Executive Summary
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Overview

This summary provides an overview of the most noteworthy changes to the Local Assistance portion of the 2018 May Revision for the California Department of Social Services (CDSS). The items listed in this document represent the significant policy or fiscal changes compared to the 2018-19 Governor's Budget. A complete presentation of the CDSS budget may be found in the 2018 May Revision Local Assistance Estimates Binder at http://www.cdss.ca.gov/inforesources/Fiscal-Financial.

The CDSS Local Assistance budget provides funding for a wide variety of social services and income assistance programs. The programs administered by CDSS are managed and funded through a broad-based partnership of federal, state, and county governments. For Fiscal Year (FY) 2018-19, the Department will be involved in the delivery of over $29.4 billion total funds ($8.4 billion General Fund [GF]) in program services and benefits for over 6.5 million of California's neediest and most vulnerable populations.

The display below identifies the estimated FY 2018-19 budget for CDSS' major programs:

<table>
<thead>
<tr>
<th>Program</th>
<th>Total</th>
<th>Federal</th>
<th>State</th>
<th>County</th>
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<tbody>
<tr>
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<td>0.2</td>
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</tr>
</tbody>
</table>

*Excluding federally administered benefits.

The FY 2018-19 budget represents an increase of $429.3 million total funds ($15.8 million GF decrease) over the 2018-19 Governor’s Budget.

The 2018 May Revision also reflects increases to FY 2017-18 of $138.4 million total funds ($86.4 million GF increase) from the previous estimate in the 2018-19 Governor’s Budget.

The estimates include workload adjustments for higher projected costs in the In-Home Supportive Services (IHSS) program associated with overtime, average cost per case, and cost per hour; updated actual expenditures in the Continuum of Care Reform (CCR); offset by lower caseload projections in CalWORKs, Supplemental Security Income (SSI)/State Supplementary Payment (SSP), and IHSS. In FY 2018-19, the 2018 May Revision reflects increases in costs for new administrative cost methodologies in CalWORKs and IHSS as well as additional costs to expand Housing programs and to support CCR efforts.
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CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs)

The core CalWORKs programs include funding for grants, services, administration, and child care.

The 2017-18 Revised Budget includes $5.0 billion in total funding for the core CalWORKs programs in FY 2017-18, a net decrease of $46.1 million ($44.8 million in Temporary Assistance for Needy Families [TANF] and GF) from the prior estimate. The expenditure decrease is primarily due to a continued decline in the CalWORKs caseload projections. In FY 2017-18, the CalWORKs caseload is projected to decline by 6.2 percent from the previous FY to 424,628 average monthly cases. This represents a 0.3 percent decrease from the caseload projections in the prior estimate.

The 2018 May Revision includes $4.8 billion in total funding for the core CalWORKs programs in FY 2018-19, a net increase of $51.5 million ($51.7 million increase in TANF and GF) from the 2018-19 Governor's Budget. The CalWORKs caseload is projected to decline by another 4.4 percent to 406,175 average monthly cases in FY 2018-19. This represents a slower decline and therefore a 1.5 percent increase from the caseload projections in the prior estimate. The continuing CalWORKs caseload decline drives the year-over-year decrease in expenditures.

To comply with the guidelines for Cal-OAR, CDSS is working with stakeholders to develop metrics that will become part of the quality improvement process, which begins FY 2019-20. The 2018 May Revision includes $2.8 million in FY 2018-19 for Consortia configuration/data modifications related to this effort.

TANF Transfers

The CDSS budget continues to transfer $1.0 billion in TANF to the California Student Aid Commission (CSAC) for Cal Grants and $130.1 million to California Department of Education (CDE) through Title XX in FY 2017-18. In FY 2018-19, the CDSS budget transfers $1.1 billion to CSAC and $80.6 million to CDE through Title XX. The TANF Transfers to CSAC and CDE were reduced by a combined $71.2 million in the 2018 May Revision. The $42.2 million for the CDE Early Education Expansion is no longer being considered in the 2018 May Revision for FY 2018-19.

TANF Reserve

The 2018 May Revision includes $158.6 million to set aside funding beyond FY 2018-19 for the CalWORKs Home Visiting Initiative ($131.6 million) and Emergency Assistance (EA) Foster Care ($27.0 million).
CalWORKs Single Allocation

<table>
<thead>
<tr>
<th>Funding (millions)</th>
<th>2018-19 Governor’s Budget FY 2017-18</th>
<th>2018-19 Governor’s Budget FY 2018-19</th>
<th>2018 May Revision FY 2017-18</th>
<th>2018 May Revision FY 2018-19</th>
<th>FY 2017-18 Change from Governor’s Budget</th>
<th>FY 2018-19 Change from Governor’s Budget</th>
<th>May Revision Year-to-Year Change</th>
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<tr>
<td>Total*</td>
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<td>$1,726.3</td>
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<tr>
<td>Federal/ TANF</td>
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<td>434.0</td>
<td>-7.0</td>
<td>-76.6</td>
<td>-60.6</td>
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</tbody>
</table>

*Total TANF/GF impact before subaccount funds. The total includes county funds.

The CalWORKs Single Allocation reflects costs to provide eligibility administration, employment services, and Stage One Child Care to individuals in the CalWORKs Welfare to Work (WTW) program and Cal-Learn Intensive Case Management. The 2018 May Revision amount shown above is the estimated total Single Allocation amount for FY 2018-19.

Change from 2018-19 Governor’s Budget:

Overall, the Single Allocation will be maintained at the 2017-18 Appropriation level for FY 2017-18. The FY 2018-19 Single Allocation total increased by $29.0 million compared to the 2018-19 Governor’s Budget and decreased by $2.8 million year-to-year compared to the FY 2017-18 Single Allocation. These changes include the funding for new premises, including Diaper Assistance, Domestic Abuse Homeless Assistance, Child Support, and the Home Visiting Initiative for Employment Services. Absent the funding for new items, the year-to-year decrease from FY 2017-18 to FY 2018-19 is $18.4 million. The decrease is primarily due to the projected decline in the Employment Services caseload.

Eligibility Administration

Beginning in FY 2018-19 the Eligibility Administration component of the Single Allocation reflects a new methodology. The new methodology was developed using survey data from 22 counties on annual eligibility worker costs, annual productive work hours, and time required to complete major eligibility processes.

A key aspect of the new methodology is the combination of a fixed level of funding and a variable level of funding that is caseload driven. Adjustments to the variable funding will be done at caseload intervals of five percent, which allows counties to strategically plan for the risk that is associated with an increasing or decreasing caseload. The variable funding is adjusted gradually to allow counties to adapt to caseload change.

The methodology change results in general CalWORKs Administration of $606.0 million with $593.3 million being allocated to counties for the total Eligibility Administration component of the Single Allocation. Under the old methodology counties would have been funded at $386.4 million in 2018-19, a difference of over $200 million.
Details on the new methodology can be found in the CalWORKs Eligibility Administration premise in the Estimate Methodologies section of the 2018 May Revision binder.

For FY 2017-18, the Single Allocation continues to reflect the historical budgeting methodology and funding at the 2017 Budget Act level. However, the Single Allocation Augmentation and Augmentation lines displayed in the budget tables were adjusted after 2018 May Revision expenditure and caseload updates to ensure funding remained at the appropriated level. The Single Allocation Augmentation decrease of $6.4 million in FY 2017-18 primarily reflects a reduction in the amount of the Public Assistance to Non-Assistance Fund Shift which redirects funds from CalWORKs to the CalFresh budget for administrative costs on dual enrollment cases. The Single Allocation Augmentation Adjustment line in the budget tables increased by $20.9 million in FY 2017-18 to redirect the net savings from caseload decline in other components (stage one child care, employment services, and Cal-Learn) to CalWORKs Administration. In FY 2018-19, the augmentation and adjustment are no longer needed due to the new methodology for Eligibility Administration.

Caseload:

For FY 2018-19, the revised projected overall CalWORKs caseload increased by 1.5 percent from the 2018-19 Governor’s Budget, resulting in a slower caseload decline than previously projected. The Employment Service caseload decreased by 0.7 percent to 163,773 cases. The Stage One Child Care caseload decreased by 0.3 percent to 38,843 children. The Cal-Learn services caseload decreased by 7.7 percent to 3,127 teens.
## CalWORKs Assistance

<table>
<thead>
<tr>
<th>Funding (millions)</th>
<th>2018-19 Governor’s Budget FY 2017-18</th>
<th>2018-19 Governor’s Budget FY 2018-19</th>
<th>2018 May Revision FY 2017-18</th>
<th>2018 May Revision FY 2018-19</th>
<th>FY 2017-18 Change from Governor’s Budget</th>
<th>FY 2018-19 Change from Governor’s Budget</th>
<th>May Revision Year-to-Year Change</th>
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<tr>
<td>Total*</td>
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<tr>
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<td>1,189.4</td>
<td>-12.9</td>
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<td>-17.1</td>
</tr>
</tbody>
</table>

*Total TANF/GF impact before subaccount funds. The total includes county funds.

The CalWORKs Assistance reflects the base cost of providing cash assistance to eligible CalWORKs families, including cases funded with GF such as Recent Noncitizen Entrants and Non-MOE cases (which include Safety Net and cases with an adult that is a Long-Term Sanction or Fleeing Felon).

In addition to base grant costs, impacts to CalWORKs Assistance from policy changes such as the Minimum Wage Increases and Maximum Aid Payment Increases are included. The Maximum Family Grant Repeal is adjusted in the grants estimate in order to display it separately. Funding shifts resulting from subaccount funding and shifting costs for MOE are separately accounted for and not reflected in the cost distribution above.

### Change from Governor's Budget:

The FY 2017-18 and FY 2018-19 decreases reflect a continued decline in the CalWORKs caseload projection. The elimination of the once-in-a-lifetime limitation of Homeless Assistance Program is now reflected in the CalWORKs Grants trend rather than displayed separately, as these costs are now reflected in the actual expenditures.

### Caseload:

Revised projections relative to the prior estimate for FY 2017-18 increased from 295,301 to 297,660 for single parent and child-only cases, decreased from 33,749 to 31,665 for two-parent cases and decreased from 96,804 to 95,302 for non-MOE cases. Revised projections relative to the prior estimate for FY 2018-19 increased from 267,656 to 279,297 for single parent and child-only cases, decreased from 31,958 to 28,101 for two-parent cases and decreased from 101,163 to 98,777 for non-MOE cases.
The Administration proposes to implement the Home Visiting Initiative for CalWORKs families in January 2019. This is an evidence-based, optional program that pairs new parents with a nurse or trained professional who makes regular visits in the participant's home to provide guidance, coaching, and access to prenatal and postnatal care and other health and social services. Leveraging home visiting in the CalWORKs program presents a unique opportunity to promote two-generation policies that meet the needs of parents and their children.

The goals of the CalWORKs Home Visiting Initiative are to (1) help young families reach self-sufficiency by improving family engagement practices, (2) support the healthy development of young children living in poverty, and (3) prepare parents for employment. The initiative can provide the necessary foundation for families to benefit and succeed within the existing CalWORKs program, ultimately leading to self-sufficiency.

The Home Visiting Initiative will engage low-income, first-time CalWORKs parents. More specifically, the initiative will target recipients, under the age of 25, who are pregnant with no other children or a first-time parent with a child under two years of age. This also will include CalWORKs caretaker relative child-only cases with a child under two years of age. The monthly cost for home visitation services is assumed to be $500 per participating case.

The first-year cost in FY 2018-19 includes $24.6 million for conducting home visitations, $0.7 million for child care, $1.0 million for employment services, and $0.6 million for county administration. The total implementation costs for the initial year are estimated at $26.9 million. The 2018 May Revision reflects $131.6 million in the TANF reserve to be used toward funding the Home Visiting Initiative through the calendar year 2021. The cumulative cost of the Home Visiting Initiative is approximately $158.5 million through FY 2020-21. The Department will work with counties to establish outcome measures and evaluate the initiative to determine if it should be continued beyond December 31, 2021.
Change from Governor's Budget:

The increase in FY 2018-19 for home visits reflects a revised methodology to enroll families in home visiting throughout calendar year 2019 rather than in annual cohorts, which will result in more families participating early in the program.

The decrease in FY 2018-19 for employment services and child care reflects updated assumptions for the number of families in need of services as a result of participation in the Home Visiting Initiative. The increase in FY 2018-19 for administration reflects a higher hourly rate for CalWORKs eligibility workers based on the new Single Allocation Eligibility Component budgeting methodology.

Caseload:

The 2018 May Revision assumes that approximately 23,475 families will benefit from the Home Visiting Initiative in calendar year 2019. It is assumed that cases will exit the program at various intervals with satisfactory results. Funding is available to offer up to 24 months of home visiting.
CALSRESH AND OTHER FOOD ASSISTANCE PROGRAMS

The 2018 May Revision includes $1.83 billion in total funding ($634.0 million GF) for CalFresh Administration in FY 2017-18, which represents an $11.5 million total funds ($8.1 million GF) increase from the 2018-19 Governor's Budget. The California Food Assistance Program (CFAP) includes $59.9 million (GF) in funding for benefits in FY 2017-18, which represents a $1.7 million decrease from the 2018-19 Governor's Budget.

FY 2018-19 includes $1.85 billion in total funding ($642.6 million GF) for CalFresh Administration, which represents a $68.3 million total funds ($28.6 million GF) increase from the 2018-19 Governor's Budget. The CFAP includes $59.0 million (GF) in funding for benefits in FY 2018-19, which represents a $0.4 million increase from the 2018-19 Governor's Budget.

The total CalFresh program is projected to serve an average of 1.97 million total households (public assistance and non-assistance households combined) in FY 2017-18 and 1.95 million in FY 2018-19. The non-assistance CalFresh caseload represents 88.0 percent of the total caseload and is projected to decrease 1.4 percent in FY 2017-18, a slower decline than previously projected. In FY 2018-19, the caseload is projected to increase 0.4 percent. This increase is primarily attributed to continued outreach throughout the State and policy changes focused on retaining and increasing the elderly population.

The statewide federal time limit waiver for Able-Bodied Adults Without Dependents (ABAWD) expires on August 31, 2018, for California. With the expiration of the waiver, San Francisco, San Mateo, and Santa Clara counties will lose their ABAWD waiver. CalFresh recipients in these counties will be required to fulfill federally mandated ABAWD work requirements as a condition of CalFresh eligibility. The FY 2018-19 budget includes $859,000 total funds ($306,000 GF) for administrative activity and costs associated with increasing ABAWD engagement in work opportunities.
AUTOMATION UPDATES AND PROJECTS

The 2018 May Revision for Statewide Automated Welfare System (SAWS) maintenance, operations, and updates includes $301.1 million ($108.9 million in GF) in FY 2017-18, which reflects a decrease of $12.8 million ($5.2 million in GF) from the 2018-19 Governor's Budget. FY 2018-19 includes funding of $296.8 million ($110.1 million in GF), a decrease of $10.2 million ($2.6 million in GF) from the 2018-19 Governor's Budget.

- The California Automated Consortium Eligibility System (CalACES) will begin merging the Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting Replacement System (LRS), and Consortium IV (C-IV) in FY 2018-19. The FY 2017-18 budget includes costs for the Maintenance and Operation (M&O) of both systems. The 2018 May Revision for FY 2018-19 includes $177.7 million ($60.5 million GF) for ongoing costs of the CalACES system which will include both LRS and C-IV.

- The SAWS Consolidated Portal will be included in the LRS/C-IV Migration Implementation Advance Planning Document (IAPDU) and associated budget to meet federal approval. The 2018 May Revision no longer contains separate project funding of $8.6 million for the portal. As an integrated project, the single statewide client portal will eliminate the need for clients to create new profiles when they move to a county with a new consortium system, provide a consistent user experience throughout the state, and simplify future maintenance and automation upgrades.

- The SAWS automation budget also includes funding related to recently enforced federal reporting and noticing requirements as a result of federal regulations that were issued last year under the Food, Conservation, and Energy Act of 2008. These regulations affect periodic reporting and noticing requirements for all CalFresh households. After receiving additional guidance from the Food and Nutrition Service, the regulations require automation to include the addition of a SAR 7 Reminder Notice that will be sent to all CalFresh households and an increase from $50 to $100 in the threshold for acting on reported changes in unearned income. The Department will need additional upfront and on-going funding for the automation necessary to implement the changes required by the United States Department of Agriculture. The FY 2018-19 budget includes $0.9 million ($0.3 million GF) for implementing the new SAR 7 Reminder Notice.

- Funds for decommissioning the Statewide Fingerprint Imaging System are included in the 2018 May Revision. Funding for a non-biometric identity verification system of $8.0 million is no longer included in FY 2018-19 budget as CDSS will use existing program integrity processes to authenticate client identity and prevent duplicate aid.
Housing Programs

The CDSS Housing Programs assist homeless (or those at risk of being homeless) CalWORKs families, CWS cases, and disabled individuals with housing support. Specific programs include CalWORKs Homeless Assistance Program (HAP), CalWORKs Housing Support Program (HSP), Bringing Families Home (BFH), and the Housing Disability and Advocacy Program (HDAP). The 2018 May Revision provides additional resources to address homelessness among the populations served by CDSS, by expanding HAP and HSP and proposing a new Home Safe Program.

<table>
<thead>
<tr>
<th>Funding (millions)</th>
<th>2018-19 Governor’s Budget FY 2017-18</th>
<th>2018-19 Governor’s Budget FY 2018-19</th>
<th>2018 May Revision FY 2017-18</th>
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<th>FY 2017-18 Change from Governor’s Budget</th>
<th>FY 2018-19 Change from Governor’s Budget</th>
<th>May Revision Year-to-Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>HAP Rate Increase</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
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<td>46.7</td>
<td>46.7</td>
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<td>Home Safe</td>
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<td>15.0</td>
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<tr>
<td>BFH</td>
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<tr>
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<td>0.0</td>
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<td>-43.5</td>
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</table>

The HAP provides up to 16 days of temporary assistance and shelter vouchers to CalWORKs families. The base funding for the HAP is included with recipients’ cash assistance payments in the CalWORKs Grants premise, and therefore not reflected in the table above. The annual expenditures included in CalWORKs Grants related to the HAP are between $50 and $60 million based on data from calendar year 2017. The funding included above for HAP reflects the assistance costs associated with a proposed increase in the daily rate, from $65 to $85 for a family of four, effective January 2019.

The HSP provides move-in assistance, temporary rental subsidies, and intensive case management to help CalWORKs families secure permanent housing. This program has been funded at $46.7 million. The funding is proposed to increase in FY 2018-19.

Bringing Families Home provided $9.7 million in local assistance funding in FY 2016-17 with authority to be spent over a three-year period. These funds are intended to significantly reduce the number of families in the child welfare system experiencing homelessness, leading to an increase in family reunification and the prevention of foster care placement.

The HDAP, which offers assistance in applying for disability benefit programs and housing supports to individuals who are disabled and experiencing homelessness, reappropriated $43.5 million from FY 2016-17 to FY 2017-18, with availability until June 2020.
The proposed Home Safe Program is a homelessness prevention demonstration grant for victims of elder and dependent adult abuse and neglect. The program will provide housing-related supports to seniors experiencing homelessness or at risk of losing their homes by providing temporary rental or utility assistance, housing repairs, landlord mediation, and case management. Similar to BFH and HDAP, this funding will be available to participating counties over a three-year period and will be matched dollar for dollar by local funds.

Change from Governor’s Budget:
The 2018 May Revision provides a combined $47.3 million in increased GF resources in FY 2018-19, increasing to $63.7 million in FY 2019-20, for HAP, HSP, and Home Safe.

The CalWORKs HAP includes $7.6 million in FY 2018-19 to increase in the daily rate for temporary assistance for the CalWORKs HAP from $65 per day (for up to 16 consecutive days for a family of four or fewer) to $85 per day effective January 2019. The cost of removing the once-in-a-lifetime limitation for HAP is no longer displayed in the basic HAP cost, and instead captured in the CalWORKs Grants portion of the budget.

The CalWORKs HSP will receive an augmentation of $24.2 million in FY 2018-19.

The Home Safe program proposal includes one-time funding of $15.0 million in FY 2018-19.
ADULT PROGRAMS

The Adult programs include the Supplemental Security Income/State Supplementary Payment program (SSI/SSP) and the In-Home Supportive Services (IHSS) program. The SSI/SSP program provides a monthly cash benefit to enable aged (65 years or older), blind and disabled recipients to meet basic living expenses for food, clothing, and shelter. The IHSS program provides in-home care as an alternative to more expensive out-of-home care.

The 2018 May Revision includes $21.5 billion total expenditures ($6.6 billion GF, $7.1 billion federally administered, and $7.8 billion federal/county reimbursement) for the SSI/SSP and IHSS programs in FY 2018-19. The SSI/SSP program expenditures represent $9.9 billion in total expenditures ($7.1 billion federally administered and $2.8 billion GF), while the IHSS Program expenditures represent $11.6 billion in total expenditures ($3.8 billion GF and $7.8 billion federal/county reimbursement).

The 21st Century Cures Act, Section 12006, requires that all personal care services workers utilize an Electronic Visit Verification (EVV) system that will replace the current paper timesheet process utilized to generate IHSS provider payments by the federally mandated deadline of January 2019. The IHSS program currently does not reflect potential costs to implement the EVV, while an OSI position has been funded to support planning for an Individual Provider Model solution in the EVV. It is unlikely that California can meet the federal January 2019 deadline, but the Department is making every effort to demonstrate progress towards implementing the EVV to avoid a federal penalty. If assessed a penalty, the Federal Medical Assistance Percentage rate for the IHSS program would be reduced by 0.25 percentage points starting in January 2019 and the penalty will increase each year by 0.25 percentage points to a maximum of one percent in 2023.
### Supplemental Security Income/State Supplementary Payment (SSI/SSP)

<table>
<thead>
<tr>
<th>Funding (millions)</th>
<th>2018-19 Governor's Budget</th>
<th>2018-19 Governor's Budget</th>
<th>2018 May Revision</th>
<th>2018 May Revision</th>
<th>FY 2017-18 Change from Governor's Budget</th>
<th>FY 2018-19 Change from Governor's Budget</th>
<th>May Revision Year-to-Year Change</th>
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<tbody>
<tr>
<td>Total*</td>
<td>$9,935.7</td>
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<td>$9,831.3</td>
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<td>-47.4</td>
</tr>
</tbody>
</table>

The SSI/SSP premise reflects cash assistance payments to low-income aged, blind and disabled persons. The SSI is the federal portion and the SSP is the GF portion of the payments that California pays to eligible recipients.

#### Change from 2018-19 Governor’s Budget:

The SSI/SSP budget reflects a net decrease in FY 2017-18 and FY 2018-19 due to lower caseload and average SSI grant than previously projected and is offset by higher average SSP grant.

The 2018 May Revision includes $74.4 million in total funds in FY 2017-18 for the half year impact of the 2018 2.0 percent Federal COLA. The FY 2018-19 budget includes $148.3 million in total funds for the full year impact of the 2018 2.0 percent Federal COLA and $109.1 million in total funds for the half year impact of the estimated 2019 2.8 percent Federal COLA.

#### Caseload:

The average monthly caseload is projected to be 1,254,030 cases in FY 2017-18, which reflects a 0.9 percent decline from the previous projection. The total average grant is projected to be $628.00 after COLAs are applied. In FY 2018-19, the average monthly caseload is projected to be 1,246,147 cases and the total average grant is projected to be $640.27 after COLAs are applied.
In-Home Supportive Services (IHSS)

<table>
<thead>
<tr>
<th>Funding (millions)</th>
<th>2018-19 Governor's Budget FY 2017-18</th>
<th>2018-19 Governor's Budget FY 2018-19</th>
<th>2018 May Revision FY 2017-18</th>
<th>2018 May Revision FY 2018-19</th>
<th>FY 2017-18 Change from Governor’s Budget</th>
<th>FY 2018-19 Change from Governor’s Budget</th>
<th>May Revision Year-to-Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total*</td>
<td>$9,885.9</td>
<td>$11,197.3</td>
<td>$10,121.2</td>
<td>$11,584.2</td>
<td>$235.3</td>
<td>$386.9</td>
<td>$1,463.0</td>
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<tr>
<td>State</td>
<td>2,955.2</td>
<td>3,597.1</td>
<td>3,085.8</td>
<td>3,795.8</td>
<td>130.6</td>
<td>198.7</td>
<td>710.0</td>
</tr>
<tr>
<td>Reimb.</td>
<td>6,930.7</td>
<td>7,600.2</td>
<td>7,035.4</td>
<td>7,788.4</td>
<td>104.7</td>
<td>188.2</td>
<td>753.0</td>
</tr>
</tbody>
</table>

* The costs reflected in the table are for all IHSS premises and reflect the elimination of CCI Reimbursement from DHCS.

The IHSS Program reflects the costs to provide IHSS services to eligible aged, blind, or disabled individuals that allow them to stay in their own homes as an alternative to out-of-home care.

Change from 2018-19 Governor’s Budget:

The net increase of $273.1 million in FY 2017-18 from Governor’s Budget is driven primarily by increases in hours per case and wage and benefit increases from counties. The increases in hours per case, cost per hour, and an increase to the IHSS Administrative Adjustment are the primary cost drivers in the $386.9 million increase in FY 2018-19 from Governor’s Budget. The net increases in FY 2017-18 and FY 2018-19 also reflect updated FLSA Overtime costs which are driven by a higher share of providers with overtime hours and a higher number of overtime hours for those providers.

The net increase from FY 2017-18 to FY 2018-19 is due to the increases in county minimum wage from $11.00 per hour to $12.00 effective January 1, 2019, an increase in projected caseload and hours per case.

Caseload, Hours Per Case, and Cost Per Hour:

The average monthly paid caseload for IHSS Basic in FY 2017-18 is projected to be 518,082 cases, a 0.08 percent decrease compared to the 518,511 cases projected in the 2018-19 Governor’s Budget. In FY 2018-19, the caseload is projected to be 544,444 cases, a 5.1 percent increase over FY 2017-18.

The average monthly hours per case are projected to be 107.9 in FY 2017-18 and 109.0 in FY 2018-19, as opposed to 106.8 and 107.6 in the Governor’s Budget, respectively. The average cost per hour is projected to be $13.73 in FY 2017-18 and $14.21 in FY 2018-19, as opposed to $13.62 and $14.04 in the Governor’s Budget, respectively.
### IHSS County and Public Authority Administration

<table>
<thead>
<tr>
<th>Funding (millions)</th>
<th>2018-19 Governor’s Budget FY 2017-18</th>
<th>2018-19 Governor’s Budget FY 2018-19</th>
<th>2018 May Revision FY 2017-18</th>
<th>2018 May Revision FY 2018-19</th>
<th>FY 2017-18 Change from Governor’s Budget</th>
<th>FY 2018-19 Change from Governor’s Budget</th>
<th>May Revision Year-to-Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total*</td>
<td>$547.1</td>
<td>$547.5</td>
<td>$546.7</td>
<td>$594.4</td>
<td>-$0.4</td>
<td>$46.9</td>
<td>$47.3</td>
</tr>
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<td>State</td>
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<td>276.5</td>
<td>275.7</td>
<td>300.5</td>
<td>-0.4</td>
<td>24.0</td>
<td>24.4</td>
</tr>
<tr>
<td>Reimb.</td>
<td>271.0</td>
<td>271.0</td>
<td>271.0</td>
<td>293.9</td>
<td>0.0</td>
<td>22.9</td>
<td>22.9</td>
</tr>
</tbody>
</table>

*Total GF impact before subaccount funds. The total includes county funds.

The 2018 May Revision includes updates to the new methodology for IHSS Administration funding. The Department participated in a workgroup that included the County Welfare Directors Association, California State Association of Counties, and the Department of Finance to identify appropriate classifications, salary, benefit and overhead costs associated with administration workload incurred by counties and Public Authorities to implement the IHSS program.

The result of the workgroup on administration activities was a total IHSS Administration cost of $594.4 million in FY 2018-19. This includes $86.7 million for a County Administration Adjustment and $15.7 million for a Public Authority Administration Adjustment. In the 2018 May Revision, the total cost of mandated administrative activities is displayed as the total of Basic Administration, the County Administration Adjustment and other premises for administration activities. In future subventions, the costs of mandated administrative activities will be consolidated into fewer budget table lines.

**Change from 2018-19 Governor’s Budget:**

The net increase of $47.3 million in FY 2018-19 from Governor’s Budget is due to the updated methodology as a result of further discussion within the workgroup. The County administration increased by $44.4 million, while the Public Authority administration funding increased by $2.9 million.

The social worker hours per case and cost per hour also increased as a result of the rebasing of IHSS Administration costs. The social worker cost per hour increased from $60.55 to $82.01 and the social worker hours per case increased from 11.58 to 12.24.
## IHSS County Maintenance of Effort (MOE)

<table>
<thead>
<tr>
<th>Funding (millions)</th>
<th>2018-19 Governor’s Budget FY 2017-18</th>
<th>2018-19 Governor’s Budget FY 2018-19</th>
<th>2018 May Revision FY 2017-18</th>
<th>2018 May Revision FY 2018-19</th>
<th>FY 2017-18 Change from Governor’s Budget</th>
<th>FY 2018-19 Change from Governor’s Budget</th>
<th>Year-to-Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>-$400.0</td>
<td>-$44.5</td>
<td>-$400.0</td>
<td>-$16.8</td>
<td>0</td>
<td>27.7</td>
<td>$383.2</td>
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<tr>
<td>State</td>
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<td>-1,760.9</td>
<td>-1,861.0</td>
<td>-21.1</td>
<td>-26.2</td>
<td>-100.1</td>
</tr>
<tr>
<td>Reimb.</td>
<td>1,339.8</td>
<td>1,790.3</td>
<td>1,360.9</td>
<td>1,844.2</td>
<td>21.1</td>
<td>53.9</td>
<td>483.3</td>
</tr>
</tbody>
</table>

This reflects the premise lines IHSS County MOE and Pending MOE Adjustment.

Since July 1, 2012, all counties have had a MOE in lieu of paying a fixed percentage share of each dollar expended. Effective July 1, 2017, the prior IHSS MOE structure was repealed and a new IHSS MOE methodology was implemented. The Department continues to collaborate with the Department of Finance to rebase the revised MOE under the new funding methodology established on July 1, 2017. To help mitigate the impact of the transition to the new MOE, a total of $400 million in combined GF and 1991 realignment funds provided for FY 2017-18.

### Change from 2018-19 Governor’s Budget:

The increase in GF savings and the IHSS county MOE for FY 2017-18 is due to higher costs of the IHSS program in FY 2017-18. The increase in GF savings and the IHSS county MOE for FY 2018-19 is due to the updated FY 2017-18 IHSS County MOE base and additional locally negotiated wage and benefit increases.
CHILDREN AND FAMILY SERVICES

The 2018 May Revision Budget includes approximately $6.3 billion total funds ($504.2 million GF) in FY 2017-18. There is a net decrease of $29.4 million total funds ($1.3 million GF) from the 2018-19 Governor's Budget.

In FY 2018-19 the budget includes $6.3 billion total funds ($0.5 million GF). There is a net increase of $0.9 million total funds ($64.3 million GF increase) from the 2018-19 Governor’s Budget. The GF increase reflects increased grant costs for the Kin-GAP and the Infant Supplement Grant Increase premise, a full year of implementation of the Emergency Child Care Bridge program, and increased costs for the Home-Based Family Care rate structure. The 2018 May Revision also proposes additional funding to address the backlog in the Resource Family Approval (RFA) process, a solution to provide payments to children in homes that are pending the RFA process, as well as administrative funding for counties for implementation of the new level of care (LOC) protocol tool to assess a child’s level of need.

Re-appropriation authority is being requested to allow counties to access unspent funds in FY 2018-19 from FY 2017-18 for select child welfare programs including CCR Administration, Case Record Reviews, and Commercial Sexual Exploitation of Children. The authority to re-appropriate unspent funds will allow counties the ability to reach full implementation for these programs and improve outcomes for youth.

The average monthly Aid to Families with Dependent Children - Foster Care caseload is projected to remain unchanged from the 2018-19 Governor’s Budget at 41,530 cases in FY 2017-18 and FY 2018-19.

The FY 2017-18 average monthly CWS caseload is projected to decrease from the 2018-19 Governor’s Budget by 2.5 percent to 115,604 cases. In FY 2018-19, the CWS average monthly caseload is projected to be 117,659.
Resource Family Approval (RFA) Backlog

<table>
<thead>
<tr>
<th>Funding (millions)</th>
<th>2018-19 Governor’s Budget FY 2017-18</th>
<th>2018-19 Governor’s Budget FY 2018-19</th>
<th>2018 May Revision FY 2017-18</th>
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<th>FY 2018-19 Change from Governor’s Budget</th>
<th>May Revision Year-to-Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total*</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$4.62</td>
<td>$0.00</td>
<td>$4.62</td>
<td>$4.62</td>
</tr>
<tr>
<td>Federal/ TANF</td>
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<td>0.00</td>
<td>1.46</td>
<td>0.00</td>
<td>1.46</td>
<td>1.46</td>
</tr>
<tr>
<td>State</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>3.16</td>
<td>0.00</td>
<td>3.16</td>
<td>3.16</td>
</tr>
</tbody>
</table>

The RFA process was implemented to unify approval standards for foster parents and simplify the transition to permanent placements in more home-like settings. Initially, the RFA process was assumed to take an average 90 days to complete for each case. Some counties have been experiencing significant delays in this process and in some cases it is taking up to six months. This premise will assist counties in addressing the backlog of RFA processing by providing overtime funding for existing social workers to complete work on the backlog of pending RFA applications.

Change from Governor’s Budget:

The 2018 May Revision proposes one-time funding in FY 2018-19 to fund additional social worker costs associated with the current backlog of RFA applications. On average, 30 hours is necessary to complete one resource family application. An overtime rate of $49.73 per hour is budgeted to complete the current backlog.

Caseload:

The number of current RFA applications that have not yet completed the approval process is estimated at 3,099.
## Continuum of Care Reform (CCR) Resource Family Approval Short and Long Term Solutions

<table>
<thead>
<tr>
<th>Funding (millions)</th>
<th>2018-19 Governor’s Budget FY 2017-18</th>
<th>2018-19 Governor’s Budget FY 2018-19</th>
<th>2018 May Revision FY 2017-18</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total*</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$10.57</td>
<td>$13.36</td>
<td>$10.57</td>
<td>$13.36</td>
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</tr>
<tr>
<td>Federal/ TANF</td>
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<td>0.00</td>
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<td>6.45</td>
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<tr>
<td>State</td>
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<td>0.00</td>
<td>3.66</td>
<td>0.00</td>
<td>3.66</td>
</tr>
</tbody>
</table>

This premise will provide additional EA TANF funds for all relative homes in which a child was placed prior to the home being approved. Prior to implementation of the Resource Family Approval (RFA) process, relative placements received EA TANF for 30 days while the home is being approved. After 30 days, if the homes were approved, cases determined to be Title IV-E eligible received Title IV-E funds. Cases that were not federally eligible received Approved Relative Caregiver (ARC) funds. However, under the RFA process, it is frequently taking 90 to 120 days to complete the home approvals due to the additional approval requirements. This has resulted in relatives not receiving a foster care maintenance payment or ARC payment during the gap from the second month until the home is approved.

**Change from Governor’s Budget**

**Short-Term Solution:**
Assembly Bill 110 (Chapter 8, Statutes of 2018) was enacted to provide a short-term solution in FY 2017-18 by providing up to 60 days of additional EA TANF and ARC to all relative homes in which a child was placed prior to the home being approved. The FY 2017-18 funding reflects the short-term solution, which includes an additional 60 days of EA TANF for federally eligible cases and an additional 60 days of ARC funding for non-federally eligible cases. For non-federally eligible cases, GF is used to pay the federal match requirement.

**Long-Term Solution:**
The long-term solution in FY 2018-19 will implement July 1, 2018 and will include six months of EA TANF for children placed in relative homes prior to approval. Starting in FY 2019-20 forward, each new relative case will be eligible for three months of EA TANF as the process is anticipated to be completed within that timeframe. Counties will pay the nonfederal match rate for the EA TANF program. Federal Title IV-E eligible relative cases will result in county savings as these cases would normally receive a 50 percent match under Title IV-E and will now receive a 70 percent EA TANF match.
Caseload:

There are 6,541 relative applications per year. Of the 6,541, 1,022 are eligible for the ARC program and 5,519 are eligible for Aid to Families with Dependent Children-FC, including Non-Related Extended Family Members.
This premise provides funds for county social worker and probation officer time to complete the LOC protocol tool. A new LOC protocol tool was developed for use with the new Home-Based Family Care (HBFC) rate structure. Phase I of the new HBFC rate structure was implemented on January 1, 2017, which brought all cases up to the LOC 1 base rate. Phase II of the HBFC rate structure expands the LOC levels to 1-4, and implemented March 1, 2018, for new Foster Family Agency cases, and May 1, 2018, for all other placements. County social workers and probation officers will be required to use the LOC protocol tool to determine the appropriate rate level for all new cases and those existing cases in foster care who have experienced a triggering event.

Change from Governor’s Budget:

The 2018 May Revision proposes $3.1 million in additional administration funds to cover the time needed for social workers to complete the LOC protocol tool. Based on a pilot of the LOC protocol tool, completing the assessment will require approximately 20 minutes of additional social worker time per case. The additional 20 minutes will ensure timely implementation of the LOC protocol tool with the appropriate LOC rate paid to resource families to support a child/youth’s placement.

This funding is contingent upon counties providing their Specialized Care Increment (SCI) plans to the Department. Counties have been notified that they have until June 30, 2018 to update their SCI plans and indicate whether or not they will be continuing their SCI program. The full application of the LOC to resource families outside of the Foster Family Agencies will be delayed until the updated county SCI plans are received and analyzed.

Caseload:

The number of new placements receiving a HBFC LOC rate, or existing cases who have a triggering event requiring reassessment of the LOC rate is 75,711.
The HBFC rate structure was implemented to aid in the movement of cases from group homes into family-based settings. Due to delays in automation and the RFA backlog, cases are stepping down from group home placements at a much slower rate than anticipated. This has reduced the amount of estimated savings from former group home placements receiving a lower LOC rate in a family-based setting. Additionally, the HBFC rate structure has reduced the county cost for cases receiving an SCI payment. By providing the higher LOC rate, the counties are able to save on the amount of SCI payments between the age-based rate and the higher LOC rate. It is expected that the savings would be reinvested into the CCR program to offset the upfront CCR start-up costs. Counties are in the process of reevaluating their SCI programs and have until June 30, 2018 to update their SCI plans and indicate any change to SCI payment levels and whether or not they will be continuing their SCI program.

For Adoption Assistance Program (AAP) cases, the LOC rate was intended only to be used for new AAP cases with adoption finalizations from January 1, 2017 forward. Current statute allows adoption cases with adoption finalizations between May 2011 and December 2016 to be reassessed, but inadvertently allows these cases to receive the HBFC rate structure. Therefore, Trailer Bill Language (TBL) is needed to clarify that if the AAP cases during this time period are reassessed, they are only eligible to receive the rate in effect at the time of their adoption finalization. This statutory clarification is necessary to align with the budget and original intent of the rate structure applied to AAP cases. Cases that have been reassessed prior to this statutory correction on July 1, 2018, will be allowed to remain in the HBFC rate structure. Only cases reassessed after the statutory correction will be required to remain within the age-based rate structure in effect at the time of adoption finalization. The same language correction is needed for the KinGAP and Non Related Legal Guardian cases.

Change from Governor’s Budget:

The 2018 May Revision increase in costs for FY 2017-18 and FY 2018-19 reflect delay in group home placement movements and the delay in the SCI offset of costs to July 1, 2018 after counties have submitted their SCI plans. The budget also reflects updating for actual expenditures on assistance payments through December 31, 2017. CDSS will continue to monitor the movement of group home placements and assistance expenditures for SCI payments to determine if any further funding adjustments are needed and for reconciliation in the Fall of 2018.
The AAP TBL will assume no GF cost as the current budget provides funds in accordance with reassessments within the intended rate structure. Failure to implement this TBL correction will result in an annual GF cost pressure in the tens of millions. Policy instructions were issued that indicated only new KinGAP and Non Related Legal Guardian cases were eligible for the LOC rate so there is minimal cost pressure for these cases, though the TBL correction is still necessary.

Caseload:

In FY 2017-18, 118 group home cases will shift out of group homes, with 5,409 cases remaining in group homes. In FY 2018-19, 439 cases are expected to shift out of group homes, with 5,088 remaining in group home placements.

The AAP cases with adoption finalizations between May 2011 and December 2016, result in approximately 37,000 cases who receive payments based on the age-based rate and are not eligible for the HBFC rate structure.
This premise proposes funding for the purchase of Live Scan machines and conducting background checks on new tribal foster parents for tribes without a Tribal-State Title IV-E agreement, and three years of funding to tribes that have Tribal-State Title IV-E agreements to support two full-time social workers for each tribe. One-time funding for the purchase of Live Scan machines for tribes was provided in the Budget Act of 2016. Additional funds are needed to improve support to tribes by continuing to fund Live Scan purchases and costs of fingerprinting. This will allow tribes to conduct their own criminal background checks to establish a pool of tribal approved foster homes. The ability to purchase additional Live Scan machines and provide fingerprinting services will result in better Tribal recruitment efforts and, ultimately, better placements for tribal youth.

Tribes that currently have Tribal-State Title IV-E Agreements with CDSS are requesting start-up funds for administrative costs to enable them to hire staff and implement their child welfare services program. A minimum allocation to fund two full-time equivalent social workers per tribe, will be made available for three years. Existing funding streams will be utilized resulting in no additional general fund pressures beyond the current budget. With flexible funding, tribes with a Tribal State Title IV-E Agreement will be able to fully implement a comprehensive child welfare service program, resulting in better outcomes for Tribal youth. Therefore, TBL is required in order to utilize existing funding streams.

There have been significant developments in regulations governing implementation of the federal ICWA Regulations. Among these significant developments is the Tribe’s ability to claim exclusive jurisdiction over child custody proceedings. The CDSS proposes to align state law with the minimum standards of the Federal ICWA Final Rule. Therefore, TBL is required to prevent any Indian Children from being inadvertently removed from their family or Tribe.

Change from Governor’s Budget:

Additional funding of $87,000 GF in FY 2018-19 for the purchase of Live Scan machines and the processing of background checks. There is no additional cost pressure in FY 2018-19 for each TBL request.