AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER ELOISE GÓMEZ REYES, ACTING CHAIR

WEDNESDAY, MARCH 20, 2019
2:30 P.M. - STATE CAPITOL, ROOM 4202
(PLEASE NOTE ROOM CHANGE)
(PLEASE CONSULT THE DAILY FILE FOR ANY CHANGES)

ITEMS TO BE HEARD

NON-DISCUSSION ITEMS

LIST OF PANELISTS IN ORDER OF PRESENTATION

ITEMS TO BE HEARD

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: IN-HOME SUPPORTIVE SERVICES (IHSS) – GOVERNOR'S PROPOSAL REGARDING RESTORATION OF THE 7 PERCENT HOURS REDUCTION

- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Michelle Rousey, IHSS Consumer, Alameda County
- IHSS Provider, United Domestic Workers (UDW)/AFSCME Local 3930 Member (name pending)
- Public Comment

ISSUE 2: GOVERNOR'S BUDGET PROPOSAL ON CHANGES TO THE IHSS COUNTY MAINTENANCE OF EFFORT (MOE), TRAILER BILL LANGUAGE PROPOSAL, AND ASSOCIATED ADVOCACY PROPOSALS

- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Belia Ramos, Napa County Supervisor and Board Member, California State Association of Counties
- Kristina Bas Hamilton, Legislative Director, United Domestic Workers (UDW)/AFSCME Local 3930
- Tiffany Whiten, Long Term Care Director, Service Employees International Union (SEIU) California
- Public Comment

ISSUE 3: IHSS IMPLEMENTATION OF ELECTRONIC VISIT VERIFICATION (EVV), GOVERNOR'S BUDGET CHANGE PROPOSAL (BCP), AND ASSOCIATED ADVOCACY PROPOSALS

- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Michelle Rousey, IHSS Consumer, Alameda County
- Connie Barker, IHSS Provider from Marin County and Service Employees International Union (SEIU) Local 2015 Member
- Public Comment

ISSUE 4: GOVERNOR'S BCP ON STATE ADMINISTRATIVE REVIEW AND DATA ANALYSIS

- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

ISSUE 5: PUBLIC AUTHORITY ADMINISTRATION FUNDING AND ADVOCACY PROPOSAL

- Karen Keeslar, California Association of Public Authorities
- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

ISSUE 6: SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT (SSI/SSP) – GRANT LEVELS AND ASSOCIATED ADVOCACY PROPOSALS

- Spokesperson, Californians for SSI
- Mike Herald, Director of Policy Advocacy, Western Center on Law and Poverty
- Andrew Cheyne, Director of Government Affairs, California Association of Food Banks
- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

ISSUE 7: IMPLEMENTATION OVERSIGHT FOR EXPANSION OF CALFRESH BENEFITS TO SSI/SSP RECIPIENTS, GOVERNOR'S BCP, AND ASSOCIATED ADVOCACY PROPOSALS

- Pat Leary, Acting Director, Pete Cervinka, Chief Deputy Director, and Kim McCoy Wade, CalFresh and Nutrition Branch Chief, California Department of Social Services
- La Shonda Diggs, Division Chief, Los Angeles County Department of Public Social Services
- Tyler Woods, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Mike Herald, Director of Policy Advocacy, Western Center on Law and Poverty
- Andrew Cheyne, Director of Government Affairs, California Association of Food Banks
- Public Comment

ISSUE 8: GOVERNOR'S PROPOSAL REGARDING THE HOUSING DISABILITY ADVOCACY PROGRAM (HDAP)

- Pat Leary, Acting Director, Pete Cervinka, Chief Deputy Director, and Ali Sutton, Housing, Homelessness, and Civil Rights Branch Chief, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

ISSUE 9: ADVOCACY PROPOSAL REGARDING ADULT PROTECTIVE SERVICES (APS) AND PUBLIC ADMINISTRATOR/GUARDIAN/CONSERVATOR (PA/PG/PC) TRAINING PROGRAM

- Allison Yant, Adult Protective Services Program Manager, Monterey County
- Scarlet Hughes, Executive Director, California State Association of Public Administrators, Public Guardians, and Public Conservators
- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

ISSUE 10: ADVOCACY PROPOSAL FOR AN ACTUARIAL STUDY FOR LONG-TERM SUPPORTS AND SERVICES FINANCING AND SERVICE OPTIONS

- Nina Weiler-Harwell, Associate State Director, AARP
- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, 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 fuller discussion on any of these issues, please inform the Subcommittee staff and the Chair's office as soon as possible. Thank you.

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 11: IN-HOME SUPPORTIVE SERVICES (IHSS) BUDGET OVERVIEW

ISSUE 12: GOVERNOR'S BUDGET PROPOSALS TO ADDRESS OBSOLETE REPORTS FOR DSS

ITEMS TO BE HEARD

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: IN-HOME SUPPORTIVE SERVICES (IHSS) – GOVERNOR'S PROPOSAL REGARDING RESTORATION OF THE 7 PERCENT HOURS REDUCTION

PANEL

- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Michelle Rousey, IHSS Consumer, Alameda County
- IHSS Provider, United Domestic Workers (UDW)/AFSCME Local 3930 Member (name pending)
- Public Comment

BACKGROUND

The IHSS program provides personal care and domestic services to low-income individuals to help them remain safely in their own homes and communities. In order to qualify for IHSS, a recipient must be aged, blind, or disabled and in most cases have income below the level necessary to qualify for the SSI/SSP cash assistance program (for example, about $930 a month for an aged and/or disabled individual living independently in 2018-19). IHSS recipients are eligible to receive up to 283 hours per month of assistance with tasks such as bathing, dressing, housework, and meal preparation. Social workers employed by county welfare departments conduct an in-home IHSS assessment of an individual's needs in order to determine the amount and type of service hours to be provided. In most cases, the recipient is responsible for hiring and supervising a paid IHSS provider, oftentimes a family member or relative. The average number of service hours that will be provided to IHSS recipients is projected to be 110 hours per month in 2019-20.

The IHSS program is predominately delivered as a benefit of the state federal Medicaid health services program for low-income populations (known as Medi-Cal in California). As a result, IHSS is subject to federal Medicaid rules, including the federal reimbursement rate of 50 percent of costs for most Medi-Cal recipients. Additionally, about 40 percent of IHSS recipients, based on their assessed level of need, qualify for an enhanced federal reimbursement rate of 56 percent, referred to as the Community First Choice Option. As a result, the effective federal reimbursement rate for IHSS is about 54 percent. The remaining IHSS costs are paid for by counties and the state.

RESTORATION OF 7 PERCENT IHSS SERVICE HOURS

A legal settlement in *Oster v. Lightbourne* and *Dominguez v. Schwarzenegger*, resulted in an eight percent reduction to authorized IHSS hours, effective July 1, 2013. Beginning in July 1, 2014, the reduction in authorized service hours was changed to 7 percent. The 2015 Budget Act approved one-time General Fund resources, and related budget bill language, to offset the 7 percent across-the-board reduction in service hours. Starting in 2016, the 7 percent restoration was funded using a portion of the revenues from a restructuring of the existing Managed Care Organization (MCO) tax. The 2018-19 Governor's Budget used $300 million General Fund to restore the 7 percent across-the-board reduction.

Since 2016-17, the state has imposed this MCO tax that, when combined with a package of associated tax changes, generates a net General Fund benefit of about $1.5 billion by drawing additional federal funds for the state. Under current law, as mentioned, the General Fund has supported the restoration of IHSS service hours, which were previously reduced by the 7 percent, so long as the MCO tax is in place.

While the Governor's budget does not assume the renewal of the MCO tax once it expires at the end of 2018-19, it does propose the continued use of General Fund for the 7 percent restoration in 2019-20. The cost of the 7 percent restoration is estimated to be $342.3 million General Fund in 2019-20. While the Administration is not proposing to eliminate the current statutory language that ties the 7 percent restoration to the existence of the MCO tax, the understanding is that it intends for the restoration of IHSS service hours to be ongoing.

ADVOCACY PROPOSAL

United Domestic Workers (UDW)/Association of Federal, State, County and Municipal Employees (AFSCME) and **Service Employees International Union (SEIU) California** have written a letter requesting that budget trailer bill language (TBL) be adopted to rescind Welfare and Institutions Code (WIC) Sections 12301.01 through 12301.05 to permanently restore the 7% across-the-board IHSS service hours. They state that, though the Governor's January budget proposes to restore the 7% across-the-board service hours, effective July 1, 2019, the permanent restoration is not fully realized in the absence of the necessary statutory changes. They note that the issue with the proposed approach to make the restoration effective exclusively through budget bill language is that every year the 7% will need to be continually addressed in some way in the budget discussions. These advocates urge the Legislature to restore the cut permanently by taking action to adopt conforming statutory changes.

STAFF COMMENT/QUESTIONS

The Legislative Analyst's Office (LAO) advises that if the Legislature and the Administration want to ensure funding for the 7 percent restoration in future years, they may wish to consider legislation that eliminates the link between the restoration and the MCO tax. Staff agrees with this approach and has received draft TBL from advocates that effectively removes reference to the, across the board hours reductions in statute.

Staff Recommendation:

Adopt placeholder trailer bill language that removes statutory references to the 7 percent hours reduction for IHSS.

ISSUE 2: GOVERNOR'S BUDGET PROPOSAL ON CHANGES TO THE IHSS COUNTY MAINTENANCE OF EFFORT (MOE), TRAILER BILL LANGUAGE PROPOSAL, AND ASSOCIATED ADVOCACY PROPOSALS

PANEL

- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
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- Kristina Bas Hamilton, Legislative Director, United Domestic Workers (UDW)/AFSCME Local 3930
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BACKGROUND

Historically, counties paid 35 percent of the nonfederal (state and county) share of IHSS service costs and 30 percent of the nonfederal share of IHSS administrative costs. Under this historical share-of-cost model, counties had a share of costs for all IHSS costs, meaning when total IHSS costs increased (or decreased) county costs would also increase (or decrease) proportionately. However, beginning in 2012-13, the historical county share of cost model was replaced with an IHSS county maintenance of effort (MOE). Under an MOE model, counties are responsible for a set amount of IHSS costs, which is not increased (or decreased) as a result of changes to total IHSS costs. In 2017-18, the initial IHSS MOE was eliminated and replaced with a new IHSS MOE. The Governor's budget proposes additional changes to the IHSS MOE financing structure in 2019-20, discussed further below.

Under the 2017 IHSS MOE, the counties' share of IHSS costs was reset to roughly reflect the counties' share of estimated 2017-18 IHSS costs based on historical county cost-sharing levels (35 percent of the nonfederal share of IHSS service costs and 30 percent of the nonfederal share of IHSS administrative costs). Similar to the initial IHSS MOE, the 2017 IHSS MOE increased annually by: (1) counties' share of costs from locally established wage increases; and, (2) an adjustment factor (which, depending on certain circumstances, could be 5 percent or 7 percent).

When the 2017 IHSS MOE was implemented, there was concern that county revenues made available through 1991 realignment, the revenue source used to pay for IHSS county costs, would no longer be able to fully cover the IHSS county costs associated with the new MOE. As a result, current law provides some General Fund assistance to counties to mitigate the cost of the 2017 IHSS MOE. Additionally, the 2017-18 budget agreement required DOF to review and report on the funding structure of 1991 realignment, how revenues and costs are growing, and the ability of available revenues to meet program costs of the realigned programs.

In its January 2019 report, Senate Bill 90: 1991 Realignment Report, DOF found that 1991 realignment could no longer support county costs of IHSS primarily because of programmatic changes that have made IHSS more costly over time. In response to the findings of its report, as part of the Governor's proposed 2019-20 Budget, the Administration included a proposal to make significant changes to 1991 realignment.

GOVERNOR'S PROPOSAL

As a result of DOF's 1991 realignment report, the budget proposes to eliminate the General Fund assistance counties were receiving to assist them in covering IHSS costs associated with the 2017 IHSS MOE and instead reduces the IHSS county MOE itself, thereby reducing county IHSS costs. Specifically, proposed changes to the IHSS MOE include: (1) reducing the 2019-20 IHSS MOE from $2 billion to $1.56 billion; and, (2) reducing the annual adjustment to the IHSS MOE from as high as 7 percent down to 4 percent. Overall, as a result of these changes, the Administration estimates that, on net, $242 million of county costs will be shifted to the state in 2019-20, increasing to $547 million in 2022-23. The budget proposes additional changes to the county share of cost for locally established IHSS wage and benefit increases beginning when state minimum wage reaches $15 per hour and how certain funds for social services and health programs are allocated within 1991 realignment.

The Administration will revise the new IHSS county MOE base for 2019-20 in May, based on updated estimates of realignment revenues. To the extent that 1991 realignment revenues used to cover IHSS county costs come in lower (or higher) than initial budget estimates, a greater (or lower) amount of IHSS county MOE costs would be shifted to the General Fund.

In addition to lowering the IHSS county MOE for counties, the 2019-20 Budget includes a new methodology for funding IHSS administrative costs. Specifically, the Governor is proposing to use the General Fund to fully cover the budgeted nonfederal (state and county) share of IHSS administrative costs, effectively eliminating the county share of costs for administration that had existed historically. The budget includes about $383 million General Fund ($781 million total funds) for IHSS administrative costs in 2019-20. The amount of General Fund counties receive to pay for IHSS administrative costs will increase year-to-year by the rate of growth in the IHSS caseload. The Administration will adjust this funding mid-year if actual caseload growth is higher than estimated, but not if growth in caseload is lower. To the extent that counties increase administrative funding for IHSS beyond what the allocation provides, counties will need to pay for those costs in addition to their overall MOE obligation. Overall, this methodology increases the predictability of funding for IHSS administration for both the state and counties.

The Administration's trailer bill proposal that aligns to these changes is available at http://dof.ca.gov/Budget/Trailer_Bill_Language/documents/DSSRevisedCountyIHSSMaintenance-of-Effort.pdf and is currently under review by the Subcommittee.

ADVOCACY FEEDBACK AND PROPOSALS

The **California State Association of Counties (CSAC), the County Welfare Directors Association of California (CWDA), the County Health Executives Association of California (CHEAC), the County Behavioral Health Directors Association of California (CBHDA), the California Association of Public Authorities (CAPA), the California Association of Public Hospitals and Health Systems (CAPH), the Urban Counties of California (UCC), and the Rural County Representatives of California (RCRC)** have written expressing their strong support for the Governor's January budget proposal to revise the county IHSS MOE.

These county organizations note that counties have dedicated significant time and effort to partnering with the Department of Finance and the Department of Social Services on implementing the 2017 changes over the first year-and-a-half of the new MOE. They laud the "reopener" language that yielded the January DOF report, and its findings that informed the proposal in the Governor's budget.

They state, "The increased State General Fund investment will provide needed fiscal relief for counties and allow our members to continue to deliver vital services on behalf of the state. Under the current structure, counties are facing Realignment shortfalls of several hundred million dollars in the coming years and negative impacts to health and mental health programs that would harm the well-being of residents. The Governor's proposal will help avoid these consequences and would create a more sustainable structure for counties to manage IHSS costs. The proposal does not take away all of the risk of Realignment, but dramatically improves the outlook for counties, critical social services, health, and mental health programs, and the residents we all serve for years to come."

United Domestic Workers (UDW)/Association of Federal, State, County and Municipal Employees (AFSCME) and **Service Employees International Union (SEIU) California** have each written with a proposal that the state reduce a county's IHSS MOE annual inflation factor to 4 percent, as proposed in the Governor's January budget, only when a collective bargaining agreement (CBA) is in place in which the negotiated wage for IHSS providers in the county is at least above the state minimum wage.

SEIU states that, on behalf of its 365,000 IHSS providers in 37 counties, despite many opportunities and assistance to counties to meet their responsibility to pay for IHSS, some counties have not reached a CBA in over five years. They offer the following examples:

- Amador County has not had a CBA in 128 months (June 30, 2008)
- Calaveras County has not had a CBA in 102 months (August, 31, 2010)
- Fresno County has not had a CBA in 41 months (September 30, 2015)
- Glenn County has not had a CBA in 56 months (July, 2, 2014)
- San Bernardino has not had a CBA in 50 months (December 31, 2014)
- Yolo County has not had a CBA in 50 months (December 31, 2014)

- Lassen County and Siskiyou County have never had a CBA

They state that there are currently 23 of the 37 counties that SEIU represents that do not have a CBA. Unfortunately, there is no recourse if a conflict arises and they are unable to reach a CBA. They can participate in fact-finding or mediation, but in the event of impasse there is no binding arbitration nor can providers strike; similar to public safety officials. SEIU notes that there are counties like Alameda, Los Angeles, Sacramento and San Francisco that do have CBAs as a result of the historical program changes and incentives, such as savings achieved as a result of the enhanced federal match under the Community First Choice Option (CFCO) as established through the Affordable Care Act (ACA) and state-county cost-sharing incentives regarding the state contribution for wages and a wage supplement developed, as part of the 2017 MOE arrangement.

UDW states that for many years it has expressed grave concern to the Legislature over the dysfunctional status of local collective bargaining in IHSS. Of the 21 counties represented by UDW around the state, only seven have current collective bargaining agreements in place. In the remaining 14 counties, contracts are expired and have been for nearly three years on average, despite years of negotiations. In these same counties, it has been over four years, on average, since counties last agreed to increase provider wages. Finally, out of 21 counties, 16 are currently at the state minimum wage of $12.00 per hour.

STAFF COMMENT/QUESTIONS

It is uncertain what effect the labor advocates' proposal could have on county behavior regarding collective bargaining, or for the fiscal arrangement/county costs, if the inflation factor is not lowered to the Governor's reset level. Staff advises that the Subcommittee continue to review the proposal and hear feedback from the counties and Administration on the concept and trajectory around collective bargaining for IHSS providers.

Staff Recommendation:

Hold open.

ISSUE 3: IHSS IMPLEMENTATION OF ELECTRONIC VISIT VERIFICATION (EVV), GOVERNOR'S BUDGET CHANGE PROPOSAL (BCP), AND ASSOCIATED ADVOCACY PROPOSALS

PANEL

- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, Department of Finance
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- Public Comment

BACKGROUND

Signed into law on December 13, 2016, the 21st Century Cures Act includes a provision requiring Electronic Visit Verification (EVV) for personal care and home health care services provided under state Medicaid programs. California was required by this federal law to institute EVV for Medicaid personal care service programs, including In-Home Supportive Services (IHSS), Waiver Personal Care Services (WPCS), and other Home and Community-Based Alternatives (HCBA) programs in California, by January 1, 2019 and for Medicaid home health care services by January 1, 2023. The penalty for not meeting this requirement is a reduction of the Federal Medical Assistance Percentage (FMAP) rate. The date for implementation of EVV for personal care service programs has been subsequently extended one year to January 1, 2020 following the enactment of Public Law 115-222 on July 30, 2018. The federal requirements additionally allow states to submit a good faith effort request to delay the penalty up to one year.

In California, there are two models for the provision of personal care services: self-directed and agency provider. The self-directed model consists of individual providers who are employed directly by the recipients who hire and direct them, and the State processes the payroll. The agency provider model consists of providers who are employed by commercial agencies who manage their work, process payroll and issue their paychecks. The IHSS program consists primarily of the self-directed model; however, there are agency model providers in some counties.

The EVV requirements of the 21st Century Cures Act for the self-directed model can be met by modifying the Case Management, Information, and Payrolling System (CMIPS) to collect start time, stop time, and location to integrate with existing Electronic Timesheet System (ETS) functionality that already collects date of service, type of service performed, individual receiving the service, and individual providing the services. CMIPS would also be modified to add functionality to existing CMIPS Telephone Timesheet System (TTS), Case Management, Payroll and Reporting components.

GOVERNOR'S BUDGET REQUEST

Currently and throughout 2018-19, design and development of the EVV online and telephonic solutions are underway. State costs are necessary to implement the EVV system for the self-directed model of the IHSS and Waiver Personal Care Services programs, which includes outreach and training to the more than one million program providers and recipients.

EVV implementation activities include: developing implementation plans in conjunction with program stakeholders; developing outreach and training materials such as written notifications, webcasts, webinars, and in-person training curriculum; conducting outreach/training activities and overseeing outreach/training activities by counties and public authorities; and overseeing the system vendor, ensuring successful technical implementation of the system.

The 2019-20 Governor's Budget also includes administrative costs for county resources needed for provider and recipient outreach, training, and technical assistance with utilizing the federally mandated EVV system. These costs are estimated to be $10.4 million ($2.6 million GF) in 2019-20 as reflected in the IHSS administration funding.

EVV Budget Change Proposal (BCP). This BCP requests 6.0 permanent positions, two-year limited-term funding equivalent to 7.5 positions, and a one-time increase of $24.3 million ($2.7 million General Fund) for the Department of Social Services with a corresponding increase of $22.2 million in the Office of Systems Integration (OSI) spending authority for implementation of the federally mandated EVV solution and enhancements to improve case management and reporting functionality in the CMIPS.

The chart, provided by the Administration below, reflects the costs for EVV by category and across agencies:

EVV COST DETAIL

Total Costs

	FY 2019/20	FFP 2019/20	GF 2019/20	FY 2020/21	FFP 2020/21	GF 2020/21	FY 2021/22	FFP 2021/22	GF 2021/22	Total Funds	Total FFP	Total GF
EVV Implementation	$3,575,159	$3,171,953	$403,206	$1,269,638	$1,126,449	$143,190	$0	$0	$0	**$4,844,797**	**$4,298,402**	**$546,396**
EVV Cloud Infrastructure	$200,879	$178,224	$22,655	$200,879	$178,224	$22,655	$200,879	$178,224	$22,655	**$602,637**	**$534,672**	**$67,965**
EVV Telephone Infrastructure	$2,400,980	$2,130,197	$270,783	$3,297,480	$2,925,590	$371,890	$3,297,480	$2,925,590	$371,890	**$8,995,940**	**$7,981,378**	**$1,014,562**
EVV Telephone Transaction	$995,331	$883,077	$112,253	$995,331	$883,077	$112,253	$995,331	$883,077	$112,253	**$2,985,993**	**$2,649,232**	**$336,760**
EVV Application Maintenance	$2,750,000	$2,439,855	$310,145	$2,750,000	$2,439,855	$310,145	$2,750,000	$2,439,855	$310,145	**$8,250,000**	**$7,319,565**	**$930,435**
EVV Help Desk	$10,780,000	$9,564,232	$1,215,768	$10,780,000	$9,564,232	$1,215,768	$10,780,000	$9,564,232	$1,215,768	**$32,340,000**	**$28,692,695**	**$3,647,305**
EVV CDT Cost	$211,200	$187,381	$23,819	$211,200	$187,381	$23,819	$211,200	$187,381	$23,819	**$633,600**	**$562,143**	**$71,457**
EVV State Staff	$1,898,000	$1,683,944	$214,056	$1,693,000	$1,502,063	$190,937	$1,693,000	$1,502,063	$190,937	**$5,284,000**	**$4,688,071**	**$595,929**
EVV Total	**$22,811,549**	**$20,238,863**	**$2,572,685**	**$21,197,528**	**$18,806,871**	**$2,390,657**	**$19,927,890**	**$17,680,422**	**$2,247,467**	**$63,936,967**	**$56,726,157**	**$7,210,810**
Additional CMIPS Enhancements	$1,534,000	$1,360,995	$173,005	$523,000	$464,016	$58,984	$523,000	$464,016	$58,984	**$2,580,000**	**$2,289,028**	**$290,972**
Total Costs	**$24,345,549**	**$21,599,859**	**$2,745,690**	**$21,720,528**	**$19,270,887**	**$2,449,641**	**$20,450,890**	**$18,144,438**	**$2,306,451**	**$66,516,967**	**$59,015,184**	**$7,501,782**

Costs by Department

	FY 2019/20	FFP 2019/20	GF 2019/20	FY 2020/21	FFP 2020/21	GF 2020/21	FY 2021/22	FFP 2021/22	GF 2021/22	Total Funds	Total FFP	Total GF
OSI	$22,236,349	$19,728,534	$2,507,815	$19,816,328	$17,581,443	$2,234,885	$18,546,690	$16,454,994	$2,091,696	**$60,599,367**	**$53,764,971**	**$6,834,396**
CDSS	$1,898,000	$1,683,944	$214,056	$1,693,000	$1,502,063	$190,937	$1,693,000	$1,502,063	$190,937	**$5,284,000**	**$4,688,071**	**$595,929**
CDT	$211,200	$187,381	$23,819	$211,200	$187,381	$23,819	$211,200	$187,381	$23,819	**$633,600**	**$562,143**	**$71,457**
Total	**$24,345,549**	**$21,599,859**	**$2,745,690**	**$21,720,528**	**$19,270,887**	**$2,449,641**	**$20,450,890**	**$18,144,438**	**$2,306,451**	**$66,516,967**	**$59,015,184**	**$7,501,782**

ADVOCACY PROPOSAL

United Domestic Workers (UDW)/Association of Federal, State, County and Municipal Employees (AFSCME) and **Service Employees International Union (SEIU) California** have each written requesting adoption of budget trailer bill language to codify protections in law that were included in the 2018-19 Budget, but as budget bill language (BBL). This negotiated language sought to protect both providers and consumers of IHSS from burdensome requirements of the federal EVV law. These advocates urge the Legislature to take the further step and enshrine these same protections into Welfare and Institutions Code (WIC) so that they become permanent. This would ensure the state's plan for EVV implementation includes:

- A robust and collaborative stakeholder engagement process to represent the voices and concerns of the community.
- Implementation of EVV in a way that is minimally burdensome to IHSS providers and clients.
- No inclusion of systems with GPS-tracking capabilities in the state's plan for EVV implementation.
- Assurance that the state uses maximum flexibility when defining the terms: personal care services, location of services, start and stop time of each service.
- Ensuring maximum utilization of existing electronic and telephonic timesheet systems to collect the required information from providers and consumers to implement EVV.
- No violations policies or processes for providers in the implementation of EVV.
- Guaranteeing that providers are sufficiently trained on the state's new EVV system.
- Assurance that any state plan for implementation will sufficiently minimize state costs relative to federal penalties.
- Commitment that Olmstead rights of IHSS clients are not infringed upon.

STAFF COMMENT/QUESTIONS

Staff urges consideration of codification of the EVV stakeholder and protections language. The adoption of this language in BBL last year was intended to govern the nature of the implementation going forward. TBL will serve to appropriately capture and formalize these intentions as the EVV implementation will span future budget years.

Staff Recommendation:

Hold open.

ISSUE 4: GOVERNOR'S BCP ON STATE ADMINISTRATIVE REVIEW AND DATA ANALYSIS

PANEL

- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

GOVERNOR'S PROPOSAL

This BCP requests permanent extension of the three-year limited term funding needed to meet the State Administrative Review (SAR) needs in the Appeals and Administrative Review Unit (AARU) and highly critical data request needs in the Research and Data Analysis Unit (RDAU). DSS requests the permanent extension of the three-year limited term funding to support one (1.0) Associate Governmental Program Analyst (AGPA) and one (1.0) Research Analyst (RA) II.

In 2012-13, the Coordinated Care Initiative (CCI) was piloted in seven counties with the intent to improve the coordination of health care and long-term care for seniors and persons with disabilities receiving Medi-Cal services while reducing the overall costs of providing care. To further integrate services under CCI, Assembly Bill 664 (Chapter 367, Statutes of 2015), established the Universal Assessment Tool (UAT) to create a single Home and Community Based Services (HCBS) assessment record to improve care coordination and data collection between the HCBS programs: IHSS, Community-Based Adult Services and Multipurpose Senior Services Program.

In 2016-17, DSS received three-year limited term funding to support two (2.0) analyst-level staff for the planning, coordination and development of the UAT. On January 10, 2017 the Director of Finance notified the Legislature that CCI was no longer cost effective and would be discontinued. The discontinuance of CCI also resulted in the discontinuance of UAT. With Finance approval, one position was redirected to the AARU where there was a new ongoing workload associated with the SAR process that was created to address Fair Labor Standards Act (FLSA) workweek requirements and travel time violations. The other position was redirected to the RDAU to replace an expired limited-term position, which provides valuable data extraction and analysis.

DSS has been able to implement and administer the SAR process and continue to provide highly critical data for various stakeholders because of the staff redirection. With permanent funding of these positions, DSS will continue to have the workforce needed to accommodate the increasing workload related to the FLSA requirements, as well as provide accurate and timely responses to highly critical data requests.

In order to continually meet the ongoing workload created by the FLSA requirements, SB 644 and increasing requests for highly critical data, DSS requires the permanent extension of three-year limited term funding to support two critical positions listed below:

SAR AGPA Position: IHSS providers who have received violations and are facing suspension or termination due to exceeding the workweek/travel time limits can appeal to the State through the SAR process. The SAR process was implemented as part of FLSA, however the Department did not receive resources for this workload. To meet the timelines and demands of the SAR process, the APD redirected one (1.0) AGPA to the AARU. Currently, it takes approximately 10 hours to review and process a single SAR request. This time includes researching the IHSS provider's case (historical and recent action), generating letters, making required contact with the IHSS provider (some cases require translation assistance), discussing cases with the county to determine or ensure their review followed established policy, working with internal staff and waiting on additional information/documentation from the provider or the counties via calls, faxes, mail and/or emails. This request for a permanent extension of funding is necessary to continue timely processing of all incoming SARs within the required timeframes.

RA II Position for Critical Data Requests: The RADU is responsible for creating complex custom data queries to produce IHSS program data reports for various stakeholders (Legislative Analyst Office, Department of Finance, Labor Organizations and internal CDSS units) throughout the state. Examples include daily and monthly data extraction and reporting on FLSA violations, overtime hours and payment, wait time, travel time and exemptions 1 and 2. These examples are in addition to ongoing daily, weekly, quarterly and monthly reporting. The work produced in the RDAU is also used to provide IHSS data to Department policy-makers and program staff for the development of stakeholder communications, training, policy and/or determination of program direction. Additionally, ongoing federal and legislative mandates have required numerous system changes that result in a significant increase of reporting statistics, demographics, trends, financials, new stakeholder reports, outreach mailings, etc. To meet the complex and increasing workload demand in the unit and to replace a limited term position that had previously expired, the APD redirected one (1.0) analyst position to the unit. The funding associated with the redirected position is set to expire on June 30, 2019. This request for a permanent extension of the funding is critical to meet the workload demands of the RADU.

STAFF COMMENT/QUESTIONS

No issues have yet been raised with this proposal.

Staff Recommendation:

Hold open.

ISSUE 5: PUBLIC AUTHORITY ADMINISTRATION FUNDING AND ADVOCACY PROPOSAL

PANEL

- Karen Keeslar, California Association of Public Authorities
- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

ADVOCACY PROPOSAL

The **California Association of Public Authorities (CAPA)** requests support of additional funding above that provided in the Governor's January budget to support public authority administrative costs in the In-Home Supportive Services (IHSS) Program. CAPA expresses gratitude for the work done by DSS on a new budget methodology for Public Authorities, yet it believes that Public Authority administration remains underfunded.

CAPA states, "Public Authorities are mandated to perform background checks, provide training to IHSS consumers and providers, and establish registries and referral systems to assist consumers to find screened and available providers. 56 out of the 58 counties have designated their Public Authorities to act as the employer-of-record for collective bargaining; hence, many Public Authorities have duties related to administration of collective bargaining agreements, such as health benefits management.

Last year, CDSS engaged CAPA in discussions to examine workload and budget assumptions for IHSS Public Authorities to comply with program mandates. That resulted in assumptions and corresponding funding allocations that do not fully capture the caseload served by Public Authorities. In most instances, the state only counted a subset of the caseload to determine the level of funding. For example:

- Provider background checks – The CDSS estimate assumes 45,000 background checks are needed annually. Their formula provided funding for 1 FTE for every 9,500 providers – but only credit that FTE ratio towards 45,000 background checks. That formula then funds 4.74 FTEs to do criminal background checks for the entire state. In contrast, the Department of Justice reports Public Authorities processed about 122,000 background checks in 2017.

- Provider Registry – The CDSS formula only provides funds for 8% of the statewide consumer caseload and funds a total of 32.63 FTEs statewide. That obviously does not even pay for one registry specialist in each county.

The Governor's January budget proposal to revise the county In-Home Supportive Services (IHSS) Maintenance of Effort (MOE) includes changes to funding for both Public Authority and county IHSS administration. The new IHSS MOE would only apply to services. The annual budget act will contain state General Funds that are intended to fully fund the nonfederal share of cost for county IHSS and Public Authority administration and no additional county share of cost will be required for administration. It is essential for the state General Fund appropriation to be sufficient to cover the actual cost of administering IHSS Public Authorities.

Additional funding may also be needed to pay for some benefits. The health benefits provided to IHSS providers are funded under services and the county share is determined by the MOE rules. There are additional benefits for IHSS providers that are called “nonhealth benefits.” Nonhealth benefits include vacation/holiday pay, pension, life insurance, safety equipment (i.e. gloves, masks), provider stipends for training, transportation passes, and union release time. CDSS issued instructions for the 2017 MOE that assigned some of the nonhealth benefits to be claimed under the Public Authority administration and others to be claimed under services. However, the state’s budget methodology for Public Authority administration does not include any funding for nonhealth benefits. Likewise, there are no funds provided for non-mandated activities, such as employment verifications or workers’ comp claims.

CAPA is providing additional actual workload data from Public Authorities to CDSS in an effort to improve the accuracy of the cost assumptions used in the new budgeting methodology. The Administration has been very open to that information and we appreciate their continued engagement. We are hoping for a positive resolution to these discussions that will result in adequate funding for Public Authorities to meet the needs of consumers and providers.”

STAFF COMMENT/QUESTIONS

Staff suggests that the Administration be asked to respond to the level of funding for Public Authorities provided in the Governor’s budget and to discuss the status of the discussions with CAPA. The Subcommittee may additionally wish to ask if CAPA has been able to ascertain a General Fund amount associated with this budget request.

Staff Recommendation:

Hold open.

ISSUE 6: SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT (SSI/SSP) – GRANT LEVELS AND ASSOCIATED ADVOCACY PROPOSALS

PANEL

- Spokesperson, Californians for SSI
- Mike Herald, Director of Policy Advocacy, Western Center on Law and Poverty
- Andrew Cheyne, Director of Government Affairs, California Association of Food Banks
- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

BACKGROUND AND BUDGET OVERVIEW

The SSI/SSP program provides cash grants to low-income aged, blind, and disabled individuals. The state's General Fund provides the SSP portion of the grant while federal funds pay for the SSI portion of the grant. Total spending for SSI/SSP grants is estimated to increase by about $125 million, or 1.3 percent, from an estimated $9.8 billion in 2018-19, to $9.9 billion in 2019-20. This is primarily due to increased federal expenditures as a result of the estimated increase to the federal SSI grant levels in 2019-20. Of this total, the Governor's budget proposes about $2.8 billion from the General Fund, an amount relatively equal to revised estimates of 2018-19 expenditures.

The SSI/SSP caseload grew at a rate of less than 1 percent each year between 2011-12 and 2014-15. More recently, however, SSI/SSP caseload has slightly decreased, by 1.2 percent in 2016-17, 1.5 percent in 2017-18, and an estimated 1.5 percent in 2018-19. The budget projects that caseload will be about 1.2 million individual and couple SSI/SSP recipients in 2019-20, a decrease of 1.2 percent below estimated 2018-19 caseload levels.

SSI/SSP GRANTS

Grant levels for SSI/SSP are determined by both the federal government and the state. The federal government, which funds the SSI portion of the grant, is statutorily required to provide an annual cost-of-living adjustment (COLA) each January. This COLA increases the SSI portion of the grant by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). In years that the CPI-W is negative (as was the case in 2010, 2011, and 2016), the federal government does not decrease SSI grants, but instead holds them flat.

The state has full discretion over whether and how to provide increases to the SSP portion of the grant. Until 2011, the state had a statutory COLA (in 2009, the provision of the COLA was made at the discretion of the Director of Finance). Although this statutory COLA existed, there were many years when, due to budget constraints, the COLA was not provided. As part of the

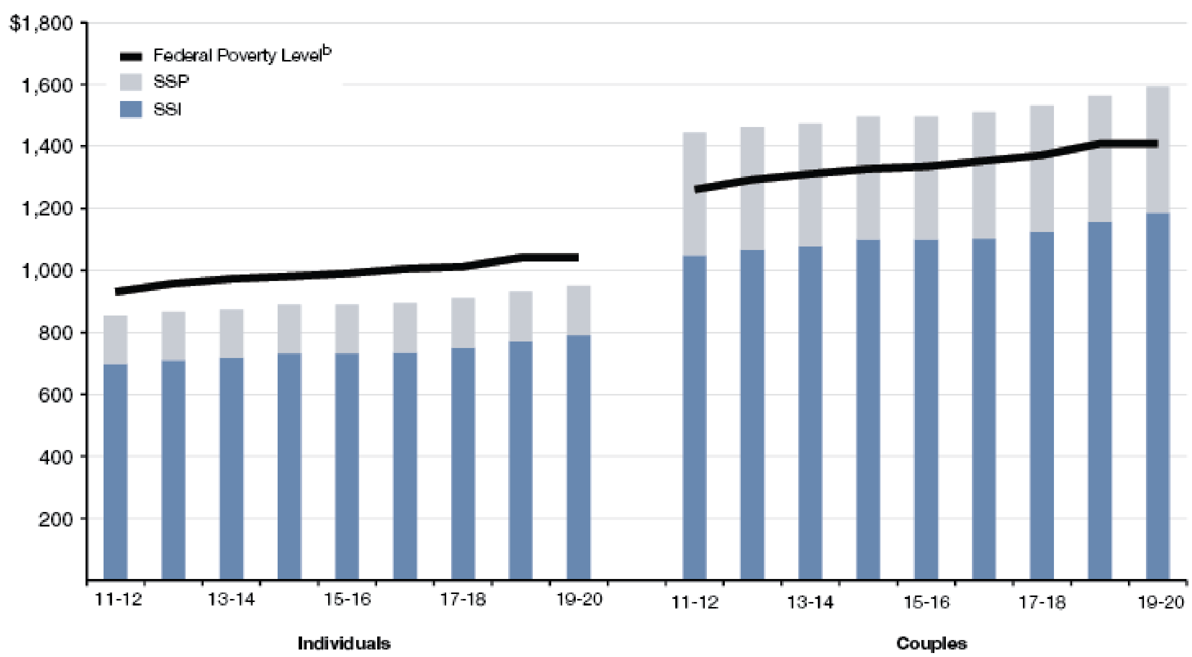
2016-17 budget package, the Administration and Legislature provided a COLA of 2.76 percent on the SSP portion of the grant, the first since 2005.

The Governor's 2019-20 budget proposal does not include an increase to the SSP portion of the grant. The 2018-19 budget included language on providing future annual COLAs to SSP grant levels beginning in 2022-23, to the extent that funding is provided in future budget years.

The state is required to maintain SSP monthly grant levels at or above the levels in place in March 1983 ($156.40 for SSP individual grants and $396.20 for SSP couple grants) in order to receive federal Medicaid funding. During the most recent recession, the state incrementally decreased SSP grants for individuals and couples until they reached these minimum levels in June 2011 and November 2009, respectively. Beginning January 1, 2017, SSP grants for individuals and couples slightly increased above the minimum level due to the COLA on the state's SSP portion.

As shown in the figure below from the LAO, the maximum SSI/SSP monthly grant amount for individuals (the bulk of the SSI/SSP caseload) and couples have been increasing gradually since 2011-12, predominantly due to the provision of federal COLAs. However, despite these increases, current maximum SSI/SSP grant levels for individuals remain below the FPL, while grant levels for couples remain just above the FPL. During difficult budget times prior to 2011-12, the state negated the impact of federal COLAs by reducing the SSP portion of the grant by the amount of the federal increase, thereby holding total SSI/SSP grant levels flat. After the state reduced SSP grants to the federally required minimum levels, the state could no longer do this.

Maximum SSI/SSP Grants for Individuals and Couples[a] Compared to Federal Poverty Level[b]



[a] The maximum monthly grants displayed refer to those for aged and disabled individuals and couples living in their own households, effective as of January 1 of the respective budget year.

[b] Federal poverty guidelines as established by U.S. Department of Health and Human Services, effective as of January 1 of the respective budget year.

As shown in the figure below, also from the LAO, the Governor's budget estimates that the CPI-W that the federal government will use to adjust the SSI portion of the grant in 2020 will be 2.5 percent, increasing the maximum monthly SSI/SSP grant by $19 for individuals and $29 for couples. The actual CPI-W will not be known until the fall.

SSI/SSP Monthly Maximum Grant Levels[a] Governor's Proposal

	2018-19	2019-20 Governor's Estimates[b]	Change From 2018-19
Maximum Grant—Individuals			
SSI	$771.00	$790.00	$19.00
SSP	160.72	160.72	—
Totals	**$931.72**	**$950.72**	**$19.00**
Percent of Federal Poverty Level[c]	90%	91%	
Maximum Grant—Couples			
SSI	$1,157.00	$1,186.00	$29.00
SSP	407.14	407.14	—
Totals	**$1,564.14**	**$1,593.14**	**$29.00**
Percent of Federal Poverty Level[c]	111%	113%	

[a]The maximum monthly grants displayed refer to those for aged and disabled individuals and couples living in their own households, effective as of January 1 of the respective budget year.

[b]Reflects Governor's budget estimate of the January 2020 federal cost-of-living adjustment for the SSI portion of the grant.

[c]Compares grant level to federal poverty guidelines from the U.S. Department of Health and Human Services for 2019.

ADVOCACY PROPOSALS

The following advocacy proposals regarding this issue have been received by the Subcommittee.

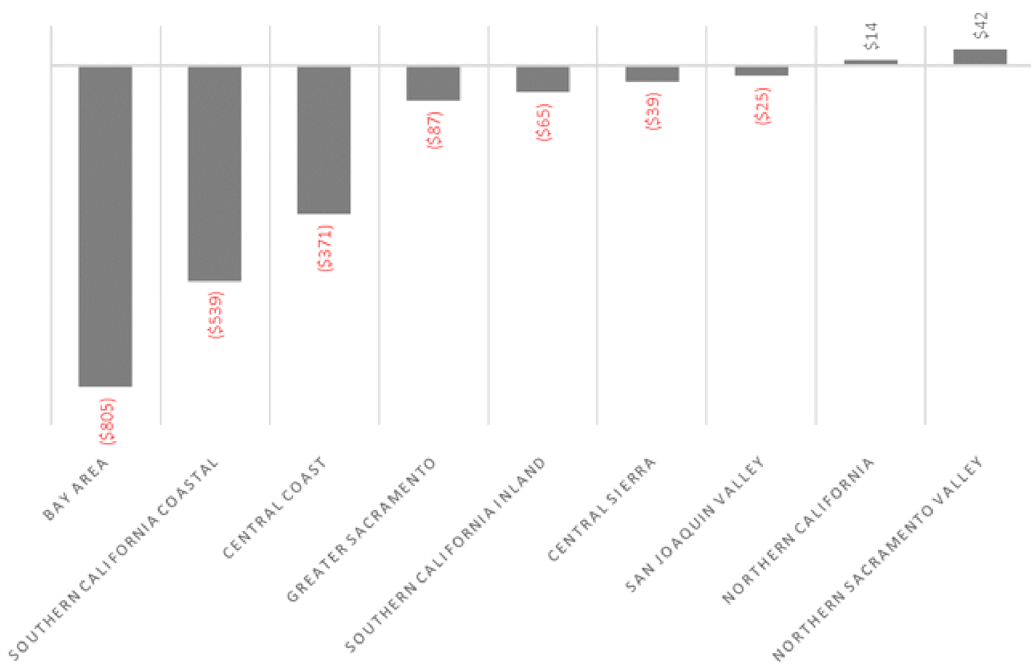
Californians for SSI (CA4SSI), which represents more than 200 organizations that represent the nearly 1.2 million Californians who rely on SSI/SSP, the **Western Center on Law and Poverty**, and the **California Association of Food Banks** write that the population of recipients have experienced devastating cuts with severe consequences to themselves, non-profit service providers, and to our state. These advocates request the Legislature and Administration support a $100 a month budget increase to SSP grants that will bring the combined SSI/SSP grants to nearly 100 percent of the federal poverty level for single recipients.

These advocates state, "It is estimated by the Department that SSI/SSP grant amounts will be a maximum of $950 beginning January 1, 2020. The 2020 federal poverty level for a single individual is estimated to be $1.056 a month for a single individual. Thus for California to return to the days when no SSI recipient lived above the poverty level, the Legislature must increase the SSP portion of the grant by approximately $106 a month. We recognize that this would require a substantial one-year investment to accomplish. As we have proposed in prior years, the Legislature could choose to implement the SSP restorations over more than one budget cycle until all SSI grant amounts exceeded the federal poverty level. Additionally, WCLP is also requesting that the budget committees reinstate the SSP cost of living adjustment (COLA) on January 1, 2020 so that grants do not begin to lose value again in 2020."

These advocates respond to speculation that increases in the SSI/SSP grant amount automatically trigger a corresponding increase in rent. They contend that they think this characterization is at best a generalization and in many instances simply not true. They discuss the dynamics of raising rent in public housing and how this is capped. They also discuss the realities of the private rental market in California and rents being increased irrespective of income. These advocates provided the following display.

IN THE RED

Chart shows average amount of monthly SSI/SSP individual income remaining after rent and food costs (studio/efficiency unit), by California region. Rent + food exceeds income in 42 individual counties. Rent + food + healthcare exceeds income in all California counties.



Sources:
Food and healthcare costs sourced from California Elder Economic Security Index. Accessed online at http://healthpolicy.ucla.edu/programs/health-disparities/elder-health.com on 01/18/2018. Rent represents Fair Market Rent by county for an Efficiency/Studio apartment for 2018 from HUD. Maximum SSI/SSP grant for an individual is $911 effective January 1, 2018. Above graph does not incorporate healthcare, utility or transportation costs.

Prepared by Alameda County Community Food Bank | www.accfb.org

STAFF COMMENT/QUESTIONS

The LAO has assisted the Subcommittee with a rough estimate on the cost of reinstituting a statutory COLA for the SSP portion of the grant, starting January 1, 2020. The half-year impact is roughly $50 million for 2019-20 and the full-year impact is roughly $110 million.

Additionally, the LAO advises that assuming the $100 increase to SSP monthly grants would take effect on January 1, 2020 and would apply only to individual SSP grants; the cost would result in General Fund of roughly $715 million in 2019-20 and roughly $1.4 billion General Fund for a full year.

Staff Recommendation:

Hold open.

ISSUE 7: IMPLEMENTATION OVERSIGHT FOR EXPANSION OF CALFRESH BENEFITS TO SSI/SSP RECIPIENTS, GOVERNOR'S BCP, AND ASSOCIATED ADVOCACY PROPOSALS

PANEL

- Pat Leary, Acting Director, Pete Cervinka, Chief Deputy Director, and Kim McCoy Wade, CalFresh and Nutrition Branch Chief, California Department of Social Services
- La Shonda Diggs, Division Chief, Los Angeles County Department of Public Social Services
- Tyler Woods, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Mike Herald, Director of Policy Advocacy, Western Center on Law and Poverty
- Andrew Cheyne, Director of Government Affairs, California Association of Food Banks
- Public Comment

BACKGROUND

Under the SSI "cash-out" policy, a state policy in place since 1974, SSI/SSP recipients received an extra $10 payment in lieu of their being eligible to receive federal food benefits, or CalFresh benefits in California. The 2018-19 budget package included legislation – Chapter 35, Statutes of 2018 (AB 1811) – to eliminate the SSI cash-out policy, effectively making SSI/SSP recipients eligible for CalFresh benefits. Although ending the SSI cash-out makes some households newly eligible for CalFresh benefits, this policy change also makes some households currently receiving CalFresh benefits either experience a decrease in food benefits or become ineligible for CalFresh.

To address this, the 2018-19 Budget established hold harmless programs in the form of state-funded food benefit programs for households currently receiving CalFresh benefits that would be negatively affected as a result of ending the SSI cash-out. These programs are:

- Supplemental Nutrition Benefit (SNB) Program will provide supplemental state-funded nutrition benefits to CalFresh households that experience a CalFresh benefit reduction at the time of implementation of the reversal of the SSI cash-out.

- Transitional Nutrition Benefit (TNB) Program will provide transitional state-funded nutrition benefits to CalFresh households that experience a CalFresh eligibility loss at the time of implementation of the reversal of the SSI cash-out.

The implementation date for the elimination of the SSI cash-out, and the implementation of the hold harmless programs, is scheduled to begin June 1, 2019.

GOVERNOR'S BCP

DSS is requesting two-year limited-term funding for one (1.0) Staff Services Manager I (SSMI), seven (7.0) Associate Governmental Program Analysts (AGPA), one (1.0) Research Analyst II (RAII), and two (2.0) Accounting Officer Specialists (AOS) to address limited-term programmatic and administrative workload associated with implementing the reversal of the SSI cash-out policy, along with new Supplemental and Transitional Nutrition Benefit programs, effective no later than August 1, 2019. This BCP requests state resources to implement and operate the new state-funded programs and address the new workload associated with an anticipated 370,000 new households that will be added to the CalFresh caseload. New limited term positions to absorb the impact and workload of significant caseload growth are requested to support the increase in required county monitoring, case reviews, policy guidance, fiscal oversight, and automation– and to minimize the risks of federal sanctions or litigation.

The SSI Cash-Out Reversal will increase the CalFresh caseload by approximately 20 percent, providing additional nutrition assistance to seniors and persons with a disability. This substantial increase in caseload will be material at the national level in terms of increased federal benefits and administrative funding for California. Hence, the state will likely be subject to additional, heightened scrutiny from federal oversight agencies.

The 2018 Budget Act included one-time funding of $500,000 for state operations in 2018-19 for initial implementation efforts and to establish the new state programs (the Supplemental Nutrition Benefit and the Transitional Nutrition Benefit programs) in the CalFresh & Nutrition Branch Policy Bureau and the Fiscal Forecasting & Policy Branch. However, additional resources are necessary to address the continued workload associated with federal oversight requirements for operations, policy, funding, and automation related to the caseload increase and establishment of the new state benefit programs.

In addition to the newly eligible cases, among existing CalFresh households, about 45,000 households are expected to experience a benefit increase, about 73,000 households are projected to have reduced benefits, and about 7,200 households are expected to become ineligible (income off) CalFresh. Successfully implementing all these changes requires significant policy guidance, legal counsel, fiscal policy management, accounting, and automation oversight with our counties and advocate stakeholders.

Due to the significant complexity and funding amounts associated with this policy change, appropriate resources are necessary to allow the Department to implement statewide, and to avoid errors or misuse of federal funds, which can result in federal fiscal penalties. In recent fiscal monitoring reviews and audits, the state faced significant federal scrutiny regarding the level of county expenditure review, analysis, and oversight performed in the CalFresh program. Existing staff have already been redirected to address the increased volume of new program changes in recent years.

DSS states that approval of this BCP will provide the appropriate resources for California to effectively oversee an increased CalFresh caseload, benefit issuance, and administrative spending across all 58 counties – without incurring federal sanctions, over-issuances, audit and

Management Evaluations (ME) findings, litigation, or other negative consequences from unsupported growth.

STAKEHOLDER FEEDBACK AND ADVOCACY

The following advocacy proposals regarding this issue have been received by the Subcommittee.

Californians for SSI (CA4SSI), which represents more than 200 organizations that represent the nearly 1.2 million Californians who rely on SSI/SSP, the **Western Center on Law and Poverty**, and the **California Association of Food Banks** write with praise to the Administration and its partners on the implementation efforts in this area. They also encourage continued oversight by the Legislature and raise the following questions:

- <u>Outreach:</u> What are the outreach efforts of the state, federal, county and community? Which agencies are participating and which agencies are not participating? Will there be need to fund outreach after the initial application period?

- <u>Investments:</u> How are counties spending the funds appropriated by the Legislature? What is being done to avoid long lines forming at county welfare offices?

- <u>Ensuring ADA Compliance:</u> Given the high volume of SSI recipients with disabilities, how will the state support counties to ensure compliance and provide necessary access to all disabled SSI recipients?

- <u>Ensuring Language Access</u>: What is the state's plan for ensuring disability access and language access for Limited English Proficient (LEP) populations, and how will the state be able to monitor how that plan is going? Is the state's media and outreach materials soliciting stakeholder feedback from groups with direct experience with disability and LEP populations?

- <u>Data Gathering</u>: How will the state support robust (as real-time as is feasible) data gathering, analysis and to support counties identify and respond during the early months of implementation?

- <u>Customer Service Call Centers</u>: How can the state facilitate the use of multi-county call centers to assist counties that may experience higher than anticipated enrollment? Are there viable system improvements that are not being implemented that would increase CalFresh participation?

- <u>Electronic Signature</u>: Can CDSS temporarily support CalWIN counties to overcome data storage or other barriers to taking a telephonic signature over the phone, until all counties can use the PIN model used by C-IV/CalACES?

Additionally, these advocates request changes in the statute on the extension of CalFresh to SSI recipients. These requests are summarized here:

1. WCLP supports the Governor's proposal to make the SNB and TNB programs permanent by repealing WIC 18900.5 (e), WIC 18900.6 (j) and WIC 18900.7 (j).

2. In making the programs permanent, WCLP also supports establishing an entitlement to benefits as exists in other public benefit programs like CalWORKs, CalFresh and SSI. Making this change will ensure that a household will not suffer a loss of income in the case of a late state budget. For ease of implementation, the advocates are proposing following the same legal mechanism already in place in the CalFresh program.

3. Modify the rules related to exits from the SNB or TNB programs. Nearly 25 percent of all CalFresh cases fall off at redetermination of benefits. Under CalFresh, a household can request to have their case re-established even if they missed a redetermination deadline, no matter when they seek to have benefits restored. The SNB statute allows persons to re-apply for aid if they have been terminated due to failure to complete the redetermination process but the TNB statute requires that a person who fails to complete redetermination has only 30 days to re-apply. The advocates support the language in WIC 18900.6 (f) and request that the 30 day limiting language in 18900.7 (g) be stricken.

4. Additionally, the advocates ask to remove language found in WIC sections 18900.6 (f) and 18900.7 (g) that says that any other reasons for discontinuance of the benefit shall result in a permanent bar on getting either the TNB or SNB benefit. Among the reasons a person may be discontinued is if an SSI recipient is terminated from SSI benefits but who later has their SSI benefits reinstated. Additionally, an SSI recipient that leaves the household for hospitalization, incarceration, or to temporarily reside with another person, may be similarly barred. The language provided in the second recommendation will ensure that reinstatements follow the CalFresh rules.

5. Allow for prospective enrollment in SNB for families that meet the eligibility criteria in the future. Both programs only permit households on CalFresh and with one or more SSI recipients on June 1, 2019 to be eligible. This provision means that families that are the same size, have the same deductions and the same income will get different amounts of food assistance solely based on when they came on aid.

6. The advocates laud the elimination of the $10 disparity between CAPI benefits and SSI/SSP benefits as part of the package of making SSI recipients eligible for CalFresh. However, there is language in WIC 18941 (c) that makes the increase in CAPI benefits subject to a budget appropriation. The advocates ask that this section also be stricken.

The **County Welfare Directors Association (CWDA)** writes in support of the development of the SNB and TNB programs to mitigate the negative impacts on existing CalFresh households who will experience a benefit reduction or loss due to the inclusion of the SSI recipient in the CalFresh household, as well as making the SNB and TNB programs permanent for existing CalFresh households as proposed in the Governor's budget. In conjunction with county and Statewide Automated Welfare System (SAWS) consortia staff, CWDA has worked tirelessly and in partnership with DSS and other advocacy organizations to prepare for SSI Cash-out reversal implementation on June 1, 2019.

CWDA writes with a request for an additional $15.4 million General Fund (GF) ($5.3 million one-time) to support the significant workload associated with the estimated 10 percent increase in CalFresh caseload, which will result from SSI Cash-out reversal and with the new SNB and TNB programs. The request includes the following components:

- Update to the budgeting methodology unit cost used for the workload to current worker rate levels. DSS is using an hourly county worker rate for purposes of calculating the budget that has not been updated since 2000-01, and is approximately only 60 percent of current county costs. Because of this nearly 20-year-old county worker cost assumption, administrative funding for ending SSI cash out is understated in the proposed budget by $10.1 million General Fund in the budget year. We request an ongoing increase in funding to accommodate for this gap.

- One-time investment for costs associated with a large influx of applicants related to the reversal of this policy. Outreach efforts have become much broader in preparation for the expansion and information about the SSI eligibility change is widespread. Based on what CWDA believes to be conservative estimates of the number of new applications that will be submitted and current average denial rates, it estimates that counties may receive twice as many applications as the 370,000 that CDSS expects will become cases. Although the current CalFresh Administration budgeting methodology used by CDSS does not typically fund county workload associated with applications that are ultimately denied, considering the surge of applications that will result from the reversal of SSI Cash-out, CWDA requests one-time funding of $5.3 million General Fund.

LAO COMMENTS

The Governor's budget includes $86.7 million General Fund to provide hold harmless benefits in 2019-20, with the intent to provide funding for the hold harmless programs on an ongoing basis. Under current law, the hold harmless programs would remain operative so long as funding is appropriated in future budget years.

The LAO suggests that the Legislature ask the Administration why it is not proposing statutory changes to clarify that the program is intended to be ongoing, and what the potential drawback of such statutory changes may be.

Additionally, the Legislature may want to ask the Administration the following questions:

1. How will it monitor and evaluate whether implementation activities are on track?

2. What data and metrics will DSS and the counties collect to track the progress of implementation and detect unanticipated challenges (including any workload and resource challenges at the county level)?

3. How will DSS address implementation challenges in a timely manner?

4. How will DSS regularly communicate implementation challenges and successes with the Legislature?

STAFF COMMENT/QUESTIONS

Staff suggests that the Subcommittee raise the questions asked by the advocates and the LAO. The Subcommittee may wish to consider asking the LAO to work with DSS, the counties, and the advocates on Supplemental Report Language that could be adopted as part of the 2019-20 Budget, to provide parameters for near-term oversight over the implementation of the extension of CalFresh benefits to the SSI population.

Staff Recommendation:

Hold open.

ISSUE 8: GOVERNOR'S PROPOSAL REGARDING THE HOUSING DISABILITY ADVOCACY PROGRAM (HDAP)

PANEL

- Pat Leary, Acting Director, Pete Cervinka, Chief Deputy Director, and Ali Sutton, Housing, Homelessness, and Civil Rights Branch Chief, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

BACKGROUND

Applying to SSI is a complicated and challenging process, particularly for applicants that are homeless or have severe mental disabilities. Some studies have indicated that there may be a significant population of individuals who qualify for SSI who are not currently receiving benefits from the program. In fact, many applicants are denied when they first apply, and it is only upon appeal that they receive assistance. In the meantime, which can range from months to a year, they must subsist on General Assistance/General Relief (GA/GR) payments from the county, which are substantially less than an average SSI/SSP grant, and these individuals tend to utilize emergency services at a high cost to state and local governments.

Some counties are currently investing in SSI advocacy programs to proactively assist applicants with the application process and help them stabilize in the interim. Best practices include providing modest housing subsidies, transportation and other supportive services, case management, outreach to participants, and collaboration with medical providers. In particular, for individuals approved for SSI, housing subsidies can be recouped through the Interim Assistance Reimbursement (IAR), and these funds can then be applied toward another applicant in need of a housing subsidy. The federal government covers 72% of the total costs of the SSI/SSP program.

GOVERNOR'S PROPOSAL

The Governor's budget proposes a package of actions and funding augmentations aimed at alleviating homelessness. As a part of this package, the budget proposes the continuation of the pilot Housing and Disability Income Advocacy Program (HDAP), which began in 2017-18. Under this program, counties assist homeless individuals with disabilities apply for disability benefit programs, including SSI/SSP, and find housing. Initially, the state provided $45 million General Fund in 2017-18 on a one-time basis, available to be spent over three years, to establish HDAP; HDAP has a dollar-for-dollar county match requirement.

The Governor's budget provides $25 million in annual ongoing General Fund beginning in 2019-20 to continue HDAP. Given that the initial funding for HDAP can be expended until the end of 2019-20, total funding for HDAP in 2019-20 will likely exceed $25 million.

LAO COMMENTS

LAO notes that it is not known how much of the initial HDAP funding has been expended. Additionally, at this time, it is unclear how the additional funding will be allocated to counties and whether the program structure will remain exactly the same as the current HDAP pilot or whether the Administration will modify program rules and county requirements.

STAFF COMMENT/QUESTIONS

The Subcommittee may wish to ask the Department to provide a thorough update in writing on how much of the HDAP funding has been allocated to counties since HDAP's inception, how much has been expended, and what have been the outcomes and county experience in implementation. The Subcommittee may wish to articulate a date by which this information should be received, such as April 22, to allow for review in this spring budget cycle.

Staff Recommendation:

Hold open.

ISSUE 9: ADVOCACY PROPOSAL REGARDING ADULT PROTECTIVE SERVICES (APS) AND PUBLIC ADMINISTRATOR/GUARDIAN/CONSERVATOR TRAINING PROGRAM

PANEL

- Allison Yant, Adult Protective Services Program Manager, Monterey County
- Scarlet Hughes, Executive Director, California State Association of Public Administrators, Public Guardians, and Public Conservators
- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

BACKGROUND

Each of California's 58 counties has an APS agency to help adults aged 65 years and older and dependent adults who are unable to meet their needs, or are victims of abuse, neglect, or exploitation. The APS program provides 24/7 emergency response to reports of abuse and neglect of elders and dependent adults who live in private homes, apartments, hotels or hospitals, and health clinics when the alleged abuser is not at staff member. APS social workers evaluate abuse cases and arrange for services such as advocacy, counseling, money management, out-of-home placement, or conservatorship. APS social workers conduct in-person investigations on complex cases, often coordinating with local law enforcement, and assist elder adults and their families navigate systems such as conservatorships and local aging programs for in-home services.

These efforts often enable elder adults and dependent adults to remain safely in their homes and communities, avoiding costly institutional placements, like nursing homes. County APS also collaborate with, and rely upon, County PA/PG/PC who provide services to individuals who are no longer able to act in their own best interest, resist undue influence, or are gravely disabled as a result of a psychiatric or cognitive disorder.

In 2011, Governor Brown and the Legislature realigned several programs, including child welfare and adult protective services, and shifted program and fiscal responsibility for non-federal costs to California's 58 counties. DSS retains program oversight and regulatory and policy making responsibilities for the program, including statewide training of APS workers to ensure consistency. DSS also serves as the agency for the purpose of federal funding and administration.

In 2016, the Legislature and Governor approved $3 million in one-time funding to begin work on the implementation of the necessary training infrastructure for APS social workers to protect and serve older adult victims of abuse, neglect and exploitation. This investment was leveraged with another $3 million in federal funds, for a $6 million total investment.

ADVOCACY PROPOSAL

The **California State Association of Public Administrators/Guardians/Conservators (CAPAPGPC), California Commission on Aging, California Elder Justice Coalition, and County Welfare Directors Association of California (CWDA)** respectfully request your support for $5.75 General Fund (GF) over three years to continue support of a training program and infrastructure to enable counties to meet local needs to protect and serve this vulnerable elderly and dependent adult population.

These advocates state that the one-time 2016 funding has resulted in:

- Augmented training infrastructure with additional trainers and curriculum developers, resulting in over 3,200 social workers attended 154 advanced training courses on a range of topics to better serve victims of abuse and neglect.

- 120 social workers are on track to receive national certification in the APS core competencies including many new APS social work staff.

- Several eLearning modules were developed including mandated reporter training to facilitate timely reporting to APS when abuse and neglect is suspected.

- A small portion of funds were used for PA/PG/PC to provide ten regional trainings and advanced training through an annual conference.

- This funding will expire at the end of this fiscal year and leave California unprepared to meet the growing demand for services among California's burgeoning older adult population. Without continued funding the current training system will be dismantled, leaving just $88,000 GF ($176,000 total funds) shared among 58 county APS programs – only providing three days of basic training in each of the five training regions spread across the year, reaching just a fraction of APS social workers.

The APS program was primarily a state-funded program until 2011, when state funding for APS was "realigned" and funding responsibility was given to the counties. However, the responsibility of funding and providing statewide training to APS workers remains a state function to promote consistency and coordination of training curricula. DSS currently contracts with local universities to deliver this training. Unfortunately, training for county APS workers has not kept up with caseload and demand, and as a result, training for APS workers and their partner agencies is woefully underfunded.

The population of seniors continues to dramatically increase. By 2030, about one in five Californians will be age 65 or older. California Department of Aging statistics show that between 1990 and 2020, California's aging population (those 60 and older) will double, and the oldest demographic, those 85 and older, will grow by 143 percent by 2020. Of those 85 and older, an estimated 32 percent have Alzheimer's disease, with the highest prevalence of Alzheimer's among those 75 to 84 years of age (44 percent). County APS and PA/PG/PC must increase its capacity to meet the expected corresponding increase in abuse and neglect cases among older adults.

In addition, APS and PA/PG/PC work together to protect abuse and neglect victims and strive to keep elders and dependent adults in the least restrictive, community-based setting. These programs are often co-located with county APS and are overseen by the county human services agency. Given the significant overlap between the APS and PA/PG/PC programs, additional training coordination and support between these programs is necessary.

An increase to state funding support for statewide APS and PA/PG/PC training at a total cost of $5.75 million General Fund ($11.5 million with federal matching funds) over three years will enable the current, yet temporary, APS training structure to continue, and would allow for some expansion to bring core training to all new APS social workers and supervisors, and new advanced training addressing emerging trends and legislative mandates, and support to new staff through simulation training and coaching to supervisors.

Additionally, this level of funding would build a training infrastructure for county PA/PG/PC who, together with APS staff, protect our most vulnerable older adult population. County PA/PG/PC staff are mandated by state law to complete initial training and continuing certification requirements. State law also empowers the PA/PG/PC to establish these training and certification requirements. However, there is no state funding appropriated to support these training requirements. The proposed funding would ensure all new PA/PG/PC staff receive core induction training while supporting the growing needs for advanced training based on increasing demands for services.

STAFF COMMENT/QUESTIONS

The Subcommittee may wish to inquire about the Administration's perspective on this training request and its assessment of the need for this programmatic support.

Staff Recommendation:

Hold open.

ISSUE 10: ADVOCACY PROPOSAL FOR AN ACTUARIAL STUDY FOR LONG-TERM SUPPORTS AND SERVICES FINANCING AND SERVICE OPTIONS

PANEL

- Nina Weiler-Harwell, Associate State Director, AARP
- Pat Leary, Acting Director and Pete Cervinka, Chief Deputy Director, California Department of Social Services
- Sydney Tanimoto, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

ADVOCACY PROPOSAL

The following proposal comes from the **California Aging & Disability Alliance (CADA)**:

The California Aging & Disability Alliance (CADA) requests a General Fund allocation of $1 million to fund a feasibility study and actuarial analysis of long-term services, and supports (LTSS) financing and benefit options to meet the growing need for these services in California. This study and analysis are an essential first step toward the ultimate goal of creating a new, independent and sustainably funded LTSS benefit for all Californians regardless of income or zip code.

This study and analysis will provide critical guidance on the following: the scope of services for such a benefit; eligibility criteria; projected cost estimates and financing options; and, projected savings to state funded programs and services associated with each option, including, but not limited to, Medi-Cal and the In-Home Supportive Services (IHSS) program. We request that the funds be appropriated to the Department of Social Services to direct the study.

The Department of Finance estimates that California currently has almost 8 million persons who are either older adults or persons with mobility, sensory, intellectual, developmental, and/or mental health disabilities, many of whom struggle to afford the services and supports they need to live with dignity and independence. This population is expected to grow due to the aging of the population, as well as a growing number of people with developmental disabilities who are aging out of their systems of care and growing number of people with traumatic injuries who are surviving their injuries due to advances in medical care. Indeed, the number of Californians with self-care difficulties who live in our communities is projected to double by 2030.

When informal networks of care are exhausted or not available, individuals and families pay out-of-pocket for long-term services and supports to help fill the gap. However, these services bring high costs, not only to the individuals directly involved, but also to taxpayers and the government as more individuals are forced to spend down assets to qualify for an already overburdened Medi-Cal system. California needs a sustainable financing mechanism, independent of the state general fund, to support and empower individuals and families to meet this growing need.

Like California, other states have implemented or proposed such programs – and some states have conducted actuarial analyses and feasibility studies similar to the feasibility and actuarial study we propose for California.

- Hawai'i: The Kapuna Caregivers program provides $70 a day to Hawai'i residents aged 60 years or older, who need help with at least two activities of daily living or have cognitive impairment, and who also have a family caregiver employed 30 or more hours a week outside the home. The funds can be used for help in the home, meals, transportation and other related services.

- Washington: The State Legislature is considering House Bill 1087, the Long-Term Care Trust Act, which would establish a public long-term care benefit for Washington workers. Eligible residents over age 18, who need help with three activities of daily living and have paid into the program, would receive up to $100 per day, with a lifetime cap of $36,500, for LTSS. The benefit would be funded by a 0.58 percent payroll tax.

- Maine: A 2018 ballot measure for the Universal Home Care Program would have provided home-based assistance to individuals needing assistance with one activity of daily living, funded by a new 3.8% tax on individuals and families earning more than $128,400. After falling short at the ballot, supporters are taking the proposal to the state legislature.

CADA's member organizations include:

AARP California
Alzheimer's Association
California Alliance for Retired Americans
California Association for Adult Day Services
California Commission on Aging
California Domestic Workers Coalition
California Foundation for Independent Living Centers
California Long-Term Care Ombudsman Association
CalPACE
Caring Across Generations
Congress of California Seniors
Disability Rights California
Disability Rights Education and Defense Fund
Hand in Hand: The Domestic Employers Network
Justice in Aging
LeadingAge California
SEIU Local 2015
State Independent Living Council
The Arc of California
UDW/AFSCME local 3930

STAFF COMMENT/QUESTIONS

The advocates state that while there has been significant work done at the national level and in other states, California needs a study based on the needs and demographics of our population and that reflects the LTSS benefits design that aligns with our values and vision. The Subcommittee may wish to ask the Administration for its feedback on the proposal, in light of Governor Newsom's mention of a Master Plan on Aging during the recent State of the State.

Staff Recommendation:

Hold open.

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 fuller discussion on any of these issues, please inform the Subcommittee staff and the Chair's office as soon as possible. Thank you.

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 11: IN-HOME SUPPORTIVE SERVICES (IHSS) BUDGET OVERVIEW

The Governor's budget proposes a total of $12.7 billion (all funds) for IHSS in 2019-20, which is about $1.3 billion (11.1 percent) above estimated expenditures in 2018-19. The budget includes about $4.3 billion from the General Fund for support of the IHSS program in 2019-20. This is a net increase of about $565 million (15.2 percent) above estimated General Fund costs in 2018-19. The year-over-year net increase in IHSS General Fund expenditures is primarily due to caseload growth, increased state minimum wage costs, and the shifting of some county costs to the state.

Some of the main components of the Governor's budget for IHSS are discussed below. The narrative is from the LAO's recent report, "The 2019-20 Budget: Analysis of the Department of Social Services Budget," which can be found at https://lao.ca.gov/Publications/Report/3947.

Caseload growth, a rising number of paid hours per case, and wage increases for IHSS providers are key drivers of increasing IHSS costs. Below, we describe these trends and how these cost drivers affect the Governor's 2019-20 budget proposal for IHSS.

Increasing Caseload. The average monthly caseload for IHSS has increased by 25 percent over the past ten years, from about 430,000 in 2008-09 to an estimated 540,000 in 2018-19. The IHSS caseload has historically fluctuated, increasing at most by 7.4 percent in 2008-09 and decreasing by 4 percent in 2013-14. More recently, average year-to-year IHSS caseload growth has remained at 5 percent and is expected to continue growing at a similar rate in 2019-20. Specifically, the 2019-20 budget projects that IHSS caseload will increase to 564,000 in 2019-20—4.5 percent above 2018-19 caseload estimates. The reasons for the steady caseload growth in recent years are not completely understood, but could be related to the growth in California's senior population (adults aged 65 and older). We have reviewed the caseload projections in light of actual caseload data available to date and do not recommend any adjustments at this time.

Increasing Paid Hours Per Case. Over the past ten years, the average amount of paid monthly hours per case for IHSS has increased by 26 percent, from about 86 hours in 2008-09 to an estimated 109 hours in 2018-19. Between 2008-09 and 2012-13, average paid hours per case remained relatively flat—at around 86 hours. However, between 2013-14 and 2017-18, average paid hours per case has increased annually by an average of 4.8 percent.

The growth in average paid hours per case reflects, in part, a series of policy changes. For example, one reason for the recent increase in paid hours per case includes the implementation of the federal requirement that IHSS providers be compensated for previously unpaid work tasks, such as time spent waiting during their recipient's medical appointments. Additionally, similar to the increase in the caseload, as the IHSS population ages there may be an increasing number of more complex IHSS cases that typically require more service hours. For example, as recipients live longer, they may develop more severe needs and require an increasing amount of IHSS service hours.

The Governor's budget estimates that the average hours per case will be roughly the same in 2018-19 as they were in 2017-18 (109 hours) and will then increase slightly to 110 hours in 2019-20. We have reviewed the estimates of average hours per case in light of actual hours per case data available to date. While we do not raise any major concerns at this time, based on recent growth trends in hours per case, it is likely that average hours per case in 2018-19 would be higher than (as opposed to remain the same as) actual 2017-18 average hours per case. To the extent that, similar to the prior years, the average hours per case grow in 2018-19 and 2019-20 (about 2 percent annually), the combined General Fund costs for IHSS in 2018-19 and 2019-20 could be roughly $200 million higher than estimated in the Governor's budget.

State and Local Wage Increases. In addition to increasing caseload and paid hours per case, provider wage increases at the county and state levels have contributed to increasing IHSS costs. Since 2008-09, the average hourly wage for IHSS providers increased by 25 percent, from $9.58 to an estimated $11.96 in 2018-19. (We note that this average IHSS wage reflects the base hourly wages for IHSS providers averaged across all counties.) IHSS provider wages generally increase in two ways—(1) increases that are collectively bargained or established at the local level; and, (2) increases that are in response to state minimum wage increases. The Governor's budget includes $408 million General Fund ($894 million total funds) for the combined impact of the recent state minimum wage increases on IHSS provider wages from $11 per hour to $12 per hour on January 1, 2019 and the scheduled increase from $12 per hour to $13 per hour on January 1, 2020. The General Fund costs associated with state minimum wage increases in 2019-20 are more than double the estimated 2018-19 costs. This is primarily due to the fact that a greater number of counties are expected to be impacted by the state minimum wage increase to $13 per hour in 2020 (50 counties) than the increase to $12 per hour in 2019 (44 counties) or the increase to $11 per hour in 2018 (37 counties). (A county is impacted by the state minimum wage increase when the current local wage is below the new state minimum wage level.) We note that in future years, as the state minimum wage continues to increase, more counties will be impacted, resulting in higher IHSS costs.

We note that the Governor's budget does not take into account locally established wage increases that were negotiated after October 2018. These include scheduled locally established wage increases for Los Angeles County IHSS providers in 2018-19 and 2019-20—$12 to $12.60 effective January 1, 2019 and $12.60 to $12.80 effective July 1, 2019 (pending state approval). We estimate that the combined annualized costs of the Los Angeles County wage increases are approximately $70 million General Fund in 2019-20. We expect that the Governor's revised estimates released in May will account for these and other locally established wage increases that occurred after the development of the Governor's budget, but are set to be in effect in 2018-19 and 2019-20.

Implementation of Paid Sick Leave. Pursuant to Chapter 4, Statutes of 2016 (SB 3, Leno), IHSS providers became eligible to receive eight hours of paid sick leave beginning in 2018-19. The number of paid sick hours is scheduled to increase to 16 hours annually on January 1, 2020 (or when state minimum wage reaches $13 per hour) and ultimately to 24 hours annually on July 1, 2022 (or when state minimum wage reaches $15 per hour). In general, providers must first work a certain number of hours to be eligible to receive and use their paid sick leave hours. The 2019-20 budget includes about $30 million General Fund for paid sick leave costs—roughly equal to the estimated costs in 2018-19. The budget assumes that in 2018-19 and 2019-20, all IHSS providers—509,289 in 2018-19 and 534,623 in 2019-20—will each claim eight hours of paid sick leave.

While we do not raise any major concerns at this time, paid sick leave costs could come in lower or higher depending on the actual number of IHSS providers who use paid sick leave and the amount of paid sick leave hours that they use. This is for a number of reasons. First, 2018-19 utilization data (September 2018 to December 2018) shows that, so far, about 7,000 IHSS providers (less than 2 percent) each claimed and were paid for about seven of the eight hours of paid sick leave they were eligible to receive. To the extent that this trend continues and fewer than estimated IHSS providers utilize paid sick leave in 2019-20, General Fund costs would be significantly less than estimated. Second, while the number of paid sick leave hours a provider can claim is expected to double to 16 hours in 2019-20, the budget assumes that all IHSS providers will claim eight hours of paid sick leave in 2018-19 and 2019-20. We note that General Fund costs would be higher if at least some providers claim and get paid for more than eight hours of paid sick leave in 2019-20. Given the very limited availability of utilization data, we find these budget assumptions reasonable at this time. These estimates, however, should be revised in May when a greater amount of data is available to better reflect actual utilization and paid hours of paid sick leave. We will continue to monitor paid sick leave utilization data relative to current budget assumptions and provide further comments at the time of the May Revision if necessary.

STAFF COMMENT/QUESTIONS

This item was included for informational purposes and to provide context for the IHSS-related issues included in this agenda.

Staff Recommendation:

Hold open.

ISSUE 12: GOVERNOR'S BUDGET PROPOSALS TO ADDRESS OBSOLETE REPORTS FOR DSS

The following are proposals to remove language from statute related to obsolete reports, all related to the Department of Social Services (DSS), and are being forwarded by the Administration. The proposed language can be found at: http://www.dof.ca.gov/Budget/Trailer_Bill_Language/documents/DSSObsoleteReports.pdf.

These proposals are being included in this public agenda in the interest of furthering public review and in solicitation of critical feedback to the Subcommittee staff timely if there are questions or concerns.

The table below includes, for each proposal or row, a description of the report intended to be removed from code, the applicable code citation, a link where available to either the report itself or another reference where information can be found, and additional notes on each piece. All of the information below is from the Administration.

1	Data about child care usage and demand in each of the 3 stages described in article 15.5 of chapter 2 of part 6 of the education code regarding child care for recipients of the CalWORKS program.	Education Code Section 8359	Link: http://www.cdss.ca.gov/inforesources/Research-and-Data/CalWORKs-Reports	The annual CalWORKs Summary contains this information, as does the CDSS local assistance budget binder.
2	Automated Child Abuse Reports - Requires the DSS to submit a report to the counties and the Legislature that reflects data indicating the reasons as to why an automated one-time report was filed in lieu of an initial telephone report.	Penal Code Section 11166	N/A	This was not implemented and no data exists.

3	Cost of Doing Business (CODB) - CDSS, in consultation with CWDA, is required to develop a CODB survey to capture the costs for county administration to determine whether those costs are reasonable and necessary to meet program requirements and objectives. Commencing with the May Revision of the 2007-08 budget, and annually thereafter, requires the department to identify in its budget documents the estimates developed pursuant to this section and the difference between these estimates and the proposed funding levels.	Welfare and Institutions Code Section 10507	Annually in DSS' May Revision Local Assistance Estimate. Link: http://www.cdss.ca.gov/inforesources/Fiscal-Financial/Local-Assistance-Estimates	This report is no longer needed. - The 2011 Realignment shifted the Children's program's fiscal responsibility to the counties, and there is a separate process for updating the social worker for rate post-realignment activities. - The In-Home Supportive Services is no longer included, as the expenditures are tracked against a County Maintenance of Effort. - All but the Employment Services component of the CalWORKs Single Allocation were updated with a new budget methodology. New budget methodologies for Employment Services will be developed during the 2018-19 Governor's Budget.
4	Reasons for the determination of non-cost-effectiveness and the changes necessary to make elements of the Consolidated Public Assistance Eligibility Determination (CPAED) Demonstration Project cost effective	Welfare and Institutions Code Sections 10790 and 10791	N/A	The pilot project never was implemented and no data exists.
5	SAWS Annual Report (report on progress in implementing the system, including recommendations for further legislative action, and any revisions in the long-range plan that will affect the objectives to be accomplished in the following year)	Welfare and Institutions Code Section10822, Chapter 78, Statutes of 2005	Link: http://www.cdss.ca.gov/inforesources/Information-Resources/Family-Engagement-and-Empowerment-Reports	The WIC 10823(c) annual report is more pertinent and current.
6	Evaluations submitted by pilot counties regarding the Aid to Families with Dependent Children and CalFresh programs eligibility reporting systems	Welfare and Institutions Code Section 11265.5	N/A	The pilot project never was implemented and no data exists.
7	Cal-Learn Program Update (update on number of counties, recipients, and outcomes including graduation rates and repeat pregnancies)	Welfare and Institutions Code Section 11334.6, Chapter 47,	Link: http://www.cdss.ca.gov/inforesources/Information-Resources/Rep	Information now is included in the more comprehensive annual CalWORKs Summary released each Spring.

		Statutes of 2012	orts-to-the-Legislature	
8	Foster Care Placements with AFDC recipients - (Report on the outcome measures of quality of care for foster youth placed with relatives receiving cash assistance.)	Welfare and Institutions Code Section 11465.5	N/A	The pilot project never was implemented and no data exists.
9	Public Authority & Non-Profit Consortia to Provide for the Delivery of IHSS - Commencing July 1, 1997, requires the DSS to provide annual reports on the efficacy of the implementation of this section, including an assessment of the quality of care provided.	Welfare and Institutions Code Section 12301.6	Link: http://www.cdss.ca.gov/cdssweb/entres/pdf/legislature/PANPC_IHSS_ReportSFY07-08.pdf	This reporting requirement was created to monitor the quality of care provided through the delivery of In-Home Supportive Services through the use of Public Authorities (PAs) and Non Profit Consortia (NPC). The current PAs and NPCs have been established for years.
10	Out of Home Care for Public Assistance Recipient - Requires the CDSS director to submit a report to the Legislature by March 1 of each year setting forth pertinent facts on the operation of the program established by this chapter and its significance in relation to the out-of-home care services of the Medi-Cal program.	Welfare and Institutions Code Section 13913 Report later suspended by AB 1585, Ch 7, Statutes of 2010	N/A	This report was suspended in 2010 (Ch. 7/Statutes of 2010 [AB 1585]).
11	Programmatic transition plan to enroll into a pilot project persons who are dually eligible under both Medi-Cal & Medicare programs	Welfare and Institutions Code Section 14182.17	N/A	The termination of the Coordinated Care Initiative ended this statutory requirement.
12	Resource Family Approval Pilot Report - (Report on the results of a pilot to establish a unified, family-friendly, and child-centered family approval process.)	Welfare and Institutions Code Section 16519.5	Report N/A. However, see attached for CCR SRL Quarterly Update (November, 2018)	RFA no longer is a pilot, and is being implemented statewide through the Continuum of Care Reform. Legislative oversight now is accomplished through other means.

13	Report on Progress of Demonstration Projects for CalWORKs - Requires the CDSS director to report annually on the progress of the demonstration projects, including extent to which they are attaining the number of outcomes described in the WIC Section 18236 and the average length of time of sanctions.	Welfare and Institutions Code Section 18236 Report later suspended by AB 1585, Ch 7, Statutes of 2010	Report is N/A due to suspension. However, CalOAR ACIN was released on 8/2/18 providing implementation timeframes. Link: http://www.cdss.ca.gov/Portals/9/ACIN/2018/I-49_18.pdf?ver=2018-08-02-151059-167	This report was suspended in 2010 (Ch. 7/Statutes of 2010 [AB 1585]). The CalWORKs Outcomes and Accountability Review (Cal-OAR) process is underway and will include measures that counties will report on on an ongoing basis beginning July 1, 2019.
14	Nonassistance CalFresh Simplified and Shorter Application Form - Requires CDSS to develop and implement a simplified and shorter application form for nonassistance CalFresh cases. It requires CDSS to provide information on implementation to the appropriate legislative committees on or before July 1, 2001.	Welfare and Institutions Code Section 18901.8	N/A	No data exists and language is out of date.
15	Food Stamp and California Food Assistance Program (CFAP) Community Outreach and Education Campaign - Requires, not later than January 15, 2001, the DSS, in conjunction with the DHCS and appropriate stakeholders, to develop and submit to the Legislature a community outreach and education campaign to help families learn about and apply for the federal Food Stamp Program and the CFAP.	Welfare and Institutions Code Section 18918 Report later suspended by AB 79, Ch 409, Statutes of 2004. Also, WIC 18918, Chapter 227, Statutes of 2011	Link to the 2018 CalFresh Outreach Plan: http://www.cdss.ca.gov/inforesources/CalFresh-Outreach	The requirement was suspended under Ch. 409, Statutes of 2004 (AB 79), which expired on January 1, 2008. Since that time there has not been any request for this information, although 2011 legislation resurrected the requirement. Outreach information can be made available upon request. The CalFresh program submits an Outreach Plan to the federal USDA FNS every two years, which is publicly posted and available on the department's website.

16	Safely Surrendered Baby (SSB) Law Report - Requires DSS on or before January 1, 2013, contingent upon the availability of funding or resources, to report to the Legislature annually regarding the effects of the safely surrendered baby law.	AB 1048 Chapter 567, Statutes of 2010	Link: http://www.cdss.ca.gov/inforesources/OCAP/Safely-Surrendered-Baby/Legislation	Previous reports show the SSB law has been a major success in reducing child deaths due to abandonment. CDSS staff efforts should focus on public awareness of the law and its implementation.
17	San Bernardino Pilot Project - (Report on the effectiveness of the pilot in reducing group home complaints.)	AB 323 Section 1 Chapter 561, Statutes of 1997	N/A	The pilot project never was implemented and no data exists.
18	Initial data report on implementation of Section 11274 of the Welfare and Institutions Code regarding restricted payment provisions under Aid to Families with Dependent Children (AFDC) program	Section 1 of Chapter 452 of the Statutes of 1996	N/A	The pilot project never was implemented and no data exists.

STAFF COMMENT/QUESTIONS

These proposals are being reviewed by Subcommittee staff. No issues have been raised as yet.

Staff Recommendation:

Hold open.