

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER DR. JOAQUIN ARAMBULA, CHAIR

WEDNESDAY, MARCH 9, 2022

1:30 P.M. – STATE CAPITOL, ROOM 444

We encourage the public to provide written testimony before the hearing. Please send your written testimony to: 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. All are encouraged to watch the hearing from its live stream on the Assembly's website at: <https://assembly.ca.gov/todaysevents>.

The Capitol will be open for attendance of this hearing. Any member of the public attending a hearing in the Capitol is strongly encouraged to wear a mask at all times while in the building.

*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 (3-5 minutes is suggested, with five minutes as a firm maximum) in order to facilitate the flow of the hearing. Thank you.

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: CHILD WELFARE DISPARITIES, IMPACTS ON CHILD DEVELOPMENT, AND THE ROLE OF MATERNAL HEALTH SUPPORTS

1. Daniel Webster, Ph.D., Principal Investigator and Senior Project Scientist, California Child Welfare Indicators Project, School of Social Welfare, University of California at Berkeley
2. Sabrina Forte, Director of Policy and Impact Litigation, Alliance for Children's Rights
3. Stacy Lee, Chief Learning Officer and Senior Managing Director of Early Childhood, Children Now
4. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services
5. Kim Johnson, Director, California Department of Social Services
6. Justin Freitas, Principal Program Budget Analyst, Department of Finance
7. Angela Short, Senior Fiscal and Policy Analyst, Legislative Analyst's Office

ISSUE 2: CONTINUUM OF CARE REFORM (CCR) – OVERSIGHT OVER IMPLEMENTATION
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1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services
2. Jennifer Troia, Chief Deputy Director, California Department of Social Services
3. Justin Freitas, Principal Program Budget Analyst, Department of Finance
4. Angela Short, Senior Fiscal and Policy Analyst, Legislative Analyst's Office
5. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California
6. Chris Stoner-Mertz, Executive Director, California Alliance for Child and Family Services

ISSUE 3: FAMILY FIRST PREVENTION SERVICES ACT (FFPSA) PARTS I AND IV – OVERSIGHT OVER IMPLEMENTATION

1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services
2. Jennifer Troia, Chief Deputy Director, California Department of Social Services
3. Justin Freitas, Principal Program Budget Analyst, Department of Finance
4. Angela Short, Senior Fiscal and Policy Analyst, Legislative Analyst's Office
5. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California
6. Chris Stoner-Mertz, Executive Director, California Alliance for Child and Family Services
7. Jessica Haspel, Associate Director of Child Welfare, Children Now

ISSUE 4: COMPLEX CARE, NEEDS OF TRANSITION AGED/OLDER YOUTH, AND WORKFORCE AND CAPACITY CHALLENGES – OVERSIGHT OVER IMPLEMENTATION

1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services
2. Jennifer Troia, Chief Deputy Director, California Department of Social Services
3. Justin Freitas, Principal Program Budget Analyst, Department of Finance
4. Angela Short, Senior Fiscal and Policy Analyst, Legislative Analyst's Office
5. Jevon Wilkes, Executive Director, California Coalition for Youth
6. Simone Tureck Lee, Director of Housing and Health, John Burton Advocates for Youth
7. Ginger Pryor, Interim Los Angeles County Department of Children and Family Services Director
8. Tiffany Whiten, Senior Government Relations Advocate, SEIU California
9. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California

There are no panels for the Non-Presentation Items on this agenda.

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

ITEMS TO BE HEARD

5180 CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (DSS)

ISSUE 1: CHILD WELFARE DISPARITIES, IMPACTS ON CHILD DEVELOPMENT, AND THE ROLE OF MATERNAL HEALTH SUPPORTS

PANELISTS AND QUESTIONS ASKED OF EACH PRESENTER
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Panelists have been asked to specifically answer the questions below as listed for each individual panelist in their five-minute maximum presentation to the Subcommittee.

1. **Daniel Webster, Ph.D., Principal Investigator and Senior Project Scientist, California Child Welfare Indicators Project, School of Social Welfare, University of California at Berkeley**
 - What are the disparities in California's child welfare/child protection system and how have these trended over time?
 - How does the condition of poverty relate to these stark racial disparities?
 - What do we know about the root causes of the disparities and what are actionable steps that the state can take to reduce and eliminate these disparities?
2. **Sabrina Forte, Director of Policy and Impact Litigation, Alliance for Children's Rights**
 - Families and communities that have experienced disproportionate levels of surveillance and policing may be reticent to seek help from child welfare or law enforcement agencies. What can be done to give families in crisis the option to seek support outside of these systems?
 - Does the system provide adequate legal protection and representation for families brought to the attention of the child welfare system and what additional representation could be considered?
 - When an emergency removal of a child from their home is necessary, the child welfare services (CWS) or probation agency has an obligation to locate any family members to determine if the child can be placed with a relative or a non-relative extended family member (NREFM) in order to preserve and maintain family connections. What more can be done to support up-front family finding and child-specific approval to maintain that important community connection?
 - What additional family-centered options are available in current law to support families' preferred permanency arrangements and how can we better support them?
3. **Stacy Lee, Chief Learning Officer and Senior Managing Director of Early Childhood, Children Now**
 - Given the disproportionality and overrepresentation of children of color and those from low-income households in child welfare, what value does maternal health supports, including two-generation supports, provide? What are the long-term benefits?

- What steps can be taken to ensure that families receive culturally-responsive care, especially to reach black and brown children and families?
- How have home visiting programs responded to the needs of families during the pandemic? What should we be thinking about as we transition back to more “normal” times?

4. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services

5. Kim Johnson, Director, California Department of Social Services

- What are the state’s goals and plans to reduce and ultimately eliminate racial disparities in child welfare services?
- What is the connection between child welfare and our CalWORKs program? How can we strengthen the prevention muscle of the CalWORKs program toward more positive outcomes in child development, maternal health, and family stabilization, as well as reduced referrals to child welfare?

6. Justin Freitas, Principal Program Budget Analyst, Department of Finance

- Please provide any additional information on the issue.

7. Angela Short, Senior Fiscal and Policy Analyst, Legislative Analyst’s Office

- What are the LAO’s observations and points of interest in this conversation?
- What are key areas of policy that the state can focus on to potentially make an impact to reduce and eliminate disparities in child welfare?

BACKGROUND ON CHILD WELFARE SERVICES

Program 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.

Federal Funding. When a family becomes involved with 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 multiyear effort—with implementation of the various components of the reform package beginning at different times over several years—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 kin (either a non-custodial parent or relative), 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)—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.

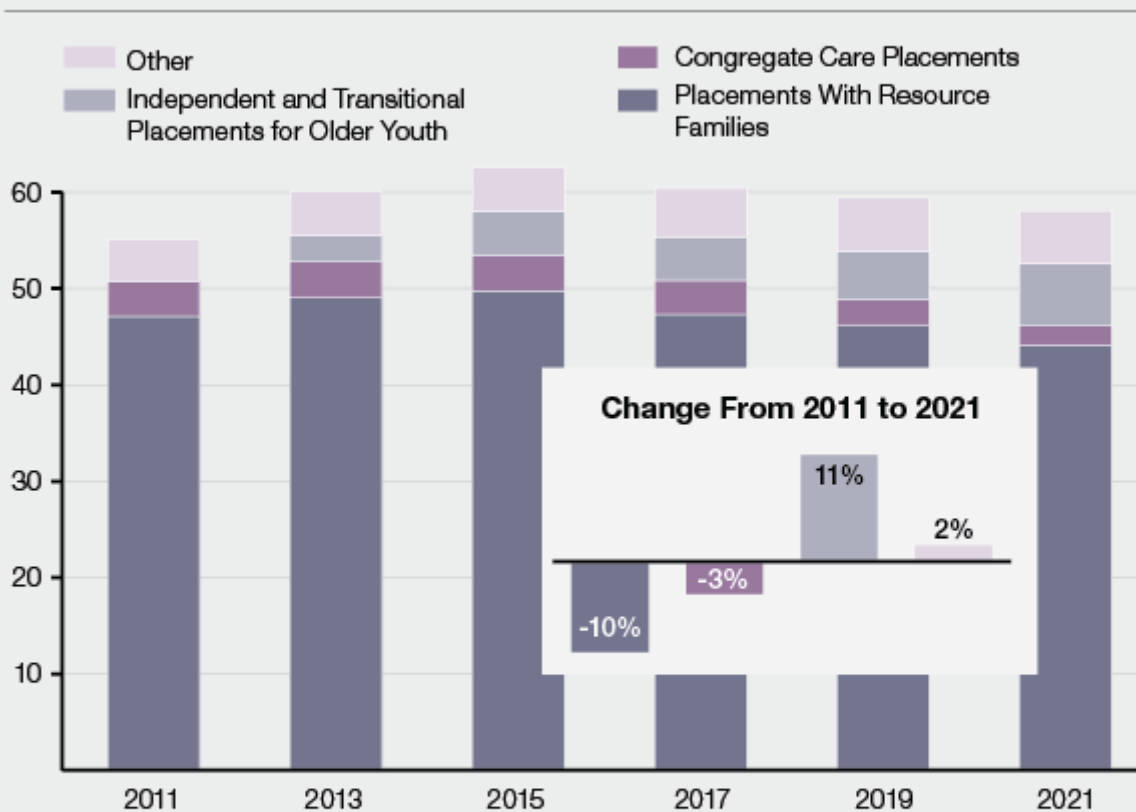
Total Foster Care Placements Have Remained Stable, With Shifts in Placement Types.

Over the past decade, the number of youth in foster care has remained around 60,000 (ranging from around 55,000 to around 63,000 at any point in time). While the total number of placements has remained stable, the predominance of various placement types has shifted over time. In particular, in line with the goals of CCR, congregate care placements have decreased, while more independent placements have increased since the implementation of EFC.

The following figure from the Legislative Analyst’s Office (LAO) illustrates changes in foster placements over time.

Foster Care Placements: Point-In-Time Counts 2011-2021

Youth in Foster Care (In Thousands)



Notes:

Data from California Child Welfare Indicators Project (CCWIP). Retrieved February 4, 2022 from University of California, Berkeley CCWIP website.

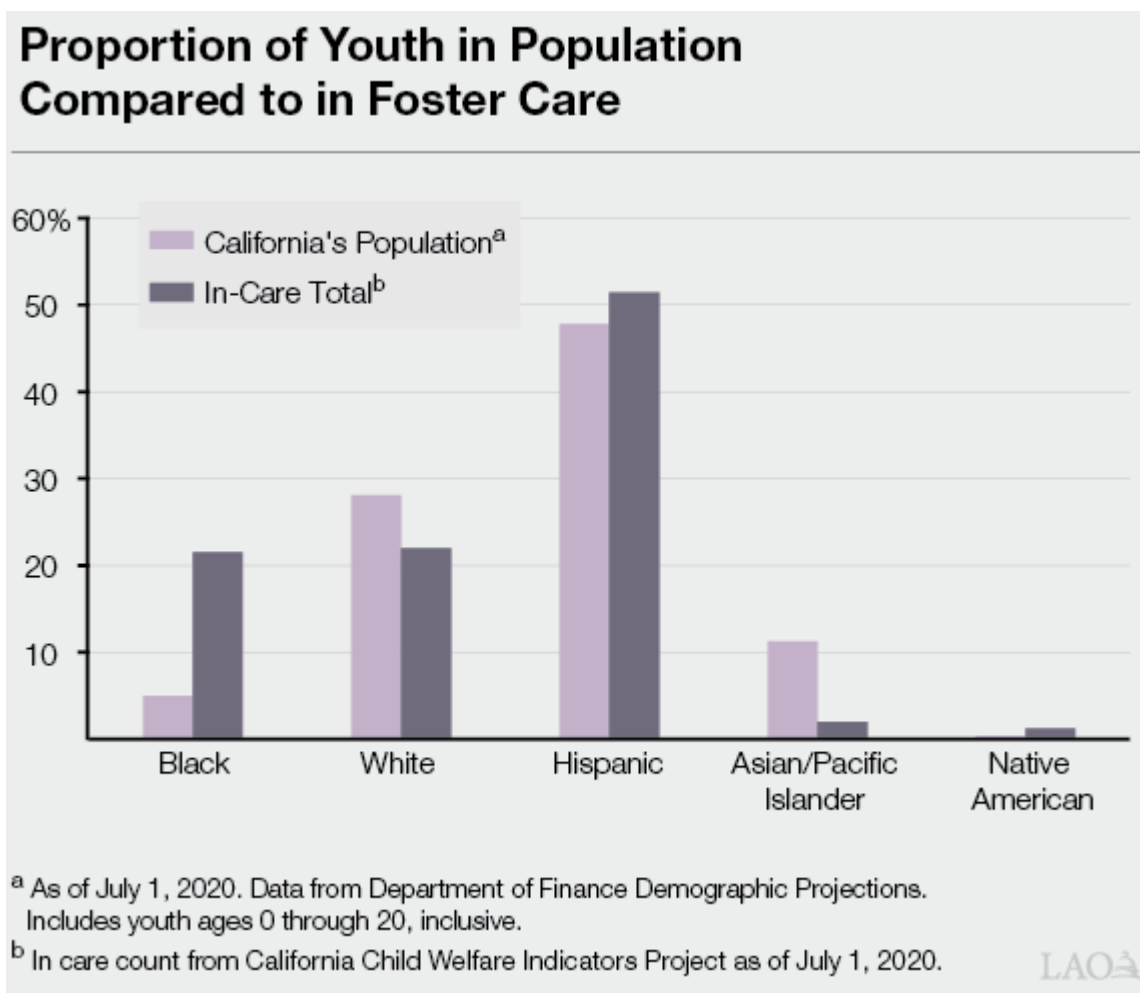
Data reflects point-in-time count of youth in care for October 1 of each year shown.

Data reflects child welfare placements; probation placements not included.

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

CHILD WELFARE DISPARITIES

Foster Youth Are Disproportionately Low Income, Black, and Native American. A broad body of research has found that families involved with child protective services are disproportionately poor and overrepresented by certain racial groups, and are often single-parent households living in low-income neighborhoods. 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 following figure from the LAO, 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. While the information displayed is point in time, these disproportionalities have persisted for many years. Of note, the figure displays aggregated state-level data; disproportionalities differ across counties.



Root Causes of Disparities. The Alliance for Children’s Rights, in conjunction with other children’s advocacy organizations, published a report in the fall of 2021 entitled, “The Path to Racial Equity in Child Welfare: Valuing Family and Community,” which is available at: https://allianceforchildrensrights.org/wp-content/uploads/REJPS_summit_report.pdf. The following is an excerpt from this report.

“Beginnings of Racial Disproportionality and Disparities. The racial inequities in child welfare have roots in the practices of nineteenth-century orphanages. Mostly private institutions run by religious groups, orphanages provided shelter, food, and education to the children of deceased parents or parents unable to adequately care for their children, usually because they were poor.

As Dr. Jessica Pryce explained in a 2020 virtual lecture series hosted by the UCLA Pritzker Center for Strengthening Children and Families, child welfare had a “dual-track delivery system” from the very beginning. In both the Southern and Northern United States, White children and Black children were placed in separate facilities, and the services and resources offered in orphanages for the latter group were generally of substandard quality. Further, because most cities and states had relatively few Black orphanages (if any), many needy

Black children ended up on the streets or in almshouses, which were notoriously rundown shelters for the poor, the elderly, and those suffering from mental illness.

Native American children also experienced racism in the nascent child welfare system of the 19th century. Beginning in 1860, the federal Bureau of Indian Affairs established boarding schools on tribal reservations with the goal of assimilating Native youth into mainstream White American society. Students were forced—frequently under the threat of physical punishment—to shun their traditional languages, customs, and beliefs.

In the 1880s, the federal government adopted a more aggressive assimilationist approach by removing Native children from their homes and sending them to boarding schools and orphanages outside of tribal lands. Perhaps the most well-known of these institutions was the Carlisle Indian Industrial School in Carlisle, Pennsylvania. The school's founder, U.S. Army Captain Richard Henry Pratt, stated that his mission was to “kill the Indian...and save the man.”

At Carlisle and other schools, students were essentially cut off from their families and communities. According to journalist Mary Annette Pember, when boarding school students died of disease, malnutrition, or other causes, they were sometimes buried in unmarked graves without their parents' knowledge. It was not until the passage of the Indian Child Welfare Act of 1978 (discussed later) that Native families were granted the right to prevent their children from being placed in off-reservation schools.

Early Federal Child Welfare Policies. The federal government began to take a more prominent role in child welfare policy at the turn of the 20th century. Decrying the institutionalization of children, the attendees of the 1909 White House Conference on the Care of Dependent Children declared that “children should not be removed from their families except for urgent and compelling reasons, and destitution was not one of those reasons.” As public opinion turned against the practice of housing children in orphanages, nearly every state instituted a “mothers' pension” for widows and single mothers living in poverty.

The Social Security Act of 1935 incorporated the mothers' pension into federal statute with the creation of the Aid to Dependent Children program (later renamed Aid to Families with Dependent Children [AFDC]). With tacit federal approval, state child welfare agencies systematically deprived Black families of AFDC benefits and services, particularly in the Jim Crow South. States instituted policies that “arbitrarily denied [AFDC] benefits to African Americans because their homes were seen as immoral, men other than biological fathers were identified by workers as assuming care of the recipients' children, the worker believed a man was living in the home, and/or the mother had children born out-of-wedlock.”

In the early 1960s, under growing pressure from civil rights organizations, the federal Department of Health, Education, and Welfare (HEW) amended AFDC to address discriminatory practices. The impetus for these reforms was the so-called Louisiana Incident. In 1960, Louisiana removed 23,000 children—most of them Black—from its state welfare rolls because their households were deemed “unsuitable.” In the aftermath of the Louisiana Incident, HEW instituted the “Flemming Rule” in 1961. Named after HEW secretary Arthur

Flemming, this rule barred states from denying welfare benefits to families based on their parents' marital status. The Flemming Rule also empowered states to remove children from homes judged "unsuitable" and provide services to a foster caregiver rather than offer services to the family in the home.

The laws passed following the Louisiana incident and the institution of the Flemming rule laid the foundation for the punitive child welfare policies that disproportionately harm children and families of color today. After denying services to Black families for decades, public child welfare agencies began increasing their surveillance and punishment of this same population. According to the 1962 Public Welfare Amendments, child welfare agencies were now required to refer "neglectful" parents to the court system. Since parents of color (particularly Black and Native American parents), experienced poverty at higher rates than their White counterparts, they were more likely to be judged neglectful and ultimately have their children placed in out-of-home care.

In 1962, pediatrician C. Henry Kempe introduced the world to battered-child syndrome, "a clinical condition in young children who have received serious physical abuse, generally from a parent or foster parent." According to Dr. Kempe and his colleagues, the syndrome could cause permanent disability or death. This claim sparked nationwide concern about child abuse, and at a meeting convened by the Children's Bureau that same year, Kempe and other advocates "recommended state legislation requiring doctors to report suspicions of abuse to police or child welfare." By 1967, all 50 states passed some form of mandatory reporting law. Coupled with mandatory reporting, the new focus on abuse and neglect led to a marked increase in the foster care population.

The Modern Era of Child Welfare Reform. As the number of out-of-home placements jumped in the late '60s and early '70s, calls for child welfare reform grew louder. In the landmark 1972 book *Children of the Storm*, Andrew Billingsley and Jeanne M. Giovannoni argued that state agencies were not only removing Black children from their homes unjustly, but also denying them much-needed services. The authors recommended that Black communities be empowered to care for their own children without state intervention. To the dismay of Billingsley, Giovannoni, and many others, the post-civil rights era saw the government expand the reach of the child welfare system in new and concerning ways.

Over the next few decades, the federal and state governments adopted well-meaning policy priorities—protecting children, expediting permanency, funding foster families, supporting adoption—that have allowed racial disproportionality and disparities to either grow or persist. The Child Abuse Prevention and Treatment Act of 1974 (CAPTA) created a federal mandate for state mandatory reporting laws and introduced new definitions of abuse and neglect. In the wake of CAPTA's passage, the number of children coming into the child welfare system skyrocketed.

Concerned about the growth of the national foster care population and the increase in lengths of stay in care, Congress passed the Adoption Assistance and Child Welfare Act of 1980 (AACWA). AACWA "required states to make 'reasonable efforts' to avoid removing children from maltreating parents" and to reunite children with parents in removal cases. In addition,

children in foster care now needed a “permanency plan” for reunification or termination of parental rights. The law also incentivized adoption by providing financial support to adoptive parents.

While the number of children in care and time spent in care dipped for a few years after AACWA’s passage, these indicators shot up again during the crack cocaine and HIV epidemics of the ‘80s and ‘90s, both of which devastated many Black communities. Amidst these public health crises and an economic downturn, the foster care population grew from 280,000 in 1986 to nearly 500,000 in 1995. And between 1986 and 2002, the proportion of Black children entering foster care jumped from about 25 percent to 42 percent.

The Adoption and Safe Families Act of 1997 (ASFA) built on the permanency planning focus of AACWA by establishing strict timelines for terminating parental rights and incentivizing adoption through direct payments to states. The strategies at the core of ASFA, and subsequent legislation such as the Fostering Connections Act of 2008 (FCA), aimed to move children out of the system more quickly and were ultimately successful in doing so. After peaking at 567,000 in 1999, the national foster care population dropped to 397,000 in 2012.

California’s foster care caseload dropped 41 percent between 2000 and 2016, from 103,000 to 61,000. Nevertheless, over this same period, the percentage of children entering care in California following a substantiated abuse or neglect allegation remained stable. The decline in caseloads was attributable almost entirely to faster exits out of care, as opposed to fewer entries into care. This suggests many missed opportunities to prevent maltreatment or provide in-home services to keep parents and children together. Even if more relatives have achieved legal guardianship in recent years—one effect of FCA—the trauma of separating a parent and child cannot be undone. As noted in an earlier section, these policies and practices dated back to the mid-nineteenth century.

Among the federal legislative reforms of the last half century, the Indian Child Welfare Act (ICWA) of 1978 stands apart because it applies to a single group—children who are members, or are eligible for membership, of a federally recognized tribe. Describing the congressional hearings that preceded the passage of ICWA, law professor Matthew L. M. Fletcher writes, “Hundreds of pages of legislative testimony taken from Indian Country over the course of four years confirmed for Congress that many state and county social service agencies and workers, with the approval and backing of many state courts and some Bureau of Indian Affairs officials, had engaged in the systematic, automatic, and across-the-board removal of Indian children from Indian families.”

Disproportionality and Disparities Today. Today, children of color, and specifically Black and Native American children, continue to experience disparities at every stage of the child welfare system: maltreatment reports, investigations, case substantiations, service referrals, out-of-home placements, family reunification, termination of parental rights, and time spent in foster care. Black children comprise 14 percent of all children nationwide but 23 percent of children in the child welfare system. More than half of Black children experience a child welfare investigation before the age of 18. Despite ICWA’s passage more than 40 years ago, the proportion of Native children in foster care is 2.6 times higher than their share of the total

child population. Though Latinx children are underrepresented in the national foster care population, they are overrepresented in more than 20 states, including California. Generally, children of color are less likely than White children to exit foster care through reunification, adoption, and legal guardianship.

Because socioeconomic status and child welfare involvement are highly correlated, many attribute disproportionality in the system to high levels of poverty among certain communities of color. To analyze this argument, it is important to understand exactly how poverty, race, and the child welfare system interact. First, poverty among communities of color is often the direct result of racism in employment, housing, education, healthcare, and other areas. Moreover, as sociology professor Dorothy E. Roberts notes, “government authorities are more likely to detect child maltreatment in poor families, who are more closely supervised by social and law enforcement agencies.” Therefore, official data inflates the extent of maltreatment in low-income households of color and further contributes to negative perceptions about these families. That said, generational poverty and systemic oppression can interfere with parents’ ability to adequately care and provide for their children. Rather than equating poverty with neglect and needlessly separating children from their parents, child welfare agencies should strive to provide services and benefits that tangibly address the inequalities that stem from structural racism (while always prioritizing child safety).

Along with acknowledging and responding to structural racism broadly, child welfare practitioners must grapple with decades of academic research and anecdotal evidence regarding the bias and discrimination within the system. When controlling for family income and perception of risk, caseworkers have been shown to be more likely to substantiate cases and make removal decisions when investigating Black families. These findings suggest that some caseworkers have a lower threshold for making the potentially life-altering decision to separate a child from their parents if the family in question is Black. Another study found that caseworkers were more likely to refer Black parents to parenting classes “even if there were no racial differences in the identification of poor parenting skills.” This sort of bias is very much felt and understood by communities of color and reinforces the belief that the child welfare system aims to undermine parents’ judgment and ultimately break families apart.

In recent years, some practitioners and advocates have embraced kinship care as a remedy for the racial disproportionality in foster care. However, in certain circumstances, these relative placements occur outside of the dependency court system in the context of threats or coercion by the child welfare agency. This results in the phenomenon of “hidden foster care.” While connecting children with family members should be a top priority in removal cases, coercing families to establish informal custody changes outside of the system could deprive them of benefits and services that promote permanency, reunification, and healing. In forced diversion cases, child welfare agencies essentially relieve themselves of the responsibility to ensure a child resides in a safe, stable home, whether with a relative or a parent. This decision acknowledges harm caused by the system but does not prevent this harm—family separation—from occurring. As described by the policies [in this report], real transformational reform encompasses upholding the rights of children and parents and offering family-centered services and supports.”

THE CONDITION OF FAMILIES IN CALWORKS

CalWORKs is a basic aid program for families with children living with either low or no income. The demographics of the caseload is emblematic of the larger picture of poverty in California, comprised disproportionately of Latina and Black single-parent households with an average of two children. The CalWORKs program, recent changes, and continuing challenges were discussed at the Subcommittee's February 23, 2021 hearing.

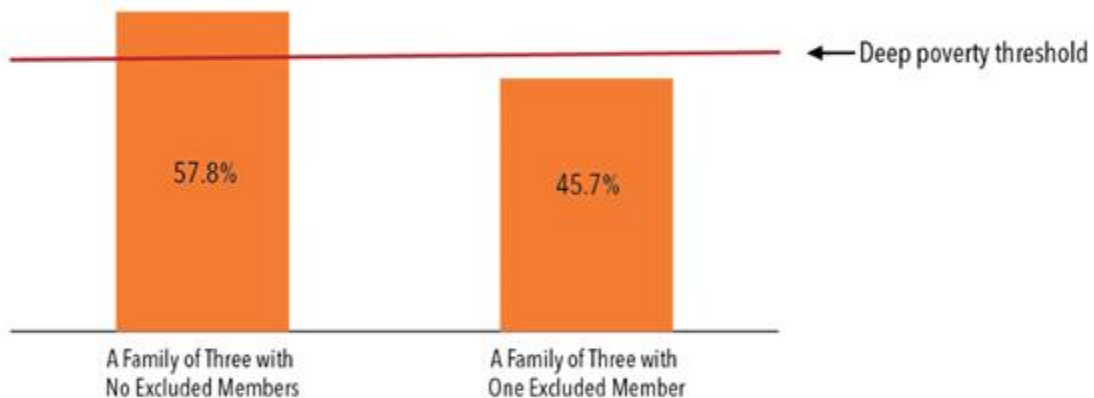
The following is from a recent piece from the California Budget and Policy Center.

"CalWORKs is a critical part of the state's safety net for families with low incomes, particularly families of color. Modest monthly CalWORKs grants are adjusted according to the number of people in the household who are eligible for cash assistance. A family member may be excluded from grant calculations if they have exceeded the time limit for assistance, have not met work requirements, or due to their immigration status.

For some CalWORKs families, state policymakers have raised grants above deep poverty (50% of the federal poverty line). Yet for the 55 percent of CalWORKs cases with an excluded family member, the maximum grant remains below deep poverty, leaving them out of receiving sufficient assistance for basic needs."

CalWORKs Grants Remain Below the Deep Poverty Line When a Family Member Is Excluded from Assistance

Maximum Monthly Grant as a Percentage of the Federal Poverty Line for a Family of Three



Note: Grants are for high-cost counties and reflect a proposed 7.1% increase effective October 2022. When all family members are aided, grants are for a family of three. When a member is unaided, grants are for a family of two. Deep poverty is defined as 50 percent of the federal poverty line.
Source: Budget Center analysis of Department of Social Services and US Health and Human Services data



California Budget
& Policy Center

Increasing grants for families with an excluded family member would ensure that no family in the CalWORKs program lives in deep poverty.

STAFF COMMENTS AND QUESTIONS

Evidenced and persistent child welfare disparities insist on policy interventions from all parts of the health and human services safety net. CalWORKs, as a basic needs program, can be a powerful tool to promote family stabilization, maternal health, and child development. The Administration is concluding its work on a report to align policy in CalWORKs to the Outcomes and Accountability Review (also known as Cal-OAR) process, which is due to the Legislature on April 1, 2022. This Subcommittee has asked for the Administration to be prepared to present on the recommendations and findings in the report at the upcoming Subcommittee's April 6, 2022 hearing.

Using this pending report and considering the other recommendations being forwarded by counties and advocates in the child welfare space, the Subcommittee may choose to pursue changes and investments to aid in the strengthening of CalWORKs and child welfare programs to substantially reduce disparities in the child welfare system in the near future.

As the Subcommittee discusses the Continuum of Care Reform effort and the implementation of the federal Family First Prevention Services Act in the subsequent components of this agenda, the Subcommittee may want to use the following policy recommendations forwarded in the aforementioned "The Path to Racial Equity in Child Welfare" report to assess how these efforts can be leveraged to achieve equity and eliminate child welfare disparities:

A. Value family and community through prevention strategies aimed at avoiding maltreatment from occurring and halting all unnecessary separations of children and parents.

1. Expand primary prevention services to support families before maltreatment occurs.
2. Give families in crisis the option to seek help from behavioral health specialists rather than law enforcement.
3. Limit removals on the basis of "neglect."
4. Mandate pre-petition legal representation.
5. Implement a "blind removal" process.

B. Empower the family network and connect youth to their community if and when removing a child from their home is necessary and appropriate.

1. Use Voluntary Placement Agreements as a proactive family engagement tool.
2. Permit families, parents, or children to seek court review of any safety plan or informal care arrangement.
3. Facilitate expedited guardianships through the dependency court system.
4. Make child and family team (CFT) meetings truly family-centered and culturally competent.
5. Remove barriers preventing children from being immediately connected to their own family and extended family.

C. Prioritize family decision making and preferences when considering permanency and reunification for children exiting foster care.

1. Build in more flexibility for extending family reunification timelines based on the specific needs of the family.
2. Restructure visitation to promote family bonding time and set the stage for successful reunification.
3. Ensure access to reunification services.
4. Support families' preferred permanency arrangement.
5. Allow for the possibility of adoption without termination of parental rights (TPR).
6. Eliminate requirement that parental rights must be terminated based on a finding that the child is adoptable.
7. Reassess system performance measures.

In conclusion, the report calls for the following: "All policy changes must be grounded in an acknowledgment of past and ongoing harms and a commitment to anti-racist reform. Government child welfare agencies should institutionalize anti-racist trainings; outline specific targets for reducing racial disproportionality and disparities; and release an annual report analyzing progress on this agenda."

Staff Recommendation: The Subcommittee may wish to formally request participation of the Department of Social Services and the California Health and Human Services Agency's Child Welfare Policy Council at the upcoming April 6, 2022 hearing. Participants could be asked to discuss the CalWORKs report and to address the intersection of CalWORKs and Child Welfare Services, in the context of disparity reduction, to improve outcomes for low-income, disadvantaged children of color in California, pursuant to recommendation A1 of "The Path to Racial Equity in Child Welfare" report.

The Subcommittee may also wish to ask the Administration to consider the final recommendation offered in the "Path to Equity in Child Welfare" report, which asks for: (1) the institutionalization of anti-racist trainings; (2) an outline of specific targets for reducing racial disproportionality and disparities; and, (3) for the release of an annual report analyzing progress on this agenda.

ISSUE 2: CONTINUUM OF CARE REFORM (CCR) – OVERSIGHT OVER IMPLEMENTATION**PANELISTS AND QUESTIONS ASKED OF EACH PRESENTER**

Panelists have been asked to specifically answer the questions below as listed for each individual panelist in their five-minute maximum presentation to the Subcommittee.

- 1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services**
- 2. Jennifer Troia, Chief Deputy Director, California Department of Social Services**
 - Viewing through the lens of the first issue on reducing and ultimately eliminating racial disparities in child welfare, in what ways can the Continuum of Care Reform (CCR) be improved and strengthened to positively impact this goal toward equity?
 - What accounts for the decrease in family-based placements over time per the Legislative Analyst's Office analysis (see LAO figure under Issue 1)?
 - What prior strategies have been successful in building family-based care?
 - What would be the impact of not continuing the \$85 million investment that has been used by counties for Child Welfare Services operations, primarily for Resource Family Approval?
 - What have been the successes of the CCR effort? What are the areas that are still a challenge or a work in progress?
- 3. Justin Freitas, Principal Program Budget Analyst, Department of Finance**
 - Please provide any additional information on the issue.
- 4. Angela Short, Senior Fiscal and Policy Analyst, Legislative Analyst's Office**
 - Please review the comments and questions from your analysis on the CCR effort.
 - Please provide any additional information on the issue.
- 5. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California**
 - What do counties see as still being "unfinished business" of CCR?
 - What are the strategies that have been successful in building family-based care? How can we better support our family-based caregivers?
 - How can we ensure there are sufficient emergency placements for youth who come into the system unexpectedly, especially those without a relative willing or able to care for them?
- 6. Chris Stoner-Mertz, Executive Director, California Alliance for Child and Family Services**
 - What service gaps continue to exist in the implementation of CCR?
 - How have Short-Term Residential Therapeutic Programs (STRTPs) shifted and changed, and what challenges are they currently experiencing?

OVERVIEW OF GOVERNOR'S BUDGET FOR CHILD WELFARE SERVICES

Overview of Governor's Budget for Child Welfare Services (CWS). Total funding for child welfare is proposed to decrease by more than \$1 billion (more than \$700 million General Fund) between 2021-22 and 2022-23. This decrease was expected as a number of one-time/limited-term program augmentations were included in the 2021-22 budget and are not proposed to continue in 2022-23. Notably, the state's pandemic support within child welfare also largely expires in 2021-22, and several significant one-time/limited-term federal augmentations are projected to end in the current year as well. Beyond these specific changes, the lower proposed state and federal funding amounts in 2022-23 also reflect some lower projected spending on home-based family care rates. The primary drivers of the year-over-year decrease are detailed in the figures below, provided by the Legislative Analyst's Office (LAO).

Changes in Local Assistance Funding for Child Welfare and Foster Care

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

	Total	Federal	State	County	Reimbursements
2021-22 revised budget	\$9,872	\$3,622	\$1,494	\$4,564	\$192
2022-23 Governor's Budget	8,756	3,056	761	4,723	215
Change From 2021-22 to 2022-23	-\$1,116	-\$566	-\$732	\$159	\$23
AAP = Adoption Assistance Program; KinGAP = Kinship Guardianship Assistance Payment; and ARC = Approved Relative Caregiver					
Note: Does not include Child Welfare Services automation.					

Primary Drivers of Overall Child Welfare Spending Decreases

(In Millions)

Item	Total Funds Change From 2021-22 to 2022-23	General Fund Change From 2021-22 to 2022-23	Reason
FFPSA Part I	-\$286	-\$222	One-time funding in 2021-22 to help counties begin implementing Title IV-E prevention services.
Family First Transition Act—Funding Certainty Grant	-250	—	Limited-term federal grants to support counties transitioning after the end of Title IV-E Waiver Demonstration Projects.
Addressing Complex Care Needs	-122	-121	Some one-time support for foster youth requiring complex care, including intensive behavioral health needs. We note that around \$20 million total funds (\$18 million GF) is ongoing.
COVID-19 temporary FMAP increase	-100	—	Federal augmentation projected to end June 30, 2022.
One-time funding to counties	-85	-85	One-time support in 2021-22.
COVID-19 pandemic assistance for resource families	-80	-80	One-time funding in 2021-22 to provide lump-sum payments to resource families in response to pandemic.
COVID-19 support for former NMDs and flexibilities within EFC	-55	-49	Limited-term funding to support NMDs and former NMDs who would have aged out or lost eligibility for EFC. Support ended December 31, 2021.
COVID-19 support for STRTPs	-42	-42	One-time funding in 2021-22 for STRTPs experiencing negative financial impacts due to the pandemic.
FFPSA Part IV	-30	-3	Some one-time support to begin implementing new congregate care requirements. We note that around \$57 million total funds (\$29 million GF) is ongoing.
Placement prior to approval	-18	-11	Maximum duration decreases from 120 days (with possible extension up to 365 days) to 90 days.
Transition from 16+ bed STRTPs	-10	-10	One-time funding in 2021-22 to support STRTPs determined to be IMDs and therefore no longer eligible for Medicaid federal financial participation.
COVID-19 support for Family Resource Centers	-6	-6	Limited-term funding for Family Resource Centers in response to pandemic. Expenditure authority ends June 30, 2022.
COVID-19 rate flexibilities for resource families	-5	-3	Limited-term option to increase foster care monthly maintenance payment rates for families directly impacted by COVID-19. Support ended December 31, 2021.
COVID-19 support for state administered contracts	-2	-2	Limited-term funding for parent and youth helpline and laptop and cell phone distribution in response to pandemic. Expenditure authority ends June 30, 2022.
Other Net Changes	-25	97	Includes increases and decreases, including new proposed funding and monthly assistance payment rate and caseload changes.
Totals	-\$1,116	-\$732	

FFPSA = Family First Prevention Services Act; GF = General Fund; FMAP = federal medical assistance percentage; NMDs = non-minor dependents; EFC = extended foster care; STRTP = Short-Term Residential Therapeutic Programs; and IMDs = Institutions for Mental Disease.

Majority of Pandemic Response Would End in the Current Year. Since the onset of the COVID-19 pandemic, California has provided a variety of financial supports and flexibilities to families involved with the child welfare and foster care systems. In addition to the supports described in this agenda, the state also provided cash cards to families at risk of child removal

(including eligible families on counties' Emergency Response and Family Maintenance caseloads) using 2019-20 and 2020-21 funding. A few components of the state's pandemic response within child welfare are proposed to continue in 2022-23. Specifically, the Administration proposes to provide: (1) \$50 million one time for counties to increase their emergency response capacity (\$50 million one time for this purpose also was included in the 2021-22 budget); and, (2) \$4.7 million one-time to continue supporting the operation of the parent and youth helpline.

Governor's Proposals Include Limited New Non-Pandemic Spending. While overall child welfare spending is proposed to decrease significantly from 2021-22 to 2022-23, the Governor's budget does include a few new spending proposals. These proposals, described below, would result in new one-time spending of around \$5.4 million General Fund in 2022-23 and around \$1 million General Fund ongoing.

- Addressing Resource Family Approval (RFA) Backlog: \$4.4 million one-time to support counties in addressing the current backlog of resource family applications with approval times over 90 days. Funding would provide overtime pay to existing staff to address the backlog.
- Foster Youth to Independence (FYI) Pilot Program: \$1 million one-time to support counties piloting the federal Housing and Urban Development FYI voucher program. The state launched the pilot in the second half of 2021 using federal Chafee funding, which expires in September 2022. The Governor's budget proposal would provide state resources to continue the pilot for an additional two years.
- Supplemental Security Income (SSI) Appeals: \$227,000 ongoing for social worker costs related to preparing and filing appeals for denied federal SSI applications for foster youth approaching 18 years of age. Current law requires counties to screen 16-17 year olds for potential SSI benefits and file initial claims; the proposed funding would support appeals when those initial claims are denied. This proposal includes trailer bill language.
- Family Finding Support and Engagement: \$750,000 ongoing to provide technical assistance and training for county welfare agencies in support of family finding and engagement activities for foster youth. This proposal includes trailer bill language.
- Budget Change Proposal (BCP) for Foster Care Placement Services: \$1 million each year for three years, beginning in 2022-23, to fund six temporary positions to address the workload associated with developing a Congregate Care Continuous Quality Improvement framework to increase oversight and accountability of foster care placement services.
- BCP to Fund Implementation of AB 565, Interagency Advisory Committee on Apprenticeship: \$174,000 in 2022-23 and \$167,000 in 2023-24 and on-going to fund one permanent position and workload to support this committee. The requested resources will track the number of foster youth and homeless youth who have registered

for and completed apprenticeship programs, which will be included in an annual report to the Legislature, pursuant to Assembly Bill (AB) 565 (Chapter 194, Statutes of 2021).

Other Programs Benefitting Foster Youth Proposed Under Different Departments. The Governor's budget includes two significant proposals benefitting foster youth and former foster youth outside the health and human services agency.

- **Higher Education Supports:** \$10 million ongoing to expand NextUp at California Community Colleges, and \$18 million ongoing to support similar programs at the University of California (UC) and California State University (CSU) systems. NextUp's current funding is \$20 million ongoing, and the program currently is provided at 20 community college districts. The program provides a broad range of services to current and former foster youth, including outreach and recruitment, academic counseling, tutoring, book and supply grants, and referrals to health and mental health services. The proposed \$10 million augmentation would expand the program to an additional ten community college districts. The proposed \$18 million for CSU and UC would provide similar support for foster youth programs across CSU and UC campuses. We discuss these proposals more in our analysis of higher education programs here.
- **Tax Credit for Former Foster Youth:** \$20 million estimated reduction in revenue to provide fully refundable tax credits of around \$1,000 to former foster youth age 18 through 25 who are eligible for the California Earned Income Tax Credit. The Administration estimates around 20,000 youth would claim the credits each year, out of more than 70,000 potentially eligible youth.

CONTINUUM OF CARE REFORM IMPLEMENTATION
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Ongoing CCR Implementation. The state is continuing to work toward full implementation of CCR in the current year. Specific elements of CCR implementation ongoing in the current year include:

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 DSS has indicated that all foster youth and NMDs should receive CFT meetings within 60 days of entering care and periodically thereafter. However, progress remains to attain full implementation. As of September 2021, around 80 percent of youth had received a CFT meeting and around 80 percent of those meetings happened on time. These statistics have not changed significantly from one year prior.

Child and Adolescent Needs and Strengths (CANS) Assessments. In 2018, DSS 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 DSS required child welfare agencies to begin entering CANS data into an automated system by July 1, 2021. However, not all counties currently have access to this system. Moreover, staff must undergo training and a process to gain access to the system to be able to use it. In addition, there are some CANS reporting differences across the child welfare and behavioral health systems that DSS and the Department of Health Care Services (DHCS) are working to address, while current coordination between child welfare and behavioral health staff to complete all CANS requirements differs by county. Given these challenges, DSS cannot yet provide full data about CANS usage.

Level of Care (LOC) Protocol Tool. Beginning April 1, 2021, all home-based family care placements with resource families were eligible to receive LOC rates 2 through 4 and Intensive Services Foster Care, based on assessed need using the LOC Protocol Tool. As of October 2021, more than 10,000 placements had received an LOC assessment, and from April to October 2021, the proportion of placements receiving a rate other than the basic rate increased slightly (although more than 60 percent of new placements continued to receive the basic rate). LOCs previously had been rolled out beginning in 2018 for new entries placed with FFAs. Stakeholders have raised various concerns with the LOC Protocol Tool since its implementation and have suggested that the CANS assessment could be used for rate determinations in lieu of a separate tool. DSS continues to explore the potential usage of CANS for this purpose.

RFA and Placement Prior to Approval (PPA). To become eligible to provide care to foster youth and receive foster care maintenance payments, households must complete the RFA process. This process is universal for all foster caregivers, whether they are relatives or non-relative foster families, although relatives may begin providing care to foster youth on an emergency basis prior to formal approval as a resource family. Statute specifies that the maximum duration of PPA will decrease from 120 days (with possible extension up to 365 days) in 2021-22 to 90 days (no extension possible) in 2022-23. As of the third quarter of 2021, median approval time was 120 days overall, and 109 days for PPA. These are similar time lines relative to late 2019. RFA medians increased steadily throughout 2020 as a result of the pandemic, reaching a peak of 150 days (140 days for PPA), but decreased again in 2021.

STRTP Transition and Mental Health Plan Approval. Group homes were required to meet STRTP licensing standards by December 31, 2020. Once licensed, STRTPs have 12 months to obtain mental health program approval from DHCS. As of November 2021, there were 419 licensed STRTPs with a total capacity of 4,102. However, only 286 of those facilities had received mental health program approval. The current understanding is that most of the remaining facilities have submitted their mental health program applications and are going through the approval process. It is worth noting that STRTPs are also currently working to meet new congregate care requirements under FFPSA.

One-Time Funding to Counties. The state provided \$85 million General Fund one-time funding to counties for child welfare activities in 2021-22. (The state provided a similar one-time funding amount for this purpose in 2020-21.) DSS released guidance specifying counties' individual allocations in October 2021.

The following figure from the LAO displays the net costs of CCR budgeted in 2022-23, relative to those in 2021-22.

CCR Costs: Governor's Budget for 2022-23 Compared to 2021-22 Revised Budget

(In Thousands)

	2022-23		2021-22		Change	
	Total	Nonfederal	Total	Nonfederal	Total	Nonfederal
HBFC Rate	\$224,234	\$146,035	\$303,763	\$187,651	-\$79,529	-\$41,616
PPA (statutory change July 1, 2022)	11,583	11,301	29,794	22,561	-18,211	-11,260
CANS (child welfare workload only)	4,195	3,062	4,699	3,430	-504	-368
CCR reconciliation for 2018-19	—	—	7,089	7,089	-7,089	-7,089
CCR—contracts	9,192	6,523	8,281	6,014	911	509
Second level administrative review	161	117	161	117	—	—
CFTs	90,502	66,066	80,148	58,593	10,354	7,473
RFA (funding for probation departments)	5,795	4,230	5,795	4,202	—	28
RFA backlog (overtime funding for county social workers)	6,071	4,432	—	—	6,071	4,432
LOC Protocol Tool	9,988	7,291	9,973	7,291	15	—
SAWS	500	209	500	209	—	—
Totals	\$362,221	\$249,266	\$450,203	\$297,157	-\$87,982	-\$47,891
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.						

LAO COMMENTS

The following comments are from the LAO. “In the midst of the pandemic, DSS has been implementing major reforms and new programs, including new federal requirements around congregate care placements, efforts to build in-state capacity to care for youth with complex needs, and ongoing CCR implementation. Both responding to the public health emergency, as well as carrying out major programmatic changes, has involved significant efforts at the state and local levels. While our comments focus on areas where improvement could be made or more information is needed, we do not discount the efforts DSS is making across its many programs.

Allocation of New Funds Provided in 2021-22 Has Been Slow. As described above, some significant augmentations to child welfare programs funded in the 2021-22 budget have not been allocated or have been only partially allocated more than six months into the current fiscal year, including some pandemic support for at-risk families and foster caregivers, funding for the Children’s Crisis Continuum Pilot, and block grants for prevention services. Given these funding areas were legislative priorities during the 2021-22 budget process, the

Legislature may wish to ask the department what is needed to allocate these 2021-22 funds and how to improve upon future processes. Specific questions could include, for example:

- Does the department need additional support or legislative direction in the current or budget year?
- Are there any lessons learned in 2021-22 that the Legislature should incorporate into future legislation to ensure programs are implemented in a timely manner?
- Should statutory timelines for programs—for example, Bringing Families Home or the Children’s Crisis Continuum Pilot—be extended, given delayed starts?

Progress Implementing Some Elements of CCR Seems to Have Stalled. While all major elements of CCR implementation began prior to the current year, some elements—such as universal usage of CFTs, CANS, and LOC Protocol—remain less-than-fully implemented. Other elements have yet to reach their goals. For example, the RFA median approval time has not yet reached the target of 90 days or less. As full implementation of all components is critical to achieving the goals of CCR, the Legislature may wish to ask the department what challenges are preventing full implementation, and what additional supports or guidance may be needed regarding those elements that have yet to be fully rolled out. For example:

- What assistance is needed for those counties that have faced challenges fully implementing CFTs and CANS assessments? For counties that have not been able to fully implement, how are QIs assessing congregate care placements (as required by FFPSA Part IV)?
- Have LOC assessments done to date focused on new placements or existing placements? How could utilization of the tool be increased? Has the department addressed concerns from advocates regarding the LOC protocol tool? What is the status of exploring usage of the CANS tool for LOC assessments?
- What challenges are impacting STRTP mental health program approvals? Do STRTPs need additional support or technical assistance to secure those approvals?

Consider Whether There Is Continued Need for Additional Funding for Counties. As described above, the state provided around \$85 million one-time funding to counties for child welfare activities in both 2020-21 and 2021-22. Our understanding is counties primarily are using this funding to continue CCR implementation activities, such as RFA, although we continue to work with the department to understand what specific activities counties are using these funds to undertake. Since this funding has been needed for the past two years, the Legislature may wish to ask the Administration to explain what has changed that a funding augmentation is not needed in the budget year for counties’ child welfare responsibilities.”

STAFF COMMENTS AND QUESTIONS

The County Welfare Directors Association of California (CWDA) is advocating for a package of proposals impacting many components of CCR and CWS. As the administering entities for CCR and CWS, the counties’ ability to implement programs pursuant to federal and state laws and directives is critical for the success of these efforts. CWDA contends that there are significant gaps in the provision of services that impact the ability to place children in family-based care and that the STRTP placement capacity is at a crisis level.

CWDA states, “As a result of these trends, county child welfare agencies report an increase in youth running away, youth staying longer and sometimes unnecessarily in hospital settings, and—when there are no other options—youth staying in county offices, hotels, or other temporary settings. These settings are not appropriate for foster youth, especially youth with complex needs. Additional care and treatment alternatives dedicated to serving foster youth are urgently needed, with greater State-level involvement as a partner in supporting these foster youth. Specifically, California counties need the support of state agencies, including the Departments of Social Services, Health Care Services, and Developmental Services, to implement and enforce licensing and regulatory standards, identify statewide gaps in the continuum of care for foster youth and families and work with the Legislature and counties to fill those gaps, consistent with AB 2083 (Ch. 815, Statutes of 2018) requirements that have yet to be implemented.”

The CWDA proposals include many aspects that question the “workload” budget amounts provided to CWS, meaning the amounts included in the Governor’s Budget to fund activities already included and prescribed in current state law. What has been at issue with the Administration is the extent to which these are in fact “workload” issues, or, conversely, proposals atop current law, which may still be necessary and hold value, but are distinct from those activities that are intrinsic to adopted state policy.

A primary question for the Subcommittee is which of these proposals fall in either category, and understanding the consequences of not funding any of them on the ability for counties to implement state law pursuant to state-articulated objectives around CCR and child welfare.

Staff Recommendation: Staff recommends that a meeting be convened with legislative staff, LAO, the Administration (DSS, DOF, HHSA, and Governor’s Office), and CWDA, to walk through the requests being made in the CWDA proposed list of CCR investment packages. The purpose of the meeting would be principally to: (1) clarify whether each individual proposal is workload-budget related, i.e. a proposal that arguably permits counties to comply with current state requirements and that identifies a gap in resources between what is provided in the Governor’s Budget and what is required by counties to implement activities pursuant to current law, or if the proposal is genuinely a new policy discussion not currently mandated by current law; and, (2) examine a comparison of statutory requirements and costs of RFA at the time of 2011 Realignment and what the RFA costs are now, pursuant to the true-up methodology enacted since Realignment. The recommendation is to request the assistance of the LAO in organizing and facilitating this meeting, working with the Subcommittee and Chair’s staff. The Subcommittee could request that this meeting take place as soon as practicable for all parties, but no later than April 5.

ISSUE 3: FAMILY FIRST PREVENTION SERVICES ACT (FFPSA) PARTS I AND IV – OVERSIGHT OVER IMPLEMENTATION**PANELISTS AND QUESTIONS ASKED OF EACH PRESENTER**

Panelists have been asked to specifically answer the questions below as listed for each individual panelist in their five-minute maximum presentation to the Subcommittee.

IMPLEMENTATION

- 1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services**
- 2. Jennifer Troia, Chief Deputy Director, California Department of Social Services**
 - Please update us on the status of the \$222.4 million investment to support FFPSA Part I implementation. How will this help to reduce and ultimately eliminate the disparities we learned about under Issue 1?
 - What is the status of leveraging these funds to federal Title IV-E funds?
 - What is the status of funding for STRTPs that are impacted by the IMD rule? Will we continue to maintain STRTP capacity as envisioned by the funding provided in the 2021 Budget?
- 3. Justin Freitas, Principal Program Budget Analyst, Department of Finance**
 - Please provide any additional information on the issue.
- 4. Angela Short, Senior Fiscal and Policy Analyst, Legislative Analyst's Office**
 - Please review the comments and questions from your analysis on the FFPSA implementation effort.
 - Please provide any additional information on the issue.
- 5. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California**
 - What are the opportunities for service children and families provided by FFPSA Part I?
 - What have been the challenges from the perspective of county human services agencies in implementing FFPSA Part IV and are there changes that could be made to improve implementation?
- 6. Chris Stoner-Mertz, Executive Director, California Alliance for Child and Family Services**
 - What are the major issues facing STRTPs as FFPSA is implemented?
 - How can the state improve on its implementation of FFPSA Part IV?

7. Jessica Haspel, Associate Director of Child Welfare, Children Now

- What are some of the challenges that have been raised during recent implementation planning?
- What steps can the state take to ensure that families are receiving culturally-responsive supports and services through FFPSA?

REVIEW OF FFPSA

Federal Family First Prevention Services Act (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 parents 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 Congregate Care Requirements (Part IV). As described in the background section of this post, states were required to come into compliance with Part IV of FFPSA by October 1, 2021. The 2021-22 budget included around \$32 million General Fund for the state's share of new costs required to meet the requirements of FFPSA Part IV. (Refer to our 2021-22 spending plan analysis of child welfare programs here for a more detailed description of these requirements.) Beginning in late September 2021, DSS issued guidance to counties regarding the various new requirements of the law, including assessments of congregate care placements by QIs, nursing services, aftercare services, court review and case plan requirements, and tracking requirements for otherwise federally eligible youth whose foster placement does not meet criteria for federal financial participation. The department has been facilitating technical assistance since October to support counties in meeting these new requirements and has reported that overall counties have been able to meet federal deadlines—overcoming some initial challenges particularly related to QI assessments.

FFPSA Optional Title IV-E Prevention Services (Part I). Regarding optional Title IV-E prevention services which California intends to implement as allowed by Part I of FFPSA, the 2021-22 budget included one-time General Fund resources of around \$222 million for this purpose. This funding has not yet been allocated or disbursed, as the department continues to work on its federally required Title IV-E Prevention Services State Plan and to develop the

block grant allocation methodology and guidance for counties and tribes interested in opting in. In addition, in order to begin claiming Title IV-E funds for prevention services, 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. The department and stakeholders are working to determine what automation solution(s) will be feasible. Stakeholders have expressed concern that the solution could take significant time—potentially several years—to develop. Whether an interim solution is feasible, how quickly that solution could be developed, and what that would entail, is unclear.

LAO COMMENTS

The following comments are from the LAO.

“Consider What Additional Guidance and Resources May Be Needed for FFPSA. As the state is in the early months of implementing FFPSA, we suggest the Legislature consider ways to ensure DSS continues to work with counties and stakeholders to determine where challenges remain and what additional guidance or support is needed to meet new federal requirements around congregate care placements. Regarding the new federal option around prevention services, we note there is particular concern from stakeholders over how to track per-child prevention spending (as is federally required to be able to claim Title IV-E funds for prevention services). Additionally, stakeholders continue to express concern that prevention services included in the state's Title IV-E Prevention Services Plan—which determines which services will be eligible for federal financial participation in California—are limited. Part of this limitation stems from federal rules, but part of the limitation is from the way the state has decided to implement FFPSA. The Legislature may wish to consider providing more specific guidance to the department around broadening prevention services, as well as whether providing temporary or ongoing funding to counties and Title IV-E tribes would ensure children and families in all areas of the state could benefit from both Title IV-E and other prevention services. Specific issues the Legislature may wish to ask DSS to provide more information about include:

- What steps is the department taking to understand any challenges or obstacles that counties and other stakeholders are encountering while implementing new congregate care requirements? For example, what technical assistance is DSS providing, and is DSS facilitating any workgroups or other processes involving stakeholders? Are there opportunities for the Legislature to be more involved in these processes to help ensure effective legislative oversight?
- When does DSS anticipate the state's Title IV-E prevention services plan will be approved by the federal government?
- When does DSS anticipate guidance will be provided around implementing Title IV-E prevention services?
- How does DSS expect child welfare agencies will meet the federal requirement of individual-level expenditure tracking for prevention services? When does DSS anticipate agencies will be able to begin claiming Title IV-E matching funds for eligible prevention services?”

STAFF COMMENTS AND QUESTIONS

Given the complexity of the implementation of Parts I and IV of FFPSA, the Subcommittee may wish to ask for a periodic “progress report” to assess where implementation is successfully rolling out and what components/activities are delayed or struggling to implement partially or fully. This would assist with more comprehensive oversight moving forward related to FFPSA.

With regard to Part I, the state indicates that the Department is in the process of revising the Prevention Services State Plan to address the questions raised by the Administration for Children and Families based on feedback received during three stakeholder meetings with the counties, stakeholders and tribes. Once the Prevention Plan has been finalized, the Department states that it will provide this to the Legislature.

The Subcommittee may choose to emphasize that the concepts raised under Issue 1 to reduce and eliminate disparities in CWS be included in the Prevention Plan, and ask for DSS to return to the Subcommittee to testify to how the Plan will tackle and assess disparity-reduction as part of the goals of Part I implementation.

Staff Recommendation: Staff recommends that the Subcommittee consider asking the LAO to assist in the drafting of Supplemental Report Language, to be considered for adoption at the May Revision hearings, on high-level “progress report” type updates for the implementation of Parts I and IV of FFPSA, to be provided on a periodic basis in writing to the Legislature.

The Subcommittee may also wish to invite DSS to return to the Subcommittee once the Prevention Plan is finalized to present on it. This may include asking how Part I implementation may help to achieve the objective stated under Issue 1 of releasing an annual report analyzing progress toward meeting specific objectives for reducing disproportionality and disparities in CWS.

ISSUE 4: COMPLEX CARE, NEEDS OF TRANSITION AGED/OLDER YOUTH, AND WORKFORCE AND CAPACITY CHALLENGES – OVERSIGHT OVER IMPLEMENTATION**PANELISTS AND QUESTIONS ASKED OF EACH PRESENTER**

Panelists have been asked to specifically answer the questions below as listed for each individual panelist in their five-minute maximum presentation to the Subcommittee.

- 1. Angie Schwartz, Children and Family Services Division Deputy Director, California Department of Social Services**
- 2. Jennifer Troia, Chief Deputy Director, California Department of Social Services**
 - How many foster youth have been served through the complex care funds thus far, and what are we learning about the needs of those foster youth that might help us better serve them?
 - We know that foster youth have had stays in county offices and hotels. What is the state doing to assist counties and ensure that youth are quickly placed into more appropriate treatment settings?
- 3. Justin Freitas, Principal Program Budget Analyst, Department of Finance**
 - Please provide any additional information on the issue.
- 4. Angela Short, Senior Fiscal and Policy Analyst, Legislative Analyst's Office**
 - Please provide any additional information on the issue.
- 5. Jevon Wilkes, Executive Director, California Coalition for Youth**
 - What challenges have occurred with transition supports for older youth and youth exiting foster care, and how can the state support their developmentally appropriate and self-sufficiency needs?
 - What other key recommendations, including from the nonprofit perspective, are still needed as we transition out of the pandemic? How are staff critical to supporting the lives of youth in care?
- 6. Simone Tureck Lee, Director of Housing and Health, John Burton Advocates for Youth**
 - What investments related to housing support for youth exiting foster care have been made by our state and how are they working?
 - What housing needs remain unmet for former foster youth?
- 7. Ginger Pryor, Interim Los Angeles County Department of Children and Family Services Director**
 - What are the main challenges facing Los Angeles County in the implementation of changes in the child welfare system?
 - What investments has the county made or been making?

- What are your priority concerns moving forward and what are the foreseeable impacts for children and families served, as well as the child welfare system staff employed by the county?

8. Tiffany Whiten, Senior Government Relations Advocate, SEIU California

- How have the investments that Los Angeles County made helped workers provide better services to children and families?
- What are the primary concerns for workers in Los Angeles County and what can the state do to provide support?

9. Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association of California

- What do you see as the long-term goals of our system of care for youth with complex care needs?
- We know that a large percentage of youth remain in care up to age 21 or close to it now due to the Extended Foster Care program. How can we best support these youth as they move toward this later age of emancipation, so it's not just moving their cliff to a later age?
- What are the workforce issues that county human services agencies are experiencing and what can be done to address those issues?

REVIEW OF COMPLEX CARE NEEDS

The 2021-22 budget package included implementing legislation to reduce California's reliance on out-of-state placements—ultimately prohibiting any new out-of-state congregate care placements beginning July 1, 2022 (with limited exceptions). To facilitate this statutory change, the 2021-22 budget provided around \$139 million General Fund (including \$18 million ongoing) to develop and strengthen the systems and supports necessary to serve youth with complex care needs in state.

Specifically, allocations include: (1) child-specific funding available through an individual request (\$18 million ongoing); (2) funds to support county capacity building (\$43 million one time); and, (3) funds to support a five-year Children's Crisis Continuum Pilot (\$60 million one time). In October through December 2021, DSS issued guidance and allocations for counties to claim funds for the first and second funding components described above. A Request for Proposals (RFP) process will be required for the third funding component—the Children's Crisis Continuum Pilot. DSS anticipates releasing RFP guidance in the coming weeks.

STAFF COMMENTS AND QUESTIONS

The assembled panel will help to illuminate issues in this area for the Subcommittee's consideration in constructing the 2022 Budget for child welfare services.

Staff Recommendation: The Subcommittee may wish to ask for continued updates on the implementation of the Complex Care Needs initiative, including the RFP release and results as these activities unfold.

NON-PRESENTATION ITEMS

There are no panels for non-presentation items.

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 5: CHILD WELFARE SERVICES PANDEMIC RESPONSE

The state has been providing various supplemental supports for child welfare involved families since the onset of the pandemic. Many of these supports expired December 31, 2021. For supports newly funded in 2021-22, some funds have not yet been disbursed to beneficiaries as DSS has needed time to establish guidelines and determine specific allocations. The following figure from the LAO summarizes the pandemic supports funded within child welfare, along with the funding amounts, status, and other information.

LAO COMMENTS

The LAO offers the following comments on this subject.

“As COVID-19 likely will remain a public health and economic challenge in the budget year and beyond, we recommend the Legislature closely consider the extent to which the Governor’s proposals properly prepare the state for this reality. Within child welfare, we suggest the Legislature consider what pandemic response activities may warrant continuation in the budget year and also how to prioritize any continued supports. More specifically:

- Are there specific supports provided in the current year—such as direct payments to at-risk families or rate flexibilities for resource families directly impacted by COVID-19—that the Legislature wishes to continue in the budget year, given the ongoing impacts of the pandemic, particularly on vulnerable families?
- The Governor proposes to continue funding the California Parent and Youth Helpline in the budget year. Does the Legislature agree this is a priority for ongoing pandemic support versus other activities?”

Summary of State Funds for Pandemic Response Within Child Welfare

General Fund (In Millions)

Assistance Area	2019-20 ^a	2020-21 ^b	2021-22 ^c	2022-23 ^d	Implementation Status
Cash cards for families at risk of foster care	\$27.8	\$28.0	—	—	Payments of up to \$1200 per eligible family are being disbursed in several rounds, with the latest round launched in January 2022. Payments will continue until funds are fully expended. Cash cards are issued to caregivers by a third-party vendor. As of January 31, 2022, payments had been issued for more than 38,000 children.
Family Resource Centers funding	3.5	7.0	\$6.0	—	Funding has been issued to 378 FRCs in 53 counties, and is expected to serve more than 250,000 individuals. FRCs are using funding to cover costs for services such as parenting resources, counseling, education and distance learning, as well as for material goods and for staffing.
State contracts for technology distribution (laptops, cell phones) and helpline for youth and families ^e	—	2.0	1.8	\$4.7	Contracts have been issued to iFoster to distribute laptops and cell phones primarily for remote learning, and to Parents Anonymous to operate the California Parent and Youth Helpline. Through December 2021, iFoster distributed 570 laptops and 162 cell phones, and the Helpline had fielded more than 27,000 calls, texts, and live chats. The 2022-23 Governor's Budget proposal includes one-time funding in the budget year with three years of spending authority to continue supporting the Helpline.
Administrative workload for child welfare social workers (overtime, pandemic outreach)	5.0	—	—	—	Funding provided during the early months of the pandemic.
Rate flexibilities for resource families directly impacted by pandemic ^f	3.0	3.5	3.5	—	DSS did not track how many families received rate flexibilities (rather, the department receives aggregated claims data from counties). We note that, since these flexibilities expired at the end of the 2021 calendar year, families impacted by the Omicron variant in early 2022 are not eligible.
Flexibilities and expansions for NMDs/former NMDs who turn 21 or otherwise lose eligibility for EFC due to pandemic	1.8	37.4	49.1	—	Federal flexibilities and expansion ended September 30, 2021. State flexibilities and expansion ended December 31, 2021. DSS estimates that nearly 5000 youth benefitted from this expanded support.
Pre-approval funding for emergency caregivers, beyond 365 days	1.3	1.2	—	—	DSS did not track how many families received rate flexibilities (rather, the department receives aggregated claims data from counties).
Grants to STRTPs that experienced increased expenses and revenue losses due to pandemic	—	—	42.0	—	As of January 31, 2022, funding had not yet been issued to STRTPs. According to an initial assessment of STRTPs' total pandemic losses, facilities are requesting around \$115 million—nearly three times more than total funding available.
Pandemic assistance payments for resource families, emergency caregivers, tribally approved homes, and guardians	—	—	80.0	—	As of January 31, 2022, funding had not yet been issued to caregivers. DSS estimates payments will begin going to caregivers in February 2022, and that the average assistance amount will be about \$1200-\$1500. The maximum assistance payment will be \$5000 per caregiver.
Increase emergency response child welfare social workers	—	—	50.0	50.0	DSS has indicated counties must opt in (by March 4, 2022) to receive 2021-22 funding. Funds provided in 2021-22 and funds proposed for 2022-23 are available over four years.
Totals	\$42.5	\$79.2	\$232.3	\$54.7	

^aFor 2019-20, funds were provided April through June 2020. Activities were approved by the Legislature through the Section 36.00 letter process.

^bFor 2020-21, pandemic-response activities were proposed for January through June 2021 as part of the 2020-21 *Governor's Budget Proposal* for all actions other than flexibilities and expansions for NMDs. (Flexibilities and expansions for NMDs were included in the 2020-21 *Budget Act*.) For all other activities for 2020-21, the Legislature approved the listed amounts as part of the Budget Bill Jr. package in April 2021.

^c2021-22 funding expired December 31, 2021 for technology distribution, rate flexibilities for resource families, and flexibilities and expansion for NMDs/former NMDs. 2021-22 funding is anticipated to end June 30, 2022 for Family Resource Centers, grants to STRTPs, and pandemic assistance payments to caregivers. 2021-22 funding will continue until funds are fully expended for cash cards for families at risk of foster care.

^dFunding is proposed for July 1, 2022-June 30, 2023 with multiple years of expenditure authority for the helpline and increase in emergency response child welfare social workers.

^eFunding for state contracts for technology and hotlines in 2019-20 was included in the amount for Family Resource Centers funding.

^fIn addition to the General Fund amount, \$5.678 million funding from DREOA is budgeted for foster care rate flexibilities in 2020-21.

Notes: Where applicable, amounts include assistance plus administrative costs. 2020-21 and 2021-22 amounts reflect 2021 May Revision estimates.

NMDs = non-minor dependents; EFC = extended foster care; STRTPs = Short-Term Residential Therapeutic Programs; and DREOA = Disaster Response Emergency Operations Account.

Staff Recommendation: Hold open all budget issues, pending action at the May Revision hearings.

ISSUE 6: COMMUNITY CARE LICENSING (CCL)

Governor's Proposal. The Governor's budget includes the following requests for Community Care Licensing (CCL):

- Budget Change Proposal (BCP) for CCL Workload: \$1.3 million General Fund ongoing for eight permanent positions to support and provide expertise to the Community Care Licensing Division Regional Offices in the Adult and Senior Care Program (ASCP), Child Care Program (CCP), and Children's Residential Program (CRP).
- BCP for Foster Youth Resource Family Approval Exemptions (SB 354): \$729,000 in 2022-23 and \$687,000 in 2023-24 and on-going for five permanent positions to implement statutory changes related to the criminal exemption process for resource family applicants, relative placement applicants, and non-relative extended family applicants, as mandated by Senate Bill (SB) 354 (Chapter 687, Statutes of 2021).

Background. The CCL Division oversees the licensure or certification of licensed facilities that include childcare centers; family child care homes; adult daycare facilities; foster family homes; child, adult, and senior residential facilities; and certified family homes and home care organizations. CCL is responsible for protecting the health and safety of individuals served by those facilities. Licensing program analysts investigate any complaints lodged, and conduct inspections of the facilities. The CCL division has a total of 1,532 staff. As of June 2021, there are 67,622 CCL licensed facilities and a licensed capacity of approximately 1.4 million across the state.

Capacity Changes. Between July 2020 and June 2021 the division saw an increase of 14,552 licensed facilities (an increase of 2.2 percent) and a licensed capacity increase of 300,468 (an increase of 2.6 percent) for adult and senior care facilities. For children's residential facilities there was a decrease of 11,991 licensed facilities (a decrease of 11.8 percent) and a licensed capacity decrease of 46,009 (decrease of 8.9 percent) for the same period.

For childcare facilities, there was a decrease of 41,079 licensed facilities (decrease of 4.9 percent) and a licensed capacity decrease of about 1 million (decrease of 2 percent) for that period. However, licensed and unlicensed pop-up facilities helped to fill this childcare gap during the pandemic with 188 facilities and 6,232 slots becoming permanent. The table below depicts new licenses, permanent closures, and temporary closures of childcare facilities during the pandemic. Temporary closures refer to facilities that close but remain licensed and could reopen at any time.

Childcare Facilities		
New Licenses (March 2020 to September 2021)	Permanent Closures (March 2020 to September 2021)	Temporary Closures as of September 30, 2021
5,643 facilities	5,372 facilities	5,440 facilities
87,776 capacity	88,148 capacity	210,966 capacity

Complaints. The table below shows complaints received and complaints pending more than 90 days for the CCL Division.

Facility Type	Number Complaints received	Complaints Pending More than 90 Days
Adult & Senior Care	5,841	3,329 (increase of 123 %)
Children's Residential	3,419	445 (increase of 14 %)
Child Care	3,050	27 (decrease of 86 %)
Total	12,310	3,801 (increase of 83 %)

There was a large uptick in complaints pending for more than 90 days for adult and senior care facilities. The CCL division has attributed this increase to shifting priorities during the pandemic. The division shifted to providing COVID-related technical assistance to licensees and increased collaboration with internal and external stakeholders to support licensees and residents.

Inspection Tool Updates. All facilities licensed by CCL must meet minimum licensing standards, as specified in California's Health and Safety Code and Title 22 regulations. DSS conducts pre- and post-licensing inspections for new facilities and unannounced visits to licensed facilities under a statutorily required timeframe.

CCL has developed the Compliance and Regulatory Enforcement (CARE) inspection tools to improve the effectiveness and quality of the inspection process. The CARE Tools focus CCL's efforts in the three priority areas: prevention, compliance, and enforcement. The full CARE tools are being used in Adult and Senior Care facilities. However, the Adult and Senior Care program is currently focusing its annual inspections on COVID-19 infection control through the use of an infection control domain within their CARE tool.

The Child Care program is using the full CARE tools for their annual inspections. As of November 2021, the Children's Residential Program was using the full CARE tools for inspections in its five largest facility categories and was in the process of developing CARE tools for their remaining, smaller facility categories. CCL is also working to update its legacy system to a new Field Management System and is refining the CARE tools over time based on inspection data and feedback from staff and licensees.

COVID-19 Response. In response to the COVID-19 pandemic, the CCL division has adjusted many of its operating procedures. To receive clearance for on-site inspections all field staff is required to test for COVID-19 weekly, regardless of vaccination status. Field staff must also submit a daily COVID-19 symptom self-assessment and affirmation form. Caregivers working in qualified facilities were granted Hero Award stipends of \$500. \$20 million from the Disaster Response-Emergency Operations Account (DREOA) was used for staff augmentation and stabilization at facilities licensed by CCL. Residential Alternate Care Sites were developed to deflect the surge in acute settings such as hospitals. Residents could obtain services needed

when COVID-19 positive at these sites. CCL also provides technical assistance, conducted daily calls with facilities with an active COVID-19 case, and holds statewide information calls with licensees.

Staff Recommendation: Hold open all budget issues, pending action at the May Revision hearings.

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

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