



February 2, 2021

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, Executive Director

**RE: FULLY FUND THE RESOURCE FAMILY APPROVAL
(RFA) WORKLOAD IN THE CONTINUUM OF CARE
REFORM (CCR) TRUE-UP**

The County Welfare Directors Association (CWDA) requests your full funding for the workload associated with performing the state mandated Resource Family Approval (RFA) process as part of the Continuum of Care Reform (CCR) True-up. The current estimate of these costs is \$80 million General Fund (GF) annually, although we are in the process of gathering specific cost data for the 2018-19 fiscal year, the year of CCR costs that are being reconciled now. These costs have been fronted by counties for years without reimbursement due to a disputed interpretation of the constitutional requirements of Proposition 30, as set forth below.

The state constitutional provisions of Proposition 30 require that the state fund the net costs to each county of any new state child welfare requirements or programs enacted after 2011 and provides that counties need only implement those new state requirements or programs to the extent state funding is provided. The CCR True-up is the county-by-county reconciliation of savings and costs resulting from CCR implementation; this agreed-upon methodology operationalizes the Proposition 30 requirement to fund the net new costs associated with CCR. The structure of the true-up calculation is as follows:

- The CCR *costs* included in this reconciliation are those associated with implementing

the new administrative elements of CCR, like Child and Family Teams (CFTs) and the Resource Family Approval (RFA) process, as well as the rate increases that were provided to all foster care providers (foster and relative homes, foster family agencies, and Short-Term Residential Treatment Programs [STRTPs]).

- The CCR *savings* are those associated with lower placement costs from moving youth from higher cost congregate care placements to lower cost family-based placement settings.

The Budget Act of 2020 included \$2.6 million GF to reimburse counties for the net costs associated with CFTs for 2016-17 and 2017-18, based on a methodology for determining county-by-county net costs developed by CWDA and CDSS. Although reimbursement of net CFT costs for 2018-19 and all subsequent fiscal years will continue to be provided as part of the annual budget, the Administration has stated it will not provide reimbursement for the net new costs associated with the RFA process as part of this calculation. The Administration believes the RFA process was in statute prior to 2011 Realignment and, therefore, also believes that all costs associated with the statewide RFA process required by CCR are a county responsibility. Based on the agreed-upon CCR True-up methodology, the unfunded net new cost of the RFA process for the 2018-19 fiscal year is estimated to be \$80 million.

CWDA strongly disagrees with the Administration's interpretation that the RFA process under CCR is not subject to Proposition 30 and continues to request the state provide funding as required by the constitution. Although the RFA process was in statute prior to 2011 Realignment, it was only as a pilot project in five counties that had yet to even be fully implemented prior to 2011; upon completion of the pilot, additional counties could have chosen to implement the RFA process at their discretion. No statewide mandate existed for RFA under pre-2011 statute; the CCR legislation made the RFA process a statewide requirement for all counties. In addition, CDSS has administratively added specific process requirements in their statewide implementation of RFA, which have contributed to the workload and costs associated with RFA, that were not present in the statute prior to 2011 Realignment. Were it not for a statewide mandate of the RFA process and the imposition of additional administrative requirements, it is impossible to believe that counties would voluntarily have increased their spending on home approvals by hundreds of millions of dollars over the past four fiscal years or maintained a process that resulted in a months-long backlog of home approvals.

Because of the statewide RFA mandate enacted in CCR legislation and the subsequent administrative requirements imposed by CDSS, the net new costs of the RFA process are subject to Proposition 30 and should be funded. Failure to provide full funding for the CCR True-up, including funding for RFA work, will jeopardize counties' abilities to continue CCR work, as well as undermine the ability for counties to fulfill other child welfare mandates. The realignment revenue shortfalls as experienced by counties due to COVID-19, although not yet as dire as originally feared, still make these RFA costs even more impossible for counties

to continue to absorb.

For these reasons, we urge you to provide \$80 million GF to fully fund the crucial work of RFA. Thank you for your consideration.

cc: Chris Woods, Office of the Senate President Pro Tempore
Mareva Brown, Office of the Senate President Pro Tempore
Jason Sisney, Office of the Speaker of the Assembly
Gail Gronert, Office of the Speaker of the Assembly
Renita Polk, Senate Budget and Fiscal Review Subcommittee No. 3
Nicole Vazquez, Assembly Committee on Budget Subcommittee No. 1
Rebecca Hamilton, Senate Republican Fiscal Office
Joe Shinstock, Assembly Republican Fiscal Office
Eric Dietz, Assembly Republican Fiscal Office
David Stammerjohan, Office of Senator Talamantes-Eggman
Ana Melendez, Office of Assembly Member Arambula
Jessica Bartholow, Office of Senator Skinner
Ginni Bella Navarre, Legislative Analyst's Office
Richard Figueroa, Office of the Governor
Tam Ma, Office of the Governor
Marko Mijic, Health and Human Services Agency
Paula Villescaz, Health and Human Services Agency
Kim Johnson, California Department of Social Services
Jennifer Troia, California Department of Social Services
Salena Chow, California Department of Social Services
Robert Smith, California Department of Social Services
Adam Dorsey, HHS, Department of Finance
Jennifer Lopez, HHS, Department of Finance
Justin Garrett, California Association of Counties
County Caucus