

**AGENDA****ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES****ASSEMBLYMEMBER DR. JOAQUIN ARAMBULA, CHAIR****WEDNESDAY, MAY 16, 2018  
9:00 A.M. - STATE CAPITOL, ROOM 437**

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## ITEMS TO BE HEARD

### 0530 HEALTH AND HUMAN SERVICES AGENCY

#### ISSUE 1: HHS MAY REVISION PROPOSAL REGARDING ELECTRONIC VISIT VERIFICATION

##### PANEL

- Health and Human Services Agency
  - Please describe the May Revision proposal and its impact on the departments/programs within the Health and Human Services Agency. The EVV proposal for DSS is considered heard as part of this item and is not repeated under the 5180 item for discussion.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

##### MAY REVISION PROPOSAL

The May Revision forwards this Agency-wide proposal, requesting \$949,000 (\$558,000 General Fund) for limited-term resources to support planning of a federally mandated electronic visit verification (EVV) system across multiple programs. Additionally, this proposal requests provisional language authorizing the Department of Finance (DOF) to increase California Department of Social Services (DSS) state operations and local assistance resources in 2018-19, to continue the development and implementation of an EVV solution.

| FY 2018-19 BCP             | OSI     | CDSS             | DHCS    | DDS     | Total            |
|----------------------------|---------|------------------|---------|---------|------------------|
| Positions                  | 0.0     | 0.0              | 0.0     | 0.0     | 0.0              |
| General Fund by Department |         | 194,000          | 143,000 | 222,000 | 559,000          |
| Total Funds by Department  | 143,000 | 386,000          | 286,000 | 277,000 | 949,000          |
| <i>OSI Reimbursement</i>   |         | <i>(143,000)</i> | -       | -       | <i>(143,000)</i> |

EVV is a telephone and computer-based method that electronically verifies service visits. Pursuant to Subsection I of Section 1903 of the Social Security Act (42 U.S.C. 1396b), all states must implement EVV for Medicaid-funded personal care services by January 2019 and home health care services by January 2023. There is no prescribed solution from the federal government, so states can select and implement their own EVV design. However, EVV systems must verify:

- Type of service performed;
- Individual receiving the service;
- Date of the service;

- Location of service delivery;
- Individual providing the services; and
- Time the service begins and ends.

EVV will impact all personal care services and home health care services provided under the Medi-Cal state plan and various Medicaid Home and Community-Based Service (HCBS) programs. In California, personal care services are delivered to eligible aged, blind and disabled individuals as an alternative to out-of-home care, such as nursing or assisted living facilities. These services are provided through programs managed by the DSS, the Department of Developmental Services (DDS), the Department of Health Care Services (DHCS), the Department of Public Health (CDPH), and the Department of Aging (CDA) that support over 600,000 recipients. Most publicly-funded personal care services are managed by DSS through the following four programs collectively known as the In-Home Supportive Services (IHSS) Program:

- Personal Care Services Program
- IHSS Plus Option
- Community First Choice Option
- IHSS Residual

DHCS and its designees (CDA, DDS and DPH) are responsible for providing oversight of personal care services provided under HCBS programs. Impacted HCBS programs include:

- Home and Community-Based Alternatives Waiver
- In-Home Operation
- Assisted Living Waiver
- Pediatric Palliative Care Waiver
- HIV/AIDS Waiver
- HCBS Waiver for Californians with Developmental Disabilities
- 1915(i) State Plan Amendment for Californians with Developmental Disabilities
- Multipurpose Senior Services Program
- Coordinated Care Initiative
- Senior Care Action Network Health Plan

Throughout 2018, California has planned an extensive stakeholder communication and collaboration process to inform the planned design and implementation of the EVV solution, however the State does not anticipate meeting the January 2019 deadline. The State plans to work with the Centers for Medicare and Medicaid Services (CMS) to request a good faith effort extension of time, and will work with CMS and stakeholders to identify a realistic implementation timeline that will allow for full stakeholder engagement. This cross-department request provides for the consideration, design, development, and procurement work needed for system development and the initial implementation of EVV.

The State must meet the EVV requirements by January 2019 or face a penalty that reduces Federal Medical Assistance Percentage (FMAP) for personal care services programs by 0.25 percentage points, starting in January 2019, and increasing each year by 0.25 percentage points to a maximum of 1.0 percentage points in 2023. The State intends to comply with federal law in the manner that respects recipients and providers, does not alter their Olmstead protections, and minimizes state costs relative to federal penalties. The new mandate also requires that the EVV solution be minimally burdensome to the personal care providers and recipients.

**Description of Requested Resources Across Departments.** Implementing an EVV system will require all of the following requested resources to provide proper guidance and technical assistance to all 58 counties:

- CDSS requests \$243,000 (\$122,000 General Fund) on a two-year limited-term basis to reflect funding equivalent of 2.0 positions to support planning activities, such as coordinating stakeholder meetings, developing policies and procedures, drafting county letters, and providing progress reports. CDSS intends to leverage existing systems—this includes potential modifications to CIMPS and/or the Electronic Timesheet System—to comply with the federal mandate in a manner that is least burdensome on recipients and providers.
- OSI requests \$143,000 in expenditure authority equivalent to 1.0 position to support planning activities to address EVV requirements for the majority of the IHSS and WPCS programs. A corresponding increase of \$143,000 (\$72,000 General Fund) is requested for CDSS. OSI activities will include serving as the technical liaison with all stakeholders, participating in risk management activities, and providing technical input on planning documents.
- DDS requests \$277,000 (\$222,000 General Fund) on a two-year limited-term basis equivalent to 2.0 positions. These resources will be utilized for the planning and alternatives analysis process of an EVV solution for the remainder of the state Medicaid-covered personal care services programs. DDS activities will include informing the vendor procurement process while partnering with other impacted departments to meet federal requirements and reduce the risk of federal penalties.
- DHCS requests \$286,000 (\$143,000 General Fund) on a two-year limited-term basis equivalent to 2.0 positions. These resources will be utilized for the planning and alternatives analysis process of an EVV solution for the remainder of the state Medicaid-covered personal care services programs. DHCS activities will include performing an impact analysis of policy requirements, coordinating with internal partners to evaluate alternative solutions, participating in stakeholder processes, communicating with the federal government, and participating in procurement efforts, system design, and testing.

**Requested Budget Bill Language.** Additionally, proposed provisional language authorizing the Department of Finance to increase CDSS state operations and local assistance resources in FY 2018-19 to continue the development and implementation an EVV solution is included in this request. Through this proposal, the State will be able to begin the process of planning for an EVV solution—in consultation with recipients, providers and other stakeholders—to avoid future FMAP penalties that would result from non-compliance with the federally mandated EVV deadline of January 2019.

The Administration proposes the following Budget Bill Language as part of this request:

Add the following provision to Item 5180-111-0001:

- a) The Department of Finance may increase expenditure authority in Schedule (2) to comply with electronic visit verification requirements set forth in Section 12006 of Public Law 114-255, known as the federal 21<sup>st</sup> Century Cures Act. Upon requesting the increased expenditure authority, the department shall provide written justification for the increased expenditures, including, but not limited to, a description of the solution, the timing and substance of the various necessary steps toward that solution, and a cost estimate for overall costs in 2018-19 and beyond. Any such increase shall be authorized no less than 10 calendar days following written notification to the Chairperson of the Joint Legislative Budget Committee, or a lesser period if requested by the department and approved by the Chairperson of the Joint Legislative Budget Committee, or his or her designee.
- b) The Department of Finance may authorize the transfer of funds appropriated pursuant to paragraph (a) to Item 5180-001-0001, for activities related to electronic visit verification requirements, including, but not limited to, necessary personal services expenditures, interagency agreements, and contracts.

**Requested Trailer Bill Language.** The Administration proposes the following Trailer Bill Language as part of this request:

Section 12300.5 is added to the Welfare and Institutions Code to read:

12300.5 Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the department may implement, interpret or make specific activities related to electronic visit verification requirements set forth in Section 12006 of Public Law 114-255, known as the federal 21st Century Cures Act, by means of all-county letters or similar instructions, without taking regulatory action.

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| <b>STAFF COMMENT</b> |
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The Subcommittee heard the EVV issue at its March 14, 2018 hearing. In the time surrounding and at that hearing, stakeholders and advocates expressed strong

resistance to implementing EVV in California. They have noted because there are many unanswered questions regarding implementation, EVV could ultimately impose new, burdensome requirements for both providers and consumers. Stakeholders and advocates point out EVV reporting requirements could cause a disruption and/or reduction in services, put the consumer in danger, and require additional tasks that providers would not be compensated for. Additionally, consumers are troubled by the invasion of privacy this requirement may cause.

Staff has concerns that the proposed budget provisional and trailer bill language is overly broad and does not include enough legislative oversight, does it include a maximum dollar amount for possible expenditures on EVV preparation in 2018-19, and excuses EVV implementation details from the normal regulatory process. Staff understands the need to balance oversight with flexibility given that EVV is a time-sensitive federal mandate, with more detailed federal guidance still outstanding, and would like to continue to work with the Administration in refining the language at this time.

The Administration has indicated willingness to discuss these issues and respond to the sensitivities of needing to acknowledge in the trailer bill the process toward implementation preparedness, and how that will involve continued stakeholder inclusion and consultation. These discussions are on-going as the Subcommittee nears its final actions.

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**Staff Recommendation:**

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Hold open pending the Subcommittee's hearing scheduled for Thursday, May 24, when actions will be taken.

**4300 DEPARTMENT OF DEVELOPMENTAL SERVICES****ISSUE 2: DDS MAY REVISION PROPOSALS****PANEL**

- Department of Developmental Services
  - Please review the major May Revision proposals for DDS, including the Uniform Holiday Schedule, deferred maintenance plans, and the person-centered planning request.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

**MAY REVISION PROPOSALS**

The Department of Developmental Services (DDS) forwards the following May Revisions proposals as part of the Governor's Budget, in alignment with the following revised chart of estimates and caseloads, more specifically addressed in this write-up, on the following page:

|                                      | 2017-18*           | 2018-19            | Difference       |
|--------------------------------------|--------------------|--------------------|------------------|
| <b>Community Services Program</b>    |                    |                    |                  |
| Regional Centers                     | \$6,358,800        | \$6,879,880        | \$521,080        |
| <b>Totals, Community Services</b>    | <b>\$6,358,800</b> | <b>\$6,879,880</b> | <b>\$521,080</b> |
| General Fund                         | \$3,742,305        | \$4,103,311        | \$361,006        |
| Program Development Fund (PDF)       | 2,253              | 2,253              | 0                |
| Developmental Disabilities Svs Acct  | 150                | 150                | 0                |
| Federal Trust Fund                   | 52,964             | 53,272             | 308              |
| Reimbursements                       | 2,560,388          | 2,720,154          | 159,766          |
| Mental Health Services Fund          | 740                | 740                | 0                |
| <b>Developmental Centers Program</b> |                    |                    |                  |
| Personal Services                    | \$419,083          | \$318,200          | -\$100,883       |
| Operating Expense & Equipment        | 64,286             | 66,349             | 2,063            |
| <b>Total, Developmental Centers</b>  | <b>\$483,369</b>   | <b>\$384,549</b>   | <b>-\$98,820</b> |
| General Fund                         | \$358,135          | \$299,150          | -\$58,985        |
| Federal Trust Fund                   | 0                  | 0                  | 0                |
| Lottery Education Fund               | 323                | 323                | 0                |
| Reimbursements                       | 124,911            | 85,076             | -39,835          |
| <b>Headquarters Support</b>          |                    |                    |                  |
| Personal Services                    | 56,301             | 59,136             | 2,835            |
| Operating Expense & Equipment        | 6,855              | 9,142              | 2,287            |
| <b>Total, Headquarters Support</b>   | <b>\$63,156</b>    | <b>\$68,278</b>    | <b>\$5,122</b>   |
| General Fund                         | \$36,232           | \$40,121           | \$3,889          |
| Federal Trust Fund                   | 2,705              | 2,707              | 2                |
| PDF                                  | 320                | 320                | 0                |
| Reimbursements                       | 23,473             | 24,703             | 1,230            |
| Mental Health Services Fund          | 426                | 427                | 1                |
| <b>Totals, All Programs</b>          | <b>\$6,905,325</b> | <b>\$7,332,707</b> | <b>\$427,382</b> |
| <b>Total Funding</b>                 |                    |                    |                  |
| General Fund                         | \$4,136,672        | \$4,442,582        | \$305,910        |
| Federal Trust Fund                   | 55,669             | 55,979             | 310              |
| Lottery Education Fund               | 323                | 323                | 0                |
| PDF                                  | 2,573              | 2,573              | 0                |
| Developmental Disabilities Svs Acct  | 150                | 150                | 0                |
| Reimbursements                       | 2,708,772          | 2,829,933          | 121,161          |
| Mental Health Services Fund          | 1,166              | 1,167              | 1                |
| <b>Totals, All Funds</b>             | <b>\$6,905,325</b> | <b>\$7,332,707</b> | <b>\$427,382</b> |
| <b>Caseloads</b>                     |                    |                    |                  |
| Developmental Centers                | 534                | 323                | -211             |
| Regional Centers                     | 317,596            | 332,738            | 15,142           |
| <b>Departmental Positions</b>        |                    |                    |                  |
| Developmental Centers                | 3,859.6            | 3,182.7            | -676.9           |
| Headquarters                         | 417.5              | 444.0              | 26.5             |

\*Total Expenditures do not reflect the statewide item for Employee Retention Incentives of \$20.1 million that was added by the 2016 Budget Act and displayed in the Governor's Budget Galley.

The Department of Developmental Services is responsible for administering the Lanterman Developmental Disabilities Services Act (Lanterman Act). The Lanterman Act provides for the coordination and provision of services and supports to enable people with developmental disabilities to lead more independent, productive, and integrated lives. The Early Start Program provides for the delivery of appropriate services to infants and toddlers at risk of having developmental disabilities. DDS carries out its responsibilities through 21 community-based, non-profit corporations known as regional centers, three state-operated developmental centers, and one state-operated community facility.

The number of individuals with developmental disabilities in the community served by regional centers (consumers) is expected to increase from 317,596 in the current year, to 332,738 in 2018-19. The number of individuals who will reside in state-operated residential facilities is estimated to be 323 on July 1, 2019.

The May Revision includes \$7.3 billion total funds (\$4.4 billion GF) for the Department in 2018-19; a net increase of \$427.4 million (\$305.9 million GF) over the updated 2017-18 budget.

### **Community Services / Regional Centers**

For 2017-18, the May Revision projects the total community caseload at 317,596, reflecting a decrease of 241 consumers from the 2018 Governor's Budget. The May Revision also updates total funding to \$6.4 billion (\$3.7 billion GF). This update reflects a net decrease of \$16.7 million (\$44 million GF decrease) as compared to the Governor's Budget for regional center Operations (OPS) and Purchase of Services (POS).

For 2018-19, the May Revision estimates the total community caseload at 332,738 consumers, reflecting a projected decrease of 286 consumers from the caseload estimated in the 2018 Governor's Budget. The Department estimates total funding of \$6.9 billion (\$4.1 billion GF), reflecting a net increase of \$21.6 million (\$2.6 million GF decrease) over the Governor's Budget. The decrease in GF reflects an estimated increase in HCBS Waiver and 1915(i) State Plan Amendment reimbursements, resulting in an offset to the GF.

- 1. Caseload Adjustments (Issues 458, 459, and 460).** It is requested that Item 4300-101-0001 be decreased by \$19,901,000, Item 4300-101-0172 be decreased by \$284,000, Item 4300-101-0890 be increased by \$405,000, and reimbursements be increased by \$11,666,000. These changes reflect updated expenditures in caseload-driven operations and purchase of service costs.

For 2017-18, there is a \$16.7 million net decrease (\$43.9 million GF decrease) in regional center OPS and POS as follows:

- OPS decrease of \$2.1 million (\$3.6 million GF decrease)
- POS decrease of \$14.6 million (\$40.3 million GF decrease)

The net decrease in OPS reflects updated projections for regional center rent expenditures, a caseload-driven decrease in Federal Compliance, the cancellation of the Department's contract with University Enterprises, Inc. for assistance with forecasting projections, and a decrease in administration fees for Intermediate Care Facilities for the Developmentally Disabled (ICF-DD).

The decrease in POS reflects the net difference of adjustments for all POS budget categories based on updated prior year expenditures upon which current year expenses are projected. The decrease in GF reflects an estimated increase in Home and Community Based Services (HCBS) Waiver and 1915(i) State Plan Amendment reimbursements, resulting in an offset to the GF.

For 2018-19, there is a \$6.6 million decrease (\$20.8 million GF decrease) in regional center OPS and POS as follows:

- OPS decrease of \$0.5 million (\$2.2 million GF decrease)
- POS decrease of \$6.1 million (\$18.6 million GF decrease)

The net OPS decrease results from caseload-driven decreases in core staffing and Federal Compliance, a slight decrease in ICF-DD administration fees, and a net increase in projects.

The decrease in POS reflects the net difference of adjustments for all POS budget categories based on current year expenditure trends.

- 2. Home Health and Intermediate Care Facility for the Developmentally Disabled Rate Increase (Issue 462).** It is requested that Item 4300-101-0001 be increased by \$17,326,000 and reimbursements be increased by \$12,381,000 to provide a 50-percent rate increase to home health providers, effective July 1, 2018. This is a conforming adjustment to align the developmental services rate with the Department of Health Care Services rate. Pursuant to existing regulations, the developmental services rates for home health services and intermediate care facilities are based on a rate schedule established by Health Care Services.

For 2018-19, there is a \$29.5 million increase (\$17.1 million GF increase) to fund the 50% rate increase for Home Health Agency, Licensed Vocational Nurse, and Registered Nurse services consistent with a corresponding Medi-Cal rate adjustment.

- 3. DC Closure Community Placement Plan (CPP).** For 2017-18, there is a \$0 net impact (\$0.1 million GF decrease) to reflect an estimated increase in federal reimbursements, resulting in an offset to the GF. For 2018-19, there is a \$2.2 million

increase (\$0.6 million GF increase) to fund CPP placement activities for an increased number of individuals moving from a DC.

- 4. BHT Transition - Consumers without an ASD Diagnosis.** For 2017-18, there is a \$0.2 million decrease (\$0.2 million GF decrease) reflecting updated expenditures for consumers without an Autism Spectrum Disorder (ASD) diagnosis who receive services on a fee-for-services basis, as reimbursed by the Department of Health Care Services (DHCS).

For 2018-19, there is a \$0.9 million net increase (\$0.9 million GF increase) in expenditures for consumers without an ASD diagnosis. The adjustment includes a \$0.5 million decrease for consumers who receive services on a fee-for-services basis, and a \$1.4 million increase reflecting a three month phased transition of Medi-Cal managed care consumers in Los Angeles, Orange, Riverside, and San Bernardino counties.

- 5. ICF-DD Supplemental Payment Program.** For 2017-18, there is a \$0.2 million increase (\$0.2 million GF increase) to provide supplemental payments to ICF-DDs consistent with a corresponding Medi-Cal rate increase. For 2018-19, there is a \$0.2 million increase (\$0.2 million GF increase) representing the full year impact of the ICF-DD Supplemental Payment Program consistent with a corresponding Medi-Cal rate increase.
- 6. Uniform Holiday Schedule.** For 2018-19, there is a \$4.6 million decrease (\$0.2 million GF decrease) to correct an error in the Governor's Budget. The correction results in additional estimated savings to implement the Uniform Holiday Schedule in accordance with W&I Code Section 4692. There is no change on the policy proposal on this issue from the Governor's Budget.
- 7. SB 3 Minimum Wage Increase.** For 2018-19, there is a \$0 net impact (\$0.4 million GF decrease) reflecting an estimated increase in federal reimbursements which offset the GF.

### **Developmental Centers**

For 2017-18, the May Revision reflects an ending DC population of 534 residents on June 30, 2018, which is a decrease of three residents as compared to the Governor's Budget. Total expenditures are estimated to decrease by \$11.4 million (\$8.5 million GF decrease).

**For 2018-19,** the May Revision reflects an ending DC population of 323 residents on June 30, 2019, which is a decrease of 38 residents as compared to the Governor's Budget. Total expenditures are estimated to increase by \$8.9 million (\$7.2 million GF increase).

1. **Population and Technical Adjustments (Issue 463).** It is requested that Item 4300-001-0001 be increased by \$7,197,000 and 122.2 positions and reimbursements be increased by \$1,716,000 and 28.3 positions. Of the 150.5 positions requested, 125.2 are existing positions erroneously omitted from the November Estimate and 25.3 are new positions to support population adjustments, primarily at the Fairview Developmental Center.
2. **Operations Expenditures. For 2017-18, there is a \$51,000 decrease (\$29,000 GF decrease)** in resident-driven Operations Expense and Equipment (OE&E) costs due to a net reduction of three residents.
3. **Salary Savings.** For 2017-18, there is a \$11.4 million decrease (\$8.5 million GF decrease) in personal services, staff benefits, and OE&E expenditures resulting from estimated salary savings.
4. **Operations Expenditures. For 2018-19, there is a \$9.1 million net increase (\$7.6 million GF increase).** This includes an increase of \$6.5 million (\$6.3 million GF increase) and 125.2 positions at the Sonoma DC to reflect a technical correction, and a \$2.6 million increase (\$1.4 million GF increase) for updated operations expenditures at the Fairview and Porterville DCs due to revised resident populations.
5. **Closure Activity Costs. For 2018-19, there is a \$0.2 million decrease (\$0.4 million GF decrease)** to reflect updated closure activity costs at the Fairview, Porterville, and Sonoma DCs.

### **Capital Outlay**

The May Revision proposes no changes for 2017-18 and 2018-19.

### **Deferred Maintenance**

The May Revision proposes \$60 million GF for the Department to address critical deferred maintenance issues at the Porterville DC. This amount is included in Budget Act Control Section 6.10.

### **Headquarters**

The May Revision proposes no changes to the 2017-18 Headquarters budget of \$63.2 million (\$36.2 million GF).

**For 2018-19,** the May Revision proposes \$68.3 million (\$40.1 million GF) for Headquarters in 2018-19, which is a \$0.7 million increase (\$0.5 million GF increase) compared to the Governor's Budget. The increase results from the following two Budget Change Proposals (BCPs):

- 1. Electronic Visit Verification (EVV) (Issue 401).** \$0.3 million increase (\$0.2 million GF increase) to fund two, two-year limited-term basis positions to participate in the planning and alternatives analysis of a statewide EVV solution. The BCP is a California Health and Human Services Agency proposal to support planning of a federally mandated EVV system across multiple programs.

It is requested that Item 4300-001-0001 be increased by \$222,000 and reimbursements be increased by \$55,000 to support planning activities to comply with federal Electronic Visit Verification requirements related to Home and Community-Based Services programs.

- 2. Person-Centered Planning (Issue 402).** \$0.4 million increase (\$0.3 GF increase) to contract with a consultant to work with the Department and stakeholders to develop and implement training for consumers, families, and regional centers on person-centered practices and planning. Additionally, funds will be used to contract for the development of an online training module that can be utilized for ongoing, future training of consumers, families, service providers, and newly-hired regional center staff.

It is requested that Item 4300-001-0001 be increased by \$310,000 and reimbursements be increased by \$94,000 to provide person-centered staff training to regional centers. This training will allow regional centers to comply with federal regulations that require service plans be developed using a person-centered planning process.

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| <b>STAFF COMMENT</b> |
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The May Revision retained the proposal regarding the Uniform Holiday Schedule. The Subcommittee may wish to ask about the proposed impact and responses to objections raised by multiple provider and consumer groups on this proposal.

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**Staff Recommendation:**

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Hold open pending the Subcommittee's hearing scheduled for Thursday, May 24, when actions will be taken.

**5180 DEPARTMENT OF SOCIAL SERVICES****ISSUE 3: DSS MAY REVISION PROPOSALS****PANEL**

- Department of Social Services
  - Please review the major May Revision proposals for DSS, across all programs, at a high level.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

**DSS MAY REVISION PROPOSALS**

The Department of Social Services (DSS) forwards the following May Revisions proposals as part of the Governor's Budget, in alignment with the following revised chart of estimates and caseloads:

**May Revision Caseload Adjustments (Issues 401, 402, 403, and 404).** The May Revision proposes a net increase of \$245,550,000 (increase of \$178,908,000 reimbursements, \$98,144,000 General Fund, \$10,000 State Children's Trust Fund, and \$2,000 Child Health and Safety Fund, partially offset by a decrease of \$31,514,000 Federal Trust Fund) primarily resulting from updated caseload estimates since the Governor's Budget. Caseload and workload changes since the Governor's Budget are displayed in the following table:

| Program  | Item           | Change from Governor's Budget |
|--|----------------|-------------------------------|
| California Work Opportunity and Responsibility to Kids (CalWORKs)      | 5180-101-0001  | (\$75,849,000)                |
|  | 5180-101-0890  | (\$31,248,000)                |
|  | Reimbursements | (\$1,000)                     |
| Kinship Guardianship Assistance Payment                                | 5180-101-0001  | \$5,739,000                   |
| Supplemental Security Income/<br>State Supplementary Payment (SSI/SSP) | 5180-111-0001  | (\$34,431,000)                |
| In-Home Supportive Services (IHSS)                                     | 5180-111-0001  | \$174,699,000                 |

|  |                |                |
|--|----------------|----------------|
|  | Reimbursements | \$164,878,000  |
| <b>Other Assistance Payments</b>                     | 5180-101-0001  | (\$23,984,000) |
|  | 5180-101-0890  | (\$22,043,000) |
| <b>County Administration and Automation Projects</b> | 5180-141-0001  | \$24,416,000   |
|  | 5180-141-0890  | \$34,273,000   |
|  | Reimbursements | \$13,201,000   |
| <b>Community Care Licensing</b>                      | 5180-151-0001  | (\$21,000)     |
|  | 5180-151-0890  | \$286,000      |
| <b>Special Programs</b>                              | 5180-151-0001  | \$4,000        |
| <b>Realigned Programs</b>                            |                |                |
| <b>Adoption</b>                                      | 5180-101-0890  | \$4,013,000    |
| <b>Foster Care</b>                                   | 5180-101-0001  | \$26,154,000   |
|  | 5180-101-0890  | \$18,620,000   |
|  | 5180-141-0890  | (\$517,000)    |
| <b>Child Welfare Services (CWS)</b>                  | 5180-151-0001  | \$3,000,000    |
|  | 5180-151-0803  | \$10,000       |
|  | 5180-151-0890  | \$463,000      |
|  | 5180-151-0279  | \$2,000        |
|  | Reimbursements | \$316,000      |
| <b>Title IV-E Waiver</b>                             | 5180-153-0001  | (\$1,583,000)  |
|  | 5180-153-0890  | (\$35,610,000) |
| <b>Adult Protective Services</b>                     | 5180-151-0890  | \$249,000      |
|  | Reimbursements | \$514,000      |

- 1. CalWORKs Single Allocation (Issue 406).** It is requested that Item 5180-101-0890 be increased by \$55,823,000 to reflect additional costs associated with a new budgeting methodology for county administration of the eligibility determination process for CalWORKs.

The CalWORKs Single Allocation reflects the cost to administer the CalWORKs program and provide employment services and Stage One Child Care to individuals in the CalWORKs Welfare to Work program, and Cal-Learn Intensive Case Management. Funding for each category within the Single Allocation is based on different methodologies that adjust funding from prior years based on caseload projections and assumed costs per case. This can be problematic when the program sees dramatic swings in caseload, as often happens in CalWORKs since it is so closely tied to the economy.

Last year, the Legislature directed the department and counties to work together to develop a new methodology. The Governor's budget provided approximately \$1.7 billion in funding the Single Allocation in 2018-19. The May Revision increases the Single Allocation by \$29 million. However, even with the May Revision augmentation to the Single Allocation and an agreement on the eligibility methodology, CWDA considers that an additional \$23.5 million has been cut from the Employment Services component due to the ongoing caseload reduction, and would force counties to carry additional staffing vacancies to offset the funding shortfall.

- 2. CalWORKs Housing Support Program (Issue 405).** It is requested that Item 5180-101-0001 be increased by \$24,163,000 to reflect an augmentation to the CalWORKs Housing Support Program, which assists CalWORKs families in obtaining and retaining permanent shelter. The Administration plans to invest an additional \$24.2 million in fiscal year 2019-20 to bring total program funding to \$95 million on an on-going basis from that fiscal year forward. The increased funding requested reflects one of several components included in the Administration's proposal to address homelessness.
- 3. Increase CalWORKs Homeless Assistance Program Payment Rate (Issue 413).** It is requested that Item 5180-101-0001 be increased by \$7,640,000 and Item 5180-141-0001 be increased by \$500,000 to reflect a proposed increase to the daily payment rate from \$65 to \$85 for temporary shelter support in the CalWORKs Homeless Assistance Program, effective January 1, 2019. Trailer bill language is requested to effectuate this rate increase. The increased funding requested reflects one of several components included in the Administration's proposal to address housing assistance and homelessness.

CDSS proposes to increase the daily rate for CalWORKs temporary homeless assistance from \$65 a day to \$85 a day for a family with up to four members. It also increases the daily maximum from \$125 to \$145, based on the current \$15 increase per additional family member. Current law states that temporary HA is available to homeless CalWORKs families to help pay for up to 16 consecutive days of temporary shelter, while the family is searching for permanent housing. In order to be eligible for temporary HA payments, the family must be on or apparently eligible for CalWORKs (including meeting income and asset limitations); homeless; seeking permanent housing; and have no more than \$100 in liquid resources.

The daily rate for a family with up to four members is \$65. Each additional family member receives an additional \$15 per day, up to a maximum of \$125 a day. These rates last changed on July 12, 2006, when they were raised from \$40 a day. As of January 1, 2017, these benefits are now available once a year, with exceptions, rather than once in a lifetime. Many county welfare departments in California report few, if any, motels that offer rates as low as \$65 per day. Increasing the temporary HA benefit amount would result in better access to emergency shelter and would increase the health and safety of homeless children and families.

- 4. Home Safe Program (Issue 411).** It is requested that Item 5180-151-0001 be increased by \$15 million to reflect one-time funding to pilot a new Home Safe Program within Adult Protective Services. The funding will be available to participating counties over a three-year period to provide housing-related supports to seniors experiencing homelessness or at risk of becoming homeless. Participating counties will provide a dollar-for-dollar match in local funds. This proposal requires trailer bill language. The increased funding requested reflects one of several components included in the Administration's proposal to address homelessness.

The following budget bill language is also proposed, with the following provision proposed to be added to Item 5180-151-0001:

*14. Of the amount appropriated in Schedule (1), \$15,000,000 shall be available for the Home Safe Program to provide housing supports for seniors experiencing, or at risk of experiencing, homelessness, in accordance with Chapter 14 (commencing with Section 15767) of Part 3 of Division 9 of the Welfare and Institutions Code. This funding shall be available for encumbrance or expenditure until June 30, 2021.*

The trailer bill proposal for the Home Safe May Revision item is under review. The Subcommittee may wish to ask the department to work with CWDA regarding expanding the "homeless and at risk of homelessness" eligibility criteria in the following ways: (1) Those living in short-term housing arrangements, such as hotels, motels, and temporary stays with family members; (2) Those at imminent risk of receiving a termination notice; and (3) Those with a living situation that is at the root of their abuse or neglect issue, posing an imminent health and safety risk (e.g. those living with an abuser, or those living in unsanitary and harmful conditions).

- 5. IHSS County Administration Adjustment (Issue 407).** It is requested that Item 5180-111-0001 be increased by \$23,996,000 and reimbursements be increased by \$23,298,000 to reflect revised workload assumptions for county and public authority administrative activities associated with the IHSS Program. The workload assumptions and budgeting methodology will be reexamined as part of the 2020-21 Budget.

This county funding and the administrative funding for Public Authorities in the May Revision remain under review. The Subcommittee asks for DSS to please discuss the year over year changes in PA funding as part of its testimony, and the reasons for the May Revision cost calculations.

- 6. Increased AB 85 Savings (Issue 415).** It is requested that Item 5180-101-0001 be decreased by \$247,194,000 to reflect an increase in AB 85 realignment funds available to offset General Fund costs in the CalWORKs program.
- 7. Continuum of Care Reform: Resource Family Approval Backlog (Issue 416).** It is requested that Item 5180-151-0001 be increased by \$3,161,000 and Item 5180-

151-0890 be increased by \$1,463,000 to provide one-time funding to address county backlog of Resource Family applications.

**8. Continuum of Care Reform: Caregiver Emergency Assistance Payments (Issue 417).** It is requested that Item 5180-101-0890 be increased by \$13,363,000 for counties to support up to six months of emergency assistance (EA) payments prior to resource family approval, beginning July 1, 2018, and up to three months of EA payments beginning July 1, 2019. This proposal requires trailer bill language.

**9. Continuum of Care Reform: Level of Care Assessment Tool (Issue 418).** It is requested that Item 5180-151-0001 be increased by \$1,206,000, Item 5180-151-0890 be increased by \$633,000, and Item 5180-153-0001 be increased by \$1,285,000 to support increased workload for county social workers and probation officers associated with implementation of the Level of Care Protocol Assessment Tool developed for use with the Home-Based Family Care rate structure.

CWDA still considers the workload for the LOC assessments as underfunded. They also point out that there is still no funding included in the budget for the new CANS assessment that social workers will also have to administer.

**10. Continuum of Care Reform: Revised Group Home Caseload Projections (Issue 419).** It is requested that Item 5180-101-0001 be increased by \$21,857,000, Item 5180-101-0890 be increased by \$7,472,000, and Item 5180-153-0001 be increased by \$17,883,000 to reflect increased costs associated with revised group home caseload projections based on actual caseload movement.

**11. Continuum of Care Reform: Specialized Care Increment Savings Adjustment (Issue 420).** It is requested that Item 5180-101-0001 be increased by \$8,927,000, Item 5180-101-0890 be increased by \$3,052,000, and Item 5180-153-0001 be increased by \$7,304,000 to reflect a technical correction related to assumed county savings associated with Specialized Care Increments (SCIs) provided in addition to the basic foster care rate. The May Revision continues to assume counties will reduce SCI payments to reflect the transition from age-based foster care rates to the new Home-Based Family Care rate structure.

**12. Tribal Title IV-E: Start-up Administration Costs (Issue 414).** It is requested that Item 5180-151-0001 be increased by \$87,000 to provide start-up funds for tribes with existing federal Title IV-E agreements and to assist tribes in establishing a Title IV-E child welfare program.

**13. Budget Bill Language: Children's Programs Reappropriations (Issue 421).** It is requested that Item 5180-492 be added for the purpose of reappropriating the unexpended balances from funds appropriated in the 2017 Budget Act for various child welfare services programs, as specified on the following page:

*5180-492—Reappropriation, Department of Social Services. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2019:*

*0001—General Fund*

*(1) Schedule (2) of Item 5180-101-0001, Budget Act of 2017 (Chs.14, 22, and 54, Stats. 2017) for the Emergency Child Care Bridge Program*

*(2) Schedule (1) of Item 5180-151-0001, Budget Act of 2017 (Chs.14, 22, and 54, Stats. 2017) for the Emergency Child Care Bridge Program*

*(3) Schedule (1) of Item 5180-151-0001, Budget Act of 2017 (Chs.14, 22, and 54, Stats. 2017) for the Commercially Sexually Exploited Children Program*

*(4) Schedule (1) of Item 5180-151-0001, Budget Act of 2017 (Chs.14, 22, and 54, Stats. 2017) for Child Welfare Services Case Record Reviews*

*(5) Schedule (1) of Item 5180-151-0001, Budget Act of 2017 (Chs.14, 22, and 54, Stats. 2017) for Foster Parent Recruitment, Retention, and Support*

*(6) Schedule (1) of Item 5180-151-0001, Budget Act of 2017 (Chs.14, 22, and 54, Stats. 2017) for Child and Family Teams*

*(7) Schedule (1) of Item 5180-151-0001, Budget Act of 2017 (Chs.14, 22, and 54, Stats. 2017) for Resource Family Approval*

*(8) Schedule (1) of Item 5180-153-0001, Budget Act of 2017 (Chs.14, 22, and 54, Stats. 2017) for the Emergency Child Care Bridge Program*

*(9) Schedule (1) of Item 5180-153-0001, Budget Act of 2017 (Chs.14, 22, and 54, Stats. 2017) for the Commercially Sexually Exploited Children Program*

*(10) Schedule (1) of Item 5180-153-0001, Budget Act of 2017 (Chs.14, 22, and 54, Stats. 2017) for Child Welfare Services Case Record Reviews*

*(11) Schedule (1) of Item 5180-153-0001, Budget Act of 2017 (Chs.14, 22, and 54, Stats. 2017) for Foster Parent Recruitment, Retention, and Support*

*(12) Schedule (1) of Item 5180-153-0001, Budget Act of 2017 (Chs.14, 22, and 54, Stats. 2017) for Child and Family Teams*

*(13) Schedule (1) of Item 5180-153-0001, Budget Act of 2017 (Chs.14, 22, and 54, Stats. 2017) for Resource Family Approval*

**14. Disaster Assistance (Issue 412).** It is requested that Item 5180-101-0001 be increased by \$200,000 for the State Supplemental Grant Program to assist victims of the 2017 wildfires and 2018 Southern California mudslides.

### **Additional Trailer Bill Proposals**

**15. Home-Based Family Rate Clarification.** The Administration proposes trailer bill language to clarify state statute regarding the non-applicability of the Home-Based Family Care (HBFC) rate structure for Adoption Assistance Program (AAP), Kin-GAP, and Non-Related Legal Guardian (NLRG) cases that went to permanency on or before December 31, 2016.

The Administration states that for NLRG cases established between May 1, 2011 to December 31, 2016, to continue receiving the age-based rates that existed at the time permanency was established because the costs for these cases are not included in the existing HBFC Level of Care (LOC) rates budget. The statute would further clarify that on or after January 1, 2017, NLRG cases where the guardianship is established in probate will qualify for the Basic Level Rate.

The Administration also states that language is needed to limit the Kin-Gap and AAP cases established between May 1, 2011 and December 31, 2016, to the age-based rates negotiated at the time of the agreement; therefore, these cases are not entitled to the HBFC LOC rates upon reassessment. The department notes that failure to implement this trailer bill language will result in an annual General Fund cost pressure in the tens of millions.

**16. Federal Compliance: Indian Child Welfare Act Child Custody Proceedings.** The Administration proposes to align state law with the minimum standards of the Federal Indian Child Welfare Act's (ICWA) Final Rule, which among other things, specify a tribe's exclusive jurisdiction over child custody proceedings involving an Indian child and clarify notification requirements.

As California Tribes begin to seek exclusive jurisdiction, state statute must implement the Final Rule to prevent any Indian children from being inadvertently removed from their family or Tribe. While the new Federal Rule was in response to a nationwide need, California needs to prepare for more Tribal courts accepting exclusive jurisdiction.

It is necessary to: (1) clearly identify a tribe's exclusive jurisdiction over child custody proceedings involving an Indian child; (2) outline procedures child welfare agencies should adhere during child custody proceedings when the state or local authority is unable to confirm that a child is subject to a Tribe's exclusive jurisdiction; (3) specify child welfare agencies' responsibility to inform a state court when an Indian child is, or may be, a ward of a Tribal court or under the authority of an Indian Tribe; and (4) clarify state notification requirements pending the dismissal of a case from a State court based upon a Tribe's exclusive jurisdiction.

Codification of the Final Rule is consistent with previous ICWA compliance efforts. Compliance with federal requirements could: (1) enable consistent practice during child custody proceedings; (2) contribute to lowering the rate of removal of Indian children compared to other children; and (3) protect the rights provided to tribes under ICWA if the process for notice and engagement of a child's tribe is not conducted properly.

The Final Rule promotes compliance with ICWA from the earliest stages of a child welfare proceeding. Early compliance promotes the maintenance of Indian families, and the reunification of Indian children with their families whenever possible, and reduces the need for disruption in placements. Timely notification of an Indian child's Tribe also ensures that Tribal government agencies have meaningful opportunities to provide assistance and resources to the child and family. And implementation of ICWA's requirements conserves judicial resources by reducing the causes for delays, duplication, and appeals.

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| <b>STAFF COMMENT</b> |
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Substantial stakeholder reaction and feedback to the May Revision for DSS has been submitted to the Subcommittee. Stakeholders are encouraged to highlight and underscore issues of most critical importance in the course of the public hearing.

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**Staff Recommendation:**

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Hold open pending the Subcommittee's hearing scheduled for Thursday, May 24, when actions will be taken.

**4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT**

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**ISSUE 4: CSD MAY REVISION PROPOSAL****PANEL**

- Department of Community Services and Development
  - Please review the May Revision proposal for CSD.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

**MAY REVISION PROPOSAL**

It is requested that Item 4700-101-0890 be increased by \$33,683,000 to reflect a recent federal increase for the Low-Income Home Energy Assistance Program and the Community Services Block Grant.

**STAFF COMMENT**

No issues have been raised thus far with this request.

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**Staff Recommendation:**

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Hold open pending the Subcommittee's hearing scheduled for Thursday, May 24, when actions will be taken.

**5175 DEPARTMENT OF CHILD SUPPORT SERVICES**

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**ISSUE 5: DCSS MAY REVISION PROPOSALS****PANEL**

- Department of Child Support Services
  - Please review the May Revision proposal for DCSS.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

**MAY REVISION PROPOSAL**

It is requested that Item 5175-101-0890 be decreased by \$703,000 and Item 5175-101-8004 be increased by \$703,000 to reflect revised forecasts of child support collections.

**STAFF COMMENT**

No issues have been raised thus far with this request.

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**Staff Recommendation:**

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Hold open pending the Subcommittee's hearing scheduled for Thursday, May 24, when actions will be taken.