AGENDA ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

Assemblymember Hector De La Torre, Chair

WEDNESDAY, MARCH 30, 2005, 1:30 PM STATE CAPITOL, ROOM 444

ITEMS TO BE HEARD

ITEM	DESCRIPTION	PAGE
5180	Department of Social Services	2
Issue 1	Child Welfare in Los Angeles	2
Issue 2	Child Welfare Improvement Pilots	4
Issue 3	County Share of Federal Penalties	8
Issue 4	Next Steps for AB 636	12
Issue 5	SB 2030 Caseload Standards	14
Issue 6	Foster Care Caseload Estimates	17
5180	Department of Social Services	19
4130	Health and Human Services Agency Data Center	19
Issue 7	CWS/CMS Go Forward Plan	19
Issue 8	Public Comment	20

ITEMS TO BE HEARD

ITEM 5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: CHILD WELFARE IN LOS ANGELES

The County of Los Angeles will present its Child Welfare strategy.

BACKGROUND:

As the largest county in California, Los Angeles County represents 35 percent of the State's Child Welfare caseload and 39 percent of the State's Foster Care caseload. The Los Angeles Department of Child and Family Services (DCFS) is responsible for child welfare and foster care for the county.

The Los Angeles County Department of Children and Family Services has established three key goals for its child welfare program:

- 1. Improved Permanence Shortening the timelines for permanency for children removed from their families with a particular emphasis on reunification, kinship, and adoption. This also includes reductions in the emancipation population.
- 2. Improved Safety Significantly reducing the recurrence rate of abuse or neglect for children investigated and reduce the rate of abuse in foster care.
- 3. Reduced Reliance on Detention Reduce reliance on removing children from their homes through expansion of alternative community-based strategies to help families.

DCFS is pursing a number of strategies to meet these goals. This includes seeking approval to apply for a federal Title IV-E waiver, which would provide the spending flexibility for preventative services. Other recent initiatives include reducing caseloads by hiring more social workers, social worker supervisors and Public Health Nurses, and re-deploying hundreds of existing DCFS social workers and supervisors to case-carrying positions. In an effort to make sure the vital medical, psychological and educational needs of children residing in group homes is met, DCFS also initiated the redesign of group home and Foster Family Agency contracts to create better accountability.

Also, LA County DCFS has embarked on a number of initiatives to improve outcomes and implement changes in its child welfare program. Among these:

- LA County DCFS is one of 11 pilot counties selected by the State to develop protocols and targeted implementation of three deliverables (differential response, standardized safety assessment, and permanency and youth protocols) as part of the child welfare system improvement efforts.
- DCFS Implemented a Permanency Partnership Program (P3) in collaboration with the Consortium for Children to enable foster youth establish connections with one or more adults who will mentor and support the youth, with the ultimate

goal of helping the youth reunify with his/her family or move out of long term care and into adoption or legal guardianship.

- Reduced its backlog of adoption home studies. As of December 2004, Los Angeles County had completed 2,049 of the 2,085 adoption home studies that were pending as of June 16, 2003, and efforts have been made to identify and address the remaining 36 backlogged home studies.
- With the support of their local Dependency Court, DCFS implemented Family Group Decision Making to engage the family in creating plans to ensure the safety and protection of children. The Department also utilizes FGDM to assist emancipating foster youth in developing their emancipation plans. There are many benefits identified by the department for using FGDM, including better working relationships between families, the department and the courts, increased use of community-based resources to support children and families, and reduced child maltreatment.
- Concurrent Planning as a case management tool, where social workers assist
 families to reunify while at the same time develop an alternative permanent
 placement plan, preferably with an extended family member. The goal is to
 reduce the total period of time a child remains in foster care before being
 permanently placed with a family.
- Los Angeles County was the first county in the State to implement the "Family to Family" initiative, spearheaded by the Annie E. Casey Foundation, which provides a set of strategies and tools to improve outcomes for children and families in the child welfare system. Los Angeles County DCFS implemented in 1996 and since then has been joined by 21 other counties and many states to utilize the strategies and tools to achieve desired child welfare outcomes. The initiative includes four core strategies, which include team decision making, recruitment of resource families, building community partnerships, and evaluating results.

PANELISTS:

Dr. David Sanders, Director Los Angeles County Department of Child and Family Services.

STAFF COMMENT:

Since Los Angeles County represents such a large percentage of the State's caseload, California's ability to meet federal Child Welfare outcome goals will depend to a large degree on the county's success in improving its outcomes.

ISSUE 2: CHILD WELFARE IMPROVEMENT PILOTS

The Department of Social Services has proposed a proposal to address the State Foster Care performance through Child Welfare Improvement Pilots.

BACKGROUND:

Program Improvement Plan (PIP)

The PIP is a plan that the State submitted to the federal government to illustrate the steps California would take to improve performance. While the new federal review process establishes fiscal penalties, states will not be immediately assessed a penalty upon failing the review. Before the assessment of a penalty, states will have the opportunity to submit program improvement plans (PIPs) designed to move them toward meeting the federal outcome measures. Each state has 90 days in which to submit a plan following the release of its final federal report. With a goal of continued quality improvement, states whose performances remain below the national standard in subsequent reviews will be required to establish new benchmarks of improvement, moving those states closer toward the attainment of the national standard. As long as states continue to meet their agreed upon benchmarks, the penalties will be held in abeyance.

Child Welfare Improvement Pilots

The Department of Social Services, responding to the federal review, input from the child welfare community and counties, as well as legislative direction, established a series of pilots that was labeled the "Child Welfare System Redesign" proposal but has since been renamed "Child Welfare Improvement Pilots". The counties are: Contra Costa, Glenn, Humboldt, Los Angeles, Sacramento, San Luis Obispo, San Mateo, Stanislaus, Tehama, Placer and Trinity. These three initiatives are piloted at 11 counties across the State:

- 1. The California Standardized Safety Assessment System: This system establishes the standards, tools, and practice application to improve California's safety outcomes. The Standardized Safety Assessment System is a critical component of the state's Program Improvement Plan activities that will improve safety and child well-being outcomes for children and families.
- 2. Differential Response: Beginning at the Child Welfare Services (CWS) Hotline, the new Differential Response intake system provides a more customized response to families through case planning and development, and provides enhanced services to support the specific needs of children and families. A more responsive intake system with customized services and supports will improve outcomes for children and their families.

- 3. **Increased Foster Youth Permanency:** Permanency practice improvements include:
 - Enhanced casework practices that engage family and youth in development of the case plan,
 - improved activities to support family and youth participation in case planning, and
 - Support for resources and services for customizing case plans.

These system and practice improvements will ensure a safe, stable and supportive environment for a child to receive needed services/resources to keep his/her family intact or, if needed, to place in a permanent home as safely and as quickly as possible.

In the Program Improvement Plan submitted to the federal government, DSS includes these initiatives among the strategies the State will implement to improve performance statewide. The Budget contains \$26.6 million (\$14.1 million General Fund) for these activities.

Proposal	FY 04-05 Funding (\$ Millions)	FY 05-06 Funding (\$ Millions)
Differential Response Continuing		
Effort for 11 Counties in First Cohort	10.2	5
Differential Response New 11		
County Cohort	0	10.2
Safety Assessment Continuing		
Effort for 11 Counties in First Cohort	6.2	2
Safety Assessment New 11 County		
Cohort	0	6.2
Permanency Protocols Continuing		
Effort for 11 Counties in First Cohort	2.1	1.1
Permanency Protocols New 11		
County Cohort	0	2.1
Total Funding	18.5	26.6

FEDERAL REVIEW MEASURES:

Goal	Indicator	Federal Standard	State Initial Performance	UC Berkeley Data	State PIP Target	Recent Performance
Safety Outcomes	Recurrence of Maltreatment	6.1% or less	10.7%	10.9%	8.9%	8.7%
	Incidence of Child Abuse and/or Neglect in Foster Care	0.57 % or less	1.1%	N/A	0.53%	0.81%
Permanency Outcomes	Foster Care Re- entries	8.6 % or less	10.7%	9.3%	9.4%	10.5%
	Stability of Foster Care Placement	86.7 % or more	77.8%	82.9%	81.6%	85.8%
	Length of Time to Achieve Adoptions Goal	32% or more	18.0%	16.4%	20.9%	27.6%
	Length of Time to Achieve Reunification	76.2% or more	53.2%	53.7%	57.2%	63.4%

Systemic Measure	Goal					
Passed						
Agency Responsiveness to Community	A discussion of the State's involvement of community stakeholders in the planning and development of the Child and Family Services Plan.					
Statewide Information System	The ability of the State to operate a Statewide Information system that can determine the status, location and goals of children in foster care.					
Failed						
Case Review System	The ability of the State to ensure that each child in foster care has a completed case plan and timely court hearings.					
Foster and Adoptive Parent Training, Licensing, Recruitment, and Retention	The State's ability to establish and maintain standards for foster and adoptive homes.					
Quality Assurance System	The implementation of standards that ensure that children in foster care are provided services that protect their health and safety					
Service Array	The ability of the State to provide prevention, reunification or permanency planning services to children and families.					
Staff Training	A discussion of the State's training programs for new and experienced social workers, foster and adoptive care providers.					

PANELISTS:

Bruce Wagstaff
Department of Social Services

Frank Mecca County Welfare Director's Association

STAFF COMMENT:

The Department has met with counties and legislative staff regarding the timing and rollout of the second cohort of counties participating in the pilots. It may adjust the budget proposal based upon the feedback it receives.

ISSUE 3: COUNTY SHARE OF FEDERAL PENALTIES

The Administration is proposing to pass federal Child Welfare performance penalties on to Counties.

BACKGROUND:

California could be fined as much as \$73.9 million a year in the future for not meeting our federally required Program Improvement Plan goals. The PIP penalties are assessed in a three year process which starts after the initial federal review is completed. There are 7 outcome factors and 7 systemic factors (14 total) the federal government reviews for compliance. For each one of the 14 factors found out of compliance, a penalty of 1 percent of the State's entire IV-B allocation and 10% of the IV-E administrative funds will be applied up to a maximum of 14% the first year. This increases to 28% in the second year and 42% in the third year. This results in the following maximum penalty amounts:

Maximum Penalty 1st year: \$24.6 Million
Maximum Penalty 2nd year: \$49.3 Million
Maximum Penalty 3rd year: \$73.9 Million

In the initial review, California passed two (Statewide Information System and Agency Responsiveness to the Community) of the 14 outcome indicators (list attached), so our maximum risk for the first year decreased from \$24.6 million to \$18.1 million. The State is currently in the second year of the penalty process so if the federal Region IX office determines that California is not satisfactorily meeting all 14 outcome indicators in the second year, the maximum penalty the State would be at risk of is \$49.3 Million and year three, the State would be at risk of \$73.9 Million. Those amounts could be reduced if we are found to meet some or all of the outcome indicators. However, California will not know until it receives notification from Region IX.

Under the current federal regulations, the penalties can only be set aside if a State has satisfactorily met all the terms of the Program Improvement Plan (PIP). The responsibility for making a final determination on whether a State meets/does not meet the terms of the PIP is delegated to the federal Regional offices (in California - Region IX).

The Governor's Budget includes Trailer Bill Language that would pass federal Child Welfare penalties from the State to counties. The penalty would be apportioned to counties that were unable to meet the performance goals that prompted the penalty from the federal government.

PROPOSED TRAILER BILL LANGUAGE:

10605. If the director believes that a county is substantially failing or has failed to comply with any provision of this code, federal law, or any regulation pertaining to any program administered by the department, or any program over which the department has oversight responsibility under State or federal law, and the director determines that formal action may be necessary to secure compliance, he or she shall inform the county welfare director and the board of supervisors of that failure and of the actions necessary for the county to come into compliance, including any financial adjustments as specified in subdivision(b). The notice to the county welfare director and board of supervisors shall be in writing and shall allow the county a specified period of time, not less than 30 days, to correct its failure to comply with the law or regulations and to make specified financial adjustments.

If within the specified period the county does not comply or provide reasonable assurances in writing that it will comply within the additional time as the director may allow, and make the specified financial adjustments, the director may take one or both more of the following actions:

- (a) Bring an action for injunctive relief to secure immediate compliance. Any county which is found to be failing in a substantial manner to comply with the <u>State or federal</u> law or regulations pertaining to any program administered by the department may be enjoined by any court of competent jurisdiction. The court may make orders or judgments as may be necessary to secure county compliance.
- (b) Order the county to pay to the State any State or federal funds received by the county in a program determined by a cognizant federal agency or court to be out of compliance with State or Federal laws, in an amount not to exceed an amount of funds subject to federal penalty, deferral, or disallowance, or court order.
- (1) The Department shall apportion costs to non-complying counties arising from federally imposed or court ordered financial penalties or costs, to the extent that such apportionment is possible based solely on the federal or court determination of non-compliance.
- (2) If apportionment of penalties or costs to non-complying counties that arise out of a federal determination or court order is not possible based solely on the federal or court determination of non-compliance, the Department may apportion such penalties or costs to non-complying counties based on the results of a random sampling of cases with a statistical confidence level not to be less than 90 percent and a statistical confidence interval not to exceed 10 percent.

 (3) In the event that apportionment of penalties or costs to non-complying counties arising from federally imposed or court ordered financial penalties or costs is not possible based solely on the federal or court determination of non-compliance, and the department has not conducted a random sampling to

determine the proper apportionment of such penalties or costs to non-complying counties, the Department shall apportion such costs to all counties based on the proportion of federal funds that county receives to the total amount of federal funds received by the counties for the affected program.

Order the county to appear at a hearing before the director with the State Social Services Advisory Board Committee on Welfare and Social Services to show cause why the director should not take administrative action to secure compliance. The county hearings shall be conducted pursuant to the rules and regulations of the department. If the director determines, based on the record established at the hearing and the advice of the State Social Services Advisory Board Committee on Welfare and Social Services, that the county is failing to comply with the provisions of this code or the regulations of the department, or if the State Personnel Board certifies to the director that a county is not in conformity with established merit system standards under Part 2.5 (commencing with Section 19800) of Division 5 of Title 2 of the Government Code, and that administrative sanctions are necessary to secure compliance, the director may invoke either of the following sanctions:

- (4c) Withhold all or part of state and federal funds from the county until the county demonstrates to the director that it has complied.
- (2d) Assume, temporarily, direct responsibility for the administration of all or part of any or all programs administered by the department in the county until the time as the county provides reasonable assurances to the director of its intention and ability to comply. During the period of direct state administrative responsibility, the director or his or her authorized representative shall have all of the powers and responsibilities of the county director, except that he or she shall not be subject to the authority of the board of supervisors.

In the event that the director invokes sanctions pursuant to this section, the county shall be responsible for providing any funds as may be necessary for the continued operation of all programs administered by the department, or any program over which the department has oversight responsibility under State or federal law, in the county. If a county fails or refuses to provide these funds, including a sufficient amount to reimburse any and all costs incurred by the department in directly administering any program in the county, the Controller may deduct an amount certified by the director as necessary for the continued operation of these programs by the department from any state or federal funds payable to the county for any purpose.

The county may request a hearing before the Director or the director's designee.

The county hearing shall be conducted pursuant to the rules and regulations of the department.

Nothing in this section shall be construed as preventing a county from seeking judicial review under Section 1094.5 of the Code of Civil Procedure of any final decision of the director made after a hearing conducted under this section. This review shall be the exclusive remedy available to the county for review of the director's decision. Nothing in this section shall be construed as preventing the director from bringing an action for writ of mandamus or any other action in court as may be appropriate to insure that there is no interruption in the provision of benefits to any person eligible therefore under the provisions of this code or the regulations of the department.

PANELISTS:

Bruce Wagstaff
Department of Social Services

Frank Mecca County Welfare Director's Association

STAFF COMMENT:

Although counties are being asked to contribute toward fiscal penalties, the counties had no part in shaping the State's Performance Improvement Plan.

The budget does not assume any savings to the State General Fund from this proposal.

ISSUE 4: NEXT STEPS FOR AB 636

The Governor's budget includes funding to continue AB 636 activities in the budget year.

BACKGROUND:

In 2001, the Legislature passed AB 636 (Steinberg). AB 636 established the Child Welfare Outcomes and Accountability System which measures outcomes-based indicators for each county, including the measures used in the federal Child and Family Service Review. Counties began to receive data from AB 636 this year. This data allows the county to identify weaknesses in its performance and focus its efforts upon specific areas.

The AB 636 effort also required counties to undertake a process to improve their own performance. Counties are required to complete a self-assessment of strengths and weaknesses, conduct county peer quality case reviews, and formulate a County System Improvement Plan (SIP). The SIP is developed by the county's lead agencies child welfare agency in collaboration with their local partners, like the mental health and probation departments and are approved by the County Board of Supervisors and CDSS. The overall focus of the plan is a commitment to specific measurable improvements in performance outcomes that the county will achieve within a defined timeframe. The SIP will establish program priorities, define the actions steps to achieve improvement and establish the specific percentage increases in performance that the county will achieve within the term of the plan.

The Governor's budget includes the following funding for AB 636 activities next year:

- \$11.2 million (\$5 million General Fund) for County Self-Assessment and System Improvement Plan (SIP)
- \$1 million (\$463,000 General Fund) for Data Requirements for New AB 636 Activities
- \$1.2 million (\$508,000 General Fund) for Peer Quality Case Reviews

PANELISTS:

Bruce Wagstaff
Department of Social Services

Frank Mecca County Welfare Directors Association

Curtis Child National Center for Youth Law

STAFF COMMENT:

The State's implementation of AB 636 will play an important role in improving State outcomes. The effort not only allows the State to identify specific performance issues in specific counties, it includes a mechanism for counties to focus upon and improve their own outcomes. If the State could provide more support to help counties to implement County System Improvement Plans, it has the potential of making a substantial difference in the State's performance in the Federal Review outcome measures.

ISSUE 5: SB 2030 CASELOAD STANDARDS

County staffing for child welfare services lags behind State minimum requirements.

BACKGROUND:

In 1998 SB 2030 (Costa) Chapter 785, Statutes of 1998 required the Department of Social Services to commission a study of counties' caseloads. At the time, the study concluded that for most categories the caseloads per-worker were twice the recommended levels. According to the study, it was difficult for social workers to provide services or maintain meaningful contact with children and their families because of the number of cases they were expected to carry.

The report also found that the 1984 standards used by the state were based on outdated workload factors, and did not reflect any additional responsibilities that had been placed on social workers by the State and federal governments. These findings and the minimal and optimal social worker standards proposed by the report (see chart below), have dominated budget discussions regarding staffing standards since the report's release. However, due to the State's budget shortfalls, the department has continued to use the 1984 workload standards, instead of the minimal and optimal standards, as the basis for allocating funds to counties for child welfare services staff.

Workload Standards Cases Per Social Worker						
	Emergency Response E Assessment		Family Naintenance Ro		Permanent Placement	
1984 Workload Standards SB 2030 Standards:	322.5	15.8	35.0	27.0	54.0	
Minimal Optimal	116.1 68.7	13.0 9.9	14.2 10.2	15.6 11.9	23.7 16.4	

The continued use of the 1984 workload standard to determine the CWS "base line" funding amount, however, does not mean that the state has not improved social worker caseload staffing ratios. Several funding policies, and one estimating error, have moved California considerably closer to the SB 2030 standards and that gap continues to shrink every year.

Social Worker Caseloads Current Gap in Standards, by Component						
Staffing Ratios		Emergency Response	Family Maintenance	Family Reunification	Permanent Placement	
Minimal Standard	116.1	13.0	14.2	15.6	23.7	
2005-06 Budget	232.2	10.2	23.1	17.5	32.6	
Gap (-)/Surplus (+)	-116.1	2.8	-8.9	-1.9	-8.9	

Reduction in Social Worker Caseload Compared to 1984 Standards, by Component 2005-06

	•	Emergency Response	Family Maintenance		Permanent Placement
1984 Standard Gap ^a	206.4	2.8	20.8	11.4	30.3
Reduction in Caseload ^b	90.3	5.4	11.9	9.5	21.5
Percentage of Gap Closed	44%	195%	57%	83%	71%
Difference in number standard.	of cases required	to be carried ur	nder the 1984 Star	ndard and the SB	2030 minimal
b Reduction based on p	proposed 2005-06	funding level.			

LAO RECOMMENDATION:

The LAO believes the Legislature should be informed of the progress that is being made toward reducing social worker caseloads and the steady movement toward the SB 2030 recommendations. Toward this end, they recommend enactment of legislation that requires DSS to submit a county specific social worker staffing ratio report annually no later than January 31. This report should provide for each county the social worker staffing ratios compared to the Child Welfare Services Workload Study's (SB 2030) minimum and optimum caseload standards and the agreed upon 1984 standards. The methodology for measuring the individual county staffing ratios should take into account funding from the CWS augmentation, hold harmless funding, and any other funding that is used for social worker staffing. The LAO believes that the additional workload generated by this requirement would be minimal because the current budget is built individually for each of the 58 counties. Therefore, there should not be any state staffing increases needed to produce this report.

PANELISTS:

Julie Salley-Gray Legislative Analyst's Office

Frank Mecca
County Welfare Director's Association

Bruce Wagstaff
Department of Social Services

Anthony Bravo SEIU Local 535

Angela Fite SEIU Local 1997

STAFF COMMENT:

Other states, like New Jersey, have settled lawsuits with an advocacy group that will result in a massive overhaul of their child welfare system. The settlement in New Jersey would result in a staffing level that is similar to the levels recommended in SB 2030. Although California lacks funding at this point to achieve the level of staffing recommended in this study, it is important to understand that other States are considering staffing levels similar to those recommended in the SB 2030 study.

The LAO figures do not adjust for costs of doing business, inflation, or new mandated activities. As a result the actual level of staffing for the various components of SB 2030 would be lower than portrayed in the LAO analysis.

The State is piloting differential response programs where social workers target families at risk of entering the child protection system with services and case management to keep them stable. Since these families may never enter the child protection system, the state may need to redefine a "case" at some point to capture workload needs for prevention activities.

ISSUE 6: FOSTER CARE CASELOAD ESTIMATES

The LAO has found an overestimation of State Foster Care caseload.

BACKGROUND:

Foster care has four caseload components: foster family homes, foster family agencies (FFA), group homes (GHs), and seriously emotionally disturbed (SED) children. LAO believes that the estimates for the GH, FFA, and SED caseloads are overstated.

Seriously Emotionally Disturbed Children's Caseload. This caseload is made up of children that the State Department of Education has determined are seriously emotionally disturbed. These some of these children are not wards of the dependency court and are not at risk of abuse or neglect. However, foster care payments are made on behalf of these children to residential facilities, and in some cases, foster family homes. The DSS has estimated that the average monthly grant will be approximately \$5,500 per child.

Historical Growth Rate. The SED caseload had been growing steadily since 1990-91. However, caseload data from the last available 17 months show a decline and flattening of that caseload. The caseload peaked in May 2003 at 1,425. In September 2004, the most recent month available, the caseload was down to 1,349. This constitutes a 6 percent reduction during that time.

Current- and Budget-Year Projected Growth. The department's most recent forecast projects that the trend over the last 17 months will reverse and that the SED caseload will grow by 5.1 percent in 2004-05 and an additional 2.9 percent for 2005-06. As noted above, our review of the last 17 months of caseload data shows that the caseload has actually declined.

Despite the recent actual caseload decline, the LAO assumed a caseload growth of 0.3 percent consistent with the overall projected growth in the 5- to 17-year-old population in California. Based on our forecast, the LAO believes that the budget overstates SED grant costs by \$1.7 million (General Fund) for 2004-05 and an additional \$2.8 million (General Fund) for 2005-06.

LAO RECOMMENDATION:

The LAO recommends that proposed General Fund spending for the Foster Care Program be reduced by \$10 million for 2004-05 and \$20.8 million for 2005-06 because the caseload projections overestimate the number of children in group homes and foster family agencies, and the number of seriously emotionally disturbed children. (Reduce Item 5180-101-001 by \$20,797,000)

PANELISTS:

Lauren Nackman Legislative Analyst's Office

Gloria Merk Department of Social Services

STAFF COMMENT:

The Legislative Analysts Office also recommends reducing foster care administration by \$827,000 to correspond to reductions made to caseload, Assembly Budget Staff believe more information is needed before making that reduction.

ITEM 4130 HEALTH AND HUMAN SERVICES DATA CENTER ITEM 5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 7: CWS/CMS GO FORWARD PLAN

The State is working to ensure continued federal participation in the child welfare computer system.

BACKGROUND:

In 1993, the federal government offered funding to any state that agreed to develop a Statewide Automated Child Welfare Information System (SACWIS). A SACWIS system performs certain functions such as processing child abuse investigations and preparing foster care case plans. If a state chose to develop such a system, then the federal government provided "incentive funding" at 75 percent of total costs for the first three years of the project's development and then 50 percent for the subsequent years. In 1994, California received federal approval to develop CWS/CMS as SACWIS-compliant. In 1997, the state announced the completion of the CWS/CMS system when it became operational in all counties.

The federal government, however, did not consider CWS/CMS complete because the system did not meet all the SACWIS requirements. Starting in 1999, the federal government raised concerns about the inability of the CWS/CMS system to meet SACWIS requirements. In June 2003, the federal government notified the State that it did not consider CWS/CMS to meet SACWIS requirements. As a result of that decision, the federal government reduced its share of funding for CWS/CMS from roughly 50 percent to 30 percent. In addition, the federal government notified the State that it would not provide *any* federal funding for the current contract after August 2005.

Starting in March 2004, the administration began developing a strategy to address the federal government's concerns about achieving SACWIS compliance. In August 2004, the administration provided its SACWIS compliance strategy—the Go Forward Plan—to the federal government. The total costs for the Go Forward Plan are currently estimated to be \$82 million (all funds) over four years. The plan consists of three components:

- Conducting a Technical Architecture Alternatives Analysis (TAAA) to determine the costs and benefits of achieving SACWIS compliance versus non-SACWIS compliance.
- Developing a Request for Proposal for a contractor to maintain the CWS/CMS software.
- Transferring the CWS/CMS hardware from the current contractor's site to DTS.

In October 2004, the federal government approved the CWS/CMS Go Forward Plan and restored SACWIS funding to the project. In addition, the federal government retroactively provided SACWIS funding for July 2003 to September 2004.

PANELISTS:

Bruce Wagstaff
Department of Social Services

Anna Brannen Legislative Analyst's Office

STAFF COMMENT:

The 2004-05 Budget Act requires the administration to complete the TAAA by April 1, 2005. The budget assumes that a SACWIS compliant alternative will be proposed. Since the TAAA will provide additional information about the costs and benefits of the SACWIS and non-SACWIS compliance alternatives, the Subcommittee will revisit this issue as part of the May 4, 2005 Subcommittee agenda.

ISSUE 8: PUBLIC COMMENT