



CWDA
Advancing Human Services
for the Welfare of All Californians



May 26, 2018

To: The Honorable Philip Ting
Chair, Budget Conference Committee

Honorable Members
Budget Conference Committee

From: Justin Garrett, Legislative Representative, CSAC
Frank J. Mecca, Executive Director, CWDA

RE: CHILD WELFARE SERVICES – FUNDING AT THE TIME OF PLACEMENT

The California State Association of Counties (CSAC) and County Welfare Directors Association of California (CWDA) appreciates the Administration's and Legislature's support for a long-term solution to ensure the relatives and non-related extended family members of foster children receive funding at the time of placement, prior to approval under the Resource Family Approval (RFA) process. We also appreciate the Legislature's acknowledgment of the concerns we expressed about the Administration's proposal in the actions taken in both houses by adopting placeholder trailer bill language pending the release of the Administration's proposal. In light of the Administration's recent release of its proposal and fiscal assumptions, we wanted to update our position on the proposal.

CSAC and CWDA previously opposed the Administration's specific long-term proposal based on four areas of concern. These concerns still largely stand, as follows:

- 1) **New Unfunded Cost Shift to Counties:** We objected to the cost shift to counties and the mandate of new, but unfunded, levels of service contrary to the Constitutional requirements of Proposition 30, particularly associated with those federally ineligible cases for whom counties have never had any responsibility to fund either prior to or after the relative home approval. In our discussions with the Administration, they agreed that the requirement that counties pay relatives and non-related extended family members (NREFMs) at the time of placement prior to RFA approval is a new mandate subject to the conditions of Proposition 30, but they argue that county savings are sufficient to fully fund the new costs thereby satisfying the terms of Proposition 30. We believe that there is insufficient information, based on county-by-county fluctuations in caseload, to ascertain the extent this is true for all counties.
- 2) **Discount Rate Impact:** We had concerns that the inclusion of these new cases that are being paid prior to RFA approval in the county "discount rate" calculation could result in the loss of federal Title IV-E funding, including both assistance costs and county caseworker costs, for all foster care cases. The federally required discount rate calculation is used to determine

how much Title IV-E funding provided to counties should be reduced based on cases that are federally ineligible. All cases placed in unapproved homes are considered federally ineligible except in time-limited circumstances when paid using EA TANF funding. Again, because of county-by-county caseload fluctuations, it is difficult to ascertain the impact on the discount rate at this time.

- 3) **Data Requirements:** We were concerned about the authority that the proposed trailer bill language would have provided to the California Department of Social Services (CDSS) to ask for any data they determined necessary for oversight regardless of the existing availability of that data in an automated fashion. We do not object to providing whatever data CDSS determines is necessary for oversight; only that we not impose additional workload on county staff to manually gather and report on significant amounts of data prior to completion of the automation.
- 4) **Time-limiting Payments to Caregivers:** We objected to the proposed 180-day limit to these payments in 2018-19 and the 90-day limit in 2019-20 and beyond should a relative or non-related extended family member (NREFM) not be able to make it through the approval process prior to those deadlines. While we expect the vast majority of families to complete the process within these timeframes once the backlog of applications is cleared, there could always be exceptional cases with delays, particularly in the criminal background check process, over which neither the counties nor the families have control. Under current federal law, TANF EA may be provided for up to 12 months.

Now that we have had the opportunity to review the Administration's fiscal assumptions, we support the Administration's long-term proposal contingent on additional trailer bill modifications to address our outstanding concerns. Our requested changes to the trailer bill would accomplish the following:

- 1) **Satisfy the Proposition 30 Requirement For County-by-County Cost Neutrality:** We continue to think it is appropriate that counties bear some of the costs of the payment at time of placement for relatives and NREFMs prior to RFA approval. Prior to RFA implementation, relative home approvals took less time due to fewer, state-mandated requirements. As such, counties would have begun paying the full nonfederal share of costs for federally eligible relatives and NREFMs sooner than they are now under the longer RFA approval timelines, and those costs to counties are higher than the nonfederal share of costs under the long-term proposal. In reviewing the back-up fiscal assumptions provided by CDSS, we agree that the savings to counties do exceed the costs of the long-term proposal for at least the next fiscal year on a statewide basis. However, it is possible that for any individual county the costs could exceed the savings due to the particular mix of federally eligible and non eligible cases in the county. This possibility will likely increase for individual counties over time as more cases are found to be federally ineligible for Title IV-E. And the requirements of Proposition 30 are that the overall cost and saving analysis be done on a county-by-county basis.

Therefore, while we agree with the Administration's fiscal assumptions for 2018-19, we request that trailer bill language be adopted to require an annual determination of the savings and costs associated with the long-term proposal on a county-by-county basis. Should a determination be made that any county where the costs exceed the savings, the state can provide funding sufficient to cover those costs, or the county is not obligated to continue the payments. This will ensure that the requirements of Proposition 30 are upheld.

- 2) Address Potential Individual County Discount Rate Impacts: Also included in the back-up fiscal data from CDSS was an analysis of the impact of the long-term proposal on the statewide discount rate. That analysis actually showed an improvement to the statewide discount rate that would result in an ability to draw down more Title IV-E funding. However, we have concerns with that analysis and there remain outstanding questions. We believe that CDSS has overstated the number of cases under the long-term proposed who could be considered federally eligible for Title IV-E for the discount rate calculation, and that the likely impact to the statewide discount rate is neutral at best. There is also the possibility that for any individual county, the discount rate could become worse. Again, this will depend on the particular federally eligible and ineligible caseload mix of each county. For this reason, we continue to think that each county needs to be held harmless for any negative effects on the county's discount rate should they occur in the future in order to satisfy the requirements of Proposition 30. Our requested trailer bill changes would hold each individual county harmless for any negative impact to the county's individual discount rate.
- 3) Mitigate Additional County Manual Workload for Data Collection: Our requested trailer bill language would require CDSS to work with CWDA to determine what data is to be reported prior to automation being completed. We also note that changes to automation for whatever data is eventually determined to be needed by CDSS for oversight purposes will require additional funding for those changes.
- 4) Eliminate the Time Limits – Our requested TBL would eliminate the 180-day time limit in 2018-19 and the 90-day time limit in 2019-20 and beyond. This will enable counties to continue payments to relatives and NREFMs in those exceptional situations where the RFA approval process is delayed.

CSAC and CWDA continue to strongly support efforts towards a long-term solution for payment at the time of placement for relatives and NREFMs. We look forward to working with the Administration and Legislature towards a long-term solution which supports resource families and maintains adequate resources for all children and families in care.

Thank you for your consideration.

Attachment: Proposed TBL

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Jason Sisney, Office of the Assembly Speaker
Chris Woods, Office of the Senate President Pro Tempore
Mareva Brown, Office of the Senate President Pro Tempore
Nicole Vazquez, Assembly Budget Subcommittee No. 1
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