



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 0530-001-9745, Support, Health and Human Services Agency

Update of Office of Systems Integration (OSI) Projects (Issue 701-MR)—It is requested that Item 0530-001-9745 be decreased by \$14,026,000. This reduction includes a decrease of \$16,438,000 to reflect a transfer of project management for the Unemployment Insurance Modernization (UIMOD) project from OSI to the Employment Development Department (EDD). Chapter 78, Statutes of 2005 (SB 68) transferred all UIMOD related contracts and project management responsibilities from OSI to EDD. As a result, OSI does not need the expenditure authority associated with this project. This decrease is partially offset by an increase of \$2,412,000 to reflect increased costs associated with the California Healthcare Eligibility, Enrollment, and Retention System and the implementation of the 24-month road map. Conforming changes to Budget Bill language are also proposed to Provision 3 of this item.

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, 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 Ricardo Lara, 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 Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Holly J. Mitchell, Chair, Senate Budget and Fiscal Review Subcommittee No. 3
Honorable Tony Thurmond, 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)
Mr. Jim Richardson, 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. 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



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to and Additions of Various Budget Bill Items and Reimbursements, Support and Local Assistance, Department of Health Care Services—Medi-Cal, Family Health, and Elimination of Control Section 8.75

State Operations

Drug Medi-Cal Organized Delivery System Waiver Implementation (Issue 001-MR)—It is requested that Items 4260-001-0001 and 4260-001-0890 both be increased by \$1,578,000 and 6.5 permanent, full-time positions to implement the Drug Medi-Cal Organized Delivery System (DMC-ODS) waiver in the budget year. This proposal includes funding for county technical assistance, training, and an External Quality Review Organization contract. It is also requested that provisional language be added to both items requiring waiver approval prior to use of funds. The Department of Health Care Services (DHCS) submitted the DMC-ODS demonstration project waiver to the federal Centers for Medicare and Medicaid Services on November 21, 2014. When approved, this waiver will create a continuum of care for substance use services and include residential treatment services for all eligible Medi-Cal beneficiaries (see Attachment 1).

Local Assistance

The average monthly caseload for fiscal year 2015-16 is projected to be 12,434,100 beneficiaries, which represents an increase of 212,600 beneficiaries from the estimate of 12,221,500 beneficiaries reflected in the 2015-16 Governor's Budget. Total Medi-Cal expenditures for 2015-16 are projected to be \$91,298,729,000 (\$18,717,758,000 General Fund), which is a decrease of \$4,113,659,000 (\$438,739,000 General Fund) from the 2015-16 Governor's Budget. The most significant policies affecting program costs compared to the Governor's Budget include: increased costs associated with Medi-Cal expansion and federal immigration reform, a reduction in the 2015-16 capitated rate adjustment for Medi-Cal managed care plans, and increased savings due to enhanced federal matching funds for the Children's Health Insurance Program.

Current Year Operating Shortfall—Medi-Cal program expenditures are expected to exceed the appropriation by approximately \$241.5 million in 2014-15. The Administration will seek a supplemental appropriation bill to fund this increase, which is primarily attributable to higher costs than previously estimated for: the mandatory expansion population, hospital presumptive eligibility, and Medicare payments. These increases are partially offset by increased savings

from litigation settlements and additional rebates for aged and disputed drugs. 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.

May 2015 Medi-Cal Estimate (Issue 501 and 502-MR)—It is requested that the adjustments noted below be made to the following items to reflect caseload and other miscellaneous adjustments not highlighted in the other Medi-Cal issues included in this letter:

- Item 4260-101-0001 be decreased by \$184,978,000 and reimbursements be decreased by \$189,645,000
- Item 4260-101-0890 be decreased by \$8,264,259,000
- Item 4260-101-3168 be increased by \$7,834,000
- Item 4260-101-3213 be increased by \$1.3 million
- Item 4260-102-0001 be increased by \$84,000
- Item 4260-102-0890 be increased by \$84,000
- Item 4260-106-0890 be decreased by \$5,728,000
- Item 4260-113-0001 be decreased by \$336,814,000
- Item 4260-113-0890 be increased by \$495,132,000
- Item 4260-117-0001 be decreased by \$350,000
- Item 4260-117-0890 be increased by \$70,000

Medi-Cal County Administration Augmentation (Issue 515-MR)—It is requested that Item 4260-101-0001 be increased by \$48,750,000 and Item 4260-101-0890 be increased by \$101,250,000 to continue to fund county administration at a higher level given ongoing implementation issues related to the California Health Eligibility, Enrollment, and Retention System information technology system built to implement the Affordable Care Act.

Federal Immigration (Issue 517-MR)—It is requested that Item 4260-101-0001 be increased by \$27,779,000 and Item 4260-101-0890 be increased by \$5,303,000 to reflect costs of providing health care to newly qualified individuals as a result of the President's Executive Order on immigration.

Hepatitis C Treatment (Issue 521-MR)—It is requested that Items 4260-101-0001 and 4260-101-0890 each be increased by \$6.7 million to reflect new clinical guidelines related to high-cost Hepatitis C drugs in the Medi-Cal program. Last year, Hepatitis C drugs were removed from the managed care plan base rates. Instead, a payment is made to the plans when these drugs are prescribed. Control Section 8.75 was proposed in the 2015-16 Governor's Budget to set aside \$300 million in General Fund (over two years) pending initial coordination of the statewide high-cost medication working group on a statewide approach to high-cost medications. The set aside is no longer needed as the 2015-16 May Revision proposes increases to the affected budgets.

Health Home Program (Issue 522-MR)—It is requested that Item 4260-101-0890 be increased by \$54,855,000. This change reflects the implementation of the DHCS's Health Home Program, an enhanced care management and coordination pilot authorized by Chapter 642, Statutes of 2013 (AB 361). The non-federal share will be provided by the California Endowment. The 2015-16 May Revision includes trailer bill language to establish the Health Home Program Account and allow DHCS to accept and spend private funding for the Health Home Program.

Budget Bill Language: Behavioral Health Treatment Transition (Issue 524-MR)—It is requested that provisional language be added to Item 4260-101-0001 to allow the Department of Developmental Services to transfer funding to DHCS to support the transition of current Medi-Cal eligible regional center clients receiving behavioral health treatment services upon completion of the statewide transition plan (see Attachment 1).

Trailer Bill Language

Modified Medi-Cal Ground Emergency Medical Transportation (GEMT) Supplemental Reimbursement Program—Trailer bill language is requested to allow DHCS to modify the existing GEMT Supplemental Reimbursement Program in order to support public providers of GEMT services. This new mechanism would be implemented only if federal approvals are obtained and upon DHCS determination that it will likely result in an overall increase in supplemental GEMT reimbursement.

Multipurpose Senior Services Program (MSSP) Transition Timeline—MSSP is required to transition from a waiver-based program into a managed care benefit 19 months after a beneficiary enrolls into managed care under the Coordinated Care Initiative. Due to concerns about the transition timeline being too short to resolve outstanding operational issues between managed care plans and MSSP providers, trailer bill language is requested to extend the transition completion date to no later than December 31, 2017, or on the date managed care plans and MSSP providers jointly meet the readiness criteria developed by the state.

Application Assistance Payments—The trailer bill language extends the date to expend previously donated California Endowment funding for in-person enrollment assistance from June 2016 to June 2018. Remaining funds would be provided to counties and community-based organizations for Medi-Cal application assistance activities.

Family Health

California Children's Services, Child Health and Disability Prevention Program, and Genetically Handicapped Person's Program (Issue 505 and 506-MR)—It is requested that Item 4260-111-0001 be increased by \$4,069,000 and reimbursements be increased by \$692,000 to reflect revised expenditure estimates in these programs based on: (1) revised caseload estimates, (2) the reduction of federal Safety Net Care Pool funding, (3) increased medical rebate funding available to offset General Fund, and (4) various miscellaneous adjustments in program expenditures.

Every Woman Counts Program (Issue 505-MR)—It is requested that Item 4260-114-0001 be decreased by \$216,000. This is primarily due to lower Fiscal Intermediary costs as a result of fewer adjudicated claims and a projected caseload reduction.

Statewide Issue

High Cost Medications Statewide Item (Issue 400)—It is requested that Control Section 8.75 be eliminated. Control Section 8.75 was proposed in the 2015-16 Governor's Budget to set aside funding pending modified treatment protocols for high-cost medications. The funding set aside is no longer needed as the budget of various impacted departments includes the augmentation. (See Issue 400, CS8.75-400-BCP-BR-2015-MR and 5209-001-BCP-BR-2015-MR; Issue 046, 5225-046-BBA-BR-2015-MR; Issue 008, 4440-008-ECP-BR-2015-MR; and Issue 521, 4260-521-ECP-BR-2015-MR).

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 Ricardo Lara, 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 Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
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Honorable Holly Mitchell, Chair, Senate Budget and Fiscal Review Subcommittee No. 3
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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)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Michael Wilkening, Undersecretary, Health and Human Services Agency
Ms. Katie Heidorn, Deputy Secretary, Health and Human Services Agency
Ms. Kiyomi Burchill, Deputy Secretary, Health and Human Services Agency
Mr. Robert Ducay, Assistant Secretary, Health and Human Services Agency
Ms. Jennifer Kent, 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, Department of Health Care Services

Attachment 1

Add the following provision to Item 4260-001-0001:

X. Of the appropriation in Schedule (1), \$1,578,000 may not be expended until the Centers for Medicare and Medicaid Services approval is received for the Drug Medi-Cal Organized Delivery System 1115 Demonstration Waiver.

Add the following provision to Item 4260-001-0890:

X. Of the appropriation in Schedule (1), \$1,578,000 may not be expended until the Centers for Medicare and Medicaid Services approval is received for the Drug Medi-Cal Organized Delivery System 1115 Demonstration Waiver.

Add the following provision to Item 4260-101-0001:

X. The Department of Finance may authorize the transfer of expenditure authority from Item 4300-101-0001 Schedule (2) 4140019 Purchase of Services to this item to support the transition of current Medi-Cal eligible regional center clients receiving Behavioral Health Treatment services upon completion of the statewide transition plan.

The Director of Finance shall provide notification to the Joint Legislative Budget Committee of any transfer of expenditure authority approved under this provision not less than 30 days prior to the effective date of the approval. The 30-day notification shall include a description of the transfer, including the number of children affected and assumptions used in calculating the amount of expenditure authority to be transferred.

Attachment 1

Add the following provision to Item 4260-001-0001:

X. Of the appropriation in Schedule (1), \$1,578,000 may not be expended until the Centers for Medicare and Medicaid Services approval is received for the Drug Medi-Cal Organized Delivery System 1115 Demonstration Waiver.

Add the following provision to Item 4260-001-0890:

X. Of the appropriation in Schedule (1), \$1,578,000 may not be expended until the Centers for Medicare and Medicaid Services approval is received for the Drug Medi-Cal Organized Delivery System 1115 Demonstration Waiver.

Add the following provision to Item 4260-101-0001:

X. The Department of Finance may authorize the transfer of expenditure authority from Item 4300-101-0001 Schedule (2) 4140019 Purchase of Services to this item to support the transition of current Medi-Cal eligible regional center clients receiving Behavioral Health Treatment services upon completion of the statewide transition plan.

The Director of Finance shall provide notification to the Joint Legislative Budget Committee of any transfer of expenditure authority approved under this provision not less than 30 days prior to the effective date of the approval. The 30-day notification shall include a description of the transfer, including the number of children affected and assumptions used in calculating the amount of expenditure authority to be transferred.



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Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Various Budget Bill Items, Support and Local Assistance, Department of Public Health

State Operations

Licensing and Certification: Increased Los Angeles County Contract Funding

(Issue 201-MR)—It is requested that Item 4265-001-3098 be increased by \$5.3 million to provide additional funds for the upcoming renewal of the Licensing and Certification contract with Los Angeles County. This additional funding will enable the state to continue the contract with Los Angeles County for an additional three years. The Department of Public Health has contracted with Los Angeles County for the past 30 years to license and certify health care facilities in the County on behalf of the state.

Proposition 99 Adjustment: Technical Correction (Issue 400-MR)—It is requested that Item 4265-001-0231 be decreased by \$3,569,000 and Item 4265-001-0234 be decreased by \$675,000 to reflect accounting adjustments and corrections.

Local Assistance

AIDS Drug Assistance Program (ADAP) (Issue 007-MR)—It is requested that Item 4265-111-0890 be decreased by \$5.7 million and the ADAP Rebate Fund decreased by \$20.2 million mainly due to a larger number of ADAP clients transitioning to Medi-Cal than originally expected and fewer ADAP clients accessing new Hepatitis C treatment than originally estimated.

Women, Infants, and Children Program (Issue 009-MR)—It is requested that Item 4265-111-0890 be decreased by \$8,462,000 and Item 4265-111-3023 be decreased by \$4,771,000 to reflect decreased caseload and food expenditure projections.

Genetic Disease Screening Program (Issue 010-MR)—It is requested that Item 4265-111-0203 be decreased by \$776,000 to reflect updated caseload projections for prenatal and newborn screenings and related services.

Proposition 99 Adjustment: Technical Correction (Issue 400-MR)—It is requested that Item 4265-111-0231 be decreased by \$2,335,000 to reflect accounting adjustments and corrections.

Trailer Bill Language

Genetic Disease Screening Program (GDSP) Prenatal Screening—Trailer bill language is requested to clarify that private health insurance plans cannot consider the GDSP Prenatal Screening Program to be an out-of-network provider. Currently, some private health plans have considered the Prenatal Screening Program to be an out-of-network provider even though it is the sole provider of these services in California. This has resulted in some health plans either denying prenatal services claims or only reimbursing a portion of a total claim, resulting in lower than anticipated collections. This proposal will eliminate billing confusion for patients and improve GDSP's overall non-Medi-Cal fee collection rate.

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 Jamey Matalaka, Principal Program Budget Analyst, at (916) 445-6423.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

Attachment

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, 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. Karen Smith, Director and State Public Health Officer, 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



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Honorable Shirley Weber, 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 Developmental Services

Headquarters

Community Placement Plan Funding for Developmental Centers Closures

(Issue 521-MR)—It is requested that Item 4300-001-0001 be increased by \$1,271,000 and 7 positions to support the transition of residents from Sonoma Developmental Center (Sonoma) to the community. The Administration is proposing the closure of Sonoma in the next few years and Fairview and Porterville (outside the secure treatment area) shortly thereafter. These positions will assist in the development of community resources and will provide training and legal services during the development of community projects. In addition, staff will support an interagency agreement with the Department of Social Services for workload related to licensing new homes in the community.

Developmental Centers

Workload Adjustments (Issues 506-MR, 507-MR, 508-MR, 509-MR, 606-MR, 607-MR, 608-MR, and 609-MR)

—It is requested that Item 4300-003-0001 be increased by \$1,267,000 and reimbursements be decreased by \$1,723,000 and 18.7 positions. It is also requested that Item 4300-004-0001 be increased by \$38,000 and reimbursements be increased by \$1,000. These changes reflect: (1) the workload associated with staffing the acute care crisis center at Fairview Developmental Center (Fairview), (2) a projected decline in the developmental center population, (3) technical adjustments to the Community State Staff program estimate related to Lanterman Developmental Center post closure activities, and (4) a corrected fund split for the Program Improvement Plan for Porterville Developmental Center (Porterville) that was in error in the Governor's Budget.

Sonoma Backfill (Issues 505-MR and 605-MR)—It is requested that Item 4300-003-0001 be increased by \$13.2 million and reimbursements decreased by the same amount to backfill lost federal funding for the four Intermediate Care Facility units withdrawn from Medicaid participation at Sonoma. The Health and Human Services Agency (Agency) continues to negotiate with the Centers for Medicare and Medicaid Services (CMS) regarding options to maintain federal funds eligibility for the seven recently decertified units; however, CMS indicates it will only continue federal funding until June 6, 2015. Trailer bill language is requested to revise the current statutory timeline to implement the draft Sonoma closure plan. Agency

continues to negotiate an approach with CMS; however, the CMS requirements associated with the continuation of federal funding are unknown at this time.

Porterville Secured Treatment Program (STP) Update (Issue 503-MR)—It is requested that Item 4300-003-0001 be increased by \$703,000 and decreased by 2.5 positions, and Item 4300-004-0001 be increased by \$80,000 to increase the STP capacity from 202 beds (as proposed in the Governor's Budget) to 211 beds. A change is also requested to correct a staffing formula error. The Governor's Budget reflected an increase of 32 beds beginning in April 2015; but hiring issues have delayed unit activations, resulting in decreased costs of approximately \$2 million in the current year. Additionally, trailer bill language is needed to increase the secure treatment capacity cap and exclude minors from admission to the secure treatment area at Porterville.

Regional Centers

Caseload Adjustments (Issues 510-MR and 610-MR)—It is requested that Item 4300-101-0001 be increased by \$82,891,000 and reimbursements be increased by \$37,957,000 to reflect increases in caseload and regional centers' operational costs.

Chapter 20, Statutes of 2013 (AB 10) Minimum Wage (Issues 511-MR and 611-MR)—It is requested that Item 4300-101-0001 be decreased by \$16,395,000 and reimbursements be decreased by \$14,618,000 to reflect the revised estimate of the AB 10 minimum wage adjustments, effective July 1, 2014 and January 1, 2016.

Continuation Costs for Transitioning Residents (Issues 512-MR and 612-MR)—It is requested that Item 4300-101-0001 be increased by \$29,886,000 and reimbursements be increased by \$8,037,000 to reflect the increased costs for residents moving from developmental centers to the community. This increase in Community Placement Plan funds will support the cost of services not captured in the expenditure trend data and will improve monitoring of transition expenditures for approximately 200 residents annually that transition into the community from a developmental center.

General Fund Backfills (Issues 513-MR and 520-MR)—It is requested that Item 4300-101-0001 be increased by \$1,869,000 and Item 4300-101-0172 be decreased by \$1,370,000 to reflect the revised estimate of parental fee revenues collected for the Program Development Fund; and Item 4300-101-0890 be decreased by \$499,000 to reflect a reduction of federal funds from the Early Start Part C grant.

Federal Labor Standards Act (Issues 514-MR and 614-MR)—It is requested that Item 4300-101-0001 be decreased by \$926,000 and reimbursements be increased by \$2,897,000 to reflect the updated expenditure data used to estimate the impact of the federal Fair Labor Standards Act changes effective January 1, 2015, and anticipated to be implemented July 1, 2015. The delayed implementation reduces current year costs by approximately \$11.3 million.

Chapter 317, Statutes of 2014 (AB 1522) Sick Leave (Issues 515-MR and 615-MR)—It is requested that Item 4300-101-0001 be decreased by \$909,000 and reimbursements increased by \$2,586,000 to reflect updated provider costs associated with AB 1522, which requires employers to provide up to three sick leave days per year.

Technical Adjustment: Early Start Eligibility (Issue 516-MR)—It is requested that Item 4300-101-0001 be increased by \$9,774,000 to reflect full-year costs for the new eligibility criteria for Early Start, effective January 1, 2015. The Governor's Budget incorrectly included only half-year funding for the new eligibility criteria in the budget year.

Behavioral Health Treatment (BHT) Services, Medi-Cal Benefit (Issues 517-MR, 525-MR, and 617-MR)—It is requested that Item 4300-101-0001 be decreased by \$1,499,000 and reimbursements be decreased by \$1,498,000 to reflect the revised growth estimate of regional center consumers eligible for BHT services as a Medi-Cal benefit in the budget year. It is estimated that approximately 7,800 individuals currently receiving BHT services through the regional centers may be eligible to receive these services under the Medi-Cal benefit after development of a statewide transition plan by the Department of Health Care Services and the Department of Developmental Services (DDS). In addition, provisional language is requested to permit the transfer of funds between these departments as consumers transition to BHT services through a Medi-Cal provider (see Attachment 1).

Prior Year General Fund Shortfall (Issue 518-MR)—It is requested that Item 4300-101-0001 be increased by \$61,554,000 to reflect unrealized savings and offsetting federal funds for prior year expenses. After reconciling information on federal fund reimbursement assumptions, DDS has identified a shortfall of \$15.6 million in fiscal year 2011-12 and approximately \$46 million in 2012-13. The shortfall is the result of an overestimate of reimbursements not adjusted for cost-containment proposals enacted during those fiscal years and lower than anticipated savings from the private insurance coverage of behavioral health therapy required by Chapter 650, Statutes of 2011 (SB 946). Additionally, provisional language is requested to specify that these funds are to be used only for prior year shortfalls (see Attachment 2).

Community Placement Plan Funding (Issue 519-MR and 619-MR)—It is requested that Item 4300-101-0001 be increased by \$45,672,000 and reimbursements increased by \$2,349,000 to accelerate development of community resources to support the transition of residents from Sonoma to the community in anticipation of the closure of the Sonoma Developmental Center. The requested resources would begin development of homes to support transitioning consumers (there are 369 clients currently at Sonoma). Additionally, the request supports additional supported living, crisis services, miscellaneous transportation support, training, and other services.

Trailer Bill Language

Trailer Bill Language: Homes with Delayed Egress and Secured Perimeters in the Community—Trailer bill language will be drafted to remove the federal Medicaid funding requirement associated with the licensing and operation of delayed egress and secured perimeter homes. Current law permits state licensing for specified homes if eligible for federal funding. In April 2014, DDS received a letter from CMS clarifying that licensed adult residential facilities and group homes with delayed egress and secured perimeters are ineligible for federal financial participation. Currently, there are no homes ready for licensure, but several are near completion.

Trailer Bill Language: Affordable Housing Project at Fairview—Trailer bill language will be drafted to restart the Shannon's Mountain housing project, which was initially authorized in 2008. DDS is working with the Department of General Services (DGS) on a revised plan that will require trailer bill language to address several issues and proceed with the affordable housing project. On April 4, 2008, DGS released a Request for Proposal to make available

approximately 10 acres of land at Fairview in the City of Costa Mesa, Orange County. Subsequent legal review identified a number of issues that halted development in 2012.

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

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Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, 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 14 2015

Attachment 1

Proposed Provisional Language:

Item 4300-101-0001

X. The Department of Finance may authorize the transfer of expenditure authority from Schedule (2) 4140019-Purchase of Services to Item 4260-101-0001 to support the transition of current Medi-Cal eligible regional center clients receiving Behavioral Health Treatment services upon completion of the statewide transition plan.

The Director of Finance shall provide notification to the Joint Legislative Budget Committee of any transfer of expenditure authority approved under this provision not less than 30 days prior to the effective date of the approval. The 30-day notification shall include a description of the transfer, including the number of children affected and assumptions used in calculating the amount of expenditure authority to be transferred.

MAY 14 2015

Attachment 2

Proposed Provisional Language:

Item 4300-101-0001

X. Of the funds appropriated in Schedule (2) 4140019-Purchase of Services, \$61,554,000 is available only to fund expenditures for services provided in the 2011-12 and 2012-13 fiscal years. Any expenditure of the \$61,554,000 shall be considered expenditures for the 2015-16 fiscal year. Any of these funds not expended for this purpose by June 30, 2016, shall revert to the General Fund.



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Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

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

Restoration of Competency (ROC) Program Expansion (Issues 003-MR and 007-MR)—It is requested that Item 4440-011-0001 be increased by \$10,102,000 to expand the ROC program by up to 108 beds to address the Incompetent to Stand Trial (IST) patient wait list.

The 2014 Budget Act included \$3,898,000 to expand the existing 40-bed program by 45-55 beds; however, due to unforeseen delays, the Department of State Hospitals (DSH) projects savings of approximately \$1,431,000 General Fund in the current year. The Department has negotiated to expand the number of ROC beds at the San Bernardino County jail. Discussions to add additional beds are ongoing and it is requested that provisional language be added to provide up to \$4 million for additional contracts (see Attachment 1). Additionally, trailer bill language is requested to eliminate the sunset date for ROC programs and allow for the continued operation and expansion of ROC programs beyond the current sunset date of January 1, 2016.

Technical Adjustment to Governor's Budget IST Proposal (Issue 004-MR)—It is requested that Item 4440-011-0001 be decreased by \$304,000 and 2 positions to reflect a correction in the staffing formula associated with the Governor's Budget request to activate two units at Atascadero State Hospital for the treatment of IST commitments.

Coleman Unit Activation at Vacaville Psychiatric Facility (Issue 005-MR)—It is requested that Item 4440-011-0001 be increased by \$4,613,000 and 38.2 positions for the activation of a 30-bed unit at Vacaville that can provide both intermediate care and acute treatment for *Coleman* patients. Given growing waitlists for these types of beds and patients with extended days in mental health crisis beds, there is a need to activate this unit and increase the inpatient capacity within the psychiatric programs. Furthermore, the Special Master overseeing the *Coleman* lawsuit has expressed concern over these growing waitlists.

Napa State Hospital Earthquake Repairs (Issues 001-MR and 002-MR)—It is requested that Item 4440-011-0001 be increased by \$5,725,000 and reimbursements be increased by \$17,175,000 to repair damages sustained at Napa State Hospital during the August 2014 earthquake. Additionally, provisional language is requested to authorize a General Fund loan pending federal reimbursements. Federal reimbursement has been authorized for 75 percent of approved repair costs by the Presidentially Declared Federal Disaster for the South Napa Earthquake event that occurred in August 2014 (see Attachment 2).

Lanterman-Petris-Short (LPS) Unit Activation at Metropolitan State Hospital

(Issue 006-MR)—It is requested that Item 4440-011-0001 be amended by increasing reimbursements by \$8,326,000 to support 67.1 positions and activate a 40-bed LPS unit at Metropolitan State Hospital. The activation will begin in May 2015 and will address a growing waitlist of county commitments.

Not Guilty by Reason of Insanity (NGI) Involuntary Medication Authorization

(Issue 001-MR)—It is requested that Item 4440-011-0001 be decreased by \$1,162,000 to reduce the Governor's Budget proposal by 5.4 positions, consistent with DSH's experience to date with this new process related to the involuntary medication authorization for the NGI patients. As a result of a 2014 court decision (*In re Greenshields (2014) 227 Cal.App. 4th 1284*), DSH is extending the existing involuntary medication court orders process for Mentally Disordered Offender and Sexually Violent Predator commitments to NGI commitments. The Governor's Budget proposed \$3,176,000 and 14.4 positions in fiscal year 2015-16 to address the new workload associated with the involuntary medication order process, and assumed review of all NGIs (approximately 1,400 existing patients) for possible need of involuntary medication orders and court proceedings. Based on actual data from November 2014 to March 2015, the May Revision proposes a funding reduction and a change to the staff resources requested to better reflect identified needs. Additionally, trailer bill language is requested to add NGI commitments to existing statute that governs how the county where the state hospital is located is reimbursed for hearings of state hospital patients committed from other counties.

Hepatitis C Treatment (Issue 008-MR)—It is requested that Item 4440-011-0001 be increased by \$6,285,000 to reflect utilization of the new Hepatitis C treatment drugs and updated treatment guidelines. DSH anticipates absorbing a total cost of approximately \$5.4 million in the current year by redirecting savings associated with delayed unit activations at DSH-Coalinga. The estimated cost assumes approximately 30 percent of eligible patients will participate in treatment, which is consistent with patient participation rates for other medication treatments. Control Section 8.75 was proposed in the Governor's Budget to set aside funding pending initial coordination of the statewide high-cost medication working group. The funding set aside is no longer needed as the May Revision proposes to allocate the funding directly in the affected budgets.

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 Ricardo Lara, 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 Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Tony Thurmond, 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)
Mr. Jim Richardson, 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
Ms. Pam Ahlin, Director, Department of State Hospitals
Ms. Stephanie Clendenin, Chief Deputy Director, Department of State Hospitals
Ms. Christina Edens, Acting Chief Financial Officer, Department of State Hospitals
Ms. Stacey Camacho, Budget Officer, Administration, Department of State Hospitals

MAY 14 2015

Attachment 1

Proposed Provisional Language:

4440-011-0001

X. Of the funds appropriated in Schedule (2), up to \$4,000,000 is available for additional restoration of competency contracts. The Department of Finance may authorize these expenditures upon completed contract negotiations and county approval of program expansion. The Department of Finance shall notify the Legislature within 10 days of authorizing an expenditure for this purpose.

MAY 14 2015

Attachment 2

Proposed Provisional Language:

Item 4440-011-0001

X. A cash flow loan or loans shall be available from the General Fund to the State Department of State Hospitals not to exceed \$17,175,000, upon order of the Department of Finance, once the Governor's Office of Emergency Services has approved projects related to the 2014 South Napa Earthquake event. The loan funds shall be transferred to this item as needed to meet cashflow needs due to delays in collecting federal funding reimbursements through the Governor's Office of Emergency Services. 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.



Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 4440-301-0001, Capital Outlay, Department of State Hospitals

It is requested that Item 4440-301-0001 be increased by \$1,042,000 and reimbursements be increased by \$3 million to add the following project:

Napa State Hospital (NSH): Plant Operations Seismic Retrofit—Preliminary Plans, Working Drawings, and Construction. The Department of State Hospitals (DSH) requests the addition of the NSH Plant Operations Seismic Retrofit project. The requested actions would authorize \$1,042,000 General Fund and \$3 million reimbursements to add the preliminary plans, working drawings, and construction phases.

The Plant Operations building houses facilities support staff and their equipment and is used to conduct necessary repairs or maintenance work at NSH. Built in 1916, this building was constructed using unreinforced masonry that makes it subject to collapse in the event of a major earthquake. In its current condition, the building is a potential danger to the health and safety of the hospital staff working in this building.

The August 2014 earthquake in Napa was declared a federal emergency. Under this declaration, funding from the Federal Emergency Management Agency (FEMA) is possible through the Federal Hazard Mitigation Grant Program to seismically upgrade buildings that were not structurally damaged through this recent earthquake. This grant program offers up to 75 percent reimbursement of state costs, up to a maximum of \$3 million for each project. The project has preliminarily qualified for this funding. However, final awards will not be known until after the 2015-16 Budget is enacted.

The grant program requires the project be completed by September 2018. This project is estimated to take approximately three years from design to construction. Give the tight schedule, DSH is requesting the full project appropriation. In addition, provisional language (see Attachment 1) is requested to restrict the use of funds pending the final award made by FEMA.

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 Koreen Hansen, Principal Program Budget Analyst, at (916) 445-9694.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, 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 Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Holly J. Mitchell, Chair, Senate Budget and Fiscal Review Subcommittee No. 3
Honorable Tony Thurmond, 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)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Pam Ahlin, Director, Department of State Hospitals
Mr. Jason Kenney, Chief, Business Management Branch, Department of State Hospitals
Mr. Robert Horsley, Chief, Facilities Planning and Asset Management, Department of State Hospitals

Attachment 1

Amend Item 4440-301-0001:

"4440-301-0001-For capital outlay, Department of State

Hospitals	24,452,000	<u>27,200,000</u>
Schedule:		
(1) 0000030-Atascadero: East West Corridor Seismic Upgrade-Working drawings.....	442,000	
(2) 0000033-Metropolitan: Fire Alarm System Upgrade-Construction.....	7,634,000	
(3) 0000035-Napa: Courtyard Gates and Security Fencing-Construction.....	2,029,000	
(4) 0000041-Statewide: Enhanced Treatment Units-Construction.....	11,467,000	
(5) 0000717-Metropolitan: Increase Secure Bed Capacity and Security Fence- Preliminary plans <u>and</u> <u>Working drawings</u>	1,930,000	<u>3,636,000</u>
(6) 0000718-Patton: Fire Alarm System Upgrade- Preliminary plans.....	731,000	
(7) 0000719-Coalinga: Courtyard Expansion- Preliminary plans.....	219,000	
(8) <u>0000755-Napa: Plant Operations Seismic Retrofit-</u> <u>Preliminary plans, working drawings,</u> <u>and construction</u>	4,042,000	
(9) <u>Reimbursements to 0000755-Napa: Plant Operations</u> <u>Seismic Retrofit-Preliminary plans, working drawings,</u> <u>and construction</u>		<u>-3,000,000</u>

Provision:

1. Notwithstanding any other provision of law, the Department of State Hospitals shall not expend any portion of the amount appropriated in Schedule (8) and (9) on the Plant Operations Seismic Retrofit project unless or until the department has received confirmation that it has been awarded funding pursuant to and reimbursement through the Federal Hazard Mitigation Grant Program. These appropriated funds shall be available for encumbrance and expenditure until June 30, 2019 and are authorized for the development of preliminary plans, working drawings, and construction of this project."



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 5160-001-0001, Support, Department of Rehabilitation

(Issue 001-MR)—It is requested that Item 5160-001-0001 be increased by \$155,000 for the Vocational Rehabilitation (VR) program. The requested amount will provide the 10 percent nonfederal match now required by the 2014 Federal Workforce Innovation and Opportunity Act (WIOA). Previous versions of the WIOA did not require a state match.

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

Honorable Ricardo Lara, 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 Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Holly J. Mitchell, Chair, Senate Budget and Fiscal Review Subcommittee No. 3
Honorable Tony Thurmond, 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)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Michael Wilkening, Undersecretary, Program and Fiscal Affairs, Health and Human
Services Agency
Mr. Kris Kent, Assistant Secretary, Health and Human Services Agency
Mr. Joe Xavier, Director, Department of Rehabilitation
Mr. Juney Lee, Chief Deputy Director, Department of Rehabilitation



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

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STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair
Assembly Budget Committee

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

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

Enrollment Caseload Population Estimate (Issue 004-MR)—It is requested that Item 5175-101-0001 be decreased by \$46,000 and Item 5175-101-0890 be increased by \$46,000 to reflect 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

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Honorable Ricardo Lara, Chair, Senate Appropriations Committee
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Honorable Holly J. Mitchell, Chair, Senate Budget and Fiscal Review Subcommittee No. 3

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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)

Mr. Jim Richardson, 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. Alisha Griffin, Director, Department of Child Support Services

Mr. Mark Beckley, Chief Deputy Director, Department of Child Support Services



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, 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 Social Services

It is requested that the following items for the Department of Social Services (DSS) be amended to reflect a net increase of \$727,108,000. This increase is comprised of \$238,393,000 General Fund, \$477,264,000 Federal Trust Fund, \$12,366,000 Children's Health and Human Services Special Fund, \$532,000 Child Support Collections Recovery Fund, \$12,000 Emergency Food Assistance Program Fund, partially offset by a decrease of \$1,459,000 reimbursements.

State Operations

Federal Immigration Assistance (Issue 725-MR)—It is requested that Item 5180-001-0001 be increased by \$191,000 General Fund and 1 position to administer a new grant program that will provide application assistance services to immigrants eligible for deferred action under the President's November 2014 Immigration Accountability Executive Order. See Item 5180-151-0001, Issue 725-MR, for related local assistance component.

Community Care Licensing: Licensing Costs Related to Sonoma Developmental Center Closure (Issue 726-MR)—It is requested that Item 5180-001-0001 be amended by increasing reimbursements by \$118,000 and 1 position to support initial licensing activities associated with the proposed closure of the Sonoma Developmental Center. Funding for the new position will be passed through from the Department of Developmental Services. Two additional positions will be needed beginning in fiscal year 2016-17.

Local Assistance

Local assistance expenditures for DSS are estimated to increase by a net amount of \$726,799,000. This is comprised of increases of \$238,202,000 General Fund, \$477,264,000 Federal Trust Fund, \$12,366,000 Children's Health and Human Services Special Fund, \$532,000 Child Support Collections Recovery Fund, \$12,000 Emergency Food Assistance Program Fund, partially offset by a decrease of \$1,577,000 reimbursements.

May Revision Caseload Adjustments (Issues 700-MR and 701-MR)—The May Revision proposes a net increase of \$176,635,000 (increases of \$218,155,000 General Fund, \$12,366,000 Children’s Health and Human Services Special Fund, \$7,777,000 reimbursements, \$532,000 Child Support Collections Recovery Fund, \$12,000 Emergency Food Assistance Program Fund, partially offset by a decrease of \$62,207,000 Federal Trust Fund) primarily resulting from updated caseload estimates 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:

Program	Item	Change from Governor's Budget
California Work Opportunity and Responsibility to Kids (CalWORKs)	5180-101-0001	\$88,034,000
	5180-101-0890	-\$162,005,000
	Reimbursements	-\$95,000
Kinship Guardianship Assistance Payment	5180-101-0001	-\$2,210,000
Supplemental Security Income/State Supplementary Payment (SSI/SSP)	5180-111-0001	-\$22,776,000
In-Home Supportive Services (IHSS)	5180-111-0001	\$172,325,000
	5180-111-3156	\$12,366,000
	Reimbursements	-\$39,960,000
Other Assistance Payments	5180-101-0001	-\$1,416,000
	5180-101-0122	\$12,000
	5180-101-0890	\$671,000
County Administration and Automation Projects	5180-141-0001	-\$17,084,000
	5180-141-0890	-\$23,210,000
	Reimbursements	\$25,551,000
Community Care Licensing	5180-151-0001	\$1,264,000
	5180-151-0890	-\$27,000
Realigned Programs		
Adoption Assistance Program	5180-101-0890	\$61,000
	5180-151-0890	\$88,000
Foster Care	5180-101-0001	-\$17,000
	5180-101-0890	\$6,148,000
	5180-101-8004	\$532,000
	5180-141-0890	\$558,000
Child Welfare Services (CWS)	5180-151-0001	-\$2,981,000
	5180-151-0890	\$114,945,000
	Reimbursements	\$11,268,000
Title IV-E Waiver	5180-153-0001	\$3,016,000
	5180-153-0890	\$564,000
Adult Protective Services	Reimbursements	\$11,013,000

Temporary Assistance for Needy Families (TANF) Transfer to California Student Aid Commission (CSAC) (Issue 703-MR)—It is requested that Item 5180-101-0890 be increased by \$533,646,000 Federal Trust Fund to reflect an increase in the amount of federal TANF block grant funds available to offset General Fund costs in the Cal Grant program administered by the CSAC. Of this amount, \$286,320,000 reflects a technical correction. The proposed Budget erroneously did not include the transfer amount assumed in the Governor's Budget. The remaining increase of \$247,326,000 is primarily attributable to shifting of long-term sanctioned CalWORKs cases from the federal TANF program to a solely state-funded non-TANF maintenance-of-effort program (see Item 6980-101-0001, Issue 214-MR).

Federal Immigration (Issue 704-MR)—It is requested that Item 5180-101-0001 be increased by \$19,186,000 General Fund to reflect increased benefit and administrative costs in the CalWORKs program associated with individuals impacted by the President's Executive Order on immigration.

CalWORKs General Fund Offset—Family Support Subaccount (Issue 705-MR)—It is requested that Item 5180-101-0001 be decreased by \$43,724,000 General Fund to reflect an increase in Family Support Subaccount funds associated with the redirection of 1991 health realignment funds for CalWORKs expenditures, thereby offsetting General Fund costs in the program.

Federal Immigration (Issue 704-MR)—It is requested that Item 5180-111-0001 be increased by \$15,261,000 General Fund to reflect increased benefit and administrative costs in the Cash Assistance Program for Immigrants and IHSS program associated with individuals impacted by the President's Executive Order on immigration.

Implementation of Federal Overtime Regulations (Issues 710-MR and 711-MR)—It is requested that Item 5180-111-0001 be increased by \$18,260,000 General Fund and reimbursements be decreased by \$9,354,000 to reflect updated IHSS caseload-related increases and a shift of one-time administrative costs from 2014-15 to 2015-16 due to the delayed implementation of Fair Labor Standards Act (FLSA) regulations.

The remainder of the unspent FLSA-related funding appropriated in 2014-15 will be used to partially offset the overall increase in IHSS costs since the Governor's Budget.

Provisional Language: Increase in General Fund Loan Authority for the IHSS Program (Issue 714-MR)—It is requested that Provision 2 of Item 5180-111-0001 be amended to increase loan authority from \$385 million to \$650 million to alleviate cash flow complications resulting from delayed reimbursement of federal funds from the Department of Health Care Services (DHCS).

Federal Immigration (Issue 704-MR)—It is requested that Item 5180-141-0001 be increased by \$38,000 General Fund and Item 5180-141-0890 be increased by \$54,000 Federal Trust Fund to reflect increased benefit and administrative costs in the CalFresh program associated with individuals impacted by the President's November 2014 Executive Order on immigration.

CWS Case Record Reviews (Issue 720-MR)—It is requested that Item 5180-151-0001 be increased by \$2,346,000 General Fund, Item 5180-151-0890 be increased by \$2,472,000 Federal Trust Fund, and Item 5180-153-0001 be increased by \$614,000 General Fund to provide additional funding to counties for the preparation and completion of upcoming federal child welfare case reviews. Based on updated county workload measures, DSS has

determined that the funding level included in the Governor's Budget is insufficient to meet federal requirements. The additional resources will assist in the state's and counties' efforts to achieve and maintain the necessary level of quality assurance and compliance with federal requirements under Titles IV-B and IV-E.

Child Welfare Training Program (Issue 721-MR)—It is requested that Item 5180-151-0001 be increased by \$474,000 General Fund and Item 5180-151-0890 be increased by \$1,828,000 Federal Trust Fund to fund general cost increases associated with the provision of child welfare training for social workers. DSS is required by federal law to coordinate a statewide child welfare training program to ensure continued federal Title IV-E funding.

Strengthening Families Act (Issue 722-MR)—It is requested that Item 5180-101-0001 be increased by \$1,350,000 General Fund, Item 5180-151-0890 be increased by \$1,422,000 Federal Trust Fund, and Item 5180-153-0001 be increased by \$1,333,000 General Fund to support newly identified requirements and components necessary to ensure federal compliance with the Preventing Sex Trafficking and Strengthening Families Act of 2014. New requirements under the federal law include notification to relatives upon removal of a foster child from placement, data collection on pregnant minors and non-minor dependents, credit report checks for foster youth ages 14 and 15, increased documentation for youth in certain planned permanent living arrangements, and new policies, procedures, and protocols for missing youth, runaways, and children at risk of commercial or sexual exploitation.

Performance Data on Psychotropic Medication (Issue 723-MR)—It is requested that Item 5180-151-0001 be increased by \$100,000 General Fund and Item 5180-151-0890 be increased by \$49,000 Federal Trust Fund for DSS to contract with the University of California, Berkeley, for the purpose of matching Medi-Cal pharmacy claims data collected by the DHCS with foster care data. This data matching effort will improve DSS' ability to identify and monitor psychotropic drug use in the foster care system.

Federal Immigration Assistance (Issue 725-MR)—It is requested that Item 5180-151-0001 be increased by \$4,809,000 General Fund for DSS to provide grants for the provision of legal and application services to individuals eligible for deferred action under the President's November 2014 Executive Order on immigration. Provisional language is also proposed to extend the liquidation period for encumbered amounts until June 30, 2021. Trailer bill language is also necessary to implement this new program. See Item 5180-001-0001, Issue 725-MR, for related state operations component.

Addition of Budget Bill Item 5180-492: Extension of Liquidation Period for the CalWORKs Housing Support Program (Issue 706-MR)—It is requested that Item 5180-492 be added to extend the availability of funds appropriated in the 2014 Budget Act to allow counties to liquidate Housing Support Program expenditures that occurred in fiscal year 2014-15 but will be paid in 2015-16. The 2014 Budget Act included \$20 million General Fund for this purpose. Because counties budget on a cash basis, expenditures are claimed against allocations in the year they are paid. As such, language is proposed to extend the liquidation period for 2014-15 expenditures until June 30, 2016 (see Attachment I).

Addition of Budget Bill Item 5180-493: Extension of Liquidation Period for Unaccompanied Undocumented Minors Funding (Issue 724-MR)—It is requested that Item 5180-493 be added to extend the liquidation period for funds encumbered in 2014-15 for the provision of legal services provided to unaccompanied undocumented minors. The 2014 Budget Act included \$2.9 million General Fund for this purpose. Qualified nonprofit

organizations only receive 50 percent of awarded funding up front and the remaining 50 percent will be paid when the minor's case is closed. This could take several years. As such, language is proposed to extend the liquidation period for encumbered amounts until June 30, 2021 (see Attachment I).

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, 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 Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, 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

Addition of Budget Bill Item 5180-492:

5180-492—Reappropriation, Department of Social Services. The balances of the appropriations provided in the following citations are reappropriated for expenditure pursuant to Provision 1 and shall be available for encumbrance or expenditure until June 30, 2016:

0001—General Fund

(1) Item 5180-101-0001, Budget Act of 2014 (Ch. 25, Stats. 2014)

Provisions:

1. Funds allocated to counties pursuant to Provision 10 of Item 5180-101-0001 for housing support for those families in receipt of CalWORKs but unexpended as of June 30, 2015, shall be reappropriated for encumbrance or expenditure for services provided by a county in fiscal year 2014-15 that are claimed by the county in fiscal year 2015-16.

Addition of Budget Bill Item 5180-493:

5180-493—Reappropriation, Department of Social Services. Notwithstanding any other provision of law, the period to liquidate encumbrances appropriated for services to unaccompanied undocumented minors in the following citations are extended to June 30, 2021:

0001-General Fund

(1) Item 5180-151-0001, Program 25.35-Special Programs, Budget Act of 2014 (Ch. 25, Stats. 2014)

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

X. Funds appropriated in this item shall be available for legal and application services to individuals eligible for deferred action under the President's November 2014 Immigration Accountability Executive Order shall be available for liquidation until June 30, 2021.