



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Items 0530-001-0001, 0530-001-9745, and Reimbursements, Support, Health and Human Services Agency**

**Office of Investigations and Law Enforcement Support (Issue 151)**—It is requested that Item 0530-001-0001 be increased by \$1,175,000 and reimbursements be increased by \$600,000 for 9 permanent positions to initially staff a proposed Office of Investigations and Law Enforcement Support (Office) within the Health and Human Services Agency. The Office will oversee and support law enforcement and investigative services for the Department of Developmental Services and Department of State Hospitals, including implementation of new internal affairs activities, oversight and quality control of investigations, and standardization of law enforcement policies and procedures. Additionally, the California Highway Patrol will provide subject-matter expertise, technical assistance, and operational assistance to the office through an interagency agreement. Trailer bill language is required to establish the Office.

**Appeals Case Management System: Shift Resources from Department of Social Services (DSS) to Office of Systems Integration (OSI) (Issue 405)**—It is requested that Item 0530-001-9745 be increased by \$3,553,000 to support the OSI's management of the Appeals Case Management System project proposed in the 2014-15 Governor's Budget. This reflects a shift of proposed project resources (6 positions and contract funding) from DSS to OSI to appropriately align project workload between the two agencies. See Item 5180-001-0001, Issue 102, and Item 5180-141-0001, Issue 107, for related adjustments to the DSS budget.

**California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) (Issue 406)**—It is requested that Item 0530-001-9745 be increased by \$73,152,000 to provide project management services for the design, development, implementation, operation, and maintenance of the CalHEERS project. This adjustment reflects an extended development and implementation phase to build critical system functionality to meet federal and state requirements, and programmatic timelines with respect to the implementation of health care reform.

**Case Management Information and Payrolling System (CMIPS) II (Issue 407)**—It is requested that Item 0530-001-9745 be increased by \$17,461,000 to support CMIPS II system changes needed in fiscal year 2014-15. Specifically, the funding will be used to update the system for recent changes to the federal Fair Labor Standards Act, the increase to the state's

**MAY 13 2014**

minimum hourly wage rate, and enhancements to accommodate blind and visually impaired In-Home Supportive Services recipients.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Brandon Nunes or John Silva, Principal Program Budget Analysts, at (916) 445-6423.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Ellen Corbett, Chair, Senate Budget and Fiscal Review Subcommittee No. 3  
Honorable Shirley Weber, Chair, Assembly Budget Subcommittee No. 1  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Michael Wilkening, Undersecretary, California Health and Human Services Agency  
Mr. John Wordlaw, Assistant Secretary, California Health and Human Services Agency  
Mr. Kristopher Kent, Assistant Secretary, Health and Human Services Agency  
Mr. John Boule, Director, Office of Systems Integration, California Health and Human Services Agency  
Mr. Matt Schueller, Chief Financial Officer, Office of Systems Integration, California Health and Human Services Agency  
Ms. Monica Flowers, Budget Bureau Chief, Department of Social Services



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Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 4120-101-0001 and Reimbursements, Local Assistance,  
Emergency Medical Services Authority**

**California Poison Control System Local Assistance Augmentation (Issue 500)**—It is requested that Item 4120-101-0001 be increased by \$827,000 and reimbursements be increased by \$1,537,000 to provide a funding augmentation for the California Poison Control System (CPCS). The CPCS disseminates poison exposure information statewide through a toll-free 24-hour hotline staffed by health professionals. The funding will ensure that the CPCS maintains the staffing levels and call response times necessary to maintain accreditation with the American Association of Poison Control Centers. This accreditation is required as a condition of receiving federal grants that support the program.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Teresa Calvert, Assistant Program Budget Manager, at (916) 445-6423.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: On following page

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-2-

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
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Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Michael Wilkening, Undersecretary, Health and Human Services Agency  
Ms. Janne Olson-Morgan, Assistant Secretary, Health and Human Services Agency  
Mr. Daniel Smiley, Chief Deputy Director, Emergency Medical Services Authority  
Mr. Rick Trussell, Chief, Fiscal, Administration, and Information Technology Division, Emergency  
Medical Services Authority



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 4150-001-0933, Support, Department of Managed Health Care**

**Federal Mental Health Parity (Issue 073)**—It is requested that Item 4150-001-0933 be increased by \$369,000 for oversight of the implementation of the federal Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008. The federal government issued final rules implementing the Act on November 2013. This funding will support a clinical consulting contract to conduct initial front-end reviews that will enable the Department of Managed Health Care to assess the health plans' compliance with the law.

This request includes proposed statutory changes to the Health and Safety Code to provide the department with authority to enforce health care plan compliance to the Act (see Attachment 1).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Maricris Acon, Principal Program Budget Analyst, at (916) 445-6423.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

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Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Michael Wilkening, Undersecretary, Health and Human Services Agency  
Ms. Kiyomi Burchill, Assistant Secretary, Health and Human Services Agency  
Ms. Shelley Rouillard, Director, Department of Managed Health Care  
Ms. Sherrie Lowenstein, Legislative Affairs Deputy Director, Department of Managed  
Health Care  
Ms. Debbie McKinney, Deputy Director of Administration, Department of Managed  
Health Care

Section 1374.72 of the Health and Safety Code is amended to read:

(a) Every health care service plan contract issued, amended, or renewed on or after July 1, 2000, that provides hospital, medical, or surgical coverage shall provide coverage for the diagnosis and medically necessary treatment of severe mental illnesses of a person of any age, and of serious emotional disturbances of a child, as specified in subdivisions (d) and (e), under the same terms and conditions applied to other medical conditions as specified in subdivision (c).

(b) These benefits shall include the following:

(1) Outpatient services.

(2) Inpatient hospital services.

(3) Partial hospital services.

(4) Prescription drugs, if the plan contract includes coverage for prescription drugs.

(c) The terms and conditions applied to the benefits required by this section, that shall be applied equally to all benefits under the plan contract, shall include, but not be limited to, the following:

(1) Maximum lifetime benefits.

(2) Co-payments.

(3) Individual and family deductibles.

(d) For the purposes of this section, "severe mental illnesses" shall include:

(1) Schizophrenia.

(2) Schizoaffective disorder.

(3) Bipolar disorder (manic-depressive illness).

(4) Major depressive disorders.

(5) Panic disorder.

(6) Obsessive-compulsive disorder.

(7) Pervasive developmental disorder or autism.

(8) Anorexia nervosa.

(9) Bulimia nervosa.

(e) For the purposes of this section, a child suffering from, "serious emotional disturbances of a child" shall be defined as a child who

(1) has one or more mental disorders as identified in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders, other than a primary substance use disorder or developmental disorder, that result in behavior inappropriate to the child's age according to expected developmental norms, and

(2) who meets the criteria in paragraph (2) of subdivision (a) of Section 5600.3 of the Welfare and Institutions Code.

(f) This section shall not apply to contracts entered into pursuant to Chapter 7 (commencing with Section 14000) or Chapter 8 (commencing with Section 14200) of Division 9 of Part 3 of the Welfare and Institutions Code, between the State Department of Health Services and a health care service plan for enrolled Medi-Cal beneficiaries.

(g)(1) For the purpose of compliance with this section, a plan may provide coverage for all or part of the mental health services required by this section through a separate specialized health care service plan or mental health plan, and shall not be required to obtain an additional or specialized license for this purpose.

(2) A plan shall provide the mental health coverage required by this section in its entire service area and in emergency situations as may be required by applicable laws and regulations. For purposes of this section, health care service plan contracts that provide benefits to enrollees through preferred provider contracting arrangements are not precluded from requiring enrollees who reside or work in geographic areas served by specialized health care service plans or mental health plans to secure all or part of their mental health services within those geographic areas served by specialized health care service plans or mental health plans.

(3) Notwithstanding any other provision of law, in the provision of benefits required by this section, a health care service plan may utilize case management, network providers, utilization review techniques, prior authorization, co-payments, or other cost sharing.

(h) Nothing in this section shall be construed to deny or restrict in any way the department's authority to ensure plan compliance with this chapter when a plan provides coverage for prescription drugs.

(i)(1) A large group health care service plan contract shall provide all covered mental health and substance use disorder benefits in compliance with the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (Public Law 110-343) and all rules, regulations, or guidance issued pursuant to Section 2726 of the federal Public Health Service Act (42 U.S.C. Sec. 300gg-26).

(2) An individual or small group health care service plan contract shall provide all covered mental health and substance use disorder benefits in compliance with Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (Public Law 110-343) and all rules, regulations, or guidance issued pursuant to Section 2726 of the federal Public Health Service Act (42 U.S.C. Sec. 300gg-26) and section 1367.005 of this chapter.



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Honorable Mark Leno, Chair  
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Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Various Budget Bill Items, Support and Local Assistance, Department of Health Care Services—Medi-Cal, Family Health, and Major Risk Medical Insurance Program**

**State Operations**

**Medi-Cal Program Integrity Data Analytics (Issue 501)**—It is requested that Item 4260-001-0001 be increased by \$1,250,000 and that Item 4260-001-0890 be increased by \$3,750,000 to allow the Department of Health Care Services (DHCS) to secure a data analytics contractor to enhance Medi-Cal fraud and program integrity efforts. This proposal will help the department to focus and prioritize fraud prevention efforts.

**Local Assistance**

The average monthly caseload for fiscal year 2014-15 is projected to be 11,499,500 beneficiaries, which represents an increase of 1,393,300 beneficiaries from the estimate of 10,106,200 beneficiaries reflected in the Governor's Budget. Total Medi-Cal expenditures for 2014-15 are projected to be \$90,584,058,000 (\$17,401,848,000 General Fund), which is an increase of \$16,575,259,000 (\$502,353,000 General Fund) from the Governor's Budget.

**Current Year Operating Shortfall**—In addition to these changes, the Medi-Cal program expects to exhaust available resources prior to the close of the current fiscal year. The Administration will seek a supplemental appropriation bill to fund cost increases attributable to delayed implementation of AB 97 provider payment rate reductions, the delay in federal approval of the hospital quality assurance fee, and a caseload increase associated with the mandatory expansion. Until supplemental funding is provided, DHCS will utilize the loan authorized by Government Code section 16531.1 to make payments to various Medi-Cal providers. The current shortfall is estimated to be approximately \$553.4 million.

**May 2014 Medi-Cal Estimate (Issue 101)**—It is requested that the adjustments noted below be made to the following items to reflect a variety of caseload and cost changes not highlighted in other Medi-Cal issues included in this letter:

- Item 4260-101-0001 be decreased by \$98,125,000 and reimbursements be increased by \$1,421,174,000
- Item 4260-101-0232 be increased by \$1,702,000
- Item 4260-101-0236 be decreased by \$1,702,000
- Item 4260-101-0890 be increased by \$5,833,052,000
- Item 4260-101-3168 be increased by \$9,617,000
- Item 4260-102-0001 be increased by \$18,251,000
- Item 4260-102-0890 be increased by \$18,251,000
- Item 4260-106-0890 be increased by \$1,669,000
- Item 4260-113-0001 be increased by \$235,150,000
- Item 4260-113-0890 be increased by \$453,253,000
- Item 4260-113-3055 be decreased by \$294,000
- Item 4260-117-0001 be increased by \$1,491,000
- Item 4260-117-0890 be increased by \$343,000

**Katie A. v. Bonta Settlement Agreement Reporting Requirements (Issue 102)**—An increase of \$1,200,000 (\$600,000 General Fund and \$600,000 reimbursements) and Budget Bill language is requested to support the increased county workload necessary to provide semi-annual progress reports and implementation activities, as required by the *Katie A. v. Bonta* settlement agreement. Proposed Budget Bill language is attached to ensure this funding is appropriately expended on specified activities (see Attachment 1).

**Medi-Cal Mandatory Expansion (Issue 103)**—It is requested that Item 4260-101-0001 be increased by \$410,855,000, Item 4260-101-0890 be increased by \$425,825,000, Item 4260-113-0001 be increased by \$102,369,000, and Item 4260-113-0890 be increased by \$190,115,000 to reflect the updated caseload projection for individuals receiving Medi-Cal benefits as a result of the Affordable Care Act mandatory expansion. The mandatory expansion simplified eligibility and enrollment rules, and increased program awareness for individuals who were previously eligible to receive Medi-Cal benefits, but not enrolled in the program.

**Medi-Cal Optional Expansion (Issue 104)**—It is requested that Item 4260-101-0001 be decreased by \$189,309,000 and Item 4260-101-0890 be increased by \$5,961,105,000. This change reflects updated caseload and cost projections for the Medi-Cal optional expansion, which provides Medi-Cal coverage to childless adults and parent and caretaker relatives with incomes up to 138 percent of the federal poverty level. These enrollees are funded 100 percent by the federal government until 2017. This federal match will decrease annually until 2020, at which time the state will fund a 10 percent share of the costs.

**Medi-Cal Savings Due to Modified Adjusted Gross Income (MAGI) Rules (Issue 105)**—It is requested that Item 4260-101-0001 be decreased by \$17,742,000 and Item 4260-101-0890 be increased by \$17,742,000 to reflect savings from enhanced federal funding for Medi-Cal beneficiaries under the conversion to MAGI eligibility rules. Some of these beneficiaries would have qualified under the 50 percent General Fund, 50 percent Federal Funds matching ratio, but now may qualify under the optional expansion.

**Coordinated Care Initiative: Dual-Eligible Special Needs Plan (Issue 106)**—It is requested that Items 4260-101-0001 and 4260-101-0890 each be increased by \$14,089,000 and reimbursements be decreased by \$11,984,000 to reflect a change in the Coordinated Care Initiative (CCI). Beneficiaries enrolled in a Medicare Advantage plan or a Dual-Eligible Special Needs Plan (D-SNP), that is not a participating CCI plan, will no longer be passively enrolled into CalMediConnect. However, these individuals may still voluntarily enroll into CalMediConnect and will still be mandatorily enrolled into Medi-Cal managed care for Medi-Cal benefits. In addition, non-CCI D-SNPs in the eight participating counties will be allowed to enroll individuals eligible for CalMediConnect into D-SNP until the end of 2014. Trailer bill language is necessary to implement this change.

**Vision Outreach Pilot Project (Issue 107)**—It is requested that Items 4260-101-0001 and 4260-101-0890 each be increased by \$1,018,000 to implement a pilot program to expand vision screenings and services through the use of qualified mobile vision providers. Trailer bill language is necessary to implement this change.

### **Family Health**

**California Children's Services (CCS), Child Health and Disability Prevention Program (CHDP), and Genetically Handicapped Person's Program (GHPP) (Issue 104)**—It is requested that Item 4260-111-0001 be increased by \$9,822,000, Item 4260-111-0890 be increased by \$2,925,000, and reimbursements be decreased by \$14,000. These changes reflect revised expenditure estimates in the CCS program, the CHDP program, and the GHPP program based on: (1) revised caseload estimates, (2) the reduction of federal Safety Net Care Pool funding and medical rebate funding available to offset General Fund, and (3) various miscellaneous adjustments in program expenditures.

**Every Woman Counts Program (EWC) (Issue 104)**—It is requested that Item 4260-114-0001 be decreased by \$559,000. This is primarily due to lower Fiscal Intermediary costs as a result of fewer adjudicated claims and reduced costs for the toll-free telephone system.

### **Major Risk Medical Insurance Program**

**Elimination of the Major Risk Medical Insurance Program (MRMIP) (Issue 173)**—It is requested that expenditures in the Major Risk Medical Insurance Fund be decreased by \$20,846,000 to reflect the Administration's proposal to eliminate MRMIP. MRMIP was originally developed to provide health insurance for Californians who are unable to obtain coverage in the individual insurance market. The elimination will be effective January 1, 2015. Given the Affordable Care Act's prohibition against the denial of coverage due to a pre-existing condition, the need for this program has diminished considerably. DHCS will retain authority to operate the program from July 1, 2014 to January 1, 2015. Trailer bill language is necessary to implement this change.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Yang Lee, Principal Program Budget Analyst, at (916) 445-6423.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
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Honorable Ellen Corbett, Chair, Senate Budget and Fiscal Review Subcommittee No. 3  
Honorable Shirley Weber, Ph.D., Chair, Assembly Budget Subcommittee No. 1  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Michael Wilkening, Undersecretary, Health and Human Services Agency  
Ms. Katie Johnson, Deputy Secretary, Health and Human Services Agency  
Mr. Robert Ducay, Assistant Secretary, Health and Human Services Agency  
Ms. Kiyomi Burchill, Assistant Secretary, Health and Human Services Agency  
Mr. Toby Douglas, Director, Department of Health Care Services  
Ms. Karen Johnson, Chief Deputy Director, Department of Health Care Services  
Ms. Mari Cantwell, Chief Deputy Director, Department of Health Care Services  
Ms. Karen Baylor, Deputy Director, Department of Health Care Services  
Ms. Lindy Harrington, Deputy Director, Administration, Department of Health Care Services

**MAY 13 2014**

**Attachment 1**

**Add Provisional language to Budget Bill Item 4260-101-0001:**

X. Of the amount appropriated in this item, up to \$600,000 is available to counties for semiannual implementation progress reports related to the *Katie A. v. Bonta* settlement and implementation plan, as described in the department's Mental Health Services Division Information Notice No. 13-19 and Information Notice 14-010, and upon approval by the Director of Finance. Prior to approval, the Director of Finance shall consult with the Department of Health Care Services, the Department of Social Services, and California State Association of Counties to determine if counties incurred overall cost increases due to the notices outlined in this provision. The Department of Finance shall provide notification of the allocation to the Joint Legislative Budget Committee within 10 working days from the approval date by the Department of Finance.



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Various Budget Bill Items and Reimbursements, State Operations and Local Assistance, Department of Public Health**

**State Operations**

**Medical Marijuana Program Fund (Issue 500)**—It is requested that Item 4265-001-3074 be decreased by \$84,000 and that Item 4265-001-0001 be amended to reflect this change. Due to a decline in the overall revenue trend since the Governor's Budget, it is necessary to decrease expenditures from the Medical Marijuana Program Fund.

**Proposition 99 Adjustment: Health Education Account (Issue 501)**—It is requested that Item 4265-001-0231 be decreased by \$1,567,000 and that Item 4265-001-0001 be amended to reflect this change. Due to a projected decrease in Proposition 99 revenues, it is necessary to decrease state operations expenditures for the Center for Chronic Disease Prevention and Health Promotion's California Tobacco Control Program (CTCP) for administrative support, media campaign expenditures, program evaluation, and program surveillance activities.

**Proposition 99 Adjustment: Research Account (Issue 503)**—It is requested that Item 4265-001-0234 be decreased by \$360,000 and that Item 4265-001-0001 be amended to reflect this change. Due to a projected decrease in Proposition 99 revenues, it is necessary to decrease expenditures for CTCP external research contracts funded by the Proposition 99 Research Account.

**Proposition 99 Adjustment: Unallocated Account (Issue 504)**—It is requested that Item 4265-001-0236 be decreased by \$157,000 and that Item 4265-001-0001 be amended to reflect this change. Due to a projected decrease in Proposition 99 revenues, it is necessary to decrease expenditures for administrative support of the CTCP funded by the Proposition 99 Unallocated Account.

**California Biomonitoring Program (Issue 506)**—It is requested that Item 4265-001-0557 be increased by \$175,000, Item 4265-001-3114 be increased by \$175,000, and Item 4265-001-0001 be amended to reflect this change. This change will provide 2 positions in the Department of Public Health for the California Environmental Contaminant Biomonitoring Program as federal funding is being reduced.

**Local Assistance**

**Proposition 99 Adjustment: Health Education Account (Issue 502)**—It is requested that Item 4265-111-0231 be decreased by \$2,002,000 and that Item 4265-111-0001 be amended to reflect this change. Due to a projected decrease in Proposition 99 revenues, competitive grants and statutory funding allocations to Local Lead Agencies will be decreased.

**AIDS Drug Assistance Program (ADAP) (Issue 650)**—It is requested that Item 4265-111-0890 be increased by \$7,563,000, reimbursements be increased by \$2,519,000, and that Item 4265-111-0001 be amended to reflect these changes. It is further requested that ADAP Rebate Fund expenditures be increased by \$18,832,000. These changes reflect updated caseload projections, increased utilization of Safety Net Care Pool reimbursement funds from the Department of Health Care Services, and increased federal funds for new Hepatitis C drug expenditures, which result in higher drug manufacturer rebates.

**Women, Infants, and Children Program (WIC) (Issue 651)**—It is requested that Item 4265-111-0890 be reduced by \$17,730,000, Item 4265-111-3023 be reduced by \$8,852,000, and Item 4265-111-0001 be amended to reflect these changes. These revised expenditure levels reflect updated caseload and food expenditure projections.

**Trailer Bill Language**

**Office of AIDS—Health Insurance Premium Payment Program Medical Payment Cost-Sharing Wrap**—Trailer bill language is requested to allow ADAP, beginning January 1, 2016, to pay the out-of-pocket medical expenses (co-pays, co-insurance, and deductibles) associated with comprehensive health coverage for eligible ADAP clients with HIV/AIDS who choose to purchase insurance through Covered California. This proposal will help ADAP clients obtain comprehensive health insurance.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Teresa Calvert, Assistant Program Budget Manager, at (916) 445-6423.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

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Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Michael Wilkening, Undersecretary, Health and Human Services Agency  
Ms. Janne Olson-Morgan, Assistant Secretary, Health and Human Services Agency  
Dr. Ron Chapman, Director and State Public Health Officer, Department of Public Health  
Ms. Kathleen Billingsley, Chief Deputy Director, Policy and Programs, Department of Public Health  
Mr. Daniel Kim, Chief Deputy Director, Operations, Department of Public Health  
Mr. Alan Lum, Deputy Director, Administration Division, Department of Public Health  
Mr. David Cornejo, Chief, Financial Management Branch, Department of Public Health  
Ms. Cathy Chapin, Budget Officer, Department of Public Health



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Honorable Mark Leno, Chair  
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Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to and Addition of Various Budget Bill Items and Reimbursements, Support and Local Assistance, Department of Developmental Services**

**Headquarters**

**Community Placement Plan Program Support (Issue 501)**—It is requested that Item 4300-001-0001 be increased by \$321,000 and reimbursements be increased by \$137,000 to provide more oversight over the community placement plan budget, which is approximately \$68 million in the budget year. This additional oversight is being proposed based on a recommendation from the Developmental Center Task Force.

**Developmental Centers**

**Workload Adjustments (Issues 601, 602, 603, 605, and 617)**—It is requested that Item 4300-003-0001 be decreased by \$5,000, reimbursements be increased by \$9,000, and Item 4300-003-0890 be decreased by \$10,000. It is also requested that Item 4300-004-0001 be increased by \$2,000 and reimbursements be increased by \$1,000. These changes reflect fewer staff, increased costs of the Clients' Rights Advocate interagency agreement with the State Council on Developmental Disabilities, and a reduction to the Foster Grandparent Program in the developmental center budget.

**Lanterman Developmental Center (Lanterman) Closure Adjustments (Issue 604)**—It is requested that Item 4300-003-0001 be decreased by \$1,407,000 and reimbursements be decreased by \$1,081,000 to reflect updated Lanterman closure activities (-45.5 positions).

**Fairview, Porterville, and Lanterman Developmental Centers Program Improvement Plans (Issue 606)**—It is requested that Item 4300-003-0001 be increased by \$894,000 and reimbursements be increased by \$604,000 for costs associated with Independent Consultative Review Expert (ICRE) contracts as required by the Program Improvement Plans. These costs include funding for independent monitoring at Lanterman while residents remain at the facility, or no later than January 15, 2015. The ICRE contracts also require the development of Action Plans for Fairview and Porterville Developmental Centers.

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## **Regional Centers**

**Caseload Adjustments (Issues 612, 613, and 614)**—It is requested that Item 4300-101-0001 be increased by \$8,466,000; reimbursements be increased by \$14,060,000; and Item 4300-101-0890 be increased by \$2,983,000 to reflect adjustments in caseload, operational costs, and an increase in the federal Early Start grant award.

**Chapter 20, Statutes of 2013 (AB 10) Minimum Wage (Issue 615)**—It is requested that Item 4300-101-0001 be decreased by \$9,620,000 and reimbursements be increased by \$6,034,000 to reflect the revised estimate of the AB 10 minimum wage costs, effective July 1, 2014.

**Federal Labor Standards Act (Issue 616)**—It is requested that Item 4300-101-0001 be increased by \$246,000 and reimbursements be increased by \$42,000 to reflect the updated expenditure data used to estimate the impact of changes to the federal Fair Labor Standards Act, effective January 1, 2015.

**Loan Authority (Issue 623)**—It is requested that provisional language in Item 4300-101-0001 be revised to authorize an increase of \$135 million General Fund loan authority to a total of \$395 million to ensure sufficient cash is available for regional centers to provide developmental services (see Attachment 1).

## **Developmental Center Task Force Recommendations**

**Crisis Centers (Issues 618 and 619)**—It is requested that Item 4300-003-0001 be increased by \$1,964,000 and reimbursements be increased by \$1,191,000. It is also requested that Item 4300-004-0001 be increased by \$14,000 and reimbursements be increased by \$7,000. These changes would support the staffing for enhanced crisis services at Fairview (28.8 positions) and a new crisis center at Sonoma Developmental Center (14.3 positions). This will enable the state to maintain a limited number of smaller, safety-net crisis centers as the state continues to reduce the reliance on developmental centers. Trailer bill language is needed to implement this change.

**Residential Housing Pilot Program (Issues 620, 621, 622, and 624)**—It is requested that Item 4300-490 be amended and Item 4300-491 be added to reappropriate up to \$13,048,000 to support a residential pilot program, as recommended by the Developmental Center Task Force (see Attachment 2). The pilot program will consist of two large crisis management homes, with 8-10 beds each, for Northern and Southern California, and 6 smaller behavioral support homes statewide that will accommodate up to 4 individuals each. These homes would be operated by a non-profit organization through various service providers. Trailer bill language is needed to implement this change.

**Trailer Bill Language: Community State Staff Program**—Trailer bill language is requested to expand the community state staff program to all developmental centers to ensure the continuity of care as individuals continue transitioning from developmental centers to the community. This would support individuals moving from developmental centers and enhance regional center staffing to support community transition, resource development, and quality assurance.

MAY 13 2014

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Carla Castañeda, Principal Program Budget Analyst, at (916) 445-6423.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Ellen Corbett, Chair, Senate Budget and Fiscal Review Subcommittee No. 3  
Honorable Shirley Weber, Chair, Assembly Budget Subcommittee No. 1  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Michael Wilkening, Undersecretary, Health and Human Services Agency  
Mr. Kristopher Kent, Assistant Secretary, Health and Human Services Agency  
Mr. Santi Rogers, Director, Department of Developmental Services  
Mr. John Doyle, Chief Deputy Director, Department of Developmental Services  
Ms. Jean Johnson, Deputy Director, Administrative Services, Department of Developmental Services  
Ms. Debra Jones, Chief Fiscal Forecasting Branch, Department of Developmental Services

MAY 13 2014

**Attachment 1**

Proposed Provisional Language:  
4300-101-0001

"2. A loan or loans shall be made available from the General Fund to the State Department of Developmental Services not to exceed a cumulative total of \$260,000,000~~395,000,000~~. The loan funds shall be transferred to this item as needed to meet cashflow needs due to delays in collecting reimbursements from the Health Care Deposit Fund ~~and are subject to the repayment provisions of Section 16351 of the Government Code.~~ All moneys so transferred shall be repaid as soon as sufficient reimbursements have been collected to meet immediate cash needs and in installments as reimbursements accumulate if the loan is outstanding for more than one year."

**Attachment 2**

"4300-490--Reappropriation, Department of Developmental Services. Notwithstanding any other provision of law, the following periods to liquidate encumbrances of the following citations are each extended to June 30, 2015:

0001--General Fund

(1) Item 4300-101-0001, Budget Act of 2009 (Ch. 1, 2009-10 3rd Ex. Sess., as revised by Ch. 1, 2009-10 4th Ex. Sess.), as partially reverted by Item 4300-495, Budget Act of 2010 (Ch. 712, Stats. 2010), as reappropriated by Item 4300-490, Budget Act of 2012 (Chs. 21 and 29, Stats. 2012) and Budget Act of 2013 (Ch. 20, Stats. 2013)

(2) Item 4300-101-0001, Budget Act of 2010 (Ch. 712, Stats. 2010), as reappropriated by Item 4300-490, Budget Act of 2012 (Chs. 21 and 29, Stats. 2012) and Budget Act of 2013 (Ch. 20, Stats. 2013)

~~(3) Item 4300-101-0001, Budget Act of 2011 (Ch. 33, Stats. 2011)~~

4300-491—Reappropriation, Department of Developmental Services. Notwithstanding any other provision of law, Item 4300-101-0001, Budget Act of 2011 (Ch. 33, Stats. 2011) is available for liquidation of encumbrances through June 30, 2015. The unencumbered balance of \$13,048,000 is reappropriated for the purposes provided for in the appropriation and shall be available for encumbrance or expenditure until June 30, 2015, and for liquidation through June 30, 2017."



Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 4440-011-0001, Support, Department of State Hospitals**

**Restoration of Competency (ROC) Program Expansion (Issue 202)**—It is requested that Item 4440-011-0001 be increased by \$3,898,000 and 13.5 positions to expand the ROC program by 45 to 55 beds to help address the state hospital bed capacity problem and current wait list of Incompetent to Stand Trial (IST) patients in county jails. This program provides restoration of competency mental health treatment at county jails for defendants deemed IST who are likely to benefit from less intensive treatment. The program currently operates in San Bernardino and Riverside counties with a combined capacity of 40 beds. This adjustment reflects the costs to provide custody duties, medications, and other patient related supplies for an additional 45 to 55 beds within county jails, and positions to be based at Napa State Hospital (6 positions) and Metro State Hospital (7.5 positions) to provide on-site treatment at the county facilities.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Carla Castañeda, Principal Program Budget Analyst, at (916) 445-6423.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Ellen Corbett, Chair, Senate Budget and Fiscal Review Subcommittee No. 3  
Honorable Shirley Weber, Chair, Assembly Budget Subcommittee No. 1  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Michael Wilkening, Undersecretary, Health and Human Services Agency  
Mr. Kristopher Kent, Assistant Secretary, Health and Human Services Agency  
Mr. Cliff Allenby, Interim Director, Department of State Hospitals  
Ms. Pam Ahlin, Chief Deputy Director, Department of State Hospitals  
Mr. Mark Beckley, Deputy Director, Administration, Department of State Hospitals  
Ms. Irene Briggs, Chief Financial Officer, Financial Services, Department of State Hospitals  
Ms. Christina Edens, Chief, Fiscal Planning, Department of State Hospitals  
Mr. Michael Boyer, Budget Officer, Administration, Department of State Hospitals



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to and Addition of Various Budget Bill Items, Support, Mental Health Oversight and Accountability Commission**

**Investment in Mental Health Wellness Act Triage Grant Oversight (Issue 523)**—It is requested that Item 4560-001-3085 be increased by \$296,000 to provide funding for 3 positions for the administration of Chapter 34, Statutes of 2013 (Investment in Mental Health Wellness Act, SB 82). The Mental Health Services Oversight and Accountability Commission (Commission) will have additional workload to evaluate, administer, and monitor the Triage Personnel Grant Program.

**Reappropriations (Issues 100 and 101)**—It is requested that Item 4560-490 be added to extend the liquidation period for existing contracts funded in the 2011 Budget Act (see Attachment 1). The contract services support the Commission's Mental Health Services Act evaluation efforts and will not be completed before June 30, 2014, when the liquidation authority would otherwise expire.

It is also requested that Item 4560-491 be added to reappropriate unexpended 2013-14 Triage Personnel Grant funding for encumbrance and expenditure under the administrative cap until June 30, 2017 (see Attachment 2). The Commission approved \$12.6 million for the first year of 22 county grants to be funded through 2016-17. The remaining 2013-14 funds (\$19.4 million) would be made available to provide additional grants over the same period.

The effect of my requested action is reflected on the attachment.

**MAY 13 2014**

If you have any questions or need additional information regarding this matter, please call Carla Castañeda, Principal Program Budget Analyst, at (916) 445-6423.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Ellen Corbett, Chair, Senate Budget and Fiscal Review Subcommittee No. 3  
Honorable Shirley Weber, Chair, Assembly Budget Subcommittee No. 1  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Ms. Andrea Jackson, Executive Director, Mental Health Services Oversight and  
Accountability Commission  
Mr. Kevin Hoffman, Deputy Executive Director, Mental Health Services Oversight and  
Accountability Commission  
Ms. Norma Pate, Chief of Administrative Services, Mental Health Services Oversight and  
Accountability Commission

**MAY 13 2014**

**Attachment 1**

4560-490—Reappropriation, Mental Health Services Oversight and Accountability Commission. Notwithstanding any other provisions of law, the period to liquidate encumbrances of the following citations are extended to June 30, 2015:

3085—Mental Health Services Fund

(1) Item 4560-001-3085, Budget Act of 2011 (Ch. 33, Stat. of 2011)

**MAY 13 2014**

**Attachment 2**

4560-491—Reappropriation, Mental Health Services Oversight and Accountability Commission. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2017.

3085—Mental Health Services Fund

(1) Item 4560-001-3085, Budget Act of 2013 (Ch. 20, Stat. of 2013)

Provisions:

1. It is the intent of this item to continue funding triage personnel grants approved by the Commission. Therefore, notwithstanding any other provision of law, the balance of the appropriation may, upon approval of the Department of Finance, be reappropriated for additional grants. The funds reappropriated by this provision shall be made available consistent with the amount approved by the Department of Finance subject to the availability of funds within the state administrative cap of the Mental Health Services Fund for grants approved by the Mental Health Services Oversight and Accountability Commission not sooner than 30 days after providing notification in writing to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.



**DEPARTMENT OF  
FINANCE**  
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR  
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Items 5175-101-0001 and 5175-101-0890, Local Assistance,  
Department of Child Support Services**

**Department of Child Support Services Enrollment Caseload Population Estimate  
(Issue 500)**—It is requested that Item 5175-101-0001 be decreased by \$112,000 and  
Item 5175-101-0890 be increased by \$112,000 to display a projected increase in Federal  
Performance Basic Incentive Funds.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call  
John Silva, Principal Program Budget Analyst, at (916) 445-6423.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: On following page

**MAY 13 2014**

-2-

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Ellen Corbett, Chair, Senate Budget and Fiscal Review Subcommittee No. 3  
Honorable Shirley Weber, Chair, Assembly Budget Subcommittee No. 1  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Michael Wilkening, Undersecretary, Program and Fiscal Affairs, Health and Human Services  
Agency  
Mr. John Wordlaw, Assistant Secretary, Health and Human Services Agency  
Ms. Kathleen Hrepich, Interim Director, Department of Child Support Services  
Ms. Linda Adams, Deputy Director of Administration, Department of Child Support Services



**MAY 13 2014**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair  
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Various Budget Bill Items and Reimbursements, Support and Local Assistance, Department of Social Services**

It is requested that the following items for the Department of Social Services (DSS) be amended to reflect a net increase of \$1,394,118,000. This increase is comprised of an increase of \$278,647,000 General Fund, \$1,032,892,000 reimbursements, \$84,069,000 Federal Trust Fund, and \$17,000 State Children's Trust Fund, offset by a decrease of \$1,507,000 Child Support Collections Recovery Fund.

**State Operations**

An increase of \$2,936,000 (\$1,507,000 General Fund, \$1,376,000 Federal Trust Fund, and \$53,000 reimbursements) is requested.

**Items 5180-001-0001, 5180-001-0890, and Reimbursements**

**Appeals Case Management System: Shift Resources from Department of Social Services to Office of Systems Integration (Issue 102)**—A decrease of \$629,000 (\$275,000 General Fund, \$203,000 reimbursements, and \$151,000 Federal Trust Fund) is requested for the Appeals Case Management System to reflect a shift of proposed project resources (6 positions) from DSS to the Office of Systems Integration (OSI), to appropriately align project workload between the two agencies. The expenditure authority is needed in the DSS local assistance budget (see Item 5180-141-0001, Issue 107) and subsequently passed through to OSI. See Item 0530-001-9745, Issue 405, for related adjustments to the OSI budget.

**Title IV-E California Well-Being Waiver Project (Issue 151)**—It is requested that Item 5180-001-0001 be increased by \$1,527,000 and Item 5180-001-0890 be increased by \$1,527,000 to support 15.5 five-year limited-term positions for the extension and expansion of the Title IV-E California Well-Being Waiver Project. The waiver provides flexibility to counties and allows services to be better targeted to address the unique and individual needs of children, youth, and families. The requested positions will support workload associated with state oversight, financial reporting, and project evaluation activities. Budget Bill language is also proposed to ensure the level of resources expended aligns with the final federal terms and conditions and final county participation (see Attachment I).

**Case Management Information and Payrolling System (CMIPS) II (Issue 401)**—An increase of \$511,000 (\$255,000 General Fund and \$256,000 reimbursements) is requested to support 3 permanent and 2 two-year limited-term positions. These resources are necessary to address previously unforeseen workload associated with the recently completed transition from the CMIPS Legacy system to CMIPS II. The stricter business rules incorporated into CMIPS II have resulted in a significant increase in data input errors that require resolution by DSS staff. Under CMIPS II, DSS is also responsible for tax file reconciliation activities, an area that has generated more workload than previously anticipated.

**Local Assistance**

Local assistance expenditures for DSS are estimated to increase by a net amount of \$1,391,182,000. This is comprised of an increase of \$277,140,000 General Fund, \$1,032,839,000 reimbursements, \$82,693,000 Federal Trust Fund, and \$17,000 State Children's Trust Fund, offset by a decrease of \$1,507,000 Child Support Collections Recovery Fund.

**May Revision Caseload Adjustments (Issue 101)**—The May Revision proposes a net increase of \$751,426,000 (increases of \$167,998,000 General Fund, \$528,874,000 reimbursements, \$56,044,000 Federal Trust Fund, \$17,000 State Children's Trust Fund, offset by a decrease of \$1,507,000 Child Support Collections Recovery Fund), due to the impact of caseload and workload changes since the Governor's Budget. Realigned programs are displayed for the purpose of federal fund adjustments and other technical adjustments. Caseload and workload changes since the Governor's Budget are displayed in the following table:

<b>Program</b>	<b>Item</b>	<b>Change from Governor's Budget</b>
<b>California Work Opportunity and Responsibility to Kids (CalWORKs)</b>	5180-101-0001	\$3,846,000
	5180-101-0890	\$15,215,000
	5180-601-0995	-\$76,000
<b>Supplemental Security Income/State Supplementary Payment (SSI/SSP)</b>	5180-111-0001	-\$6,069,000
<b>In-Home Supportive Services (IHSS)</b>	5180-111-0001	\$133,756,000
	5180-611-0995	\$505,130,000
<b>Other Assistance Payments</b>	5180-101-0001	\$10,639,000
	5180-101-0890	\$2,408,000
<b>County Administration and Automation Projects</b>	5180-141-0001	\$25,197,000
	5180-141-0890	\$26,106,000
	5180-641-0995	\$47,383,000
<b>Community Care Licensing</b>	5180-151-0001	\$621,000
	5180-151-0890	-\$78,000
<b>Special Programs</b>	5180-151-0890	\$1,781,000
<b>Realigned Programs</b>		
<b>Adoption Assistance Program</b>	5180-101-0001	\$1,000
	5180-101-0890	-\$4,934,000
<b>Foster Care</b>	5180-101-0001	\$1,000
	5180-101-0890	\$18,771,000
	5180-101-8004	-\$1,507,000
	5180-141-0890	\$1,820,000
<b>Child Welfare Services (CWS)</b>	5180-151-0001	\$6,000
	5180-151-0803	\$17,000
	5180-151-0890	-\$5,076,000
	5180-651-0995	-\$24,046,000
<b>Title IV-E Waiver</b>	5180-153-0890	\$31,000
<b>Adult Protective Services</b>	5180-651-0995	\$483,000

MAY 13 2014

#### **Item 5180-101-0001 and Reimbursements**

**CalWORKs General Fund Offset—Health Care Reform and 1991 Realignment (Issue 104)**—An increase of \$175,106,000 General Fund is requested to reflect a decrease in the estimated level of county indigent health savings associated with Medi-Cal expansion under health care reform. Pursuant to Chapter 24, Statutes of 2013 (AB 85), county indigent health savings are redistributed to counties (via a redirection of 1991 health realignment funds) for CalWORKs expenditures, thereby offsetting General Fund costs in the program.

**CalWORKs 5-Percent Grant Increase (Issue 105)**—An increase of \$6,811,000 General Fund is requested primarily to reflect a projected decrease in 1991 realignment revenue deposits to the Child Poverty and Family Supplemental Support Subaccount of the Local Revenue Fund. Pursuant to AB 85, effective March 1, 2014, CalWORKs Maximum Aid Payment levels were increased by 5 percent, to be funded with revenues to the Child Poverty and Family Supplemental Support Subaccount. Due to the decrease in the projected deposits, additional General Fund is needed to fund the 5-percent grant increase in 2014-15.

**Temporary Assistance for Needy Families Transfer to California Student Aid Commission (Issue 301)**—A decrease of \$104,459,000 General Fund is requested for the CalWORKs program to reflect a decrease in the amount of federal Temporary Assistance for Needy Families (TANF) block grant funds expended for Cal Grants. Instead, the TANF funds will be expended in lieu of General Fund in CalWORKs, requiring a corresponding General Fund backfill in the California Student Aid Commission budget (see Item 6980-101-0001, Issue 018).

**CalFresh: State Utility Assistance Subsidy Benefit (Issue 302)**—A net increase of \$9,225,000 (an increase of \$9,541,000 General Fund and a decrease of \$316,000 reimbursements) is requested to fund the State Utility Assistance Subsidy Benefit program. Previously, all CalFresh recipients were provided a nominal federal Low-Income Home Energy Assistance Program (LIHEAP) benefit, which entitled the household to the Standard Utility Allowance (SUA) for purposes of determining the monthly food stamp benefit amount. The recently enacted federal Farm Bill of 2014 now requires states choosing to participate in the program to provide an annual subsidy greater than \$20 to trigger SUA eligibility. This item proposes to continue the SUA subsidy program under the new federal requirements using General Fund instead of LIHEAP funds to fund the benefit. Trailer bill language is required to implement this proposal.

**Drought Food Assistance Program (Issue 700)**—It is requested that Budget Bill language be added to authorize up to \$20 million General Fund, upon approval by the Department of Finance, for the Drought Food Assistance Program to provide emergency food relief to drought impacted communities. Of this amount, \$15 million reflects a shift of funding authorized in Chapter 2, Statutes of 2013 (SB 103) to 2014-15. The proposed language also authorizes spending in excess of \$20 million upon written notification to the Joint Legislative Budget Committee. Proposed Budget Bill language is attached (see Attachment I).

#### **Item 5180-111-0001 and Reimbursements**

**Federal Fair Labor Standards Act (Issue 350)**—A decrease of \$39,725,000 (\$18,162,000 General Fund and \$21,563,000 reimbursements) is requested to correct a technical error discovered in the cost estimate methodology for an IHSS provider backup system. Under the Administration's proposal to restrict provider overtime costs, a provider backup system is necessary to maintain continuity of care for IHSS recipients receiving more than 160 service

hours per month. Due to a methodology error, the provider backup system costs were overstated in the Governor's Budget. Legislative staff were notified of the overstated costs in February 2014.

**CMIPS II System Changes (Issue 351)**—An increase of \$10 million (\$5,050,000 General Fund and \$4,950,000 reimbursements) is requested to support CMIPS II system changes needed in 2014-15, including changes related to the increase to the state's minimum hourly wage, and enhancements to accommodate blind and visually impaired IHSS recipients.

**IHSS: Affordable Care Act Caseload Impact (Issue 352)**—An increase of \$535,355,000 (\$13,790,000 General Fund and \$521,565,000 reimbursements) is requested to reflect the impact of the Affordable Care Act (ACA) on the IHSS program. Under the ACA, Medi-Cal eligibility was expanded to childless adults that meet income eligibility requirements. A portion of these newly-eligible Medi-Cal beneficiaries are projected to be eligible for and receive IHSS services.

**Item 5180-141-0001, Item 5180-141-0890, and Reimbursements**

**Appeals Case Management System: Shift Resources from Department of Social Services to Office of Systems Integration (Issue 107)**—An increase of \$629,000 (\$275,000 General Fund, \$203,000 reimbursements, and \$151,000 Federal Trust Fund) is requested to reflect a shift of proposed project resources (6 positions) from DSS to OSI to align project workload between the two agencies. A corresponding decrease is reflected in the DSS state operations budget (Item 5180-001-0001, Issue 102). See Item 0530-001-9745, Issue 405, for related adjustments to the OSI budget.

**CalFresh Caseload Impact from the Affordable Care Act (Issue 303)**—An increase of \$48,017,000 (\$18,674,000 General Fund and \$29,343,000 Federal Trust Fund) is requested to reflect a significant increase in new CalFresh recipients due to efforts to streamline eligibility and increase awareness of the program as part of the ACA implementation. This change also has an impact on the California Food Assistance Program (CFAP), resulting in an increase of \$2,068,000 General Fund. See Item 5180-101-0001, Issue 303, for the CFAP adjustments.

**CalFresh: Categorical Eligibility (Issue 304)**—An increase of \$7,911,000 (\$3,995,000 General Fund and \$3,916,000 Federal Trust Fund) to reflect an increase of the CalFresh gross income eligibility threshold to 200 percent of the federal poverty level, as well as the increase in ACA caseload mentioned above. Counties have expressed administrative and privacy concerns with implementing CalFresh categorical eligibility as modified by Chapter 669, Statutes of 2013 (AB 191). This change, which requires trailer bill language, seeks to address those implementation concerns which will result in additional households receiving CalFresh benefits. This change also impacts the CFAP, resulting in an increase of \$1,094,000 General Fund. See Item 5180-101-0001, Issue 304, for the CFAP adjustments.

**Budget Bill Language: Disaster Supplemental Nutrition Assistance Program (Issue 700)**—Budget Bill language is requested to authorize an increase in General Fund and Federal Trust Fund expenditure authority for food stamp administrative costs in the event of a major disaster declaration by the President of the United States. The proposed language will allow counties to respond timely to a drought or other presidential disaster declaration affecting California (see Attachment I).

**Items 5180-151-0001, 5180-151-0890, 5180-153-0001, and Reimbursements**

**Total Child Welfare Training (Issue 161)**—An increase of \$1,769,000 (\$900,000 General Fund and \$869,000 Federal Trust Fund) is requested to support the implementation of new statewide training for child welfare workers and supervisors including online-learning, field-based learning, and additional classroom learning, coaching, and mentoring. This request is part of a compliance plan resulting from the *Katie A. v. Bonta* settlement agreement.

**Child Welfare Services—New System Project (CWS-NS) (Issue 162)**—A decrease of \$22,247,000 (\$11,278,000 Federal Trust Fund, \$9,695,000 General Fund, and \$1,274,000 reimbursements) is requested to accommodate an 18-month project delay and the inclusion of licensing functionality for the Community Care Licensing Division within DSS. The Department of Technology has approved a Special Project Report that includes a new funding plan associated with this delay and scope increase.

**Child Near Fatalities Reporting (Issue 163)**—An increase of \$139,000 (\$68,000 General Fund and \$71,000 Federal Trust Fund) is requested to support increased county workload required by the federal Child Abuse Prevention and Treatment Act. The new requirements include county collection and reporting of information regarding cases of child abuse and neglect that result in near fatalities. The amount requested reflects half-year funding as compliance with the new requirements will be required no sooner than January 1, 2015. A related increase of \$37,000 General Fund is requested for the Title IV-E Waiver program. See new Item 5180-153-0001, Issue 163. Proposed Budget Bill language is attached to ensure this funding is appropriately expended on specified activities (see Attachment I).

**Child and Family Services Review—Case Record Reviews (Issue 164)**—An increase of \$7,048,000 (\$3,471,000 General Fund and \$3,577,000 Federal Trust Fund) is requested to support increased county workload associated with the preparation and completion of upcoming federal child welfare case reviews. Revised requirements and components include larger sample sizes, increase in caseload diversity, inclusion of random sampling, and execution of interviews with all case related participants. DSS will also collect data on an ongoing basis for inclusion in the federally required annual progress reports for federal Title IV-B programs. A related increase of \$178,000 General Fund is requested for the Title IV-E Waiver program. See new Item 5180-153-0001, Issue 164. Proposed Budget Bill language is attached to ensure this funding is appropriately expended on specified activities (see Attachment I).

**Katie A. v. Bonta Settlement Agreement Reporting Requirements (Issue 165)**—An increase of \$800,000 (\$400,000 General Fund and \$400,000 reimbursements) and Budget Bill language is requested to support the increased county workload necessary to provide semi-annual progress reports and implementation activities, as required by the *Katie A. v. Bonta* settlement agreement. Proposed Budget Bill language is attached to ensure this funding is appropriately expended on specified activities (see Attachment I).

The effect of my requested action is reflected on the attachment.

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If you have any questions or need additional information regarding this matter, please call Brandon Nunes, Principal Program Budget Analyst, or John Silva, Principal Program Budget Analyst, at (916) 445-6423.

MICHAEL COHEN  
Director  
By:

/s/ Keely M. Bosler

KEELY M. BOSLER  
Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee  
Attention: Mr. Mark McKenzie, Staff Director  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Mr. Seren Taylor, Staff Director  
Honorable Mike Gatto, Chair, Assembly Appropriations Committee  
Attention: Mr. Geoff Long, Chief Consultant  
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee  
Attention: Mr. Eric Swanson, Staff Director  
Honorable Ellen Corbett, Chair, Senate Budget and Fiscal Review Subcommittee No. 3  
Honorable Shirley Weber, Chair, Assembly Budget Subcommittee No. 1  
Mr. Mac Taylor, Legislative Analyst (4)  
Mr. Craig Cornett, Senate President pro Tempore's Office (2)  
Mr. Christopher W. Woods, Assembly Speaker's Office (2)  
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Michael Wilkening, Undersecretary, Program and Fiscal Affairs, Health and Human Services  
Agency  
Mr. John Wordlaw, Assistant Secretary, Health and Human Services Agency  
Ms. Pat Leary, Chief Deputy Director, Department of Social Services  
Mr. Pete Cervinka, Program Deputy Director for Benefits and Services, Department of Social  
Services  
Mr. Brian Dougherty, Chief, Financial Management and Contracts Branch, Department of Social  
Services  
Ms. Monica Flowers, Budget Bureau Chief, Department of Social Services  
Mr. John Boule, Director, Office of Systems Integration, California Health and Human Services  
Agency

**Issue 151—Title IV-E California Well-Being Waiver Project**

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**Addition of Provisional Language to Budget Bill Item 5180-001-0001:**

X. Of the amount appropriated in this item, \$1,527,000 is available to support increased workload associated with the expansion of the Title IV-E Child Welfare Waiver Demonstration Project. Notwithstanding any other provision of law, the Department of Finance is authorized to increase or decrease this amount based on (a) the final contractual Waiver Terms and Conditions agreement entered into by the State Department of Social Services and the federal Administration for Children and Families, and (b) the total number of counties opting into the Waiver, not sooner than 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations, unless the chairperson of the joint committee, or his or her designee, imposes a lesser time.

**Addition of Provisional Language to Budget Bill Item 5180-001-0890:**

X. Provision X of Item 5180-001-0001 also applies to this item.

**Issue 700—Drought Food Assistance Program**

**Addition of Provisional Language to Budget Bill Item 5180-101-0001:**

X. (a) Upon request of the State Department of Social Services, the Department of Finance may increase expenditure authority in this item by up to \$20,000,000 for food assistance programs associated with persons affected by the drought. Notwithstanding any other provision of law, these funds shall be available for encumbrance by the State Department of Social Services through December 31, 2015, for commodity purchases and state and local agency administrative costs incurred on or before June 30, 2015, to provide food assistance associated with the drought through existing partnerships. The Department of Finance shall provide notification of the adjustment to the Joint Legislative Budget Committee within 10 working days from the date of Department of Finance approval of the adjustment.

(b) Upon request of the State Department of Social Services, the Department of Finance may increase expenditure authority above the amount authorized in subdivision (a). The Department of Finance shall authorize any such increase not sooner than 10 days after notification of the necessity thereof in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee.

**Issue 700—Disaster Supplemental Nutrition Assistance Program**

**Addition of Provisional Language to Budget Bill Item 5180-141-0001:**

X. In the event of a declaration of a major disaster by the President of the United States, and upon request of the State Department of Social Services following approval by the United States Department of Food and Agriculture's Food and Nutrition Service, the Department of Finance

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may increase expenditure authority in this item in order to fund the administrative costs of a Disaster Supplemental Nutrition Assistance Program food assistance program.

**Amendment to Provision 1 of Item 5180-141-0890 as follows:**

"1. Provisions 2, 3, 4, ~~and 6~~, and X of Item 5180-141-0001 also apply to this item."

**Issues 161, 163, and 164—Supplemental Funding for Child Welfare Services Activities**

**Addition of Provisional Language to Budget Bill Item 5180-151-0001:**

X. The following amounts appropriated in this item shall only be allocated to counties upon approval by the Director of Finance: (a) up to \$68,000 to support increased costs associated with revised county collection and reporting activities for cases of child abuse and neglect that result in near fatalities, as required by the federal Child Abuse Prevention and Treatment Act; and (b) up to \$3,471,000 to support increased costs to counties associated with revised federal requirements for child welfare case reviews. Prior to approval, the Director of Finance shall consult with the Department of Social Services and the California State Association of Counties to determine if counties incurred overall cost increases. The Department of Finance shall provide written notification of the allocation of funds to the Joint Legislative Budget Committee within 10 working days from the date of approval.

**Issue 165—*Katie A. v. Bonta* Settlement Agreement Reporting Requirements**

**Addition of Provisional Language to Budget Bill Item 5180-151-0001:**

X. Of the amount appropriated in this item, up to \$400,000 is available to counties for semiannual implementation progress reports related to the *Katie A. v. Bonta* settlement and implementation plan, as described in the department's All County Letter (ACL) No. 13-73 and ACL No. 14-29, and upon approval by the Director of Finance. Prior to approval, the Director of Finance shall consult with the Department of Health Care Services, the Department of Social Services, and California State Association of Counties to determine if counties incurred overall cost increases due to the notices outlined in this provision. The Department of Finance shall provide notification of the allocation to the Joint Legislative Budget Committee within 10 working days from the date of Department of Finance approval.

**Issues 163 and 164—Supplemental Funding for Child Welfare Services Activities**

**Addition of Budget Bill Item 5180-153-0001:**

5180-153-0001—For local assistance, Department of Social Services.....215,000  
Provisions:

1. The following amounts appropriated in this item shall only be allocated to counties upon approval by the Director of Finance: (a) up to \$37,000 to support increased costs associated with revised county collection and reporting activities for cases of child abuse and neglect that result in near fatalities, as required by the federal Child Abuse Prevention

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and Treatment Act; and (b) up to \$178,000 to support increased costs to counties associated with revised federal requirements for child welfare case reviews. Prior to approval, the Director of Finance shall consult with the Department of Social Services and the California State Association of Counties to determine if counties incurred overall cost increases. The Department of Finance shall provide written notification of the allocation of funds to the Joint Legislative Budget Committee within 10 working days from the date of approval.