1.1 billion**

Total child support collections are projected to be $2.5 billion ($175.8 million General Fund) in 2018-19 and $2.54 billion ($175.5 million General Fund) for 2019-20. Total costs for local assistance are estimated to be $856.7 million ($264.2 million General Fund) for 2018-19 and $912.8 million ($283.3 million General Fund) for 2019-20.

Most Child Support Cases Are Current or Former CalWORKs Cases

Federal Fiscal Year 2017-18



The Child Support Program is locally administered and funded through federal (66 percent) and state funds (34 percent). The program earns federal incentive funds based on the state's performance in five federal performance measures, discussed below. Additionally, counties match funds for Local Child Support Agencies (LCSAs) that elect to supplement the program with local matching funds. Funding for the county match is 34 percent county funds and 66 percent federal funds.

Local Child Support Agency Revenue Stabilization. Since 2009, the budget has provided $18.7 million ($6.4 million General Fund) for the 49 LCSAs to stabilize caseworker staffing, and to avoid a loss in child support collections. DCSS requires that revenue stabilization funds are distributed to counties based on their performance on two key federal performance measures: (1) collections on current support; and, (2) cases with collections in arrears.

According to 2017-18 data, DCSS found that revenue stabilization funds have assisted in retaining:

- 202 child support caseworkers.
- $15.5 million ($7.4 million General Fund) in net total assistance collections.
- $130 million in total non-assistance collections.

Collections. Basic collections represent the ongoing efforts of LCSAs to collect child support payments from parents paying support. The Department gathers basic collections from the following sources: wage assignments, federal and state tax refund intercepts, unemployment insurance benefit intercepts, lien intercepts, bank levies, and direct payments from parents paying support. Collections made on behalf of non-assistance families are forwarded directly to custodial parties, while collections for families receiving public assistance are retained and serve as recoupment of past welfare costs.

Total Collections Received, By Source (2017-18)	
Wage Withholding	$1.67 billion
IRS federal income tax refund	$136.6 million
FTB state income tax refund	$40.9 million
Unemployment Insurance Benefits	$36.3 million
Collections from tribes, counties, or other IV-D states	$99.5 million
Non-custodial parents regular payments	$370.3 million
Other sources* (Liens, workers' compensation, disability insurance benefits offset, California insurance intercepts, and full collections program without wage levies)	$115.8 million
Total	$2.48 billion

Total projected child support collections are $2.54 billion for 2019-20 ($2.13 billion non-assistance payments; $408.7 million assistance payments). According to the Administration, wage withholding continues to be the most effective way to collect child support, constituting 67.6 percent ($1.67 billion) of the total collections received in 2017-18. Of the total collections received in federal fiscal year 2017, $377 million was recouped by government agencies for past welfare costs. ($183.3 million federal, $169.6 million state, and $23.6 million county). That number constituted approximately 15.3 percent of total collections.

Cost Avoidance. Cost avoidance, or the costs avoided as a result of the child support program, due to decreased expenditures for public assistance programs for families that otherwise would have been on public assistance, is recognized as a benefit of the program. A 2004 report for the Child Support Directors Association of California found the primary programs with cost avoidance are CalWORKs, CalFresh, Medi-Cal, Supplemental Security Income (SSI), and public/subsidized housing. The Department has estimated total cost avoidance for 2017-18 based on 2000-01 models. However, the Department recommends an updated study be performed since these estimates are based on 2000-01 models. The Department is currently identifying options to update that study.

Federal Performance Measures. Federal incentive payments are based on the state's annual data reliability compliance and its performance in five measures, which were established by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and the Child Support Performance and Incentive Act of 1998. The chart below from the LAO provides an update on California's performance according to these measures.

Federal Performance Measures

Federal Fiscal Year 2017-18

Measure	Description	Performance	U.S. Average	Overall Rank[a]
Paternity Establishment Percentage[b]	Measures the share of children born out-of-wedlock for whom paternity has been established.	94%	94%	13
Percent of Cases With a Child Support Order	Number of cases with a support order compared to total number of cases.	91	87	12
Current Collections Performance	The amount of current child support payments collected compared to the total amount of current child support owed.	67	65	16
Arrearage Collections Performance	The number of cases with collections on arrears compared to the total number of cases that owe arrearages.	66	64	15
Cost-Effectiveness Performance	The ratio of total collections to total program costs.	$2.52	$5.15	51

[a]Rank out of 54 entities, including the 50 states plus Washington, D.C., Guam, Puerto Rico, and the Virgin Islands.

[b]States may choose between two formulas to calculate the paternity establishment measurement. As such, California's rank (13) is out of states that selected the same formula and not all states.

DCSS has also developed a set of 28 measures called practice indicators to track other key metrics that are important to customers and to the performance of the program. These measures are meant to help to inform strategies and practices that the LCSAs adopt and include in their annual performance improvement plans.

Office of Child Support Enforcement (OCSE) Final Rule. On December 20, 2016, the federal OCSE published the Flexibility, Efficiency, and Modernization in Child Support Programs Final Rule (Final Rule). The Final Rule makes changes to the child support program intended to increase the effectiveness of the program for all families, states, territories and tribal programs and to ensure that child support services are accessible to families and delivered in a fair and transparent manner. Some of the changes include: clarifying and streamlining regulations to improve the efficiency of child support programs; clarifying the variables that should be considered or included when calculating a child support order amount in order to improve the fairness and accuracy of child support orders; expands criteria for closing child support cases; and expands the types of services for which federal financial participation is available. DCSS will be evaluating the provisions related to the Child Support Guideline in the context of the current Guideline Quadrennial review, which is a federally-required review of state child support order setting guidelines. DCSS met with LCSAs and the Judicial Council of California throughout

2018 to review both the Final Rule provisions related to Guideline, and the Quadrennial Review report. Since last year, the Department has implemented many provisions required by the Final Rule but is still working on implementing a few others. The Department is awaiting feedback from its workgroup on those implementation decisions. All the provisions awaiting a decision are optional or have a compliance date of January 1, 2022. The display below from the LAO provides a summary of major features of this recent federal policy.

Recent Federal Guidance Prioritizes Ability to Pay and Reliability

Major Features of the Federal Final Rule, December 2016

- ✓ Set accurate child support obligations based on the noncustodial parent's ability to pay.
- ✓ Increase reliable, on-time payments to families.
- ✓ Move nonpaying cases to paying status.
- ✓ Increase the number of noncustodial parents supporting their children.
- ✓ Improve child support collection rates.
- ✓ Reduce the accumulation of unpaid and uncollectible child support debt.
- ✓ Incorporate technology and evidence-based standards that support good customer service and cost-effective management practices.

Source: Overview of Federal Final Rule, "Flexibility, Efficiency, and Modernization in Child Support Enforcement Programs."

GOVERNOR'S PROPOSAL

The Governor's proposal includes an increase of $56 million ($19 million General Fund) in 2019-20 for LCSA administration costs based on a new budgeting methodology. The new funding formula for LCSAs will ultimately result in an additional $180.8 million ($61.5 million General Fund) for LCSA operations, which will be phased in over four years. The table below contains cost information for all four years.

In the fourth year, $12.6 million ($4.3 million General Fund) will be tied to performance incentive funding for LCSAs. The Department estimates that total collections will increase by 15 percent (about $347 million) as a result of the proposed increased funding.

	2019-20 Year 1	2020-21 Year 2	2021-22 Year 3	2022-23 Year 4
General Fund	$19,053,000	$38,106,000	$57,159,000	$61,455,000
Federal Funds	$36,986,000	$73,972,000	$110,958,000	$119,294,000
Total Funds	$56,039,000	$112,078,000	$168,117,000	$180,749,000

The following two displays from the LAO further explain the breakout components for local assistance as proposed in the Governor's proposal and how the multi-year augmentation would phase in:

Calculated Baseline State Costs Per Governor's Proposal

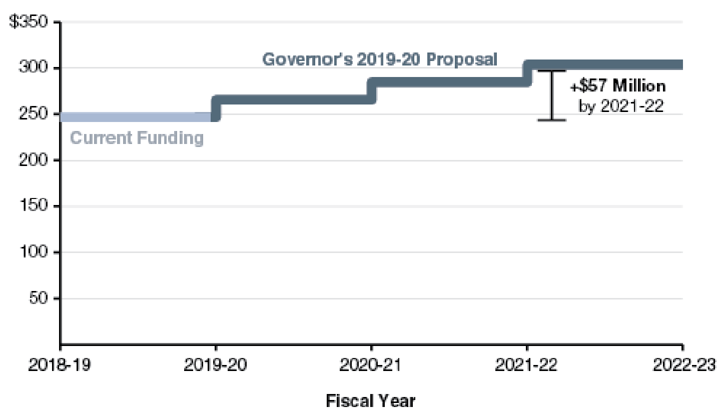
2019-20, General Fund (In Millions)

Budgeted Item	Costs
Target staffing levels (187 cases per employee)	$226.4
Associated overhead	49.4
Call centers	10.5
Total General Fund Costs	$286.2

Detail does not add due to rounding.

Governor's 2019-20 Proposal Would Ramp Up Over Several Years[a]

State General Fund (in Millions)



[a] Additional General Fund will be provided to local child support agencies that demonstrate improved performance beginning in 2022-23.

LAO

LCSA Administration. Administration costs include salaries and benefits of LCSA staff as well as operating costs. LCSAs are responsible for case intake, court preparation to establish paternity and support obligations, and the enforcement of support obligations, including locating absent parents. In 2018-19, LCSA administration costs were funded at $664.4 million and proposed funding for 2019-20 is $720.5 million. Funding is 34 percent General Fund and 66 percent federal matching funds.

Historic Funding Levels. Current state funding for LCSAs is largely based on the amount spent for these purposes by each county's District Attorney (DA) prior to 1999. Child support activities were transferred from local DAs to LCSAs as part of a 1999 reform in an effort to improve program performance and increase the consistency of enforcement statewide. The amounts then for child support varied significantly across the counties, and these differences have remained over the years.

Wide Variation in Funding Per Case Raises Concerns

Funding Per Child Support Case, 2018-19

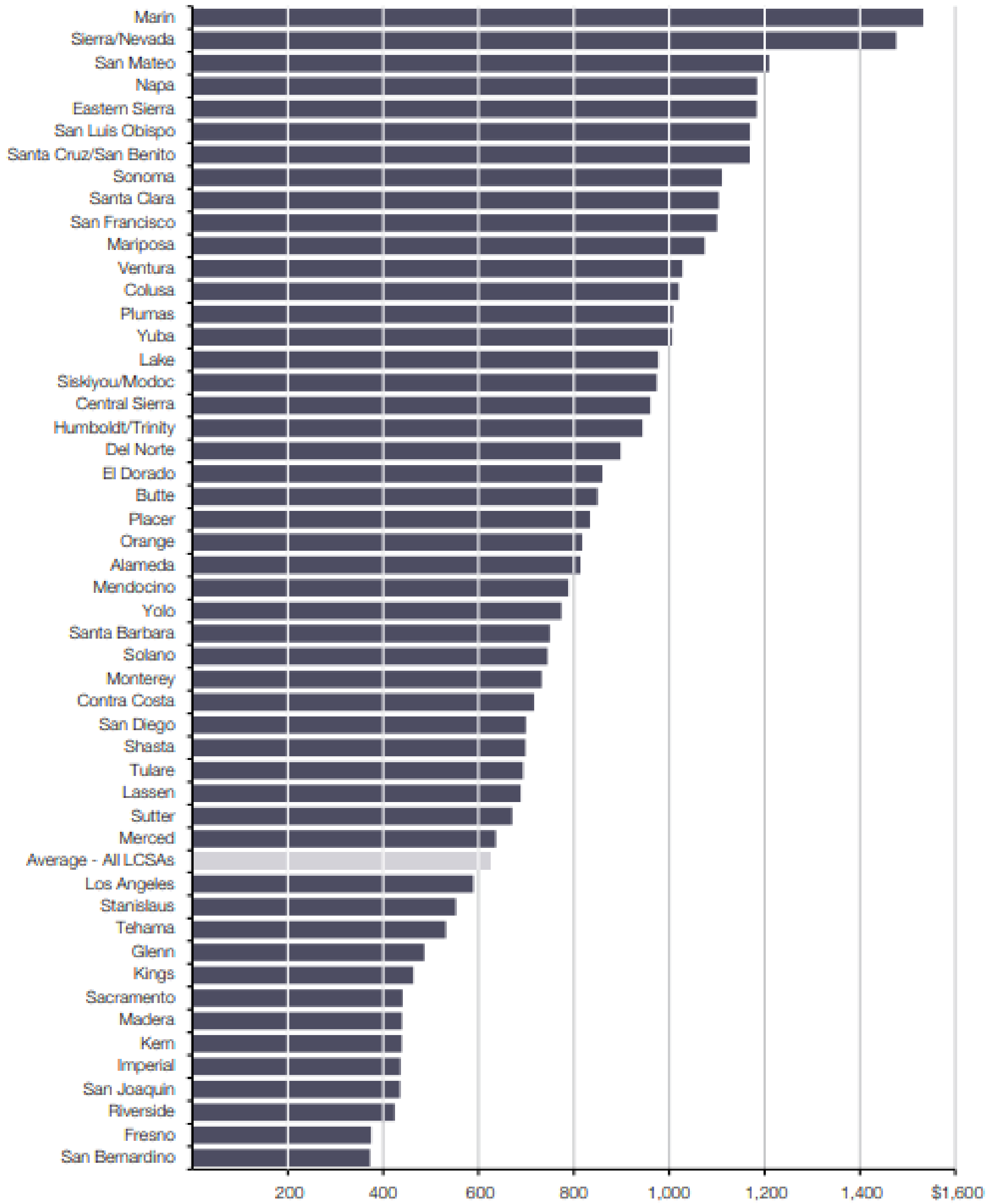


Figure displays federal funds and state General Funds, but does not include optional county funds that some LCSAs receive from their county or the corresponding federal match.

Beginning in 2003-04, the baseline administrative funding level for LCSAs was $710 million ($241 million General Fund and $469 million federal funds). In 2005-06, the LCSAs received a one-time augmentation of $4.2 million for outreach and transition workload. In response to dwindling resources and flat funding the Legislature provided an ongoing revenue stabilization funding augmentation of $18.7 million ($6.4 million General Fund) in 2008-09. That same year, $12.6 million was redirected from local assistance to state operations as the state centralized the printing and mailing of child support forms and notices at the Office of State Publishing.

Funding levels for LCASs remained flat until 2018-19, when DCSS received an ongoing augmentation of $9 million ($3 million General Fund and $6 million federal funds) to address the rise in LCSA operational costs. Accompanying trailer bill language was adopted last year as part of the 2018 Budget. AB 1811 (Committee on Budget), Chapter 35, Statutes of 2018, required DCSS to engage in conversations with the Child Support Director's Association on identifying program wide operational inefficiencies and refinements to the budget methodology. The department must submit a report on this topic by July 1, 2019.

Proposed Budgeting Methodology. DCSS, in collaboration with the Child Support Directors Association (CSDA), developed a LCSA funding methodology that the Department believes represents a balanced approach of improving existing practices, addressing LCSA current and future cost pressures, and the efficiencies of shared services. The methodology seeks to hold harmless LCSAs that are currently funded more than what the methodology calculated. The proposed budgeting methodology encompasses three components: base level of staffing for casework operations, call center operations, and performance incentives.

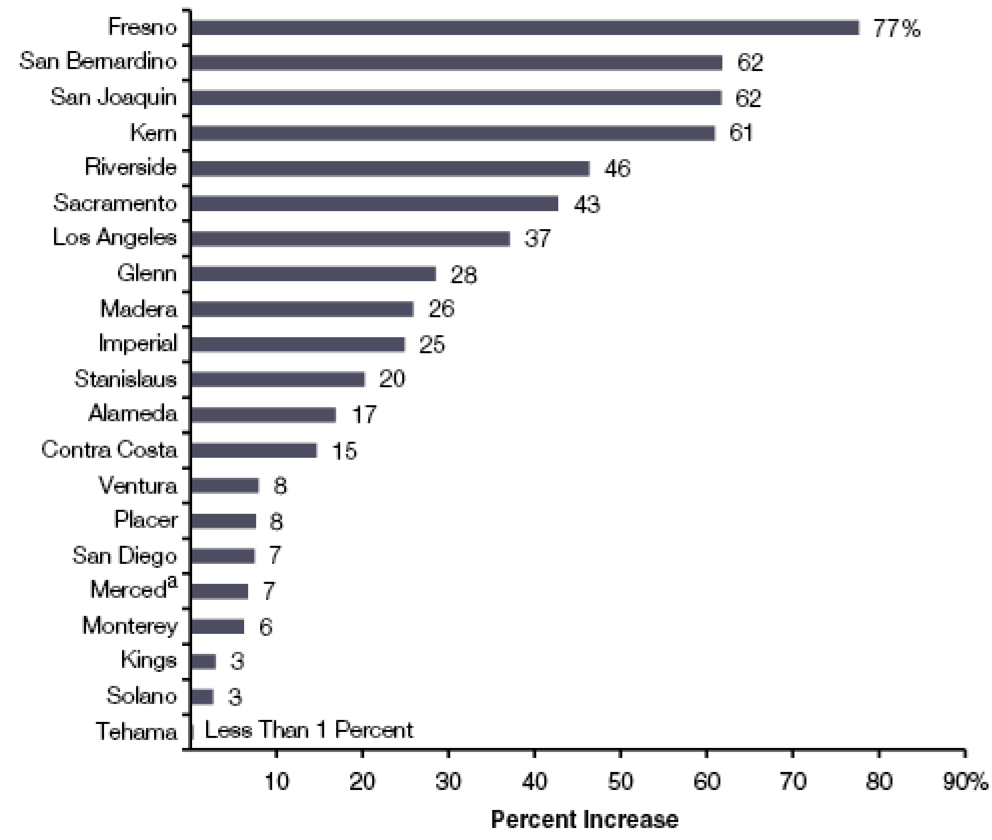
- **Casework and Staffing Levels.** The Department identified the staffing ratio needed to effectively carry out case management activities, and found the effective ratio to be 187.7 cases per full time equivalent (FTE). In federal fiscal year 2017, the average statewide ratio was 192 cases per FTE. The proposed methodology funds each LCSA based on a Case-to-FTE ratio predetermined by a Level of Effort Study (LOE) conducted by 15 sample LCSAs, ranging from very large in size to very small. According to DCSS, the ratio reflects the staffing levels needed to maintain a per FTE caseload that allows sufficient time for staff to effectively manage cases and achieve the most positive outcomes. The ratios also include staffing for supervisors, managers, and staff for LCSAs. 20.9 percent of personnel costs is applied to cover non-employee operating expenses and equipment such as contracts, facility leases, maintenance, utilities, office supplies and equipment, etc.

- **Call Centers.** The Call Center methodology focuses on establishing an average number of calls a call center FTE can answer. The methodology establishes an efficiency expectation of 6,030 Calls-per-worker. This is the statewide average, and many LCSAs (some large ones) fall below this threshold. The methodology seeks to establish performance improvement without punishing LCSAs currently experiencing poor performance.

- **Performance Incentives.** The Performance Incentive funding is based on how well an LCSA is improving from one year to the next, comparing to itself. Each county has different caseload demographics, and by comparing a LCSA's performance against itself, the department seeks to maintain fairness in the different demographics. Performance is measured by the average of percent increase to total collections, and percent increase to collections per case. If the average of the two metrics is greater than zero percent, the LCSA will receive a portion of the Performance Incentive funding pool of $15 million. Note that the department also has a trailer bill proposal to continue to suspend performance incentives that would provide payments to the top ten performing LCSAs. The performance incentives proposed would replace the existing incentive formula in order to spread the rewards more broadly.

Some LCSAs Would Receive More State Funding Under Proposal

Percent Increase in General Fund After Three Year Ramp Up



[a] While Merced is a part of a regional LCSA with Mariposa, the funding augmentation is to cover program costs associated with Merced cases specifically.

Note: This figure reflects the percent increase in state funding. Due to the federal match, we would note that total funding for these LCSAs would increase by a similar amount.

DCSS has provided the following display on the estimated number of new FTEs, excluding call center staff, that would be enabled in 2019-20 with the proposed augmentation.

LCSA	Estimated new FTEs (Excluding Call Center Staff)
Alameda	25.8
Contra Costa	17.5
Fresno	145.2
Glenn	2.0
Imperial	10.8
Kern	108.8
Kings	1.4
Los Angeles	369.2
Madera	7.4
Merced	5.1
Monterey	4.6
Placer	3.0
Riverside	140.0
Sacramento	123.8
San Bernardino	226.1
San Diego	24.8
San Joaquin	72.8
Solano	2.2
Stanislaus	24.1
Tehama	0.1
Ventura	11.3

New FTE estimate excludes incentive funding.

LAO COMMENTS AND RECOMMENDATION

The LAO recent released a report, available at https://lao.ca.gov/Publications/Report/3989, on the proposed funding augmentation for LCSAs. The LAO notes that there have been longstanding differences in funding across LCSAs, leaving some LCSAs with resources that may not be sufficient to carry out the work. However, the LAO believes that the Governor's proposal is premature at this time. The Legislature directed the Department and LCSAs to identify operational efficiencies that would make the program more cost-effective by July 1, 2019. In addition, the federal government has issued policy guidance on child support operations, known as the Final Rule. The LAO believes it is premature to institute a new funding formula before the required report is published and prior to updating law to align with federal guidance. The LAO also points out that the administration has not proposed language to codify the intent of the proposal or outline how it will be used in the future. Moreover, the proposal does not consider the possibility of reducing the proposed augmentation by "right-sizing" funding levels for all LCSAs, not just those that are seen as underfunded.

The LAO recommends that the Legislature withhold action until the Administration submits the required report identifying operational efficiencies and a proposal to refine the current budget methodology based on the finding of the July 1 report. The LAO states that if the Legislature wishes to provide LCSAs with some stop-gap funding, one option would be for it to provide an inflation adjustment to all LCSAs in 2019-20. Instead of implementing a new, wide-ranging methodology, stop-gap funding would be intended only to provide some fiscal relief until the state updates its program.

STAFF COMMENT/QUESTIONS

Staff suggests consideration of the following elements in evaluating this proposal:

1. Addressing Underfunded LCSAs. The LCSA proposal last year elevated the needs of the underfunded counties and underscored their inability to properly serve families living in deep poverty. The counties that would benefit from the 2019-20 and ongoing investment in the Governor's proposal are essentially these same counties that asked for help last year.

2. Need to Adopt Formalized Methodology. The Governor's proposal has much merit; however, it is important that a comprehensive effort like this be governed by appropriate, corresponding codification of the methodology to promote fidelity to the vision and expected outcomes of these investments. At present, the Governor does not propose any way to assure that the spending occurs within the categories for improvement that are laid out in the narrative of the proposal. There is no set way to track how the funds are spent, much less metrics to examine outcomes to see if we are getting what the state is paying for across affected LCSAs. These oversight and accountability elements are a norm for augmentations like this in social services.

3. July 1 Report Pending. The July 1 report is expected to provide a helpful analysis of operational efficiencies and ways of doing business that create better outcomes for the child support system and families served. This conversation about future support for LCSAs and the crafting of formalized methodology would benefit from this report. After its release, conversations that should include stakeholders could take place to inform the Administration's thinking as it prepares for the January 10, 2020 Governor's budget release.

In light of these considerations, staff recommends the following thoughts for the Subcommittee as we near May and consider an ultimate action for the 2019 Budget:

- Support for the Governor's 2019-20 investment, with placeholder support for the on-going investments in future years.

- Adoption of trailer bill language to set out the expectation for how the 2019-20 funding will be spent and calling for a stakeholder process, to include legislative staff, LCSAs, and client advocates, to occur in the summer and fall of 2019, post release of the July 1 report, to consider together, how to craft a methodology proposal to be released as part of the January 2020 Governor's Budget.

Staff Recommendation:

Hold open.

ISSUE 4: ADVOCACY PROPOSALS FOR CHILD SUPPORT SERVICES

PANEL

- Jessica Bartholow, Legislative Advocate, Western Center on Law and Poverty
- David Kilgore, Director, and Nan Chen, Chief Financial Officer, Department of Child Support Services
- Luis Bourgeois, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

ADVOCACY PROPOSAL

The Western Center on Law and Poverty, PolicyLink, the Good+ Foundation, the Anti-Recidivism Coalition, Tipping Point, and the Insight Center for Community Economic Development request language to accompany the request for a funding increase for LCAs. Specifically, the coalition asks for language that would require the Department to:

- Conduct a collectability study of the outstanding debt that is owed to the government by low-income parents to pay back the cost of public assistance;
- Minimize the use of driver’s license suspensions in the collection of child support; and
- End the use of incarceration in the collection of child support.

STAFF COMMENT/QUESTIONS

Staff is requesting additional detail and status of these proposals at the time of this writing. Viability of these proposals will rely on if language has been developed in consultation with the Administration and if consensus can be reached that this should be adopted as part of the negotiated budget.

Staff Recommendation:

Hold open.

NON-DISCUSSION ITEMS

5180 DEPARTMENT OF SOCIAL SERVICES
0530 HEALTH AND HUMAN SERVICES AGENCY

ISSUE 5: CCL BUDGET CHANGE PROPOSAL (BCP) – DATA MIGRATION FOR LEGACY SYSTEMS

BUDGET CHANGE PROPOSAL

The Administration requests a total of $6.2 million for contract funds and two three-year limited-term positions to support data migration from the information technology systems that serve the Community Care Licensing Division. One position will be placed in the Community Care Licensing Division (CCLD) and the other will be placed in the Department's Information Services Division.

The information systems that provide the backbone of the CCLD's regulatory oversight include the Field Automation System (FAS), the Licensing Information System (LIS), the Caregiver Background Check (CBC), and the Legal Case Tracking system (LCTS). These systems were developed almost twenty years ago. The effectiveness and efficiency of the CCLD's oversight efforts are constrained by these aging systems. Staff require immediate access to real time data, which these systems cannot provide.

The requested funding will be used to migrate data from the FAS, LIS, CBC, and the LCTS. Historical data is essential to licensing practice, and acquiring any, new functionality will require that the data be migrated to a modern structure. Pursuing this critical step now will allow new technology to be utilized by a new system or software immediately, rather than requiring a prolonged transition period necessitating the maintenance of the existing systems.

The selected vendor will develop a process for exploring, combining, cleaning, and transforming data into curated data sets for data integration and data discovery from the four IT systems. They will work on curated data sets to understand data lineage and relationships to design data models using a bottom-up approach. The team will further focus on activities such as validating data quality and designing security strategies. Work will also include collaborating with the CCL program's administrators and staff to catalog and share datasets and models. These steps will ensure that whatever system/functionality is acquired can easily migrate and utilize the data sets.

The Department is looking for a modern licensing system that will provide statewide tools for inspections, complaint tracking, performance dashboards, and business analytics to identify and address emerging trends and issues. The data preparation, analysis, design data modeling, and actual data migration activities are prerequisites and agnostic to new software or systems. The additional positions requested in this proposal will help in training and transitioning legacy technical staff to modern technology infrastructure seamlessly. By beginning the efforts of data migration early, the time to implementation of new functionality to the field is greatly enhanced. Allowing new functionality to be delivered more quickly will provide access to real-time information for staff in the field.

Californians rely on the Department to provide consistent regulatory oversight to protect the health and safety of their children, youth, and adults in care. In order to ensure the most vulnerable populations in California live in safe homes DSS staff require immediate access to real time data that the current antiquated systems cannot provide.

The Department has made significant strides in improving the quality of Licensing practice over the last several years. Processes have been dramatically changed and resources have been added to increase the frequency of inspections, complete investigations in a timelier manner, implement quality assurance, and increase the training of field staff and managers. However, the effectiveness and efficiency of those efforts are significantly constrained by ancient technology.

The Department must migrate the data from four major IT systems: The Licensing Information System (LIS), the Field Automation System (FAS), the Caregiver Background Check System (CBC) and the Legal Case Tracking System (LCTS). These core IT systems are critical to the regulatory oversight of community care facilities.

The Department is looking for a modern licensing software product that will provide statewide tools for inspections, complaint tracking, performance dashboards, and business analytics to identify and address emerging trends and issues. The data preparation, analysis, design data modeling and actual data migration activities are prerequisites and agnostic to new software or systems. Data migration is required to ensure the integrity and availability of data necessary to complete licensing activities.

STAFF COMMENT/QUESTIONS

Staff is not aware of any issues or concerns with this request.

Staff Recommendation:

Hold open.

ISSUE 6: CCL BCP – REDUCING LAW ENFORCEMENT CONTACTS IN CHILDREN'S RESIDENTIAL FACILITIES

BUDGET CHANGE PROPOSAL

The Governor's budget includes $341,000 Technical Assistance Fund for three two-year limited-term positions to strengthen the Department's effort to curb the usage of law enforcement in the management of behaviors for youth placed in residential facilities.

Current law requires reports to CCLD "upon the occurrence of any incident concerning a child in the facility involving contact with law enforcement," which captures more than calls a facility makes to law enforcement in response to incidents on the premises, as anticipated. The law requires reports for anytime a child who resides at a facility encounters law enforcement whether at school or while a child has left the facility. The Department is also required to annually post facility specific information identifying the number of law enforcement contacts and their outcomes. Although incident reports have always included whether law enforcement was involved, the frequency with which any single licensed facility contacted law enforcement was not tracked by DSS.

At the time the law was enacted the department indicated that it would evaluate its impacts and return with a subsequent request, if necessary. At the time of that initial request, the program had only been implemented for six months and the Department's workload estimates were preliminary. Since 2016 when statistics were first tracked, the number of law enforcement incident reports has nearly doubled, nearing 32,000 for these facilities in 2017, and over 21,000 for just the first six months of 2018. The number of law enforcement contact reports is increasing as more affected facilities become compliant with their duty to report law enforcement contacts. Subsequent legislation expanded the number of different facility types that are now required to report law enforcement contacts. The table below shows the number of reports received within the last three years:

Number	Original BCP Assumptions	2016	2017	As of November 2018
Facilities reporting this information	1,200	1,106	1,064	1,027
Law Enforcement (LE) related reports received	N/A	27,997	33,548	21,720
Current Backlog		0	0	16,000
Completed Complaint Investigations	*	4,416	3,995	2,230
Open Complaint Investigations	*	1,428	1,532	2,881

The additional requested staff would help meet the additional workload increase that requires the review, analysis, and disclosure of information reported by children's residential facilities when contact with a local law enforcement agency is made. Additionally, the staff will be responsible for conducting inspections of those facilities identified as having significant law enforcement contacts. With the requested resources, the Department will ensure more timely review, analysis, posting and inspections of facilities with high rates of law enforcement contact, offer technical assistance to these facilities, and engage and collaborate with county stakeholders.

STAFF COMMENT/QUESTIONS

Staff is not aware of any issues or concerns with this request.

Staff Recommendation:

Hold open.

ISSUE 7: CCL-RELATED HUMAN SERVICES TECHNICAL BCPS

BUDGET CHANGE PROPOSAL

The following CCL-related Human Services Technical BCPs are part of the Governor's proposed budget:

- **AB 605 Implementation.** The Governor's budget includes $394,000 General Fund in 2019-20; $253,000 General Fund in 2020-21; and $127,000 General Fund in 2021-22 in order to implement AB 605 (Mullin), Chapter 574, Statutes of 2018. AB 605 requires the CCL to adopt regulations by January 1, 2021 that would create a childcare center license with individual program components that service infant, toddler, preschool, and school age children. Resources are necessary to develop and implement regulations for the new license category, and to provide technical assistance, training, and policy clarifications to childcare facilities. Additionally, the requested resources will be used for information technology contracts to update the Department's Licensing Information System and Field Automation System to reflect the new license,

- **AB 2370 Implementation.** The Governor's budget includes $142,000 General Fun in 2019-20 and $127,000 General Fund ongoing to implement AB 2370 (Holden), Chapter 676, Statutes 2018. AB 2370 requires the CCLD, in consultation with the State Water Resources Control Board, to adopt regulations to test a licensed child day care facility's drinking water for lead contamination levels beginning January 1, 2020, but no later than January 1, 2023, and every five years thereafter. Additional ongoing resources are necessary for increased workload, including written guidance and developing procedures.

- **AB 2455 Implementation.** The Governor's budget includes a one-time augmentation of $300,000 to implement AB 2455 (Kalra), Chapter 917, Statutes of 2018. AB 2455 requires the CCLD, after July 1, 2019, to share, upon a labor organization's request, the name, phone number, and cell phone number, if available, of each newly registered or renewed Home Care Aide, who has not opted-out of sharing this information. It also requires DSS to develop a simple opt-out procedure for aides and applicants to request that their contact information not be disclosed. There is a need for the Department to plan, develop, and monitor an opt-out and opt-in process, revise regulations, and to provide notification, instructions, and training on the new requirements, forms and processes. DSS requests funding to support overtime activities and to modify the existing information systems to accommodate the requirements of AB 2455.

- **Strengthening Program Infrastructure.** The Governor's budget includes $2.5 million in 2019-20; $2.5 million in 2020-21; and $375,000 General Fund every year thereafter for three permanent positions and the extension of $1.92 million temporary Technical Assistance Fund (TAF) through 2020-21. The requested resources will address workload associated with Adult and Senior Care Residential Facility license application processing and a backlog of complaint investigations in the Children's Residential Program.

Permanent positions will true-up staffing levels of the Centralized Application Bureau based on current caseload trends. Extension of temporary limited-term TAF resources will allow the Department to continue improving the timeliness of the facility licensing review process and continue reducing a backlog of complaint investigations.

STAFF COMMENT/QUESTIONS

Staff is not aware of any issues or concerns with this request.

Staff Recommendation:

Hold open.

5175 DEPARTMENT OF CHILD SUPPORT SERVICES
0530 HEALTH AND HUMAN SERVICES AGENCY

ISSUE 8: GOVERNOR'S TRAILER BILL LANGUAGE (TBL) PROPOSAL ON IMPROVED PERFORMANCE INCENTIVES

TRAILER BILL LANGUAGE PROPOSAL

The Governor's budget includes trailer bill language that would suspend Family Code Section 17706 until 2021-2022. The statute provides performance incentives to the top ten performing LCSAs. The General Fund would fund these incentives. As the top ten performing counties fluctuate from year to year, the annual General Fund impact is uncertain but could be as high as $6 million without this suspension.

Family Code allocates additional funding to provide performance incentives to the top ten performing LCSAs. Currently, the funding level is set at five percent of the state's share of collections from the respective counties. These incentives have been suspended since 2002-03.

DCSS seeks to suspend these performance incentives as its proposed budget methodology (discussed in the previous item) includes a new incentive model. The Department believes this new incentive model will target incentives towards specific reforms or innovations that could improve collections and the reliability of child support payments owed by non-custodial parties. The new incentive model would give the department more flexibility to disseminate incentive funding to the most deserving counties. The Department seeks to continue the suspension for two additional years while it evaluates the effectiveness of the new proposed incentive process.

STAFF COMMENT/QUESTIONS

Staff is not aware of any issues or concerns with this request.

Staff Recommendation:

Hold open.

ISSUE 9: GOVERNOR'S TBL ON FEDERAL DEFICIT REDUCTION ACT (FDRA) MANDATORY FEE INCREASE

TRAILER BILL LANGUAGE PROPOSAL

The Governor's budget includes trailer bill language that would raise the administrative services fee on a never-assisted custodial party receiving services from the child support program for order establishment, enforcement, and collection services provided. The first automated assessment of the increased fee would be October 1, 2020, resulting in an estimated additional $1.6 million in assessed fees.

Family Code 17208(c) and the FDRA require the Department to impose on administrative service fee on certain cases. The annual amount of child support payments collected on behalf of the custodial party must be $500 or more before an administrative fee is imposed. Currently, the administrative fee is $25. The language would raise the fee to $35 and the disbursement threshold to $550.

In accordance with Section 53117 of H.R. 1892, amendments to section 454(6)(ii) of the Social Security Act (42 U.S.C. 654(6)(B)ii)) were enacted, effective October 1, 2019, to increase the annual FDRA mandatory fee to $35 and the disbursement threshold to $550. The proposed language is necessary to align California's statute with federal changes.

STAFF COMMENT/QUESTIONS

Staff is not aware of any issues or concerns with this request.

Staff Recommendation:

Hold open.

ISSUE 10: DCSS-RELATED HUMAN SERVICES TECHNICAL BCP – VOLUNTARY PARENTAGE ESTABLISHMENT PROGRAM

BUDGET CHANGE PROPOSAL

The following DCSS-related Human Services Technical BCP is part of the Governor's proposed budget.

The Governor's budget includes three-year limited-term funding in the amount of $596,000 ($199,000 General Fund) for the implementation of AB 2684 (Bloom), Chapter 876, Statutes of 2018.

In addition to the costs identified in this budget request, LCSAs are required to pay ten dollars ($10) to birthing hospitals and other entities for each completed declaration filed with DCSS per California Family Code Section 7571. AB 2684 increases the number of people eligible to sign a declaration. Currently, LCSAs pay approximately $1.5 million annually for these forms. Assuming a 15 percent increase in declarations of parentage for new births, costs for this process are expected to increase by $225,000 annually. The funding for this increase is reflected in the DCSS Local Assistance estimate and is not included in the state operations budget.

The California Paternity Opportunity Program (POP) was established in 1995 to comply with federal mandate that requires the program to operate a single system to establish paternity, or a legal determination for fatherhood for unmarried biological parents. Establishment of paternity is established by either obtaining a court order or completing a declaration of paternity. The declaration of paternity holds the same legal weight as a court order and is offered free of charge by authorized agencies.

AB 2684, effective January 1, 2020, revised the procedures for establishing and challenging parentage, ensuring that parents and children are treated the same, whether the children are born to same-sex or opposite sex couples. The statute requires the Department to expand the POP to include voluntary declaration of parentage procedures to unmarried couples, including unmarried same-sex couples. The Department requests three-year limited-term resources to revise forms, modify data systems, provide training, answer inquiries, and process additional declarations related to this new process of establishing parentage. Currently, the Department receives approximately 150,000 completed declarations annually and estimates that this number will increased by about 15 percent once the statute goes into effect.

STAFF COMMENT/QUESTIONS

Staff is not aware of any issues or concerns with this request.

Staff Recommendation:

Hold open.

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