

# Overview of Community Care Licensing

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LEGISLATIVE ANALYST'S OFFICE

Presented to:  
Senate Human Services Committee  
Hon. Leland Yee, Chair

Assembly Human Services Committee  
Hon. Mark Stone, Chair





## Overview of Community Care Licensing (CCL)

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- The CCL Licenses Various Facilities.*** The CCL division of the Department of Social Services develops and enforces regulations designed to protect the health and safety of individuals in 24-hour residential care facilities and day care. These facilities include child care centers, residential care facilities for the elderly (RCFEs), and foster family homes and group homes.
- Facilities Licensed by CCL Provide Services for a Range of Recipients.*** The CCL monitors and licenses 66,000 community care facilities, which are estimated to have the capacity to serve over 1.3 million Californians. Out of the 66,000 facilities, the most common licensure categories are:

  - Family child care homes (50 percent).
  - Child care centers (22 percent).
  - RCFEs (11 percent).
- Regional Office Staff Conduct Inspections and Investigate Complaints.*** Roughly 460 licensing analysts located in 25 regional offices across the state are primarily responsible for conducting about 24,000 annual visits each year and investigating roughly 13,000 complaints lodged against licensed facilities annually.
- The CCL's Main Enforcement Tools.*** If a facility is found to be out of compliance with CCL licensing standards, the CCL has the authority to:

  - Create and enforce corrective action plans.
  - Issue citations and financial penalties.
  - Revoke or suspend the facility license.



## Primary Ways CCL Adjusted to Prior Budget Reductions

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As a result of prior budget reductions, CCL has implemented various changes to control program costs.



### **Decreased the Frequency of Licensing Inspections**

- ***Annual Inspections Were Generally Required Prior to 2003.*** Prior to 2003, most licensed facilities were required to be inspected annually.
- ***Statutory Changes Made in 2003-04 Substantially Decreased Inspection Frequency.*** The 2003-04 budget reduced General Fund support for CCL by \$5.4 million. Budget-related legislation decreased the frequency of inspections by requiring them once every five years for most facilities. The legislation also required CCL to randomly inspect 10 percent of facilities annually.
- ***Percent of Required Annual Random Inspections Increased Incrementally Pursuant to a Statutory Trigger.*** In 2006-07, the number of random inspections CCL was required to conduct annually increased from 10 percent to 20 percent. This percentage was further increased to 30 percent in 2007-08.
- ***Current Inspection Frequency Unchanged From 2007-08 Levels.*** Currently, CCL is required to inspect most facilities once every five years and randomly inspect 30 percent of facilities annually—requirements unchanged since 2007-08.



***Increases to Facility Fees to Partially Offset General Fund Costs.*** Another strategy that has been used to at least partially offset CCL costs is increases in the licensing fees paid by facility operators. The most recent fee increase for licensed facilities was enacted in 2009-10 and increased fees by 10 percent. Currently, about 23 percent of CCL costs are funded by fees and 24 percent of costs are funded by the General Fund.



## Primary Ways CCL Adjusted to Prior Budget Reductions

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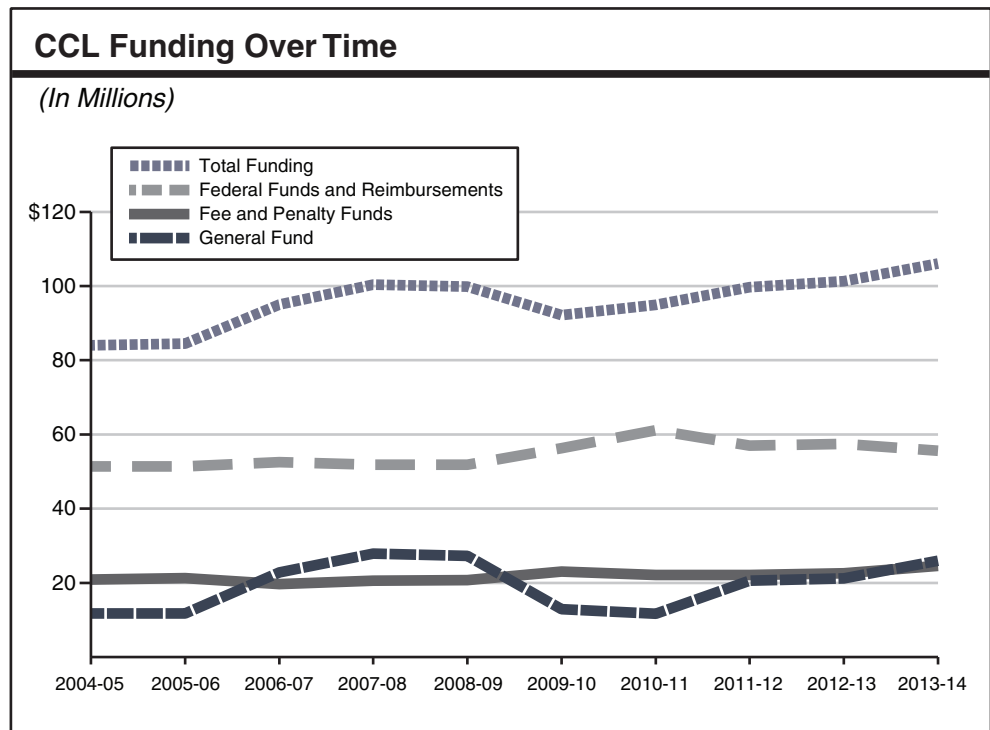
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- ☑ ***Implemented the Key Indicator Tool (KIT) Process.*** The KIT was formally adopted by CCL in the fall of 2010 as a strategy to increase the number of enforcement visits licensing analysts were able to conduct within existing budget constraints. The KIT is a measurement tool that is designed to measure compliance with a small number of licensing standards to predict compliance with all of the remaining licensing standards. Due to the reliance on key indicators, it takes less time for licensing analysts to conduct a KIT inspection than a more comprehensive inspection. Only facilities that are in generally good standing are eligible for the KIT inspection, and at any given point, a licensing analyst may discover issues that trigger a more comprehensive inspection.



## CCL Funding History

- ☑ **CCL Program Budget.** For 2013-14, estimated expenditures for CCL are \$101 million (\$21 million from the General Fund).
  
- ☑ **General Fund for CCL Has Been Unstable.** The CCL program is primarily funded by (1) the federal Social Services Block Grant and Child Care Development Block Grant, (2) the General Fund, and (3) licensing fees and penalties assessed on licensees. As shown in the figure below, the breakdown of funding as well as total funding for CCL has varied significantly over time. In particular, the General Fund has been a relatively unstable source of funding for CCL.





## CCL Funding History

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***Some General Fund Changes of Note.*** The General Fund funding history in CCL reflects the following:

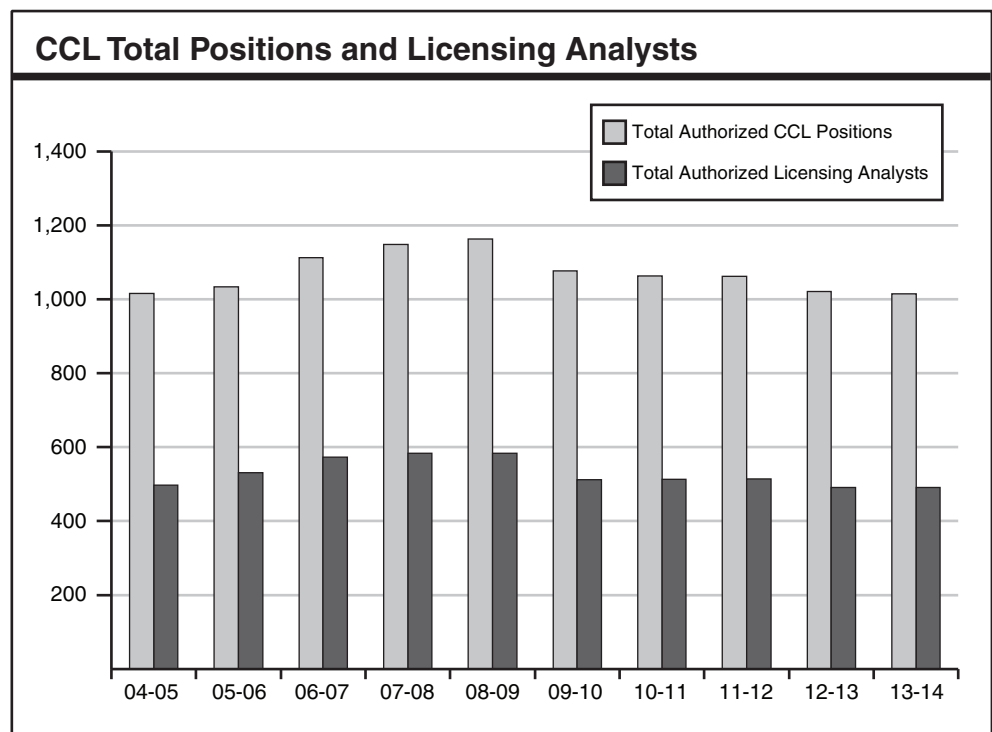
- General Fund increases between 2005-06 and 2007-08 generally reflect increases in required random visits by CCL.
- Decreases in General Fund for 2009-10 and 2010-11 were offset by a temporary increase in federal funds for the licensing of family child care homes. As shown in the earlier figure, the reduced General Fund support has been partially restored.



## CCL Staffing History



**Licensing Analysts in Regional Offices are Primary Inspectors.** Licensing analysts located in 25 regional offices throughout the state are the primary inspectors of licensed facilities. Below we show the number of licensing analysts as a proportion of all CCL employees.



### Ratio of Licensing Analysts and Number of Licensed Facilities

- The 2012-13 ratio of licensing analysts to facilities was 1 analyst for every 135 facilities.
- The current ratio is less facilities per licensing analyst than in 2004-05 when CCL was required to conduct random inspections of 10 percent of facilities annually (1 analyst for every 158 facilities).



## CCL Staffing History

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- The current ratio is slightly more facilities per licensing analyst than in 2007-08—the first year CCL was required to conduct random inspections of 30 percent of facilities annually (1 analyst for every 128 facilities).





## A Closer Look at RCFEs

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- ☑ ***Services Provided by RCFEs.*** The approximately 7,500 RCFEs in California are licensed to provide housing and a range of supportive services, such as assistance with activities of daily living, for up to 175,000 people annually.
  
- ☑ ***Traditionally, RCFE Services Have Been Nonmedical, but This Role Is Evolving.*** Traditionally, RCFEs have been used as a nonmedical placement for individuals with less acute medical needs than those who would qualify for skilled nursing home placement. However, there are exceptions to this:
  - ***Facilities Can Apply for Waivers to Provide Hospice Services.*** Most RCFEs have waivers to provide hospice services.
  
  - ***Facilities Can Request Permission to Provide Other Services.*** To provide services beyond the scope of what is normally provided at CCL, RCFEs can request permission from CCL on a case-by-case basis.



## A Closer Look at RCFEs

(Continued)

- RCFE Capacity.** As shown in the figure below, nearly 80 percent of RCFEs are licensed for four to six beds.

<b>Most RCFEs Are Licensed for Less Than Six Residents</b>	
<i>RCFEs by Facility Capacity</i>	
<b>Facility Capacity</b>	<b>Number of Facilities</b>
1 to 3	82
4 to 6	5,926
7 to 15	384
16 to 30	148
31 to 49	165
50 to 74	163
75 to 100	207
101 to 150	235
151 to 200	108
201 to 250	37
251 to 300	15
301 to 350	5
351 to 400	2
401 to 500	2
501 to 700	3
701 to 9,999	1
<b>Total RCFEs</b>	<b>7,483</b>