

# AGENDA

## ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER DR. JOAQUIN ARAMBULA, CHAIR

WEDNESDAY, MARCH 22, 2023

1:30 P.M. – STATE CAPITOL, ROOM 444

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*We encourage the public to provide written testimony before the hearing.  
Please send your written testimony to [BudgetSub1@asm.ca.gov](mailto:BudgetSub1@asm.ca.gov).  
Please note that any written testimony submitted to the committee is considered public  
comment and may be read into the record or reprinted.*

*The Capitol will be open for public attendance at this hearing. The public may attend in person or participate by phone. This hearing can be viewed via live stream on the Assembly's website at <https://assembly.ca.gov/todayevents>.*

*A moderated telephone line will be available to assist with public participation. After all witnesses on all panels and issues have concluded, and after the conclusion of member questions, the public may provide public comment by calling the following toll-free number:*

**1-877-692-8957 / Access Code: 131 54 44.**

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## LIST OF PANELISTS IN ORDER OF PRESENTATION

All panelists are asked to please be succinct and brief in their presentations **(5 minutes maximum per speaker please)** in order to facilitate the timely hearing of all issues. Thank you.

### ISSUE 1. RACIAL DISPARITIES IN CHILD WELFARE AND THE ROLE OF CALWORKS IN THE COMMUNITY PREVENTION PATHWAY

1. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
2. Kim Johnson, Director, California Department of Social Services
3. Andrew Cheyne, Managing Director of Public Policy, GRACE/End Child Poverty CA
4. Nick Picinich, Assistant Secretary, California Health and Human Services Agency, representing the Child Welfare Council
5. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California
6. Erin Carson, Finance Budget Analyst, Department of Finance

### ISSUE 2. BUDGET REVIEW AND OVERSIGHT – CONTINUUM OF CARE REFORM (CCR) IMPLEMENTATION

1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services
2. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California
3. Tyler Rinde, Deputy Director of Child Welfare Policy, California Alliance of Child and Family Services
4. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
5. Erin Carson, Finance Budget Analyst, Department of Finance

### ISSUE 3. BUDGET REVIEW AND OVERSIGHT – COMPLIANCE WITH FEDERAL FAMILY FIRST AND PREVENTION SERVICES ACT (FFPSA)

1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services
2. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California
3. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
4. Erin Carson, Finance Budget Analyst, Department of Finance

**ISSUE 4. BUDGET REVIEW AND OVERSIGHT – UPDATES ON IMPLEMENTATION FOR VARIOUS RECENT CHILD WELFARE INVESTMENTS**

1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services
2. Emmerald Evans, Policy Associate, GRACE/End Child Poverty and Youth Advocate, John Burton Advocates for Youth
3. Kristin Power, Vice President of Policy and Advocacy, Alliance for Children's Rights
4. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California
5. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
6. Erin Carson, Finance Budget Analyst, Department of Finance

**ISSUE 5. GOVERNOR'S PROPOSAL – CHILD AND FAMILY TEAMING FOR FAMILIES AT RISK OF CHILD REMOVAL**

1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services
2. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
3. Erin Carson, Finance Budget Analyst, Department of Finance

**ISSUE 6. GOVERNOR'S PROPOSAL – ADOPTION FACILITATOR PROGRAM UNIT BUDGET CHANGE PROPOSAL (BCP) AND TRAILER BILL LANGUAGE (TBL)**

1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services
2. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
3. Erin Carson, Finance Budget Analyst, Department of Finance

**ISSUE 7. OVERSIGHT AND GOVERNOR'S PROPOSAL – BRINGING FAMILIES HOME IMPLEMENTATION UPDATE AND PROPOSED TBL**

1. Kim Johnson, Director, California Department of Social Services
2. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
3. Emily Marshall, Finance Budget Analyst, Department of Finance

**ISSUE 8. GOVERNOR'S PROPOSAL – CALIFORNIA STATEWIDE AUTOMATED WELFARE SYSTEM (CALSAWS) ONGOING SUPPORT BCP AND STAKEHOLDER PRIORITIES FOR CALSAWS**

1. Brandon Hansard, Deputy Director, Benefit and Enrollment Technology Support Division, Office of Systems Integration
2. John Boule, Executive Director, CalSAWS
3. Jennifer Tracy, Co-Lead for the CalSAWS Advocates Group, California Association of Food Banks
4. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California
5. Brian Metzker, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
6. Jenean Docter, Finance Budget Analyst, Department of Finance

**ISSUE 9. GOVERNOR'S PROPOSAL – TBL REGARDING OSI NAME CHANGE TO THE OFFICE OF TECHNOLOGY AND SOLUTIONS INTEGRATION**

1. Adam Dondro, Director, Office of Systems Integration
2. Brian Metzker, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
3. Nina Hoang, Finance Budget Analyst, Department of Finance

**ISSUE 10. [COMMUNITY SERVICES AND DEVELOPMENT] DEPARTMENT OVERVIEW AND GOVERNOR'S PROPOSAL TO REVERT UNSPENT UTILITY ARREARAGES FUNDING**

1. David Scribner, Director, Department of Community Services and Development
2. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
3. Omar Sanchez, Finance Budget Analyst, Department of Finance

**There are no panels for non-presentation items, however any item can be moved to Presentation at any time before or during the hearing by any Member.**

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

**ITEMS TO BE HEARD****0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY (CALHHS), CHILD WELFARE COUNCIL****5180 CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS)****ISSUE 1. RACIAL DISPARITIES IN CHILD WELFARE AND THE ROLE OF CALWORKS IN THE COMMUNITY PREVENTION PATHWAY**

**The questions for the panelists for this issue are:**

- What is the state's vision and tangible goals to reduce racial disparities in child welfare?
- What is the correlation between poverty and involvement in the child welfare system?
- What is the relationship and role of the CalWORKs program in the state's goals related to prevention?
- How can the CalWORKs program be strengthened to improve outcomes for family maintenance and family reunification? What programmatic silos and boundaries will this necessitate crossing?
- What are the measurable outcomes to reduce racial disparities that the state can track to measure progress for children and families impacted who live in poverty and what methods will create transparency for legislative oversight?

**PANELISTS**

1. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
2. Kim Johnson, Director, California Department of Social Services
3. Andrew Cheyne, Managing Director of Public Policy, GRACE/End Child Poverty CA
4. Nick Picinich, Assistant Secretary, California Health and Human Services Agency, representing the Child Welfare Council
5. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California
6. Erin Carson, Finance Budget Analyst, Department of Finance

**CHILD WELFARE SERVICES AND FOSTER CARE IN CALIFORNIA**

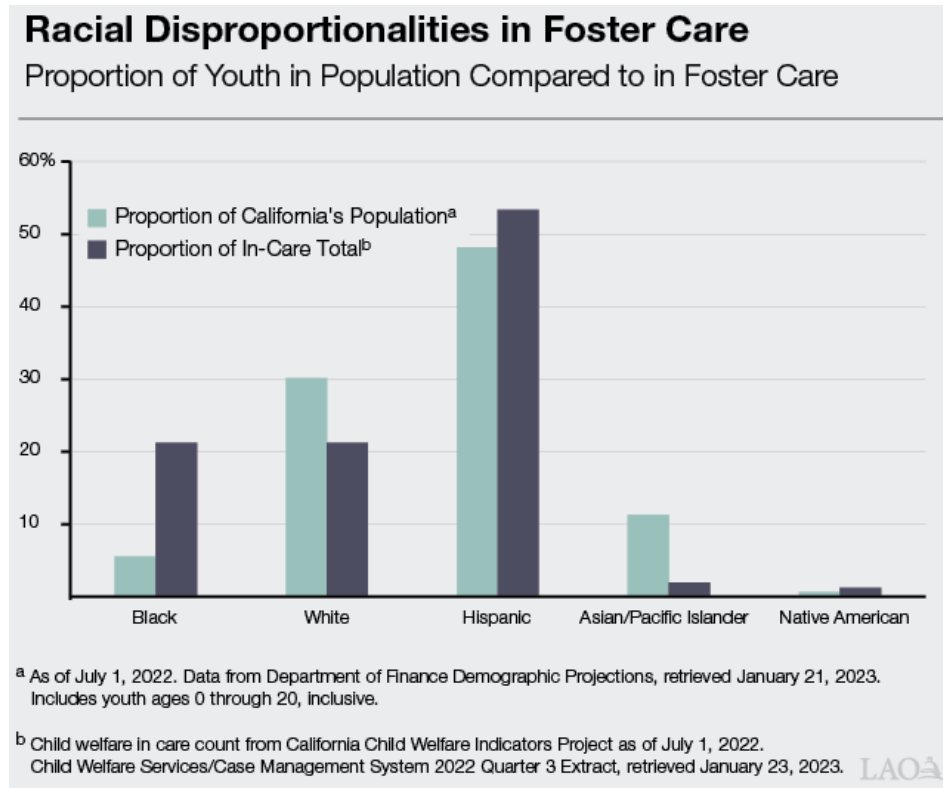
**Background.** When children experience abuse or neglect, the state provides a variety of services to protect children and strengthen families. The state provides prevention services, such as substance use disorder treatment and in-home parenting support, to families at risk of child removal to help families remain together, if possible. When children cannot remain safely in their homes, the state provides temporary out-of-home placements through the foster care system, often while providing services to parents with the aim of safely reunifying children with their families. If children are unable to return to their parents, the state provides assistance to establish a permanent placement for children, for example, through adoption or guardianship.

California's counties carry out children and family program activities for the state, with funding from the federal and state governments, along with local funds.

### RACIAL DISPARITIES IN CHILD WELFARE TODAY

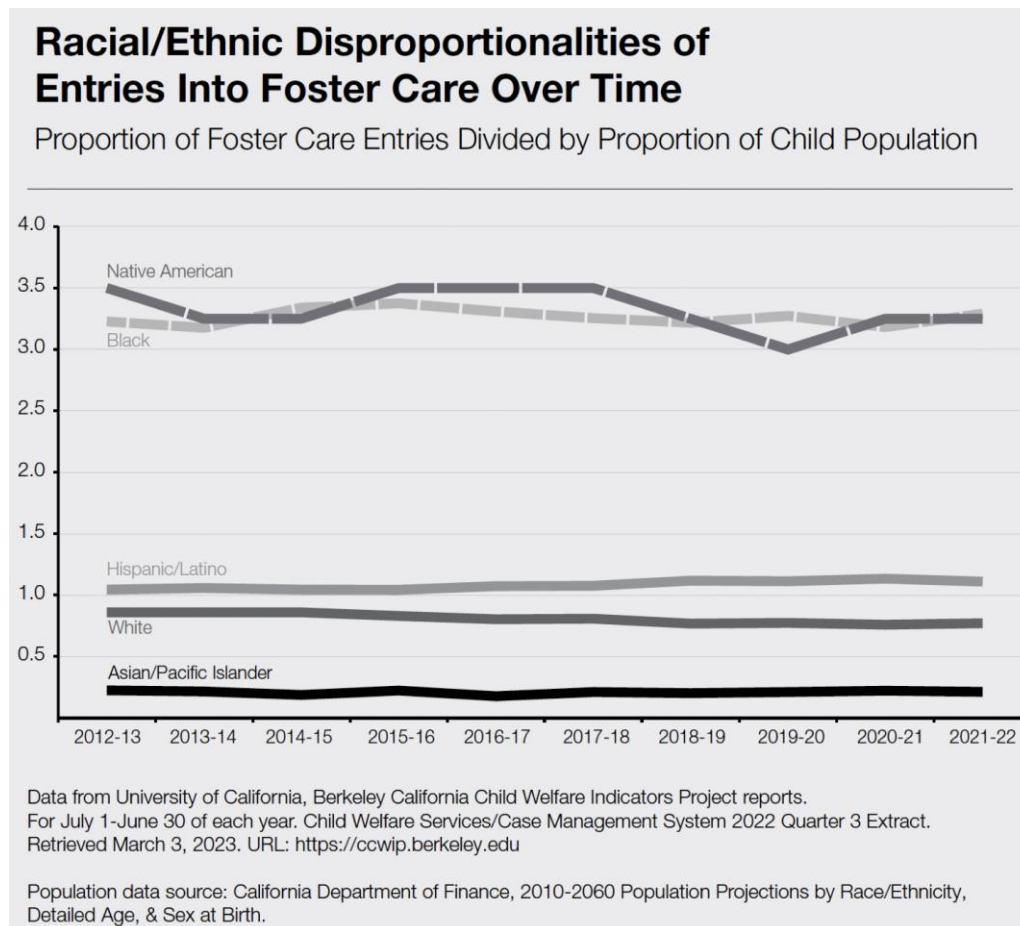
Last year, the Subcommittee discussed these issues at its March 9, 2022 hearing. The Legislative Analyst's Office (LAO) provided a handout then titled, "Initial Analysis and Key Questions: Racial Disproportionalities in California's Child Welfare System." The LAO has updated the information provided in the handout and a substantial portion of the piece is included here as background and current situation of racial disparities for children involved in the state's child welfare system. Please see the handout available at the Subcommittee No. 1 website, where this agenda is published, for footnotes and citations.

**Foster Youth Are Disproportionately Low Income, Black, and Native American.** A broad body of research has found that families impacted by child protective services are disproportionately poor and overrepresented by certain racial groups, and are often single-parent households living in low-income communities. In California, Black and Native American youth in particular are overrepresented in the foster care system relative to their respective shares of the state's youth population. As illustrated in the figure below, the proportion of Black and Native American youth in foster care is around four times larger than their proportion of the population in California overall. While the information displayed is point in time, significant disproportionalities have persisted for many years. The figure displays aggregated state-level data; disproportionalities differ across counties.



The proportions of Black and Native American youth in foster care are around four times larger than the proportions of Black and Native American youth in California overall. In addition, recent research on cumulative child welfare involvement of California's 1999 birth cohort found nearly one in two Black and Native American children experienced some level of child welfare involvement by the time they turned 18 (compared to around 29 percent of Hispanic/Latino children, 22 percent of white children, and 13 percent of Asian/Pacific Islander children). The figure below displays aggregated state-level data.

Racial/ethnic disproportionalities and disparities have not changed significantly over the past decade. The trend data over the past decade is included in the subsequent figure.

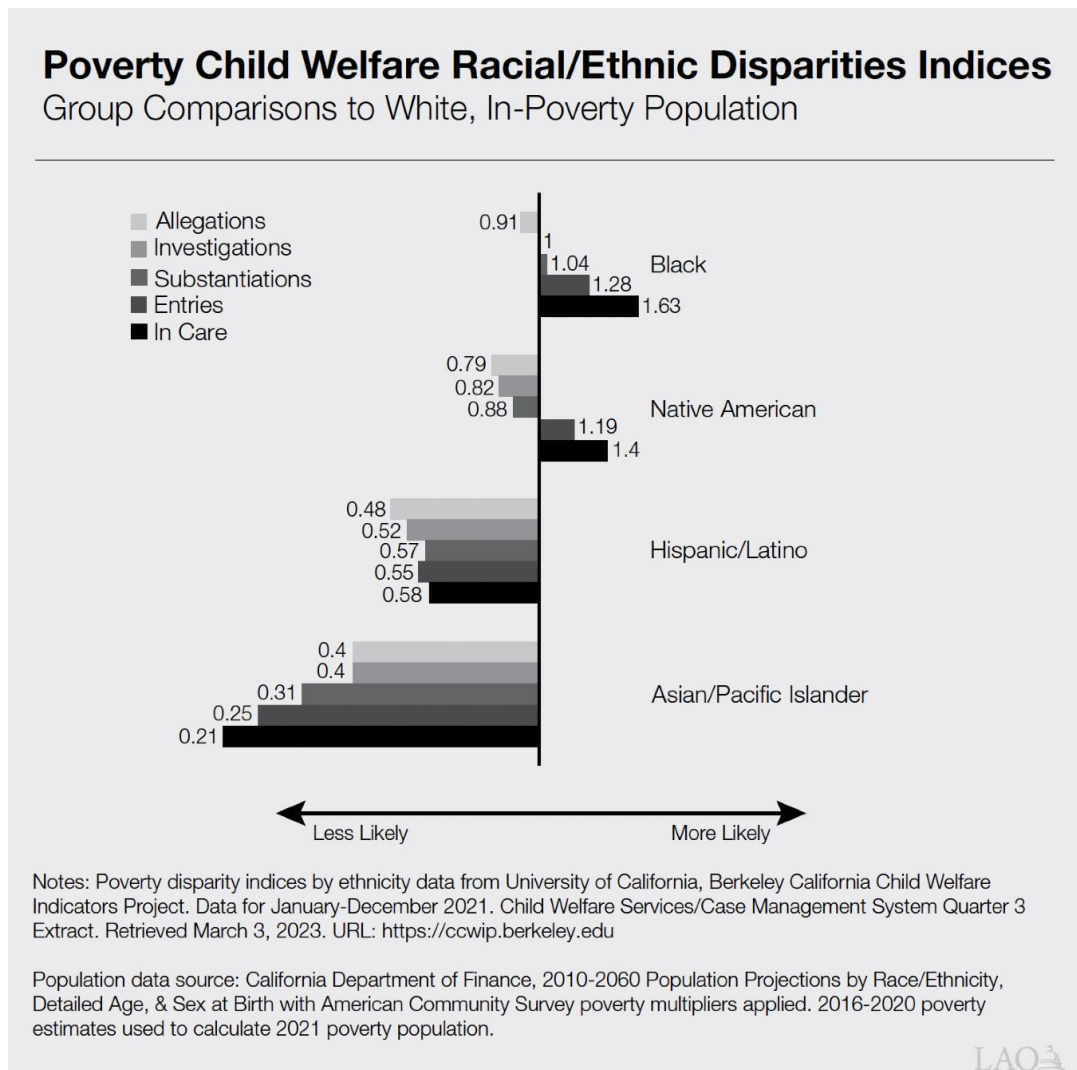


**Economic Hardship and Child Maltreatment.** A July 2021 report from Chapin Hall at the University of Chicago states that: “Families below the poverty line are three times more likely to be substantiated for child maltreatment (Drake & Jonson-Reid, 2014). Economic disparities and historical systemic disadvantages have fueled disproportionate child welfare system involvement among families of color; Black, Latino, and American Indian/Alaska Native (AI/AN) families are disproportionately more likely to be poor due to longstanding systemic conditions (Semega et al., 2020). Evidence about the root causes of child maltreatment has been well documented, including poverty-related risk factors such as unemployment, single parenthood,



housing instability, earlier child-bearing, and lack of child care (Escaravage, 2014; Marcal, 2017).

The income status of families is a significant predictor of involvement with the child welfare system (McLaughlin, 2017; Pelton, 2015; Conrad-Hiebner & Byram, 2020; Brooks-Gunn et al., 2013), and county-level poverty rates are associated with foster care placement rates among children of all races (Wulczyn et al., 2013).” Research also found that California children with public insurance (Medi-Cal) experienced child welfare involvement at more than twice the rate of those with private insurance. The majority of California families involved with the child welfare system are experiencing poverty.



More than half (54 percent, estimate for 2022-23) of child welfare-involved families in California meet 1996 Aid to Families with Dependent Children eligibility requirements. This roughly equates to earnings of under \$1,000 per month. Nationally, researchers estimate around 85 percent of families involved with the child welfare system have incomes below 200 percent of the federal poverty level, which is around \$46,000 for a family of three in 2022. In 2022-23, the

Administration estimates the average CalWORKs grant amount to be \$960 per month across all family sizes and income levels, which equals \$11,520 per year. For more information about CalWORKs grants, please see the March 8, 2023 Assembly Subcommittee No. 1 Agenda.

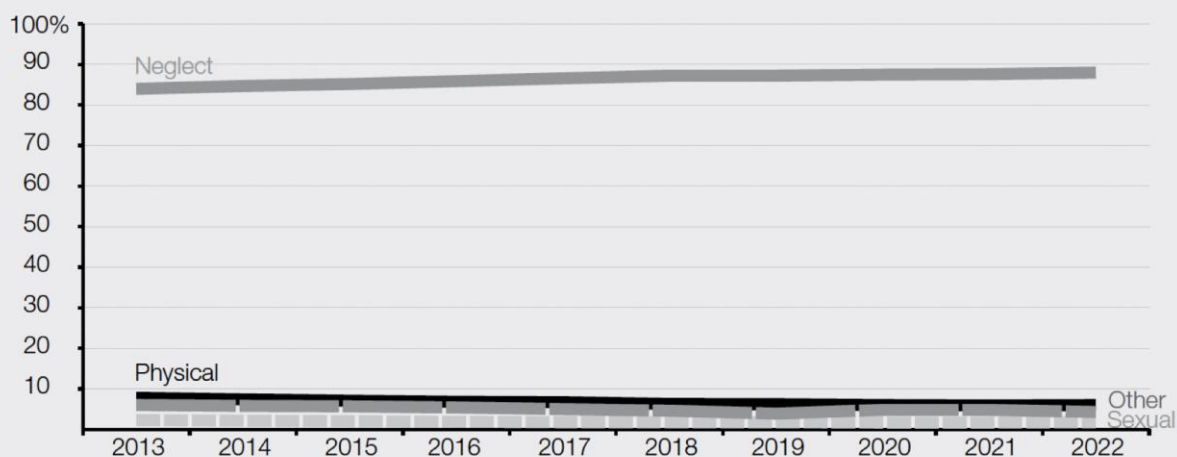
Controlling for poverty, disparities are diminished, although Black and Native American youth are still more likely than all other racial/ethnic groups to enter into and be in care. In addition, when controlling for poverty, Hispanic/Latino children are less likely, relative to white children, to become involved with the child welfare system.

**Neglect: Definition and Data.** The reason cited for most child welfare system involvement, at all levels, is neglect, rather than physical or sexual abuse. As shown in the figure below, over the past decade, more than 80 percent of youth in foster care at any point in time were placed due to neglect.

However, data about the harm or risk to the child that underlies neglect allegations, investigations, and removals is not easily quantifiable. Understanding what underlies neglect currently requires reviewing narrative reports for individual cases. One recent study examined these narrative reports, and other case file information, for a sample of 295 neglect investigations in California in 2017. The study identified common types of neglect and common parental risk factors described in these investigations, including mental health issues, substance abuse, and domestic violence.

## Reason for Foster Placement

Proportion of Youth in Foster Care



Note: Other includes voluntary reentry, other, and missing.

Data from University of California, Berkeley California Child Welfare Indicators Project reports. As of July 1 of each year. Child Welfare Services/Case Management System 2022 Quarter 3 Extract. Retrieved March 6, 2023. URL: <https://ccwip.berkeley.edu>

LAO

**STRATEGIES TO REDUCE RACIAL DISPARITIES  
IN CHILD WELFARE**

Below, the LAO provides some questions to consider for the three main policy areas they plan to explore further through their continued research and analysis in this area. These three areas are: (1) mandated reporting; (2) neglect data and definition; and, (3) prevention.

**Mandated Reporting.** The vast majority of maltreatment allegations come from mandated reporters, who are individuals working in certain professions who have regular contact with children and families. Mandated reporters are specified in statute, including teachers, medical professionals, law enforcement, child care workers, therapists and counselors, social workers, and more.

Most types of mandated reporters are not required by law to complete any sort of training related to their reporting responsibilities. For those reporters who are required to complete training (most notably, teachers) there is not a specific required training curriculum. Recent legislation amended sections of the Penal Code related to mandated reporting. Specifically, Chapter 770 of 2022 (AB 2085, Holden) clarified that mandated reporters should not make a referral based solely on a parent's economic disadvantage.

**Key Questions from the LAO on Mandated Reporting:**

- Are current mandated reporting practices effective? In other words, do current law and practices result in identifying cases that require child welfare services, while simultaneously not referring families that do not require system-level intervention?
- Do mandated reporters receive sufficient training to help them understand when reporting is necessary? Given recent updates to mandated reporting statute, what additional guidance or training may be needed? In particular, should mandated reporters receive implicit bias training?
- Should all mandated reports go directly to the child welfare agency? Could some reports instead be referred to services or some other type of intervention—based on a mandated reporter's professional judgment, experience, and specific state guidance and training?
- How can the state ensure child safety is prioritized while reforming mandated reporting?

**Key Questions from the LAO on Neglect: Definition and Data:**

- What data should the state collect to better understand the underlying risks of neglect? What child welfare reporting system changes would be needed to facilitate this data collection? How could this data inform future policy changes?
- Are there additional statutory changes or clarifications that should be made to the definition of neglect (specific to mandated reporting, as well as in other areas of California law)?

**Prevention.** Currently, most state and federal funding sources for programs and supports for parents/caregivers to help strengthen the family and remedy the underlying causes of maltreatment generally are linked to the child welfare system. (While recent federal legislation provides some expanded opportunities for states to claim federal dollars for prevention activities, funding is still somewhat constrained and California is in the very early stages of implementation.)

Research has found that poverty and economic stressors create conditions in which child maltreatment is more likely to occur. The Legislature recently has shown some interest in providing income supports for child welfare system-involved families to help alleviate these economic stressors. Research also has found a relationship between increased state spending on public benefit programs and decreased child maltreatment. As such, considering overall spending on poverty alleviation and prevention could be a component of reducing child maltreatment.

Research additionally has found substance use and mental health are some commonly investigated risk factors underlying allegations of neglect in California. The Legislature has shown interest in increasing behavioral health services and access, and recent budgets have included significant augmentations for various behavioral health initiatives.

#### **Key Questions from the LAO on Prevention:**

- What supports could the Legislature consider to target disproportionately impacted communities prior to child welfare system involvement?
- How can the Legislature help ensure poverty alleviation programs and child welfare supports are complementary? Which specific programs are most likely to contribute to a reduction in child maltreatment and what are the budgetary implications?
- How can the Legislature help ensure behavioral health augmentations and child welfare supports are complementary?

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**Staff Recommendation:** Racial disparities in child welfare and foster care has been a systemwide concern and policy-making focus the last several years. As attention has increasingly focused on upstream prevention strategies to reduce child welfare involvement, the discussion about improving, modernizing, and strengthening the main direct support program for families with children in poverty – CalWORKs – has evolved and become more robust. Chapin Hall research asserts that financial supports reduce child abuse and neglect by enabling families to better access resources and address their own basic needs. The Subcommittee will return to issues in CalWORKs at its April 26, 2023 hearing and will consider program improvements with this prevention goal in mind. The Subcommittee may also want to consider starting a dialogue that includes the Child Welfare Council and CDSS to develop priority goals for CalWORKs through the Prevention lens, with reporting back to the Legislature in future years. All issues here will be held open.

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## 5180 CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS)

### ISSUE 2. BUDGET REVIEW AND OVERSIGHT – CONTINUUM OF CARE REFORM (CCR) IMPLEMENTATION

The questions for the panelists for this issue are:

- How is the state faring in CCR implementation and what are the current challenges?
- Please provide an update on allocation of the \$50 million augmentation for county work associated with Resource Family Approval.
- Can you describe the department's efforts to create a new rate system for the child welfare system? Is the department on track to have a new rate structure in place by January 1, 2025? When can the Legislature anticipate seeing the proposal?
- Once the rate system is developed and funding is approved through the budget process, how long will it take to implement the necessary technology system changes?
- Is this Administration contemplating any proposals to increase rates on a short-term basis, particularly for any rates that are not tied to the California Necessities Index (CNI)?

#### PANELISTS

1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services
2. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California
3. Tyler Rinde, Deputy Director of Child Welfare Policy, California Alliance of Child and Family Services
4. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
5. Erin Carson, Finance Budget Analyst, Department of Finance

#### CHILD WELFARE SERVICES BUDGET OVERVIEW

The following background is based on a recent analysis provided by the Legislative Analyst's Office (LAO).

**Federal Funding.** When a family is affected by the child welfare or foster care system, and that family meets federal eligibility standards based on income and other factors, states may claim federal funds for part of the cost of providing care and services for the child and family. State and local governments provide funding for the portion of costs not covered by federal funds, based on cost-sharing proportions determined by the federal government. These federal funds are provided pursuant to Title IV-E (related to foster care) and Title IV-B (related to child welfare) of the Social Security Act.

**2011 Realignment.** Until 2011-12, the state General Fund and counties shared significant portions of the nonfederal costs of administering CWS. In 2011, the state enacted legislation known as 2011 realignment, which dedicated a portion of the state's sales and use tax and vehicle license fee revenues to counties to administer child welfare and foster care programs (along with some public safety, behavioral health, and adult protective services programs). As a result of Proposition 30 (2012), under 2011 realignment, counties either are not responsible or only partially responsible for CWS programmatic cost increases resulting from federal, state, and judicial policy changes. Proposition 30 establishes that counties only need to implement new state policies that increase overall program costs to the extent that the state provides the funding for those policies. Counties are responsible, however, for all other increases in CWS costs, for example, those associated with rising caseloads. Conversely, if overall CWS costs fall, counties retain those savings.

**Continuum of Care Reform (CCR).** Beginning in 2012, the Legislature passed a series of legislation implementing CCR. This legislative package makes fundamental changes to the way the state cares for youth in the foster care system. Namely, CCR aims to: (1) end long-term congregate care placements; (2) increase reliance on home-based family placements; (3) improve access to supportive services regardless of the kind of foster care placement a child is in; and, (4) utilize universal child and family assessments to improve placement, service, and payment rate decisions. Under 2011 realignment, the state pays for the net costs of CCR, which include up-front implementation costs. While not a primary goal, the Legislature enacted CCR with the expectation that reforms eventually would lead to overall savings to the foster care system, resulting in CCR ultimately becoming cost neutral to the state. CCR is a multi-year effort, with implementation of the various components of the reform package beginning at different times over the last decade, and the state continues to work toward full implementation in the current year.

**Extended Foster Care (EFC).** At around the same time as 2011 realignment, the state also implemented the California Fostering Connections to Success Act (Chapter 559 of 2010 [AB 12, Beall]), which extended foster care services and supports to youth from age 18 up to age 21, beginning in 2012. To be eligible, a youth must have a foster care order in effect on their 18th birthday, must opt in to receive EFC benefits, and must meet certain criteria (such as pursuing higher education or work training) while in EFC. Youth participating in EFC are known as non-minor dependents (NMDs). In addition to case management services, NMDs receive support for independent or transitional housing.

**Foster Placement Types.** As described above, when children cannot remain safely in their homes, they may be removed and placed into foster care. Counties rely on various placement types for foster youth. Pursuant to CCR, a Child and Family Team (CFT) provides input to help determine the most appropriate placement for each youth, based on the youth's socio-emotional and behavioral health needs and other criteria. Placement types include:

- **Placements With Resource Families.** For most foster youth, the preferred placement type is in a home with a resource family. A resource family may be a relative (either a noncustodial parent, other relative, or nonrelative extended family member), a foster family approved by the county, or a foster family approved by a private foster family

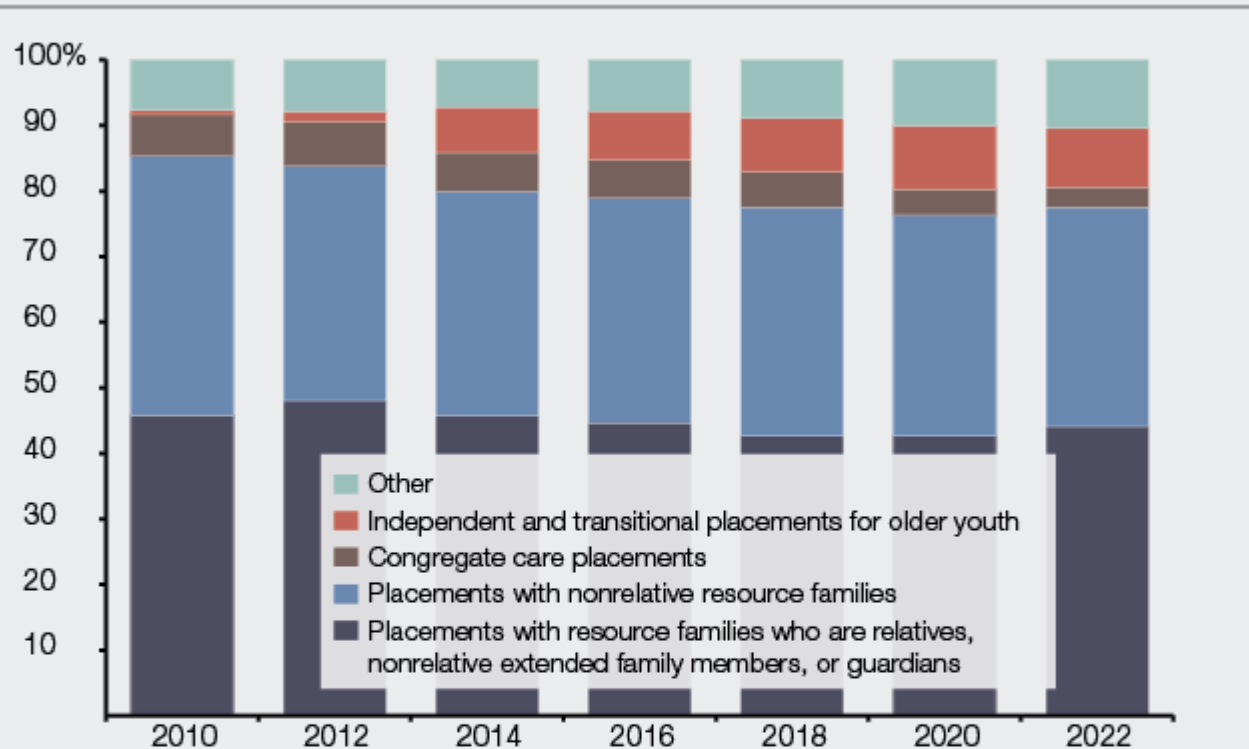
agency (FFA). FFA-approved foster families receive additional supports through the FFA and therefore may care for youth with higher-level physical, mental, or behavioral health needs.

- **Congregate Care Placements.** Foster youth with intensive behavioral health needs preventing them from being placed safely or stably with a resource family may be placed in a Short-Term Residential Therapeutic Program (STRTP). These facilities provide specialty behavioral health services and 24-hour supervision. STRTP placements are designed to be short term, with the goal of providing the needed care and services to transition youth safely to resource families. Pursuant to new federal requirements—specifically the Family First Prevention Services Act (FFPSA), described more below—STRTPs must meet new federal criteria to continue receiving Title IV-E funding for federally eligible youth. In addition, STRTP placements must be approved by a “Qualified Individual” (QI) such as a mental health professional.
- **Independent and Transitional Placements for Older Youth.** Older, relatively more self-sufficient youth and NMDs may be placed in supervised independent living placements (SILPs) or transitional housing placements. SILPs are independent settings, such as apartments or shared residences, where NMDs may live independently and continue to receive monthly foster care payments. Transitional housing placements provide foster youth ages 16 to 21 supervised housing as well as supportive services, such as counseling and employment services, that are designed to help foster youth achieve independence.

**Total Foster Care Placements Have Remained Relatively Stable, With Shifts in Placement Types.** Over the past decade, the number of youth in foster care has ranged from around 55,000 to 60,000 at any point in time. While the total number of placements has remained relatively stable, the predominance of various placement types has shifted over time. In particular, congregate care placements have decreased in line with the goals of CCR, while independent placements for older youth have increased since the implementation of EFC. The figure below illustrates changes in the proportions of foster placement types over time.

## Foster Care Placement Types

Percentage of Youth in Foster Care, 2010-2022



**Notes:**

Data: Child Welfare Services/Case Management System 2022 Quarter 3 Extract, retrieved January 21, 2023 from California Child Welfare Indicators Project website.

Data reflects point-in-time count of youth in care for October 1 of each year shown.

Data reflects child welfare placements; probation placements not included.

Other placement types include pre-adoption placements and trial home visits, youth in shelters, youth who have runaway or are missing, and other placements.

LAO

**FFPSA.** Historically, one of the main federal funding streams available for foster care—Title IV-E—has not been available for states to use on services that may prevent foster care placement in the first place. Instead, the use of Title IV-E funds has been restricted to support youth and families only after a youth has been placed in foster care. Passed as part of the 2018 Bipartisan Budget Act, FFPSA expands allowable uses of federal Title IV-E funds to include services to help prevent children and families from entering (or re-entering) the foster care system. Specifically, FFPSA allows states to claim Title IV-E funds for mental health and substance abuse prevention and treatment services, in-home parent skill-based programs, and kinship navigator services once states meet certain conditions. FFPSA additionally makes other changes to policy and practice to ensure the appropriateness of all congregate care



placements, reduce long-term congregate care stays, and facilitate stable transitions to home-based placements.

The law is divided into several parts; Part I (which is optional and related to prevention services) and Part IV (which is required and related to congregate care placements) have the most significant impacts for California. States were required to implement Part IV by October 1, 2021 in order to prevent the loss of federal funds for congregate care. States may not implement Part I until they come into compliance with Part IV. FFPSA is discussed further under Issue 3 of this agenda.

**Proposed Spending in 2023-24 Decreases Compared to 2022-23, Primarily Due to Expiration of One-Time and Limited-Term Funding.** As shown in the next figure, total funding for child welfare is proposed to decrease by more than \$400 million General Fund (\$270 million total funds) from the current year, 2022-23, to the budget year, 2023-24. A more detailed accounting of the program changes resulting in the net year-over-year decrease is laid out in the subsequent table. This net change is the result of a new discretionary proposal (\$10.6 million General Fund to help facilitate activities proposed as part of a federal Medicaid waiver demonstration project) and some automatic programmatic increases—primarily annual cost-of-living and caseload adjustments, estimated growth in county spending as a result of realignment growth, as well as some small funding augmentations to implement new legislation—which are more than offset by larger spending decreases due to the expiration of one-time/limited-term program augmentations. For example, funding for the previously authorized Excellence in Family Finding block grant program, Bringing Families Home program augmentation, and increase in emergency response is proposed to end in the current year (although expenditure authority will continue for a few more years). The one new child welfare discretionary proposal is discussed under Issue 5 of this agenda.

## Changes in Local Assistance Funding for Child Welfare

*Includes Child Welfare Services, Foster Care, AAP, KinGAP, and ARC (In Millions)*

	Total	Federal	State	County	Reimbursement
2023-24 Governor's Budget proposal	\$9,296	\$3,168	\$918	\$4,995	\$215
2022-23 revised budget	9,566	3,307	1,338	4,709	213
<b>Change From 2022-23 to 2023-24</b>	<b>-\$271</b>	<b>-\$139</b>	<b>-\$420</b>	<b>\$286</b>	<b>\$2</b>
Note: Does not include Child Welfare Services automation.					
AAP = Adoption Assistance Program; KinGAP = Kinship Guardianship Assistance Payment; and ARC = Approved Relative Caregiver.					

## Drivers of Overall Child Welfare Net Spending Decrease

(In Millions)

Item	Total Funds Change From 2022-23 (Revised) to 2023-24	General Fund Change from 2022-23 (Revised) to 2023-24	Description
CalBH-CBC Demonstration	\$14.0	\$11.0	This amount reflects child welfare-specific costs included in the proposed demonstration project. This initial funding amount is for child welfare social worker workload to participate in CFT meetings for Family Maintenance cases. Other costs are budgeted under DHCS.
Net changes in CCR costs	14.0	8.0	The net increase in CCR costs reflects increases in the HBFC rate and PPA, partially offset by decreases in CFTs, RFA backlog, and other program areas. See CCR table for more detail regarding these changes.
SMHS documentation and notification to support continuity of care (AB 1051)	3.2	2.6	Costs for additional social worker time to fulfill documentation and notification requirements when foster youth receiving SMHS are placed out-of-county, as required by Chapter 402 of 2022 (AB 1051, Bennett). Costs also include automation for data collection on foster youth receiving SMHS. Other costs are budgeted under DHCS.
Case management activities for psychiatric residential treatment facilities (AB 2317)	1.3	1.3	Costs for additional social worker time to conduct case management activities for youth placed in psychiatric residential treatment facilities, as required by Chapter 589 of 2022 (AB 2317, Ramos).
Juvenile records access (SB 1071)	1.1	0.8	Costs for additional social worker time to prepare juvenile case files for certain administrative hearings, as required by Chapter 613 of 2022 (SB 1071, Umberg).
Family finding and investigations (SB 384)	1.1	0.8	Costs for additional social worker time to investigate the names and locations of any alleged parents of children entering foster care, as required by Chapter 811 of 2022 (SB 384, Wiener). Costs also include one-time county child welfare and probation department reporting costs.
Documentation of family reunification services (AB 2866)	0.2	0.1	Costs for additional social worker time to provide sufficient documentation during applicable status review hearings that FR services were provided or offered, as required by Chapter 165 of 2022 (AB 2866, Cunningham).
Excellence in Family Finding and Engagement block grants	-308.0	-150.0	One-time grants in 2022-23, expendable over five years, to local child welfare agencies for family finding, engagement, and support activities. Participating counties are required to provide matching funds equal to one-half of the state funds.
COVID-19 temporary eFMAP	-111.0	—	During the public health emergency, the federal government has been providing a 6.2 percent increase in the federal match rate (referred to as eFMAP). The eFMAP will begin to phase out April 1, 2023, and will drop to 0 as of January 1, 2024.
Child welfare stabilization funding for Los Angeles County	-100.0	-100.0	2022-23 <i>Budget Act</i> included \$200 million in 2022-23 and \$100 million in 2023-24 (\$300 million total over two years).
Bringing Families Home program augmentation	-93.0	-93.0	Limited-term augmentation of \$92.5 million provided in 2021-22 and 2022-23 (\$185 million total over two years).
Increase in emergency response social worker funding	-68.0	-50.0	Limited-term augmentation of \$50 million General Fund provided in 2021-22 and 2022-23 (\$100 million total over two years), to help local child welfare agencies respond to the public health emergency.

Child abuse prevention federal grants augmentation	-43.0	—	One-time augmentation provided in 2022-23 for various federal child welfare grant programs.
Minor victims of commercial sexual exploitation	-25.0	-25.0	One-time augmentation in 2022-23, expendable over three years, to support placement and services for youth who have been impacted by human trafficking, and to develop a specialized training curriculum for child welfare staff and other stakeholders who interact with these youth.
STRTP provider IMD transition support	-10.0	-10.0	Limited-term support in 2021-22 and 2022-23 for STRTPs that would be classified as IMDs, to assist them with transitioning program models in order to retain federal funding eligibility for SMHS. Additional funding is budgeted under DHCS.
Reporting costs for removing barriers to placements with relatives (SB 354)	-7.0	-5.0	One-time funding in 2022-23 for county manual data collection as required by Chapter 687 of 2021 (SB 354, Skinner) to compile and submit data on criminal records exemptions and denials for relative caregivers.
Child welfare training additional support	-7.0	-7.0	Limited-term funding in 2021-22 and 2022-23 for child welfare training additional support.
RFA backlog resources	-6.0	-4.0	One-time funding in 2022-23 to help counties address the RFA backlog by allowing counties to pay overtime for existing staff to expedite RFA application review.
California Parent and Youth Helpline	-5.0	-5.0	One-time funding in 2022-23, expendable over three years, to continue providing a support helpline for children and families who may be at risk of involvement with child welfare or entry to foster care. The helpline was initially funded as a pandemic emergency response initiative.
Foster Youth Independence pilot program	-1.0	-1.0	One-time funding in 2022-23 for case management and services to increase utilization of federal housing choice vouchers for former foster youth up to age 25, who are or are at risk of experiencing homelessness.
Tribal technical assistance (AB 2083)	-0.1	-0.1	One-time funding in 2022-23 to support tribal engagement with counties to develop tribal consultation protocols, as required by Chapter 815 of 2018 (AB 2083, Cooley).
Other Net Changes	479.0	6.0	This amount reflects the net effect of other changes across programs, including caseload changes, CNI COLAs, and estimated increases in county expenditures under 2011 realignment.
<b>Totals</b>	<b>-\$271.0</b>	<b>-\$420.0</b>	

CalBH-CBC = California Behavioral Health Community-Based Continuum; CFT = Child and Family Team; DHCS = Department of Health Care Services; CCR = Continuum of Care Reform; HBFC = Home-Based Family Care; PPA = Placement Prior to Approval; RFA = Resource Family Approval; SMHS = specialty mental health services; FR = family reunification; eFMAP = Enhanced Federal Medical Assistance Percentages; STRTP = Short-Term Residential Therapeutic Program; IMDs = Institutions for Mental Disease; CNI = California Necessities Index; and COLA = cost-of-living adjustment.

### CONTINUUM OF CARE REFORM OVERVIEW

The state continues to work toward achieving its CCR goals in the current year. Several components of CCR have been fully implemented for a few years now and, overall, CCR is making progress toward achieving its overarching goals. Below are updates on some CCR components of recent legislative interest and the subsequent figure displays the net costs of CCR budgeted in 2023-24, relative to those in 2022-23.

**Resource Family Approval (RFA) Processing Times.** To become eligible to provide care to foster youth and receive foster care maintenance payments, households must complete the RFA process. The target for completing RFA is 90 days, but the state has yet to reach that target as an average or median processing time. As of November 2022, median approval time was 119 days (107 days for families with Placement Prior to Approval). This is a slight

improvement from the third quarter of 2021, when median approval time was 120 days (109 days for families with Placement Prior to Approval).

The 2022-23 budget included both one-time and ongoing augmentations to help counties process resource family applications in a timelier manner. One-time funding of \$4.4 million General Fund is being used in the current year to pay social worker overtime to help address the backlog, and ongoing funding of \$50 million General Fund beginning in the current year will be allocated to counties to improve caregiver approval time lines permanently. The Subcommittee has requested an update under this item on the allocation status for the \$50 million.

**Foster Care Rates Development.** The 2022-23 budget package extended the date through which interim foster care rates—developed as part of the initial CCR implementation—shall remain operative. These rates are now in effect through December 31, 2024, with final rates expected to be implemented by January 1, 2025. CDSS convened a number of stakeholder workgroups in the fall of 2022 to provide input into the permanent rate structure.

Specifically, four workgroups were convened comprising relevant stakeholders to consider rates for: resource families, foster family agencies, intensive services foster care (ISFC), and STRTPs. The workgroup participants reached consensus around a number of key findings (that reflect the perspectives of workgroup participants and not necessarily that of CDSS), including:

- The current rates are inadequate across all placement settings. Rates aim to support care and supervision but do not address the need for services/supports.
- Rates should follow the child and not the placement type; assessment should identify the child's level of need, not where the child should be placed.

CDSS is now working to develop a proposal for the permanent rate structure to be implemented by January 1, 2025 as required by statute. When CDSS will share a draft of this proposal with the Legislature is not yet known. The Subcommittee has requested an update under this item.

**CFT Meetings.** CFT meetings involve the youth, family members, and various professionals (for example, social workers, mental health professionals, and QIs) and community partners (for example, teachers) for the purpose of informing case plan and placement goals and strategies to achieve them. Since 2017, guidance from CDSS has indicated that all foster youth and NMDs should receive CFT meetings within 60 days of entering care and periodically thereafter. In the current year, nearly all youth in foster care are receiving at least one CFT meeting at some point during their placement.

A Governor's proposal to extend these CFT meetings to families at risk of child removal is discussed under Issue 5 of this agenda.

**Child and Adolescent Needs and Strengths (CANS) Assessments.** In 2018, CDSS selected the CANS assessment tool as the functional tool to be used in CFT meetings. CFTs

began implementing the tool in 2019—with child welfare and behavioral health staff jointly responsible for completing all required CANS data. (The CANS tool also is used by the QI to meet FFPSA congregate care assessment requirements, as of October 1, 2021.) Guidance from CDSS required child welfare agencies to begin entering CANS data into an automated system by July 1, 2021. However, when CANS assessments are completed by behavioral health staff and entered into the behavioral health reporting system, that data is not accessible through the child welfare system. Therefore, all CANS data is not currently available through a single system.

**Level of Care (LOC) Determinations.** Beginning April 1, 2021, all home-based family care placements with resource families were eligible to receive the basic rate or LOC rates 2 through 4 and ISFC, based on assessed need using the LOC Protocol Tool. As of July 2022, more than 14,000 placements had received an LOC assessment, and the proportion of those assessed as LOC 2 through 4 or ISFC was 53 percent. This is a moderate increase from a year prior, when fewer than 10,000 placements had received an LOC assessment and the proportion of those receiving a rate other than the basic rate was 31 percent.

**Potential of Using CANS Assessment for LOC Determinations.** Stakeholders have raised various concerns with the LOC Protocol Tool since its implementation and have suggested that a CANS assessment module could be developed and used for rate determinations in lieu of a separate tool. CDSS is in the early stages of working with the Praed Foundation to develop a potential Decision Support Model using CANS data that may be used for LOC determinations. Concurrently, CDSS is providing technical assistance and support to counties to ensure CANS assessments are being conducted in a timely manner and with fidelity, in the context of CFTs. Additionally, CDSS is working to build functionality of CANS automation into the new child welfare information technology system currently being developed (CWS-California Automated Response and Engagement System [CWS-CARES]) to support a CANS module potentially being used as the tool for LOC determinations.

## Changes in CCR Budgeted Costs

(In Millions)

	2022-23 Revised		2023-24 Governor's Budget Proposal		Change	
	Total	Nonfederal	Total	Nonfederal	Total	Nonfederal
HBFC rate	\$271.3	\$165.8	\$294.3	\$180.2	\$22.9	\$14.4
PPA (statutory change July 1, 2022)	14.1	14.1	15.3	15.3	1.2	1.2
CANS (child welfare workload only)	4.1	4.1	4.0	2.9	-0.1	-1.1
CCR Reconciliation for 2019-20	—	—	—	—	—	—
CCR—contracts	7.7	5.6	7.6	5.6	-0.1	—
Second Level Administrative Review	0.2	0.1	0.2	0.1	—	—
CFTs	95.3	69.6	91.9	67.6	-3.4	-2.0
RFA (funding for Probation Departments)	5.8	4.2	5.8	4.3	—	—
RFA backlog (one-time overtime funding for county social workers)	6.1	4.4	—	—	-6.1	-4.4
Caregiver Approval <sup>a</sup> (ongoing augmentation to counties for RFA)	50.0	50.0	50.0	50.0	—	—
LOC Protocol Tool	10.0	7.3	9.9	7.3	-0.1	—
SAWS	0.5	0.2	—	—	-0.5	-0.2
<b>Totals</b>	<b>\$465.0</b>	<b>\$325.5</b>	<b>\$479.0</b>	<b>\$333.3</b>	<b>\$14.0</b>	<b>\$7.9</b>
<sup>a</sup> The administration does not include the Caregiver Approval premise as part of its CCR total.						
HBFC = Home-Based Family Care; PPA = Placement Prior to Approval; CANS = Child and Adolescent Needs and Strengths; CCR = Continuum of Care Reform; CFT = Child and Family Team; RFA = Resource Family Approval; LOC = level of care; and SAWS = Statewide Automated Welfare System.						

**Staff Recommendation:** The Subcommittee could request a specific date (and timeline for stakeholder engagement and further actions heading toward the rate implementation date of January 1, 2025) for the final LOC rate package to be shared, in order to ensure sufficient time for legislative and stakeholder review and given the importance of the final rates to the success of CCR's objectives. All issues here will be held open.

**ISSUE 3. BUDGET REVIEW AND OVERSIGHT – COMPLIANCE WITH FEDERAL FAMILY FIRST AND PREVENTION SERVICES ACT (FFPSA)****The questions for the panelists for this issue are:**

- Please describe the main goals of the five-year prevention plan and how the issues discussed under Issue 1 of this agenda relate?
- What is the role of anti-poverty safety net programs, namely CalWORKs, in the prevention plan? Can this be strengthened?
- How has implementation of FFPSA Part IV components fared so far? Are there pain points in the new requirements of which the Legislature should be aware?
- Related to FFPSA Part IV, can CDSS provide an update of STRTP capacity statewide, particularly changes in the last year that may be a result of complying with the IMD requirement?
- Can CDSS please provide us with a general update of the status of California's efforts to implement prevention programs and leverage federal funding available under Part 1 of FFPSA?
- In light of the timelines for establishing our Part 1 prevention program being longer than anticipated, does CDSS have any plans to extend the time for expenditures of the state block grant funds?

**PANELISTS**

1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services
2. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California
3. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
4. Erin Carson, Finance Budget Analyst, Department of Finance

**FFPSA OVERVIEW**

The following background is based on a recent analysis provided by the Legislative Analyst's Office (LAO).

**Federal Family First Prevention Services Act (FFPSA).** The state has continued to make progress toward implementing FFPSA in the current year. This section describes key components that have yet to be fully implemented. In addition, 2022-23 supplemental reporting language requires CDSS to provide bi-annual reports to the Legislature on the progress of FFPSA implementation. The first report was due to the Legislature by February 1, 2023. CDSS has expressed that it needs additional time to prepare the required data and now intends to provide the report in April 2023.



**State Prevention Plan.** To opt in to Part I of FFPSA, states must submit a five-year Title IV-E prevention plan (state plan) to be approved by the federal Administration of Children and Families (ACF). A state plan must detail the state's selection of evidence-based prevention services; plans for identifying populations at imminent risk of entry or reentry into foster care (who may be assessed as candidates); and the approach that will be used to comply with federal evaluation, model fidelity, activity and outcome tracking and reporting, and safety and risk monitoring requirements. CDSS submitted the state plan to ACF in August 2021 and received significant feedback and questions from ACF. In response, CDSS submitted an updated state plan for federal approval in November 2022. This resubmission included several updates around California's selection of evidence-based practices (EBPs), eligibility and candidacy, target population for EBPs, implementation and continuous monitoring of EBPs, oversight of monitoring child safety, child welfare workforce training and support, and more. The complete state plan submitted to ACF in November can be viewed [here](#), and a summary of changes from the August 2021 submission to the November 2022 submission can be found [here](#). California's state plan has not yet been approved by ACF.

**State Funding for Prevention Services.** The 2021-22 Budget Act included \$222 million General Fund for one-time block grants to assist counties with developing and implementing comprehensive prevention plans (CPPs), including specific EBPs that are newly eligible for Title IV-E federal financial participation and included in the state prevention plan, described above. All 58 counties have expressed their intent to CDSS to opt in to receive block grant dollars and are required to submit their CPPs to CDSS by January 31, 2023. Prior to submitting their plans, counties also were required to complete capacity and readiness assessments and asset mapping and needs assessments to guide selection of Title IV-E-eligible EBPs and other prevention strategies. CDSS has been providing technical assistance to counties as they prepare their CPPs. The department anticipates reviewing CPPs and disbursing grants in the coming months.

**Title IV-E Claiming for EBPs.** In order to begin claiming Title IV-E funds for EBPs included in the state prevention plan, the state must be able to meet federal requirements around tracking per-child prevention spending. Such tracking is beyond California's child welfare data system's current capacity, but will be incorporated into the forthcoming CWS-CARES. Based on historical progress of CWS-CARES development, this solution could take significant time—potentially several years—to develop.

**Transition Support for STRTPs With 16+ Beds.** In defining criteria for Qualified Residential Treatment Programs (QRTPs), the federal Centers for Medicare and Medicaid Services (CMS) established that Institutions for Mental Disease (IMDs) cannot be QRTPs and therefore would be ineligible for federal Medicaid financial participation. In particular, larger behavioral health facilities (those with 16 or more beds) would be defined as IMDs. In July 2020, DHCS requested that CMS exempt California's STRTPs from being considered IMDs. CMS rejected this request and indicated that each STRTP must be reviewed individually to determine whether it should be deemed an IMD. DHCS was required to make these individual determinations by December 2022. To support facilities that would otherwise have been determined to be IMDs (those with 16+ beds) the 2021-22 and 2022-23 budgets provided around \$10 million in each year to help those facilities transition their program model. Thirteen



STRTPs in total received transition funds. Of those, 12 facilities (with total capacity of 238 beds) have successfully transitioned their program models, while one facility (25 beds) ultimately has chosen not to transition. Two additional facilities (157 beds) opted not to receive transition funds. CDSS and DHCS are in communication about the plan for the three non-transitioned providers.

#### 2022 SUPPLEMENTAL REPORT LANGUAGE

**Forthcoming Report on FFPSA Implementation Will Provide Oversight Opportunity.** As noted above, the administration now intends to provide the first required supplemental reporting language report on FFPSA implementation in April 2023. The data and information provided in this report will provide an opportunity for deeper understanding around how implementation of FFPSA Parts I and IV is progressing and where challenges may remain. The final language is included below:

**FFPSA Part IV Congregate Care Requirements.** On or before February 1, 2023 and every six months thereafter until after October 1, 2027, the Department of Social Services in coordination with the Department of Health Care Services — and with input from the County Welfare Directors Association, Chief Probation Officers of California, County Behavioral Health Directors Association, County Mental Health Plans, Tribes, STRTPs, wraparound service providers, the Judicial Council, individuals with lived experience, advocates, and other stakeholders where appropriate — shall provide written updates to the budget, policy, and leadership staff of each house and the Legislative Analyst’s Office regarding various elements of implementing congregate care requirements imposed by Part IV of the federal Family First Prevention Services Act. Presentation of the updates may occur in the quarterly meetings as required by current law for the Continuum of Care Reform (CCR) effort. Components of the written updates shall include, to the extent reasonably possible and if the necessary information is provided to CDSS by its state, county, and provider partners, the following:

- **Qualified Individuals.** An update on qualified individual assessments of congregate care placements pursuant to WIC Section 4096(g). The update should include any evaluations of qualified individual assessment data made by CDSS if and when such data is obtained by CDSS, and updates about any challenges, as reported to CDSS or DHCS, counties face around implementing qualified individual requirements—as well as technical assistance CDSS and DHCS are providing to overcome those challenges.
- **Nursing Services.** An update on the nursing resources established pursuant to WIC Section 4096.55, including the number of calls handled each month and any other shareable data obtained through the state contract that provides access to nursing resources 24 hours a day 7 days a week as required by WIC Section 4096.55(b)(1). The update should include information regarding any challenges around implementing the requirements that STRTPs have reported to CDSS or DHCS —as well as technical assistance CDSS and DHCS are providing to overcome those challenges.
- **Aftercare.** An update on any challenges providers, county placing agencies, and Mental Health Plans report to CDSS or DHCS regarding providing, arranging for, or

ensuring the provision of at least six months of post-discharge aftercare services to youth discharged from a placement in an STRTP to a family-based setting, pursuant to WIC Section 4096.6. Until a permanent model for aftercare is developed, the update should include a qualitative description of the type and models of aftercare being provided, as reported to CDSS and DHCS pursuant to WIC Section 4096.6(d). The update also should describe progress developing and implementing the California high-fidelity wraparound model.

- **Court Review and Case Plan Requirements.** An update on implementation of new case plan documentation and court reports and court review requirements. The update should include any challenges around implementing the requirements—along with an overview of any technical assistance CDSS and Judicial Council are providing to overcome those challenges.
- **Tracking Otherwise Federally Eligible Placements.** An update on otherwise federally-eligible youth who are placed in residential facilities that do not meet qualified residential treatment program (QRTP) criteria, or youth for whom the requirements for placement into an QRTP are not met. The update should include information such as how many otherwise federally-eligible youth fall into these categories, and a summary of the reasons why criteria for federal financial participation are not met.

**FFPSA Part I & Comprehensive Prevention Services.** On or before February 1, 2023 and every six months thereafter until after October 1, 2027, the Department of Social Services — with input from the County Welfare Directors Association, Chief Probation Officers of California, Tribes, and community stakeholders — shall provide written updates to the budget, policy, and leadership staff of each house and the Legislative Analyst's Office regarding the status of implementing the Family First Prevention Services Program (the state's prevention program), including services eligible for Title IV-E matching funds pursuant to Part I of the federal Family First Prevention Services Act. Information necessary for the updates may be obtained through county comprehensive plans and established processes within the continuous quality improvement framework as outlined in WIC Section 16587. Presentation of the updates may occur in the quarterly meetings as required by current law for the Continuum of Care Reform (CCR) effort. Components of the written updates shall include, to the extent reasonably possible and if the information is provided to CDSS by its state, county, tribes, and provider partners, the following:

- **Preparedness and Planning.** An update on which counties express intent to opt into the Family First Prevention Services Program and those counties' progress completing optional capacity and readiness assessments, as well as required asset mapping and needs assessments for the selection of prevention strategies and evidence-based practices, as described by CDSS All County Letter 22-23. In particular, an update on how counties are engaging and collaborating with Tribes, individuals and families with lived experience, historically underserved communities and specifically inclusive of engaging families of color and tribes that are disproportionately represented in the child welfare system, and other stakeholders as described in WIC 16587 and in the state's Five-Year Title IV-E Prevention Plan.

- **State Plan and Local Comprehensive Prevention Plans.** An update on the state's Five-Year Title IV-E Prevention Plan as well as on the counties' comprehensive prevention plans as outlined in WIC Sections 16585 through 16589. Information should include the prevention services eligible for Title IV-E matching funds included in the state plan; updates on stakeholder, interagency collaboration, and tribal engagement and feedback regarding the state plan; and the types of primary, secondary, and tertiary prevention services that counties include in their comprehensive prevention plans.
- **Culturally Responsive Services.** An update on the specific interventions and strategies counties include in their comprehensive prevention plans that are culturally appropriate and responsive and tailored to meet the needs of local families who are disproportionately represented in the child welfare system including Native American and Alaskan Native families, families of color, and lesbian, gay, bisexual, transgender, queer/plus, children or youth as per the requirements set forth in WIC Section 16588(c)(2).
- **Federally Required Data Collection and Reporting.** An update on the progress toward developing and implementing the necessary capacities within the CWS-CARES, which CDSS expects will be utilized as the statewide automation system to collect required data for federal reporting under the Title IV-E prevention program. The update also should include information on any work-arounds the counties are implementing before the capacity is built in CWS-CARES, and when the functionality is expected to be built into CWS-CARES.

Once these capacities have been implemented, written updates to the Legislature also shall include a summary of the federally required data, including: basic demographic information for children and families served; whether children and families access services through the county, Tribal, or community pathway (as described in the state's Five-Year Title IV-E Prevention Plan); most common types of services provided to children/families; average expenditures for the various services provided; average duration of services; system involvement including placement status following the receipt of services; and the extent to which the provision of services reduces the likelihood of foster care placement, increases the use of kinship care arrangements, and improves child well-being.

- **Placements with Parents in Licensed Treatment Facilities.** An update on the extent to which counties are exercising the federal option for providing Title IV-E eligible foster care maintenance payments for children who are placed with a parent in a licensed residential family-based substance abuse treatment facility under a Voluntary Placement Agreement, as described in WIC Section 11402(m).
- **Tracking Efforts to Reduce Disparities.** An update on any departmental efforts to establish measurable indicators and specific targets and timelines for reducing disparities in the child welfare system, as reducing disparities is a goal referenced in the state's Five-Year Title IVE Prevention Plan. This update also should include progress

on efforts referenced in the state's Five-Year Title IV-E Prevention Plan to increase and expand relevant trainings, such as cultural humility and implicit bias trainings, within county child welfare agencies and probation departments to reduce racial biases.

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**Staff Recommendation:** The Subcommittee could request that the Administration return to present on the supplemental report language information at its April 26, 2023 hearing. It could also ask for the Administration to convene a briefing with legislative staff on the information once the information is available to discuss where progress has been made and where there may be areas of challenge in implementation for both FFPSA Parts I and IV. All issues here will be held open.

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**ISSUE 4. BUDGET REVIEW AND OVERSIGHT – UPDATES ON IMPLEMENTATION FOR VARIOUS RECENT CHILD WELFARE INVESTMENTS****The questions for the panelists for this issue are:**

- Are there overall departmental issues that can be shared that could help explain the dynamics around program implementation described in this section? What challenges does this expose that can be addressed?
- Please explain the use of funding for Child-Specific Funding Allowances and what the ratio of appropriated to implemented dollars means vis a vis the needs for foster youth with complex needs.
- Can CDSS provide an update on the counties receiving funding for the Children's Crisis Continuum Pilot Project? What portion of the dollars is expected to be utilized with this level of participation and what are the key outcomes that will be tracked in the pilot?
- Has the \$50 million for Emergency Response made an impact on outcomes for children in counties where there were significant issues a few years ago?
- Can CDSS please provide detailed information and a trend analysis on shelter stays for all youth, and showing this same kind of information for children under six years of age?

**PANELISTS**





















7. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services
8. Emerald Evans, Policy Associate, GRACE/End Child Poverty and Youth Advocate, John Burton Advocates for Youth
9. Kristin Power, Vice President of Policy and Advocacy, Alliance for Children's Rights
10. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California
11. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
12. Erin Carson, Finance Budget Analyst, Department of Finance

**IMPLEMENTATION UPDATES**

The following background is based on a recent analysis provided by the Legislative Analyst's Office (LAO), which includes implementation updates on the numerous initiatives that have been newly created and/or received significant funding augmentations in 2021-22 and 2022-23. The figure below summarizes the current implementation status of these programs. More detailed updates are also included.

## Summary of Implementation Status of New Programs

New Augmentations Provided in 2021-22 and 2022-23  
(State General Fund)

Program	Funding	Implementation Status
Child-Specific Funding Allowances <sup>a</sup>	\$18.1 million ongoing beginning in 2021-22	
County Capacity Building <sup>a</sup>	\$43.2 million one-time in 2021-22, expendable for 5 years	
Children's Crisis Continuum Pilot <sup>a</sup>	\$60 million one-time in 2021-22, expendable for 5 years	
Family Finding and Engagement Block Grants <sup>b</sup>	\$150 million one-time in 2022-23, expendable for 5 years	
Center for Excellence <sup>b</sup>	\$750,000 ongoing beginning in 2022-23	
Flexible Funds <sup>b</sup>	\$50 million one-time in 2022-23 and again in 2023-24, expendable for 3 years	
Emergency Response Augmentation	\$50 million one-time in 2021-22 and again in 2022-23, expendable for 4 years	
Minor Victims of Commercial Sexual Exploitation Pilot Projects	\$25 million one-time in 2022-23, expendable for 4 years	
Bringing Families Home Augmentation	\$92.5 million one-time in 2021-22 and again in 2022-23, expendable for 3 years	
Los Angeles County Child Welfare Stabilization	\$200 million one-time in 2022-23 and \$100 million one-time in 2023-24	
Emergency Child Care Bridge Program Augmentation	\$35 million ongoing beginning in 2022-23	
Legal Counsel for Tribes in Child Welfare Cases	\$4.1 million ongoing beginning in 2022-23	
Support for Tribally Approved Homes	\$4.8 million ongoing beginning in 2022-23	
Expanded Access to Social Security Income for Older Youth	\$1 million ongoing beginning in 2022-23	
Parent and Youth Helpline Augmentation	\$4.7 million one-time in 2022-23, expendable for 3 years	
Foster Youth to Independence Housing Voucher Pilot	\$1 million one-time in 2022-23	
Initial Planning and Preparation Phase <sup>c</sup>		
Partial Implementation: Guidance Has Gone Out		
Partial Implementation: Allocations Have Been Determined		
Full Implementation Underway <sup>d</sup>		

<sup>a</sup> These program elements are part of the complex care needs funding package.

<sup>b</sup> These program elements are part of the support for home-based placements funding package.

<sup>c</sup> "Initial planning and preparation phase" may include substantial progress toward implementation, such as stakeholder meetings and other significant work toward program launch.

<sup>d</sup> "Full implementation underway" indicates all guidance and systems are in place for implementation. However, the program still may be underutilized, may not yet be achieving its intended impact, and/or may not necessarily be progressing in line with legislative expectations.

Note: This information is point in time and reflects our best understanding at the time of publication.

**Improving Services for Youth With Complex Care Needs.** Recent budgets have included significant augmentations to increase county capacity, placement and program options, and funding flexibilities for youth with complex behavioral health and other care needs. In part, recent augmentations also aim to ensure youth with complex needs can be served effectively within California to eliminate the need for out-of-state congregate care placements. Below are updates on progress CDSS and counties have made in implementing various funding components.

- **Child-Specific Funding Allowances.** The 2021-22 Budget Act provided \$18.1 million General Fund in 2021-22 and ongoing for individual foster youth with complex needs on a case-by-case basis. All counties are provided with an annual allocation, as determined by an allocation methodology developed by CDSS in partnership with the County Welfare Directors Association (CWDA) and Chief Probation Officers of California (CPOC). To access their allocations, counties are required to complete and submit a child-specific funding template for each youth who benefits from the funds. The template details the youth's assessed needs related to behavioral health, permanency and family finding, and placement challenges, as well as any extraordinary developmental or medical needs. As of October 2022, \$4.5 million from 2021-22 funds and \$3 million from 2022-23 funds had been approved for 111 requests.
- **County Capacity Building.** The 2021-22 Budget Act also provided \$43.2 million General Fund one time to assist counties in the up-front costs of establishing a high-quality continuum of care designed to support foster youth in the least restrictive setting possible. All counties are provided with a total allocation and the funding is available for five years (through June 30, 2026). To access their allocations, counties are required to submit proposals to CDSS (proposals can be submitted yearly or on a one-time basis). Guidance from CDSS indicates that potential uses for the capacity building funding include:
  - Establishing specialized foster care models such as ISFC.
  - Funding therapeutic foster care, which is a specialty mental health service.
  - Providing intensive child-specific recruitment, family finding, and engagement.
  - Developing specialized models of home-based care, such as high-fidelity wraparound and community-based treatment programs, to act as alternatives to congregate care placements.
  - Contracting with highly specialized STRTPs for youth who otherwise might have been placed in an out-of-state congregate setting. As of October 2022, three counties had submitted proposals to access this funding. CDSS anticipates that additional counties will submit plans in the coming months, as the department has consulted with and provided technical assistance to several other counties.
- **Children's Crisis Continuum Pilot Project.** The 2021-22 Budget Act created the Children's Crisis Continuum Pilot Project, an initiative to be jointly administered by CDSS and DHCS, and provided \$60 million General Fund to fund the pilot on a one-time basis, with funds available for five years (through June 30, 2026). The aim of the pilot is to allow counties to develop a robust, highly integrated continuum of services designed to serve foster youth who are in crisis—addressing currently perceived gaps in the existing array of crisis response services. According to guidance from the departments, the primary function of the pilot program will be to provide therapeutic interventions, specialized programming, and short-term crisis stabilization, and to ensure youth are able to transition seamlessly between placement settings and health care programs as needed. CDSS and DHCS developed a Request for Proposal (RFP) process to solicit funding applications from counties; the departments released the RFP in July 2022 and proposals were due December 1, 2022. Eight counties have applied

and CDSS anticipated sending notice of intent to award grants to awardees by the end of February 2023.

**Associated Trailer Bill Proposal.** There is an Administration-sponsored trailer bill proposal that would require that the pilot program be implemented for five years from the date grant recipients are selected. The language would also extend the deadline for proposal submissions from January 31, 2022 to December 1, 2022, and the deadline for disbursement of grant funds from March 31, 2022 to June 30, 2023. The language would extend the date by which the interim report is due from April 1, 2025 to April 1, 2027 and would extend the date that any guidance issued without taking further regulatory action is to be provided from March 2022 to an ongoing basis during the pilot program.

**Increasing Support for Home-Based Placements.** Recent budgets also have included significant augmentations to help ensure as many foster youth as possible can receive all needed individualized supports in home-based settings, thereby reducing reliance on congregate care. Below, we provide updates on progress CDSS and counties have made in implementing two main funding components.

- **Excellence in Family Finding, Engagement, and Support Block Grants.** The 2022-23 Budget Act included \$150 million one time in 2022-23, available for five years (through June 30, 2027), to fund block grants to counties and tribes to supplement family finding, engagement, and support activities. Budget language established the program, specifying that CDSS shall:
  - Develop the allocation methodology in consultation with CWDA, CPOC, and tribes.
  - Make funds available by March 1, 2023.
  - Establish procedures for program data collection and reporting to include specific measures described in statute.

Statute also requires counties that elect to participate in the program to:

- Provide a match of local funds, equal to half of state funds provided.
- Hire (or contract for) family finding workers to be dedicated to the program full time.

CDSS released initial guidance and county allocations in February 2023. According to the guidance, counties opting into the program will need to submit a written plan to CDSS for approval and will be able to access their allocations as of the date their plan is approved. Plans will be reviewed on a rolling basis; counties may submit plans up until June 30, 2025. Detailed claiming information will be made available via forthcoming fiscal guidance.

- **Center for Excellence in Family Finding.** The 2022-23 budget package established the state Center for Excellence (CFE) in Family Finding under CDSS. Statute specifies that the Center will provide training and technical assistance to help increase and stabilize placements with and connections to relatives (including tribes). CDSS has contracted with the University of California, Davis (UC Davis) to house CFE. According to the initial information released by the department in February 2023, CFE will become



operational March 1, 2023 and will conduct training and technical assistance for counties and tribes that opt into the family engagement block grant program, described above. In preparing to launch CFE, CDSS and UC Davis held initial peer learning sessions in October and November 2022, and conducted a number of stakeholder meetings in January and February 2023 to determine what specific services and supports are most needed from CFE. As a result, CFE's trainings and technical assistance will include:

- Conducting evidence-based, organization-specific assessments of quantitative and qualitative data related to permanency outcomes and operations.
  - Strengthening trauma-informed permanency practices and programs.
  - Developing workforce capacity around supporting permanency and family finding and engagement.
  - Providing guidance and research on the latest high-fidelity, evidence-based permanency and family finding and engagement models and practices.
  - Providing peer-to-peer learning opportunities for counties, tribes, and providers to share and leverage best practices and program sustainability.
  - Fostering a culture of diversity and inclusion that actively invites the contribution and participation of those who are most impacted and is representative of diverse identities and communities.
- **Flexible Funds.** The 2022-23 Budget Act also included \$50 million one-time in 2022-23 (with another \$50 million in 2023-24), available for three years, to be allocated to counties and tribes to provide support for foster youth and caregivers on a case-by-case basis. Budget language specified intended uses for the funds, including:
    - Respite care for foster caregivers.
    - Costs to facilitate participation in enrichment activities.
    - Supports to enable a youth's connections with relatives/tribe.
    - Costs to facilitate a youth's placement with a relative who otherwise would be unable to take the placement due to housing arrangement limitations.

In January 2023, CDSS published guidance for counties (with additional guidance for tribes forthcoming) specifying requirements to access these funds, along with specific claiming instructions. The department also released individual county allocations via a separate fiscal letter. According to the guidance, counties intending to use their allocations will be required to submit a letter of intent to CDSS; letters will be accepted on a rolling basis through July 1, 2024. Counties that elect to use their allocations also must submit an annual reporting and evaluation form. The form, which CDSS included in its January guidance, will be used to collect information about the outcomes achieved as a direct result of the funding claimed. If counties claim funds for the specific uses detailed in the budget language, no prior notification or application is required. However, if counties would like to use their funding for a different purpose, they are required first to submit a request to CDSS and receive written authorization prior to claiming the funds.

**Emergency Response Augmentation.** The 2021-22 and 2022-23 budgets each provided \$50 million General Fund one time, expendable for four years, to enhance counties'

emergency response services. CDSS released guidance for the 2021-22 funds in December 2021, requiring counties to opt in by March 1, 2022. Additionally, CDSS released guidance for the 2022-23 funds in December 2022; counties will be required to opt in for this second round of funding by March 1, 2023. Counties electing to receive funds are required to develop and submit plans to CDSS, which the department must approve prior to counties claiming funds. The guidance details examples of potential uses for the funds, such as hiring additional emergency response social workers, supervisors, or support staff, and increasing pay or other incentives for emergency response staff. Counties also will be required to submit annual plan updates to CDSS, with the first annual update due on June 30, 2023. According to initial county claims data, more than \$35 million had been claimed as of January 2023.

**Pilot Projects to Support Minor Victims of Commercial Sexual Exploitation.** The 2022-23 budget provided \$25 million one time, available for four years, to administer contracts to community organizations for pilot programs to develop innovative placement continuums for youth who are, or at risk of becoming, victims of commercial sexual exploitation. Funding for the pilot programs is a one-time augmentation to California's ongoing federally and state-funded commercially sexually exploited children (CSEC) programs, which aim to prevent exploitation, provide various services to victims and those at risk, and provide specialty training on CSEC to social workers. Statute specifies that the pilot programs must meet certain criteria, such as providing intensive trauma-informed services for youth and their caregivers during recovery, peer and survivor support groups, and specialized training for impacted youths' caregivers. Statute further requires CDSS to provide to the Legislature two reports: one by January 1, 2024 identifying gaps in the service array for youth who have been exploited, and the second by June 30, 2027 discussing the implementation and outcomes of the funded pilot programs. As of November 2022, CDSS had determined the specific project areas and selected some of the organizations who will conduct the pilots:

- \$7 million for a Bay Area pilot by the Department on the Status of Women.
- \$7 million for a rural regional pilot by the Children's Legacy Center.
- \$10 million for a Southern California pilot, which CDSS intends to release for competitive bid in March 2023 (for a contract start date toward the end of the calendar year).
- \$1 million to fund training contracts.

**Los Angeles County Child Welfare Stabilization.** The 2022-23 budget included \$200 million (and an additional \$100 million in 2023-24) for Los Angeles County to increase funding for family reunification services, prevention services implementation, and other activities upon the expiration of federal funding certainty grants, which had been provided to counties that participated in Title IV-E waiver demonstration projects. (The federally approved projects allowed participating counties to use their Title IV-E dollars more flexibly. The projects ended in 2019, and from 2019 until 2021, the federal government provided step-down grants to help counties transition.)

To demonstrate these funds supplement and do not supplant existing child welfare funding, statute specified Los Angeles County shall provide its 2011 realignment balances to CDSS. Based on consultations with Los Angeles County, CDSS determined that funds will be provided on a reimbursement basis. In January 2023, CDSS issued the specific allocations for

child welfare and probation along with templates that social workers and probation officers will use to invoice funds. In addition, CDSS issued the templates that county workers will use to report their 2011 realignment balances.

**Emergency Child Care Bridge Augmentation.** The Emergency Child Care Bridge program aims to stabilize foster placements by providing time-limited child care vouchers for resource families and by providing child care navigators to assist eligible families in accessing long-term subsidized child care. In addition, the program provides trauma-informed training to child care providers working with child welfare system-impacted children. Prior to the current year, vouchers could be provided for up to 12 months. The 2022-23 budget provided an ongoing augmentation of \$35 million to expand access to the program, and accompanying language directed CDSS to develop guidance specifying that effective September 1, 2022, counties may extend vouchers beyond 12 months based on a compelling reason. Budget-related legislation also adjusted the eligibility criteria for vouchers to include parents who work or attend school from home. CDSS published the required guidance on September 26, 2022. While the funding augmentation for 2022-23 has been disbursed to counties, data on impacts of the expanded funds—for example, how many families have received vouchers beyond 12 months—are not yet known.

**Legal Counsel for Tribes in Child Welfare Cases.** The 2022-23 budget provided \$4.1 million General Fund ongoing to provide resources for legal counsel to represent tribes in Indian child welfare dependency cases. In implementing this new assistance component, CDSS is in the process of holding consultations with tribes, and intends to enter into memorandums of understanding with participating tribes by May 1, 2023. All 109 of California's federally recognized tribes are potentially eligible; tribes wishing to receive assistance will be required to submit a letter of interest by April 7, 2023. CDSS anticipates around 70 to 80 tribes will opt in. Based on tribal interest, CDSS plans to issue allocations to individual tribes in June 2023.

**Support for Tribally Approved Homes.** The 2022-23 budget provided \$4.8 million General Fund ongoing to support tribes in increasing recruitment and approval of tribally approved homes for the purpose of foster or adoptive placement for Indian children, pursuant to the Indian Child Welfare Act. CDSS intends to release initial draft guidance and consult with tribes beginning in mid- to late February. Similar to the process for implementing support for legal counsel for tribes, described above, tribes will be able to opt in and CDSS anticipates providing allocations by June 2023.

**Expanded Access to Supplemental Security Income (SSI) for Older Youth.** The 2022-23 budget provided around \$1 million General Fund ongoing for increased county workload to facilitate access to federal SSI benefits for eligible older foster youth. Budget language described additional steps that county child welfare agencies must take around submitting initial applications, reconsiderations, appeals, and redeterminations to the federal Social Security Administration for youth ages 16-18, and directs CDSS to develop guidance to this effect. Budget-related legislation further specified these new county requirements would take effect January 1, 2023, or 30 days after CDSS issues the guidance, whichever is later. At the

time of publication, CDSS had not yet issued the required guidance; the department indicated it aims to release the guidance by the end of February 2023.

**Parent and Youth Helpline Augmentation.** The California Parent and Youth Helpline provides phone, e-mail, video chat, and group support to children and their families who may be at risk of involvement with the child welfare system or entry to foster care. An emergency contract for the helpline was initially funded in response to the COVID-19 pandemic; the current \$3.7 million contract is valid through June 30, 2023. The 2022-23 budget provided a \$4.7 million General Fund one-time augmentation to fund the helpline for an additional three years. From May 2020 through August 2022, the helpline received over 40,000 texts, e-mails, and other communications from youth and parents in total. In addition, nearly 300 parents participated in online support groups.

**Foster Youth to Independence (FYI) Housing Voucher Pilot.** The federal FYI program, administered by the U.S. Department of Housing and Urban Development (HUD), provides housing vouchers for former foster youth up to age 25 who are, or are at risk of, experiencing homelessness. HUD implements the program through local public housing authorities who are required to coordinate with local child welfare agencies to provide recipient youth with supportive services (such as counseling on lease agreements, basic life skills and money management training, and education and career preparation assistance) for 36 months while the youth receives the housing vouchers. To help fund the required supportive services component of FYI for one year and encourage more California public housing authorities to opt in to administer the federal vouchers, CDSS dedicated \$4 million in supplemental flexible federal Chafee dollars (received for the federal fiscal year 2020-21), which were expendable through September 2022. The 2022-23 budget provided an additional \$1 million General Fund to ensure supportive services could be maintained beyond September 2022 for the required 36 months of the program.

#### **LAO's COMMENTS AND QUESTIONS**

The LAO has provided the following comments and questions. CDSS has begun implementing most of the new initiatives and significant program augmentations funded by recent budgets. In general, the department has provided implementation guidance (where needed) within around six months and counties have been able to commence activities within around a year of the Legislature providing funding through budget acts (although the planning period for comprehensive prevention services has been notably longer).

Even for programs the LAO has categorized as “full implementation underway,” assessing what is actually being achieved remains challenging. In many cases, it remains too early to assess any implementation trends, particularly impacts and outcomes for youth and families (more on this point below). LAO notes that CDSS is planning evaluation contracts to assess certain programs, but those results will not be available for quite some time.

As noted, in many cases, the department has taken 6 to 12 months or longer to develop guidance and launch new program activities. CDSS has received numerous significant allocations for new/expanded child welfare programs over the past few years, while

simultaneously managing all the programmatic changes that resulted from the pandemic. Within this context, certainly some lead time between funds being provided through the annual budget process and program implementation launch is to be expected.

To help the Legislature improve its ability to track the implementation timelines of the many new programs across CDSS, the Legislature could ask the department to provide more detailed anticipated timelines for implementation up front. This could help the Legislature more easily monitor progress of the many various moving pieces as implementation begins. In addition, the Legislature could direct the department to report on: Why developing guidance requires the amount of time it does, what challenges have arisen and required additional time to address, and what any unanticipated obstacles have been. Ultimately, the Legislature could use this information to determine whether the department has sufficient resources to undertake this many new programs simultaneously. The Legislature also could use this information to shape future budget-related legislation to help ensure new program launch may proceed as seamlessly as possible. Furthermore, to help ensure augmentations for programs that are of the highest legislative priority are able to begin implementation as quickly as possible, the Legislature also could consider directing the department to prioritize implementation of various new programs in a certain order.

To gain a deeper understanding of the extent to which funding is achieving the Legislature's intended impact and goals for youth and families, the LAO recommends that the Legislature continue to seek input directly from stakeholders—including youth and families—as feasible. In addition to regular oversight and budget hearings, other opportunities to hear directly from system-involved youth and families could include partnership with the California Health and Human Services Agency's Child Welfare Council and the newly created Youth Empowerment Commission housed under the Governor's Office of Planning and Research.

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**Staff Recommendation:** The Subcommittee could request for a regular update in writing on all recent investments in child welfare, with information much like what is included in the agenda write-up, and providing any information on outcomes and success, on a regular basis going forward. The Subcommittee may also wish to ask about the role of the Child Welfare Council in monitoring implementation given overarching CalHHS goals around prevention and support for children, promoting family stabilization and reunification, and avoiding deeper involvement in the child welfare system. All issues here will be held open.

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**ISSUE 5. GOVERNOR’S PROPOSAL – CHILD AND FAMILY TEAMING FOR FAMILIES AT RISK OF CHILD REMOVAL****The questions for the panelists for this issue are:**

- Can CDSS provide the Subcommittee with an overview of how families would be served in this endeavor?
- What are the details on timeline and how this implementation is proposed to occur in 2023-24 and ongoing?
- What is the likelihood that the federal government would approve the waiver request in time for implementation to begin January 1, 2024?
- What are the specific objectives and outcome targets for this waiver component?
- Will there be trailer bill language proposed that details the timelines, implementation details, and measures of outcomes related to this ongoing new service? When will the Legislature, stakeholders, and public see this?

**PANELISTS**

1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services
2. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
3. Erin Carson, Finance Budget Analyst, Department of Finance

**BUDGET PROPOSAL**

The following background is based on a recent analysis provided by the Legislative Analyst’s Office (LAO). The Governor’s budget proposes \$314 million General Fund (\$6.1 billion total funds) for the Department of Health Care Services (DHCS) and CDSS over five years to fund the California Behavioral Health Community-Based Continuum Demonstration (CalBH-CBC), effective January 1, 2024. A component of the ongoing California Advancing and Innovating Medi-Cal initiative, one goal of the proposed CalBH-CBC is to deliver early interventions to reach children and families to help prevent entry into (or further involvement with) the child welfare system. In implementing CalBH-CBC, the administration proposes to request a federal waiver to establish new preventative Medi-Cal benefits, such as housing vouchers, joint DHCS/CDSS home visiting programs, and stipends for youth extracurricular activities.

Specifically, for child welfare, the proposal includes \$10.6 million General Fund (\$14.5 million total funds) in 2023-24 for CDSS to fund increased child welfare social worker workload for participation in CFTs for certain families at risk of child removal. At full implementation, CalBH-CBC funding under CDSS would increase to around \$33 million General Fund (\$45 million total funds) and is proposed to include case management services to help facilitate home visiting programs (jointly administered by CDSS and DHCS) and foster youth participation in extracurricular activities.

The administration's stated goal of the CalBH-CBC child welfare funding is to deliver early interventions to reach children and families to help prevent entry into or deepened involvement with the child welfare system. However, the specific anticipated outcomes to be achieved through the proposed funding amount is unclear.

**\$6.1 Billion Total Funds Over Five Years for CalBH-CBC Demonstration Waiver.** The Governor proposes \$314 million General Fund (\$6.1 billion total funds) over five years to DHCS and the Department of Social Services for the new CalBH-CBC demonstration. In 2023-24, the Governor's budget specifically proposes \$311,000 General Fund (\$6 million total funds) in the DHCS Medi-Cal budget. The demonstration would allow for federal reimbursement under Medi-Cal for eligible services provided in IMDs to certain individuals with acute mental health needs. Under the current waiver, counties can receive federal reimbursement only for substance use disorder services provided in IMDs. The CalBH-CBC demonstration waiver—if approved by the federal government—would allow for federal reimbursement of mental health services provided in short-term (less than 60 days) IMD stays. To qualify, the state—along with counties that opt into the demonstration—must demonstrate a robust continuum of community-based services that reduces the need for institutional care. There are two broad components of the demonstration: (1) requirements placed on the state as a condition of receiving CMS approval of the waiver; and, (2) requirements placed on counties opting into the waiver in order to receive federal reimbursement for services provided under the waiver.

**Statewide Demonstration Components Required to Receive CMS Approval.** The Governor's budget proposes the following state activities to meet the requirements to receive CMS approval of the demonstration waiver.

- **Strengthen Continuum of Community-Based Services.** The administration proposes improving existing benefits and providing new services to children and youth. Some of these include incentives to encourage collaboration between health and child welfare agencies and activity stipends for children in the child welfare system.
- **Support Practice Transformation.** The administration proposes using federal funds to establish statewide Centers of Excellence that will provide training and technical assistance to counties and providers on improving the continuum of care. Additionally, the demonstration includes a statewide incentive for counties to build a quality improvement program and funding for tools to help individuals connect to behavioral health services.
- **Improve Statewide County Accountability for Medi-Cal Services.** A key component of receiving federal waiver approval is improving accountability and oversight of the community-based continuum of care. The administration anticipates amending the county managed health plan contract to establish accountability standards, build on the standards included in the state's Medi-Cal Comprehensive Quality Strategy, and outline incentive payment opportunities.

**County Opt-In Components Required to Receive Reimbursement.** If a county opts in to the demonstration program under the waiver, it is required to do the following in order to receive federal reimbursement under Medi-Cal for an expanded set of services provided in IMDs.

- **Enhance Community-Based Services.** Federal reimbursement of the IMD services is conditioned on a county providing a set of community-based services, which themselves are eligible for federal reimbursement as an incentive to providing them. As noted in the figure, most of the services are already eligible for federal reimbursement under Medi-Cal. The administration also proposes changes that would help to draw down additional federal funds.
- **IMD Oversight and Accountability.** In addition to providing all of the community-based services, counties will need to ensure IMD facilities meet all CMS requirements on facility accreditation and make efforts to decrease the length of stay in IMDs.

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**Staff Recommendation:** The LAO states in their analysis that the administration's stated goal of the CalBH-CBC child welfare funding is to deliver early interventions to reach children and families to help prevent entry into or deepened involvement with the child welfare system is compelling; however, the specific anticipated outcomes to be achieved through the proposed funding amount is unclear. The Subcommittee could request that a trailer bill proposal detailing timelines, implementation details, and measurable outcomes to facilitate accountability be submitted as soon as possible to enable fair consideration of this request. The Subcommittee may wish to ask for the trailer bill proposal as soon as possible, or by mid-April at the latest. All issues here will be held open.

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**ISSUE 6. GOVERNOR'S PROPOSAL – ADOPTION FACILITATOR PROGRAM UNIT BUDGET CHANGE PROPOSAL (BCP) AND TRAILER BILL LANGUAGE (TBL)****The questions for the panelists for this issue are:**

- Please explain the types of complaints against adoption facilitators that necessitated this request.
- Is it correct that the program has existed without a complaint process and investigation of complaints? Why has there not been a proposal to request these resources to implement current law before now?
- What is the timeline for establishing procedures for accepting or denying individuals seeking inclusion in the facilitator registry? What is the timeline for establishing an appeal process for individuals denied inclusion in the registry?

**PANELISTS**

1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services
2. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
3. Erin Carson, Finance Budget Analyst, Department of Finance

**BUDGET CHANGE PROPOSAL**

CDSS requests five (5.0) permanent positions to fully implement the Adoption Facilitator Program activities pursuant to Chapter 754, Statutes of 2006 (Senate Bill (SB) 1758) and Chapter 1135, Statutes of 1996 (SB 2035), at an ongoing cost of \$1.1 million (\$835,000 General Fund). These activities include developing a process for complaints and investigation of complaints, consistent with requisite due process, for those individuals registered as an adoption facilitator. The requested positions include two (2.0) Staff Services Manager Is (SSM I), two (2.0) Associate Governmental Program Analysts (AGPA), and one (1.0) Research Data Specialist II (RDS II).

Family Code sections 8623 -8639 require the CDSS to adopt regulations for a statewide registration process for adoption facilitators and to require facilitators to post a bond. In addition, the CDSS required to verify a process for complaints against adoption facilitators, investigation of those complaints, and the assessment of penalties following requisite due process. In an independent or private placement adoption, a person or organization will often act as an intermediary, also known as an adoption facilitator. Adoption facilitators locate children available for adoption and act as intermediaries in the adoption process for a fee. An intermediary or adoption facilitator is any person or entity (except an approved or licensed agency) who acts on behalf of any birth parent or prospective adoptive parent in connection with the placement of a child for adoption.

While CDSS has implemented the requirements of legislation with respect to registration of adoption facilitators and the posting of bonds, the department does not have the resources necessary to implement statutorily mandated complaint and due process requirements, and the collection of civil penalties. Under Family Code section 8632.5(k), the CDSS is required to implement a process to accept and compile complaints against registered adoption facilitators and to provide public access to those complaints. The CDSS has received multiple inquiries and complaints from the media and law firms regarding the lack of a compliant process and collection of civil penalties, among other concerns regarding adoption facilitators.

The CDSS will fully implement the Adoption Facilitator Program and will meet statutory requirements on an ongoing basis. Additionally, procedures for accepting or denying individuals seeking inclusion in the facilitator registry, and an appeal process for individuals denied inclusion in the registry will be included on the CDSS website. In addition to protecting prospective adoptive families from fraud, the provisions of the law focus on protecting minors who are impacted by the work of adoption facilitators. Specifically, statute prohibits the use of photo listings to advertise minor children available for adoption and stipulates specific education and experience requirements for registered adoption facilitators.

The workload associated with the Adoption Facilitator Program is steadily increasing since the passage of Chapter 805, Statutes of 2019 (AB 677), which requires the department to track adoptions finalized in foreign countries when a child enters California. The CDSS is responsible for identifying and tracking adoption petitions to verify they are filed under California law within 90 days of entry, and to inform and act when they exceed 90 days. Additionally, Family Code section 9200 and Health and Safety Code section 102705 authorize any party to the adoption proceeding to petition the superior court for all documents relating to an adoption and the department is required to act when a court order is received that authorizes the release of adoption case file documents.

The CDSS is responsible for processing a large volume of relinquishments for termination of parental rights received from counties, private adoption agencies, and CDSS adoptions regional offices. The relinquishments are a high priority task, which require processing within ten business days of receipt per Family Code Section 8700 (e). Failure to meet the ten business days processing time results in delays in permanency for the child. In addition, the pandemic created a backlog of relinquishments resulting in the need to request over-time on a regular basis in amounts ranging from 350 to 700 hours.

The CDSS requests creation of a special fund in which to deposit civil monetary penalties resulting from violations by unregistered and registered Adoption Facilitators. Chapter 1135, Statutes of 1996 (SB 2035) and Chapter 754, Statutes of 2006 (SB 1758) established Family Code sections 8632.5 and 8636, requiring CDSS to adopt regulations for a statewide registration process for adoption facilitators and to require facilitators to post a bond.

<b>TRAILER BILL PROPOSAL</b>
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The Administration has proposed trailer bill language to strengthen the CDSS authority to exercise necessary oversight of adoption facilitators. The following is from the Administration.

This proposal is needed to protect birth parents, children, and prospective adoptive parents from adoption facilitators who commit fraud or violate the law. This proposal would also establish a special fund to receive registration and annual renewal fees and civil penalty revenue from adoption facilitators.

Chapter 1135, Statutes of 1996 (SB 2035) and Chapter 754, Statutes of 2006 (SB 1758) established Family Code (FC) sections that require CDSS to adopt regulations governing adoption facilitators, such as the establishment of a statewide registration process, authority to levy fees and civil penalties, and requirements for adoption facilitators to post surety bonds.

In an independent or private placement adoption, a person or organization will often act as an intermediary, also known as an adoption facilitator. Adoption facilitators locate children available for adoption and act as intermediaries in the adoption process for a fee. An intermediary or adoption facilitator is any person or entity, except an approved or licensed agency, who acts on behalf of any birth parent or prospective adoptive parent in connection with the placement of a child for adoption. Although CDSS has implemented requirements with respect to registration of adoption facilitators and the posting of bonds, clarifying amendments are necessary to effectively implement the program.

The complaints CDSS has received to date have been against adoption facilitators whose activities have resulted in failed adoptions and have allegedly defrauded prospective adoptive families out of tens of thousands of dollars. Other facilitators have allegedly violated state law by soliciting children available for adoption. Existing law does not provide sufficient structure or mechanisms to guide the investigation, enforcement, and levying of penalties intended to address these violations by adoption facilitators.

To address these issues, the proposed trailer bill language updates the definition of an adoption facilitator and the allowable means of advertising services, clarifies registration and due process requirements, and makes other updates to rules regarding the operation of adoption facilitators in California. Without the proposed changes to the statutory and regulatory framework for oversight and enforcement of adoption facilitators, prospective birth parents and prospective adoptive parents are at a greater risk for potential fraud and abuse.

The establishment of the special fund will facilitate CDSS' compliance with statutory requirements related to the collection of civil penalties and registration and annual renewal fees from persons or entities operating as adoption facilitators.

There is no cost specifically related to this trailer bill proposal. However, this proposal is related to the Adoption Facilitator Program Unit BCP, which includes an ongoing General Fund resource request to fully implement the Adoption Facilitator Program and meet the requirements of existing statute. The exact amount of fee and penalty revenue to be collected in the new special fund is unknown but is estimated to be in the low thousands of dollars annually.

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**Staff Recommendation:** All issues here will be held open.

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**ISSUE 7. OVERSIGHT AND GOVERNOR’S PROPOSAL – BRINGING FAMILIES HOME IMPLEMENTATION UPDATE AND PROPOSED TBL****The questions for the panelists for this issue are:**

- What services did the 1,012 families that received Bringing Families Home (BFH) services in 2021-22 receive and what do we know about the trends in those services for eligible families (compared to prior years and any information that is more updated)?
- What were the outcomes for families, including achievement of housing stability?
- Please provide demographic information about the recipients.
- What are the goals of the proposed trailer bill and where do counties stand on these changes?
- Are the findings from the county survey that was expected by February 2023 available?

**PANELISTS**

1. Kim Johnson, Director, California Department of Social Services
2. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
3. Emily Marshall, Finance Budget Analyst, Department of Finance

**BRINGING FAMILIES HOME OVERVIEW**

The following background is based on a recent analysis provided by the Legislative Analyst’s Office (LAO). Bringing Families Home (BFH) provides housing supports and services to families receiving child welfare services who are experiencing or at risk of homelessness. BFH services include financial assistance and housing-related wraparound supportive services, including but not limited to, rental assistance, housing navigation, case management, security deposits, utility payments, moving costs, hotel and motel vouchers, legal services, and credit repair; connections with local service providers including homeless Continuum of Care (CoC); and client-centered services offered on a voluntary basis.

The goal of BFH is to increase family reunification and prevent foster care placement among participants in cases where housing instability prevents reunification or could lead to foster care placement. BFH is a county/tribal optional program supported by General Fund resources and requiring a dollar-for-dollar local match.

The 2021-22 and 2022-23 budgets each provided an augmentation of \$92.5 million, expendable for three years, and accompanying budget language exempted participating counties and tribes from the match requirement. Fifty-one counties and one tribe are receiving 2021-22 funds. CDSS reported that as of June 2022, BFH had served more than 3,900 families since the beginning of program implementation. According to initial findings of an ongoing program evaluation, of families who exited the program during the first two years of funding, around half exited to permanent housing, 14 percent exited to community-provided or

temporary housing, and 3 percent were experiencing homelessness upon exit. Remaining exiting families left the program without a reported destination.

Regarding the 2022-23 funds, CDSS published allocations in December 2022, indicating 53 counties and one tribe have opted in. Further, CDSS established a program update schedule and is requiring participating counties and tribes to report on various program outcome measures. The first report on 2021-22 funding outcomes was due to CDSS January 20, 2023. Some counties have needed extensions to prepare the required data; CDSS anticipated having key findings from the surveys in late February.

<b>TRAILER BILL PROPOSAL</b>
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The Administration has proposed trailer bill language to make technical statutory changes to BFH related statute to provide equity, tribal engagement, and maximize impact of state investments towards ending homelessness. The proposed changes also align BFH statute with housing best practices, thereby enabling the CDSS to provide guidance on housing best practices that do not conflict with statute.

Specifically, this proposal includes the following components:

1. Adds language to clarify program eligibility to include:
  - A tribe, or tribal entity or agency.
  - Individuals fleeing domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or family member, including a child.
2. Updates outdated definition of permanent housing in BFH statute to align with housing best practices.
3. Extends the sunset date for the grantee-match exemption related to one-time funds from June 30, 2024 to June 30, 2025 to align with the expenditure timeline of the one-time funds appropriated in the 2022 Budget Act.

More information about each component follows.

**Tribal Eligibility Language.** BFH statute allows for CDSS to award funds to tribal entities. Families are only eligible for BFH if they are in receipt of child welfare services, as defined by Welfare and Institutions Code (WIC) § 16501, which is limited to “public social services.” Services provided by Tribal governments are generally not considered public social services, creating misalignment on how Tribal agencies may be able to serve otherwise eligible families.

Without this clean up, Tribes are hesitant to opt into BFH programming and need certain assurances that they are able to utilize BFH to serve families receiving tribal child welfare services. This change is urgently needed to encourage tribal participation in BFH and avoid perpetuating inequity of state resources for historically marginalized communities.

**Definition of Homelessness Clean-Up.** The BFH definition of homelessness was updated to more closely align with the U.S. Department of Housing and Urban Development's (HUD) definition of homelessness. Inadvertently, individuals fleeing domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or family member, including a child, and with no additional available housing, were not included.

The technical clean-up is needed to ensure that individuals fleeing domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or family member, including a child, can be equitably served by BFH across the state. These families are at increased risk to the intersection of interpersonal violence and experiencing or at-risk of experiencing homelessness. Without this change, there is confusion about the eligibility of this population and creates misalignment with statute and housing best practices.

**Definition of Permanent Housing.** BFH statute limits the definition of permanent housing in WIC § 16523(f) to "a place to live without a limit on the length of stay in the housing that exceeds the duration of funding for the program." According to best practices, in order for a place to be considered permanent housing, in addition to being subject to landlord-tenant laws, there cannot be a predetermined limit on the length of stay per HUD's Permanent Housing Definition.

The technical clean-up is needed to align BFH statute with housing best practices, thereby enabling CDSS to provide guidance on housing best practices that do not conflict with statute. The statutory definition of permanent housing is in misalignment with best practices and provides an outdated paradigm from the pilot phase of BFH. This definition leads to confusion and inconsistent practices as grantees are creating local policies and procedures implementing the statutory definition of permanent housing. The current definition is also problematic from a data-collection perspective since grantees report data outcomes on permanent housing to CDSS. Without a change to statute, BFH risks relying on a definition in statute that is key to core program services that misaligns with housing and homelessness best practices and creates confusion among counties.

**Regulations Development Requirement.** BFH statute requires CDSS to develop BFH regulations to implement the changes made to statute via AB 135 (Committee on Budget, Chapter 85, Statutes of 2021) by July 1, 2024. Statute is not clear whether the Department is responsible for developing regulations for the BFH program as a whole or just the changes enacted by AB 135. As there are no BFH regulations currently, complying with this mandate will require CDSS to develop novel programmatic regulations impacting dozens of grantees from scratch, something that is difficult to achieve in the timeline laid out in statute given staffing limitations.

This technical clean-up is necessary to clarify the scope of CDSS's authority to develop regulations for all BFH program's statutory provisions and not just the changes enacted via AB 135. If CDSS were to develop BFH regulations only for the AB 135 changes to the program, the regulations would omit key statutory components and provide incomplete core

requirements in the Manual of Policies and Procedures (MPP). Failure to fully incorporate all relevant parts of the BFH statute in regulations could lead program grantees to wrongly assume that the partial MPP regulations cover all program considerations, leading to noncompliance with statute, uneven or ineffective program implementation, and inequities in service delivery.

**Match Exemption Sunset Extension.** The 2021 Budget Act included \$92.5 million GF one-time available over three fiscal years for the BFH program and included language to waive the requirement for a grantee to match funds between July 1, 2021 through June 30, 2024. The 2022 Budget Act included another \$92.5 million one-time GF available over three fiscal years with the intent to waive the grantee-match requirement through June 30, 2025.

This technical change updates the sunset date of the county-match exemption from June 30, 2024 to June 30, 2025 to align with one-time funding included in the 2022 Budget Act.

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**Staff Recommendation:** All issues here will be held open.

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**0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY (CALHHS) AND OFFICE OF SYSTEMS INTEGRATION (OSI)****ISSUE 8. GOVERNOR'S PROPOSAL – CALIFORNIA STATEWIDE AUTOMATED WELFARE SYSTEM (CALSAWS) ONGOING SUPPORT BCP AND STAKEHOLDER PRIORITIES FOR CALSAWS****The questions for the panelists for this issue are:**

- How will the resources requested improve the CalSAWS functionality as it relates to client access and ease of use?
- Will CalSAWS be able to provide language access in all 19 threshold languages?
- What are the client-facing issues still under development and undergoing problem-solving attention as we near completion of the CalSAWS migration?
- From the county perspective, how do you think the CalSAWS stakeholder engagement process is going? What are some of the successes and areas for improvement?
- From the county perspective, how is the overall migration to a single system and a single customer portal going?

**PANELISTS**

1. Brandon Hansard, Deputy Director, Benefit and Enrollment Technology Support Division, Office of Systems Integration
2. John Boule, Executive Director, CalSAWS
3. Jennifer Tracy, Co-Lead for the CalSAWS Advocates Group, California Association of Food Banks
4. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California
5. Brian Metzker, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
6. Jenean Docter, Finance Budget Analyst, Department of Finance

**CALHHS AND OSI BACKGROUND**

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



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

#### BUDGET CHANGE PROPOSAL

This joint proposal requests \$852,000 total funds (\$328,000 General Fund) for the conversion of five full-time positions (three Department of Health Care Services, one Department of Social Services, and one Office of Systems Integration) from limited term to permanent to support the Statewide Automated Welfare System (CalSAWS) consolidation. The requested position resources will continue to direct, govern, and oversee the planning and implementation of the CalSAWS.

**CalSAWS Background.** Per federal requirements by the Centers for Medicare and Medicaid Services (CMS) and Food and Nutrition Services (FNS), California is required to implement a single statewide automated welfare system (SAWS) by December 31, 2023 to ensure continuing receipt of federal financial participation (FFP) for SAWS development, implementation, and ongoing maintenance and enhancements (M&E). Currently there are two separate systems, now managed under a single CalSAWS Consortium governance structure: the 40-County CalSAWS supports Los Angeles County and the 39 former Consortium IV (C-IV) system counties, and the CalWORKS Information Network (CalWIN) system supports 18 counties. The CalSAWS project is a Joint Powers Authority developed and directed by the 58 counties.

On September 27, 2021, the CalSAWS project migrated the 39 C-IV counties to join Los Angeles County in forming a 40-county CalSAWS system. The remaining 18 CalWIN counties will migrate to CalSAWS to form a 58-county CalSAWS system in a series of conversion waves from October 2022 through October 2023. Once the migration of the remaining CalWIN counties to the CalSAWS system is complete, the CalSAWS will be the eligibility determination and case management system for the entire state, in alignment with the federal mandate. County eligibility workers utilize CalSAWS to assist with eligibility determinations for over 14 million Californians seeking assistance with health coverage, access to food, cash assistance and supportive services. As new policy initiatives are implemented to support the needs of underserved populations in California, CalSAWS plays a critical role in developing automated processes.

The OSI is responsible for state-level project management and oversight of the CalSAWS project, and the project sponsors, the California Department of Health Care Services (DHCS) and the CDSS, partner with OSI to verify project activities are conducted in accordance with contracted standards and adherence to information technology best practices.

Some examples of policy changes that the CalSAWS project is responsible for implementing include the expansion of Medi-Cal regardless of immigration status (AB 184, Chapter 47, Statutes of 2021); increasing the CalWORKs pregnancy special needs benefit; and implementing Food for All which expands access to the California Food Assistance Program (CFAP), among other changes. According to this proposal, CalSAWS has completed 22 automation policy changes in the past two years, with eight legislatively mandated policy changes pending implementation and at least 29 initiatives planned for future automation.

Chapter 35, Statutes of 2018 (AB 1811) requires CDSS, DHCS, and OSI to increase their focus on engaging health and human services advocates, stakeholders, and clients. This requirement was incorporated in the development of the CalSAWS governance framework due to stakeholder concerns regarding participation in CalSAWS development and implementation. Welfare and Institutions Code (WIC) 80123(c)(1) mandates that on February 1st of each year the OSI, in partnership with DHCS and CDSS, provide an annual report to the Legislature on the CalSAWS project, including the progress of state and consortia activities and any significant schedule, budget, or functionality changes in the project.

**Staffing and Resource Request.** After migration of all 58 counties in October 2023, CalSAWS will continue Agile developmental operations, or DevOps, which is a combination of organizational philosophies, practices, and tools that increases the ability of the project to deliver software solutions to better serve Californians. The requested positions will provide state oversight for timely implementation of policy and programmatic changes. As the project moves forward, staff will focus on assessing and identifying system gaps in the post-implementation phase of CalSAWS to confirm alignment with policy objectives and outcomes.

Additionally, the requested staff will support new interface connection tasks identified, day-to-day operational activities, mainframe network changes, and data release management. As new initiatives are introduced by the Legislature, staff will collaborate with CalSAWS leadership to determine the prioritization, cost, and time requirement to implement the proposed change. These resources will provide continued oversight of policy functionality in CalSAWS, which includes serving as the state sponsor representatives for the CDSS and DHCS programs; providing necessary policy guidance and technical assistance during SAWS activities related to migration; maintaining and enhancing BenefitsCal which is the state-wide consumer portal; and ongoing system enhancement efforts. This proposal notes that ongoing resources are necessary to collaborate with stakeholders in the ongoing enhancement of the BenefitsCal online portal to be a public facing portal that meets the cultural and linguistic needs of all Californians accessing services.

According to this proposal, the requested staff will be more adeptly positioned to make the most prudent and timely policy implementation decisions during the final implementation, and then ongoing M&E support of CalSAWS. With these positions securely in place, the state will be equipped to monitor future CalSAWS risks and issues and be able to respond promptly to mitigate any potential harm to participants in its programs. A breakdown of this resource request by department is as follows:

**For DHCS.** DHCS is requesting 3.0 full time, limited-term positions, set to expire on June 30, 2023, to be made permanent. 1.0 Staff Services Manager (SSM) I and 1.0 Associate Governmental Program Analyst (AGPA) are in the Medi-Cal Eligibility Division (MCED) and 1.0 Information Technology Specialist (ITS) I is in the Business Operations and Technology Services Division (BOTSD) in the Medi-Cal Development Unit. The DHCS resources provide continued oversight of Medi-Cal eligibility policy functionality in CalSAWS, which includes serving as the state sponsor representatives for the Medi-Cal program, providing necessary policy guidance and technical assistance during SAWS activities related to migration, developing ancillary systems, and ongoing system enhancement efforts. DHCS representation confirms that policies are accurately programmed into all systems, ensuring that eligibility is accurately determined for new and continuing Medi-Cal beneficiaries. DHCS resources also play an important role in the implementation of new legislative initiatives including obtaining system costs and timelines, coordinating policy guidance and clarifications, tracking progress of system changes, and supporting stakeholder involvement.

**For CDSS.** The CDSS is requesting 1.0 position, an ITS I in the Information Systems Division (ISD) that is set to expire on June 30, 2023, be made permanent. The ITS I represents CDSS in highly technical meetings and initiatives led by the CalSAWS project. The ITS I provides technical expertise to the CalSAWS project and is responsible for providing technical planning, preparation, review, documentation, and support on the project as it relates to various CDSS programs and applications. According to this proposal, CDSS will continue to address gaps in services based on race and language through a new “CDSS Caseload Dynamics Data Dashboard,” which will provide monthly CalFresh and CalWORKs data, disaggregated by race and language, on CalFresh and CalWORKs applications, approvals and denials, application processing time, and discontinuances.

**For OSI.** The OSI is requesting 1.0 ITS I position, set to expire on June 30, 2023, be made permanent. The position is in the SAWS Consortium Management Unit (CMU). The primary function of the ITS I is to coordinate with key state program sponsors to plan, develop, and manage a prioritization process which may include facilitating meetings and presentations involving problems and issues of considerable consequence and importance, and collaborate with project sponsor departments to resolve critical, complex and sensitive consortia management issues. This position provides the liaison support between the sponsor departments, CalSAWS, and both CMS and FNS. According to this proposal, OSI will continue monitoring the participation of key stakeholders in BenefitsCal, hosting sessions on language accessibility, and performing state oversight for CalSAWS.

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**Staff Recommendation:** The Subcommittee could request that OSI respond in writing to address issues raised by stakeholders regarding CalSAWS development either who are represented on the panel or heard under public comment. All issues here will be held open.

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**ISSUE 9. GOVERNOR’S PROPOSAL – TBL REGARDING OSI NAME CHANGE TO THE OFFICE OF TECHNOLOGY AND SOLUTIONS INTEGRATION****The questions for the panelists for this issue are:**

- Why is it important to change the name of OSI to the Office of Technology and Solutions Integration?
- What tangible benefits will this name change provide? How will you measure this?

**PANELISTS**

1. Adam Dondro, Director, Office of Systems Integration
2. Brian Metzker, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
3. Nina Hoang, Finance Budget Analyst, Department of Finance

**OSI BACKGROUND**

The following was provided by the Office of Systems Integration (OSI). OSI was established in 2005 to manage a portfolio of large, complex health and human services IT projects. Since that time, the role of OSI has evolved and expanded. Most significantly, in 2022 the roles of the CalHHS Agency Chief Information Officer and the Director of OSI were combined, thus combining the two Agency level Offices into one. Under this unified leadership, the Office will continue to manage large, complex projects for CalHHS, but will also serve as the technology center of excellence and related service provider for all of Agency.

OSI's mission is to procure, manage, and deliver technology systems that support the delivery of health and human services to Californians. In this capacity, OSI coordinates communication, collaboration, and decision making among stakeholders and program-side sponsors of the projects. OSI also manages the procurement, contract negotiations, and contract management aspects of the acquisition of technology systems and services. Following the procurement phase, OSI oversees the design, development, governance, implementation, and operation of IT systems, which serve health and human services programs. While historically this was largely limited to end-to-end project services for CalHHS' most critical and complex solutions, in recent years the Office has also responded to departments' expressed needs for more targeted support, such as project management augmentation, procurement guidance, and enterprise contract vehicles to improve overall quality and consistency across the Agency.

Under the direction of the Office of the Agency Information Officer (OAIO) and in accordance with State Appropriations Manual (SAM) 4815, the OAIO oversees the management of IT assets and projects in accordance with the regulations and policies contained within the SAM, SIMM, and State technology letters. Specifically, the office supports the CalHHS departments' efforts to enhance their programs through their compliant and successful planning and delivery of technology and related data solutions. The compliance component is important, but over

the past several years, its work has expanded to include essential support and coordination for project planning and delivery efforts to ensure alignment not only with the policies, but with the CalHHS mission, strategic priorities, and guiding principles.

Through its Portfolio Support, Enterprise Architecture (EA), Information Security, and facilitation of inter-departmental governance activities, the OAIO provides both operational and strategic services to increase the probability of successful projects while promoting a person-centered culture and a corresponding portfolio of interoperable systems that can share and use data effectively to provide holistic services to Californians in need. The OSI EA function within the OAIO is particularly essential to this support. The program utilizes methods and skills to profile the most critical and strategically informative business capabilities across CalHHS necessary to develop best-fit IT and data strategies that foster consistent integration designs needed to support our strategic priorities. The program incorporates CalHHS custom architecture design principles, policies, and standards that, when demonstrated in Agency IT initiatives, assures Agency is collectively improving programmatic value.

The consolidation of the two offices builds synergy and increases their individual and combined programmatic value. Specifically, the OAIO's cross-agency oversight generates insight into the departments' needs, challenges, and common risks/issues related to building IT capabilities. It also has the means (the CalHHS IT Strategic Plan) to communicate and the statutory authority to drive alignment with CalHHS-specific policies and practices. Meanwhile, OSI has additional highly experienced resources that can help inform how to address these needs, and together these functions can design and implement cross-agency guidelines, templates and approaches that reduce solution and effort redundancy while increasing overall quality and accelerate the delivery of programmatic value for departments that aligns with Agency's mission and priorities. This consistency should also facilitate project reviews and approvals by other oversight organizations.

#### TRAILER BILL PROPOSAL

CalHHS Agency has proposed renaming the OSI to the Office of Technology and Solutions Integration in recognition of several factors related to its expanded and combined functions, as well as a desire to have the name better reflect the actual work being done. OSI was established in 2005 to manage a portfolio of large, complex health and human services IT projects. Since that time, the role of OSI has changed. Most significantly, in 2022 the roles of the CalHHS Agency Chief Information Officer and the Director of OSI were combined, thus combining the two Agency level Offices into one. Under this unified leadership, the Office will continue to manage large, complex projects for CalHHS, but will also serve as the technology center of excellence for all of Agency.

The current name, "systems integration" is a technology term of art that suggests a narrow scope of system implementation work. In fact, OSI has experts in project planning, procurement, change management, and the full technology life cycle; far beyond the narrow scope implied by the name. This name change will more properly identify the full breadth of the Office's role in serving all the CalHHS departments not only in building and implementing

systems, but as an Agency level organization partnering with departments to identify solutions that achieve the Agency goal of whole-person care through integration.

### OSI-MANAGED AUTOMATION PROJECTS

OSI-managed automation projects are described in the following chart provided by OSI.

Project/Product Name	BCP	SDLC Phase	Prime Vendor(s)	Prime Contract Amount(s)	Spending to Date	Total Project Cost	Annual M&O Costs
<a href="#">California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS)</a>	The CalHEERS Project serves as the consolidated system support for eligibility, enrollment, and retention for the California Health Benefit Exchange (also known as Covered California), Medi-Cal, and Healthy Families. CalHEERS supports account creation, consumer application, eligibility rules, and health plan selection for insurance affordability programs. The Project is jointly sponsored and funded by Covered California and DHCS.						
	N	DD&I and M&O	Deloitte Consulting, LLP (09/16/2019 – 06/30/2024) Core Term: 5 years	\$1,574,542,534	\$1,254,876,198	\$2,044,254,602	\$724,649,334
California Emergency Medical Services Data Resource System (CEDRS)	CEDRS is a concept that will achieve four major outcomes: 1) modernize CEMSIS; 2) establish an enterprise architecture that allows ePOLST, CEMSIS, the Central Registry and DxP to work seamlessly together and integrates with other state Departments (HCAI, DHCS, CDPH, etc.); 3) integrate statewide health information exchange (HIE) between EMS and the health care continuum; 4) inform data driven policy (including for other state Departments) which improve patient outcomes.						
	Y	PAL (Stage 2)	TBD end of PAL	TBD thru PAL	TBD thru PAL; \$10 million for Planning	\$197,865	TBD end of PAL
<a href="#">Case Management Information and Payrolling System (CMIPS)</a>	CMIPS is an automated statewide system that performs case management, payroll processing, and reporting for the CDSS In-Home Supportive Services (IHSS) program, DHCS Waiver Personal Care Services (WPCS) program, and Home and Community-Based Services (HCB) program. The CMIPS system has been and is being constantly enhanced to support and deliver program efficiencies, provide more and more self-service features for providers and recipients, and meet Federal and State mandates/legislative changes.						
	Y	M&O	CGI Technologies and Solutions (Case Management) CGI Technologies and Solutions (Payroll Processing)	\$449,916,176 (7 Year contract with an option to amend 3 additional years. Currently in year 5) \$74,329,840 (10 Year contract. Currently in year 6)	\$119,679,962 (FY 22–23)	\$50,190,533 (FY 22–23)	\$96,530,698 (75/25 FFP for FY 22–23) \$23,149,264 (EVS 50/50 FFP for FY 22–23)
<a href="#">Child Welfare Digital Services (CWDS)</a>	The purpose of the CWS–CARES project is to replace the existing legacy child welfare system, the Child Welfare Services/Case Management System (CWS/CMS), with a Comprehensive Child Welfare Information System (CCWIS) compliant system that will support the following objectives: child safety, process efficiency, practice fidelity, policy and program alignment, and continuous improvement.						
	The CWDS will deliver the CWS–CARES on the Salesforce platform along with data services on the CARES Data Infrastructure (CDI) that together make up the CCWIS. The CDI will not only manage administrative data for compliance reporting, but also support collaborative, evidence-based decision making to increase the safety, permanency and well-being of California's children, youth, and families. The CWS CARES functionality will be released to production at completion of Version 1, followed by Version 2.						



	Y	DD&I	Platform-as-a-Service (PaaS) Systems Integrator (SI) (Deloitte Consulting, LLP) Product Value Services (KPMG, LLP) CARES Data Infrastructure (OnCore Consulting, LLP) Implementation Services (Deloitte Consulting, LLP)	PaaS SI Services (Core + 3 1-year options) total contract amount: \$63,781,313 PVS (Core + 3 1-year options) total contract amount: \$26,931,840 CDI Services (Core + 3 1-year options) total contract amount: \$71,206,627 Implementation Services (Core + 2 1-year options) total contract amount: \$44,907,301 Combined total contract amount(s): \$206,827,081	\$911,400,000 (SPR 5 approved amount)	\$344,046,160 (as of January 31, 2023, Project Status Report)	N/A
<a href="#">Child Welfare Services/Case Management System (CWS/CMS)</a>	The CWS program is dedicated to serving children and families with the goal to safeguard, strengthen and preserve families, encourage personal responsibility, and foster independence. The CWS program is supported by the statewide automated CWS/CMS. The CWS/CMS supports child welfare workers, which includes both social workers and probation officers, with the ability to provide case management functionality to facilitate service delivery to children and families, allowing Child Welfare staff to streamline routine work tasks.						
	N	M&O	IBM	\$1,285,847,786 1/23/1992 – 11/30/2026	\$622,442,440 FY 1989–90 to FY 2005–06 PIER, February 2006	\$622,442,440 FY 1989–90 to FY 2005–06 PIER, February 2006	\$71,023,580 FY 2022–23
<a href="#">Electronic Benefit Transfer Project (EBT)</a>	The Electronic Benefit Transfer (EBT) Project automates delivery, redemption, settlement, and reconciliation of food assistance and cash assistance programs.						
	Y	M&O	Fidelity Information Services (FIS)	\$435,535,814	\$509,539,235	\$213,903,863	\$199,073,384
<a href="#">Electronic Visit Verification Phase II</a>	EVV is required by a federal mandate known as the 21st Century CURES Act, which requires all states to implement EVV for Medicaid-funded personal care services (PCS) by January 1, 2020, and home health care services (HHCS) by January 1, 2023. In California, EVV is implemented under two separate OSI state projects referred to as EVV Phase I and EVV Phase II.  The EVV Phase II Project have five sponsors: DHCS, DDS, CDPH, CDA, CDSS. The Project implemented PCS in December 2021 and HHCS in September 2022. The Project received federal certification approval of its EVV system in December 2022 and entered full M&O in January 2023.						
	Y	M&O	Sandata Technologies	\$32,000,000	\$46,300,000	\$23,200,000	\$9,400,000 (\$12 million requested in FY 2023–24 BCP)
Electronic Physician's Orders for Life-Sustaining Treatment (ePOLST)	EMSA proposes to improve the use and access to POLST forms and data by creating an electronic registry where approved medical providers can enter, upload, search, and view POLST forms. California EMSA and its stakeholders seeks to establish an electronic registry for POLST documentation and supporting processes to inform emergency treatment of Californians with advanced illnesses that is concordant with their wishes. The resultant solution will support an interconnected and interoperable solution that reduces the risk that providers, with a focus on emergency services teams, will give either less or more care than patient's desire ultimately enhancing patient care outcomes.						
	N	PAL Stage 2	TBD end of PAL	TBD thru PAL	TBD thru PAL; \$10 million for Planning	\$367,363	TBD end of PAL
<a href="#">Statewide Automated Welfare System (SAWS)</a>	Migrate all 58 counties onto the statewide eligibility system, CalSAWS						
	Y	DD&I	Accenture	\$663,785,641	\$1,787,861,901	\$817,189,885	To fully begin Oct. 2023 after migration
<a href="#">Welfare Data Tracking Implementation Project (WDTIP)</a>	Statewide welfare time-on-aid tracking and reporting system. EDD, Counties, Tribes, CDSS Fiscal Forecasting and CalWORKS policy unit and other states.						
	N	M&O	N/A	N/A	N/A	N/A	\$4.3 million
Women, Infants, and Children Electronic Benefit Transfer (WIC EBT) Project	WIC EBT automates delivery, redemption, settlement of Women, Infants and Children (WIC) nutrition program. WIC helps individuals who are pregnant or just had a baby, and children up to age 5 to eat well, be active, and stay healthy.						
	N	M&O	Fidelity Information Services (FIS)	\$74,556,535	\$27,201,816	\$9,067,273	\$5,440,363

**Staff Recommendation:** All issues here will be held open.

## 4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT (CSD)

### ISSUE 10. DEPARTMENT OVERVIEW AND GOVERNOR'S PROPOSAL TO REVERT UNSPENT UTILITY ARREARAGES FUNDING

The questions for the panelists for this issue are:

- Please explain the circumstances that led to the reversion proposal.
- What is known about current customer arrearages?
- What feedback has CSD received about the impact of the CAPP payments?
- What is the role of CSD in connecting eligible populations to safety net programs like CalWORKs and CalFresh?
- What is the perspective of CSD on issues discussed under Issue 1?
- What is CSD hearing from the field (e.g. community-based organizations that you work with) about food and housing needs? What is changing in the current economic climate for disadvantaged communities and how?

#### PANELISTS

1. David Scribner, Director, Department of Community Services and Development
2. Angela Short, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
3. Omar Sanchez, Finance Budget Analyst, Department of Finance

#### DEPARTMENT OVERVIEW

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

Programs administered by CSD include:

**Community Services Block Grant (CSBG).** CSBG is an annual federal grant that funds a variety of local services and activities designed to alleviate the causes and conditions of poverty. The community-based organizations that receive CSBG funding provide locally determined services and activities that include programs to address employment, education, asset building, housing and shelter, tax preparation, nutrition, and emergency services, among others.

**Low Income Home Energy Assistance Program (LIHEAP).** LIHEAP is an annual federal grant that provides array of services designed to assist low-income households manage and



meet their home heating and/or cooling needs, including home weatherization services. This program is discussed in more detail below.

**U.S. Department of Energy Weatherization Assistance Program (WAP).** WAP is an annual federal grant that provides weatherization services to improve the energy efficiency of eligible low-income households.

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

**Low Income Household Water Assistance Program (LIHWAP).** The federally funded LIHWAP provides financial assistance to low-income Californians to help manage their residential water utility costs. The program was created as part of the Consolidated Appropriations Act of 2021, with additional funding received through the American Rescue Plan Act (ARPA). The state has been allocated one-time funding of \$116 million for the program. An additional \$200 million in one-time funding for LIHWAP was allocated in the 2022 State Budget, which will be used to extend the availability of this assistance for up to three additional years after initial federal funding expires.

**Farmworker Resource Center Grant Program.** Established by Assembly Bill 941 (Bennett, Chapter 203, Statutes of 2021), the Farmworker Resource Center Grant Program funds three grants totaling \$2.5 million to support the establishment of farmworker resource centers providing services and resources to farmworkers and their families.

**CalEITC Education and Outreach Grant Program.** Administered by CSD in partnership with the Franchise Tax Board, the CalEITC Grant Program funds non-profits and local governmental organizations to increase awareness of CalEITC, the Young Child Tax Credit, and other tax credits, while supporting free tax preparation and Individual Taxpayer Identification Number (ITIN) assistance.

**California Arrearage Payment Program (CAPP).** CAPP was originally established in the 2021 Budget Act, which allocated \$1 billion in federal ARPA funding to address past due residential and commercial customer energy bill balances accrued during the COVID-19 pandemic. An additional \$1.2 billion was appropriated to CAPP in the 2022 Budget Act to address active residential customers' past due energy bill balances. This program is discussed in more detail below.

**Low Income Home Energy Assistance Program (LIHEAP).** The federally funded Low Income Home Energy Assistance Program helps low-income households meet their home energy needs by reducing the cost of home energy bills, and services to help improve the energy efficiency of their homes and manage energy crises or emergencies. Funding for LIHEAP is limited through an annual federal grant. In recent years, the program has received

federal funding augmentations to address the economic impacts of the pandemic and higher energy costs.

Eligibility for the program is limited to households below 60 percent of the State Median Income (SMI). For 2023, the annual LIHEAP income eligibility level for a family of four is \$62,313. Qualified households are eligible once per program year for LIHEAP assistance. Households must apply for services. LIHEAP services are delivered at the local level through a network of non-profit and local governmental organizations. Because funding is limited, LIHEAP prioritizes assistance to households with the highest levels of need, including those with the lowest incomes, in an emergency or crisis, or housing a vulnerable population such as older adults or young children.

**Services.** There are three primary components to LIHEAP:

1. **Energy Bill Assistance (HEAP):** Income-qualified households are eligible for financial assistance to help pay their current energy bills. Benefits are prioritized for households with lower incomes, higher energy costs, or housing a vulnerable population.
2. **Emergency Assistance (ECIP):** Income-qualified households with a past due bill balance, disconnected from electric or natural gas services, or at risk of disconnection, can receive financial assistance to help restore services or prevent disconnection. Also includes emergency heating and cooling and fuel assistance for households that use wood, propane, and oil for home heating.
3. **Weatherization:** Energy efficiency and health and safety services to improve living conditions and reduce energy costs.

**Local Assistance Funding.** For Federal Fiscal Year (FFY) 2023, there have been significant supplemental federal funding augmentations for LIHEAP. In addition to an annual LIHEAP base grant allocation of \$193.5 million for local assistance, California's share of supplemental LIHEAP funds adds an additional \$114.8 million in local assistance funding in 2023.

FFY 2023 Local Assistance Allocations	Energy Bill Assistance	Emergency Assistance	Weatherization	Local Service Provider Outreach, Intake, Client Education, Administration	Total Local Assistance
Annual Grant	\$85,228,552	\$37,011,550	\$50,933,374	\$20,373,349	\$193,546,825
Supplemental #1	\$28,379,823	\$12,396,786	\$16,990,253	\$6,796,101	\$64,562,963
Supplemental #2	\$19,554,137	\$8,541,575	\$11,706,547	\$4,682,619	\$44,484,878
IIJA Supplemental	\$4,366,647	\$770,597	0	\$570,806	\$5,708,050
Total	\$137,529,159	\$58,720,508	\$79,630,174	\$32,422,874	\$308,302,716

**2023 Households Served Estimates.** According to federal estimates, California's share of annual LIHEAP grant funds has historically served approximately five to six percent of the income-eligible population. This statistic is calculated based on U.S. Census estimates of the number of households in California that meet LIHEAP income eligibility requirements of 60 percent of State Median Income. For FFY 2021, the most recent federal reporting available, LIHEAP served 170,331 households out of 3,488,206 income eligible households, or about five percent of the eligible population. While illustrative of the total eligible population, this federal

statistic does not capture the number of low-income households with actual energy debt or at risk of disconnection that qualify for emergency assistance.

CSD currently estimates that the additional \$114.8 million in supplemental funding for LIHEAP in 2023 could increase the number of households served by LIHEAP from approximately 187,000 served in 2022 to 262,000, or about 75,000 additional households (this is based on the average benefit received by households in 2021). However, this estimate is likely going to overstate the actual number of new households that will be served in 2023 due to the way the LIHEAP program is designed and the likelihood of higher past due bill balances as a result of recent increases in natural gas prices and household energy costs.

**LIHEAP Program Design.** Benefit levels under LIHEAP vary depending on a variety of factors, making any projections on households served extremely challenging. Because LIHEAP is not an entitlement program and funding is limited, the program is designed to prioritize households with the highest levels of need. Benefits levels vary depending on a number of factors, including income level, energy costs, and whether a household is experiencing a crisis or emergency.

For instance, financial assistance for low-income households that are not experiencing an energy emergency vary depending on the customer's income level, household size, and energy costs in their area. However, customers facing disconnection for a past due bill receive financial assistance equal to what will take to make them current, up to a certain cap. Consequently, as energy prices increase and energy bill arrearages become larger, a greater amount of LIHEAP financial assistance will be needed to help a household get current on their bill and avoid the disconnection of electricity or gas services.

CSD anticipates demand for LIHEAP emergency assistance to address arrearages should increase in 2023 as higher natural gas and electricity costs are reflected in customers' bills and disconnection moratoriums imposed under CAPP consumer protection provisions are lifted through April 2023. As a result, benefit levels may increase to address higher arrearages, limiting the number of additional households served.

LIHEAP also takes a holistic approach to providing services. Many households will receive more than one form of assistance, such as financial assistance for their energy bill and weatherization services to reduce their energy costs. This approach helps ensure that the program addresses both the short-term and long-term energy needs of low-income households.

**Other Low-Income Energy Assistance Programs.** LIHEAP is just one of the programs that help low-income Californians with the cost of energy, and there are other metrics that can speak to the measurable need for energy bill assistance in California. IOUs overseen by the California Public Utilities Commission (CPUC) also operate their own low-income programs for their customers. These include California Alternate Rates for Energy Programs (CARE), Family Electric Rate Assistance Programs (FERA), and Energy Savings Assistance Programs (ESA). CARE and FERA provide rate discounts to income qualified low- to moderate-income households, while ESA provides energy efficiency services.

Total funding for LIHEAP in 2023 is \$308 million. By way of comparison, IOU budgeted funding for their low-income programs from 2022 totaled \$1.7 billion for the CARE Programs, \$28 million for FERA Programs, and \$400 million for ESA Programs. In 2022, the total number of IOU households benefitting from these programs included 4.8 million under CARE and 74,000 under FERA. While many POU's operate similar programs for low-income customers, CSD does not have comparable data on POU's low-income programs.

In addition, many utilities provide payment programs for low-income households that have fallen behind on their energy bills. For instance, CPUC regulated IOUs offer the Arrearage Management Plan (AMP), which provides debt forgiveness to qualified CARE/FERA households that make on-time payments for 12 months. A recent overview of California's energy markets and rate assistance initiatives can be found in the background materials developed for the February 28, 2023 Senate Energy, Utilities, and Communications Oversight Hearing on Energy Affordability.

**Current IOU Low-Income Household Arrearages.** As part of the CPUC's *Rulemaking to Consider New Approaches to Disconnections and Reconnections to Improve Energy Access and Contain Costs*, the four largest IOUs (Pacific Gas and Electric, San Diego Gas and Electric, Southern California Gas Company, and Southern California Edison) have reported arrearages held by their customers through January 2023. They report that over 1.5 million low-income IOU customers that are enrolled in CARE and FERA were holding a total of over \$770 million in arrearages. CSD does not have data on how this level of energy debt compares to historical norms. CSD also does not have comparable arrearage data for low-income households served by POU's.

#### REVERSION PROPOSAL

**California Arrearage Payment Program (CAPP).** Through the California Arrearage Payment Program (CAPP), CSD has distributed over \$1.6 billion in financial assistance to 3 million California customers that had struggled to pay energy bills incurred during the pandemic.

CSD implemented two-phases of CAPP to help Californians economically impacted by the pandemic and higher energy costs:

**2021 CAPP.** 2021 CAPP distributed \$989.5 million in federal ARPA funding through January 2022 to reduce or eliminate the past due energy bills of over 1.6 million residential and commercial customers.

**2022 CAPP.** 2022 CAPP distributed \$647 million in state funding in November 2022 to energy utilities to completely eliminate the past due energy debt of approximately 1.4 million residential households. 2022 CAPP addressed 100 percent of the eligible arrearages reported by the energy utilities that applied for 2022 CAPP funds. Eligible arrearages under 2022 CAPP were defined as past due active residential customer energy bill balances accrued during the COVID-19 Pandemic Bill Relief Period of March 4, 2020 through December 31, 2021. 2022 CAPP funding was disbursed in November 2022 to energy utilities.

**Distribution of Funding.** Nine Investor-Owned Utilities (IOUs) and 24 Publicly-Owned Utilities (POUs) and Electric Cooperatives (ECs) applied for 2022 CAPP funding.

2022 CAPP Funding & Residential Customers Served					
	Local Assistance Budget Appropriation	Funding Applications	Funding Awarded	Funding Remaining	Residential Customers Served
IOUs	\$957,600,000	\$549,940,345.27	\$549,940,345.27	\$407,659,654.73	1,239,465
POUs & ECs	\$239,400,000	\$97,701,505.49	\$97,701,505.49	\$141,698,494.51	192,217
<b>Total</b>	<b>\$1,197,000,000</b>	<b>\$647,641,850.76</b>	<b>\$647,641,850.76</b>	<b>\$549,358,149.24</b>	<b>1,431,682</b>

**Appropriation vs. Distribution.** The budget appropriation for 2022 CAPP was based on a Spring 2022 survey of energy utility arrearages. At that point in time, energy utilities reported holding a little over \$1.2 billion in residential customer energy arrearages that accrued between March 4, 2020 and December 31, 2021. Energy utilities also reported in the survey that over 2.3 million inactive and active residential customer accounts held arrearages from June 2021 (the end of the Pandemic Relief Period for the first iteration of CAPP) to December 2021. The \$1.2 billion appropriated for 2022 CAPP was to address active residential customer arrearages.

From the point in time the Spring survey was conducted, to their Fall applications for 2022 CAPP funding, utilities reported a significant reduction in the total amount of eligible customer arrearages. CSD does not have specific data on why there was a decrease in the total arrearages for the Pandemic Bill Relief Period covered by 2022 CAPP. However, some of the factors that may have contributed to the lower arrearage levels include when utility disconnection moratoriums were lifted, customer payments between the point in time the Spring survey was conducted and Fall applications were submitted, availability of arrearage payment plans, changing economic conditions, or availability of other assistance (including LIHEAP). These factors also likely vary depending on the utility type – public vs. investor-owned – and from utility to utility, making it difficult to point to one particular cause for the reduction in eligible arrearages.

**Reversion.** The \$400 million in 2022 CAPP funding identified for reversion in the Governor's Proposed Budget was a conservative point in time estimate prior to funds being disbursed to utilities and provided flexibility in the event there were adjustments. The Administration will provide an update at May Revise on the approximately \$150 million remaining, taking into consideration updated revenue projections, among other things.

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**Staff Recommendation:** All issues here will be held open.

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## NON-PRESENTATION ITEMS

There are no panels for non-presentation items, however any item can be moved to Presentation at any time before or during the hearing by any Member.

### 0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY (CALHHS) AND OFFICE OF SYSTEM INTEGRATION (OSI)

### 5180 CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

**ISSUE 11. ADDITIONAL GOVERNOR’S PROPOSALS THAT ARE THE SUBJECT OF THIS AGENDA NOT OTHERWISE AGENDIZED FOR DISCUSSION**

#### **Budget Change Proposals (BCPs) Not Otherwise Discussed in the Agenda:**

**1. BCP – Foster Youth Bill of Rights Translation (AB 1735)**

CDSS Office of the Foster Care Ombudsperson (OFCO) requests resources to meet new requirements mandated by Chapter 405, Statutes of 2022 (Assembly Bill (AB) 1735) regarding the translation of the Foster Youth Bill of Rights (FYBOR), court reports, case plans, and transition to independent living plans for foster youth who speak a primary language other than English. The cost for this is \$300,000 General Fund in 2023-24 and \$200,000 General Fund in 2024-25.

**2. BCP - Case Management Information and Payrolling System (CMIPS)**

The OSI requests two permanent positions and an increase of \$10.7 million in expenditure authority in fiscal year 2023-24 and ongoing for the implementation and support of the Case Management Information and Payrolling System. This proposal reflects a requested increase in reimbursement authority (California Health and Human Service Automation Fund), General Funds for which were previously approved in the Department of Social Services' (CDSS) budget.

The following table provides estimated costs for the six components of this proposal:

Description	Cost
OSI State Staff	\$368,000
Electronic Visit Verification (EVV)	\$3,615,000
Electronic Forms	\$2,020,000
Language Support	\$2,973,000
Security Compliance	\$1,013,000
Program Efficiencies	\$702,000
<b>Total</b>	<b>\$10,691,000</b>

**3. BCP - Electronic Visit Verification Phase II**

The OSI the Department of Health Care Services (DHCS), and the Department of Developmental Services (DDS) request three positions (within DHCS) and total expenditure authority of \$2.5 million (\$832,000 General Fund and \$1.6 million federal funds) in 2023-24. If approved, these positions and resources would continue the multi-departmental effort for the second phase (Phase II) of implementation of Electronic Visit Verification for personal care services and home health care services.

The resources included in this request are comprised of a conversion of limited-term resources to three permanent positions at DHCS, and replacement of implementation consulting services with ongoing management, maintenance, and operations consulting services. The allocation of funds and position equivalents in this request for each of these departments are as follows:

Department/Office	General Fund	Federal Funds/ Reimbursements	TOTAL FUNDS	Permanent Positions
OSI*	[\$-]	[\$-]	[\$1,481,000]	0.0
DHCS	\$497,000	\$1,230,000	\$1,727,000	3.0
DDS	\$335,000	\$405,000	\$740,000	0.0
<b>Total</b>	<b>\$832,000</b>	<b>\$1,635,000</b>	<b>\$2,467,000</b>	<b>3.0</b>

\* OSI Allocation is non-add, as this allocation is the result of a transfer from DHCS and DDS of \$741,000 and \$740,000, respectively, for a total of \$1,481,000 of the approved funding to OSI to fund contract costs. The remaining funds at DHCS support the requested conversion of positions. In addition, the DDS federal funds are reflected as reimbursements from DHCS, the single state Medicaid agency, which claims federal matching funds on behalf of DDS.

**Trailer Bill Proposal (TBL) Pieces Not Otherwise Discussed in the Agenda:****4. TBL – Center for Data Insights and Innovation (CDII) – Data Exchange Framework Support**

This trailer bill language proposal has been deferred to the policy process.

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**Staff Recommendation:** These issues will be held open.

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**PUBLIC COMMENT**  
**(PUBLIC COMMENT WILL BE TAKEN ON ALL ITEMS)**

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