

**California Department of Social Services
2016 May Revision
Local Assistance
Executive Summary
May 13, 2016**

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Executive Summary Overview

This document provides a brief, high-level summary of the most noteworthy changes to the Local Assistance 2016 May Revision for the California Department of Social Services (CDSS). The items listed in this document represent significant policy or fiscal change compared to the 2016-17 Governor's Budget. A more complete presentation of all budget proposals may be found in the Local Assistance Estimates, 2016 May Revision Binder (<http://www.cdss.ca.gov/cdssweb/PG106.htm>).

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) 2016-17, the Department will be involved in the delivery of over \$29.2 billion total funds (\$8.4 billion General Fund [GF]) in program services and benefits for over 7.1 million of California's most needy and vulnerable populations.

The display below identifies the FY 2016-17 expenditures for CDSS' major programs:

In Billions

Name	Total	Federal	State	County	Reimb.
IHSS	\$11.2	\$0.0	\$3.5	\$0.0	\$7.7
SSI/SSP	2.8	0	2.8	0.0	0.0
CalWORKs	5.2	3.4	0.6	2.2	0.0
CalFresh	2.0	1.0	0.7	0.3	0.0
Children's Programs	5.9	2.6	0.3	2.8	0.2

The FY 2016-17 expenditures represent an increase of \$1.2 billion total funds (\$614.0 million GF) over the 2016-17 Governor's Budget.

The 2016 May Revision also increased FY 2015-16 expenditures to \$27.2 billion total funds, a net increase of \$221.8 million total funds (\$60.0 million GF) from the FY 2016-17 Governor's Budget.

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CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS)

The 2016 May Revision includes \$5.5 billion in total funding for the core CalWORKs program in FY 2015-16, a \$52.4 million net increase (\$24.0 in Temporary Assistance for Needy Families [TANF]/GF) from the previous estimate. The expenditure increase is primarily due to an increase in basic grant costs, funding more individuals at a higher average grant per person. These revised expenditures are, however, still lower than the costs in the FY 2015-16 enacted budget as the revised caseload continues to represent a steeper decline than the projection at that time. In FY 2015-16, the CalWORKs caseload is projected to decline by 6.2 percent from the previous FY to 502,159 average monthly cases.

The FY 2016-17 includes \$5.2 billion in total funding for the core CalWORKs program, a decrease of \$28.7 million (\$311.0 million decrease in TANF/GF) from the 2016-17 Governor's Budget. The CalWORKs caseload is projected to decline by another 3.2 percent to 485,851 average monthly cases in FY 2016-17. This represents a 2.2 percent steeper decline than projected in the 2016-17 Governor's Budget projection. The substantial decrease in TANF/GF is driven by a \$278.5 million increase in Subaccount funding for CalWORKs grants.

After funding all programs, the 2016 May Revision reflects a \$283.0 million increase in TANF to support CalGrants.

California continues to face potential fiscal penalties totaling \$1.3 billion for failing to meet the federal Work Participation Rate (WPR) from Federal Fiscal Years (FFY) 2008 through FFY 2013. To avoid or reduce the penalties, California entered into Corrective Compliance Plans. Preliminary data indicates that California's overall WPR for FFY 2015 is greater than the 50 percent threshold required to achieve corrective compliance for the overall rate, likely eliminating \$341 million in penalties tied to the 2008 through 2010 potential penalties. With continued effort, California is likely to stay above the 50 percent threshold in FFY 2016, which would mitigate or avoid \$936 million in penalties tied to the 2011 through 2013 potential penalties.

October 2016 Maximum Aid Payment (MAP) Increase

Funding (In Millions)	2016-17 Governor's Budget		2016 May Revision		Change		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 From Governor's Budget**	FY 2016-17 Change From Governor's Budget	May Revision Year-to-Year Change
Total*	\$0	\$0	\$0	\$36.5	\$0	-\$36.5	-\$36.5
Federal/ TANF	\$0	\$0	\$0	\$1.0	\$0	-\$1.0	-\$1.0
State	\$0	\$0	\$0	\$35.5	\$0	-\$35.5	-\$35.5

* Total TANF/GF impact prior to Subaccount funds. Total includes county funds.

** Referenced in the 2016-17 Governor's Budget Binder as the 2015-16 Revised Budget.

This premise reflects a 1.43 percent increase to the CalWORKs MAP effective October 1, 2016. In accordance with Welfare and Institutions Code 14450.025, estimated growth in revenues to the Child Poverty and Family Supplemental Support Subaccount will be used to fund CalWORKs MAP increases. This subaccount also provides funding for the two five percent CalWORKs MAP increases that occurred on March 1, 2014 and April 1, 2015.

Growth in the Child Poverty and Family Supplemental Support Subaccount is projected to provide funding of \$326.1 million in FY 2015-16 and \$350.2 million in FY 2016-17. The total grant cost of the March 1, 2014 and April 1, 2015 five percent MAP increases is approximately \$314.8 million. This leaves approximately \$35.4 million in FY 2016-17 to fund a 1.43 percent MAP increase beginning October 1, 2016. Aside from the Subaccount, counties do not have a share in funding this MAP increase.

An additional \$1.1 million associated with administrative and employment services costs for the October 1, 2016 MAP increase in FY 2016-17 is funded with TANF/GF.

Caseloads:

All CalWORKs cases will experience a grant increase. For an assistance unit of three in high cost counties, the MAP will increase from \$704 to \$714 per month. Approximately 475 cases per month will continue to remain eligible due to increasing the income eligibility threshold. The total average grant of all CalWORKs cases is estimated to increase by \$7.60.

Welfare-To-Work (WTW) 24-Month Time Clock (24-MTC)

Funding (In Millions)	2016-17 Governor's Budget		2016 May Revision		Change		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 Change From Governor's Budget**	FY 2016-17 Change From Governor's Budget	May Revision Year-to-Year Change
Total*	-\$1.1	-\$11.4	-\$0.1	-\$1.6	\$1.0	\$9.8	-\$1.5
Federal/ TANF	-\$1.0	-\$10.1	-\$0.1	-\$1.4	\$0.9	\$8.7	-\$1.3
State	-\$0.1	-\$1.0	\$0.0	-\$0.1	\$0.1	\$0.9	-\$0.1

* Total TANF/GF impact prior to Subaccount funds. Total includes county funds.

** Referenced in the 2016-17 Governor's Budget Binder as the 2015-16 Revised Budget.

This WTW 24-MTC provides 24 months of flexibility for CalWORKs clients to receive a wide array of services and supports to enter and remain in the workforce, including education and barrier-removal services. After 24 months, recipients will be required to focus on the employment-related activities that satisfy federal work participation requirements. If CalWORKs clients are unable to achieve the employment focused post-24 month requirements, they may receive a grant reduction. FY 2015-16 is the first year of anticipated savings for cases that will have an adult removed from aid when not meeting the federal participation requirements after using the flexible 24 month-period.

Change from the 2016-17 Governor's Budget:

The 2016 May Revision estimate adjusts the estimate methodology to reflect how this policy is occurring at the county level and to take broader CalWORKs caseload changes into consideration. As relevant data trends were not available at the time, the 2016-17 Governor's Budget methodology did not incorporate the county process of removing months from client's 24-MTCs. The updated methodology now accounts for a caseload adjustment to factor in months being removed from clients' 24-MTCs. The revised methodology also adjusts the number of cases with months used on their 24-MTC by the projected CalWORKs caseload decline as well as the proportion of cases expected to reach the end of their 48-month time clock prior to utilizing their entire 24-MTC.

Caseloads:

After 24 months of flexibility and the conciliation process, approximately 130 cases who are not meeting federal participation requirements will have the adult's portion of the grant removed by June 2016. The caseload is estimated to grow to 2,000 cases with an adult(s) removed from aid by June 2017.

Minimum Wage Increase to \$10.50 (CalWORKs Savings)

Funding (In Millions)	2016-17 Governor's Budget		2016 May Revision		Change		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 Change From Governor's Budget**	FY 2016-17 Change From Governor's Budget	May Revision Year-to-Year Change
Total*	\$0	\$0	\$0	-\$6.0	\$0	-\$6.0	-\$6.0
Federal/ TANF	\$0	\$0	\$0	-\$5.5	\$0	-\$5.5	-\$5.5
State	\$0	\$0	\$0	-\$0.5	\$0	-\$0.5	-\$0.5

* Total TANF/GF impact prior to Subaccount funds. Total includes county funds.

** Referenced in the 2016-17 Governor's Budget Binder as the 2015-16 Revised Budget.

This premise reflects savings to the CalWORKs program for increasing the minimum wage due to the passage of Senate Bill (SB) 3 (Chapter 4, Statutes of 2016), which was signed into law on April 4, 2016. SB 3 provides incremental increases to the state minimum wage up to \$15 by January 1, 2022, as well as an annual, automatic adjustment commencing January 1, 2023. The adjustment would be calculated using the Consumer Price Index.

The first in the series of increases will raise the minimum wage from \$10.00 to \$10.50 per hour effective January 1, 2017. Cases with working adults who have increased earnings as a result of the wage increase will have reduced grants. For cases that will income off of CalWORKs due to the increase in earnings, there will be a decrease to grant, administration and services costs.

Cost impacts to the In-Home Supportive Services (IHSS) program are included separately.

Change from the 2016-17 Governor's Budget:

The 2016-17 Governor's Budget reflects the impact of the previous minimum wage increase to \$10. FY 2016-17 now reflects projected savings for cases that currently earn between \$10 and \$10.50 per hour. These cases would experience an increase in wages during the second half of FY 2016-17. There will be a total savings of approximately \$6.0 million (\$0.46 million GF) due to the half-year increase of the minimum wage to \$10.50 in FY 2016-17.

Caseloads:

Approximately 2,036 cases will income off of CalWORKs due to increased earnings as a result of the wage increase to \$10.50 an hour beginning January 2017. Each month, an average of 17,408 cases will receive a lower CalWORKs grant amount as a result of having higher earnings.

CalWORKs Services

Funding (In Millions)	2016-17 Governor's Budget		2016 May Revision		Change		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 Change From Governor's Budget**	FY 2016-17 Change From Governor's Budget	May Revision Year-to-Year Change
Total*	\$1,468.1	\$1,390.0	\$1,475.1	\$1,335.3	\$7.0	-\$54.8	-\$139.8
Federal/ TANF	\$1,232.3	\$1,155.7	\$1,238.5	\$1,106.1	\$6.3	-\$49.6	-\$132.4
State	\$235.8	\$234.3	\$236.5	\$229.1	\$0.7	-\$5.2	-\$7.4

* Total TANF/GF impact prior to Subaccount funds. Total includes county funds.

** Referenced in the 2016-17 Governor's Budget Binder as the 2015-16 Revised Budget.

CalWORKs Services reflect the cost to provide employment services to individuals in the CalWORKs WTW program. Employment services provided to WTW participants include a wide variety of work, educational and training activities designed to assist individuals in obtaining and retaining employment. CalWORKs Services also includes Mental Health and Substance Abuse services, Subsidized Employment, Family Stabilization, Housing Support, and other program adjustments.

Change from the 2016-17 Governor's Budget:

The increase in FY 2015-16 reflects updated Family Stabilization funding based on recent county expenditure trends. With the statewide implementation of the Online CalWORKs Appraisal Tool (OCAT) in October 2015, actual expenditures for Family Stabilization have increased, and it is anticipated that funding needs will be consistent with continued use of the OCAT. The 2016 May Revision includes \$36.3 million for Family Stabilization, an increase of \$6.4 million in FY 2015-16 from the 2016-17 Governor's Budget.

The overall Employment Services decrease in FY 2016-17 reflects the anticipated Employment Services caseload decline, which is partially offset by an increase of \$1.3 million in the Family Stabilization budget from the revised FY 2015-16 to FY 2016-17.

Funding for Mental Health/Substance Abuse is maintained as CDSS continues to monitor the impacts of OCAT. The funding for Expanded Subsidized Employment maintains the same number of previously budgeted slots as counties continue to expand their Subsidized Employment programs and the clients served.

CalWORKs Services

Caseloads:

The Employment Services caseload is projected to decline with the overall CalWORKs caseload in both FY 2015-16 and FY 2016-17 (from 215,207 in FY 2015-16, to 211,235 adults in FY 2016-17).

CALFRESH AND OTHER FOOD ASSISTANCE PROGRAMS

The 2016 May Revision includes \$2.0 billion (\$693.1 million GF) for CalFresh administration in FY 2016-17, which represents a \$38.1 million (\$22.3 million GF) decrease from the 2016-17 Governor's Budget. The 2016 May Revision largely represents a current-law, workload adjusted budget for CalFresh and the California Food Assistance Program.

The non-assistance CalFresh caseload is projected to increase 3.2 percent in FY 2016-17, which represents a 6.2 percent slower caseload growth than the previous projection. The CalFresh program is projected to reach an average of 2.1 million total households in FY 2015-16 and 2.2 million total households in FY 2016-17.

The Drought Food Assistance Program (DFAP) is considered to be a temporary program, but given the particularly adverse impact the drought has had on the Central Valley and Southern California, the program will continue to be funded. The 2016 May Revision includes \$18.4 million GF in local assistance funding to operate the DFAP through the end of FY 2016-17 based on the current level of need.

Able-Bodied Adults Without Dependents (ABAWDs)

Funding (In Millions)	2016-17 Governor's Budget		2016 May Revision		Change		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 Change From Governor's Budget**	FY 2016-17 Change From Governor's Budget	May Revision Year-to-Year Change
Total*	\$0	\$0	\$0.15	\$4.24	\$0.15	\$4.24	\$4.09
Federal/ TANF	\$0	\$0	\$0.08	\$2.12	\$0.08	\$2.12	\$2.04
State	\$0	\$0	\$0.05	\$1.48	\$0.05	\$1.48	\$1.43

* Total includes county funds.

** Referenced in the 2016-17 Governor's Budget Binder as the 2015-16 Revised Budget.

This proposal addresses the automation changes needed in the SAWS in order to adhere to the ABAWD rules that will come back into effect for CalFresh when the statewide waiver expires on January 1, 2018.

ABAWD households will be subject to work requirements unless certain exemption criteria are met. Households who fail to meet the work requirements for more than three months within a 36-month period will have their CalFresh benefits discontinued until the requirements are again met. The waiver from these requirements has been in place since October 2008. The new, fixed statewide 36-month ABAWD tracking clock is expected to be functional and the consortia will begin interfacing ABAWD data with the Medi-Cal Eligibility Determination System (MEDS) by January 1, 2017.

Due to the complexity of the changes to SAWS, the consortia will require funding as soon as possible to begin programming activities in FY 2015-16 in order to be ready to meet the implementation timeline. At this time, it is estimated that little to no funding will be needed for changes in the MEDS to track the 36-month clock; however, this may change as the effort becomes more defined.

Transfer of Commodity Supplemental Food Program (CSFP) from California Department of Education (CDE) to CDSS

Funding (In Millions)	2016-17 Governor's Budget		2016 May Revision		Change		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 Change From Governor's Budget**	FY 2016-17 Change From Governor's Budget	May Revision Year-to-Year Change
Total*	\$0	\$0	\$0	\$4.4	\$0	\$4.4	\$4.4
Federal/ TANF	\$0	\$0	\$0	\$4.4	\$0	\$4.4	\$4.4
State	\$0	\$0	\$0	\$0	\$0	\$0	\$0

* Total TANF/GF impact prior to Subaccount funds. Total includes county funds.

** Referenced in the 2016-17 Governor's Budget Binder as the 2015-16 Revised Budget.

This proposal will transfer the administration of the CSFP from CDE to CDSS effective October 1, 2016. The CSFP is a federally funded program that provides funding to local nonprofit agencies to provide supplemental, nutritious foods to low-income seniors. Due to federal changes, this program no longer serves children and therefore is better aligned with similar Food Assistance Programs administered by CDSS. The federal grant to administer the program in Federal Fiscal Year (FFY) 2016 is \$6.0 million.

To support this transfer, CDSS requests an increase of \$4.4 million in FY 2016-17 and \$6.0 million annually thereafter in local assistance expenditure authority to administer the program. This will be offset in both years by a commensurate reduction in CDE's local assistance budget. The local assistance expenditure authority will be used to reimburse local agencies for charges associated with administering the CSFP.

A corresponding Budget Change Proposal position is included in the 2016 May Revision for this transfer.

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SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTAL PAYMENT (SSI/SSP)

Funding (In Millions)	2016-17 Governor's Budget		2016 May Revision		Change		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 Change From Governor's Budget**	FY 2016-17 Change From Governor's Budget	May Revision Year-to-Year Change
Total*	\$10,050	\$10,315	\$9,944	\$10,032	-\$106	-\$283	\$88
Federal/ TANF	\$7,254	\$7,442	\$7,167	\$7,203	-\$87	-\$239	\$36
State	\$2,796	\$2,873	\$2,777	\$2,829	-\$19	-\$44	\$52

** Referenced in the 2016-17 Governor's Budget Binder as the 2015-16 Revised Budget.

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

Change from the 2016-17 Governor's Budget:

Overall, the program reflects a net decrease of \$19 million GF in FY 2015-16 and \$44 million GF in FY 2016-17. The reduction is due to slower caseload growth and a lower average SSP grant than projected in the 2016-17 Governor's Budget.

Caseloads:

There is a slower caseload growth projected in the 2016 May Revision. The average monthly caseload is projected to be 1,289,815 cases for FY 2015-16 compared to the 1,201,167 cases projected in the 2016-17 Governor's Budget. The average monthly caseload for FY 2016-17 is projected to be 1,290,781 cases compared to 1,311,082 cases in the 2016-17 Governor's Budget. It is estimated that 43.6 percent of the SSI/SSP population will be over age 65.

State Supplementary Payment (SSP) – 2017 Cost-Of-Living Adjustment (COLA) Impact

Funding (In Millions)	2016-17 Governor's Budget		2016 May Revision		Change		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 Change From Governor's Budget**	FY 2016-17 Change From Governor's Budget	May Revision Year-to-Year Change
Total*	\$0	\$40.7	\$0	\$36.5	\$0	-\$4.2	\$36.5
Federal/ TANF	\$0	\$0	\$0	\$0	\$0	-\$0	\$0
State	\$0	\$40.7	\$0	\$36.5	\$0	-\$4.2	\$36.5

* Total TANF/GF impact prior to Subaccount funds. Total includes county funds.

** Referenced in the 2016-17 Governor's Budget Binder as the 2015-16 Revised Budget.

This premise reflects the 2016-17 Governor's Budget proposal to provide a one-time COLA increase to the SSP, Cash Assistance Program for Immigrants and California Veterans Benefit Program recipients. A California Necessities Index (CNI) of 2.76 percent will be applied to the SSP portion of the grant, effective January 1, 2017.

Change from the 2016-17 Governor's Budget:

The decrease reflects a slower monthly caseload growth than projected in the 2016-17 Governor's Budget and a reduction in the updated CNI to 2.76 percent from 2.96 percent.

Caseloads:

The SSP caseload is the same as reported for SSI/SSP as every recipient gets an SSP payment.

IN-HOME SUPPORTIVE SERVICES (IHSS)

Funding (In Millions)	2016-17 Governor's Budget		2016 May Revision		Change		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 Previous Estimate** to FY 2015-16 May Revision	FY 2016-17 Governor's Budget to FY 2016-17 May Revision	FY 2015-16 May Revision to FY 2016-17 May Revision
Total*	\$9,627	\$10,419	\$9,841	\$11,168	\$214	\$749	\$1,327
Reimb.	\$6,693	\$7,217	\$6,837	\$7,712	\$144	\$495	\$875
State	\$2,934	\$3,202	\$3,004	\$3,456	\$70	\$254	\$452

** Referenced in the 2016-17 Governor's Budget Binder as the 2015-16 Revised Budget.

This premise reflects in-home services costs for eligible individuals that allow them to stay in their own homes as an alternative to out-of-home care.

Change from the 2016-17 Governor's Budget:

The net increases of \$69.6 million GF in FY 2015-16 and \$253.5 million GF in FY 2016-17 reflect a higher caseload, higher cost per hour and higher paid hours per case. The increase in FY 2016-17 also includes adjustments for the implementation of Fair Labor Standards Act (FLSA) Provider Exemptions and the increase in minimum wage from \$10.00 to \$10.50 in January 1, 2017, discussed further in the following pages. The 2016 May Revision also reflects the restoration of service hours funded with \$236.2 million GF in lieu of the special fund.

Caseloads:

The IHSS average monthly paid caseload for the 2016 May Revision reflect a continued growth in caseload compared to what was projected in the FY 2016-17 Governor's Budget. The projected caseload increased in FY 2015-16 from 463,537 to 467,099 and for FY 2016-17 from 489,775 to 490,797.

Fair Labor Standards Act (FLSA) Regulations, Overtime and Compliance

Funding (In Millions)	2016-17 Governor's Budget		2016 May Revision		Change		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 Change From Governor's Budget**	FY 2016-17 Change From Governor's Budget	May Revision Year-to-Year Change
Total*	\$652.7	\$846.0	\$514.4	\$926.5	-\$138.3	\$80.5	\$412.1
Federal/ TANF	\$346.6	\$453.6	\$270.4	\$491.3	-\$76.1	\$37.6	\$220.8
State	\$306.1	\$392.4	\$244.0	\$435.3	-\$62.2	\$42.9	\$191.3

* Total TANF/GF impact prior to Subaccount funds. Total includes county funds.

** Referenced in the 2016-17 Governor's Budget Binder as the 2015-16 Revised Budget.

Note: The totals above do not include system change costs.

This premise reflects an increase in FY 2016-17 to the IHSS program services and administration funding requirements and exemptions related to FLSA overtime. The FLSA statutes established limits on the number of authorized hours a provider in the IHSS and Waivers for Personal Care Services (WPCS) programs is permitted to work in a work week.

Change from the 2016-17 Governor's Budget:

The FY 2015-16 decrease reflects updated actual expenditure and payment of overtime beginning February 2016, which results in less funding needed to pay for the provider overtime.

The 2016 May Revision includes an additional \$7.7 million total funds (\$3.6 million GF) in FY 2015-16 and \$47.4 million total funds (\$22.2 million GF) in FY 2016-17 for the following exemptions to the FLSA hour limitations:

- Live-in family care providers (including, parent, grandparent, adoptive parent, step-parent or legal guardian) as of January 31, 2016, residing in the home for two or more disabled minor or adult children or grandchildren for whom they provide IHSS. The IHSS providers who meet these requirements will be able to work up to 90 hours per work week, not to exceed 360 hours per month. This exemption in FY 2016-17 will cost \$4.3 million GF.
- Exceptions will be granted on a case-by-case basis for IHSS/WPCS providers who work for two or more IHSS recipients who have extraordinary incurable circumstances. These providers will be allowed to work up to 12 hours per day or 90 hours per week, not to exceed 360 hours per month. This includes recipient(s) at imminent risk of out-of-home institutionalized care if services are not provided. These exemptions will only be granted on a case-by-case basis, using on criteria

Fair Labor Standards Act (FLSA) Regulations, Overtime and Compliance

defined through stakeholder involvement and individualized circumstances. This exemption in FY 2016-17 is projected to cost \$17.9 million GF.

The 2016 May Revision also includes a technical adjustment to the calculation of the weekly hours cap so that the hours in a given month are divided by four weeks, rather than 4.33 weeks. This change is necessary to ensure that providers are not disadvantaged in months such as February, in which there are fewer days.

Trailer bill language is necessary for both of the exemptions as well as the correction to the weekly hours cap.

Caseloads:

It is assumed that approximately 1,200 providers will be impacted by the first exemption. It is assumed that approximately 5,000 providers will be impacted by the second exemption.

Minimum Wage Increase to \$10.50 (IHSS Cost)

Funding (In Millions)	2016-17 Governor's Budget		2016 May Revision		Change		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 Change From Governor's Budget**	FY 2016-17 Change From Governor's Budget	May Revision Year-to-Year Change
Total*	\$0	\$0	\$0	\$39.6	\$0	\$39.6	\$39.6
Federal/ TANF	\$0	\$0	\$0	\$21.2	\$0	\$21.2	\$21.2
State	\$0	\$0	\$0	\$18.4	\$0	\$18.4	\$18.4

* Total TANF/GF impact prior to Subaccount funds. Total includes county funds.

** Referenced in the 2016-17 Governor's Budget Binder as the 2015-16 Revised Budget.

This premise reflects the impact of implementing Senate Bill (SB) 3 which was signed into law on April 4, 2016. SB 3 provides incremental increases to the state minimum wage, up to \$15 by January 1, 2022, as well as an annual automatic adjustment of the minimum wage commencing January 1st of the following year based on the Consumer Price Index.

The first in the series of increases will raise the minimum wage from \$10.00 to \$10.50 per hour effective January 1, 2017. The first in the series of sick leave days available to IHSS providers will start on July 1, 2018 and will have no impact to FY 2016-17. The impact to the IHSS Basic Services cost per hour in FY 2016-17 is \$0.06 and would change the average cost per hour from \$13.27 to \$13.33. The increase will impact 36 counties in FY 2016-17 which are currently paying wages under \$10.50.

An administrative cost of \$1.0 million total funds (\$0.5 million GF) is included for sending notices of action to providers.

Restoration in IHSS Service Hours

Funding (In Millions)	2016-17 Governor's Budget		2016 May Revision		Change		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 Change From Governor's Budget**	FY 2016-17 Change From Governor's Budget	May Revision Year-to-Year Change
Total*	\$498.1	\$507.3	\$514.5	\$571.8	\$16.4	\$64.5	\$57.3
Federal/ TANF	\$264.8	\$271.1	\$273.8	\$305.9	\$9.0	\$34.8	\$32.1
State	\$233.3	\$236.2	\$240.8	\$265.8	\$7.5	\$29.6	\$25.0

* Total TANF/GF impact prior to Subaccount funds. Total includes county funds.

** Referenced in the 2016-17 Governor's Budget Binder as the 2015-16 Revised Budget.

This premise reflects the cost of restoring the IHSS service hours that were reduced by 7 percent effective July 1, 2013 as part of the settlement agreement to the Oster v. Lightbourne and Dominguez v. Schwarzenegger class action lawsuits.

Change from the 2016-17 Governor's Budget:

The increase in total cost for FY 2015-16 and FY 2016-17 reflect caseload growth, higher costs per hour and hours per case as well as a shift of the restoration costs from the Managed Care Organization (MCO) tax fund to GF.

The 2015 Budget Act included one-time funding of \$226.0 million GF to restore the IHSS service hours in FY 2015-16. The 2016-17 Governor's Budget proposed to fund the restoration of IHSS hours in FY 2016-17 with MCO tax revenues. The 2016 May Revision Estimate reflects a shift in the funding from the MCO tax fund to GF and assumes the restoration will remain in effect as long as the MCO tax is operational.

Caseloads:

The IHSS recipients will have their service hours restored by an average of 6.47 percent.

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CHILDREN AND FAMILY SERVICES PROGRAMS

The Children and Family Services programs include approximately \$5.7 billion in total funds (\$0.2 billion GF) in FY 2015-16. In FY 2015-16, there is a \$20.9 million total funds net decrease (\$0.6 million GF) from the 2016-17 Governor's Budget. This is due to updated court cases and attorney fees and a reduction in the caseload projection for the state Kinship Guardianship Assistance Payment Program.

The FY 2015-16 continues to track the Relative Foster Care Home Disallowance as a cost pressure (displayed as a non-add budget item). A review has been completed in Los Angeles County the results of which are promising and being used to inform the negotiations with Administration for Children and Families.

The average monthly caseload is projected to remain unchanged from the 2016-17 Governor's Budget with 45,071 cases in FY 2015-16 and 47,702 cases in FY 2016-17.

The FY 2016-17 budget for Children and Family Services includes approximately \$5.9 billion in total funds (\$0.3 billion GF). There is a net decrease from the 2016-17 Governor's Budget of \$17.3 million total funds due in large part to updated Title XIX expenditures and an increase of \$76.6 million GF in the foster care and child welfare budget due to implementation of the Continuum of Care Reform (CCR) and the agile procurement of Child Welfare Services-New System Project.

Continuum of Care Reform (CCR)

Funding (In Millions)	2016-17 Governor's Budget		2016 May Revision		Change		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 Change From Governor's Budget**	FY 2016-17 Change From Governor's Budget	May Revision Year-to-Year Change
Total*	\$33.1	\$88.6	\$29.1	\$147.6	-\$4.0	\$59.0	\$118.5
Federal/ TANF	\$11.6	\$31.1	\$4.6	\$30.3	-\$7.0	-\$0.8	\$25.7
State	\$21.5	\$57.5	\$24.5	\$117.3	\$3.0	\$59.8	\$92.8

* Total TANF/GF impact prior to Subaccount funds. Total includes county funds.

** Referenced in the 2016-17 Governor's Budget Binder as the 2015-16 Revised Budget.

This premise provides funding to implement revisions to the state's current rate-setting system, services and programs serving children and families in the continuum of Aid to Families with Dependent Children - Foster Care (AFDC-FC) eligible placement settings. The 2015-16 Governor's Budget reflected savings to offset some portions of CCR costs.

Change from the 2016-17 Governor's Budget:

Additional funding in FY 2016-17 is required to properly implement CCR:

- 1) An increase from the 2016-17 Governor's Budget of \$16.7 million total funds (\$25.3 million GF) due to increased administrative costs including additional caseworker time and updated caseworker costs for participatory case planning in child and family teams as well as increased administrative costs related to foster parent recruitment, retention and support. This is offset by a decrease in federal funding authority for Title IV-E Well-Being Project counties, as the federal funds for the Project are capped.
- 2) The 2016 May Revision includes \$4.6 million total funds (\$1.6 million GF) for training for social workers, probation officers and county mental health staff related to CCR efforts. Of this amount, \$1.5 million is federal Title IV-E spending authority for Department of Health Care Services (DHCS) mental health training. The DHCS will provide the non-federal match required to draw down the federal Title IV-E training funds to train county mental health workers.
- 3) Adjustments will be made for implementation of the new Home-Based Family Care rate structure totaling \$37.7 million total funds (\$32.9 million GF).

It is recognized that there will be some savings as a result of implementing the proposed changes. However, due to the uncertainties surrounding CCR implementation, such as the actual pace at which children will move from group homes to home-based settings, CDSS recognizes the need to ensure there are

Continuum of Care Reform (CCR)

sufficient up-front costs. Therefore, the 2016 May Revision CCR estimate does not reflect savings from cases moving to lower levels of care in FY 2016-17.

A reconciliation of actual savings and expenditures will be reached in the future when caseload movement is verified. Some administration estimates are offset by subsumed activities no longer being completed.

Caseloads:

The AFDC-FC caseload projections used to estimate assistance costs for CCR remain unchanged from the 2016-17 Governor's Budget.

Tribal Approved Relative Caregiver (ARC) Program

Funding (In Millions)	2016-17 Governor's Budget		2016 May Revision***		Change***		
	FY 2015-16	FY 2016-17	FY 2015-16	FY 2016-17	FY 2015-16 Change From Governor's Budget**	FY 2016-17 Change From Governor's Budget	May Revision Year-to-Year Change
Total*	\$0	\$0	\$0	\$0.2	\$0	\$0.2	\$0.2
Federal/ TANF	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State	\$0	\$0	\$0	\$0.2	\$0	\$0.2	\$0.2

* Total TANF/GF impact prior to Subaccount funds. Total includes county funds.

** Referenced in the 2016-17 Governor's Budget Binder as the 2015-16 Revised Budget.

*** Only the fiscal impact from Tribal ARC Program is displayed. The fiscal impact from allowing all ARC cases access to enhanced funding is displayed within the CCR totals on page 25.

This premise provides an augmentation to the rate paid for non-federally eligible FC children who are placed with relatives. Currently, this county optional program provides an additional amount above the CalWORKs grant to bring the total payment for non-federally eligible children placed with relative caregivers up to the same amount as the rate paid for federally eligible children in AFDC-FC eligible homes.

Change from the 2016-17 Governor's Budget:

In order to better serve tribal youth, the 2016 May Revision includes a \$0.2 million increase for a Tribal ARC Program to include cases that are under the jurisdiction of the tribal court for Yurok and Karuk tribes, which are not included in the current ARC caseload. Actual implementation, however, may be delayed to ensure a comprehensive consultation period that can be conducted with the Yurok and Karuk tribes. This proposal will require trailer bill language.

Caseloads:

The 2016 May Revision projects an annual Tribal ARC Program caseload of 28 cases.