

**AGENDA****ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES****ASSEMBLYMEMBER SHIRLEY N. WEBER, PH.D., CHAIR****TUESDAY, MAY 20, 2014  
9:00 A.M. - STATE CAPITOL ROOM 126**

<b>ITEMS TO BE HEARD</b>		
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<b>5180</b>	<b>DEPARTMENT OF SOCIAL SERVICES (DSS)</b>	
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## ITEMS TO BE HEARD

### 5180 DEPARTMENT OF SOCIAL SERVICES

This agenda is dedicated to new issues for the Department of Social Services (DSS) pursuant to the Governor's May Revision, released on May 13, 2014.

Programs, budgets, proposals, and issues for DSS have been heard previously by the Subcommittee on the following days during the 2014 spring subcommittee process:

- *February 26*            *CalWORKs*
- *March 5*                *In-Home Supportive Services and Supplemental Security Income/State Supplementary Payment*
- *March 11*               *Child Care (Joint with Sub. 2)*
- *March 12*               *DSS Automation*
- *April 2*                 *Community Care Licensing and State Hearings Division*
- *April 9*                 *CalFresh, Child Welfare Services, and Adult Protective Services*
- *April 30*                *Revisiting Issues in CalWORKs*

#### ISSUE 1: OVERVIEW OF DSS CHANGES

##### PANEL

- Department of Social Services

Please present on each of the May Revision topics, speaking to each of the proposals as outlined in the agenda.

- Legislative Analyst's Office
- Department of Finance
- Public Comment

##### MAY REVISION

The May Revision for DSS proposes and increase overall of \$1.4 billion. This increase is comprised of an increase of \$278,647,000 General Fund, \$1,032,892,000 reimbursements, \$84,069,000 Federal Trust Fund, and \$17,000 State Children's Trust Fund, offset by a decrease of \$1,507,000 Child Support Collections Recovery Fund.

**State Operations.** An increase of \$2,936,000 (\$1,507,000 General Fund, \$1,376,000 Federal Trust Fund, and \$53,000 reimbursements) is requested in the May Revision. These include the shift of responsibility for the Appeals Case Management System to the Office of Systems Integration (OSI), the request for resources for the Title IV-E Waiver Project, and resources for the Case Management Information and Payrolling System (CMIPS II).

**Local Assistance.** Local assistance expenditures for DSS are estimated to increase by a net amount of \$1,391,182,000. This is comprised of an increase of \$277,140,000 General Fund, \$1,032,839,000 reimbursements, \$82,693,000 Federal Trust Fund, and \$17,000 State Children's Trust Fund, offset by a decrease of \$1,507,000 Child Support Collections Recovery Fund.

Each issue, including caseload adjustments, is described below.

<b>CASELOAD AND ESTIMATE CHANGES</b>
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May Revision Caseload Adjustments (Issue 101). The May Revision proposes a net increase of \$751,426,000 (increases of \$167,998,000 General Fund, \$528,874,000 reimbursements, \$56,044,000 Federal Trust Fund, \$17,000 State Children's Trust Fund, offset by a decrease of \$1,507,000 Child Support Collections Recovery Fund), due to the impact of caseload and workload changes since the Governor's Budget. Realigned programs are displayed for the purpose of federal fund adjustments and other technical adjustments. Caseload and workload changes since the Governor's Budget are displayed in the following table.

<b>Program</b>	<b>Item</b>	<b>Change from Governor's Budget</b>
California Work Opportunity and Responsibility to Kids (CalWORKs)	5180-101-0001	\$3,846,000
	5180-101-0890	\$15,215,000
	5180-601-0995	-\$76,000
Supplemental Security Income/State Supplementary Payment (SSI/SSP)	5180-111-0001	-\$6,069,000
In-Home Supportive Services (IHSS)	5180-111-0001	\$133,756,000
	5180-611-0995	\$505,130,000
Other Assistance Payments	5180-101-0001	\$10,639,000
	5180-101-0890	\$2,408,000

<b>Program</b>	<b>Item</b>	<b>Change from Governor's Budget</b>
County Administration and Automation Projects	5180-141-0001	\$25,197,000
	5180-141-0890	\$26,106,000
	5180-641-0995	\$47,383,000
Community Care Licensing	5180-151-0001	\$621,000
	5180-151-0890	-\$78,000
Special Programs	5180-151-0890	\$1,781,000
Realigned Programs		
Adoption Assistance Program	5180-101-0001	\$1,000
	5180-101-0890	-\$4,934,000
Foster Care	5180-101-0001	\$1,000
	5180-101-0890	\$18,771,000
	5180-101-8004	-\$1,507,000
	5180-141-0890	\$1,820,000
Child Welfare Services (CWS)	5180-151-0001	\$6,000
	5180-151-0803	\$17,000
	5180-151-0890	-\$5,076,000
	5180-651-0995	-\$24,046,000
Title IV-E Waiver	5180-153-0890	\$31,000
Adult Protective Services	5180-651-0995	\$483,000

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**Staff Recommendation:**


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Staff recommends holding open the May Revision proposals pending further consideration by the Subcommittee.

**ISSUE 2: CALWORKS AND TANF CHANGES****PANEL**

- Welfare to Work Division, Department of Social Services

Please present on each of the May Revision topics, speaking to each of the proposals as outlined in the agenda.

- Legislative Analyst's Office
- Department of Finance
- Public Comment

**MAY REVISION**

The May Revision makes no new significant policy proposals for the CalWORKs program beyond those included in the Governor's January Budget. The following are the major changes:

- **CalWORKs General Fund Offset.** Health Care Reform and 1991 Realignment (Issue 104). An increase of \$175,106,000 General Fund is requested to reflect a decrease in the estimated level of county indigent health savings associated with Medi-Cal expansion under health care reform. Pursuant to Chapter 24, Statutes of 2013 (AB 85), county indigent health savings are redistributed to counties (via a redirection of 1991 health realignment funds) for CalWORKs expenditures, thereby offsetting General Fund costs in the program.
- **CalWORKs 5-Percent Grant Increase (Issue 105).** An increase of \$6,811,000 General Fund is requested primarily to reflect a projected decrease in 1991 realignment revenue deposits to the Child Poverty and Family Supplemental Support Subaccount of the Local Revenue Fund. Pursuant to AB 85, effective March 1, 2014, CalWORKs Maximum Aid Payment levels were increased by 5 percent, to be funded with revenues to the Child Poverty and Family Supplemental Support Subaccount. Due to the decrease in the projected deposits, additional General Fund is needed to fund the 5-percent grant increase in 2014-15.

- **Temporary Assistance for Needy Families Transfer to California Student Aid Commission (Issue 301).** A decrease of \$104,459,000 General Fund is requested for the CalWORKs program to reflect a decrease in the amount of federal Temporary Assistance for Needy Families (TANF) block grant funds expended for Cal Grants. Instead, the TANF funds will be expended in lieu of General Fund in CalWORKs, requiring a corresponding General Fund backfill in the California Student Aid Commission budget (see Item 6980-101-0001, Issue 018).
- **Child Support Pass-Through for Safety Net and Certain Child-Only Cases.** The May Revision proposes a fund shift for certain CalWORKs cases with an unaided but federally work eligible adult (including Safety Net and cases in which the parent is a drug or fleeting felon) from General Fund counted toward the TANF MOE requirement to non-MOE GF. Since these cases are no longer included in the federally defined TANF program, they are identified as "former recipients" for child support purposes.

When implementing this move-out, CDSS and the Department of Child Support Services (DCSS) discovered a conflict between federal law and California state law with regard to child support requirements. DCSS cites federal law that prohibits them from passing collected child support through to the state on behalf of non-TANF families and instead requires that payments be made directly to the families. Child support for these cases is therefore not recouped to repay the state for CalWORKs grants. Child support services will continue as required by law if the family was previously receiving assistance under a TANF program, until a request for closure is received. If a family with an absent parent or paternity at issue applies for public assistance and is initially funded on K1 or 3F program, then a referral is not sent to child support and a case will not be opened unless an application for services is received.

DSS states that recoupment of child support for these cases would not be feasible as it would require \$1 million in one-time automation and \$14 million annual ongoing costs for DCSS.

Therefore, the May Revision proposes a cost-neutral approach and trailer bill language to exempt these families from the obligation of child support recoupment by the state. The proposal would also remove the requirement that DCSS collect the support on behalf of the state. The net fiscal impact of this approach is a loss of \$7.5 million in reduced child support revenues. The impact is offset to the extent that the child support payments are received on a regular basis by these families and can be reasonably anticipated and reported as income for CalWORKs grant determinations (approximately \$4.4 million annually).

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**Staff Recommendation:**

No issues have been raised with these proposals. Staff recommends approval of the May Revision requests as listed within this item, with placeholder trailer bill for the Child Support Pass-Through request.

**ISSUE 3: CALFRESH AND DROUGHT ASSISTANCE****PANEL**

- CalFresh Branch, Department of Social Services

Please present on each of the May Revision topics, speaking to each of the proposals as outlined in the agenda.

- Legislative Analyst's Office
- Department of Finance
- Public Comment

**MAY REVISION**

The May Revision includes changes affecting CalFresh, the state's version of the federal Supplemental Nutrition Assistance Program, that attempt to preserve benefits for eligible recipients and includes additional dollars for food to be provided to ameliorate the hunger effects of California's current drought.

- **CalFresh: State Utility Assistance Subsidy Benefit (Issue 302).** A net increase of \$9,225,000 (an increase of \$9,541,000 General Fund and a decrease of \$316,000 reimbursements) is requested to fund the State Utility Assistance Subsidy Benefit program. Previously, all CalFresh recipients were provided a nominal federal Low-Income Home Energy Assistance Program (LIHEAP) benefit, which entitled the household to the Standard Utility Allowance (SUA) for purposes of determining the monthly food stamp benefit amount. The recently enacted federal Farm Bill of 2014 now requires states choosing to participate in the program to provide an annual subsidy greater than \$20 to trigger SUA eligibility. This item proposes to continue the SUA subsidy program under the new federal requirements using General Fund instead of LIHEAP funds to fund the benefit. Trailer bill language is required to implement this proposal.
- **CalFresh Caseload Impact from the Affordable Care Act (Issue 303).** An increase of \$48,017,000 (\$18,674,000 General Fund and \$29,343,000 Federal Trust Fund) is requested to reflect a significant increase in new CalFresh recipients due to efforts to streamline eligibility and increase awareness of the program as part of the ACA implementation. This change also has an impact on the California Food Assistance Program (CFAP), resulting in an increase of \$2,068,000 General Fund. See Item 5180-101-0001, Issue 303, for the CFAP adjustments.

- **CalFresh: Categorical Eligibility (Issue 304).** An increase of \$7,911,000 (\$3,995,000 General Fund and \$3,916,000 Federal Trust Fund) to reflect an increase of the CalFresh gross income eligibility threshold to 200 percent of the federal poverty level, as well as the increase in ACA caseload mentioned above. Counties have expressed administrative and privacy concerns with implementing CalFresh categorical eligibility as modified by Chapter 669, Statutes of 2013 (AB 191). This change, which requires trailer bill language, seeks to address those implementation concerns which will result in additional households receiving CalFresh benefits. This change also impacts the CFAP, resulting in an increase of \$1,094,000 General Fund. See Item 5180-101-0001, Issue 304, for the CFAP adjustments.
- **Budget Bill Language: Disaster Supplemental Nutrition Assistance Program (Issue 700).** Budget Bill language is requested to authorize an increase in General Fund and Federal Trust Fund expenditure authority for food stamp administrative costs in the event of a major disaster declaration by the President of the United States. The proposed language will allow counties to respond timely to a drought or other presidential disaster declaration affecting California.

**Addition of Provisional Language to Budget Bill Item 5180-141-0001:**

X. In the event of a declaration of a major disaster by the President of the United States, and upon request of the State Department of Social Services following approval by the United States Department of Food and Agriculture's Food and Nutrition Service, the Department of Finance may increase expenditure authority in this item in order to fund the administrative costs of a Disaster Supplemental Nutrition Assistance Program food assistance program.

**Amendment to Provision 1 of Item 5180-141-0890 as follows:**

"1. Provisions 2, 3, 4, ~~and 6~~, and X of Item 5180-141-0001 also apply to this item."

- **Drought Food Assistance Program (Issue 700).** It is requested that Budget Bill language be added to authorize up to \$20 million General Fund, upon approval by the Department of Finance, for the Drought Food Assistance Program to provide emergency food relief to drought-impacted communities. Of this amount, \$15 million reflects a shift of funding authorized in Chapter 2, Statutes of 2013 (SB 103) to 2014-15 and there is new appropriation of \$5 million for 2014-15 that adds to this. The proposed language also authorizes spending in excess of \$20 million upon written notification to the Joint Legislative Budget Committee. Proposed Budget Bill language is below.

**Addition of Provisional Language to Budget Bill Item 5180-101-0001:**

X. (a) Upon request of the State Department of Social Services, the Department of Finance may increase expenditure authority in this item by up to \$20,000,000 for food assistance programs associated with persons affected by the drought. Notwithstanding any other provision of law, these funds shall be available for encumbrance by the State Department of Social Services through December 31, 2015, for commodity purchases and state and local agency administrative costs incurred on or before June 30, 2015, to provide food assistance associated with the drought through existing partnerships. The Department of Finance shall provide notification of the adjustment to the Joint Legislative Budget Committee within 10 working days from the date of Department of Finance approval of the adjustment.

(b) Upon request of the State Department of Social Services, the Department of Finance may increase expenditure authority above the amount authorized in subdivision (a). The Department of Finance shall authorize any such increase not sooner than 10 days after notification of the necessity thereof in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee.

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**Staff Recommendation:**

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Staff recommends the following:

- Approval of the May Revision requests and associated placeholder trailer bill for the State Utility Assistance Subsidy Benefit and Modified Categorical Eligibility.
- Holding open the requests and associated Budget Bill Language for the Disaster SNAP and Drought Food Assistance Program pending feedback from advocates and further consideration.

**ISSUE 4: IN-HOME SUPPORTIVE SERVICES AND CASE MANAGEMENT INFORMATION AND PAYROLLING SYSTEM (CMIPS) II****PANEL**

- Adult Programs Division, Department of Social Services

Please present on each of the May Revision topics, speaking to each of the proposals as outlined in the agenda.

- Legislative Analyst's Office
- Department of Finance
- Public Comment

**MAY REVISION**

The May Revision makes no new significant policy proposals or changes to the Governor's January proposals regarding implementation of new Fair Labor Standards Act rules regarding overtime pay in the IHSS program. The Governor's proposed prohibition on overtime pay remains the administration's proposal. The May Revision does include other adjustments and requests for resources associated with the IHSS caseload and the CMIPS II system.

- **Federal Fair Labor Standards Act (Issue 350).** A decrease of \$39,725,000 (\$18,162,000 General Fund and \$21,563,000 reimbursements) is requested to correct a technical error discovered in the cost estimate methodology for an IHSS provider backup system. Under the Administration's proposal to restrict provider overtime costs, a provider backup system is necessary to maintain continuity of care for IHSS recipients receiving more than 160 service hours per month. Due to a methodology error, the provider backup system costs were overstated in the Governor's Budget. Legislative staffs were notified of the overstated costs in February 2014.
- **Case Management Information and Payrolling System (CMIPS) II (Issue 401).** An increase of \$511,000 (\$255,000 General Fund and \$256,000 reimbursements) is requested to support 3 permanent and 2 two-year limited-term positions. These resources are necessary to address previously unforeseen workload associated with the recently completed transition from the CMIPS Legacy system to CMIPS II. The stricter business rules incorporated into CMIPS II have resulted in a significant

increase in data input errors that require resolution by DSS staff. Under CMIPS II, DSS is also responsible for tax file reconciliation activities, an area that has generated more workload than previously anticipated.

The May Revision also requests an increase of \$10 million (\$5,050,000 General Fund and \$4,950,000 reimbursements) to support CMIPS II system changes needed in 2014-15, including changes related to the increase to the state's minimum hourly wage, and enhancements to accommodate blind and visually impaired IHSS recipients.

- **IHSS: Affordable Care Act Caseload Impact (Issue 352).** An increase of \$535,355,000 (\$13,790,000 General Fund and \$521,565,000 reimbursements) is requested to reflect the impact of the Affordable Care Act (ACA) on the IHSS program. Under the ACA, Medi-Cal eligibility was expanded to childless adults that meet income eligibility requirements. A portion of these newly-eligible Medi-Cal beneficiaries are projected to be eligible for and receive IHSS services.

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**Staff Recommendation:**

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Staff recommends holding open the May Revision proposals pending further consideration by the Subcommittee.

**ISSUE 5: CHILD WELFARE SERVICES****PANEL**

- Children and Family Services Division, Department of Social Services

Please present on each of the May Revision topics, speaking to each of the proposals as outlined in the agenda.

- Legislative Analyst's Office
- Department of Finance
- Public Comment

**MAY REVISION**

The May Revision requests a number of changes in the Child Welfare Services (CWS) area, including training support, reporting requirements, case records review, and a request for state staff related to the possible expansion of the Title IV-E waiver. These are described below.

- **Total Child Welfare Training (Issue 161).** An increase of \$1,769,000 (\$900,000 General Fund and \$869,000 Federal Trust Fund) is requested to support the implementation of new statewide training for child welfare workers and supervisors including online-learning, field-based learning, and additional classroom learning, coaching, and mentoring. This request is part of a compliance plan resulting from the Katie A. v. Bonta settlement agreement.
- **Child Welfare Services New System Project (CWS-NS) (Issue 162).** A decrease of \$22,247,000 (\$11,278,000 Federal Trust Fund, \$9,695,000 General Fund, and \$1,274,000 reimbursements) is requested to accommodate an 18-month project delay and the inclusion of licensing functionality for the Community Care Licensing Division within DSS. The Department of Technology has approved a Special Project Report that includes a new funding plan associated with this delay and scope increase.
- **Child Near Fatalities Reporting (Issue 163).** An increase of \$139,000 (\$68,000 General Fund and \$71,000 Federal Trust Fund) is requested to support increased county workload required by the federal Child Abuse Prevention and Treatment Act. The new requirements include county collection and reporting of information

regarding cases of child abuse and neglect that result in near fatalities. The amount requested reflects half-year funding, as compliance with the new requirements will be required no sooner than January 1, 2015. A related increase of \$37,000 General Fund is requested for the Title IV-E Waiver program. Proposed Budget Bill language is attached to ensure this funding is appropriately expended on specified activities.

**Addition of Provisional Language to Budget Bill Item 5180-151-0001:**

X. The following amounts appropriated in this item shall only be allocated to counties upon approval by the Director of Finance: (a) up to \$68,000 to support increased costs associated with revised county collection and reporting activities for cases of child abuse and neglect that result in near fatalities, as required by the federal Child Abuse Prevention and Treatment Act; and (b) up to \$3,471,000 to support increased costs to counties associated with revised federal requirements for child welfare case reviews. Prior to approval, the Director of Finance shall consult with the Department of Social Services and the California State Association of Counties to determine if counties incurred overall cost increases. The Department of Finance shall provide written notification of the allocation of funds to the Joint Legislative Budget Committee within 10 working days from the date of approval.

- **Child and Family Services Review–Case Record Reviews (Issue 164).** An increase of \$7,048,000 (\$3,471,000 General Fund and \$3,577,000 Federal Trust Fund) is requested to support increased county workload associated with the preparation and completion of upcoming federal child welfare case reviews. Revised requirements and components include larger sample sizes, increase in caseload diversity, inclusion of random sampling, and execution of interviews with all case related participants. DSS will also collect data on an ongoing basis for inclusion in the federally required annual progress reports for federal Title IV-B programs.

A related increase of \$178,000 General Fund is requested for the Title IV-E Waiver program. Proposed Budget Bill language is attached to ensure this funding is appropriately expended on specified activities.

**Addition of Budget Bill Item 5180-153-0001:**

5180-153-0001—For local assistance, Department of Social Services.....215,000

## Provisions:

1. The following amounts appropriated in this item shall only be allocated to counties upon approval by the Director of Finance: (a) up to \$37,000 to support increased costs associated with revised county collection and reporting activities for cases of child abuse and neglect that result in near fatalities, as required by the federal Child Abuse Prevention and Treatment Act; and (b) up to \$178,000 to support increased costs to counties associated with revised federal requirements for child welfare case reviews. Prior to approval, the Director of Finance shall consult with the Department of Social Services and the California State Association of Counties to determine if counties incurred overall cost increases. The Department of Finance shall provide written notification of the allocation of funds to the Joint Legislative Budget Committee within 10 working days from the date of approval.
- **Katie A. v. Bonta Settlement Agreement Reporting Requirements (Issue 165).** An increase of \$800,000 (\$400,000 General Fund and \$400,000 reimbursements) and Budget Bill language is requested to support the increased county workload necessary to provide semi-annual progress reports and implementation activities, as required by the Katie A. v. Bonta settlement agreement. Proposed Budget Bill language is attached to ensure this funding is appropriately expended on specified activities.

**Addition of Provisional Language to Budget Bill Item 5180-151-0001:**

X. Of the amount appropriated in this item, up to \$400,000 is available to counties for semiannual implementation progress reports related to the *Katie A. v. Bonta* settlement and implementation plan, as described in the department's All County Letter (ACL) No. 13-73 and ACL No. 14-29, and upon approval by the Director of Finance. Prior to approval, the Director of Finance shall consult with the Department of Health Care Services, the Department of Social Services, and California State Association of Counties to determine if counties incurred overall cost increases due to the notices outlined in this provision. The Department of Finance shall provide notification of the allocation to the Joint Legislative Budget Committee within 10 working days from the date of Department of Finance approval.

- **Title IV-E California Well-Being Waiver Project (Issue 151).** It is requested that General Fund be increased by \$1,527,000 and that reimbursements would be increased by \$1,527,000 to support 15.5 five-year limited-term positions for the extension and expansion of the Title IV-E California Well-Being Waiver Project. The waiver provides flexibility to counties and allows services to be better targeted to address the unique and individual needs of children, youth, and families. The requested positions will support workload associated with state oversight, financial reporting, and project evaluation activities. Budget Bill language is also proposed to ensure the level of resources expended aligns with the final federal terms and conditions and final county participation. The following Budget Bill Language for this issue is also being proposed:

**Addition of Provisional Language to Budget Bill Item 5180-001-0001:**

X. Of the amount appropriated in this item, \$1,527,000 is available to support increased workload associated with the expansion of the Title IV-E Child Welfare Waiver Demonstration Project. Notwithstanding any other provision of law, the Department of Finance is authorized to increase or decrease this amount based on (a) the final contractual Waiver Terms and Conditions agreement entered into by the State Department of Social Services and the federal Administration for Children and Families, and (b) the total number of counties opting into the Waiver, not sooner than 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations, unless the chairperson of the joint committee, or his or her designee, imposes a lesser time.

**Addition of Provisional Language to Budget Bill Item 5180-001-0890:**

X. Provision X of Item 5180-001-0001 also applies to this item.

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**Staff Recommendation:**

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Staff recommends holding open the May Revision proposals pending further consideration by the Subcommittee.

**ISSUE 6: STATE HEARINGS APPEALS CASE MANAGEMENT SYSTEM****PANEL**

- State Hearings Division, Department of Social Services

Please present on each of the May Revision topics, speaking to each of the proposals as outlined in the agenda.

- Legislative Analyst's Office
- Department of Finance
- Public Comment

**MAY REVISION**

The May Revision proposes to shift responsibility of the pending State Hearings Case Management System from DSS to the Office of Systems Integration at the Health and Human Services Agency, where many of the automation projects associated with social services programs are managed. Components of this shift are described below.

- **Shift Resources for the Appeals Case Management System from Department of Social Services to Office of Systems Integration (Issue 102).** A decrease of \$629,000 (\$275,000 General Fund, \$203,000 reimbursements, and \$151,000 Federal Trust Fund) is requested for the Appeals Case Management System to reflect a shift of proposed project resources (6 positions) from DSS to the Office of Systems Integration (OSI), to appropriately align project workload between the two agencies. The expenditure authority is needed in the DSS local assistance budget and subsequently passed through to OSI.
- **Appeals Case Management System: Shift Resources from Department of Social Services to Office of Systems Integration (Issue 107).** An increase of \$629,000 (\$275,000 General Fund, \$203,000 reimbursements, and \$151,000 Federal Trust Fund) is requested to reflect a shift of proposed project resources (6 positions) from DSS to OSI to align project workload between the two agencies. A corresponding decrease is reflected in the DSS state operations budget (Item 5180-001-0001, Issue 102). See Item 0530-001-9745, Issue 405, for related adjustments to the OSI budget.

**Staff Recommendation:**

No issues have been raised with these proposals. Staff recommends approval of the May Revision requests as outlined for the shift of the Appeals Case Management System from DSS to OSI.

**0530 HEALTH AND HUMAN SERVICES AGENCY, OFFICE OF SYSTEMS INTEGRATION****ISSUE 1: MAY REVISE PROPOSALS****PANEL**

- Office of Systems Integration
- Legislative Analyst's Office
- Department of Finance
- Public Comment

**MAY REVISION**

The first two of these changes in the Office of Systems Integration correspond to changes in the DSS May Revise proposal, as previously outlined.

- **Appeals Case Management System: Shift Resources from Department of Social Services (DSS) to Office of Systems Integration (OSI) (Issue 405).** It is requested that Item 0530-001-9745 be increased by \$3,553,000 to support the OSI's management of the Appeals Case Management System project proposed in the 2014-15 Governor's Budget. This reflects a shift of proposed project resources (6 positions and contract funding) from DSS to OSI to appropriately align project workload between the two agencies. See Item 5180-001-0001, Issue 102, and Item 5180-141-0001, Issue 107, for related adjustments to the DSS budget.
- **Case Management Information and Payrolling System (CMIPS) II (Issue 407).** It is requested that Item 0530-001-9745 be increased by \$17,461,000 to support CMIPS II system changes needed in fiscal year 2014-15. Specifically, the funding will be used to update the system for recent changes to the federal Fair Labor Standards Act, the increase to the state's minimum hourly wage rate, and enhancements to accommodate blind and visually impaired In-Home Supportive Services recipients.

California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) (Issue 406). It is requested that Item 0530-001-9745 be increased by \$73,152,000 to provide project management services for the design, development, implementation, operation, and maintenance of the CalHEERS project. This adjustment reflects an extended development and implementation phase to build critical system functionality to meet federal and state requirements, and programmatic timelines with respect to the implementation of health care reform.

**Amendment to Provision 3 of Item 0530-001-9745**

3. (a) Of the funds appropriated in this item, \$87,091,000 \$160,242,000 is for the support of activities related to the California Healthcare Eligibility, Enrollment, and Retention System project also known as CalHEERS. Expenditure of these funds is contingent upon review and approval of a plan submitted to the Director of Finance.

(b) The Director of Finance may augment this item above the amount specified in subdivision (a) contingent upon review and approval of a revised plan submitted to the Director of Finance.

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**Staff Recommendation:**

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Staff recommends the following:

- Approval of the May Revision request from OSI on the Appeals Case Management System, corresponding to recommendations in the DSS budget.
- Holding open the May Revision OSI request regarding CMIPS II.