

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES****ASSEMBLYMEMBER HOLLY MITCHELL, CHAIR****WEDNESDAY, MAY 8, 2013
1:30 P.M. - STATE CAPITOL ROOM 444**

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VOTE-ONLY ITEMS

0530 OFFICE OF THE PATIENT ADVOCATE, HEALTH AND HUMAN SERVICES AGENCY

ISSUE 1: SPRING FINANCE LETTER – COMPLAINT DATA REPORTING PROJECT

This issue was discussed at the Subcommittee's May 1, 2013 hearing and the item was held open. Please consult that agenda for additional details on the request, background, and issues raised.

To review, the Office of the Patient Advocate (OPA) requests \$184,000 from the OPA Trust Fund and one two-year limited term position to meet new statutory requirements under AB 922 (Monning, Chapter 552, Statutes of 2011), to develop a Complaint Data Reporting Project. AB 922 designates OPA as a central resource to ensure that consumers get information on how to obtain health care coverage for which they are eligible or entitled and how to receive timely assistance in resolving problems when they have difficulty accessing care or have other problems with their health plan or providers. This multi-department effort is intended to ensure that complaint data can be used to identify gaps and barriers in the health care coverage programs and delivery system for both public and private coverage.

Staff Recommendation:

Staff recommends approval of the Spring Finance Letter for the OPA and requests that the OPA provide a roadmap of expected activities and milestones to meet the requirements as set forth in statute pursuant to AB 922 by June 15, 2013.

0530 OFFICE OF SYSTEMS INTEGRATION, HEALTH AND HUMAN SERVICES AGENCY
5180 DEPARTMENT OF SOCIAL SERVICES**ISSUE 1: CHILD WELFARE SERVICES – NEW SYSTEM PROJECT**

This issue was discussed at the Subcommittee's April 3, 2013 hearing and the item was held open. Please consult that agenda for details on the request, background, and issues raised.

To review briefly:

- DSS requests funding (\$1.03 million total funds, \$482,000 General Fund) to support nine positions to develop and implement a new child welfare case management system, called the Child Welfare Services – New System (CWS-NS) Project, to replace the current system.
- OSI requests resources to initiate the CWS-NS Project as detailed in the submitted Feasibility Study Report (FSR). The proposal requests \$2.7 million in DSS Local Assistance and OSI expenditure authority for eight positions (all two-year limited term), associated Operating Expense and Equipment (OE&E), and contract services to initiate the planning and procurement phase for replacing the existing Child Welfare System/Case Management System (CWS/CMS).

Staff Recommendation:

Staff recommends approval of the DSS and OSI requests related to the CWS-New System Project as budgeted.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES**ISSUE 1: DEVELOPMENTAL CENTERS – OPEN ISSUES**

These issues were discussed at the Subcommittee's April 17, 2013 hearing and these items were held open. Please consult that agenda for additional details on the request, background, and issues raised.

To review briefly:

SONOMA DC ISSUES

Sonoma Developmental Center (SDC), in the town of Glen Ellen, California, has approximately 506 residents with developmental disabilities. The facility is authorized for approximately 1,502 state staff positions, 83 percent of which are currently filled. The proposed 2013-14 overall budget for SDC includes approximately \$152.7 million (\$79.2 million GF). This funding includes a \$2.4 million increase (\$1.3 million GF) that would allow the facility to hire approximately 36 additional direct care staff. The addition of these staff members would correspondingly allow staff who serve as shift leads to focus on supervision, without being counted toward required ratios of direct care staff to clients. Sonoma is the only DC where shift leads have been counted toward meeting those ratios.

LANTERMAN DC CLOSURE

The Governor's proposed 2013-14 budget for the Lanterman Developmental Center (LDC), which is in the process of transitioning its residents into community-based placements as part of a closure process, includes \$89.3 million (\$46.4 million GF). This is a decline of \$11 million (\$6.2 million GF) from 2012-13. The proposed funding level assumes continuation of \$8.2 million (\$4.4 million GF) in enhanced funding for 88 staff positions that would otherwise have been eliminated as the number of residents declined, pursuant to the standard ratios of staff to residents. These positions were approved as enhanced staffing related to closure activities as part of the 2012-13 budget.

Staff Recommendation:

Staff recommends that the Subcommittee take the following actions:

For Sonoma DC:

1. Approve the proposed resources and authority for 36 new positions on a 2-year, time-limited basis, to be reevaluated consistent with the client census and an updated status regarding staff vacancies at the facility at the end of that period.
2. Direct the department to provide quarterly briefings to update legislative staff regarding implementation of corrective actions and the Program Improvement Plan for the facility, as well as its staffing (e.g., the use of overtime and the ratio of licensed to unlicensed staff where relevant) and the collaboration between DDS and regional centers regarding required assessments of residents' needs. These briefings shall begin in July 2013.

For Lanterman DC:

1. Given the anticipated timeline for closure of the facility, approve enhanced funding for the 88 enhanced positions on an 18 month, limited-term basis. It is worth noting that some of these positions may cease to be needed prior to the expiration of that term and that some may require a longer duration. The more specific timing for the expiration of authority for these positions should be refined as part of the 2014-15 budget process.
2. Direct the department to provide quarterly briefings on the meeting of milestones and timelines as previously outlined by the department. These briefings shall begin in July 2013 and may coincide with the briefings mentioned above related to the Sonoma DC.
3. Finally, adopt uncodified trailer bill language to reflect the department's anticipated timeframe for closure of the facility of the Fall of 2014 (no later than December 31, 2014).

5180 DEPARTMENT OF SOCIAL SERVICES**ISSUE 1: CHILD WELFARE SERVICES – CONGREGATE CARE REFORM**

These issues were discussed at the Subcommittee's April 3, 2013 hearing and this issue was held open. Please consult that agenda for additional details on the request, background, and issues raised.

To review briefly, the 2012-13 budget included trailer bill requirements (in SB 1013, Chapter 35, Statutes of 2012) for the department to develop, in consultation with a stakeholder workgroup, recommended revisions to the current rate-setting system, services, and programs serving children and families in foster care settings, with a particular focus on foster family agencies and group homes. SB 1013 also requires the department to develop performance standards and outcome measures for providers of foster care, again with a focus on foster family agencies and group homes, as well as transitional housing program-plus (THP-Plus). Further, SB 1013 suggests that the department, in consultation with the workgroup, may develop a better means of identifying children's needs and matching them with the most appropriate placements, as well as a procedure for identifying children who have been in congregate care for one year or longer, determining the reasons they remain in group care, and developing an individualized plan for their transitions to less restrictive, family-based settings. The department is authorized to temporarily make some changes through all-county letters and required to report on recommendations that necessitate statutory changes by October 1, 2014.

The Governor's budget also proposes \$249,000 (\$166,000 GF) and authorization to make one limited-term position (otherwise scheduled to expire on June 30, 2013) permanent, as well as funding for two years of consultant services, to support the department's CCR work.

Staff had recommended holding the issue open to continue discussions with the department and stakeholders about opportunities for short-term, as well as long-term, reforms, particularly with respect to lengthy group home stays and the use of group care for younger children.

Staff Recommendation:

Staff recommends (1) approval of the requested resources and positions and (2) adoption of placeholder trailer bill language to clarify some of the concrete reforms that should take effect in the shorter term, including:

- a) Limitations on, and/or levels of review needed for, placements in group homes, particularly for children as young as six to twelve years old;
- b) A requirement for the department to update the Legislature regarding the outcomes of the assessments and planning regarding transitions to family settings for children and youth who have been in group homes for longer than one year; and
- c) Encouragement for the department to ensure that educational qualifications and training requirements for direct care staff in group homes are consistent with the intended role of group homes as short-term placements focused on crisis intervention, and behavioral stabilization, with specific treatment goals.

ISSUE 2: CALWORKS – TANF TRANSFER

The CalWORKs budget was discussed at the Subcommittee's March 13, 2013 hearing. Please consult that agenda for additional details on the CalWORKs program.

BUDGET ISSUE

The 2012-13 budget redirected an unprecedented amount of California's federal Temporary Assistance to Needy Families (TANF) block grant funding (\$804 million) away from CalWORKs and to the California Student Aid Commission (CSAC) to be used for expenditures in the Cal Grants program, which provides financial aid for students obtaining a higher education. The funds were swapped, dollar-for-dollar, to redirect an equal amount of General Fund monies that would have been spent on Cal Grants to instead be spent on CalWORKs. The Governor's budget proposes to make the same swap in 2013-14, but at the even higher level of \$942.9 million. This means that more than half of the Cal Grants program would be supported by federal TANF funding.

BACKGROUND

CalWORKs is funded through a combination of California's TANF allocation (\$3.7 billion annually), state General Fund, and county funds. In recent years, the state's TANF Maintenance of Effort requirement (MOE) has been \$2.9 billion. The 2012-13 swap was made for the following reasons:

Given the level of reduction in the CalWORKs program, in the absence of identifying additional state funding that could be counted toward the state's TANF MOE, the state would have fallen below its required TANF MOE spending level.

The state obtains a work participation rate (WPR) benefit from funding a portion of CalWORKs cases, including many families in which the adult has timed off of aid and children continue to receive assistance (informally known as "safety net" cases), without TANF or MOE expenditures. If their assistance is funded with non-MOE General Fund, these families do not count in the state's WPR. DSS estimates that this results in an approximately six percent increase in the state's WPR.

If the state's caseload were to decline to 2004-05 levels, the swap could also be used to potentially lower the state's WPR because it would result in state spending in excess of the relevant MOE. However, because the state's caseload is not expected to be below that level, this potential WPR impact is not relevant in 2012-13 or 2013-14.

According to the Administration, the swap is an allowable use of TANF funds because the resources are targeted to low-income, unmarried students age 25 or younger and can be considered an investment in the prevention and reduction of out-of-wedlock pregnancies, which is one of TANF's articulated purposes.

STAFF COMMENT

Staff in both houses had identified concerns with the Administration's original TANF Transfer proposal. Specifically, the level of the funding swap between TANF and General Fund resources previously used for Cal Grants is concerning because it reduces transparency in budgeting for the core purposes of the programs and results in an artificially higher reliance of CalWORKs on General Fund expenditures. This significantly higher reliance on the General Fund is especially problematic for CalWORKs because it is a program that is intended to provide a safety net during times of economic contraction and as such, may experience necessary growth precisely when General Fund resources are more scarce.

The Senate took action on April 25, 2013 to approve the portion of the proposed TANF transfer that is necessary to meet, but not exceed, the state's required maintenance of effort (MOE) level of spending. Per the Department of Finance, this amount will be determined in conjunction with the May Revision of the Governor's budget.

Staff Recommendation:

Staff recommends approval of the portion of the proposed TANF transfer that is necessary to meet, but not exceed, the state's required maintenance of effort (MOE) level of spending. Per the Department of Finance, this amount will be determined in conjunction with the May Revision of the Governor's budget. This action conforms to the Senate.

ISSUE 3: IN-HOME SUPPORTIVE SERVICES – BCP ON COORDINATED CARE INITIATIVE

This issue was discussed at the Subcommittee's April 3, 2013 hearing and the BCP was approved as budgeted. Please consult that agenda for additional details on the request and background.

Stakeholders have requested that DSS be asked formally with an additional action to provide an update to the legislative staff by January 1, 2014 on the hiring of positions pursuant to this approved BCP. This will assist the Legislature in tracking the progress and efficacy of the work that is funded by the BCP.

Staff Recommendation:

Staff recommends that the Subcommittee take action to request that DSS provide an update to the legislative staff by January 1, 2014 on the hiring of positions related to the CCI pursuant to this approved BCP.

ISSUE 4: IN-HOME SUPPORTIVE SERVICES – PUBLIC AUTHORITY RATE METHODOLOGY

This issue was discussed at the Subcommittee's April 3, 2013 hearing and the issue was held open.

To review briefly, the California Association of Public Authorities (CAPA) is requesting an extension for trailer language originally enacted in 2011 that requires DSS to work with the Public Authorities (via CAPA) on a new rate methodology for Public Authority administrative funding. Due to complexities with other components of the program that are still being resolved, stakeholders are requesting that more time be allowed for this endeavor.

Below is the language enacted last year in SB 1041:

*SEC. 51. Section 72 of Chapter 32 of the Statutes of 2011 is amended to read:
Sec. 72. The State Department of Social Services, in consultation with stakeholders including, but not limited to, counties and public authorities, including representatives of the California Association of Public Authorities, shall develop a new ratesetting methodology for public authority administrative costs, to go into effect commencing with the 2013–14 fiscal year.*

Staff Recommendation:

Staff recommends approval of a change in trailer bill language pertaining to the development a new rate methodology for Public Authorities to remove the dates that had been previously included, so deleting the language in the uncodified section after the word "costs." This will allow for additional time for this work to be explored and completed.

ITEMS TO BE HEARD

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: CALWORKS – EARLY ENGAGEMENT AND PREVIEW FOR MAY REVISION

BACKGROUND

The CalWORKs Program, or California's welfare-to-work program for low-income families with children, was discussed more fully by the Subcommittee on March 13, 2013 (please see that agenda for more detailed background on the program and current issues in CalWORKs).

A 2012-13 budget trailer bill, SB 1041 (Chapter 47, Statutes of 2012), structurally and dramatically changed welfare-to-work participation rules, creating new consequences particularly for those unable to overcome barriers and achieve employment within a newly constrained set of 24 months. The changes also created a differentiation between rules that apply before expiration of a 24-month time limit, which are more flexible than prior law in how they count education and treatment-related activities, and stricter rules that now apply after that time period, which is when, if the parent fails to meet that new standard, they are removed from the case and the monthly support for a family declines.

Section 54 of SB 1041 also required DSS to convene a related workgroup to identify best practices and other strategies to improve the process for engaging new CalWORKs clients upfront and for efforts to help clients overcome barriers to success. The reason for this was to require a redesigned system that would enable families to have a better opportunity to take advantage of the possible benefits of the new 24-month clock, to make their successful transition to work more possible, and to ameliorate the consequences to a low-income family of further reduced resources.

DSS was required to report to the Legislature regarding resulting administrative changes and policy recommendations by January 10, 2013. The report and the administration's efforts toward meeting the requirements of Section 54 were discussed at the Subcommittee hearing on March 13, 2013, when the Subcommittee requested that the administration provide its recommendations by the end of April 2013.

The Subcommittee is now in receipt of a concept paper on early engagement. The following are the primary elements that were included in the report on enhancing the CalWORKs early engagement process:

1. **Additional Proven Appraisal Protocols.** A comprehensive profile of the individual to identify skills and barriers to employment would serve as a pathway to additional

appropriate family-level services and supports, allowing a direct path to employment or to education/training depending on client's needs. This component would be linear and the first step for all new recipients.

An assessment tool would need to be customized, automated, and piloted. This tool would be used to best align services with client needs. An in-depth appraisal of client needs to identify and address personal, family, logistical and community challenges and barriers to better connect clients to the services they need and increase long-term success. This would include both general information gathering ("What brings you here?" and "What do you need?") and comprehensive screening for common barriers: employment history, educational level, English language proficiency, learning disabilities, physical and mental health, domestic violence, substance abuse, child care, transportation, and housing. Screening tools will be valid and reliable.

The stakeholder workgroup examined the Online Work Readiness Assessment (OWRA) developed by the federal Administration for Children and Families. It is an intake and assessment tool that focuses on the interview and assessment process designed to allow for a comprehensive review of clients' employment-related strengths, interests and challenges, and possibly could be implemented statewide after necessary customization.

2. **Family Stabilization.** If needed, this element would provide a plan for short-term crisis resolution services to ensure a basic level of stability within a family to improve the well-being of children and increase client success in future activities. Counties would phase-in family stabilization services described below as resources become available. Once a client's basic needs are addressed and circumstances are stabilized, the client then would move to activities that are best aligned with their continued success with the program.

If necessary, a short-term plan of intensive case management to address immediate crisis situations and needs would be assembled. These services would provide a basic level of stability within the family so that future activities may be more successful. During this stage, emphasis could be on specialized case management for clients. Coordination between departments within the county and community partners is key to offering the services necessary to stabilize the family unit.

Housing is an important component of family stabilization. Needing help finding housing and paying first and last months' rent or security deposits could be included here, along with moving expenses.

Participants may also be involved in job search during this component. Participants needing additional assistance could be mentored by a job coach or case worker during this process.

Similar components of family stabilization programs already exist among some counties with names such as “Building Successful Tomorrows” (BST) and “Engagement and Prevention Services” (EPS) where social workers, behavioral health workers, domestic violence specialists, public health nurses along with other specialists work together to stabilize the needs of the family.

3. **Enhanced Subsidized Employment.** This element would be similar to the Subsidized Employment program funded by the federal American Recovery and Reinvestment Act of 2009. Work-ready clients could choose to take a direct path from appraisal to subsidized employment or work-study.

Counties with mature subsidized employment programs could expand those efforts as resources become available, and counties new to such programs would receive technical assistance regarding program design and operation and best practices, informed by existing programs.

Volunteer participation in a six-month subsidized employment job for a minimum number of hours/week. The offer of subsidized employment would be for clients after successful family stabilization, or for those who did not secure unsubsidized employment during job search. Subsidized jobs would be available for various levels of client work readiness, which could include public sector, entry-level employment, and work/study. Subsidized employment benefits include:

- ✓ Focus on employment.
- ✓ CalWORKs earnings disregard.
- ✓ Earned Income Tax Credit, and valuable experience.

STAKEHOLDER FEEDBACK

Advocates have submitted feedback in response to the administration’s early engagement concepts. While many of the comments support the redesign elements of the administration’s concept paper, stakeholders have weighed in with the following critiques at this time:

- **Need to fundamentally change the welfare-to-work flow to create flexibility.** The rigid welfare-to-work flow must be altered from a one-fits-all to an individualized approach that takes into account the unique barriers, skills, goals, and experience of each recipient. To do that, the statutorily mandated welfare-to-work process should be changed so that a self-sufficiency assessment occurs before any welfare-to-work activity, and only work ready recipients or volunteers are sent to job search.

Advocates also urge the creation of a long-term self-sufficiency assessment for each participant. That assessment should be based upon the participant’s long-term employment goals, and be based on the wages needed for the family to achieve long-term self-sufficiency. Therefore, the welfare-to-work flow should be modified so that participants can take advantage an up-front vocational assessment that is defined by a realistic self-sufficiency standard. The upfront enhanced

intake/appraisal should be conducted by workers trained in identifying and referring individuals to services to remediate barriers.

- **Family stabilization should be developed and fostered as the critical work readiness component.** The family stabilization plan is a needed process to offer barrier removal services early in the welfare-to-work process to meet the needs and lead to the success of recipients. The stabilization plan should not be thought of as a short-term crisis intervention only. Some conditions or circumstances do not only create barriers to employment on a short-term basis, but are long-term conditions that will need recurring and ongoing services and support to manage. For these reasons, the stabilization program should not be limited to any specific point in time during the welfare-to-work process, but should be available as needed. Due to the impact on the ability to work, the 24 and 48-month clocks should not be running during the time the family is receiving stabilization services.
- **Subsidized employment needs to be enhanced.** While creating a robust subsidized employment program is key to providing necessary income and work experience, the program has at times resulted in recipients participating in low-wage, low-skilled jobs that do not offer an opportunity for employment or skills-building, and too often ignores those with limited-English-proficiency. The expanded subsidized employment program should (1) be offered to all recipients immediately following and be consistent with the recipient's assessment, (2) provide employment opportunities for recipients completing English as a second language, and vocational education or training programs, and (3) provide the necessary skills and experience that is recommended by the recipient's self-sufficiency assessment.

PANEL

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

Staff Recommendation:

Staff recommends holding this issue open, pending receipt of the Governor's full proposal on early engagement in CalWORKs, expected as part of the May Revision.

Staff additionally recommends that the Subcommittee urge DSS and DOF to provide the full details of that proposal, including the actual, proposed trailer bill language, on May 14, to enable the maximum time for legislative review and public comment.