



May 15, 2022

To: The Honorable Susan Talamantes Eggman
Chair, Senate Budget Subcommittee No. 3

Honorable Members
Senate Budget Subcommittee No. 3

The Honorable Dr. Joaquin Arambula
Chair, Assembly Budget Subcommittee No. 1

Honorable Members
Assembly Budget Subcommittee No. 1

From: Cathy Senderling-McDonald, CWDA Executive Director

**RE: MAY REVISION: CHILD WELFARE / FOSTER CARE
ISSUES**

The County Welfare Directors Association (CWDA) is pleased to see new investments in the area of child welfare and foster care services in the Governor's May Revision for 2022-23. Overall, these investments are needed and important for foster children, youth and families, particularly now as counties continue to grapple with a growing crisis in placement and services for youth with complex needs. While the investments are promising, CWDA notes its concerns in a few of areas of the May Revision and reiterates our previous budget requests in child welfare.

Caregiver Approval and Excellence in Family Finding and Engagement Program

The May Revision proposes \$200 million General Fund (GF) in new funding for two programs: \$50 million ongoing for Caregiver Approval and \$150 million in one-time funds to be spent over five years for the Excellence in Family Finding and Engagement Program.

The Caregiver Approval funding is for activities associated with approving caregivers (i.e. Resource Family Approval). The May Revision indicates that this premise will be accompanied by statutory changes in the Placement Prior to Approval timelines; however, it is our understanding based on preliminary discussions with the California Department of

Social Services that the statutory changes related to Placement Prior to Approval are separate from, and not directly connected to, this Caregiver Approval proposal. The Excellence in Family Finding and Engagement Program is a grant-based program to be provided for family finding and engagement activities. Counties choosing to apply for and participate in this program would be required to match the state grant with local funding.

CWDA is greatly appreciative of both of these proposed investments; however, we note some concerns with the proposals:

- The Caregiver Approval proposal fails to acknowledge that the Resource Family Approval (RFA) process is a statewide mandate passed as part of the Continuum of Care Reform (CCR) mandate through AB 403 (Ch. 773, Statutes of 2015). Pursuant to Proposition 30, the State is obligated to pay 100 percent of the costs of new workload. Currently, counties' total unfunded costs to support the RFA process is estimated at \$100 million GF.
- The county opt-in requirement of the Excellence in Family Finding and Engagement Program is inadequate to addressing the statewide problem. As we have shared previously, counties are facing a crisis of foster youth with complex care needs, and due to the pandemic, have lost both foster families and residential therapeutic care provider capacity. This is a statewide issue and therefore, funding should be provided statewide as an allocation.
- The county match requirement of the Excellence in Family Finding and Engagement Program would simply not be possible for all counties to meet, thus resulting in disparate access to family finding and support resources for foster youth in the State.
- The application-based structure of the Excellence in Family Finding and Engagement Program where county proposals are subject to departmental approval will likely result in significant delays in the disbursement of the funding.

CWDA Proposal – We request that the \$200 million instead be used to fund our original budget requests in these areas:

- \$100 million ongoing to fully fund the actual costs of the state-mandated RFA approval activities.
- \$100 million ongoing for the Foster Parent Recruitment, Retention, and Support (FPRRS) Program, with funds allocated to all counties up front for activities to support and retain resource families.

CWDA Child Welfare Budget and Legislative Package

CWDA continues to urge the Administration and Legislature to consider other needed investments in the child welfare and foster care program, as proposed by CWDA's budget and legislative package. The Continuum of Care Effort has not achieved the goals it set out

to accomplish, gaps remain in the continuum, and many foster youth with complex care needs continue to struggle. While we are greatly appreciative of investments made in 2021-22 and proposed for 2022-23, there is continued need for refinement and investment, particularly in the following areas:

- Staffing resources to serve youth with complex needs (\$29.2 million)
- Intensive Assessment and Transitional Services (\$8.3 million)
- Independent Living Services, Transitional Housing, Insurance (\$25.3 million)
- Substance Use Services For Foster Youth in Family-Based Care (\$5 million)

These and other investments and no-cost and low-cost, one-time statutory changes are described in our February 4, 2022 budget memo and summarized in the attachment to this memo.

Family First Prevention Services Act (FFPSA)

The May Revision includes several changes related to implementation of FFPSA. CWDA has the following response to proposals in this area:

- Funding for Non-Accredited Facilities: The May Revision includes a new proposal to backfill the loss of FFP for placements into newly-licensed STRTPs which have not yet received accreditation, as is required by federal law. The Budget proposes \$1.6 million (\$789,000) for placement costs, up to 6 months, and \$117,000 to support STRTPs to achieve accreditation.

CWDA is generally supportive of this new investment but urges that the funding not be limited to 6 months, in the event that the accreditation process takes longer than expected. This could occur at no fault of the provider – for example, if the accrediting body has not yet completed its process of review. Additionally, CWDA recommends the funds be made available in instances when the facility’s accreditation has expired and the provider is in process of renewing their accreditation status.

Counties are facing a critical shortage of residential treatment settings for foster children with complex care needs and require continued access to such settings with appropriate financial supports.

- Qualified Individual Changes: The May Revision includes a new component to support county placing agencies that apply for a waiver to the state to implement the qualified individual (QI) requirement. We are appreciative of the funding and note that CWDA and the state continue to disagree with the interpretation of statute (AB 153, Ch. 86, 2021), which required DSS to seek federal approval to permit persons connected to, or affiliated with, a placing agency to conduct the assessment as required under

federal law and codified in Welfare and Institutions Code 4096(g). The department and Department of Health Care Services (DHCS) continue to maintain such assessments must be performed by clinicians or other individuals who can bill the assessment as a Specialty Mental Health Services – an interpretation of state law that we do not agree with. CWDA has engaged with DSS and DHCS in several discussions on this matter.

- Institutes for Mental Disease: The May Revision proposes to provide an additional \$10.4 million in 2022-23 to assist Short-Term Residential Therapeutic Programs (STRTPs) with 16 beds or more to transition to a smaller capacity or change their programming in order to comply with federal Medicaid requirements associated with Institutions of Mental Disease (IMD). Additionally, and reflected in the DHCS budget, the department continues to provide \$7.5 million to cover lost FFP for Specialty Mental Health Services (SMHS) in 2022-23. Although the IMD requirement pre-dates FFPSA, the state only became aware of this issue upon implementation of FFPSA in California.

While we support the funding proposed in the May Revision, we note that DHCS plans to submit a waiver proposal in the fall of 2022 to federal CMS to allow for longer stays in IMD settings, which would implement sometime in 2023 pending federal approval, thereby allowing California to continue to receive federal funds for mental health services provided in STRTPs for another two years. CWDA is concerned that the departments continue to require STRTP providers to meet the IMD rule by December 30, 2022, even though the waiver, if approved by CMS, will allow those providers continue to operate at larger capacity for up to two additional years. This will result in significant loss of capacity at a time when county placing agencies are facing a children’s mental health crisis and shortage of residential treatment settings. Since January 2020, according to the DSS STRTP data shared with counties, California has lost 1,193 STRTP beds statewide. CWDA urges the Administration and the Legislature to permit STRTP providers additional time to transition under the proposed waiver. Please note this request was communicated to the departments in a letter sent April 29, 2022.

- Trailer Bill Proposal: The Administration indicates it will put forth “no cost” trailer bill to make statutory changes to apply the requirements of FFPSA to Community Treatment Facilities (CTFs) and provide for increased accountability and oversight of STRTPs. Additionally, DSS proposes to clarify the requirement for ongoing county consultation with other agencies and entities to improve the efficiency of state contracts necessary to implement new provisions, in order to strengthen implementation of FFPSA. The Administration has not yet released this TBL for stakeholder review. CWDA will provide feedback upon the release of this proposed TBL and will urge the Administration to consider other technical clean up issues that

we have raised to the Administration in our previous communications with them.

Commercially Sexually Exploited Children (CSEC)

The May Revision provides \$25 million GF on a one-time basis, available for expenditure over 3 years, for victims “impacted by human trafficking.” While we are generally supportive of new funding in this area and agree that additional investment is needed, CWDA will need additional details for the proposed use of these funds before we can fully respond to this proposal.

Based on preliminary information we’ve received from CDSS, it appears that these funds will be held by CDSS and distributed to grantees through a Request for Proposal (RFP) process, rather than allocated to county child welfare agencies directly. There is also language used in the proposal writeup (“human trafficking”) that could imply that the funds are intended to include training and/or services for children who are labor trafficked; however, based on our initial discussions with CDSS staff, we understand that the intent is only to serve children who are victims of sexual exploitation, which we appreciate.

We would also like to better understand how this additional \$25 million is proposed to complement or interact with the existing CSEC program: There is an existing \$19 million GF provided annually for county CSEC services and based on county expenditure data, several counties are over-spending their allocation or fully-spending, which indicates a need for investment in this area.

Emergency Child Care Foster Care Bridge Administrative Funding

CWDA supports the proposed investment of \$7.6 million General Fund (GF) to counties to support the administrative activities associated with implementation of the program. These administrative funds will enable county staff to work with directly resource parents to identify and link to child care services for the foster children in their care. Lack of access to child care services can serve as a barrier to a resource family accepting a foster child, particularly for relative caregivers and non-related extended family member caregivers, and other resource parents who are also employed. The Emergency Child Care Foster Care Bridge program has helped thousands of resource parents and thus, thousands of foster children access the care they need—both in home and through quality child care and development services.

CWDA notes that we continue to urge the Administration to consider a proposal by a coalition of children’s advocacy organizations, including CWDA, to invest \$48 million additional funds into this program, to expand the number stipends for foster children (\$39 million) and increase navigation services (\$5 million) and trauma-based training for child care providers (\$5 million).

We thank you for your consideration of these issues as you finalize negotiations on the 2022 budget.

cc: Chris Woods, Office of the Senate President Pro Tempore
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