

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER GILBERT CEDILLO, CHAIR

WEDNESDAY, APRIL 10, 2002
STATE CAPITOL, ROOM 444
1:30 P.M.

CONSENT CALENDAR

ITEM	DESCRIPTION	PAGE
5180	DEPARTMENT OF SOCIAL SERVICES	3
CONSENT 1	CWS/CMS EXPANDED ADOPTION SUBSYSTEM	3
CONSENT 2	CWS COMPLIANCE REVIEW	4
CONSENT 3	CONTINUING EARLY INTERVENTION STAFF POSITIONS IN THE TECHNICAL SUPPORT PROGRAM	4
CONSENT 4	LOS ANGELES COUNTY CALWORKS EXPEDITED LICENSING GRANT AND LOAN CHILD CARE CAPACITY BUILDING PROJECT	5
CONSENT 5	REDUCING STEP PROGRAM TO ACTUAL LEVEL OF EXPENDITURES	5

ITEMS TO BE HEARD

ITEM	DESCRIPTION	PAGE
4130	HEALTH AND HUMAN SERVICES DATA CENTER	6
5180	DEPARTMENT OF SOCIAL SERVICES	
ISSUE 1	DEPARTMENTAL BUDGET REDUCTION QUESTIONS	6
ISSUE 2	STATEWIDE FINGERPRINT IMAGING SYSTEM	8
5180	DEPARTMENT OF SOCIAL SERVICES	9
ISSUE 3	DEPARTMENTAL BUDGET REDUCTION QUESTIONS	9
ISSUE 4	EXEMPTING CALWORKS FAMILIES WITH CHILDREN UNDER AGE 3	10
ISSUE 5	FOSTER CARE EMERGENCY ASSISTANCE FUND SHIFT	11
ISSUE 6	COMMUNITY CARE LICENSING INCREASED WORKLOAD	12
ISSUE 7	COMMUNITY CARE LICENSING RATE CHANGE	13
ISSUE 8	CHILD WELFARE SYSTEM STAKEHOLDERS' GROUP	14

4700	DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT	15
ISSUE 9	DEPARTMENTAL BUDGET REDUCTION QUESTIONS	15
ISSUE 10	NATURALIZATION SERVICES PROGRAM	18
ISSUE 11	COMMUNITY SERVICES BLOCK GRANT	19

ITEM 5180 DEPARTMENT OF SOCIAL SERVICES**CONSENT 1: CWS/CMS EXPANDED ADOPTION SUBSYSTEM**

The Budget proposes \$100,000 (\$50,000 General Fund) in one-time contract dollars to fund the required Special Project Report (SPR) for the CWS/CMS Expanded Adoption Subsystem.

BACKGROUND:

In order to meet Federal automation requirements with the CWS/CMS system, the State must add an "Expanded Adoption Subsystem". The Adoption Subsystem will provide automated case management for adoption cases and will become a component of the CWS/CMS system.

The Special Project Report is a necessary step to construct the Expanded Adoption Subsystem.

COMMENTS:

There are no issues with this proposal

CONSENT ACTION:

Adopt Budget Change Proposal.

CONSENT 2: CWS COMPLIANCE REVIEW

The Budget proposes to establish 4.0 permanent positions to replace 4.0 limited tenure positions that work with CWS Compliance review with the 58 County Welfare Departments and the 58 County Probation Departments.

BACKGROUND:

The Department of Social Services' Program Support and Technical Assistance Unit investigates child fatalities connected with the Child Welfare System, provides technical assistance to counties, answer complaints regarding the Child Welfare System from individuals, facilitate innovated approaches to prevent and reduce child abuse, and handle other situation that require immediate attention, such as lawsuits.

COMMENTS:

There are no issues with this proposal

CONSENT ACTION:

Adopt Budget Change Proposal.

CONSENT 3: CONTINUING EARLY INTERVENTION STAFF POSITIONS IN THE TECHNICAL SUPPORT PROGRAM

The Budget proposes to continue 6.0 limited tenure positions for an additional two years.

BACKGROUND:

The Budget proposes to continue 6.0 limited tenure positions that are currently used to provide training and consultation to newly-licensed residential care facility operators with the first 90 days of their operation.

These positions are funded with Technical Assistance Funds, there is no General Fund cost to this proposal.

COMMENTS:

There are no issues with this proposal

CONSENT ACTION:

Adopt Budget Change Proposal.

CONSENT 4: LOS ANGELES COUNTY CALWORKS EXPEDITED LICENSING GRANT AND LOAN CHILD CARE CAPACITY BUILDING PROJECT

The Budget proposes to continue reimbursement authority to provide expedited child care.

BACKGROUND:

As part of its effort to meet CalWORKs requirements, Los Angeles County has identified by zip code areas where CalWORKs clients live and where unmet child care needs constitute a barrier to employment. LA County developed the Child Care Development Grant/Loan program to facilitate the development of family day care services in these high-need areas. LA County contracts with CCL to perform pre-licensing consultations for existing, new and prospective child care providers, to assure that applicants meet requirements and are able to complete the licensing process.

COMMENTS:

The Budget proposes continued reimbursement authority for the total cost of 10.0 staff and associated expenses necessary to operate the project. Los Angeles County will provide the reimbursement to CCL. The reimbursement authority is for \$845,000.

There are no issues with this proposal

CONSENT ACTION:

Adopt Budget Change Proposal.

CONSENT 5: SERIOUS INCIDENT REPORTING IN FAMILY CHILD CARE HOMES

The Budget proposes \$550,000 and 6.0 positions to comply with legislation requiring family child care homes to report serious incidents of injury or violence against children.

BACKGROUND:

Legislation signed in 2001 (AB 685, Wayne) require family child care homes to report whenever a child in its care has suffered an injury or been subjected to an act of violence while under care, to the parent or guardian and to CCL. An immediate telephone or fax report is required before the end of the next working day following the occurrence, with a written report to follow within 7 days.

CCL is requesting 6 permanent positions to comply with this new law, and a .5 limited-term analyst position to develop regulations, a format for reporting and a system for tracking and reporting data.

The Budget proposes to add \$550,000 for this purpose. The Budget requests funding for the current year to begin implementing the new law.

COMMENTS:

There are no issues with this proposal

CONSENT ACTION:

Adopt Budget Change Proposal.

CONSENT 6: REDUCING STEP PROGRAM TO ACTUAL LEVEL OF EXPENDITURES

The Legislative Analyst's Office recommends reducing the STEP program Budget to actual level of expenditures.

BACKGROUND:

The Supportive Transitional Emancipation Program (AB 427) provides cash assistance to eligible former foster youth. The Budget proposes \$3.7 million (\$1.5 General Fund) for the program in the current year; and \$33.5 million (\$13.4 million General Fund) in the Budget year. Total funds include county funds at the 60 percent county, 40 percent State ratio of foster care. County participation is voluntary.

COMMENTS:

The LAO has reviewed the Budget estimates based on the timeline of State and county program startup and a more conservative estimate of participation by eligible foster youth leaving foster care at 18 who will choose to participate in the transitional program. The LAO estimates that \$1.1 million General Fund is over-Budgeted in the current year, and \$4.6 million over-Budgeted in the Budget year.

Department of Finance concurs with the LAO analysis. The Department intends to address this estimate issue in the May Revise.

CONSENT ACTION:

Adopt LAO recommendation

ITEMS TO BE HEARD

ITEM 4130 HEALTH AND HUMAN SERVICES DATA CENTER

ITEM 5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: DEPARTMENTAL BUDGET REDUCTION QUESTIONS

The Data Center will answer the Subcommittee's Budget questions.

BACKGROUND:

During the March 13th Hearing the Subcommittee decided to compose a fixed set of questions for all Departments. The Data Center will respond the following questions:

1. What actions have been taken to evaluate the effectiveness of the programs for which you are responsible?
2. Have you made any effort to prioritize the Department's programs?
3. How has your department utilized savings from excess vacancies? Why shouldn't we recapture those savings and positions in FY 02/03?
4. What other funding sources might be available for your programs?
5. The Legislative Analyst Office has produced a compilation of options for the Legislature to consider during Budget deliberations. Please comment on those options that you find objectionable and provide the rationale for your opposition.
6. What other areas of your Budget should be considered in our effort to identify additional savings?

ISSUE 2: STATEWIDE FINGERPRINT IMAGING SYSTEM

The LAO will present its analysis on the cost-benefit analysis of the continued operation of the Statewide Fingerprint Imaging System.

BACKGROUND:

During the March 13th Hearing, the Subcommittee took action requiring the Legislative Analyst's Office to provide an analysis of the cost effectiveness of Statewide Fingerprint Imaging System.

COMMENTS:

The Subcommittee received a 1997 evaluation of the Lone Star Imaging System, a similar fingerprint imaging system that was implemented in Texas. The study, conducted by the Center for the Study of Human Resources at the University of Texas at Austin, found that the fingerprint imaging resulted in no significant reduction in fraud.

The Department has also provided a copy of the 1994 AFDC AFIRM Demonstration Project evaluation by the Applied Management and Planning Group of Los Angeles. The report concluded that the fingerprint imaging system saved between \$52.5 million and \$64.6 million in fraud prevention in Los Angeles County alone.

Since the SFIS system does not contain any reporting function, the Subcommittee can only substantiate one Sacramento welfare case in which the SFIS system detected fraud. However, the Department argues that fraud deterrence accounts for most of the SFIS fraud prevention.

ITEM 5180 DEPARTMENT OF SOCIAL SERVICES**ISSUE 3: DEPARTMENTAL BUDGET REDUCTION QUESTIONS**

The Department will answer the Subcommittee's Budget questions.

BACKGROUND:

During the March 13th Hearing the Subcommittee decided to compose a fixed set of questions for all Departments. The Department of Social Services will respond the following questions:

1. What actions have been taken to evaluate the effectiveness of the programs for which you are responsible?
2. Have you made any effort to prioritize the Department's programs?
3. How has your department utilized savings from excess vacancies? Why shouldn't we recapture those savings and positions in FY 02/03?
4. What other funding sources might be available for your programs?
5. The Legislative Analyst Office has produced a compilation of options for the Legislature to consider during Budget deliberations. Please comment on those options that you find objectionable and provide the rationale for your opposition.
6. What other areas of your Budget should be considered in our effort to identify additional savings?

ISSUE 4: EXEMPTING CALWORKS FAMILIES WITH CHILDREN UNDER AGE 3

The Subcommittee will discuss the policy impact of exempting CalWORKs families with children under age three from participating in the CalWORKs program.

BACKGROUND:

The CalWORKs program is under considerable Budgetary pressure in both the current and Budget year. Increases in child care and employment services costs combined with slowing in the caseload decline have resulted in a structural problem in the finances of the CalWORKs program. In the Budget year, the Governor has proposed \$561 million in reductions to CalWORKs related expenditures to keep the program with \$6.7 billion of State and Federal funds for the program. In the Budget year, only \$40 million is set aside as a reserve for the program to guard against increasing costs in the program.

One strategy for reducing the fiscal pressure on the CalWORKs program would be to exempt CalWORKs families with children under age three from employment activity requirements. This would reduce the cost of CalWORKs cases because these families utilize expensive infant-toddler child care.

COMMENTS:

The Legislative Analyst's office and the Department have conducted some research into the potential impacts of exempting CalWORKs families with children under aged three from work requirements. Since the policy change would result in a significant policy shift from current policy, this analysis only provides a framework for adopting such a change to the current program.

The Department has also noted that the President's welfare reauthorization proposal requires the State to meet a new higher Federal work participation rate, meaning more welfare clients would need to participate in work activities than in the current program. The proposal to exempt families could potentially decrease the State's work participation rates, which would undermine the State's to meet the new Federal requirements.

ISSUE 5: FOSTER CARE EMERGENCY ASSISTANCE FUND SHIFT

The Subcommittee will discuss a fund shift proposed by the Legislative Analyst's Office.

BACKGROUND:

The Emergency Assistance (EA) Program, a component of the CWS Program, provides a variety of services to children who are placed in foster care or are at risk of foster care placement. Case management, one portion of the EA Program, provides funds for case planning and reviews; foster and adoptive parent orientation; and a variety of other services to support children and families in the CWS program.

Federal Title IV-E funds are the largest Federal funding stream for child welfare and foster care services. The 2002-03 Budget, however, does not propose to use Title IV-E funds to support EA case management services in the CWS program. Instead, the Budget proposes to continue the existing practice of using a combination of Federal Temporary Assistance for Needy Families (TANF) and county funds. Together, the TANF funds (\$69.9 million) and the county funds (\$12.3 million) total \$82.2 million. While TANF funds are received in the form of a fixed block grant, Title IV-E funds are available to match State funds on a dollar-for-dollar basis.

COMMENTS:

If alternatively the State opted to draw down Federal Title IV-E funds, the Department of Social Services (DSS) estimates that approximately 77 percent of California children in the CWS and foster care programs would be eligible for such funding in 2002-03. Thus, 77 percent of EA case management spending, or \$63.3 million, would be eligible for 50 percent Federal financial participation. The non-federal costs of this option would be shared 70 percent State and 30 percent county. Accordingly, shifting the EA case management costs from TANF to Title IV-E would result in (1) a draw down of \$31.6 million in Federal Title IV-E funds, (2) a General Fund cost of \$35.4 million, (3) an increase in county costs of \$2.9 million (to a total of \$15.2 million), and (4) \$69.9 million in freed-up TANF funds.

TANF funds may be transferred into the Title XX Social Services block grant. Once transferred, they then may be used to offset General Fund costs in the community-based programs in the Department of Developmental Services (DDS). Taking the actions described above would free up \$69.9 million in TANF funds. These funds could then be used to offset \$69.9 million in General Fund costs in DDS. Combining this General Fund savings of \$69.9 million in DDS with the \$35.4 million General Fund cost in the EA case management program would result in *net* General Fund savings of \$34.5 million, and county costs of \$2.9 million.

ISSUE 6: COMMUNITY CARE LICENSING INCREASED WORKLOAD

The Legislative Analyst's Office recommends reducing a Department request for additional Community Care Licensing.

BACKGROUND:

Foster Family Agencies (FFAs) are nonprofit organizations that recruit foster parents, certify them for participation in the program, and provide training and support services. Originally, FFAs investigated complaints associated with their own certified foster family homes. However, Chapter 311, Statutes of 1998 (SB 933, Thompson), transferred the investigation of these complaints from the FFAs to Community Care Licensing Division (CCLD). This transfer was effective July 1999. To meet this workload, the Legislature approved 42 positions (13.5 permanent and 28.5 limited term). In 2000, 3.5 support staff positions were eliminated, leaving 25 limited-term positions.

The Budget proposes 19 new CCLD positions and the conversion of the 25 two-year limited term CCLD positions, noted above, to permanent status. To calculate the Budget-year FFA complaint workload, the Budget uses the number of FFA homes as a proxy for the number of complaints. While the number of FFA homes was a reasonable approach to estimate an unknown workload several years ago, actual caseload data is now available and we believe this is a better predictor of workload in this area.

COMMENTS:

The Legislative Analyst's Office used 2000-01 complaint data and CCLD's complaint investigation workload standard--16 hours per complaint--to determine recommended staffing. Using these data, the LAO estimated five fewer Licensing Program Analysts (LPAs) will be needed in 2002-03. Because support staff are budgeted according to the number of LPAs, the support staff should be reduced correspondingly by two and the supervisory staff reduced by one. Finally, the LAO recommends a technical correction--denying three other support staff positions--as these exceed CCL statutory staffing and workload standards. Accordingly, The LAO recommends the denial of 11 total positions (five LPAs; three office assistants; two office technicians; and one licensing program supervisor) for a \$425,000 General Fund savings

Finance has issued a Spring Finance letter that reduces the CCL Budget proposal in a manner consistent with the LAO recommendation.

ISSUE 7: COMMUNITY CARE LICENSING RATE CHANGE

The Subcommittee will discuss options for increasing the Community Care Licensing Fee.

BACKGROUND:

Facilities licensed by the Department of Social Service's Community Care Licensing Division are charged a fee to offset some of the cost of their licensing.

The table below illustrates the current fee schedule:

Type of Facility	Current Annual Fee	Number of Facilities
Family Child Care Home	\$25-\$50	40,283
Child Care Centers	\$100-\$500	14,706
Adoption Agencies	\$1000	107
Foster Family Agencies	\$1000	455
Certified Family Homes	\$0	13,680
Foster Family Home	\$0	3,631
Small Family Homes	\$300-\$750	403
Group Homes	\$300-\$750	1,639
Adult Residential Facilities	\$300-\$750	4,737
Residential Care Facility for the Elderly	\$300-\$750	6,209
Social Rehabilitation Facility	\$300-\$750	72
Adult Day Care/Adult Day Support	\$0-\$500	687
Residential Care Facilities for the Critically Ill	\$200-\$350 plus \$8 per bed	28
Total		86,637

COMMENTS:

Given the tight fiscal constraints this Budget year, the Subcommittee could consider raising licensing fees for these institutions. Licensing fees are expected to generate \$9.8 million in revenue in the Budget year. The first \$6 million of these funds are used to support the operations of the CCL Division and the balance is used to fund technical assistance for Community Care agencies. These fees have not been increased since 1992. If the current fees were increased at the rate of inflation, they would be 27 percent higher than the Budget year rates.

The Department comments that the \$6 million to support CCL state operations does not fully pay for the costs of the Division. Any increase in the Licensing Fee could save State General Fund by further supporting the CCLD's operations.

The table below details the effect of increasing the Community Care Licensing Fee:

Increase in Fees	Estimated Total Budget Year Collections (Millions)	Total additional Fees collected (Millions)
No Increase	9.8	0
5 Percent Increase	10.3	0.5
10 Percent Increase	10.7	1.0
20 Percent Increase	11.7	1.9
27 Percent Increase (Inflation Adjustment since 1992)	12.4	2.6
30 Percent Increase	12.7	2.9

ISSUE 8: CHILD WELFARE SYSTEM STAKEHOLDERS' GROUP

The Subcommittee will discuss the Child Welfare System Stakeholders Group

BACKGROUND:

Legislation in 1998 (SB 933, Chapter 311, Thompson) required that the Department re-examine the role of out-of-home placements currently available to children served by the child welfare system. The bill required that the department collaborate with public and private organizations to examine this question. The Department issued the final report of this process in July, 2001.

The report found that the group care system in California must be largely redesigned. The report identified specific recommendations that included such items as the following:

- Development of specific categories of group homes, program models and essential service elements, and preparing for a transition process to the new models;
- Development of a Statewide independent accreditation process for group care providers, including the establishment of benchmarks as indicators to measure quality;
- Address zoning issues at the local level;
- Consider linking funding and licensing to outcomes;
- Develop criteria for determining when group care is appropriate for children;
- Identify a single contact person for child and family;
- Develop specific parameters for improving educational services to foster children.

In 2000, the Administration established the Child Welfare Stakeholders Group. The charge to this group is to examine California's child welfare services programs, processes and outcomes, recommending changes necessary to achieve goals. The Department issued a progress report in June, 2001, outlining the activities of the Stakeholders Group. This Group found that new service approaches are needed, in the context of dramatic and pervasive change to the system. The report identifies the values of a redesigned system, and practice concepts that will support change to the system. These include such proposals as emphasizing investments in prevention and early intervention, varying responses to meet the needs of the child and family, coordinating the responses of public and private agencies, and using available funds flexibly.

COMMENTS:

The Department comments that it will be recommending a program redesign during a Summit that will be held in May. The Budget contains funding for beginning the implementation of the Stakeholders recommendations in the Budget Year.

The Federal government has initiated a national review of child welfare practices, using outcome measures rather than historic process measures. Early reviews from other States

have found that virtually every State has failed the monitoring review. The State anticipates that California will have deficiencies identified as well. The State conducted a self-review in 2001; the Federal monitoring will occur in fall, 2002.

The Legislative Analyst's Office has reviewed the Federal review process, and sampled information about the likelihood that California will pass the Federal review, using 1998 information. (The fall, 2002, review will use 2000 information, so the State may perform differently). The Analyst found that the State met or exceeded the Federal standard on only one of five measures, and performed close to the standard on an additional measure. Other large states performed on par with California.

The Department reports that work of the Stakeholders' group will help the State address the outcome of the Federal review. According to the Department, if the State fails the Federal assessment, it will be required to produce a Program Improvement Plan (PIP). The work of the Stakeholders' group will provide the foundation for the State's PIP.

ITEM 4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT**ISSUE 9: DEPARTMENTAL BUDGET REDUCTION QUESTIONS**

The Department will answer the Subcommittee's Budget questions.

BACKGROUND:

During the March 13th Hearing the Subcommittee decided to compose a fixed set of questions for all Departments. The Department of Community Services and Development will respond the following questions:

1. What actions have been taken to evaluate the effectiveness of the programs for which you are responsible?
2. Have you made any effort to prioritize the Department's programs?
3. How has your department utilized savings from excess vacancies? Why shouldn't we recapture those savings and positions in FY 02/03?
4. What other funding sources might be available for your programs?
5. The Legislative Analyst Office has produced a compilation of options for the Legislature to consider during Budget deliberations. Please comment on those options that you find objectionable and provide the rationale for your opposition.
6. What other areas of your Budget should be considered in our effort to identify additional savings?

ISSUE 10: NATURALIZATION SERVICES PROGRAM

The Subcommittee will consider a proposed reduction to the Naturalization Services Program.

BACKGROUND:

The Naturalization Services Program provides services to assist legal permanent residents to obtain citizenship. Services provided include Outreach, Skills Assessment, Citizenship Preparation and Assistance, and Advocacy/Follow-Up services.

The initial funding for this General Fund program was provided in the 1998-99 Budget Act in the amount of \$2 million. The program grew to \$7 million in 2000-01. The current year Budget was originally \$6.5 million (reduced from \$7 million by a Governor's veto). The Governor's Budget proposed a reversion of \$4.5 million in January; the final action restored \$2.9 million of this in one-time funds. The Budget for 2002-03 is proposed to be \$2 million.

COMMENTS:

The Department of Education has, in addition, Federal funding for English as a Second Language (ESL) and ESL-Citizenship programs. Historically, the Department of Education has not been able to fully expend the funding for ESL-Citizenship; frequently the funding for ESL-Citizenship has been redirected to basic Adult Education ESL programs.

Legislative staff and advocates are currently exploring whether it would be possible to use some ESL-Citizenship funds for Naturalization Services.

ISSUE 11: COMMUNITY SERVICES BLOCK GRANT

The Subcommittee will hear an issue regarding the Departments Allocation of the Community Services Block Grant funding.

BACKGROUND:

The Community Services Block Grant Program (CSBG) provides funding to assist low-income families with the following tasks:

- To obtain education and job training
- To secure employment and housing
- To solve problems that prevent stable family living and economic independence
- To better manage available income
- To meet nutritional and health care needs
- To raise healthy children
- To achieve greater participation in community affairs.

The program is entirely Federally funded, although most of the public and private agencies (Community Action Agencies) that provide CSBG services also provide LIHEAP, Head Start, Food and Nutrition, Adult Education, Foster Grandparent and other Aging Services, Community Development Block Grant, and other services designed to meet the need of low income families.

Federal requirements and State law drive California's expenditure of CSBG funds. Funds are distributed according to the following formula:

Discretionary funds	5%
Migrant and seasonal farm workers	10%
Native American Indian programs	3.9%
Community action agencies and rural community services	76.1%

Local agencies may spend up to 12 percent of total funds for administrative expenditures.

Since 1983 the community action agency funding has been funded that guarantees each agencies receive a minimum of \$160,000, with the balance of the funding distributed across State according to the low-income population in the service area.

Last year's joint Assembly/Senate hearing on the State Plan California heard considerable testimony concerning the effect on small and rural agencies of no increase in funds for 19 years, despite increases in the general level of funding for CSBG. The co-chairs of that policy committee hearing directed the community action community to develop a potential solution with

broad based support to equitably resolve the dispute over allocations, and avoid lawsuits or other contentious actions.

CalNEVA, the State association of community action agencies, has proposed a new methodology to increase the amount of CSBG funding in rural areas. This increase would raise the minimum funding for small community action agencies from \$160,000 to \$240,000. The proposal assumes that the increase would be achieved through additional Federal funds received by the State during a three-year time period and there would be no reduction in the current allocation level of any community action agency. Because of the new Federal funding recently allocated to the State, it appears in the current and budget year, the minimum funding level could be raised consistent with the association's proposal, with no effect on other agencies current level of funding.

COMMENTS:

The Department of Community Services and Development took action earlier this year that undermined the ability of the Legislature to consider the CalNEVA proposal. Earlier this year, California received an 8.4 percent increase its allocation of Federal funds for CSBG. The Department did not request an additional spending authority for this funding in the Budget or through a Section Letter, but it allocated these new funds to local agencies, using the existing funding formula.

By allocating the funds to local agencies prior to receiving Legislative approval for the spending authority, the Department did not allow the Legislature to consider the merits of the CalNEVA proposal. The Department has subsequently issued a letter retracting the allocations of the additional 8.4 percent.

CalNEVA has commented that their proposal is supported by more than 90 percent of the affected community action agencies.

The Subcommittee has received considerable feedback from community agencies in opposition to the CalNEVA proposal and disputing that widespread support exists for CalNEVA. Some community action agencies have commented that many organizations affected by the CalNEVA proposal were not permitted to vote on the proposal.

Many urban community services agencies have commented that they are concerned that the current CSBG proposal will set a precedent for raising the rural allocation levels for other programs.