

Analysis of Child Welfare Proposals and Program Implementation Updates

FEBRUARY 2022

Summary. California's children and family programs include an array of services to protect children from abuse and neglect and to keep families safely together when possible. This analysis: (1) provides program background; (2) outlines the Governor's proposed 2022-23 budget for children and family programs, including child welfare services (CWS) and foster care programs; (3) provides implementation updates on a number of programs that were funded in 2021-22; and (4) raises questions and issues for the Legislature to consider as it evaluates the budget proposal.

Program Background

CWS. When children experience abuse or neglect, the state provides a variety of services to protect children and strengthen families. The state provides prevention services—such as substance use disorder treatment and in-home parenting support—to families at risk of child removal to help families remain together, if possible. When children cannot remain safely in their homes, the state provides temporary out-of-home placements through the foster care system, often while providing services to parents with the aim of safely reunifying children with their families. If children are unable to return to their parents, the state provides assistance to establish a permanent placement for children, for example, through adoption or guardianship. California's counties carry out children and family program activities for the state, with funding from the federal and state governments, along with local funds.

Federal Funding. When a family becomes involved with the child welfare or foster care system, and that family meets federal eligibility standards based on income and other factors, states may claim federal funds for part of the cost of providing care and services for the child and family.

State and local governments provide funding for the portion of costs not covered by federal funds, based on cost-sharing proportions determined by the federal government. These federal funds are provided pursuant to Title IV-E (related to foster care) and Title IV-B (related to child welfare) of the Social Security Act.

2011 Realignment. Until 2011-12, the state General Fund and counties shared significant portions of the nonfederal costs of administering CWS. In 2011, the state enacted legislation known as 2011 realignment, which dedicated a portion of the state's sales and use tax and vehicle license fee revenues to counties to administer child welfare and foster care programs (along with some public safety, behavioral health, and adult protective services programs). As a result of Proposition 30 (2012), under 2011 realignment, counties either are not responsible or only partially responsible for CWS programmatic cost increases resulting from federal, state, and judicial policy changes. Proposition 30 establishes that counties only need to implement new state policies that increase overall program costs to the extent that the state provides the funding for those policies. Counties are responsible, however, for all other increases in CWS costs—for example, those associated with rising caseloads. Conversely, if overall CWS costs fall, counties retain those savings.

Continuum of Care Reform (CCR). Beginning in 2012, the Legislature passed a series of legislation implementing CCR. This legislative package makes fundamental changes to the way the state cares for youth in the foster care system. Namely, CCR aims to: (1) end long-term congregate care placements; (2) increase reliance on home-based family placements; (3) improve access to supportive services regardless of the kind of foster care placement a child is in; and (4) utilize universal child

and family assessments to improve placement, service, and payment rate decisions. Under 2011 realignment, the state pays for the net costs of CCR, which include up-front implementation costs. While not a primary goal, the Legislature enacted CCR with the expectation that reforms eventually would lead to overall savings to the foster care system, resulting in CCR ultimately becoming cost neutral to the state. (We note that CCR is a multiyear effort—with implementation of the various components of the reform package beginning at different times over several years—and the state continues to work toward full implementation in the current year.)

Extended Foster Care (EFC). At around the same time as 2011 realignment, the state also implemented the California Fostering Connections to Success Act (Chapter 559 of 2010 [AB 12, Beall]), which extended foster care services and supports to youth from age 18 up to age 21, beginning in 2012. To be eligible, a youth must have a foster care order in effect on their 18th birthday, must opt in to receive EFC benefits, and must meet certain criteria (such as pursuing higher education or work training) while in EFC. Youth participating in EFC are known as non-minor dependents (NMDs). In addition to case management services, NMDs receive support for independent or transitional housing.

Foster Placement Types. As described above, when children cannot remain safely in their homes, they may be removed and placed into foster care. Counties rely on various placement types for foster youth. Pursuant to CCR, a Child and Family Team (CFT) provides input to help determine the most appropriate placement for each youth, based on the youth's socio-emotional and behavioral health needs, and other criteria. Placement types include:

- **Placements With Resource Families.** For most foster youth, the preferred placement type is in a home with a resource family. A resource family may be kin (either a non-custodial parent or relative), a foster family approved by the county, or a foster family approved by a private foster family agency (FFA). FFA-approved foster families receive additional supports through the FFA and therefore may care for youth with higher-level physical, mental, or behavioral health needs.

- **Congregate Care Placements.** Foster youth with intensive behavioral health needs preventing them from being placed safely or stably with a resource family may be placed in a Short-Term Residential Therapeutic Program (STRTP). These facilities provide specialty behavioral health services and 24-hour supervision. STRTP placements are designed to be short term, with the goal of providing the needed care and services to transition youth safely to resource families. Pursuant to new federal requirements—specifically the Family First Prevention Services Act (FFPSA), described more below—STRTPs must meet new federal criteria to continue receiving Title IV-E funding for federally eligible youth. In addition, STRTP placements must be approved by a “Qualified Individual” (QI) such as a mental health professional.
- **Independent and Transitional Placements for Older Youth.** Older, relatively more self-sufficient youth and NMDs may be placed in supervised independent living placements (SILPs) or transitional housing placements. SILPs are independent settings, such as apartments or shared residences, where NMDs may live independently and continue to receive monthly foster care payments. Transitional housing placements provide foster youth ages 16 to 21 supervised housing as well as supportive services, such as counseling and employment services, that are designed to help foster youth achieve independence.

Total Foster Care Placements Have Remained Stable, With Shifts in Placement Types. Over the past decade, the number of youth in foster care has remained around 60,000 (ranging from around 55,000 to around 63,000 at any point in time). While the total number of placements has remained stable, the predominance of various placement types has shifted over time. In particular, in line with the goals of CCR, congregated care placements have decreased, while more independent placements have increased since the implementation of EFC. **Figure 1** illustrates changes in foster placements over time.

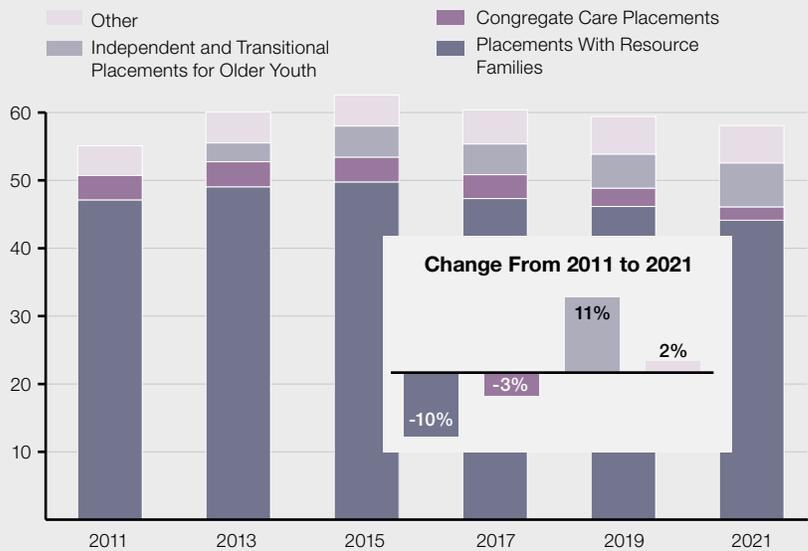
Foster Youth Are Disproportionately Low Income, Black, and Native American.

A broad body of research has found that families involved with child protective services are disproportionately poor and overrepresented by certain racial groups, and are often single-parent households living in low-income neighborhoods. In California, Black and Native American youth in particular are overrepresented in the foster care system relative to their respective shares of the state's youth population. As illustrated in **Figure 2**, the proportions of Black and Native American youth in foster care are around four times larger than the proportions of Black and Native American youth in California overall. While the information displayed in Figure 2 is point in time, these disproportionalities have persisted for many years. We note that the figure displays aggregated state-level data; disproportionalities differ across counties.

FFPSA. Historically, one of the main federal funding streams available for foster care—Title IV-E—has not been available for states to use on services that may prevent foster care placement in the first place. Instead, the use of Title IV-E funds has been restricted to support youth and families only after a youth has been placed in foster care. Passed as part of the *2018 Bipartisan Budget Act*, FFPSA expands allowable uses of federal Title IV-E funds to include services to help parents and families from entering (or re-entering) the foster care system. Specifically, FFPSA allows states to claim Title IV-E funds for mental health and substance abuse prevention and treatment services, in-home parent skill-based

Figure 1

Foster Care Placements: Point-In-Time Counts 2011-2021
Youth in Foster Care (In Thousands)



Notes:

Data from California Child Welfare Indicators Project (CCWIP). Retrieved February 4, 2022 from University of California, Berkeley CCWIP website.

Data reflects point-in-time count of youth in care for October 1 of each year shown.

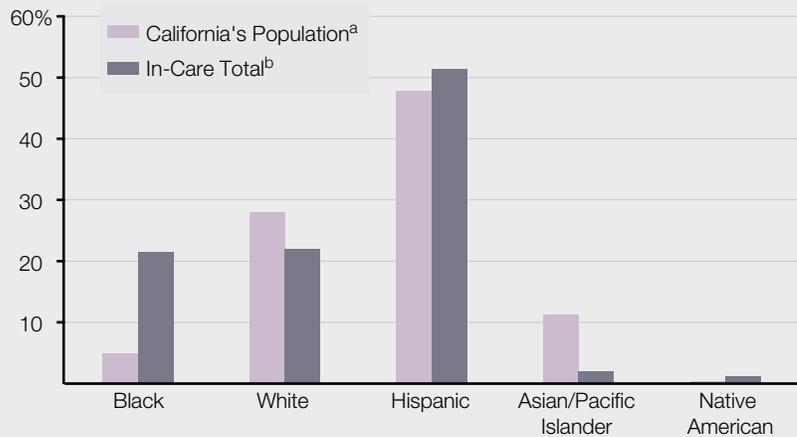
Data reflects child welfare placements; probation placements not included.

Other placement types include pre-adoption placements and trial home visits, guardian placements, youth in shelters, youth who have runaway or are missing, and other placements.



Figure 2

Proportion of Youth in Population Compared to in Foster Care



^a As of July 1, 2020. Data from Department of Finance Demographic Projections. Includes youth ages 0 through 20, inclusive.

^b In care count from California Child Welfare Indicators Project as of July 1, 2020.



programs, and kinship navigator services once states meet certain conditions. FFPSA additionally makes other changes to policy and practice to ensure the appropriateness of all congregate care placements, reduce long-term congregate care stays, and facilitate stable transitions to home-based placements.

The law is divided into several parts; Part I (which is optional and related to prevention services) and Part IV (which is required and related to congregate care placements) have the most significant impacts for California. States were required to implement Part IV by October 1, 2021 in order to prevent the loss of federal funds for congregate care. States may not implement Part I until they come into compliance with Part IV.

Overview of Governor’s Budget

Proposed Spending in 2022-23 Decreases Significantly Compared to 2021-22, Primarily Due to Expiration of One-Time and Limited-Term Funding. As shown in **Figure 3**, total funding for child welfare is proposed to decrease by more than \$1 billion (more than \$700 million General Fund) between 2021-22 and 2022-23. This decrease was expected as a number of one-time/limited-term program augmentations were included in the 2021-22 budget and are not proposed to continue in 2022-23. Notably, the state’s pandemic support within child welfare also largely expires in 2021-22, and several significant one-time/limited-term federal augmentations are projected to end in the current year as well. Beyond these specific changes, the lower proposed state and federal funding amounts in 2022-23 also reflect some lower projected spending on home-based family care rates. The primary drivers of the year-over-year decrease are detailed in **Figure 4**.

Majority of Pandemic Response Would End in the Current Year. Since the onset of the COVID-19 pandemic, California has provided a variety of financial supports and flexibilities to families involved with the child welfare and foster care systems. In addition to the supports described in Figure 4, the state also provided cash cards to families at risk of child removal (including eligible families on counties’ Emergency Response and Family Maintenance caseloads) using 2019-20 and 2020-21 funding. A few components of the state’s pandemic response within child welfare are proposed to continue in 2022-23. Specifically, the administration proposes to provide: (1) \$50 million one time for counties to increase their emergency response capacity (\$50 million one time for this purpose also was included in the 2021-22 budget), and (2) \$4.7 million one time to continue supporting the operation of the parent and youth helpline. (We discuss the Department of Social Services’ [DSS’s] progress disbursing pandemic response funds provided in the current year in more detail below.)

Governor’s Proposals Include Limited New Non-Pandemic Spending. While overall child welfare spending is proposed to decrease significantly from 2021-22 to 2022-23, the Governor’s budget does include a few new spending proposals. These proposals, described below, would result in new one-time spending of around \$5.4 million General Fund in 2022-23 and around \$1 million General Fund ongoing.

- **Addressing Resource Family Approval (RFA) Backlog:** \$4.4 million one time to support counties in addressing the current backlog of resource family applications with approval times over 90 days. Funding would provide overtime pay to existing staff to address the backlog.

Figure 3

Changes in Local Assistance Funding for Child Welfare and Foster Care

Includes Child Welfare Services, Foster Care, AAP, KinGAP, and ARC (In Millions)

| | Total | Federal | State | County | Reimbursements |
|---------------------------------------|-----------------|---------------|---------------|--------------|----------------|
| 2021-22 revised budget | \$9,872 | \$3,622 | \$1,494 | \$4,564 | \$192 |
| 2022-23 Governor’s Budget | 8,756 | 3,056 | 761 | 4,723 | 215 |
| Change From 2021-22 to 2022-23 | -\$1,116 | -\$566 | -\$732 | \$159 | \$23 |

AAP = Adoption Assistance Program; KinGAP = Kinship Guardianship Assistance Payment; and ARC = Approved Relative Caregiver

Note: Does not include Child Welfare Services automation.

Figure 4

Primary Drivers of Overall Child Welfare Spending Decreases

(In Millions)

| Item | Total Funds Change From 2021-22 to 2022-23 | General Fund Change From 2021-22 to 2022-23 | Reason |
|--|--|---|--|
| FFPSA Part I | -\$286 | -\$222 | One-time funding in 2021-22 to help counties begin implementing Title IV-E prevention services. |
| Family First Transition Act—Funding Certainty Grant | -250 | — | Limited-term federal grants to support counties transitioning after the end of Title IV-E Waiver Demonstration Projects. |
| Addressing Complex Care Needs | -122 | -121 | Some one-time support for foster youth requiring complex care, including intensive behavioral health needs. We note that around \$20 million total funds (\$18 million GF) is ongoing. |
| COVID-19 temporary FMAP increase | -100 | — | Federal augmentation projected to end June 30, 2022. |
| One-time funding to counties | -85 | -85 | One-time support in 2021-22. |
| COVID-19 pandemic assistance for resource families | -80 | -80 | One-time funding in 2021-22 to provide lump-sum payments to resource families in response to pandemic. |
| COVID-19 support for former NMDs and flexibilities within EFC | -55 | -49 | Limited-term funding to support NMDs and former NMDs who would have aged out or lost eligibility for EFC. Support ended December 31, 2021. |
| COVID-19 support for STRTPs | -42 | -42 | One-time funding in 2021-22 for STRTPs experiencing negative financial impacts due to the pandemic. |
| FFPSA Part IV | -30 | -3 | Some one-time support to begin implementing new congregate care requirements. We note that around \$57 million total funds (\$29 million GF) is ongoing. |
| Placement prior to approval | -18 | -11 | Maximum duration decreases from 120 days (with possible extension up to 365 days) to 90 days. |
| Transition from 16+ bed STRTPs | -10 | -10 | One-time funding in 2021-22 to support STRTPs determined to be IMDs and therefore no longer eligible for Medicaid federal financial participation. |
| COVID-19 support for Family Resource Centers | -6 | -6 | Limited-term funding for Family Resource Centers in response to pandemic. Expenditure authority ends June 30, 2022. |
| COVID-19 rate flexibilities for resource families | -5 | -3 | Limited-term option to increase foster care monthly maintenance payment rates for families directly impacted by COVID-19. Support ended December 31, 2021. |
| COVID-19 support for state administered contracts | -2 | -2 | Limited-term funding for parent and youth helpline and laptop and cell phone distribution in response to pandemic. Expenditure authority ends June 30, 2022. |
| Other Net Changes | -25 | 97 | Includes increases and decreases, including new proposed funding and monthly assistance payment rate and caseload changes. |
| Totals | -\$1,116 | -\$732 | |

FFPSA = Family First Prevention Services Act; GF = General Fund; FMAP = federal medical assistance percentage; NMDs = non-minor dependents; EFC = extended foster care; STRTP = Short-Term Residential Therapeutic Programs; and IMDs = Institutions for Mental Disease.

- **Foster Youth to Independence (FYI) Pilot Program:** \$1 million one time to support counties piloting the federal Housing and Urban Development FYI voucher program. The state launched the pilot in the second half of 2021 using federal Chafee funding, which expires in September 2022. The Governor’s budget proposal would provide state resources to continue the pilot for an additional two years.
- **Supplemental Security Income (SSI) Appeals:** \$227,000 ongoing for social worker costs related to preparing and filing appeals for denied federal SSI applications for foster youth approaching 18 years of age. Current law requires counties to screen 16-17 year olds for potential SSI benefits and file initial claims; the proposed funding would support appeals when those initial claims are denied.
- **Family Finding Support and Engagement:** \$750,000 ongoing to provide technical assistance and training for county welfare agencies in support of family finding and engagement activities for foster youth.

Other Programs Benefitting Foster Youth Proposed Under Different Departments.

The Governor’s budget includes two significant proposals benefitting foster youth and former foster youth outside the health and human services agency.

- **Higher Education Supports:** \$10 million ongoing to expand NextUp at California Community Colleges, and \$18 million ongoing to support similar programs at the University of California (UC) and California State University (CSU) systems. NextUp’s current funding is \$20 million ongoing, and the program currently is provided at 20 community college districts. The program provides a broad range of services to current and former foster youth, including outreach and recruitment, academic counseling, tutoring, book and supply grants, and referrals to health and mental health services. The proposed \$10 million augmentation would expand the program to an additional ten community college districts. The proposed \$18 million for CSU and UC would provide similar support for foster youth programs across CSU and UC campuses. We discuss these proposals more in our analysis of higher education programs [here](#).

- **Tax Credit for Former Foster Youth:** \$20 million estimated reduction in revenue to provide fully refundable tax credits of around \$1,000 to former foster youth age 18 through 25 who are eligible for the California Earned Income Tax Credit. The administration estimates around 20,000 youth would claim the credits each year, out of more than 70,000 potentially eligible youth.

Implementation Updates

In this section, we describe the progress that DSS has made in implementing various programs funded in the current year.

Pandemic Response. The state has been providing various supplemental supports for child welfare involved families since the onset of the pandemic. As described above, many of these supports expired December 31, 2021. For supports newly funded in 2021-22, some funds have not yet been disbursed to beneficiaries as DSS has needed time to establish guidelines and determine specific allocations. **Figure 5** summarizes the pandemic supports funded within child welfare, along with the funding amounts, status, and other information.

FFPSA Congregate Care Requirements (Part IV). As described in the background section of this post, states were required to come into compliance with Part IV of FFPSA by October 1, 2021. The 2021-22 budget included around \$32 million General Fund for the state’s share of new costs required to meet the requirements of FFPSA Part IV. (Refer to our 2021-22 spending plan analysis of child welfare programs [here](#) for a more detailed description of these requirements.) Beginning in late September 2021, DSS issued guidance to counties regarding the various new requirements of the law, including assessments of congregate care placements by QIs, nursing services, aftercare services, court review and case plan requirements, and tracking requirements for otherwise federally eligible youth whose foster placement does not meet criteria for federal financial participation. The department has been facilitating technical assistance since October to support counties in meeting these new requirements and has reported that overall counties have been able to meet federal deadlines—overcoming some initial challenges particularly related to QI assessments.

Figure 5

Summary of State Funds for Pandemic Response Within Child Welfare

General Fund (In Millions)

| Assistance Area | 2019-20 ^a | 2020-21 ^b | 2021-22 ^c | 2022-23 ^d | Implementation Status |
|---|----------------------|----------------------|----------------------|----------------------|--|
| Cash cards for families at risk of foster care | \$27.8 | \$28.0 | — | — | Payments of up to \$1200 per eligible family are being disbursed in several rounds, with the latest round launched in January 2022. Payments will continue until funds are fully expended. Cash cards are issued to caregivers by a third-party vendor. As of January 31, 2022, payments had been issued for more than 38,000 children. |
| Family Resource Centers funding | 3.5 | 7.0 | \$6.0 | — | Funding has been issued to 378 FRCs in 53 counties, and is expected to serve more than 250,000 individuals. FRCs are using funding to cover costs for services such as parenting resources, counseling, education and distance learning, as well as for material goods and for staffing. |
| State contracts for technology distribution (laptops, cell phones) and helpline for youth and families ^e | — | 2.0 | 1.8 | \$4.7 | Contracts have been issued to iFoster to distribute laptops and cell phones primarily for remote learning, and to Parents Anonymous to operate the California Parent and Youth Helpline. Through December 2021, iFoster distributed 570 laptops and 162 cell phones, and the Helpline had fielded more than 27,000 calls, texts, and live chats. The 2022-23 Governor's Budget proposal includes one-time funding in the budget year with three years of spending authority to continue supporting the Helpline. |
| Administrative workload for child welfare social workers (overtime, pandemic outreach) | 5.0 | — | — | — | Funding provided during the early months of the pandemic. |
| Rate flexibilities for resource families directly impacted by pandemic ^f | 3.0 | 3.5 | 3.5 | — | DSS did not track how many families received rate flexibilities (rather, the department receives aggregated claims data from counties). We note that, since these flexibilities expired at the end of the 2021 calendar year, families impacted by the Omicron variant in early 2022 are not eligible. |
| Flexibilities and expansions for NMDs/former NMDs who turn 21 or otherwise lose eligibility for EFC due to pandemic | 1.8 | 37.4 | 49.1 | — | Federal flexibilities and expansion ended September 30, 2021. State flexibilities and expansion ended December 31, 2021. DSS estimates that nearly 5000 youth benefitted from this expanded support. |
| Pre-approval funding for emergency caregivers, beyond 365 days | 1.3 | 1.2 | — | — | DSS did not track how many families received rate flexibilities (rather, the department receives aggregated claims data from counties). |
| Grants to STRTPs that experienced increased expenses and revenue losses due to pandemic | — | — | 42.0 | — | As of January 31, 2022, funding had not yet been issued to STRTPs. According to an initial assessment of STRTPs' total pandemic losses, facilities are requesting around \$115 million—nearly three times more than total funding available. |

(Continued on next page)

| Assistance Area | 2019-20 ^a | 2020-21 ^b | 2021-22 ^c | 2022-23 ^d | Implementation Status |
|--|----------------------|----------------------|----------------------|----------------------|---|
| Pandemic assistance payments for resource families, emergency caregivers, tribally approved homes, and guardians | — | — | 80.0 | — | As of January 31, 2022, funding had not yet been issued to caregivers. DSS estimates payments will begin going to caregivers in February 2022, and that the average assistance amount will be about \$1200-\$1500. The maximum assistance payment will be \$5000 per caregiver. |
| Increase emergency response child welfare social workers | — | — | 50.0 | 50.0 | DSS has indicated counties must opt in (by March 4, 2022) to receive 2021-22 funding. Funds provided in 2021-22 and funds proposed for 2022-23 are available over four years. |
| Totals | \$42.5 | \$79.2 | \$232.3 | \$54.7 | |

^a For 2019-20, funds were provided April through June 2020. Activities were approved by the Legislature through the Section 36.00 letter process.

^b For 2020-21, pandemic-response activities were proposed for January through June 2021 as part of the *2020-21 Governor's Budget Proposal* for all actions other than flexibilities and expansions for NMDs. (Flexibilities and expansions for NMDs were included in the *2020-21 Budget Act*.) For all other activities for 2020-21, the Legislature approved the listed amounts as part of the Budget Bill Jr. package in April 2021.

^c 2021-22 funding expired December 31, 2021 for technology distribution, rate flexibilities for resource families, and flexibilities and expansion for NMDs/former NMDs. 2021-22 funding is anticipated to end June 30, 2022 for Family Resource Centers, grants to STRTPs, and pandemic assistance payments to caregivers. 2021-22 funding will continue until funds are fully expended for cash cards for families at risk of foster care.

^d Funding is proposed for July 1, 2022-June 30, 2023 with multiple years of expenditure authority for the helpline and increase in emergency response child welfare social workers.

^e Funding for state contracts for technology and hotlines in 2019-20 was included in the amount for Family Resource Centers funding.

^f In addition to the General Fund amount, \$5.678 million funding from DREOA is budgeted for foster care rate flexibilities in 2020-21.

Notes: Where applicable, amounts include assistance plus administrative costs. 2020-21 and 2021-22 amounts reflect 2021 May Revision estimates.

NMDs = non-minor dependents; EFC = extended foster care; STRTPs = Short-Term Residential Therapeutic Programs; and DREOA = Disaster Response Emergency Operations Account.

FFPSA Optional Title IV-E Prevention Services

(Part I). Regarding optional Title IV-E prevention services which California intends to implement as allowed by Part I of FFPSA, the 2021-22 budget included one-time General Fund resources of around \$222 million for this purpose. (Again, refer to our 2021-22 spending plan analysis of child welfare programs [here](#) for a more detailed description.) This funding has not yet been allocated or disbursed, as the department continues to work on its federally required Title IV-E Prevention Services State Plan and to develop the block grant allocation methodology and guidance for counties and tribes interested in opting in. In addition, in order to begin claiming Title IV-E funds for prevention services, the state must be able to meet federal requirements around tracking per-child prevention spending. Such tracking is beyond California's child welfare data system's current capacity. The department and stakeholders are working to determine what automation solution(s) will be feasible. Stakeholders have expressed concern that the solution could take significant time—potentially several years—to develop. Whether an interim solution is feasible, how quickly that solution could be developed, and what that would entail is unclear.

Addressing Complex Care Needs. The 2021-22 budget package included implementing legislation to reduce California's reliance on out-of-state placements—ultimately prohibiting any new out-of-state congregate care placements beginning July 1, 2022 (with limited exceptions). To facilitate this statutory change, the 2021-22 budget provided around \$139 million General Fund (including \$18 million ongoing) to develop and strengthen the systems and supports necessary to serve youth with complex care needs in state. Specifically, allocations include: (1) child-specific funding available through an individual request (\$18 million ongoing), (2) funds to support county capacity building (\$43 million one time), and (3) funds to support a five-year Children's Crisis Continuum Pilot (\$60 million one time). (Refer to our 2021-22 spending plan analysis of child welfare programs [here](#) for a more detailed description of what these components entail.) In October through December 2021, DSS issued guidance and allocations for counties to claim funds for the first and second funding components described above. A Request for Proposals (RFP) process will be required for the third funding component—the Children's Crisis Continuum Pilot. DSS anticipates releasing RFP guidance in the coming weeks.

Bringing Families Home (BFH) Augmentation.

The BFH Program provides financial assistance and housing-related wraparound supportive services to reduce the number of families in the child welfare system experiencing or at risk of homelessness, to increase family reunification, and to prevent foster care placement. BFH received two General Fund funding tranches—each expendable over three years—in fiscal years 2016-17 (\$10 million) and in 2019-20 (\$25 million). Twelve counties received funding in the first grant cycle, and the 2019-20 funds were awarded to 22 counties and one tribe. The program requires a dollar-for-dollar match. As of August 2021, more than 1,600 families had been permanently housed through BFH, with the average assistance per case around \$40,000 and average assistance time around one year and seven months (with significant variation across counties).

The 2021-22 budget package included \$92.5 million General Fund one time (expendable over three years) to augment the program. Counties and tribes are *not* required to provide matching funds to receive these funds. The Governor’s 2022-23 budget proposal includes an additional \$92.5 million augmentation as agreed to as part of the 2021-22 package. DSS issued guidance to counties about the availability of the 2021-22 non-competitive

allocations for all 58 counties (and a tribal set aside) in mid-February; county welfare departments will indicate whether they accept their allocations by the end of March. DSS indicated that developing the necessary guidance and allocation methodology required extra time given the significant size of the augmentation.

Ongoing CCR Implementation. The state is continuing to work toward full implementation of CCR in the current year. **Figure 6** displays the net costs of CCR budgeted in 2022-23, relative to those in 2021-22.

Specific elements of CCR implementation ongoing in the current year include:

- **CFT Meetings.** CFT meetings involve the youth, family members, and various professionals (for example, social workers, mental health professionals, and QIs) and community partners (for example, teachers) for the purpose of informing case plan and placement goals and strategies to achieve them. Since 2017, guidance from DSS has indicated that all foster youth and NMDs should receive CFT meetings within 60 days of entering care and periodically thereafter. However, progress remains to attain full implementation. As of September 2021,

Figure 6

CCR Costs: Governor’s Budget for 2022-23 Compared to 2021-22 Revised Budget
(In Thousands)

| | 2022-23 | | 2021-22 | | Change | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | Total | Nonfederal | Total | Nonfederal | Total | Nonfederal |
| HBFC Rate | \$224,234 | \$146,035 | \$303,763 | \$187,651 | -\$79,529 | -\$41,616 |
| PPA (statutory change July 1, 2022) | 11,583 | 11,301 | 29,794 | 22,561 | -18,211 | -11,260 |
| CANS (child welfare workload only) | 4,195 | 3,062 | 4,699 | 3,430 | -504 | -368 |
| CCR reconciliation for 2018-19 | — | — | 7,089 | 7,089 | -7,089 | -7,089 |
| CCR—contracts | 9,192 | 6,523 | 8,281 | 6,014 | 911 | 509 |
| Second level administrative review | 161 | 117 | 161 | 117 | — | — |
| CFTs | 90,502 | 66,066 | 80,148 | 58,593 | 10,354 | 7,473 |
| RFA (funding for probation departments) | 5,795 | 4,230 | 5,795 | 4,202 | — | 28 |
| RFA backlog (overtime funding for county social workers) | 6,071 | 4,432 | — | — | 6,071 | 4,432 |
| LOC Protocol Tool | 9,988 | 7,291 | 9,973 | 7,291 | 15 | — |
| SAWS | 500 | 209 | 500 | 209 | — | — |
| Totals | \$362,221 | \$249,266 | \$450,203 | \$297,157 | -\$87,982 | -\$47,891 |

HBFC = home-based family care; PPA = Placement Prior to Approval; CANS = Child and Adolescent Needs and Strengths; CCR = Continuum of Care Reform; CFT = Child and Family Team; RFA = Resource Family Approval; LOC = level of care; and SAWS = Statewide Automated Welfare System.

around 80 percent of youth had received a CFT meeting and around 80 percent of those meetings happened on time. These statistics have not changed significantly from one year prior.

- ***Child and Adolescent Needs and Strengths (CANS) Assessments.*** In 2018, DSS selected the CANS assessment tool as the functional tool to be used in CFT meetings. CFTs began implementing the tool in 2019—with child welfare and behavioral health staff jointly responsible for completing all required CANS data. (The CANS tool also is used by the QI to meet FFPSA congregate care assessment requirements, as of October 1, 2021.) Guidance from DSS required child welfare agencies to begin entering CANS data into an automated system by July 1, 2021. However, not all counties currently have access to this system. Moreover, staff must undergo training and a process to gain access to the system to be able to use it. In addition, there are some CANS reporting differences across the child welfare and behavioral health systems that DSS and the Department of Health Care Services (DHCS) are working to address, while current coordination between child welfare and behavioral health staff to complete all CANS requirements differs by county. Given these challenges, DSS cannot yet provide full data about CANS usage.
- ***Level of Care (LOC) Protocol Tool.*** Beginning April 1, 2021, all home-based family care placements with resource families were eligible to receive LOC rates 2 through 4 and Intensive Services Foster Care, based on assessed need using the LOC Protocol Tool. As of October 2021, more than 10,000 placements had received an LOC assessment, and from April to October 2021, the proportion of placements receiving a rate other than the basic rate increased slightly (although more than 60 percent of new placements continued to receive the basic rate). LOCs previously had been rolled out beginning in 2018 for new entries placed with FFAs. Stakeholders have raised various concerns with the LOC Protocol Tool since its implementation and have suggested that

the CANS assessment could be used for rate determinations in lieu of a separate tool. DSS continues to explore the potential usage of CANS for this purpose.

- ***RFA and Placement Prior to Approval (PPA).*** To become eligible to provide care to foster youth and receive foster care maintenance payments, households must complete the RFA process. This process is universal for all foster caregivers, whether they are relatives or non-relative foster families, although relatives may begin providing care to foster youth on an emergency basis prior to formal approval as a resource family. Statute specifies that the maximum duration of PPA will decrease from 120 days (with possible extension up to 365 days) in 2021-22 to 90 days (no extension possible) in 2022-23. As of the third quarter of 2021, median approval time was 120 days overall, and 109 days for PPA. These are similar time lines relative to late 2019. RFA medians increased steadily throughout 2020 as a result of the pandemic, reaching a peak of 150 days (140 days for PPA), but decreased again in 2021.
- ***STRTP Transition and Mental Health Plan Approval.*** Group homes were required to meet STRTP licensing standards by December 31, 2020. Once licensed, STRTPs have 12 months to obtain mental health program approval from DHCS. As of November 2021, there were 419 licensed STRTPs with a total capacity of 4,102. However, only 286 of those facilities had received mental health program approval. Our current understanding is that most of the remaining facilities have submitted their mental health program applications and are going through the approval process. We note that STRTPs currently also are working to meet new congregate care requirements under FFPSA.

One-Time Funding to Counties. The state provided \$85 million General Fund one-time funding to counties for child welfare activities in 2021-22. (The state provided a similar one-time funding amount for this purpose in 2020-21.) DSS released guidance specifying counties' individual allocations in October 2021.

LAO Comments

In this section, we provide comments and questions for the Legislature to consider. In the midst of the pandemic, DSS has been implementing major reforms and new programs, including new federal requirements around congregate care placements, efforts to build in-state capacity to care for youth with complex needs, and ongoing CCR implementation. Both responding to the public health emergency, as well as carrying out major programmatic changes, has involved significant efforts at the state and local levels. While our comments focus on areas where improvement could be made or more information is needed, we do not discount the efforts DSS is making across its many programs.

Allocation of New Funds Provided in 2021-22 Has Been Slow. As described above, some significant augmentations to child welfare programs funded in the 2021-22 budget have not been allocated or have been only partially allocated more than six months into the current fiscal year, including some pandemic support for at-risk families and foster caregivers, funding for the Children’s Crisis Continuum Pilot, and block grants for prevention services. Given these funding areas were legislative priorities during the 2021-22 budget process, the Legislature may wish to ask the department what is needed to allocate these 2021-22 funds and how to improve upon future processes. Specific questions could include, for example:

- Does the department need additional support or legislative direction in the current or budget year?
- Are there any lessons learned in 2021-22 that the Legislature should incorporate into future legislation to ensure programs are implemented in a timely manner?
- Should statutory time lines for programs—for example, Bringing Families Home or the Children’s Crisis Continuum Pilot—be extended, given delayed starts?

Progress Implementing Some Elements of CCR Seems to Have Stalled. While all major elements of CCR implementation began prior to the current year, some elements—such as universal usage of CFTs, CANS, and LOC Protocol—remain less-than-fully implemented. Other elements have yet to reach their goals. For example, the RFA median approval time

has not yet reached the target of 90 days or less. As full implementation of all components is critical to achieving the goals of CCR, the Legislature may wish to ask the department what challenges are preventing full implementation, and what additional supports or guidance may be needed regarding those elements that have yet to be fully rolled out. For example:

- What assistance is needed for those counties that have faced challenges fully implementing CFTs and CANS assessments? For counties that have not been able to fully implement, how are QIs assessing congregate care placements (as required by FFPSA Part IV)?
- Have LOC assessments done to date focused on new placements or existing placements? How could utilization of the tool be increased? Has the department addressed concerns from advocates regarding the LOC protocol tool? What is the status of exploring usage of the CANS tool for LOC assessments?
- What challenges are impacting STRTP mental health program approvals? Do STRTPs need additional support or technical assistance to secure those approvals?

Consider Whether Ending Pandemic Support in the Current Year Makes Sense. As COVID-19 likely will remain a public health and economic challenge in the budget year and beyond, we recommend the Legislature closely consider the extent to which the Governor’s proposals properly prepare the state for this reality. Within child welfare, we suggest the Legislature consider what pandemic response activities may warrant continuation in the budget year and also how to prioritize any continued supports. More specifically:

- Are there specific supports provided in the current year—such as direct payments to at-risk families or rate flexibilities for resource families directly impacted by COVID-19—that the Legislature wishes to continue in the budget year, given the ongoing impacts of the pandemic, particularly on vulnerable families?
- The Governor proposes to continue funding the California Parent and Youth Helpline in the budget year. Does the Legislature agree this is a priority for ongoing pandemic support versus other activities?

Consider What Additional Guidance and Resources May Be Needed for FFPSA. As the state is in the early months of implementing FFPSA, we suggest the Legislature consider ways to ensure DSS continues to work with counties and stakeholders to determine where challenges remain and what additional guidance or support is needed to meet new federal requirements around congregate care placements. Regarding the new federal option around prevention services, we note there is particular concern from stakeholders over how to track per-child prevention spending (as is federally required to be able to claim Title IV-E funds for prevention services). Additionally, stakeholders continue to express concern that prevention services included in the state’s Title IV-E Prevention Services Plan—which determines which services will be eligible for federal financial participation in California—are limited. Part of this limitation stems from federal rules, but part of the limitation is from the way the state has decided to implement FFPSA. The Legislature may wish to consider providing more specific guidance to the department around broadening prevention services, as well as whether providing temporary or ongoing funding to counties and Title IV-E tribes would ensure children and families in all areas of the state could benefit from both Title IV-E and other prevention services. Specific issues the Legislature may wish to ask DSS to provide more information about include:

- What steps is the department taking to understand any challenges or obstacles that counties and other stakeholders are encountering while implementing new congregate care requirements?

For example, what technical assistance is DSS providing, and is DSS facilitating any workgroups or other processes involving stakeholders? Are there opportunities for the Legislature to be more involved in these processes to help ensure effective legislative oversight?

- When does DSS anticipate the state’s Title IV-E prevention services plan will be approved by the federal government?
- When does DSS anticipate guidance will be provided around implementing Title IV-E prevention services?
- How does DSS expect child welfare agencies will meet the federal requirement of individual-level expenditure tracking for prevention services? When does DSS anticipate agencies will be able to begin claiming Title IV-E matching funds for eligible prevention services?

Consider Whether There Is Continued Need for Additional Funding for Counties.

As described above, the state provided around \$85 million one-time funding to counties for child welfare activities in both 2020-21 and 2021-22. Our understanding is counties primarily are using this funding to continue CCR implementation activities, such as RFA, although we continue to work with the department to understand what specific activities counties are using these funds to undertake. Since this funding has been needed for the past two years, the Legislature may wish to ask the administration to explain what has changed that a funding augmentation is not needed in the budget year for counties’ child welfare responsibilities.

LAO PUBLICATIONS

This post was prepared by Angela Short, and reviewed by Ginni Bella Navarre and Carolyn Chu. The Legislative Analyst’s Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.