AGENDA  
SUBCOMMITTEE NO. 1  
ON HEALTH AND HUMAN SERVICES  

ASSEMBLYMEMBER DAVE JONES, CHAIR  

WEDNESDAY, APRIL 28, 2010  
STATE CAPITOL, ROOM 4202  
1:30 P.M.  

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VOTE-ONLY ITEMS

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: PROBATION ACCESS TO CWS/CMS

DSS proposes, in a new estimate premise, $1.2 million ($552,000 GF) in expenditures for 560 probation officers to receive training on using the CWS/CMS system and for 385 of those probation officers to newly gain access to the system.

BACKGROUND

Children can enter foster care through the involvement of county child welfare agencies or probation departments. In addition, youth with child welfare/dependency cases who are charged with delinquency offenses may be placed in probation-supervised foster care. Consistent with requirements for federal financial participation in the costs of foster care, probation officers provide case management services in foster care cases that are supervised by probation departments (e.g., prevention, placement, or family reunification services). These are the same services that must be provided by social workers in child welfare-supervised foster care cases.

There are currently 66,000 children in foster care statewide. Of those children, approximately 61,000 are under the supervision of county child welfare agencies and close to 5,000 are under the supervision of probation departments.

CWS/CMS is an automated system that provides case management capabilities for child welfare services, including the ability to generate referrals, county documents, and case management and statistical reports. The total 2009-10 CWS/CMS project budget is $83.3 million ($38 million GF).

Staff Recommendation:

Staff recommends rejection of this request for new GF resources, and instead asks the DSS to conduct an internal review of training dollars in CWS/CMS to prioritize this training and to provide for it within its existing resources.
ISSUE 2: POSITIONS RELATED TO RECENTLY ENACTED LEGISLATION

The Governor’s proposed budget for 2010-11 includes, in a budget change proposal, $200,000 ($169,000 GF) in temporary help resources to implement recent legislation, including AB 762 (Bonnie Lowenthal, Chapter 471, Statutes of 2009); SB 781 (Leno, Chapter 617, Statutes of 2009); and AB 1325 (Cook, Chapter 287, Statutes of 2009).

BACKGROUND

AB 762 and DSS Request. This newly enacted legislation clarified that for the residents who need help getting in and out of bed, but can then move around the facility on their own, the facility needs a non-ambulatory fire clearance, not a bedridden clearance. These are residents who have been in the facility all along and were grouped with the bedridden residents when they were added by prior legislation. Prior to AB 762, they still needed to have a fire clearance. Legislative analysis indicated that the bill had negligible state costs. DSS requests $57,000 GF in one-time temporary help funding to update regulations, an evaluator manual, and technical assistance guides, as well as train field staff.

SB 781 and DSS Request. As a result of this newly enacted legislation, RCFEs must include additional information when providing notice of eviction to a resident, including the reason for the eviction, the effective date of the eviction, and additional information to inform the resident of his or her rights regarding eviction. Legislative analysis indicated no significant costs associated with the bill. DSS requests $47,000 GF in 2010-11 and $39,000 GF in 2011-12 in temporary help funding to review facility documentation of the required information in applications, admissions agreements, and reports of eviction, as well as respond to any increased complaints that may result from increased information on how to dispute evictions, and train staff.

AB 1325 and DSS Request. As a result of this newly enacted legislation, tribal customary adoption is, for a period of three years, an additional exception to the termination of parental rights for parents of Indian children who are dependents of the juvenile court. The Judicial Council is required to study and report to the Legislature on the effects of tribal customary adoption on children, parents, Indian custodians, tribes and courts. The Assembly Appropriations Committee analysis indicated that costs would be minor and absorbable. The Senate Appropriations Committee analysis indicated that this bill would likely apply to less than 10 children per year, but would create the need for one two-year limited term position, at a cost of $59,000 GF annually (with additional federal funds). DSS requests $96,000 ($65,000 GF) in 2010-11 and $88,000 ($59,000 GF) in temporary help funding to conduct implementation workgroup meetings with tribal representatives, counties, adoption agencies, and the Judicial Council.
Staff Recommendation:

Staff recommends the following:

1. Reject the resources requested for AB 762 on the basis that the fiscal analysis on the bill from the administration indicated that the costs were negligible and absorbable by DSS.

2. Reject the resources requested for SB 781 on the basis that the workload is speculative and has not been substantiated to warrant new resources.

3. Approve the resources requested for AB 1325 for one year, in 2010-11, only.

These recommendations are consistent with pending recommendations on these issues in the Senate Budget Subcommittee No. 3.
ISSUE 3: TRAILER BILL LANGUAGE (TBL) PROPOSAL REGARDING EXTENSION OF RBS PILOT

DSS proposes TBL to amend and extend the Residentially Based Services (RBS) pilot program established by AB 1453 (Chapter 466, Statutes of 2007), as well as revise the statutory deadline for a resulting plan the Department is required to submit to the Legislature.

BACKGROUND

AB 1453 authorized a five-year pilot demonstration project to test alternative RBS program and funding models which are cost-neutral to the GF. The legislation also required DSS to deliver a detailed plan to the Legislature by January 1, 2011 for how to transform the current system of group care for foster children into an RBS system. The envisioned RBS system would provide short-term, intensive, residential treatment interventions along with community-based services and post-residential placement support aimed at reconnecting foster children to their families and communities. It was anticipated that the children enrolled in RBS would require shorter lengths of stay in high-cost group homes and would step down to lower levels of care and to permanent placements more quickly. According to DSS, unanticipated contract and licensing issues contributed to delays in implementing the pilot projects.

Proposed Changes to Provisions Enacted by AB 1453. DSS proposes to extend the authorization for the pilot projects and the due date for development of the implementation plan until the pilot demonstration projects can operate for a sufficient amount of time to be fully evaluated. Specifically, the Department proposes to extend the due date for the implementation plan to July 1, 2014 and the authority to conduct the pilots until January 1, 2015. The Department also proposes other changes to statutes governing the RBS pilot.

Pending Legislation. AB 2129 (Bass) also seeks to extend authorization for the RBS pilot.

Litigation Regarding Group Home Rates. In 2006, the Alliance of Child and Family Services filed a federal suit against the State of California, Alliance v. Allenby, et al., challenging the adequacy of the rates paid to group homes in California under the rate classification level (RCL) system. The court issued its order February 23, 2010, and concluded that the current rates did not support the cost of caring for children and youth in group homes. The court ordered the DSS to adjust the group home rates paid under the RCL system to reflect the California Necessities Index (CNI) increases from 1990-91 through 2009-10. CDSS released its implementing All-County Letter on March 15. Effective immediately with the order, and retroactive to December 14, 2009, the state and counties are required to pay the increased rates for both federally eligible and non-
federally eligible children in group home placements. The rates are required to be updated annually to reflect changes in the CNI.

**STAFF COMMENT**

The judge’s order in *Alliance v. Allenby, et al.* indicates that the state is considering options to replace the current RCL system. Given that there are several best practice methods at minimum that should be reflected in the state’s rate setting system, staff recommends that the state work with legislative staff and stakeholders to discuss and consider options.

**Staff Recommendation:**

Staff recommends the following:

1. Reject the TBL proposal without prejudice to its merits. There is a pending policy bill before the Legislature that provides a more appropriate forum for discussion about whether and how to extend this pilot. This rejection is consistent with action taken in the Senate and conforms there.

2. Require the department be required to consult with legislative staff, including policy and budget staff, and stakeholders regarding possible changes to the RCL system given the litigation outcome and that placeholder trailer bill language be adopted regarding the establishment and breadth of considerations for such an ongoing work group.
ISSUE 4: TBL PROPOSAL REGARDING INDEPENDENT ADOPTIONS

DSS proposes TBL to amend a Family Code provision related to adoption. According to the Department, the proposed change would clarify the application of two differing statutory provisions. As a result, the requirements for a comprehensive evaluation and $4,500 independent adoption fee when relatives seek to adopt children who are not currently dependents of the court would be reinforced. The Department estimates that without the proposed statutory clarification, what the Department considers misapplications of the law could spiral; and the state could lose up to $1 million or $2 million GF in fees paid by relatives for comprehensive evaluations. Instead, those relatives would pay a smaller $500 fee and an abbreviated evaluation would be conducted.

BACKGROUND

According to DSS, at least one Superior Court has recently misapplied existing Family Code statutes. In that case, DSS states that the El Dorado Superior Court required DSS to apply the abbreviated, rather than comprehensive, process in its evaluation of grandparents seeking to adopt their grandchild. As a result, DSS conducted the less thorough evaluation and charged a lower fee to the grandparents. As of April 2010, the Department estimates that there have been approximately 15 such instances of miscategorizations of adoptions statewide.

According to the Legislative Counsel Digest for the proposed trailer bill, “Under existing law, whenever a petition is filed for the independent adoption of a child, the petitioner is required to pay a nonrefundable fee of $4,500 to [DSS] or to the delegated county adoption agency for the cost of investigating the adoption petition, subject to certain exceptions. Existing law requires that if the prospective adoptive parent is a foster parent with whom the child has lived for a minimum of 6 months or a relative caregiver who has had an ongoing and significant relationship with the child, that an assessment or home study be conducted, but does not specify a fee for this investigation. This bill would specify that the provisions governing adoptions without that fee by relative caregivers or foster parents only apply to the adoption of a child who is currently a dependent of the juvenile court.”

Staff Recommendation:

Staff recommends rejection of the TBL proposal without prejudice to its merits. An analysis of existing law and any related clarifications are more appropriate for consideration by the relevant Legislative Policy Committees (possibly including the Judiciary and/or Human Services Committees). This rejection is consistent with action taken in the Senate and conforms there.
ISSUE 5: TBL PROPOSAL REGARDING FEDERAL FOSTERING CONNECTIONS TO SUCCESS AND INCREASING ADOPTIONS ACT (FCSA)

DSS proposes, via TBL, to add specified costs of transporting a child to his or her school to those that are included in the definition of foster care maintenance payments, to amend statutes related to the placement of siblings in foster care, and to amend statutes governing adoption or foster care programs operated by Indian tribes. According to the Department, these changes are required for the state to conform to requirements of the federal FCSA (P.L. 110-351).

The 2009-10 budget includes $8.7 million ($2.2 million GF, for six months beginning in January 2010), and the Governor’s 2010-11 budget includes $17.4 million ($4.5 million GF), for costs associated with education-related transportation.

BACKGROUND

Reimbursement for Transportation Costs. Among a number of other significant reforms to child welfare and adoption assistance programs, the federal FCSA added “reasonable travel for the child to remain in the school in which the child is enrolled” at the time of foster care placement to the list of costs that must be included in a foster care maintenance payment made to caregivers or group home facilities. 42 U.S.C. 675(4)(A)). Previously existing state law enacted by AB 490 (Chapter 862, Statutes of 2003) gave foster children the right, if it is in their best interests, to remain in their schools of origin for the rest of the school year following their initial placement in out-of-home care or a subsequent move. AB 490 did not, however, specify who was responsible for providing or funding related transportation to a child’s school of origin.

DSS estimates that 13,414 children in foster care whose placement is outside their school district of origin may be impacted by the relevant requirements of AB 490 and the FCSA. The Department assumes that their transportation covers an average of 20 miles roundtrip at a cost of $.55 per mile.

AB 1933 (Brownley) is currently pending in the Assembly Appropriations Committee. Among other provisions, AB 1933 would make changes to the statutes created by AB 490 to extend the right of foster children to remain in their schools of origin beyond the existing timeframe of the remainder of one school year. The author states that this change is also necessary to conform to federal requirements under FCSA.

Sibling Placement Provisions. Under provisions enacted by the FCSA, states are required to make reasonable efforts to place siblings together and to ensure their visitation or interaction if they are placed separately (as long as it is in their best interests). Current state law includes similar, but not identical, requirements, as well as other protections related to these sibling relationships.
Provisions Related to Negotiations with Tribes. Under provisions enacted by the FCSA, Indian tribes and entities are authorized to enter into direct agreements with the federal government to operate foster care and adoption programs for tribal children (as opposed to being required to first enter into an agreement with the state in which the tribal entity is located). Provisions of FCSA also required states to negotiate in good faith with tribes that do wish to operate their own programs via agreements with the state. AB 770 (Chapter 124, Statutes of 2009) made conforming changes to state law. However, according to DSS, some further technical fixes are required to fully comply with federal law.

Staff Recommendation:

Staff recommends adoption of placeholder TBL to accomplish what the administration is forwarding in this proposal to accomplish the conformity with federal law and aligning with the budgeted requests in this area, and recommends that the staff be directed to continue to work with Senate counterparts to finalize the language in the interest of conforming.
ISSUE 6: TBL PROPOSAL REGARDING PROMOTING SAFE AND STABLE FAMILIES

The administration states that this trailer bill proposal, while not connected to any BCP or estimate change, is necessary for cost-avoidance, to conform state spending guidelines to current federal requirements, and thus diminish the risk of audit findings and repayments to the federal government.

BACKGROUND

The administration states that current state statute, upon which counties rely for guidance in administering the Promoting Safe and Stable Families (PSSF) funds, does not reflect current federal requirements. The following changes would bring state law into conformance with federal requirements and current practices regarding PSSF:

- Change the percentage of allowable state administrative costs from the original 15 percent to 10 percent.
- Change the programs service categories from the original two to the current four, and provide current definitions for each category.
- Change the minimum percentage of spending in each category to the current 20 percent.

DSS claims that in each instance, a statutory change is necessary because current state law explicitly contradicts federal law and regulations. The TBL would also make other, nonsubstantive changes, such as correcting the program’s name throughout code.

Staff Recommendation:

Staff recommends rejection of the TBL proposal without prejudice to its merits. An analysis of existing law and any related clarifications are more appropriate for consideration by the relevant Legislative Policy Committees. This recommendation is consistent with a pending recommendation in the Senate Budget Subcommittee No. 3.
ISSUE 7: TBL PROPOSAL REGARDING SUSPENSION OF AB 2985 FOSTER YOUTH IDENTIFY THEFT

The Governor’s proposed budget for 2010-11 includes TBL to suspend implementation of statutes enacted by AB 2985 (Chapter 387, Statutes of 2006). Existing law would be implemented when “the Department of Finance determines that sufficient state operations resources have been appropriated.”

BACKGROUND

AB 2985 requires county welfare departments to request credit checks from a credit reporting agency for every foster child upon his or her 16th birthday. If a credit report contains negative information or evidence of identity theft, the county must refer the child to an approved credit counseling organization from a list developed by DSS. The Senate Appropriations Committee estimated costs of $120,000 GF for the counties to conduct the checks. The 2009-10 budget includes $355,000 ($229,000 GF) for implementation in the 56 non-Title-IV-E waiver counties.

Staff Recommendation:

Staff recommends rejection of the proposed TBL, which would dispense with the Legislature’s authority to determine the sufficiency of funding for program implementation, transferring this authority permanently to the administration for these activities. This recommendation is consistent with action taken in Senate Budget Subcommittee No. 3.
ISSUE 8: TBL PROPOSAL REGARDING CALWORKS – DELAY OF WORK INCENTIVE NUTRITION/PRE-ASSISTANCE EMPLOYMENT READINESS (WINS/PAERS) AND TEMPORARY ASSISTANCE PROGRAM (TAP)

DSS proposes, in trailer bill language, to delay implementation of WINS and TAP, two CalWORKs-related programs. The Department also proposes to eliminate PAERS requirements. The proposed delays would extend delays enacted last year in ABx4 4 (Chapter 4, Fourth Extraordinary Session, Statutes of 2009). The proposed changes in WINS implementation dates would also push back approximately $2 million GF costs for automation changes. After those automation changes in the first year, the department estimates costs (countable as Maintenance of Effort [MOE] for the federal Temporary Assistance for Needy Families [TANF] program) of $18 million in the second year of WINS and $28.4 million each year thereafter.

If excess-MOE funds are available when it is implemented, TAP is effectively cost-neutral to the state because funds for the program ($220 million in recipient benefits and $5.3 million in automation expenses) are already included in the CalWORKs budget. GF resources that would otherwise be used to meet the MOE would instead be shifted to fund the solely-state funded TAP (which is not countable as MOE).

BACKGROUND

Under WINS, which was originally authorized in 2008 (AB 1279, Chapter 759, Statutes of 2008), the state would pay 100 percent of the costs of a $40 food assistance benefit paid to families receiving food stamps in which at least one parent or caretaker is “work eligible” (as defined in TANF) and meets work participation requirements. The related PAERS working group was created to explore options for offsetting a potential increase in the state’s CalWORKs caseload (and possible resulting decrease in its federal caseload reduction credit) resulting from WINS. As a result of the proposed delays, the Department would be prohibited from paying WINS benefits prior to October 1, 2012, with full implementation required by April 1, 2013 (instead of existing dates of October 1, 2011 and April 1, 2012).

TAP was authorized in the 2006 human services trailer bill (AB 1808, Chapter 75, Statutes of 2006) as a voluntary program to provide cash aid and other benefits with solely state funding to a group of current and future CalWORKs recipients who are exempt from state work participation requirements (previously estimated to apply in 24,000 cases). TAP was intended to allow these recipients to receive the same assistance benefits through TAP as they would have under CalWORKs, but without any federal restrictions or requirements. As a result of TAP, California would improve its TANF work participation rate (WPR). To date, implementation complexities, largely due to challenges with child support automation, have prevented TAP from moving forward. As a result, trailer bill language has been adopted for three years to delay TAP.
implementation. This proposal would delay TAP implementation by an additional year, to begin no later than October 1, 2012.

**TANF Reauthorization.** Congress must take action by September 30, 2010 to reauthorize the TANF block grant. It is important to note, however, that President Obama’s February 1, 2010 budget proposed a one-year extension of TANF (which, if enacted, could result in a one-year delay of the larger reauthorization discussion that stakeholders previously anticipated would happen in 2010).

**Staff Recommendation:**

Given the potential changes on the horizon at the federal level, staff recommends that the Subcommittee approve the proposed delays of WINS/PAERS and TAP for one additional year as placeholder TBL. However, consistent with last year’s actions, staff recommends rejecting any additional changes to the current statute, including the proposed deletion of Section (g) PAERS language, as pre-assistance programs may be viable and important options for the state to explore before implementing WINS. This recommendation is consistent with action taken in Senate Budget Subcommittee No. 3.
ISSUE 9: TBL PROPOSAL REGARDING COMMUNITY CARE LICENSING – FINGERPRINTING FEES

Since fiscal year (FY) 2003-04, TBL has been enacted on an annual basis to suspend existing statute that prohibits the California Department of Social Services (CDSS) from charging fingerprint licensing fees. To the extent the prohibition to charge a fee is not eliminated or suspended, DSS states that the state would be required to fund this activity, resulting in an annual General Fund (GF) cost of $391,000. There has been no funding for this since FY 2003-04.

BACKGROUND

For the past several FYs, TBL was enacted to suspend the provision that prohibits CDSS from charging a $35 fee to process a criminal history check of individuals who are licensed to operate child and adult facilities, provide care in a facility, or reside at the facility. Given the ongoing fiscal challenges faced by the State, CDSS proposes to permanently eliminate the prohibition, rather than pursue yet another annual exemption.

Individuals who are licensed to operate child and adult facilities, provide care to facility clients, or reside at the facility, undergo a comprehensive background check. This check is intended to ensure that individuals with criminal histories are thoroughly evaluated and/or investigated before they are allowed to have contact with clients. CDSS requires a fingerprint-based background check from both the Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) for individuals wishing to provide care. DOJ bills CDSS $19 for the FBI and $16 for the Live Scan service, per person ($35 total). The background check for individuals associated with children’s facilities who serve six or fewer children also includes a check of the Child Abuse Central Index (CACI). The CACI fee is an additional $15.

In FY 2010-11 the CDSS expects to receive 1,346 applications to operate a children’s residential facility for six or fewer children. CDSS also expects to receive 6,425 applications to operate a small family child care home. For facilities licensed by counties, CDSS expects to receive 2,927 applications to operate a children’s residential facility for six or fewer children and 482 applications to operate a small family child care home. Applications for both state and county licensed facilities are expected to total 11,180. This TBL would result in these applicants paying the $35 fee for fingerprinting and obtaining criminal histories.
Staff Recommendation:

Staff recommends adoption of placeholder TBL to suspend the provisions prohibiting the charging of these fees for an additional one or two years, and not repeal the statute in this area as is proposed by the administration. Similar action is pending in the Senate Budget Subcommittee No. 3 and the intent here is for the actions to ultimately conform.
ITEMS TO BE HEARD

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: CHILD WELFARE SERVICES PROGRAM IMPROVEMENT PLAN UPDATE

The federal Administration for Children and Families (ACF) conducts reviews (called the Child & Family Services Review or CFSR) of California’s child welfare system. In 2002, California passed two of the seven systemic factors and failed all seven of the outcome measures pertaining to child safety, well-being, and permanency (e.g., committed family relationships). As a result, the federal government assessed $9.0 million (all GF) in initial penalties against the state (plus $2 million in interest that accrued in 2008 and an additional penalty of $1.7 million that year). The state successfully appealed all of those penalties, which the federal government has since rescinded.

ACF performed another CFSR in California and published the results in 2008 (summarized below). After this recent CFSR, DSS developed a draft Program Improvement Plan (PIP) to improve outcomes for children and families and hopefully avoid fiscal penalties. Under the worst case scenario, the federal penalty for these recent CFSR results could exceed $107 million GF in 2011-12 or 2012-13.

BACKGROUND

The total 2009-10 budget for child welfare services and foster care is $4.2 billion ($1.1 billion GF). The CWS system includes emergency response to allegations of abuse and neglect, supports for family maintenance and reunification, and out-of-home foster care services for approximately 66,000 children. The chart below summarizes the state’s most recent CFSR performance.

<table>
<thead>
<tr>
<th>Safety and Permanency Outcomes</th>
<th>Substantial Conformity</th>
<th>% of Cases Substantially Achieved</th>
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<tbody>
<tr>
<td>Safety Outcome 1:</td>
<td>NO</td>
<td>80.6</td>
</tr>
<tr>
<td>Children are first and foremost, protected from abuse and neglect</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety Outcome 2:</td>
<td>NO</td>
<td>76.9</td>
</tr>
<tr>
<td>Children are safely maintained in their homes when possible and appropriate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanency Outcome 1:</td>
<td>NO</td>
<td>41.0</td>
</tr>
<tr>
<td>Children have permanency and stability in their living situations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanency Outcome 2:</td>
<td>NO</td>
<td>79.5</td>
</tr>
<tr>
<td>The continuity of family relationships and connections is preserved</td>
<td></td>
<td></td>
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Child and Family Well Being Outcomes

| Well Being Outcome 1:           | NO                     | 58.5                             |
| Families have enhanced capacity to provide for children’s needs | | |
| Well Being Outcome 2:           | NO                     | 88.0                             |
| | | |
Children receive services to meet their educational needs

Well Being Outcome 3:
Children receive services to meet physical, mental health needs

<table>
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<tr>
<th>Systemic Factors</th>
<th>Substantial Conformity</th>
<th>Score</th>
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<tbody>
<tr>
<td>Statewide Information System</td>
<td>YES</td>
<td>3</td>
</tr>
<tr>
<td>Case Review System</td>
<td>NO</td>
<td>2</td>
</tr>
<tr>
<td>Quality Assurance System</td>
<td>YES</td>
<td>3</td>
</tr>
<tr>
<td>Training</td>
<td>NO</td>
<td>2</td>
</tr>
<tr>
<td>Service Array</td>
<td>NO</td>
<td>2</td>
</tr>
<tr>
<td>Agency Responsiveness to the Community</td>
<td>YES</td>
<td>3</td>
</tr>
<tr>
<td>Foster and Adoptive Parent Licensing, Recruitment, and Retention</td>
<td>NO</td>
<td>2</td>
</tr>
</tbody>
</table>

'Scores are based on a scale from 1 to 4, where 1 signifies the lowest and 4 the highest compliance level.

According to ACF, challenges facing the state included high caseloads and turnover of social workers, an insufficient number of foster homes and lack of caregiver support and training, a lack of statewide implementation of innovative practices, and a lack of needed services (e.g., mental health and substance abuse treatment services).

**PIP and Targeted Funding.** The state’s PIP was finalized in 2008 and included the goals of expanding or strengthening: 1) case planning strategies that involve youth and families, 2) more consistent efforts to support permanency across a child’s time in foster care, 3) caregiver recruitment, training, and support, 4) flexibility in services and supports to meet children and families’ needs, 5) staff and supervisor training, and 6) implementation of a statewide risk-assessment system. The 2009-10 budget includes $22.2 million ($12.7 million GF), and the Governor’s proposed 2010-11 budget includes $23.1 million ($13.0 GF), in resources designated to support some of these PIP goals.

**PANELISTS**

- DSS. Please provide an overview of the most recent CSFR and address the questions indicated in the agenda.
- DOF
- LAO
- Public Comment
Possible Questions

What are the factors that lead to the state’s poor performance on such critical measures related to the health, safety, and well-being of children who have been abused or neglected?

Please summarize the PIP process and the state’s progress to date on meeting its goals. In particular, how has the Department implemented the PIP strategies for which the 2009-10 budget dedicated specific resources?

How confident is the Department that the state will meet its PIP goals and will improve on critical performance measures prior to the next federal review of our child welfare system?

Staff Recommendation:

This is an oversight item – no action is necessary.
ISSUE 2: CHILD WELFARE SERVICES VETO

When he signed the amendments to the 2009-10 budget contained in ABx3 1 (Chapter 1, 3rd Extraordinary Session, Statutes of 2009) in July 2009, the Governor used a line-item veto to make an unallocated reduction of $80.0 million GF to CWS and foster care programs. After the Administration allocated the vetoed funding across programs, the total cut to CWS was $133.5 million, including $53.5 million in federal fund losses corresponding to the GF reductions.

BACKGROUND

With its passage of ABx3 1, the Legislature rejected the Governor’s prior proposal to reduce CWS funding by $70.6 million GF (and a then unknown amount of additional, corresponding federal funds). During public hearings, members heard and expressed concerns that such a large reduction would too greatly hinder the state’s ability to protect the health and safety of its most at-risk children.

The Legislature did, however, adopt other targeted reductions to the CWS system totaling roughly $36.5 million GF (and in some cases, additional corresponding federal funds). In particular, the enacted budget for 2009-10 included: 1) $26.6 million GF savings from a 10 percent reduction to the rates paid to group homes and foster family agencies; 2) $4 million GF savings from a decrease to the maintenance and operations budget for the Child Welfare Services/Case Management (CWS/CMS) automated system; 3) $5 million GF savings from a reduction to the Transitional Housing Program Plus, and 4) $900,000 GF savings from reforms to the Adoption Assistance Program. An association of group home providers challenged the group home rate reduction via litigation and as a result, that particular reduction has been enjoined from taking effect.

Implementation of the Veto Reductions. The reductions resulting from this veto impacted close to 60 budget estimate premises or programs under CWS. The largest of those reductions for the 56 non-Title-IV-E waiver counties are outlined on the next page. The remaining $19.1 million GF reduction was allocated to Alameda and Los Angeles counties, which are operating under that federal waiver and have greater discretion to determine their CWS expenditures during the period of that waiver.

A currently pending appeal to the California Supreme Court challenges the Governor’s authority to increase mid-year reductions in appropriations made by the Legislature for some of these CWS, as well as other social services, reductions. A Court of Appeal decision previously approved the Executive authority at issue in that litigation.

For additional information on the implementation of the veto reductions, please see the two attachments to this agenda:
- CWS Veto Summary (pdf)
- CWD Veto Reduction Impacted Programs (excel)
Impacts of the Veto on the Health, Safety & Well-Being of Children. It is too early to know all of the impacts of these reductions to the budget for CWS. Preliminary information reported by the counties indicates the loss statewide of more than 500 front-line social workers who investigate emergency reports of abuse and neglect, help families stay together or be reunited, and work to find children permanent homes so that they do not remain in foster care unnecessarily. The most recent analysis of social worker caseloads conducted by the LAO in 2007-08 estimated that in counties representing 98 percent of the foster care caseload, social worker caseloads already exceeded the minimum (not optimal) standards established by a study conducted in response to the requirements of SB 2030 (Chapter 785, Statutes of 1998). Social worker caseloads at the time were estimated to be less than 80 percent of the minimum standard in counties representing 48 percent of the caseload.

According to the counties, statewide performance data also indicates that reports of abuse and neglect are less likely to be timely investigated. Foster children are being moved between homes more frequently; and the percentage of children getting timely health examinations is steadily decreasing. In addition, an estimated 16,800 current and former foster youth statewide lost a total of $3.6 million in stipends that would otherwise have been available in grants of $50 to $500 to assist with critical needs (e.g., a security deposit for an apartment or bus pass). In some counties, additional matching funds from community partners for these stipends were also lost.

PANELISTS

- DSS. Please review the reductions briefly, citing the major areas that absorbed the vetoed reductions. Please discuss the basis for the reduction executed by the Governor.
- Roger Dickinson, Supervisor District 1, Sacramento County Board of Supervisors
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Keith Price, Social Worker, Riverside County
- Lazara Martinez, Current Foster Youth, Fresno County
- Jennifer Rodriguez, Staff Attorney, Youth Law Center
- DOF
- LAO
- Public Comment

Possible Questions

How does the Administration reconcile the veto of $133.5 million ($80 million GF) for child welfare services with its 2009-10 requests for additional funding to support the state’s Program Improvement Plan (PIP)? With the need underlying the PIP to improve the state’s ability to meet foster children’s basic health, safety, and well-being-related needs?
Please describe how the Department determined, after the budget was enacted, which CWS programs to reduce or eliminate as a result of the vetoed funding.

How is the Department tracking the impacts of the vetoes on the state’s ability to protect at-risk children and to meet federal performance requirements?

**Staff Recommendation:**

Staff recommends restoration of the $80 million GF that was vetoed by the Governor for Child Welfare Services for 2010-11, with accompanying restorations of federal fund amounts to provide the service level that was funded in the 2009-10 Budget that was sent to the Governor as part of the July 2009 Budget Deal. Staff should be directed to work with DOF, LAO, and CWDA on accomplishing the appropriate technical aspects to achieve this intent.
ISSUE 3: TBL PROPOSAL REGARDING SUSPENSION OF RESOURCE FAMILY APPROVAL PILOT (AB 340)

The Governor’s proposed budget for 2010-11 includes TBL to suspend implementation of statutes enacted by AB 340 (Chapter 464, Statutes of 2007) and state that existing law would be implemented when “the Department of Finance determines that sufficient state operations resources have been appropriated.”

BACKGROUND

The resource family approval pilot established by AB 340 requires a three-year pilot program in up to five counties to establish a single, comprehensive approval process for foster care and adoptive families. This pilot was intended to make the licensing process less cumbersome and to prevent unnecessary delays in finding permanent families for foster children. The current licensing process divides caregivers into relatives, foster family homes, and adoptive homes. All caregivers must meet the same health and safety standards, but the processes for each vary and can be duplicative. This pilot was also included in the state’s Program Improvement Plan in response to the 2002 federal review.

The Assembly Appropriations Committee analysis of AB 340 estimated approximately $150,000 GF in state personnel costs for overseeing the development and implementation of this pilot and up to $300,000 GF for its final evaluation. The analysis also recognized that the pilot should lead to some offsetting savings. Local assistance funding of $717,000 ($242,000 GF) was appropriated (but according to CWDA, never allocated to counties) in 2008-09. DSS also submitted a BCP requesting 4.0 limited-term state positions at a cost of $440,000 ($278,000 GF) to implement AB 340 in 2008-09; however, no state operations resources were included in the budget for that year.

For 2009-10, resources were included in the Budget by the administration and were retained by the Legislature. For the 2010-11 Budget, the administration has defunded the activities to zero.

PANELISTS

- DSS. Please describe the administration’s proposal in this area and outline the funding history. Please review any impediments or issues in allocating the funds to the counties for the purposes associated with AB 340.
- DOF
- LAO
- Public Comment
Staff Recommendation:

Staff recommends the following:

1. Rejection of the administration’s TBL proposal to dispense with the Legislature’s authority to assess the sufficiency of resources for these statutory requirements.

2. Hold open the issue of resources for AB 340.

These actions are consistent with those taken in the Senate Budget Subcommittee No. 3.
ISSUE 4: GOVERNOR’S PROPOSAL TO REDUCE CALWORKS GRANTS BY 15.7 PERCENT

The Governor proposes to further reduce CalWORKs grants by an additional $109 per month, or 15.7 percent, bringing the grant for basic living costs to $585 per month for a family of three in a high cost county. If the federal TANF Emergency Contingency Fund (ECF) under federal stimulus is extended through 2010-11, this proposal will save $129.9 million GF and forego $506.5 million in federal funds.

BACKGROUND

CalWORKs provides temporary cash assistance, education, training, and employment programs to families who are unable to meet basic needs (shelter, food, and clothing) on their own. This proposal would impact all 558,664 CalWORKs families (1.4 million individuals).

The following table shows a twenty-year history of the CalWORKs grant in actual dollars and compares it to the grant if it had been adjusted for inflation:

<table>
<thead>
<tr>
<th>State Fiscal Year</th>
<th>1989-90 Grant Adjusted for Inflation</th>
<th>Actual CalWORKs Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>$694</td>
<td>$694</td>
</tr>
<tr>
<td>1990-91</td>
<td>$726</td>
<td>$694</td>
</tr>
<tr>
<td>1991-92</td>
<td>$766</td>
<td>$663</td>
</tr>
<tr>
<td>1992-93</td>
<td>$780</td>
<td>$624</td>
</tr>
<tr>
<td>1993-94</td>
<td>$798</td>
<td>$607</td>
</tr>
<tr>
<td>1994-95</td>
<td>$811</td>
<td>$594</td>
</tr>
<tr>
<td>1995-96</td>
<td>$823</td>
<td>$594</td>
</tr>
<tr>
<td>1996-97</td>
<td>$827</td>
<td>$594</td>
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<tr>
<td>1997-98</td>
<td>$849</td>
<td>$565</td>
</tr>
<tr>
<td>1998-99</td>
<td>$873</td>
<td>$611</td>
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<td>$969</td>
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</tr>
<tr>
<td>2002-03</td>
<td>$1,005</td>
<td>$704</td>
</tr>
<tr>
<td>2003-04</td>
<td>$1,040</td>
<td>$704</td>
</tr>
<tr>
<td>2004-05</td>
<td>$1,069</td>
<td>$723</td>
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<td>2005-06</td>
<td>$1,113</td>
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<td>$1,198</td>
<td>$723</td>
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<tr>
<td>2008-09</td>
<td>$1,261</td>
<td>$723</td>
</tr>
<tr>
<td>2009-10</td>
<td>&gt;$1,300</td>
<td>Took 4% Cut - $694</td>
</tr>
<tr>
<td>2010-11</td>
<td>&gt;$1,300</td>
<td>Governor’s Proposal - $585</td>
</tr>
</tbody>
</table>
The average grant for a CalWORKs family is actually $503 a month.
The maximum grant for CalWORKs family of three with an ineligible adult is $561 a month.
Under the 15.7 percent cut, the grant level for a three-person family with an ineligible adult would be reduced to $473 per month. The average grant would be reduced from $503 to $424 per month.
73.9 percent of CalWORKs adults had zero earnings from work and relied on the CalWORKs cash grant and Food Stamps to survive.
When the 74 percent of households with no earnings are combined with families with incomes below $400 a month it results in more than 80 percent of the caseload living below the poverty level.

**Working Families Losing Aid.** Due to this level of grant reduction, 8,400 families with 16,296 children would lose all CalWORKs assistance.

**Impact on Work Participation.** DSS estimates that this proposal will result in a .9 percent loss of our 2010 WPR (growing to a 2.7 percent annual loss). Our 2007 WPR was 22.3 percent (compared with the required 32.3 percent).

**PANELISTS**
- DSS. Please be prepared to respond to the questions below.
- Michael Herald, Legislative Advocate, Western Center on Law and Poverty
- Scott Graves, California Budget Project
- Frank Mecca, County Welfare Directors Association
- DOF
- LAO
- Public Comment

**STAFF COMMENT**

Federal interactions regarding the extension of TANF ECF should also weigh into any discussion on grant level changes, as the current match for benefits under the ECF is highly advantageous to the state at $1 state funds to $4 in federal funds.

**Possible Questions**

If grants are reduced by 15.7 percent, please explain how they relate to current costs of living in California? Please explain this for a high-cost county and a low-cost county.

What trends in homelessness is the administration seeing? Please describe how this is affected by the one-time nature of homelessness assistance.
Staff Recommendation:

Considering the grave implications for basic living of this proposal on low-income families and children, staff recommends holding this item open.
ISSUE 5: GOVERNOR’S PROPOSAL TO REDUCE CHILD CARE REIMBURSEMENT

The Governor’s budget proposes to reduce, effective July 1, 2010, the level at which the state reimburses child care providers. As a result, licensed providers would be reimbursed at no more than the 75th percentile of the 2005 Regional Market Rate (RMR), instead of the current ceiling of the 85th percentile. License-exempt providers would be reimbursed at up to 70 percent of the newly established RMR ceiling, instead of the current of 90 percent. Savings in 2010-11 would be $3 million for licensed providers of Stage 1 care (45 percent of caregivers) and $52 million for license-exempt providers (55 percent of caregivers).

BACKGROUND

State law requires that child care must be available to CalWORKs recipients receiving cash aid in order to meet their program participation requirements. The CalWORKs child care is delivered in three stages:

- Stage 1 begins when a participant enters the CalWORKs system.
- Stage 2 lasts from when the county deems families to be “stable” until up to two years after they stop receiving cash aid.
- Stage 3 is provided to former CalWORKs recipients as long as their income remains below 75 percent of the state median income (SMI) and their children are younger than age 13.

Families often use the same child care provider throughout these different stages of CalWORKs.

PANELISTS

- DSS. Please be prepared to respond to the questions below.
- DOF
- LAO
- Public Comment

Possible Questions

What are the expected impacts on child care availability and accessibility as a result of the proposal? What research and evidence does the administration have to support its assessments in prospective impact?
Staff Recommendation:

Considering the serious implications of this proposal on access to child care services to enable work, staff recommends holding this item open.
**ISSUE 6: CALWORKS SINGLE ALLOCATION REDUCTION**

The funding for counties to administer the program and provide services, called the "single allocation," which totals about $1 billion, was cut dramatically by $420 million in 2009-10 and with an agreement to cut $375 million in 2010-11, summing to a two-year overall reduction of $795 million. The 2009-10 cut reduced welfare-to-work services by $162 million and child care services by $215 million.

**BACKGROUND**

**Exemptions for Families with Young Children.** To help counties prioritize resources given this reduction in funding, budget legislation exempts families with a child under age two, or with two or more children under the age of six, from work participation requirements.

**Expected Impact and Issues for Consideration**

- **Caseloads Increasing by 10 percent.** Caseloads in the CalWORKs program have been increasing since 2007-08, when the economic recession hit and unemployment began to rise to record levels. Unemployment in California holds currently at 12.5% statewide. CalWORKs caseloads are continuing to rise by 10.6 percent in 2009-10 and are expected to continue to increase in 2010-11 by 8.4 percent. Counties are reporting high numbers of increases.

- **Federal Stimulus Funds and Exemptions Mitigating Impact of Service Reductions.** General Fund support for CalWORKs in 2009-10 remained essentially flat at about $2 billion. This is due to the budget plan including about $700 million in budget reductions and because of an increase in federal Temporary Assistance to Needy Families (TANF) Emergency Contingency Funds (ECF) provided pursuant to ARRA.

- **Likely impact to be seen in fourth quarter (April-June 2010).** Counties report increases in the new exemptions and good cause exemptions, along with substantial decreases in child care caseload. The effects of the cut will likely worsen over time in the current year as resources are further depleted.

Overall, the impact of the FY 09-10 CalWORKs Single Allocation curtailment is that many more participants are exempt from welfare-to-work participation and not working or engaged in welfare-to-work activity. In Los Angeles County, as of February 2010, there were 23,269 parents/caretaker relatives who were exempt, based on the new exemptions for parents with a child under 2 or two children under 6, and only 5312 of those exempt parents/caretaker relatives were voluntarily participating in the CalWORKs welfare-to-work program. Therefore, about 18,000 CalWORKs aided adults
who would have been required to participate in welfare-to-work are now exempt and not participating.

The likely adverse consequences of this major increase in exemptions include:

- Longer duration of CalWORKs receipt.
- Higher CalWORKs grant expenditures due to higher caseload and less participants working and receiving a partial grant.
- Lower work participation rate

**PANELISTS**

- DSS. Please be prepared to speak to the effects of the single allocation reduction in counties. With a cut of this magnitude, please describe how the character of and supports within the program are changing.
- CWDA
- WCLP
- DOF
- LAO
- Public Comment

**Staff Recommendation:**

Staff recommends adoption of reporting language for DSS, collaborating with counties and other stakeholders, including legislative staff, on the changes seen in the program as a result of this reduction in child care and employment services, with a product to the Legislature due by January 10, 2011 with the release of the Governor's budget. The report should also address considerations regarding ramp up prior to the July 1, 2011 date when the single allocation will restore to historical levels and the reforms discussed in the next item are scheduled to go into effect.
ISSUE 7: TBL PROPOSAL REGARDING CALWORKS REFORMS EFFECTIVE JULY 1, 2011

The administration has proposed extensive trailer bill language as part of the Governor's budget regarding the CalWORKs adopted reforms that take effect July 1, 2011. Major program changes, outlined below, were adopted as part of the July 2009 Budget Deal.

BACKGROUND

Effective July 2011, budget legislation, in AB X4 8 of 2009, makes significant changes to CalWORKs sanction policies, time limits, and eligibility rules as follows:

Limit to 48 Consecutive Months of Aid. Currently, able-bodied adults are generally limited to 60 months of aid. Once an adult reaches 60 months, the family's grant is reduced by the amount attributable to the adult, and the children continue to receive aid in a program informally known as the safety net. Budget legislation limits adult receipt of aid to 48 consecutive months. After 48 months, the adult is removed from the case and the children continue to be aided in the safety net. After "sitting out" for one year, the adult can rejoin the case for up to one year and the family's grant is restored, assuming the adult avoids program sanctions.

Self-Sufficiency Reviews. Currently, aided adults must be recertified for eligibility with an in-person interview each year. Budget legislation requires adults in CalWORKs cases who are not meeting participation requirements to instead meet with a county social or employment worker every six months. The purpose of the review is to determine barriers to participation and help connect the recipient to appropriate services and resources. If the adult does not attend the review, the family's grant is reduced by 50 percent.

Increase in Sanctions for Noncompliance. Currently when an adult does not meet work participation requirements, the family's grant is reduced by the amount attributable to the adult (leaving the family with a grant equal the “child-only” portion of the original grant). Budget legislation requires imposition of additional financial sanctions if the adult does not comply with work participation requirements. Specifically, if the noncompliance persists for an additional 90 days, the family's grant is reduced to 75 percent of the child-only grant. If the noncompliance persists for another 90 days, then the grant is reduced to 50 percent of the child-only grant. Before imposing these additional financial sanctions, counties must review and assess each case to identify barriers to participation and make good faith efforts to remediate any barriers identified.

Time in Sanction Counts Toward Time Limit. Currently, during those periods for which an adult is being sanctioned, their time on aid does not count toward the 60-month time limit. Pursuant to budget legislation, any months a CalWORKs recipient
spends in sanction status will count toward the 48– and 60–month time limits on their aid.

PANELISTS

- DSS. Please be prepared to briefly describe the activities DSS is engaging in to prepare for the July 1, 2011 date and what assumptions it is making regarding proposed trailer bill language changes.
- Michael Herald, Legislative Advocate, Western Center on Law and Poverty
- Frank Mecca, County Welfare Directors Association
- DOF
- LAO
- Public Comment

STAFF COMMENT

The substantive and extensive nature of the proposed trailer bill language from the administrative have raised serious concern among stakeholders, including counties, advocates, and legislative staff. Many of the proposed changes would result in additional negative impact to CalWORKs families that was not foreseen, implied, or validated by the statute as adopted at the end of the negotiations in closing the 2009-10 Budget.

Staff Recommendation:

Staff recommends that the Subcommittee (1) direct the DSS and administration to not assume that any changes in their proposed TBL are adopted by the Legislature as they develop instructions for counties and (2) advise counties that adhering to statute is the only legal obligation that counties should assume; any ACL released that oversteps this does not have the force of law.
ISSUE 8: COMMUNITY CARE LICENSING PROGRAM UPDATE

With a total budget of $107.8 million ($20.7 million GF) and more than 1,000 state operations staff (plus 87 county staff who perform licensing duties locally) in 2009-10, CCL oversees the licensure of approximately 83,000 facilities, and has the responsibility to protect the health and safety of the individuals served by those facilities. For the last several years, DSS has provided an update on the current status of CCL’s workload and performance with respect to statutory requirements. The Department will provide that update again during this hearing.

BACKGROUND

The facilities licensed by CCL include child care centers; family child care homes; foster family and group homes; adult residential facilities; and residential care facilities for the elderly. CCL does not license skilled nursing facilities (licensed by the Department of Health Care Services) or facilities that provide alcohol and other drug treatment. All individuals seeking to be licensed to operate, work in, or reside at a community care facility (approximately 197,000 in 2009-10) must first complete a criminal background check that is processed (and in some circumstances investigated) by CCL. CCL is also responsible for reviewing and responding to any reports of criminal activity that lead to an arrest subsequent to an initial background check. CCL also performs regular inspection visits to licensed facilities and responds to complaints regarding facilities (roughly 13,000 in 2009-10).

Additional Background on Inspection Requirements. DSS is required to conduct pre- and post-licensing inspections for new facilities (including when a previously licensed facility changes hands). In addition, the Department must conduct unannounced visits to licensed facilities under a statutorily required timeframe. Prior to 2003, these routine inspection visits were required annually for all facilities except family child care homes (which received at least triennial inspections). In 2003, a human services budget trailer bill (AB 1752, Chapter 225, Statutes of 2003) reduced the budget for CCL by $5.6 million and reduced the frequency of these inspections. As a result, CCL must visit a small number of specified facilities and conduct random, comprehensive visits to at least 10 percent of the remaining facilities annually. Ultimately, the Department must visit all facilities at least once every five years. In addition, there is a “trigger” by which annually required inspections increase if citations increase by 10 percent from one year to the next. Finally, CCL is required to respond within 10 days to complaints and may conduct related onsite investigations.

After the 2003 changes, DSS fell significantly behind in meeting the new requirements. The trigger for increased annual inspections due to a higher number of complaints was pulled twice and then suspended. In 2006-07, DSS was given 29 limited-term staff specifically for the purpose of ensuring that the Department could visit each facility once every five years. These positions were extended for an additional 18 months, covering part of 2008-09. With these staff, CCL reduced its inspection backlog from over 10,000
to less than 1,000 facilities. Currently, there are 449 due and overdue five year inspections.

**Current Performance of CCL Duties.** In 2009-10, CCL projects that it will conduct 82 percent of its required routine inspection visits within the required timeframe (declining from 97 percent in 2007-08 and 92 percent in 2008-09) and accrue a backlog of 40 overdue inspections each month (down from 236 per month in 2008-09). CCL also projects that it will conduct 93 percent of complaint-related visits on time within 10 days (declining from 96 percent in 2007-08 and 2008-09). Finally, CCL anticipates a declining total number of citations (down to 48,000 from 80,000 in 2007-08 and 66,000 in 2008-09) and of serious incident and citation follow-up visits (down to 19,000 from 23,500 in 2007-08 and 20,700 in 2008-09). The Department attributes these decreases in 2008-09 and 2009-10 at least in part to the impacts of furloughs and staffing cuts.

**PANELISTS**

- DSS. Please be prepared to respond to the questions below.
- DOF
- LAO
- Public Comment

**Possible Questions**

Please provide an overview of the funding and staffing for CCL in recent years and how the department has performed with respect to its criminal background check, routine inspection, and complaint investigation responsibilities.

What are the challenges CCL faces in meeting its statutory duties?

**Staff Recommendation:**

No action is required – this issue is included as an oversight item.
ISSUE 9: APRIL 1 FINANCE LETTER – INSPECTION AND FEE CHANGE PROPOSAL

DSS proposes, in a Spring Finance Letter and corresponding Trailer Bill and Budget Bill Language (TBL and BBL), to overhaul, effective January 1, 2011, statutory licensing inspection requirements. The Administration also proposes to raise facility application and annual fees by 10 percent. The BBL would allow the Department of Finance to reduce the GF authority for CCL commensurate with the amount of additional fee revenue that CCL receives (anticipated to be $1.4 million for six months of 2010-11 and $2.8 million annually thereafter). DSS has indicated that the costs for automation changes associated with this proposal would be absorbed as part of its ongoing system maintenance costs.

BACKGROUND

Proposed Inspection Requirements. The proposed TBL would require annual, unannounced inspections for all facilities, with the exception of biennial inspections for family child care homes. As a result, approximately 42,000 facilities would receive annual inspections and 41,000 would receive biennial inspections. These inspections would, however, use an assessment process that is less comprehensive than existing inspection protocols. The Department anticipates that the changes would reduce by roughly half the time required for an inspection (e.g. from four to two hours for a residential care facility for the elderly). The new protocols would include “zero tolerance” violations, like fire clearance or access to bodies of water, and “key indicators,” such as criminal record clearances for adult residents and medication storage requirements. Per DSS, the new protocols would vary by facility category, and details would be developed depending on common complaints and on the input of stakeholders relevant to each of the facility categories.

The proposed changes would also eliminate existing requirements for pre-licensing inspections when a facility is sold or transferred to a new owner, and eliminate requirements for all post-licensing inspections (inspections that must occur within 90 days of the facility’s acceptance of its first client for placement). DSS annually conducts approximately 1,800 pre-licensing visits where an existing, previously-licensed facility is changing ownership. The fiscal savings tied to the lack of a requirement for these visits is estimated at $349,000 for 5.5 staff.

Justification for Changes in Inspection Requirements. According to DSS, existing law and fluctuations in resources for CCL are placing the health and safety of vulnerable children and adults in community care facilities at risk. More frequent inspections would allow for more opportunities to address health and safety concerns. DSS has also indicated that the current statutory trigger mechanism is not effective because it assumes that increased citations would indicate increased health and safety violations, without taking into account the reduction in citations that may result from reduced frequency of inspections.
Background on Fees and Proposed Fee Changes. The 2009-10 budget increased application and annual fees by 10 percent, which was the first increase since 2004-05. As a result, fees currently cover about 21 percent of the costs for the state’s licensing and enforcement activities. The chart below compares recent and current annual and application fees to those proposed. In addition, CCL proposes a new $100 fee for any facility in which a citation has been issued and a follow-up inspection is needed to verify compliance.

Examples of Current and Proposed CCL Fees

<table>
<thead>
<tr>
<th>Facility Type</th>
<th>Annual Fee</th>
<th>Application Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family child care home (1-8 children)</td>
<td>$60</td>
<td>$66</td>
</tr>
<tr>
<td>Child care center (1-30 children)</td>
<td>200</td>
<td>220</td>
</tr>
<tr>
<td>Adult day facility (16-30 adults)</td>
<td>125</td>
<td>138</td>
</tr>
<tr>
<td>Residential facility (16-30 residents)</td>
<td>750</td>
<td>825</td>
</tr>
<tr>
<td>Foster family agency</td>
<td>1,250</td>
<td>1,375</td>
</tr>
</tbody>
</table>

PANELISTS

- DSS. Please be prepared to respond to the questions below.
- DOF
- LAO
- Public Comment

Possible Questions

Please summarize this proposal, including the process the Department undertook when considering its options for how to meet licensing duties going forward. Please include a high-level description of how the proposal would change the duties and workload of CCL.

How did the Department calculate the costs associated with this proposal? How confident is the Department that the proposed inspection requirements are realistic given CCL and local licensing staff levels?

How has and will the Department engage with providers and stakeholders regarding these proposed changes?
How and when would front-line licensing staff receive training in the new inspection protocols? Would they continue to also receive training on and be expected to cite facilities for observed violations of regulations that are not included in those protocols?

Staff Recommendation:

Staff recommends holding this item open and directing the DSS to meet with stakeholders, inviting legislative staff and including those who have expressed concerns and opposition, for a thorough briefing on (1) the particulars of the assessment tool, (2) the proposed inspection protocol, and (3) the administration's proposed trailer bill language prior to the May Revision and report back with an update to Subcommittee staff on the issues raised and how the proposal might change to address these.