Assembly Bill No. 444

CHAPTER 1022

An act to amend Section 17706 of the Family Code, to amend Section 12759 of the Government Code, to amend Sections 1596.76, 1597.09, 1597.091, 11970, 11970.2, and 130060 of, to add Article 5 (commencing with Section 11970.45) to, and to repeal Article 3 (commencing with Section 11970) of, Chapter 2 of Part 3 of Division 10.5 of, the Health and Safety Code, to amend Sections 1222, 1265.1, 1611.5, 9604, 9608, 9615, and 10521 of, to add Section 1253.9 to, to repeal Sections 9603 and 9611 of, and to repeal Article 3 (commencing with Section 9700) of Chapter 2 of Part 1 of Division 3 of, the Unemployment Insurance Code, to amend Sections 903.7, 10980, 11006.2, 11020, 11254, 11257, 11325.7, 11450, 11450.5, 11450.12, 11450.13, 11451.5, 11453, 11462, 11466.21, 11486, 12201, 14021.6, 14124.93, 15204.3, 15763, 16011, 16131, 19355.5, 19356, 19356.5, and 19356.6 of, to add Sections 10823.1, 11004.1, 11265.3, and 11323.3 to, to repeal Sections 11450.2 and 19356.65 of, and to repeal and add Sections 11265.1, 11265.2, and 18910 of, the Welfare and Institutions Code, and to add Provision 17 to Item 5180-101-0001 of Section 2.00 of the Budget Act of 2001 (Chapter 106 of the Statutes of 2001), to add Provision 17 to Item 5180-101-0001 of Section 2.00 of the Budget Act of 1999 (Chapter 50 of the Statutes of 1999), and to add Provision 15 to Item 5180-101-0001 of Section 2.00 of the Budget Act of 1998 (Chapter 324 of the Statutes of 1998), relating to human services, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 28, 2002. Filed with Secretary of State September 28, 2002.]

LEGISLATIVE COUNSEL'S DIGEST

AB 444, Committee on Budget. Human services.

Existing law requires the Department of Child Support Services to pay to each county a child support incentive payment to encourage child support enforcement efforts. Existing law requires the department to pay an additional incentive, from specified county collections, to the counties with the 10 best performance standards in certain child support-related activities.

This bill would suspend, for the 2002–03 fiscal year, the operation of the provision requiring the payment of this additional incentive.

Existing law requires the Department of Community Services and Development to administer the California Community Services Block Grant Program. Existing law provides for the designation of community action agencies and requires that each agency that qualified under specified minimum funding guidelines receive a minimum level of $160,000 annually.

This bill would, instead, establish a formula for calculating the minimum level of funding. The bill would also provide that all eligible entities currently in good standing in the California Community Services Grant Program shall receive an increase in funding for the 2002 program year that is proportionate to the increase provided in the 2002 calendar year federal Community Services Block Grant to the state.

Existing law, the California Child Day Care Center Act, establishes certain requirements for child day care facilities, with certain exceptions.

This bill would include schoolage child care centers within the scope of the exceptions to those requirements.

Existing law requires that a site visitation be made at least annually to each licensed day care center.

This bill would provide that a site visitation shall be made to schoolage child day care centers at least triennially.

Existing law requires that the State Department of Social Services shall make unannounced spot visits to 20% of all licensed child care centers.

This bill would exclude schoolage child care centers from that requirement.

The Comprehensive Drug Court Implementation Act of 1999 requires the county alcohol and drug administrator and the presiding judge in a county to develop and submit a comprehensive multiagency drug court plan for implementing cost-effective local drug court systems.

This bill would state the intent of the Legislature that the State Department of Social Services, within its available resources, conduct an independent evaluation of a model program in San Diego County that provides substance abuse treatment to parents who are involved in dependency court cases.

The Drug Court Partnership Act of 1998 establishes a competitive grant program to which county alcohol and drug program administrators may submit grant requests to the State Department of Alcohol and Drug Programs as part of multiagency plans that identify the resources and strategies needed for effective drug court programs. This act specifies the components of these submitted plans, and defines standards for the awarding of grants. The act also requires the department, together with the Judicial Council, to submit specified reports to the Legislature relating to the evaluation and analysis of the grant program.

This bill would repeal the Drug Court Partnership Act of 1998 on January 1, 2004, and would establish the Drug Court Partnership Act of 2002, to be administered by the department for the purpose of providing grants to assist drug courts that accept only defendants who have been convicted of felonies and placed on probation on the condition that they participate in the drug court program.

This bill would require the program to be designed and implemented by the department and the Judicial Council. The bill would specify the use of grant funds under the program, and would require the department to submit annual reports to the Legislature regarding the cost savings of the program, as specified.

This bill would state legislative intent that the program be funded by an appropriation in the annual Budget Act, and would limit the department's program administrative costs to 5% of funds appropriated for purposes of the act.

Existing law, commencing January 1, 2008, limits the use of any general acute care hospital building that is determined to be a potential risk of collapse or pose significant loss of life to nonacute care hospital purposes, and authorizes a delay in the deadline upon a demonstration by the owner that compliance would result in a loss of health care capacity that may not be provided by other general acute care hospitals within a reasonable proximity.

This bill would require a hospital requesting an extension of the deadline to state why the hospital is unable to comply with the deadline requirements, and would require the establishment of a procedure to be followed before a deadline extension grant is made.

Existing unemployment insurance law provides unemployment compensation benefits to eligible unemployed individuals.

This bill would provide that an unemployed individual shall not be disqualified for benefits solely on the basis that he or she is a student.

This bill would also require the Employment Development Department to convene a committee comprised of specified representatives to conduct a study of the state's Unemployment Trust Fund to evaluate the merits of both pay-as-you-go and counter-cyclical funding methods, and to transmit the results of the study to the Legislature on or before December 31, 2003.

Existing law authorizes the Legislature to appropriate $61,500,000 from the Employment Training Fund in the Budget Act of 2001 to fund the local assistance portion of welfare-to-work activities under the CalWORKs program.

This bill would authorize the Legislature to appropriate $30,000,000 in the Budget Act of 2002 from the Employment Training Fund to fund

the local assistance portion of welfare-to-work activities under the CalWORKs program.

Existing law requires the Director of Employment Development to employ a staff of job agents sufficient to provide direct service to all persons enrolled in the job training and placement program in each economically disadvantaged area.

This bill would repeal that requirement and would make conforming changes.

Existing law requires the Department of Child Support Services to authorize the quarterly transfer of any portion of an amount equivalent to the ''state share of collections'' attributable to the enforcement of parental fiscal liability and requires the department to authorize the transfer of any portion of that amount for any particular fiscal year exceeding $3,750,000 to the Treasurer for deposit in the Foster Children and Parent Training Fund.

This bill would refer instead to an amount equivalent to the net state share of foster care collections and would limit to $3,000,000, commencing with the 2002–03 fiscal year, the amount that may be transferred to the fund in any fiscal year.

Existing law requires the California Health and Human Services Agency Data Center to implement a statewide automated welfare system for specified public assistance programs.

This bill would require the data center and the State Department of Social Services, in consultation with specified entities, including the Interim Statewide Automated Welfare System (ISAWS) Consortium, to develop a plan for migration of the ISAWS Consortium counties to one or more statewide automated welfare system consortia.

Under existing law, whenever any person has by means of false statement or representation or, by impersonation or other fraudulent device, obtained or retained aid under public social service program provisions for himself or herself or for a child not in fact entitled thereto, the person obtaining this aid shall be punished according to a schedule related to the amount of benefits received.

This bill would, instead, require that these crimes be committed willfully and knowingly, with the intent to deceive, and would also include the failure to disclose a material fact within the crimes subject to these criminal penalties.

By changing the definition of a crime, this bill would result in a state-mandated local program.

Existing federal law provides for allocation of federal funds through the federal Temporary Assistance for Needy Families (TANF) block grant program to eligible states, with California’s version of this

program being known as the California Work Opportunity and Responsibility to Kids (CalWORKs) program.

Existing law provides for the CalWORKs program, under which each county provides cash assistance and other benefits to qualified low-income families and individuals who meet specified eligibility criteria.

Existing law continually appropriates money from the General Fund to pay for a share of aid grant costs under the CalWORKs program.

Existing law establishes maximum aid grant amounts to be provided under the CalWORKs program, and provides, with certain exceptions, that the aid grant amounts shall be adjusted annually to reflect any increases or decreases in the cost of living. It provides, however, that in any fiscal year commencing with the 2001–02 fiscal year through the 2003–04 fiscal year, when there is an increase in tax relief in the vehicle license fee, then the cost-of-living increase in CalWORKs maximum aid payment levels shall occur, and, with respect to any of those fiscal years where there is no vehicle license fee tax relief, any maximum aid payment level cost-of-living increase shall be suspended.

This bill would specify that notwithstanding the limitations on CalWORKs cost-of-living adjustments during the 2001–02, 2002–03, and 2003–04 fiscal years, a cost-of-living adjustment to maximum aid payment levels shall be made for the 2002–03 fiscal year, to become operative June 1, 2003. By increasing the maximum aid payment levels under the CalWORKs program, for which a continuing appropriation is made to pay a share of those costs, this bill would result in an appropriation.

Because each county is required to administer the CalWORKs program, and pay for a portion of CalWORKs aid grant and administrative costs, the bill would create a state-mandated local program.

This bill would also revise CalWORKs requirements applicable to overpayments and underpayments of aid and would specify that any CalWORKs aid overpayment shall not be based on any difference between actual payments and the amount that would have been paid if no county error occurred or the recipient had timely reported as required. It would also exclude CalWORKs program recipients from certain excess property limitations. By imposing limitations upon the criteria for determining overpayments, and by modifying eligibility criteria with respect to property, the bill would authorize additional CalWORKs aid grant payments, thus resulting in an appropriation. Because each county is required to administer the CalWORKs program, and pay for a portion of CalWORKs aid grant and administrative costs, the bill would create a state-mandated local program.

This bill would revise CalWORKs recipient reporting requirements. It would also require that counties make eligibility determinations based on a quarterly system, rather than a monthly system, and would provide for the implementation of a prospective budgeting system, to be applied on a quarterly basis.

This bill would provide that a recipient's eligibility shall not be redetermined for a quarter if the recipient provides information that would revise eligibility in the third month of any quarter, but would apply the changes to the following quarter. By applying the provisions for the redetermination of eligibility for aid payments for the payment during the quarter following the month for which information affecting eligibility applies, this bill would result in additional aid payments not permitted under existing law, thereby resulting in an appropriation.

Because each county is required to administer the CalWORKs program, and pay for a portion of CalWORKs aid grant and administrative costs, the bill would create a state-mandated local program.

Existing law provides for the Food Stamp Program, under which food stamps are allocated by each county in accordance with federal requirements.

Existing law provides, however, that, to the extent permitted by federal law, the department shall conform food stamp requirements to CalWORKs reporting requirements.

This bill would provide that, to the extent permitted by federal law, the department shall conform food stamp requirements to the CalWORKs reporting and budgeting requirements provided for in this bill.

Because each county is required to administer the Food Stamp Program, the bill would constitute a state-mandated local program.

The bill would make the CalWORKs budgeting and reporting provisions and Food Stamp Program provisions operative, as prescribed, upon a declaration of the State Director of Social Services that federal Food Stamp Program waivers have been granted.

Under existing law, with respect to an individual under the age of 18 years who is pregnant or has a dependent child in his or her care, income of the parent or parents of the individual is not deemed to be available to the individual for purposes of determining CalWORKs eligibility or grant level. Existing law requires the Director of Social Services to obtain any necessary federal waiver to implement these provisions, unless the federal waiver process is repealed or modified so as to make a waiver unnecessary.

This bill would delete the prohibition against deeming a parent's income available to an individual in the above circumstances, for purposes of determining CalWORKs eligibility or grant level, and

would also delete the related waiver provisions. The bill would authorize the department to implement these provisions through an all county letter, or similar instructions from the director.

Existing law provides for the State Supplementary Program for the Aged, Blind and Disabled (SSP), that requires the State Department of Social Services to contract with the United States Secretary of Health and Human Services to make payments to SSP recipients to supplement Supplemental Security Income (SSI) payments made available pursuant to the federal Social Security Act.

Existing law provides for the annual adjustment of benefits under the SSP program based on changes in the cost of living, with certain exceptions, and specifies that the adjustment of the benefits shall become effective January 1 of each year.

This bill would delay the implementation of the annual 2003 calendar year cost-of-living adjustment of benefits under the SSP program until July 1, 2003.

Existing law requires that specified necessary supportive services be made available to any participant in welfare-to-work activities under the CalWORKs program. Under existing law, these supportive services include paid child care, in accordance with specified conditions.

This bill would require all CalWORKs applicants and recipients to be provided with written notice at the time of application and when they sign an original or amended welfare-to-work plan of the availability of paid child care. The bill would specify the contents of the notice to be provided, and would require the applicant or recipient to sign an acknowledgment of receipt of the child care notice required by the bill. The bill would limit payment for child care services to those services provided 30 or fewer days prior to the recipient's initial request for payment, when the written notice required by the bill has been provided. By imposing new duties on county welfare departments, this bill would create a state-mandated local program.

Existing law requires each county to develop a plan that describes how the county intends to deliver the full range of activities and services necessary to move CalWORKs recipients from welfare to work, and requires the plan to include a plan for the development of mental health employment assistance services.

This bill would authorize counties to participate in a pilot program to set aside a specific amount of funds appropriated by the Legislature to cover the costs of CalWORKs mental health employment assistance services for utilization as part of a Medi-Cal mental health managed care program. By revising the purposes for which appropriated funds may be used, this bill would result in an appropriation.

Existing law continuously appropriates money from the General Fund for the payment of benefits under the CalWORKs program.

Existing state law provides for the Aid to Families with Dependent Children-Foster Care (AFDC-FC) program, pursuant to which certain needs of eligible children in foster care are provided.

Existing law establishes a schedule of payments for providers of foster care.

This bill would revise the schedule of foster care provider payments to increase the level of payments for group home providers.

Existing law continuously appropriates funds for payments for foster care providers, and, by increasing the level of payments for foster care providers, this bill would increase the amount of funds continuously appropriated for that purpose, and would result in an appropriation.

Existing law requires that as a condition of receiving the AFDC-FC rate for a group home or foster family agency, the provider shall submit a financial audit to the State Department of Social Services.

This bill would revise the schedule of required financial audits and would require the dependent to terminate the rate of a provider who fails to submit a copy of its most recent financial audit, as prescribed.

Existing law imposes sanctions for the receipt of aid paid under the CalWORKs program, and provides that each county shall receive 25% of the actual state share of savings, including federal funds under the TANF program resulting from the detection of fraud.

This bill would provide, instead, that each county shall receive 12.5% of the amount of aid under the CalWORKs program that is repaid or recovered by a county resulting from the detection of fraud.

Existing law provides, until September 1, 2003, for the establishment of an hourly rate for supported employment services provided to clients receiving individualized services and for the reduction of that rate by the percentage necessary to ensure that projected total General Fund expenditures and reimbursements for habilitation services and vocational rehabilitation supported employment services do not exceed the General Fund and reimbursement appropriations for those services in the annual Budget Act. Existing law requires the Department of Rehabilitation to annually make 3 projections of General Fund expenditures and reimbursements.

This bill would reduce the number of projections of General Fund expenditures and reimbursements the department is required to make to 2 and specify that they shall be in a form and timeframe as determined by the Department of Finance.

Existing law establishes the hourly rates of reimbursement of providers of supported employment services provided for adults with

developmental disabilities, and specifies the method of calculating the rates.

This bill would revise that method of calculating the rate for work activity programs, would increase the rate for supported employment and group services, and would require the department to suspend, for one year, rate adjustments for work-activity program services.

Existing law provides for the determination of the maximum allowable reimbursement rates for Medi-Cal drug treatment programs.

This bill would revise the method of making this determination for the 2005–06 fiscal year and subsequent fiscal years.

Existing law requires the Department of Child Support Services to provide payments to the local child support agency of $50 per case for obtaining 3rd-party health coverage or insurance of beneficiaries.

This bill would limit that requirement to transfer those funds to the Treasurer by requiring that the authorization shall be made to the extent that funds are appropriated in the annual Budget Act.

Existing law states the intent of the Legislature to provide funds, through a single allocation of state and federal funds, to counties for the support of administrative activities undertaken by counties for the provision of benefits under the CalWORKs program and to provide work activities and supportive services in order to carry out the purposes of the program.

This bill would provide, for the 2002–03 fiscal year only, that the single allocation shall include an adjustment in the amount of $128,000,000 of funds appropriated in the Budget Act, according to a methodology determined by the department.

Existing law requires provision of specified adult protective services on the state and local levels, including requiring each county to establish an emergency response adult protective services program to provide in-person response to reports of abuse of an elder or dependent adult. Existing law requires an immediate response to certain reports of abuse, and requires a 10-day response to reports of abuse in other circumstances, unless the county determines and documents that the elder or dependent adult in question is not in imminent danger or that a 10-day response is not necessary, as specified.

Existing law sets forth the criteria for county evaluations of abuse reports under these circumstances, and requires these criteria to be followed until specified criteria and standards are developed.

Existing law requires the State Department of Social Services to annually report to the Legislature regarding the number of cases determined not to require an immediate or 10-day in-person response, and the disposition of those cases.

This bill would delete the above requirement that the department report to the Legislature. The bill would also delete the criteria for the county's evaluation of the necessity for a 10-day response with respect to reports of abuse in a long-term care or residential care facility, and would delete a documentation requirement. This bill would instead require the State Department of Social Services to develop guidelines for implementation of the above requirements and any applicable documentation requirements.

Existing law authorizes the County of Los Angeles to pursue the development and evaluation of a pilot Internet-based health and education passport system for children in foster care. Under existing law, authorization for the pilot project is contingent on obtaining federal approval of the pilot project by January 1, 2003.

This bill would extend the date by which the county is required to gain federal approval for the pilot project to January 1, 2004.

Existing law imposes sanctions for the receipt of aid paid under the CalWORKs program, and provides that each county shall receive 25% of the actual state share of savings, including federal funds under the TANF program resulting from the detection of fraud.

Existing law states the intent of the Legislature to conform state statutes to the federal Adoption and Safe Families Act of 1997, and to reinvest any incentive payments received through implementation of the federal act into the child welfare system in order to provide increased postadoption social services, as needed, to families with adopted children from the public foster care system.

This bill would revise that statement of intent to state the intent of the Legislature to reinvest any incentive payments received through implementation of the federal act into the child welfare system in order to provide adoption services.

Existing law contains various programs for job training and employment investment. Among other things, provisions are made for local workforce investment boards. In addition, a California Workforce Investment Board has been established in accordance with federal law.

This bill would also require the California Workforce Investment Board to convene a one-stop data stakeholder's group by January 1, 2003, to discuss and make findings as to specified matters relating to one-stop centers and to report those findings to the Joint Legislative Budget Committee.

Existing law, the Habilitation Services Program, which is administered by the Department of Rehabilitation, provides for reimbursement of various employment-related services for persons with developmental disabilities.

This bill would modify reimbursement rate, service delivery, and other Habilitation Services Program provisions.

Existing law, the Budget Acts of 1998, 1999, and 2001, provides that certain funds appropriated to the State Department of Social Services for local assistance for CalWORKs services shall be for payment of county incentives to move CalWORKs recipients to employment.

This bill would prohibit any additional use of those funds for county incentives, as specified.

Under existing law, the State Department of Social Services generally administers the CalWORKs program.

This bill would require the department to convene a working group, with specified membership, to discuss policy changes and other issues relating to the federal TANF program, and the CalWORKs program. The bill would require the working group to meet at least 3 times during the fall of 2002, and to produce specified documents. This bill would require the department to report to the Legislature regarding the outcome of the working group.

Under existing law, the State Department of Alcohol and Drug Programs administers various grant programs under which grants are provided to counties for alcohol and drug abuse services.

The bill would require the State Department of Alcohol and Drug Programs to apply for specified federal State Incentive Grant funds.

This bill would provide that the provisions of this act are severable.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed $1,000,000 statewide and other procedures for claims whose statewide costs exceed $1,000,000.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 17706 of the Family Code is amended to read:

17706. (a) It is the intent of the Legislature to encourage counties to elevate the visibility and significance of the child support enforcement program in the county. To advance this goal, effective July 1, 2000, the counties with the 10 best performance standards pursuant to clause (ii) of subparagraph (B) of paragraph (2) of subdivision (b) of Section 17704 shall receive an additional 5 percent of the state's share of those counties' collections that are used to reduce or repay aid that is paid pursuant to Article 6 (commencing with Section 11450) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code. The counties shall use the increased recoupment for child support-related activities that may not be eligible for federal child support funding under Part D of Title IV of the Social Security Act, including, but not limited to, providing services to parents to help them better support their children financially, medically, and emotionally.

(b) The operation of subdivision (a) shall be suspended for the 2002–03 fiscal year.

SEC. 2. Section 12759 of the Government Code is amended to read:

12759. (a) The director shall reserve an amount of funds that bears the same relationship to the total funds available for community action programs as the number of persons living in households at or below the poverty level in uncapped areas of the state bears to the total number of those persons living in the state, as reported in the most recent available census.

(b) (1) Each community action agency that qualified or could have qualified for the minimum funding guideline under former Community Services Administration policies shall receive a minimum level of funding to ensure that it will be capable of operating a community action program.

(2) Beginning with the 2003 federal Community Services Block Grant award to California, the minimum level of funding required by paragraph (1) shall equal fifty-five hundredths of 1 percent of the state community action agency network allocation.

(3) Beginning with the 2004 federal Community Services Block Grant award to California, the minimum level of funding required by paragraph (1) shall equal six-tenths of 1 percent of the state community action agency network allocation.

(c) The levels of minimum funding in subdivision (b) shall be funded from increases in federal Community Services Block Grant funds or, at the discretion of the director, from Community Services Block Grant discretionary funds. If these sources are not sufficient to achieve the increases required under subdivision (b), the phase-in of new levels shall continue until the levels required under subdivision (b) are reached. No community action agency shall have its allocation reduced below the

level allocated to it from the 2002 federal Community Services Block Grant award to California in order to establish the levels of minimum funding in subdivision (b).

(d) Before January 1, 2005, the state community action agency network shall review and analyze the minimum funding issue with the objective of proposing an equitable methodology for making appropriate adjustments in the future.

(e) The director shall assure that financial assistance to community action programs is distributed on an equitable basis. In each program year, the director shall proportionately adjust the funding guidelines so as to achieve equity in funding allocations. Equity shall be determined on the basis of a comparison of the number of persons living in households that have an income at or below the poverty level in each political subdivision served by a community action agency, relative to the total number of low-income persons residing in capped areas of the state, as reported in the most recent available census.

(f) If the total level of federal Community Services Block Grant funds is reduced more than 3.5 percent below the amount appropriated in the annual Budget Act, subdivision (e) shall not be operative, and all agencies shall be reduced by an equal percentage, which shall be that percentage in excess of 3.5 percent.

(g) It is the intent of the Legislature that the allocation formula specified in this section shall not be used as a template for other funding distributions.

(h) Notwithstanding subdivision (b), for the 2002–03 fiscal year, all eligible entities currently in good standing in the California Community Services Grant Program shall receive an increase in funding for the 2002 program year that is proportionate to the increase provided in the 2002 federal Community Services Block Grant to the state.

SEC. 3. Section 1596.76 of the Health and Safety Code is amended to read:

1596.76. ''Day care center'' means any child day care facility other than a family day care home, and includes infant centers, preschools, extended day care facilities, and schoolage child care centers.

SEC. 4. Section 1597.09 of the Health and Safety Code is amended to read:

1597.09. (a) Except as provided by subdivision (b), a site visitation to all licensed day care centers shall be made annually and as often as necessary to ensure compliance.

(b) A site visitation to schoolage child day care centers shall be made triennially, and as often as necessary to ensure compliance.

SEC. 5. Section 1597.091 of the Health and Safety Code is amended to read:

1597.091. (a) In addition to the visits required by Section 1597.09, the department shall annually make unannounced spot visits to 20 percent of all child day care centers licensed under this chapter, except schoolage child day care centers. The unannounced visits may be made at any time during the facility's business hours. At no time shall other site visit requirements described by this section prevent a timely site visit response to a complaint as required by Section 1596.853.

(b) The department shall implement this section only to the extent funds are available in accordance with Section 18285.5 of the Welfare and Institutions Code.

SEC. 6. Section 11970 of the Health and Safety Code is amended to read:

11970. (a) This article shall be known and may be cited as the Drug Court Partnership Act of 1998.

(b) The Drug Court Partnership shall be administered by the State Department of Alcohol and Drug Programs for the purpose of demonstrating the cost-effectiveness of drug courts operating pursuant to Sections 1000 to 1000.4, inclusive, of the Penal Code, and for any defendant who has entered a plea of guilty and is on active probation. The department shall design and implement the program with the concurrence of the Judicial Council.

(1) This program shall award grants on a competitive basis for four years to counties that develop and implement drug court programs operating pursuant to Sections 1000 to 1000.4, inclusive, of the Penal Code, and for any defendant who has entered a plea of guilty and is on active probation which are likely to provide the greatest public safety benefit and be most effective in reducing state and local costs.

(2) To be eligible for this grant, the county alcohol and drug program administrator and the presiding judge shall submit a multiagency plan that identifies the resources and strategies for providing an effective drug court program. The department, in collaboration with the Judicial Council, shall establish minimum criteria for evaluating the plans.

(c) The plan shall include, but not be limited to, the following components:

(1) Development of information-sharing systems to ensure that county actions are fully coordinated, and to provide data for measuring the success of the grantee in achieving its goals.

(2) Identification of outcome measures, which shall include, but not be limited to, the following:

(A) The annual number of misdemeanor and felony convictions of persons participating in the program for a minimum of two years after entry into the program.

(B) The annual number of admissions to county jail and state prison of persons participating in the program for a minimum of two years after entry into the program.

(C) Other outcome measures identified by the department and the Judicial Council that will assist in determining the cost-effectiveness of the program.

(d) For the purposes of this section, the grants that are initially awarded using funds appropriated in the Budget Act of 1998 shall be known as ''first-round grants'' and the grants initially awarded using funds appropriated in the Budget Act of 1999 shall be known as ''second-round grants.''

(e) The department, in collaboration with the Judicial Council, shall award both first-round and second-round grants that provide funding for four years, subject to appropriation in the Budget Act. Funding shall be used to supplement, rather than supplant, existing programs.

(1) Grant funds shall be used for programs that are identified in the local plan. Acceptable uses may include, but are not limited to, the following: drug court coordinators, training, drug testing, treatment, transportation, and other costs related to the implementation of the plan.

(2) No grant shall be awarded unless the applicant makes available resources in an amount equal to at least 10 percent of the amount of the grant in years one and two, and 20 percent of the amount of the grant in years three and four.

(f) The department, with concurrence from the Judicial Council, shall establish minimum standards for use of funds in drug courts operating pursuant to Sections 1000 to 1000.4, inclusive, of the Penal Code, and for any defendant who has entered a plea of guilty and is on active probation, funding schedules, and procedures for awarding grants, which shall take into consideration, but not be limited to, all of the following:

(1) The number of participants who will be served in the program.

(2) Demonstrated commitment to exceed the minimum match requirement, such as in-kind contributions from participating agencies.

(3) Demonstrated ability to provide treatment to clients who will be served through the program.

(4) Demonstrated capacity to administer the program.

(5) Demonstrated ability to report outcome measures for program participants and for participants in other comparable drug court programs administered in the county.

(6) Demonstrated commitment to the program of participating local agencies and the court.

(7) Demonstrated commitment by the drug court to meet the standard of judicial administration.

(g) The department, in collaboration with the Judicial Council, shall create an evaluation design for the Drug Court Partnership that will assess the effectiveness of the program. The department, together with the Judicial Council, shall develop an interim report to be submitted to the Legislature on or before March 1, 2000, and a final analysis of the grant program in a report to be submitted to the Legislature on or before March 1, 2002.

(h) This article shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2004, deletes or extends that date.

SEC. 6.5. Section 11970.2 of the Health and Safety Code is amended to read:

11970.2. (a) A county alcohol and drug program administrator and the presiding judge in the county shall develop and submit a comprehensive multiagency drug court plan for implementing cost-effective local drug court systems for adults, juveniles, and parents of children who are detained by, or are dependents of, the juvenile court to be eligible for funding under this chapter. The plan shall do all of the following:

(1) Describe existing programs that serve substance abusing adults, juveniles, and parents of children who are detained by, or are dependents of, the juvenile court.

(2) Provide a local action plan for implementing cost-effective drug court systems, including any or all of the following drug court systems:

(A) Drug courts operating pursuant to Sections 1000 to 1000.5, inclusive, of the Penal Code.

(B) Drug courts for juvenile offenders.

(C) Drug courts for parents of children who are detained by, or are dependents of, the juvenile court.

(D) Drug courts for parents of children in family law cases involving custody and visitation issues.

(E) Other drug court systems that are approved by the Drug Court Partnership Executive Steering Committee.

(3) Develop information-sharing systems to ensure that county actions are fully coordinated, and to provide data for measuring the success of the local action plan in achieving its goals.

(4) Identify outcome measures that will determine the cost effectiveness of the local action plan.

(b) (1) The department, in collaboration with the Judicial Council, shall distribute funds to eligible counties using the two thousand five hundred dollars ($2,500) per million/remainder per capita methodology, subject to appropriation in the Budget Act. Funding shall be used to supplement, rather than supplant, existing programs. Funding for

counties that opt not to participate in the program shall be distributed on a per capita basis to participating counties.

(2) Funds distributed to counties shall be used for programs that are identified in the local plan. Acceptable uses may include, but are not limited to, any of the following: drug court coordinators, case management, training, drug testing, treatment, transportation, and other costs related to the implementation of the plan.

(3) No funds shall be distributed unless the applicant makes available resources in an amount equal to at least 10 percent of the amount of the funds distributed in years one and two, and 20 percent of the amount of the funds distributed in years three, four, and five.

(c) The department, with concurrence from the Judicial Council, shall establish minimum standards, funding schedules, and procedures for funding programs.

(d) The department, in collaboration with the Judicial Council, shall create an evaluation design for the Comprehensive Drug Court Implementation Act of 1999, that will assess the effectiveness of the program. The department, together with the Judicial Council, shall develop an interim report to be submitted to the Legislature on or before March 1, 2004, and a final analysis of the program in a report to be submitted to the Legislature on or before March 1, 2005.

(e) It is the intent of the Legislature that an independent and objective evaluation of the model program in San Diego County known as the Substance Abuse Recovery Management System (SARMS) be conducted to determine the relative costs and fiscal benefits to the state and to the county of that program to reduce foster care costs through the provision of substance abuse treatment to parents with a need for that treatment who are involved in dependency court cases. It is also the intent of the Legislature that the State Department of Social Services, within its available resources and in collaboration with the Judicial Council, the Department of Alcohol and Drug Programs, and representatives from San Diego County, make all feasible efforts to initiate this evaluation of SARMS, including, but not limited to, an examination of the availability of funding or other resources from local government agencies, private foundations, universities, and federal grants for purposes of the evaluation. The department shall provide an oral report to the Legislature at its budget hearings in 2003 on the status of these efforts.

SEC. 7. Article 5 (commencing with Section 11970.45) is added to Chapter 2 of Part 3 of Division 10.5 of the Health and Safety Code, to read:

Article 5. Drug Court Partnership Act of 2002

11970.45. (a) This article shall be known and may be cited as the Drug Court Partnership Act of 2002.

(b) (1) The Drug Court Partnership Program, as provided for in this article, shall be administered by the State Department of Alcohol and Drug Programs for the purpose of providing assistance to drug courts that accept only defendants who have been convicted of felonies and placed on formal probation, conditioned on their participation in the drug court program. The department and the Judicial Council shall design and implement this program through the Drug Court Systems Steering Committee as originally established by the department and the Judicial Council to implement the Drug Court Partnership Act of 1998 (Article 3 (commencing with Section 11970).

(2) This program shall award grants to grantees that received funding pursuant to the Drug Court Partnership Act of 1998 and successfully modify the existing multiagency plan to conform to this article. Grants shall be awarded in a manner that ensures that no grantee will receive funding in excess of prior annual grants under the Drug Court Partnership Act of 1998.

(3) Grants referred to in the Drug Court Partnership Act of 1998 as ''first-round'' grants may be funded under this article until April 30, 2003. These grants may be supplemented with funds appropriated for that purpose from the General Fund and extended to June 30, 2003. Any extensions of the grant budget periods beyond either of those dates, as applicable, shall conform to this article.

(4) Grants referred to in the Drug Court Partnership Act of 1998 as ''second-round'' grants may be funded under this article, effective July 1, 2002, in accordance with the existing multiagency plan. These grants may continue under their existing plan established under the Drug Court Partnership Act of 1998, until a revised plan is approved under this article.

(5) Grantees who do not seek to revise their existing plan or whose revised plan is not approved under this article prior to September 30, 2002, shall no longer be funded under this article, effective October 31, 2002. Funds returned from discontinued grants shall be redistributed to the remaining grantees for the purpose of increasing the number of defendants participating in each drug court program.

(6) Commencing July 1, 2003, both ''first-round'' and ''second-round'' grants funded through this article will be funded pursuant to this article on an annual grant cycle of July 1 through June 30.

(7) (A) The department shall require grantees to submit a revised multiagency plan that is in conformance with the Drug Court Systems Steering Committee's recommended guidelines. Revised multiagency plans that are reviewed and approved by the department and recommended by the Drug Court Systems Steering Committee shall be funded for the 2002–03 fiscal year under this article. The department, without a renewal of the Drug Court Systems Steering Committee's original recommendation, may disburse future year appropriations to the grantees.

(B) The multiagency plan shall identify the resources and strategies for providing an effective drug court program exclusively for convicted felons who meet the requirements of this article and the guidelines adopted thereunder, and shall set forth the basis for determining eligibility for participation that will maximize savings to the state in avoided prison costs.

(C) The multiagency plan shall include, but not be limited to, all of the following components:

(i) The method by which the drug court will ensure that the target population of felons will be identified and referred to the drug court.

(ii) The elements of the treatment and supervision programs.

(iii) The method by which the grantee will provide the specific outcomes and data required by the department to determine state prison savings or cost avoidance.

(iv) Assurance that funding received pursuant to this article will be used to supplement, rather than supplant, existing programs.

(c) Grant funds shall be used only for programs that are identified in the approved multiagency plan. Acceptable uses may include, but shall not be limited to, any of the following:

(1) Drug court coordinators.

(2) Training.

(3) Drug Testing.

(4) Treatment.

(5) Transportation.

(6) Other costs related to substance abuse treatment.

(d) The department shall identify and design a data collection instrument to determine state prison cost savings and avoidance from this program.

(e) No grant shall be awarded unless the applicant makes available resources in an amount equal to at least 20 percent of the amount of the grant.

(f) Grant funds shall be transferred by the department on a reimbursement basis to grantees whose multiagency plans are approved. No reimbursement shall be made until and unless the drug court is in full

and complete compliance with all the data reporting requirements of the department and the Judicial Council.

(g) If grant funds are withheld from grantees for failure to comply with the requirements of this article for a period of more than six months, the grantee's grant shall be terminated and the remaining funds of the terminated grant shall be redistributed to the remaining grantees, for the purpose of increasing the number of defendants participating in each drug court program.

(h) The department shall annually submit a report to the Legislature during budget hearings regarding the cost savings of the program in avoided state prison costs.

(i) It is the intent of the Legislature that this article be funded by an appropriation in the annual Budget Act.

(j) No more than 5 percent of the amount appropriated by the annual Budget Act shall be available to the department to administer the program established pursuant to this article.

SEC. 8. Section 130060 of the Health and Safety Code is amended to read:

130060. (a) (1) After January 1, 2008, any general acute care hospital building that is determined to be a potential risk of collapse or pose significant loss of life shall only be used for nonacute care hospital purposes. A delay in this deadline may be granted by the office upon a demonstration by the owner that compliance will result in a loss of health care capacity that may not be provided by other general acute care hospitals within a reasonable proximity. In its request for an extension of the deadline, a hospital shall state why the hospital is unable to comply with the January 1, 2008, deadline requirement.

(2) Prior to granting an extension of the January 1, 2008, deadline pursuant to this section, the office shall do all of the following:

(A) Provide public notice of a hospital's request for an extension of the deadline. The notice, at a minimum, shall be posted on the office's Internet Web site, and shall include the facility's name and identification number, the status of the request, and the beginning and ending dates of the comment period, and shall advise the public of the opportunity to submit public comments pursuant to subparagraph (C). The office shall also provide notice of all requests for the deadline extension directly to interested parties upon request of the interested parties.

(B) Provide copies of extension requests to interested parties within 10 working days to allow interested parties to review and provide comment within the 45-day comment period. The copies shall include those records that are available to the public pursuant to the Public Records Act, Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.

(C) Allow the public to submit written comments on the extension proposal for a period of not less than 45 days from the date of the public notice.

(b) (1) It is the intent of the Legislature, in enacting this subdivision, to facilitate the process of having more hospital buildings in substantial compliance with this chapter and to take nonconforming general acute care hospital inpatient buildings out of service more quickly.

(2) The functional contiguous grouping of hospital buildings of a general acute care hospital, each of which provides, as the primary source, one or more of the hospital's eight basic services as specified in subdivision (a) of Section 1250, may receive a five-year extension of the January 1, 2008, deadline specified in subdivision (a) of this section pursuant to this subdivision for both structural and nonstructural requirements. A functional contiguous grouping refers to buildings containing one or more basic hospital services that are either attached or connected in a way that is acceptable to the State Department of Health Services. These buildings may be either on the existing site or a new site.

(3) To receive the five-year extension, a single building containing all of the basic services or at least one building within the contiguous grouping of hospital buildings shall have obtained a building permit prior to 1973 and this building shall be evaluated and classified as a nonconforming, Structural Performance Category 1 (SPC-1) building. The classification shall be submitted to and accepted by the Office of Statewide Health Planning and Development. The identified hospital building shall be exempt from the requirement in subdivision (a) until January 1, 2013, if the hospital agrees that the basic service or services that were provided in that building shall be provided, on or before January 1, 2013, as follows:

(A) Moved into an existing conforming Structural Performance Category-3 (SPC-3), Structural Performance Category-4 (SPC-4), or Structural Performance Category-5 (SPC-5) and Non-Structural Performance Category-4 (NPC-4) or Non-Structural Performance Category-5 (NPC-5) building.

(B) Relocated to a newly-built compliant SPC-5 and NPC-4 or NPC-5 building.

(C) Continued in the building if the building is retrofitted to a SPC-5 and NPC-4 or NPC-5 building.

(4) A five-year extension is also provided to a post 1973-building if the hospital owner informs the Office of Statewide Health Planning and Development that the building is classified as a SPC-1, SPC-3, or SPC-4 and will be closed to general acute care inpatient service use by January 1, 2013. The basic services in the building shall be relocated into a SPC-5 and NPC-4 or NPC-5 building by January 1, 2013.

(5) Any SPC-1 buildings, other than the building identified in paragraph (3) or (4), in the contiguous grouping of hospital buildings shall also be exempt from the requirement in subdivision (a) until January 1, 2013. However, on or before January 1, 2013, at a minimum, each of these buildings shall be retrofitted to a SPC-2 and NPC-3 building, or no longer be used for general acute care hospital inpatient services.

(c) On or before March 1, 2001, the office shall establish a schedule of interim work progress deadlines that hospitals shall be required to meet to be eligible for the extension specified in subdivision (b). To receive this extension, the hospital building or buildings shall meet the year 2002 nonstructural requirements.

(d) A hospital building that is eligible for an extension pursuant to this section shall meet the January 1, 2030, nonstructural and structural deadline requirements if the building is to be used for general acute care inpatient services after January 1, 2030.

(e) Upon compliance with this section, the hospital shall be issued a written notice of compliance by the office. The office shall send a written notice of violation to hospital owners that fail to comply with this section.

SEC. 9. Section 1222 of the Unemployment Insurance Code is amended to read:

1222. Within 30 days of service of any notice of assessment or denial of claim for refund or credit under Sections 803, 821, 844, or 991, or of any notice under Sections 704.1, 1035, 1055, 1127.5, 1131, 1142, 1143, 1144, 1180, 1184, 1733, and 1735, any employing unit or other person given the notice, or any employing unit affected by a granting or denial of a transfer of reserve account, may file a petition for review or reassessment with an administrative law judge. The administrative law judge may for good cause grant an additional 30 days for the filing of a petition. If a petition for reassessment is not filed within the 30-day period, or within the additional period granted by the administrative law judge, an assessment is final at the expiration of the period. If a petition for review of a termination of elective coverage under Section 704.1 is not filed within the 30-day period, or within the additional period granted by the administrative law judge, the termination is final at the expiration of the period. If the director fails to serve notice of his or her action within 60 days after a claim for refund or credit is filed, the person or employing unit may consider the claim denied and file a petition with an administrative law judge.

SEC. 10. Section 1253.9 is added to the Unemployment Insurance Code, to read:

1253.9. An unemployed individual may not be disqualified for unemployment compensation benefits solely on the basis that he or she is a student. An unemployed individual may be considered to be able and available for work pursuant to subdivision (c) of Section 1253, if the school attendance does not eliminate a substantial portion of the individual's full-time labor market availability. If an unemployed individual restricts his or her availability to part-time work due to school attendance, he or she may be considered to be able to work and available for work if he or she meets the criteria set forth in Section 1253.8.

SEC. 11. Section 1265.1 of the Unemployment Insurance Code is amended to read:

1265.1. Notwithstanding any other provision of this division, payments to an individual by an employer who has failed to provide the advance notice of facility closure required by the federal Worker Adjustment and Retraining Notification Act (WARN) (29 U.S.C. Sec. 2101 and following) shall not be construed to be wages or compensation for personal services under this division, and benefits payable under this division shall not be denied or reduced because of the receipt of payments related in any way to an employer's violation of the WARN Act.

SEC. 13. Section 1611.5 of the Unemployment Insurance Code is amended to read:

1611.5. Notwithstanding Section 1611, the Legislature may appropriate from the Employment Training Fund thirty million dollars ($30,000,000), in the Budget Act of 2002 to fund the local assistance portion of welfare-to-work activities under the CalWORKs program, provided for pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, as administered by the State Department of Social Services.

SEC. 15. Section 9603 of the Unemployment Insurance Code is repealed.

SEC. 16. Section 9604 of the Unemployment Insurance Code is amended to read:

9604. (a) The department shall establish necessary data systems which shall provide administrative information on persons served including, but not limited to, the following information:

(1) Pertinent data on the characteristics of persons served.

(2) The services provided.

(3) The results of services provided.

(4) Progress report data for clients in the manpower training program, at intervals of at least 30, 90, and 180 days following completion of manpower training.

(b) The department shall also compile annually a report for the state and its principal labor market areas. The report shall contain information on the characteristics of the unemployed and analyses of current trends and projections for population, labor force, employment, and unemployment and shall be provided on a regular basis to cooperative area manpower systems councils or successors.

SEC. 17. Section 9608 of the Unemployment Insurance Code is amended to read:

9608. The director shall, within each community employment development center, establish an intake system to appraise the individual needs of applicants. Each community employment development center shall provide the following services:

(a) Job referral and labor market information services to applicants who are occupationally competitive and qualified by training or experience in the labor market. These applicants shall be encouraged to utilize self-help services.

(b) Employment exploration and job development services to applicants who are employable but need some directed assistance in planning an effective job search or coping with minor barriers to employment. Employment exploration and job development services are designed:

(1) To prepare groups of applicants to use job referral and information services by instructing them in job finding techniques and how to initiate their own job search.

(2) To assist applicants directly by developing job opportunities.

(3) To provide, as necessary, usually on a one-time basis, such services as the following:

(A) Contacting an employer to explain an applicant's qualifications or limitations, such as a handicap not affecting ability to work, in relation to requirements for a particular job and arranging an interview.

(B) A more thorough appraisal of the applicant's capabilities and desires in relation to the job market than is required of an applicant seeking only job referral and labor market information.

(4) To arrange for short-term supplemental services.

(c) Individual employability development and placement services to applicants who are potentially employable but are in need of more intensive services before becoming employable because they are vocationally handicapped due to disability, lack of skills, obsolescence of job skills, limited education, or poor work habits and attitudes. Intensive employability services shall be provided by case-responsible persons to applicants where case-responsible persons are assigned.

(d) Through counselors, case services to applicants to the extent funds are available. Case services funds may be made available for

services to the disadvantaged. ''Case services'' means an applicant's expenses necessary for or incident to training or employability development and includes, but is not limited to, the following:

(1) Medical and dental treatment necessary for employability.
(2) Temporary child care.
(3) Transportation costs.
(4) Wearing apparel.
(5) Books and supplies.
(6) Tools and safety equipment.
(7) Union fees.
(8) Business license fees.

SEC. 18. Section 9611 of the Unemployment Insurance Code is repealed.

SEC. 18.5. Section 9615 of the Unemployment Insurance Code is amended to read:

9615. Eligible persons who are registrants pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code shall receive priority for services provided by the Service Center programs provided for pursuant to this chapter and Executive Order 66-11, July 1966. The department shall use up to 50 percent of the funds available to it pursuant to Section 7(b) of the federal Wagner-Peyser Act (29 U.S.C., Sec. 49f) to provide for job services required pursuant to subdivision (c) of Section 11320.3 of the Welfare and Institutions Code.

SEC. 19. Article 3 (commencing with Section 9700) of Chapter 2 of Part 1 of Division 3 of the Unemployment Insurance Code is repealed.

SEC. 20. Section 10521 of the Unemployment Insurance Code is amended to read:

10521. As used in this chapter:

(a) ''State council'' means the State Job Training Coordinating Council established pursuant to Chapter 4.5 (commencing with Section 15035) of Division 8.

(b) ''Employment and training programs and services'' means all programs and services provided in this state to increase employment or provide job search assistance or training to unemployed or underemployed persons, including those administered by state and local education and training agencies (including vocational education agencies), public assistance agencies, the employment service, rehabilitation agencies, postsecondary institutions, economic development agencies, and other agencies which have a direct interest in employment and training and human resource utilization in the state. This shall include, but is not limited to, the following:

(1) Programs operated pursuant to the Job Training Partnership Act, as amended.

(2) Employment services, as authorized by the Wagner-Peyser Act.

(3) Employment services to food stamp recipients, as authorized by Public Law 95-113 and Section 18900 of the Welfare and Institutions Code.

(4) The Career Opportunities Development Program, as authorized by Division 4 (commencing with Section 12000).

(5) The California Jobs Tax Credit, as authorized by Sections 17053.7 and 24330 of the Revenue and Taxation Code.

(6) The State Service Center Program, as authorized by Executive Order 66-11, July 1966.

(7) Dislocated Workers Assistance, as authorized by Chapter 7.5 (commencing with Section 15075) of Division 8.

(8) Adult education, as authorized by Chapter 10 (commencing with Section 52500) of Part 28 of Division 4 of Title 2 of the Education Code.

(9) Vocational education programs subject to the reporting requirements of the federal Carl D. Perkins Vocational Education Act (20 U.S.C. Sec. 2301 et seq.), or authorized by Chapter 1 (commencing with Section 8000) of Part 6, and Chapter 9 (commencing with Section 52300) and Chapter 13 (commencing with 52950) of Part 28 of the Education Code.

(10) The California Educational Opportunity Grant Program, as authorized by subdivision (c) of Section 69532 of the Education Code.

(11) Vocational education for inmates of correctional institutions, as authorized by Article 6 (commencing with Section 1120) of Chapter 3 of Part 1 of Division 2 of the Welfare and Institutions Code, and by Sections 2054, 2716, and 5091 of the Penal Code.

(12) The California Conservation Corps, as authorized by Division 12 (commencing with Section 14000) of the Public Resources Code.

(13) Apprenticeship programs, as authorized by Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

(14) The Employment Training Panel, as authorized by Chapter 3.5 (commencing with Section 10200) of Part 1 of Division 3.

(15) Economic and business development programs and services, as authorized by Part 6.7 (commencing with Section 15310) of Division 3 of Title 2 of the Government Code.

(16) The Small Business Development Program, as authorized by Part 5 (commencing with Section 14000) of Division 3 of Title 1 of the Corporations Code.

(17) The business and industrial development programs, as authorized by Division 15 (commencing with Section 32000) of the Financial Code.

(18) The Industrial Development Financing Program, as authorized by Title 10 (commencing with Section 91500) of the Government Code.

(19) Child care services provided to permit parents to be employed or participate in training, as authorized by Chapter 2 (commencing with Section 8200) of Part 6 of Division 1 of Title 1 of the Education Code.

(20) Income maintenance programs for persons who would be employed but for a lack of employment opportunities, training, child care, or vocational rehabilitation, as authorized by Division 1 (commencing with Section 100), and Division 9 (commencing with Section 10000) of the Welfare and Institutions Code.

(21) The Greater Avenues for Independence Act, as authorized by Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(22) Vocational rehabilitation programs, as authorized by Article 2.6 (commencing with Section 4635) of Chapter 2 of Part 2 of Division 4 of the Labor Code and Division 9 (commencing with Section 19000) of the Welfare and Institutions Code.

(23) Community Services Block Grants, as authorized by the Economic Opportunity Act (Public Law 97-35).

(24) Employment and training services for homeless persons, as authorized by the Stewart B. McKinney Act (Public Law 100-77).

(25) Senior Community Service Employment programs, as authorized by Title V of the Older Americans Act (Subchapter 7 (commencing with Section 3056) of Chapter 35 of Title 42 of the United States Code) and Section 9000 of the Welfare and Institutions Code.

(26) California Community College programs, as authorized by Division 7 (commencing with Section 70900) of Title 3 of the Education Code.

(27) The Enterprise Zone Act, as authorized by Chapter 12.8 (commencing with Section 7070), and the Employment and Economic Incentive Act, as authorized by Chapter 12.9 (commencing with Section 7080), of Division 7 of Title 1 of the Government Code.

(28) Programs for Disadvantaged Pupils, as authorized by Part 29 (commencing with Section 54000) of the Education Code.

SEC. 21. Section 903.7 of the Welfare and Institutions Code is amended to read:

903.7. (a) There is in the State Treasury the Foster Children and Parent Training Fund. The moneys contained in the fund shall be used exclusively for the purposes set forth in this section.

(b) For each fiscal year beginning with the 1981–82 fiscal year, except as provided in Sections 15200.1, 15200.2, 15200.3, 15200.8, and 15200.81, and Section 17704 of the Family Code, the Department of Child Support Services shall determine the amount equivalent to the net

state share of foster care collections attributable to the enforcement of parental fiscal liability pursuant to Sections 903, 903.4, and 903.5. On July 1, 1982, and every three months thereafter, the department shall notify the Chancellor of the Community Colleges, the Department of Finance, and the Superintendent of Public Instruction of the above-specified amount. The Department of Child Support Services shall authorize the quarterly transfer of any portion of this amount for any particular fiscal year exceeding three million seven hundred fifty thousand dollars ($3,750,000) of the net state share of foster care collections to the Treasurer for deposit in the Foster Children and Parent Training Fund, except that, commencing with the 2002–03 fiscal year, a total of not more than three million dollars ($3,000,000) may be transferred to the fund in any fiscal year.

(c) (1) If sufficient moneys are available in the Foster Children and Parent Training Fund, up to three million dollars ($3,000,000) shall be allocated for the support of foster parent training programs conducted in community colleges. The maximum amount authorized to be allocated pursuant to this subdivision shall be adjusted annually by a cost-of-living increase each year based on the percentage given to discretionary education programs. Funds for the training program shall be provided in a separate budget item in that portion of the Budget Act pertaining to the Chancellor of the California Community Colleges, to be deposited in a separate bank account by the Chancellor of the California Community Colleges.

(2) The chancellor shall use these funds exclusively for foster parent training, as specified by the chancellor in consultation with the California State Foster Parents Association and the State Department of Social Services.

(3) The plans for each foster parent training program shall include the provision of training to facilitate the development of foster family homes and small family homes to care for no more than six children who have special mental, emotional, developmental, or physical needs.

(4) The State Department of Social Services shall facilitate the participation of county welfare departments in the foster parent training program. The California State Foster Parents Association, or the local chapters thereof, and the State Department of Social Services shall identify training participants and shall advise the chancellor on the form, content, and methodology of the training program. Funds shall be paid monthly to the foster parent training program until the maximum amount of funds authorized to be expended for that program is expended. No more than 10 percent or seventy-five thousand dollars ($75,000) of these moneys, whichever is greater, shall be used for administrative purposes; of the 10 percent or seventy-five thousand dollars ($75,000),

no more than ten thousand dollars ($10,000) shall be expended to reimburse the State Department of Social Services for its services pursuant to this paragraph.

(d) Beginning with the 1983–84 fiscal year, and each fiscal year thereafter, after all allocations for foster parent training in community colleges have been made, any moneys remaining in the Foster Children and Parent Training Fund may be allocated for foster children services programs pursuant to Chapter 11.3 (commencing with Section 42920) of Part 24 of the Education Code.

(e) (1) The Controller shall transfer moneys from the Foster Children and Parent Training Fund to the Chancellor of the California Community Colleges and the Superintendent of Public Instruction as necessary to fulfill the requirements of subdivisions (c) and (d).

(2) After the maximum amount authorized in any fiscal year has been transferred to the Chancellor of the California Community Colleges and the Superintendent of Public Instruction, the Controller shall transfer any remaining funds to the General Fund for expenditure for any public purpose.

SEC. 23. Section 10823.1 is added to the Welfare and Institutions Code, to read:

10823.1. The California Health and Human Services Agency Data Center and the State Department of Social Services shall, in consultation with the Department of Finance, the Department of Information Technology, and the Interim Statewide Automated Welfare System (ISAWS) Consortium, develop a plan for the migration of the ISAWS Consortium counties to one or more statewide automated welfare system consortia. This plan shall be submitted to the chairs of the budget committees of each house of the Legislature and the Chair of the Joint Legislative Budget Committee by March 15, 2003.

SEC. 23.5. Section 10980 of the Welfare and Institutions Code is amended to read:

10980. (a) Any person who, willfully and knowingly, with the intent to deceive, makes a false statement or representation or knowingly fails to disclose a material fact in order to obtain aid under the provisions of this division or who, knowing he or she is not entitled thereto, attempts to obtain aid or to continue to receive aid to which he or she is not entitled, or to receive a larger amount than that to which he or she is legally entitled, is guilty of a misdemeanor, punishable by imprisonment in the county jail for a period of not more than six months, by a fine of not more than five hundred dollars ($500), or by both imprisonment and fine.

(b) Any person who knowingly makes more than one application for aid under the provisions of this division with the intent of establishing

multiple entitlements for any person for the same period or who makes an application for that aid for a fictitious or nonexistent person or by claiming a false identity for any person is guilty of a felony, punishable by imprisonment in the state prison for a period of 16 months, two years, or three years, by a fine of not more than five thousand dollars ($5,000), or by both imprisonment and fine; or by imprisonment in the county jail for a period of not more than one year, or by a fine of not more than one thousand dollars ($1,000), or by both imprisonment and fine.

(c) Whenever any person has, willfully and knowingly, with the intent to deceive, by means of false statement or representation, or by failing to disclose a material fact, or by impersonation or other fraudulent device, obtained or retained aid under the provisions of this division for himself or herself or for a child not in fact entitled thereto, the person obtaining this aid shall be punished as follows:

(1) If the total amount of the aid obtained or retained is four hundred dollars ($400) or less, by imprisonment in the county jail for a period of not more than six months, by a fine of not more than five hundred dollars ($500), or by both imprisonment and fine.

(2) If the total amount of the aid obtained or retained is more than four hundred dollars ($400), by imprisonment in the state prison for a period of 16 months, two years, or three years, by a fine of not more than five thousand dollars ($5,000), or by both imprisonment and fine; or by imprisonment in the county jail for a period of not more than one year, by a fine of not more than one thousand dollars ($1,000), or by both imprisonment and fine.

(d) Any person who knowingly uses, transfers, acquires, or possesses blank authorizations to participate in the federal Food Stamp Program in any manner not authorized by Chapter 10 (commencing with Section 18900) of Part 6 with the intent to defraud is guilty of a felony, punishable by imprisonment in the state prison for a period of 16 months, two years, or three years, by a fine of not more than five thousand dollars ($5,000), or by both imprisonment and fine.

(e) Any person who counterfeits or alters or knowingly uses, transfers, acquires, or possesses counterfeited or altered authorizations to participate in the federal Food Stamp Program or to receive food stamps or electronically transferred benefits in any manner not authorized by the Food Stamp Act of 1964 (Public Law 88-525 and all amendments thereto) or the federal regulations pursuant to the act is guilty of forgery.

(f) Any person who fraudulently appropriates food stamps, electronically transferred benefits, or authorizations to participate in the federal Food Stamp Program with which he or she has been entrusted

pursuant to his or her duties as a public employee is guilty of embezzlement of public funds.

(g) Any person who knowingly uses, transfers, sells, purchases, or possesses food stamps, electronically transferred benefits, or authorizations to participate in the federal Food Stamp Program in any manner not authorized by Chapter 10 (commencing with Section 18900), of Part 6, or by the federal Food Stamp Act of 1977 (Public Law 95-113 and all amendments thereto) (1) is guilty of a misdemeanor if the face value of the food stamp benefits or the authorizations to participate is four hundred dollars ($400) or less, and shall be punished by imprisonment in the county jail for a period of not more than six months, by a fine of not more than five hundred dollars ($500), or by both imprisonment and fine, or (2) is guilty of a felony if the face value of the food stamps or the authorizations to participate exceeds four hundred dollars ($400), and shall be punished by imprisonment in the state prison for a period of 16 months, two years, or three years, by a fine of not more than five thousand dollars ($5,000), or by both imprisonment and fine, or by imprisonment in the county jail for a period of not more than one year, or by a fine of not more than one thousand dollars ($1,000), or by both imprisonment and fine.

(h) (1) If the violation of subdivision (f) or (g) is committed by means of an electronic transfer of benefits, in addition and consecutive to the penalties for the violation, or attempted violation, of those subdivisions, the court shall impose the following punishment:

(A) If the electronic transfer of benefits exceeds fifty thousand dollars ($50,000), an additional term of one year in state prison.

(B) If the electronic transfer of benefits exceeds one hundred fifty thousand dollars ($150,000), an additional term of two years in state prison.

(C) If the electronic transfer of benefits exceeds one million dollars ($1,000,000), an additional term of three years in state prison.

(D) If the electronic transfer of benefits exceeds two million five hundred thousand dollars ($2,500,000), an additional term of four years.

(2) In any accusatory pleading involving multiple charges of violations of subdivision (f) or (g), or both, committed by means of an electronic transfer of benefits, the additional terms provided in paragraph (1) may be imposed if the aggregate losses to the victims from all violations exceed the amounts specified in this paragraph and arise from a common scheme or plan.

(i) A person who is punished by an additional term of imprisonment under another provision of law for a violation of subdivision (f) or (g) shall not receive an additional term of imprisonment under subdivision (h).

SEC. 24. Section 11004.1 is added to the Welfare and Institutions Code, to read:

11004.1. (a) In addition to Section 11004, this section shall apply to the CalWORKs program.

(b) The amount of any CalWORKs grant overpayment shall be the difference between the grant amount the assistance unit actually received and the grant amount the assistance unit would have received under the quarterly reporting, prospective budgeting system if no county error had occurred or if the recipient had timely, completely, and accurately reported as required under Sections 11265.1 and 11265.3. No overpayment shall be established based on any differences between the amount of income the county reasonably anticipated the recipient would receive during the quarterly reporting period and the income the recipient actually received during that period, provided the recipient's report was complete and accurate.

(c) No CalWORKs grant underpayment shall be established based on any differences between the amount of income the county reasonably anticipated the recipient would receive during the quarterly reporting period and the income the recipient actually received during that period.

SEC. 25. Section 11006.2 of the Welfare and Institutions Code is amended to read:

11006.2. (a) The department may provide for the delivery of public assistance payments at any time during the month.

(b) The department shall cooperate with county treasurers and private financial service providers, including depository institutions, licensed check sellers, data processing service vendors, and retail merchants, in developing and implementing an electronically based system for delivering public assistance payments to those recipients who do not have individual deposit accounts with financial institutions.

(c) (1) Notwithstanding any other provision of law, any person entitled to the receipt of public assistance payments may authorize payment to be directly deposited by electronic fund transfer into the person's account at the financial institution of his or her choice under a program for direct deposit by electronic transfer established by the county treasurer. The direct deposit shall discharge the department's obligation with respect to the payment.

(2) Each county treasurer shall make an agreement with one or more financial institutions participating in the Automated Clearing House pursuant to the local rules, and shall, by December 1, 2001, establish a program for the direct deposit by electronic fund transfer of payments to any person entitled to the receipt of public assistance benefits who authorizes the direct deposit thereof into the person's account at the financial institution of his or her choice.

(3) This subdivision shall apply in each county that offers a program for direct deposit by electronic funds transfer to some or all of its employees.

SEC. 26. Section 11020 of the Welfare and Institutions Code is amended to read:

11020. (a) Where a recipient under a categorical aid program other than CalWORKs has received aid in good faith but in fact owned excess property, he or she shall be considered to have been ineligible for aid during the period for which any excess property would have supported him or her at the rate of the aid granted to him or her. In such case the recipient or his estate shall repay the aid he received during this period of ineligibility.

(b) With respect to recipients under Chapter 3 (commencing with Section 12000) of this part, overpayments shall be collected by the federal government pursuant to federal law.

(c) Where a CalWORKs recipient has received aid in good faith, but in fact owned excess property, the recipient shall have an overpayment equal to the lesser of the amount of the excess property or the aid received during the period the recipient owned the excess property and the grant was not accurately determined under the quarterly reporting, prospective budgeting system due to the excess property.

SEC. 27. Section 11254 of the Welfare and Institutions Code is amended to read:

11254. (a) Subject to subdivision (b), in the case of any individual who is under the age of 18 years and has never married, and who is pregnant or has a dependent child in his or her care:

(1) The individual may receive aid under this chapter for the individual and the child, if otherwise eligible, only if the individual and child reside in a place of residence maintained by a parent, legal guardian, or other adult relative of the individual as the parent's, guardian's, or adult relative's own home, or in another adult-supervised supportive living arrangement.

(2) The aid, where possible, shall be provided to the parent, legal guardian, or other adult relative on behalf of the individual.

(b) Subdivision (a) does not apply in any of the following circumstances:

(1) The individual has no parent or legal guardian of his or her own who is living or whose whereabouts are known.

(2) No living parent or legal guardian of the individual allows the individual to live in the home of the parent or guardian.

(3) It is determined by the child protective services worker that the physical or emotional health or safety of the individual or child would

be jeopardized if the individual and child lived in the same residence with the individual's own parent, legal guardian or other adult relative.

(4) The individual lived apart from his or her parent or legal guardian for a period of at least one year before either the birth of any such child or the individual having made application for aid under this chapter.

(5) It is determined in accordance with federal regulations that there is good cause for waiving subdivision (a).

SEC. 28. Section 11257 of the Welfare and Institutions Code is amended to read:

11257. (a) To the extent not inconsistent with Sections 11265.1, 11265.2, 11265.3, and 11004.1, no aid under this chapter shall be granted or paid for any child who has real or personal property, the combined market value reduced by any obligations or debts with respect to this property of which exceeds one thousand dollars ($1,000), or for any child or children in one family who have, or whose parents have, or the child or children and parents have, real and personal property the combined market value reduced by any obligations or debts with respect to this property which exceeds one thousand dollars ($1,000).

For purposes of this subdivision, real and personal property shall be considered both when actually available and when the applicant or recipient has a legal interest in a liquidated sum and has the legal ability to make that sum available for support and maintenance.

(b) Notwithstanding subdivision (a) above, an applicant or recipient may retain the following:

(1) Personal or real property owned by him or her, or in combination with any other person, without reference to its value, if it serves to provide the applicant or recipient with a home. If the basic home is a unit in a multiple dwelling, then only that unit shall be exempt.

For the purposes of paragraph (1), if an applicant has entered into a marital separation for the purpose of trial or legal separation or dissolution, real property which was the usual home of the applicant shall be exempt for three months following the end of the month in which aid begins. If the recipient was receiving aid when the marital separation occurred, the period of exemption shall be three months following the end of the month in which the separation occurs. To remain exempt following this three-month period, the home must be occupied by the recipient, or be unavailable for use, control, and possession due to legal proceedings affecting a property settlement or sale of the property.

(2) Personal property consisting of one automobile with maximum equity value as permitted by federal law.

(3) In addition to the foregoing, the director may at his or her discretion, and to the extent permitted by federal law, exempt other items of personal property not exempted under this section.

SEC. 29. Section 11265.1 of the Welfare and Institutions Code is repealed.

SEC. 30. Section 11265.1 is added to the Welfare and Institutions Code, to read:

11265.1. (a) In addition to the requirement for an annual redetermination of eligibility, counties shall redetermine recipient eligibility and grant amounts on a quarterly basis using prospective budgeting. Counties shall use the information reported on a recipient's quarterly report form to prospectively determine eligibility and grant amount for the following quarterly reporting period.

(b) A quarterly reporting period shall be three consecutive calendar months. The recipient shall submit one quarterly report form for each quarterly reporting period. Counties shall provide a quarterly report form to recipients at the end of the second month of the quarterly reporting period, and recipients shall return the completed quarterly report form with required verification to the county by the 11th day of the third month of the quarterly reporting period.

(c) Counties may establish staggered quarterly reporting cycles based on factors established or approved by the department, including, but not limited to, application date or case number.

(d) The quarterly report form shall be signed under penalty of perjury, and shall include only information necessary to determine CalWORKs and food stamp eligibility and calculate the CalWORKs grant amount and food stamp allotment, as specified by the department. The form shall be as comprehensible as possible for recipients and shall require recipients to provide the following:

(1) Information about income received during the second month of the quarterly reporting period.

(2) Information about income that the recipient anticipates receiving during the following quarterly reporting period.

(3) Any other changes to facts required to be reported, together with any changes to those facts that the recipient anticipates will occur. The recipient shall provide verification as specified by the department with the quarterly report form.

(e) A quarterly report form shall be considered complete if the following requirements, as specified by the department, are met:

(1) The form is signed no earlier than the first day of the third month of the quarterly reporting period by the persons specified by the department.

(2) All questions and items pertaining to CalWORKs and food stamp eligibility and grant amount are answered.

(3) Verification required by the department is provided.

(f) If a recipient fails to submit a complete quarterly report form, as defined in subdivision (e), by the 11th day of the third month of the quarterly reporting period, the county shall provide the recipient with a notice that the county will terminate benefits at the end of the month. Prior to terminating benefits, the county shall attempt to make personal contact to remind the recipient that a completed report is due, or, if contact is not made, shall send a reminder notice to the recipient no later than five days prior to the end of the month. Any discontinuance notice shall be rescinded if a complete report is received by the first working day of the first month of the following quarterly reporting period.

(g) The county may determine, at any time prior to the last day of the calendar month following discontinuance for nonsubmission of a quarterly report form, that a recipient had good cause for failing to submit a complete quarterly report form, as defined in subdivision (e), by the first working day of the month following discontinuance. If the county finds a recipient had good cause, as defined by the department, it shall rescind the discontinuance notice. Good cause exists only when the recipient cannot reasonably be expected to fulfill his or her reporting responsibilities due to factors outside of the recipient's control.

SEC. 31. Section 11265.2 of the Welfare and Institutions Code is repealed.

SEC. 32. Section 11265.2 is added to the Welfare and Institutions Code, to read:

11265.2. (a) The grant amount a recipient shall be entitled to receive for each month of the quarterly reporting period shall be prospectively determined as provided by this section. If a recipient reports that he or she does not anticipate any changes in income during the upcoming quarter, compared to the income the recipient reported actually receiving on the quarterly report form, the grant shall be calculated using the actual income received. If a recipient reports that he or she anticipates a change in income in one or more months of the upcoming quarter, the county shall determine whether the recipient's income is reasonably anticipated. The grant shall be calculated using the income that the county determines is reasonably anticipated in each of the three months of the upcoming quarter.

(b) For the purposes of the quarterly reporting, prospective budgeting system, income shall be considered to be ''reasonably anticipated'' if the county is reasonably certain of the amount of income and that the income will be received during the quarterly reporting period. The county shall determine what income is ''reasonably anticipated'' based on information provided by the recipient and any other available information.

(c) If a recipient reports that their income in the upcoming quarter will be different each month and the county needs additional information to determine a recipient's reasonably anticipated income for the following quarter, the county may require the recipient to provide information about income for each month of the prior quarter.

(d) Grant calculations pursuant to subdivision (a) may not be revised to adjust the grant amount during the quarterly reporting period, except as provided in Section 11265.3 and subdivisions (e), (f), (g), and (h), and as otherwise established by the department.

(e) Notwithstanding subdivision (d), statutes and regulations relating to (1) the 60-month time limit, (2) age limitations for children under Section 11253, and (3) sanctions and financial penalties affecting eligibility or grant amount shall be applicable as provided in such statutes and regulations. Eligibility and grant amount shall be adjusted during the quarterly reporting period pursuant to such statutes and regulations effective with the first monthly grant after timely and adequate notice is provided.

(f) Notwithstanding Section 11056, if an applicant applies for assistance for a child who is currently aided in another assistance unit, and the county determines that the applicant has care and control of the child, as specified by the department, and is otherwise eligible, the county shall discontinue aid to the child in the existing assistance unit and shall aid the child in the applicant's assistance unit effective as of the first of the month following the discontinuance of the child from the existing assistance unit.

(g) If the county is notified that a child for whom CalWORKs assistance is currently being paid has been placed in a foster care home, the county shall discontinue aid to the child at the end of the month of placement. The county shall discontinue the case if the remaining assistance unit members are not otherwise eligible.

(h) If the county determines that a recipient is no longer a California resident, pursuant to Section 11100, the recipient shall be discontinued. The county shall discontinue the case if the remaining assistance unit members are not otherwise eligible.

SEC. 33. Section 11265.3 is added to the Welfare and Institutions Code, to read:

11265.3. (a) In addition to submitting the quarterly report form as required in Section 11265.1, during the quarterly reporting period, a recipient shall report the following changes to the county verbally or in writing, within 10 days of the change:

(1) The receipt at any time during a quarterly reporting period of gross monthly income in an amount that exceeds 130 percent of the federal poverty level for the recipient's family income, as provided by the

department, in an amount that is likely to render the recipient ineligible, as provided by the department.

(2) The occurrence at any time during a quarterly reporting period of a drug felony conviction as specified in Section 11251.3.

(3) The occurrence, at any time during a quarterly reporting period, of an individual fleeing prosecution or custody or confinement, or violating a condition of probation or parole as specified in Section 11486.5.

(b) Counties shall inform each recipient of the duty to report under paragraph (1) of subdivision (a), the consequences of failing to report, and the dollar amount of gross monthly income by family size that exceeds 130 percent of the federal poverty level an amount of income likely to render the family ineligible for benefits no less frequently than once per quarter.

(c) When a recipient reports actual gross monthly income in an amount that exceeds 130 percent of the federal poverty level in any month, pursuant to paragraph (1) of subdivision (a) the county shall redetermine eligibility and grant amounts as follows:

(1) If the recipient reports a change for the first or second month of a current quarterly reporting period, the county shall redetermine eligibility and grant amount for the current quarter by averaging the gross monthly income for any past month or months in the current quarter that was reasonably anticipated when the grant was previously calculated; the actual gross monthly income required to be reported under paragraph (1) of subdivision (a); and the gross monthly income that is reasonably anticipated for any future month or months remaining in the quarter. If the recipient is determined to be financially ineligible based on this average income, the county shall discontinue the recipient after timely and adequate notice. If the recipient is determined to be financially eligible using this average income, no change shall be made in the recipient's grant amount for the current quarterly reporting period.

(2) If the recipient reports a change for the third month of a current quarterly reporting period, the county shall not redetermine eligibility for the current quarterly reporting period, but shall redetermine eligibility and grant amount for the following quarterly reporting period as provided in Section 11265.2.

(d) (1) During the quarterly reporting period, a recipient may report to the county, verbally or in writing, any changes in income or household circumstances that may increase the recipient's grant.

(2) Counties shall act upon changes in income reported during the quarterly reporting period that result in an increase in benefits, after verification specified by the department is received. Reported changes in income that increase the grant shall be effective for the entire month

in which the change is reported. If the reported change in income results in an increase in benefits, the county shall issue the increased benefit amount within 10 days of receiving required verification.

(3) (A) When a decrease in gross monthly income is voluntarily reported and verified, the county shall redetermine the grant for the current month and any remaining months in the quarterly reporting period by averaging the gross monthly income for any past month in the current quarter that was reasonably anticipated when the grant was previously calculated; the actual gross monthly income reported and verified from the voluntary report for the current month; and the gross monthly income that is reasonably anticipated for any future month remaining in the quarterly reporting period.

(B) When the average is determined pursuant to subparagraph (A), and a grant amount is calculated based upon the averaged income, if the grant amount is higher than the grant currently in effect, the county shall revise the grant for the current month and any remaining months in the quarter to the higher amount and shall issue any increased benefit amount as provided in paragraph (2).

(4) Except as provided in subdivision (e), counties shall act only upon changes in household composition voluntarily reported by the recipients during the quarterly reporting period that result in an increase in benefits, after verification specified by the department is received. If the reported change in household composition is for the first or second month of the quarterly reporting period and results in an increase in benefits, the county shall redetermine the grant effective for the month following the month in which the change was reported. If the reported change in household composition is for the third month of a quarterly reporting period, the county shall not redetermine the grant for the current quarterly reporting period, but shall redetermine the grant for the following reporting period as provided in Section 11265.2.

(e) During the quarterly reporting period, a recipient may request that the county discontinue the recipient's entire assistance unit or any individual member of the assistance unit who is no longer in the home or is an optional member of the assistance unit. If the recipient's request was verbal, the county shall provide a 10-day notice before discontinuing benefits. If the recipient's report was in writing, the county shall discontinue benefits effective the end of the month in which the request is made, and simultaneously issue a notice informing the recipient of the discontinuance.

SEC. 34. Section 11323.3 is added to the Welfare and Institutions Code, to read:

11323.3. (a) It is the intent of the Legislature that all CalWORKs applicants and recipients be aware of their potential liability for child

care payment, and that child care providers be promptly paid for their services to eligible families.

(b) An applicant for, or a recipient of, CalWORKs benefits shall be provided written notice, both at the time of application and when he or she signs an original or amended welfare-to-work plan, of the availability of paid child care as provided in Section 11323.2. The notice shall inform applicants and recipients of all of the following:

(1) Paid child care is available to allow them to be employed or participate in welfare-to-work activities.

(2) Assistance in finding and choosing a child care provider is available.

(3) A recipient is required to inform the county welfare department of his or her need for paid child care as soon as that need arises.

(4) The recipient is required to request a child care subsidy from the county within 30 days from the first day child care services are received from each different provider, to be fully reimbursed for child care services.

(c) An applicant for, or recipient of, CalWORKs benefits shall be required to sign a copy of the written notice acknowledging that he or she has been informed of and understands the notice. The signed notice shall be retained in the client's file.

(d) No payment shall be made for child care services provided pursuant to Section 8351 of the Education Code more than 30 days prior to the recipient's initial request for payment for the child care service from that provider, when the recipient received the written notice provided in subdivision (b).

(e) The department shall develop regulations to implement this section.

SEC. 35. Section 11325.7 of the Welfare and Institutions Code is amended to read:

11325.7. (a) It is the intent of the Legislature in enacting this section to create a funding stream and program that assists certain recipients of aid under this chapter to receive necessary mental health services, including case management and treatment, thereby enabling them to make the transition from welfare to work. This funding stream shall be used specifically to serve recipients in need of mental health services, and shall be accounted for and expended by each county in a manner that ensures that recipients in need of mental health services are receiving appropriate services.

(b) The county plan required by Section 10531 shall include a plan for the development of mental health employment assistance services, developed jointly by the county welfare department and the county department of mental health. The plan shall have as its goal the treatment

of mental or emotional disabilities that may limit or impair the ability of a recipient to make the transition from welfare-to-work, or that may limit or impair the ability to retain employment over a long-term period. The plan shall be developed in a manner consistent with both the county's welfare-to-work program and the county's consolidated mental health Medi-Cal services plan. The county may use community based providers, as necessary, that have experience in addressing the needs of the CalWORKs population. The county, whenever possible, shall ensure that the services provided qualify for federal reimbursement of the nonstate share of Medi-Cal costs.

(c) Subject to specific expenditure authority, mental health services available under this section shall include all of the following elements:

(1) Assessment for the purpose of identifying the level of the participant's mental health needs and the appropriate level of treatment and rehabilitation for the participant.

(2) Case management, as appropriate, as determined by the county.

(3) Treatment and rehabilitation services, that shall include counseling, as necessary to overcome mental health barriers to employment and mental health barriers to retaining employment, in coordination with an individual's welfare-to-work plan.

(4) In cases where a secondary diagnosis of substance abuse is made in a person referred for mental or emotional disorders, the welfare-to-work plan shall also address the substance abuse treatment needs of the participant.

(5) A process by which the county can identify those with severe mental disabilities that may qualify them for aid under Chapter 3 (commencing with Section 12000).

(d) Any funds appropriated by the Legislature to cover the nonfederal costs of the mental health employment assistance services required by this section shall be allocated consistent with the formula used to distribute each county's CalWORKs program allocation. Each county shall report annually to the state the number of CalWORKs program recipients who received mental health services and the extent to which the allocation is sufficient to meet the need for these services as determined by the county. The State Department of Mental Health shall develop a uniform methodology for ensuring that this allocation supplements and does not supplant current expenditure levels for mental health services for this population.

(e) (1) Any county may participate in a pilot program pursuant to this subdivision to set aside a specific amount of funds appropriated by the Legislature to cover the costs of the mental health employment assistance services required by this section for utilization as part of a Medi-Cal mental health managed care program, in a form and at a time

to be determined by the State Department of Social Services. The department shall develop a plan for operation of this pilot program no later than a time sufficient to allow initiation of this pilot program in the 2003–04 fiscal year. In no event shall the State Department of Social Services authorize more than ten million dollars ($10,000,000) for the pilot program in any fiscal year, pending review of the pilot program. The department shall report to the Legislature during budget hearings held in 2003 on whether to continue the operation of the pilot program in the 2003–04 fiscal year or to recommend that the pilot program should be canceled.

(2) Any county may participate in a test of coordinating Medi-Cal mental health managed care services and CalWORKs program mental health employment assistance services if the county ensures that the services are consistent with the county's CalWORKs plan required by Section 10531 and the county's Medi-Cal mental health program.

(3) The State Department of Social Services shall report to the Legislature during budget hearings held in 2005 on the extent to which counties participating in the pilot program were able to expand services using federal matching funds, and any impact on continuity of care for CalWORKs recipients.

(4) This subdivision shall become inoperative June 1, 2005.

SEC. 36. Section 11450 of the Welfare and Institutions Code is amended to read:

11450. (a) (1) Aid shall be paid for each needy family, which shall include all eligible brothers and sisters of each eligible applicant or recipient child and the parents of the children, but shall not include unborn children, or recipients of aid under Chapter 3 (commencing with Section 12000), qualified for aid under this chapter. In determining the amount of aid paid, and notwithstanding the minimum basic standards of adequate care specified in Section 11452, the family's income, exclusive of any amounts considered exempt as income or paid pursuant to subdivision (e) or Section 11453.1, averaged for the prospective quarter pursuant to Sections 11265.2 and 11265.3, and then calculated pursuant to Section 11451.5, shall be deducted from the sum specified in the following table, as adjusted for cost-of-living increases pursuant to Section 11453 and paragraph (2). In no case shall the amount of aid paid for each month exceed the sum specified in the following table, as adjusted for cost-of-living increases pursuant to Section 11453 and paragraph (2), plus any special needs, as specified in subdivisions (c), (e), and (f):

Number of eligible needy persons in the same home	Maximum aid
1	$ 326
2	535
3	663
4	788
5	899
6	1,010
7	1,109
8	1,209
9	1,306
10 or more	1,403

If, when, and during such times as the United States government increases or decreases its contributions in assistance of needy children in this state above or below the amount paid on July 1, 1972, the amounts specified in the above table shall be increased or decreased by an amount equal to that increase or decrease by the United States government, provided that no increase or decrease shall be subject to subsequent adjustment pursuant to Section 11453.

(2) The sums specified in paragraph (1) shall not be adjusted for cost of living for the 1990–91, 1991–92, 1992–93, 1993–94, 1994–95, 1995–96, 1996–97, and 1997–98 fiscal years, and through October 31, 1998, nor shall that amount be included in the base for calculating any cost-of-living increases for any fiscal year thereafter. Elimination of the cost-of-living adjustment pursuant to this paragraph shall satisfy the requirements of Section 11453.05, and no further reduction shall be made pursuant to that section.

(b) When the family does not include a needy child qualified for aid under this chapter, aid shall be paid to a pregnant mother for the month in which the birth is anticipated and for the three-month period immediately prior to the month in which the birth is anticipated in the amount which would otherwise be paid to one person, as specified in subdivision (a), if the mother, and child if born, would have qualified for aid under this chapter. Verification of pregnancy shall be required as a condition of eligibility for aid under this subdivision. Aid shall also be paid to a pregnant woman with no other children in the amount which would otherwise be paid to one person under subdivision (a) at any time after verification of pregnancy if the pregnant woman is also eligible for the Cal-Learn Program described in Article 3.5 (commencing with

Section 11331) and if the mother and child, if born, would have qualified for aid under this chapter.

(c) The amount of forty-seven dollars ($47) per month shall be paid to pregnant mothers qualified for aid under subdivision (a) or (b) to meet special needs resulting from pregnancy if the mother, and child, if born, would have qualified for aid under this chapter. County welfare departments shall refer all recipients of aid under this subdivision to a local provider of the Women, Infants and Children program. If that payment to pregnant mothers qualified for aid under subdivision (a) is considered income under federal law in the first five months of pregnancy, payments under this subdivision shall not apply to persons eligible under subdivision (a), except for the month in which birth is anticipated and for the three-month period immediately prior to the month in which delivery is anticipated, if the mother, and the child if born, would have qualified for aid under this chapter.

(d) For children receiving AFDC-FC under this chapter, there shall be paid, exclusive of any amount considered exempt as income, an amount of aid each month which, when added to the child's income, is equal to the rate specified in Section 11460, 11461, 11462, 11462.1, or 11463. In addition, the child shall be eligible for special needs, as specified in departmental regulations.

(e) In addition to the amounts payable under subdivision (a) and Section 11453.1, a family shall be entitled to receive an allowance for recurring special needs not common to a majority of recipients. These recurring special needs shall include, but not be limited to, special diets upon the recommendation of a physician for circumstances other than pregnancy, and unusual costs of transportation, laundry, housekeeping service, telephone, and utilities. The recurring special needs allowance for each family per month shall not exceed that amount resulting from multiplying the sum of ten dollars ($10) by the number of recipients in the family who are eligible for assistance.

(f) After a family has used all available liquid resources, both exempt and nonexempt, in excess of one hundred dollars ($100), the family shall also be entitled to receive an allowance for nonrecurring special needs.

(1) An allowance for nonrecurring special needs shall be granted for replacement of clothing and household equipment and for emergency housing needs other than those needs addressed by paragraph (2). These needs shall be caused by sudden and unusual circumstances beyond the control of the needy family. The department shall establish the allowance for each of the nonrecurring special need items. The sum of all nonrecurring special needs provided by this subdivision shall not exceed six hundred dollars ($600) per event.

(2) Homeless assistance is available to a homeless family seeking shelter when the family is eligible for aid under this chapter. Homeless assistance for temporary shelter is also available to homeless families which are apparently eligible for aid under this chapter. Apparent eligibility exists when evidence presented by the applicant or which is otherwise available to the county welfare department and the information provided on the application documents indicate that there would be eligibility for aid under this chapter if the evidence and information were verified. However, an alien applicant who does not provide verification of his or her eligible alien status, or a woman with no eligible children who does not provide medical verification of pregnancy, is not apparently eligible for purposes of this section.

A family is considered homeless, for the purpose of this section, when the family lacks a fixed and regular nighttime residence; or the family has a primary nighttime residence that is a supervised publicly or privately operated shelter designed to provide temporary living accommodations; or the family is residing in a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

(A) (i) A nonrecurring special need of forty dollars ($40) a day shall be available to families for the costs of temporary shelter, subject to the requirements of this paragraph. County welfare departments may increase the daily amount available for temporary shelter to large families as necessary to secure the additional bed space needed by the family.

(ii) This special need shall be granted or denied immediately upon the family's application for homeless assistance, and benefits shall be available for up to three working days. The county welfare department shall verify the family's homelessness within the first three working days and if the family meets the criteria of questionable homelessness established by the department, the county welfare department shall refer the family to its early fraud prevention and detection unit, if the county has such a unit, for assistance in the verification of homelessness within this period.

(iii) After homelessness has been verified, the three-day limit shall be extended for a period of time which, when added to the initial benefits provided, does not exceed a total of 16 calendar days. This extension of benefits shall be done in increments of one week and shall be based upon searching for permanent housing which shall be documented on a housing search form; good cause; or other circumstances defined by the department. Documentation of housing search shall be required for the initial extension of benefits beyond the three-day limit and on a weekly basis thereafter as long as the family is receiving temporary shelter

benefits. Good cause shall include, but is not limited to, situations in which the county welfare department has determined that the family, to the extent it is capable, has made a good faith but unsuccessful effort to secure permanent housing while receiving temporary shelter benefits.

(B) A nonrecurring special need for permanent housing assistance is available to pay for last month's rent and security deposits when these payments are reasonable conditions of securing a residence.

The last month's rent portion of the payment (1) shall not exceed 80 percent of the family's maximum aid payment without special needs for a family of that size and (2) shall only be made to families that have found permanent housing costing no more than 80 percent of the family's maximum aid payment without special needs for a family of that size, in accordance with the maximum aid schedule specified in subdivision (a).

However, if the county welfare department determines that a family intends to reside with individuals who will be sharing housing costs, the county welfare department shall, in appropriate circumstances, set aside the condition specified in clause (2) of the preceding paragraph.

(C) The nonrecurring special need for permanent housing assistance is also available to cover the standard costs of deposits for utilities which are necessary for the health and safety of the family.

(D) A payment for or denial of permanent housing assistance shall be issued no later than one working day from the time that a family presents evidence of the availability of permanent housing. If an applicant family provides evidence of the availability of permanent housing before the county welfare department has established eligibility for aid under this chapter, the county welfare department shall complete the eligibility determination so that the denial of or payment for permanent housing assistance is issued within one working day from the submission of evidence of the availability of permanent housing, unless the family has failed to provide all of the verification necessary to establish eligibility for aid under this chapter.

(E) (i) Except as provided in clauses (ii) and (iii), eligibility for the temporary shelter assistance and the permanent housing assistance pursuant to this paragraph shall be limited to one period of up to 16 consecutive calendar days of temporary assistance and one payment of permanent assistance. Any family that includes a parent or nonparent caretaker relative living in the home who has previously received temporary or permanent homeless assistance at any time on behalf of an eligible child shall not be eligible for further homeless assistance. Any person who applies for homeless assistance benefits shall be informed that the temporary shelter benefit of up to 16 consecutive days is available only once in a lifetime, with certain exceptions, and that a break

in the consecutive use of the benefit constitutes permanent exhaustion of the temporary benefit.

(ii) A family that becomes homeless as a direct and primary result of a state or federally declared natural disaster shall be eligible for temporary and permanent homeless assistance.

(iii) A family shall be eligible for temporary and permanent homeless assistance when homelessness is a direct result of domestic violence by a spouse, partner, or roommate; physical or mental illness that is medically verified that shall not include a diagnosis of alcoholism, drug addiction, or psychological stress; or, the uninhabitability of the former residence caused by sudden and unusual circumstances beyond the control of the family including natural catastrophe, fire, or condemnation. These circumstances shall be verified by a third-party governmental or private health and human services agency and homeless assistance payments based on these specific circumstances may not be received more often than once in any 12-month period. A county may require that a recipient of homeless assistance benefits who qualifies under this paragraph for a second time in a 24-month period participate in a homelessness avoidance case plan as a condition of eligibility for homeless assistance benefits.

(iv) The county welfare department shall report to the department through a statewide homeless assistance payment indicator system, necessary data, as requested by the department, regarding all recipients of aid under this paragraph.

(F) The county welfare departments, and all other entities participating in the costs of the AFDC program, have the right in their share to any refunds resulting from payment of the permanent housing. However, if an emergency requires the family to move within the 12-month period specified in subparagraph (E), the family shall be allowed to use any refunds received from its deposits to meet the costs of moving to another residence.

(G) Payments to providers for temporary shelter and permanent housing and utilities shall be made on behalf of families requesting these payments.

(H) The daily amount for the temporary shelter special need for homeless assistance may be increased if authorized by the current year's Budget Act by specifying a different daily allowance and appropriating the funds therefor.

(I) No payment shall be made pursuant to this paragraph unless the provider of housing is a commercial establishment, shelter, or person in the business of renting properties who has a history of renting properties.

(g) The department shall establish rules and regulations assuring the uniform application statewide of this subdivision.

(h) The department shall notify all applicants and recipients of aid through the standardized application form that these benefits are available and shall provide an opportunity for recipients to apply for the funds quickly and efficiently.

(i) Except for the purposes of Section 15200, the amounts payable to recipients pursuant to Section 11453.1 shall not constitute part of the payment schedule set forth in subdivision (a).

The amounts payable to recipients pursuant to Section 11453.1 shall not constitute income to recipients of aid under this section.

(j) For children receiving Kin-GAP pursuant to Article 4.5 (commencing with Section 11360) of Chapter 2, there shall be paid, exclusive of any amount considered exempt as income, an amount of aid each month, which, when added to the child's income, is equal to the rate specified in Section 11364.

SEC. 37. Section 11450.2 of the Welfare and Institutions Code is repealed.

SEC. 38. Section 11450.5 of the Welfare and Institutions Code is amended to read:

11450.5. For purposes of computing and paying aid grants under this chapter, the director shall adopt regulations establishing a budgeting system consistent with Sections 11265.1, 11265.2, and 11265.3. Nothing in this section, or Sections 11004, 11257 and 11450, or any other provision of this code, shall be interpreted as prohibiting the establishment of, or otherwise restricting the operation of, any budgeting system adopted by the director.

SEC. 39. Section 11450.12 of the Welfare and Institutions Code is amended to read:

11450.12. (a) An applicant family shall not be eligible for aid under this chapter unless the family's income, exclusive of the first ninety dollars ($90) of earned income for each employed person, is less than the minimum basic standard of adequate care, as specified in Section 11452.

(b) A recipient family shall not be eligible for further aid under this chapter if reasonably anticipated income, less exempt income, averaged over the quarter pursuant to Sections 11265.2 and 11265.3, and exclusive of amounts exempt under Section 11451.5, equals or exceeds the maximum aid payment specified in Section 11450.

SEC. 40. Section 11450.13 of the Welfare and Institutions Code is amended to read:

11450.13. In calculating the amount of aid to which an assistance unit is entitled in accordance with Section 11320.15, the maximum aid payment, adjusted to reflect the removal of the adult or adults from the assistance unit, shall be reduced by the gross income of the adult or adults removed from the assistance unit, averaged over the quarter

pursuant to Sections 11265.2 and 11265.3, and less any amounts exempted pursuant to Section 11451.5. Aid may be provided in the form of cash or vouchers, at the option of the county.

SEC. 41. Section 11451.5 of the Welfare and Institutions Code is amended to read:

11451.5. (a) Except as provided by subdivision (f) of Section 11322.6, the following income, averaged over the quarter pursuant to Sections 11265.2 and 11265.3, and shall be exempt from the calculation of the income of the family for purposes of subdivision (a) of Section 11450:

(1) If disability-based unearned income does not exceed two hundred twenty-five dollars ($225), both of the following amounts:

(A) All disability-based unearned income plus any amount of not otherwise exempt earned income equal to the amount of the difference between the amount of disability-based unearned income and two hundred twenty-five dollars ($225).

(B) Fifty percent of all not otherwise exempt earned income in excess of the amount applied to meet the differential applied in subparagraph (A).

(2) If disability-based unearned income exceeds two hundred twenty-five dollars ($225), both of the following amounts:

(A) All of the first two hundred twenty-five dollars ($225) in disability-based unearned income.

(B) Fifty percent of all earned income.

(b) For purposes of this section:

(1) Earned income means gross income received as wages, salary, employer provided sick leave benefits, commissions, or profits from activities such as a business enterprise or farming in which the recipient is engaged as a self-employed individual or as an employee.

(2) Disability-based unearned income means State Disability Insurance benefits, private disability insurance benefits, Temporary Workers' Compensation benefits, and social security disability benefits.

(3) Unearned income means any income not described in paragraph (1) or (2).

SEC. 42. Section 11453 of the Welfare and Institutions Code is amended to read:

11453. (a) Except as provided in subdivision (c), the amounts set forth in Section 11452 and subdivision (a) of Section 11450 shall be adjusted annually by the department to reflect any increases or decreases in the cost of living. These adjustments shall become effective July 1 of each year, unless otherwise specified by the Legislature. For the 2000–01 fiscal year to the 2003–04 fiscal year, inclusive, these adjustments shall become effective October 1 of each year. The

cost-of-living adjustment shall be calculated by the Department of Finance based on the changes in the California Necessities Index, which as used in this section means the weighted average changes for food, clothing, fuel, utilities, rent, and transportation for low-income consumers. The computation of annual adjustments in the California Necessities Index shall be made in accordance with the following steps:

(1) The base period expenditure amounts for each expenditure category within the California Necessities Index used to compute the annual grant adjustment are:

Food	$ 3,027
Clothing (apparel and upkeep)	406
Fuel and other utilities	529
Rent, residential	4,883
Transportation	1,757
Total	$10,602

(2) Based on the appropriate components of the Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, the percentage change shall be determined for the 12-month period ending with the December preceding the year for which the cost-of-living adjustment will take effect, for each expenditure category specified in subdivision (a) within the following geographical areas: Los Angeles-Long Beach-Anaheim, San Francisco-Oakland, San Diego, and, to the extent statistically valid information is available from the Bureau of Labor Statistics, additional geographical areas within the state which include not less than 80 percent of recipients of aid under this chapter.

(3) Calculate a weighted percentage change for each of the expenditure categories specified in subdivision (a) using the applicable weighting factors for each area used by the State Department of Industrial Relations to calculate the California Consumer Price Index (CCPI).

(4) Calculate a category adjustment factor for each expenditure category in subdivision (a) by (1) adding 100 to the applicable weighted percentage change as determined in paragraph (2) and (2) dividing the sum by 100.

(5) Determine the expenditure amounts for the current year by multiplying each expenditure amount determined for the prior year by the applicable category adjustment factor determined in paragraph (4).

(6) Determine the overall adjustment factor by dividing (1) the sum of the expenditure amounts as determined in paragraph (4) for the current year by (2) the sum of the expenditure amounts as determined in subdivision (d) for the prior year.

(b) The overall adjustment factor determined by the preceding computation steps shall be multiplied by the schedules established pursuant to Section 11452 and subdivision (a) of Section 11450 as are in effect during the month of June preceding the fiscal year in which the adjustments are to occur and the product rounded to the nearest dollar. The resultant amounts shall constitute the new schedules which shall be filed with the Secretary of State.

(c) (1) No adjustment to the maximum aid payment set forth in subdivision (a) of Section 11450 shall be made under this section for the purpose of increasing the benefits under this chapter for the 1990–91, 1991–92, 1992–93, 1993–94, 1994–95, 1995–96, 1996–97, and 1997–98 fiscal years, and through October 31, 1998, to reflect any change in the cost of living. For the 1998–99 fiscal year, the cost-of-living adjustment that would have been provided on July 1, 1998, pursuant to subdivision (a) shall be made on November 1, 1998. Elimination of the cost-of-living adjustment pursuant to this paragraph shall satisfy the requirements of Section 11453.05, and no further reduction shall be made pursuant to that section.

(2) No adjustment to the minimum basic standard of adequate care set forth in Section 11452 shall be made under this section for the purpose of increasing the benefits under this chapter for the 1990–91 and 1991–92 fiscal years to reflect any change in the cost of living.

(3) In any fiscal year commencing with the 2000–01 fiscal year to the 2003–04 fiscal year, inclusive, when there is any increase in tax relief pursuant to the applicable paragraph of subdivision (a) of Section 10754 of the Revenue and Taxation Code, then the increase pursuant to subdivision (a) of this section shall occur. In any fiscal year commencing with the 2000–01 fiscal year to the 2003–04 fiscal year, inclusive, when there is no increase in tax relief pursuant to the applicable paragraph of subdivision (a) of Section 10754 of the Revenue and Taxation Code, then any increase pursuant to subdivision (a) of this section shall be suspended.

(4) Notwithstanding paragraph (3), an adjustment to the maximum aid payments set forth in subdivision (a) of Section 11450 shall be made under this section for the 2002–03 fiscal year, but the adjustment shall become effective June 1, 2003.

(d) Adjustments for subsequent fiscal years pursuant to this section shall not include any adjustments for any fiscal year in which the cost of living was suspended pursuant to subdivision (c).

SEC. 43. Section 11462 of the Welfare and Institutions Code is amended to read:

11462. (a) (1) Effective July 1, 1990, foster care providers licensed as group homes, as defined in departmental regulations, including public child care institutions, as defined in Section 11402.5, shall have rates established by classifying each group home program and applying the standardized schedule of rates. The department shall collect information from group providers beginning January 1, 1990, in order to classify each group home program.

(2) Notwithstanding paragraph (1), foster care providers licensed as group homes shall have rates established only if the group home is organized and operated on a nonprofit basis as required under subdivision (h) of Section 11400. The department shall terminate the rate effective January 1, 1993, of any group home not organized and operated on a nonprofit basis as required under subdivision (h) of Section 11400.

(b) A group home program shall be initially classified, for purposes of emergency regulations, according to the level of care and services to be provided using a point system developed by the department and described in the report, ''The Classification of Group Home Programs under the Standardized Schedule of Rates System,'' prepared by the State Department of Social Services, August 30, 1989.

(c) The rate for each rate classification level (RCL) has been determined by the department with data from the AFDC-FC Group Home Rate Classification Pilot Study. The rates effective July 1, 1990, were developed using 1985 calendar year costs and reflect adjustments to the costs for each fiscal year, starting with the 1986–87 fiscal year, by the amount of the California Necessities Index computed pursuant to the methodology described in Section 11453. The data obtained by the department using 1985 calendar year costs shall be updated and revised by January 1, 1993.

(d) As used in this section, ''standardized schedule of rates'' means a listing of the 14 rate classification levels, and the single rate established for each RCL.

(e) Except as specified in paragraph (1), the department shall determine the RCL for each group home program on a prospective basis, according to the level of care and services that the group home operator projects will be provided during the period of time for which the rate is being established.

(1) (A) For new and existing providers requesting the establishment of an RCL, and for existing group home programs requesting an RCL increase, the department shall determine the RCL no later than 13 months after the effective date of the provisional rate. The determination

of the RCL shall be based on a program audit of documentation and other information that verifies the level of care and supervision provided by the group home program during a period of the two full calendar months or 60 consecutive days, whichever is longer, preceding the date of the program audit, unless the group home program requests a lower RCL. The program audit shall not cover the first six months of operation under the provisional rate. Pending the department's issuance of the program audit report that determines the RCL for the group home program, the group home program shall be eligible to receive a provisional rate that shall be based on the level of care and service that the group home program proposes it will provide. The group home program shall be eligible to receive only the RCL determined by the department during the pendency of any appeal of the department's RCL determination.

(B) A group home program may apply for an increase in its RCL no earlier than two years from the date the department has determined the group home program's rate, unless the host county, the primary placing county, or a regional consortium of counties submits to the department in writing that the program is needed in that county, that the provider is capable of effectively and efficiently operating the proposed program, and that the provider is willing and able to accept AFDC-FC children for placement who are determined by the placing agency to need the level of care and services that will be provided by the program.

(C) To ensure efficient administration of the department's audit responsibilities, and to avoid the fraudulent creation of records, group home programs shall make records that are relevant to the RCL determination available to the department in a timely manner. Except as provided in this section, the department may refuse to consider, for purposes of determining the rate, any documents that are relevant to the determination of the RCL that are not made available by the group home provider by the date the group home provider requests a hearing on the department's RCL determination. The department may refuse to consider for purposes of determining the rate, the following records, unless the group home provider makes the records available to the department during the field work portion of the department's program audit:

(i) Records of each employee's full name, home address, occupation, and social security number.

(ii) Time records showing when the employee begins and ends each work period, meal periods, split shift intervals, and total daily hours worked.

(iii) Total wages paid each payroll period.

(iv) Records required to be maintained by licensed group home providers under the provisions of Title 22 of the California Code of Regulations that are relevant to the RCL determination.

(D) To minimize financial abuse in the startup of group home programs, when the department's RCL determination is more than three levels lower than the RCL level proposed by the group home provider, and the group home provider does not appeal the department's RCL determination, the department shall terminate the rate of a group home program 45 days after issuance of its program audit report. When the group home provider requests a hearing on the department's RCL determination, and the RCL determined by the director under subparagraph (E) is more than three levels lower than the RCL level proposed by the group home provider, the department shall terminate the rate of a group home program within 30 days of issuance of the director's decision. Notwithstanding the reapplication provisions in subparagraph (B), the department shall deny any request for a new or increased RCL from a group home provider whose RCL is terminated pursuant to this subparagraph, for a period of no greater than two years from the effective date of the RCL termination.

(E) A group home provider may request a hearing of the department's RCL determination under subparagraph (A) no later than 30 days after the date the department issues its RCL determination. The department's RCL determination shall be final if the group home provider does not request a hearing within the prescribed time. Within 60 days of receipt of the request for hearing, the department shall conduct a hearing on the RCL determination. The standard of proof shall be the preponderance of the evidence and the burden of proof shall be on the department. The hearing officer shall issue the proposed decision within 45 days of the close of the evidentiary record. The director shall adopt, reject, or modify the proposed decision, or refer the matter back to the hearing officer for additional evidence or findings within 100 days of issuance of the proposed decision. If the director takes no action on the proposed decision within the prescribed time, the proposed decision shall take effect by operation of law.

(2) Group home programs that fail to maintain at least the level of care and services associated with the RCL upon which their rate was established shall inform the department. The department shall develop regulations specifying procedures to be applied when a group home fails to maintain the level of services projected, including, but not limited to, rate reduction and recovery of overpayments.

(3) The department shall not reduce the rate, establish an overpayment, or take other actions pursuant to paragraph (2) for any period that a group home program maintains the level of care and

services associated with the RCL for children actually residing in the facility. Determinations of levels of care and services shall be made in the same way as modifications of overpayments are made pursuant to paragraph (2) of subdivision (b) of Section 11466.2.

(4) A group home program that substantially changes its staffing pattern from that reported in the group home program statement shall provide notification of this change to all counties that have placed children currently in care. This notification shall be provided whether or not the RCL for the program may change as a result of the change in staffing pattern.

(f) (1) The standardized schedule of rates for fiscal year 2002–03 is:

Rate Classification Level	Point Ranges	FY 2002–03 Standard Rate
1	Under 60	$1,454
2	60–89	1,835
3	90–119	2,210
4	120–149	2,589
5	150–179	2,966
6	180–209	3,344
7	210–239	3,723
8	240–269	4,102
9	270–299	4,479
10	300–329	4,858
11	330–359	5,234
12	360–389	5,613
13	390–419	5,994
14	420 & Up	6,371

(2) (A) For group home programs that receive AFDC-FC payments for services performed during the 2002–03 fiscal year, the adjusted RCL point ranges below shall be used in performing program audits and in determining any resulting rate reduction, overpayment assessment, or other actions pursuant to paragraph (2) of subdivision (e):

Rate Classification Level	Adjusted Point Ranges for 2002–03
1	Under 54
2	54–81
3	82–110

4	111–138
5	139–167
6	168–195
7	196–224
8	225–253
9	254–281
10	282–310
11	311–338
12	339–367
13	368–395
14	396 & Up

(B) Notwithstanding subparagraph (A), foster care providers operating group homes during the 2002–03 fiscal year shall remain responsible for ensuring the health and safety of the children placed in their programs in accordance with existing applicable provisions of the Health and Safety Code and community care licensing regulations, as contained in Title 22 of the Code of California Regulations.

(C) Subparagraph (A) shall not apply to program audits of group home programs with provisional rates established pursuant to paragraph (1) of subdivision (e). For those program audits, the RCL point ranges in paragraph (1) shall be used.

(g) (1) (A) For the 1999–2000 fiscal year, the standardized rate for each RCL shall be adjusted by an amount equal to the California Necessities Index computed pursuant to the methodology described in Section 11453. The resultant amounts shall constitute the new standardized schedule of rates, subject to further adjustment pursuant to subparagraph (B).

(B) In addition to the adjustment in subparagraph (A), commencing January 1, 2000, the standardized rate for each RCL shall be increased by 2.36 percent, rounded to the nearest dollar. The resultant amounts shall constitute the new standardized schedule of rates.

(2) Beginning with the 2000–01 fiscal year, the standardized schedule of rates shall be adjusted annually by an amount equal to the CNI computed pursuant to Section 11453, subject to the availability of funds. The resultant amounts shall constitute the new standardized schedule of rates.

(3) Effective January 1, 2001, the amount included in the standard rate for each Rate Classification Level for the salaries, wages, and benefits for staff providing child care and supervision or performing social work activities, or both, shall be increased by 10 percent. This additional funding shall be used by group home programs solely to

supplement staffing, salaries, wages, and benefit levels of staff specified in this paragraph. The standard rate for each RCL shall be recomputed using this adjusted amount and the resultant rates shall constitute the new standardized schedule of rates. The department may require a group home receiving this additional funding to certify that the funding was utilized in accordance with the provisions of this section.

(h) The standardized schedule of rates pursuant to subdivisions (f) and (g) shall be implemented as follows:

(1) Any group home program which received an AFDC-FC rate in the prior fiscal year at or above the standard rate for the RCL in the current fiscal year shall continue to receive that rate.

(2) Any group home program which received an AFDC-FC rate in the prior fiscal year below the standard rate for the RCL in the current fiscal year shall receive the RCL rate for the current year.

(i) (1) The department shall not establish a rate for a new program of a new or existing provider unless the provider submits a recommendation from the host county, the primary placing county, or a regional consortium of counties that the program is needed in that county; that the provider is capable of effectively and efficiently operating the program; and that the provider is willing and able to accept AFDC-FC children for placement who are determined by the placing agency to need the level of care and services that will be provided by the program.

(2) The department shall encourage the establishment of consortia of county placing agencies on a regional basis for the purpose of making decisions and recommendations about the need for, and use of, group home programs and other foster care providers within the regions.

(3) The department shall annually conduct a county-by-county survey to determine the unmet placement needs of children placed pursuant to Section 300 and Section 601 or 602, and shall publish its findings by November 1 of each year.

(j) The department shall develop regulations specifying ratesetting procedures for program expansions, reductions, or modifications, including increases or decreases in licensed capacity, or increases or decreases in level of care or services.

(k) (1) For the purpose of this subdivision, ‘‘program change’’ means any alteration to an existing group home program planned by a provider that will increase the RCL or AFDC-FC rate. An increase in the licensed capacity or other alteration to an existing group home program that does not increase the RCL or AFDC-FC rate shall not constitute a program change.

(2) For the 1998–99, 1999–2000, and 2000–01 fiscal years, the rate for a group home program shall not increase, as the result of a program

change, from the rate established for the program effective July 1, 2000, and as adjusted pursuant to subparagraph (B) of paragraph (1) of subdivision (g), except as provided in paragraph (3).

(3) (A) For the 1998–99, 1999–2000, and 2000–01 fiscal years, the department shall not establish a rate for a new program of a new or existing provider or approve a program change for an existing provider that either increases the program's RCL or AFDC-FC rate, or increases the licensed capacity of the program as a result of decreases in another program with a lower RCL or lower AFDC-FC rate that is operated by that provider, unless both of the conditions specified in this paragraph are met.

(i) The licensee obtains a letter of recommendation from the host county, primary placing county, or regional consortium of counties regarding the proposed program change or new program.

(ii) The county determines that there is no increased cost to the General Fund.

(B) Notwithstanding subparagraph (A), the department may grant a request for a new program or program change, not to exceed 25 beds, statewide, if (i) the licensee obtains a letter of recommendation from the host county, primary placing county, or regional consortium of counties regarding the proposed program change or new program, and (ii) the new program or program change will result in a reduction of referrals to state hospitals during the 1998–99 fiscal year.

(*l*) General unrestricted or undesignated private charitable donations and contributions made to charitable or nonprofit organizations shall not be deducted from the cost of providing services pursuant to this section. The donations and contributions shall not be considered in any determination of maximum expenditures made by the department.

(m) The department shall, by October 1 each year, commencing October 1, 1992, provide the Joint Legislative Budget Committee with a list of any new departmental requirements established during the previous fiscal year concerning the operation of group homes, and of any unusual, industrywide increase in costs associated with the provision of group care which may have significant fiscal impact on providers of group homes care. The committee may, in fiscal year 1993–94 and beyond, use the list to determine whether an appropriation for rate adjustments is needed in the subsequent fiscal year.

SEC. 44. Section 11466.21 of the Welfare and Institutions Code is amended to read:

11466.21. (a) In accordance with subdivision (b), as a condition to receive an AFDC-FC rate for a group home program or a foster family agency program that provides treatment services, the following shall apply:

(1) Any provider who receives three hundred thousand dollars ($300,000) or more in combined federal funds shall arrange to have a financial audit conducted on an annual basis, and shall submit the annual financial audit to the department in accordance with regulations adopted by the department.

(2) Any provider who receives less than three hundred thousand dollars ($300,000) in combined federal funds shall submit to the department a financial audit on its most recent fiscal period at least once every three years. The department shall provide timely notice to the providers of the date that submission of the financial audit is required. That date of submission of the financial audit shall be no later than six months from the close of the provider's most recent fiscal period.

(3) The scope of the financial audit shall include all of the programs and activities operated by the provider and shall not be limited to those funded in whole or in part by the AFDC-FC program. The financial audits shall include, but not be limited to, an evaluation of the accounting and control systems of the provider.

(4) The provider shall have its financial audit conducted by certified public accountants or by state-licensed public accountants who have no direct or indirect relationship with the functions or activities being audited, or with the provider, its board of directors, officers, or staff.

(5) The provider shall have its financial audits conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States and in compliance with generally accepted accounting principles applicable to private entities organized and operated on a nonprofit basis.

(6) (A) Each provider shall have the flexibility to define the calendar months included in its fiscal year.

(B) A provider may change the definition of its fiscal year. However, the financial audit conducted following the change shall cover all of the months since the last audit, even though this may cover a period that exceeds 12 months.

(b) (1) In accordance with subdivision (a), as a condition to receive an AFDC-FC rate that becomes effective on or after July 1, 2000, a provider shall submit a copy of its most recent financial audit report, except as provided in paragraph (3).

(2) The department shall terminate the rate of a provider who fails to submit a copy of its most recent financial audit pursuant to subdivision (a). A terminated rate shall only be reinstated upon the provider's submission of an acceptable financial audit.

(3) Effective July 1, 2000, a new provider that has been incorporated for fewer than 12 calendar months shall not be required to submit a copy of a financial audit to receive an AFDC-FC rate for a new program. The

financial audit shall be conducted on the provider's next full fiscal year of operation. The provider shall submit the financial audit to the department in accordance with subdivision (a).

(c) The department shall develop regulations establishing a process for group home providers who receive less than three hundred thousand dollars ($300,000) in combined federal funds and have a total licensed capacity of 12 or fewer persons, a foster family agency provider who receives less than three hundred thousand dollars ($300,000) in combined federal funds to apply for and receive financial assistance for the conduct of the financial audit submitted once every three years. In recognition of the fact that the costs of a financial audit will be higher for small providers, relative to their revenues and expenditures, than they will be for larger providers, financial assistance shall be provided on a sliding scale basis to offset the costs of the audit. An eligible provider may receive up to two thousand five hundred dollars ($2,500), or one-half of the actual costs of the financial audit, whichever is less, subject to the availability of funds for that purpose.

(d) The department shall implement this section through the adoption of emergency regulations.

SEC. 45. Section 11486 of the Welfare and Institutions Code is amended to read:

11486. (a) The needs of any individual who is a member of a family applying for, or receiving, aid under this chapter shall not be taken into account in making the determination under Section 11450 with respect to his or her family beginning on the date, or at any time thereafter, the individual is found in state or federal court or pursuant to an administrative hearing decision, including any determination made on the basis of a plea of guilty or nolo contendere, to have committed any of the following acts:

(1) Making a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from two or more states or counties.

(2) Submitting documents for nonexistent children, or submitting false documents for the purpose of showing ineligible children to be eligible for aid.

(3) When there has been a receipt of cash benefits that exceeds ten thousand dollars ($10,000) as a result of intentionally and willfully doing any of the following acts for the purpose of establishing or maintaining the family's eligibility for aid or increasing or preventing a reduction in the amount of aid:

(A) Making a false or misleading statement or misrepresenting, concealing, or withholding facts.

(B) Committing any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity.

(b) The needs of any individual who is a member of a family applying for, or receiving, aid under this chapter shall not be taken into account in making the determination under Section 11450 with respect to his or her family for the following periods beginning on the date or any time thereafter the individual is convicted of a felony in state or federal court, including any determination made on the basis of a plea of guilty or nolo contendere, for committing fraud in the receipt or attempted receipt of aid:

(1) For two years, if the amount of aid is less than two thousand dollars ($2,000).

(2) For five years, if the amount of aid is two thousand dollars ($2,000) or more but is less than five thousand dollars ($5,000).

(3) Permanently, if the amount of aid is five thousand dollars ($5,000) or more.

(c) (1) Except as provided in subdivisions (a) and (b), the needs of any individual who is a member of a family applying for, or receiving, aid under this chapter to whom paragraph (2) applies shall not be taken into account in making the determination under Section 11450 with respect to his or her family for the following periods:

(A) For a period of six months upon the first occasion of any offense referred to in paragraph (2).

(B) For a period of 12 months upon the second occasion of any of those offenses referred to in paragraph (2).

(C) Permanently, upon the third occasion of any offense referred to in subdivision (b) and paragraph (2).

(2) Except as provided in subdivisions (a), (b) and (d), paragraph (1) shall apply to any individual who is found by a federal or state court, or pursuant to a special administrative hearing meeting the requirements of regulations adopted by the United States Secretary of Health and Human Services, including any determination made on the basis of a plea of guilty or nolo contendere, to have done any of the following acts for the purpose of establishing or maintaining the family's eligibility for aid or increasing, or preventing a reduction in, the amount of that aid:

(A) Making a false or misleading statement or misrepresenting, concealing, or withholding facts.

(B) Committing any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity.

(d) (1) Except as provided in subdivisions (a) and (b), and notwithstanding subdivision (c), the needs of any individual who is a member of a family applying for, or receiving, aid under this chapter to whom paragraph (2) applies shall not be taken into account in making

the determination under Section 11450 with respect to his or her family for the following periods:

(A) For a period of two years upon the first occasion of any offense referred to in paragraph (2).

(B) For a period of four years upon the second occasion of any offense referred to in paragraph (2).

(C) Permanently, upon the third occasion of any offense referred to in subdivision (b) and paragraph (2).

(2) Paragraph (1) shall apply to any individual who is found by a federal or state court, or pursuant to a special administrative hearing meeting the requirements of regulations adopted by the United States Secretary of Health and Human Services, including any determination made on the basis of a plea of guilty or nolo contendere, to have submitted more than one application for the same type of aid for the same period of time, for the purpose of receiving more than one grant of aid in order to establish or maintain the family's eligibility for aid or increasing, or preventing a reduction in, the amount of that aid.

(e) Proceedings against any individual alleged to have committed an offense described in subdivision (c) or (d) may be held either by hearing, pursuant to Section 10950 and in conformity with the regulations of the United States Secretary of Health and Human Services, if appropriate, or by referring the matter to the appropriate authorities for civil or criminal action in court.

(f) The department shall coordinate any action taken under this section with any corresponding actions being taken under the Food Stamp Program in any case where the factual issues involved arise from the same or related circumstances.

(g) Any period for which sanctions are imposed under this section shall remain in effect, without possibility of administrative stay, unless and until the findings upon which the sanctions were imposed are subsequently reversed by a court of appropriate jurisdiction, but in no event shall the duration of the period for which the sanctions are imposed be subject to review.

(h) Sanctions imposed under this section shall be in addition to, and not in substitution for, any other sanctions which may be provided for by law with respect to the offenses for which the sanctions are imposed.

(i) The department shall adopt regulations to ensure that any investigations made under this chapter are conducted throughout the state in such a manner as to protect the confidentiality of the current or former working recipient.

(j) Each county shall receive an amount equal to 12.5 percent of the actual amount of aid under this chapter repaid or recovered by a county,

as determined by the Director of the Department of Finance resulting from the detection of fraud.

SEC. 46. Section 12201 of the Welfare and Institutions Code is amended to read:

12201. (a) Except as provided in subdivision (d), the payment schedules set forth in Section 12200 shall be adjusted annually to reflect any increases or decreases in the cost of living. Except as provided in subdivision (e), these adjustments shall become effective January 1 of each year. The cost-of-living adjustment shall be based on the changes in the California Necessities Index, which as used in this section shall be the weighted average of changes for food, clothing, fuel, utilities, rent, and transportation for low-income consumers. The computation of annual adjustments in the California Necessities Index shall be made in accordance with the following steps:

(1) The base period expenditure amounts for each expenditure category within the California Necessities Index used to compute the annual grant adjustment are:

Food	$ 3,027
Clothing (apparel and upkeep)	406
Fuel and other utilities	529
Rent, residential	4,883
Transportation	1,757
Total	$10,602

(2) Based on the appropriate components of the Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, the percentage change shall be determined for the 12-month period which ends 12 months prior to the January in which the cost-of-living adjustment will take effect, for each expenditure category specified in paragraph (1) within the following geographical areas: Los Angeles-Long Beach-Anaheim, San Francisco-Oakland, San Diego, and, to the extent statistically valid information is available from the Bureau of Labor Statistics, additional geographical areas within the state which include not less than 80 percent of recipients of aid under this chapter.

(3) Calculate a weighted percentage change for each of the expenditure categories specified in subdivision (a) using the applicable weighting factors for each area used by the State Department of Industrial Relations to calculate the California Consumer Price Index (CCPI).

(4) Calculate a category adjustment factor for each expenditure category in paragraph (1) by (1) adding 100 to the applicable weighted percentage change as determined in paragraph (2) and (2) dividing the sum by 100.

(5) Determine the expenditure amounts for the current year by multiplying each expenditure amount determined for the prior year by the applicable category adjustment factor determined in paragraph (4).

(6) Determine the overall adjustment factor by dividing (1) the sum of the expenditure amounts as determined in paragraph (4) for the current year by (2) the sum of the expenditure amounts as determined in paragraph (4) for the prior year.

(b) The overall adjustment factor determined by the preceding computational steps shall be multiplied by the payment schedules established pursuant to Section 12200 as are in effect during the month of December preceding the calendar year in which the adjustments are to occur, and the product rounded to the nearest dollar. The resultant amounts shall constitute the new schedules for the categories given under subdivisions (a), (b), (c), (d), (e), (f), and (g) of Section 12200, and shall be filed with the Secretary of State. The amount as set forth in subdivision (h) of Section 12200 shall be adjusted annually pursuant to this section in the event that the secretary agrees to administer payment under that subdivision. The payment schedule for subdivision (i) of Section 12200 shall be computed as specified, based on the new payment schedules for subdivisions (a), (b), (c), and (d) of Section 12200.

(c) The department shall adjust any amounts of aid under this chapter to insure that the minimum level required by the Social Security Act in order to maintain eligibility for funds under Title XIX of that act is met.

(d) (1) No adjustment shall be made under this section for the 1991, 1992, 1993, 1994, 1995, 1996, 1997, and 1998 calendar years to reflect any change in the cost of living. Elimination of the cost-of-living adjustment pursuant to this paragraph shall satisfy the requirements of Section 12201.05, and no further reduction shall be made pursuant to that section.

(2) Any cost-of-living adjustment granted under this section for any calendar year shall not include adjustments for any calendar year in which the cost of living was suspended pursuant to paragraph (1).

(e) For the 2003 calendar year, the adjustment required by this section shall become effective June 1, 2003.

SEC. 48. Section 14021.6 of the Welfare and Institutions Code is amended to read:

14021.6. (a) For the fiscal years prior to fiscal year 2004–05, and subject to the requirements of federal law, the maximum allowable rates for the Medi-Cal Drug Treatment Program shall be determined by

computing the median rate from available cost data by modality from the fiscal year that is two years prior to the year for which the rate is being established.

(b) (1) For the fiscal year 2007–08, and subsequent fiscal years, and subject to the requirements of federal law, the maximum allowable rates for the Medi-Cal Drug Treatment Program shall be determined by computing the median rate from the most recently completed cost reports, by specific service codes that are consistent with the federal Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. Sec. 300gg).

(2) For the fiscal years 2005–06 and 2006–07, if the State Department of Health Services and the Department of Alcohol and Drug Programs determine that reasonably reliable and complete cost report data are available, the methodology specified in this subdivision shall be applied to either or both of those years. If reasonably reliable and complete cost report data are not available, the State Department of Health Services and the Department of Alcohol and Drug Programs shall establish rates for either or both of those years based upon the usual, customary, and reasonable charge for the services to be provided, as these two departments may determine in their discretion. This subdivision is not intended to modify subdivision (k) of Section 11758.46 of the Health and Safety Code, that requires certain providers to submit performance reports.

(c) Notwithstanding subdivision (a), for the 1996–97 fiscal year, the rates for nonperinatal outpatient methadone maintenance services shall be set at the rate established for the 1995–96 fiscal year.

(d) Notwithstanding subdivision (a), the maximum allowable rate for group outpatient drug free services shall be set on a per person basis. A group shall consist of a minimum of four and a maximum of 10 individuals, at least one of which shall be a Medi-Cal eligible beneficiary.

(e) The department shall develop individual and group rates for extensive counseling for outpatient drug free treatment, based on a 50-minute individual or a 90-minute group hour, not to exceed the total rate established for subdivision (d).

(f) The department may adopt regulations as necessary to implement subdivisions (a), (b), and (c), or to implement cost containment procedures. These regulations may be adopted as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of these emergency regulations shall be deemed an emergency necessary for the immediate preservation of the public peace, health and safety, or general welfare.

SEC. 49. Section 14124.93 of the Welfare and Institutions Code is amended to read:

14124.93. (a) The Department of Child Support Services shall provide payments to the local child support agency of fifty dollars ($50) per case for obtaining third-party health coverage or insurance of beneficiaries, to the extent that funds are appropriated in the annual Budget Act.

(b) A county shall be eligible for a payment if the county obtains third-party health coverage or insurance for applicants or recipients of Title IV-D services not previously covered, or for whom coverage has lapsed, and the county provides all required information on a form approved by both the Department of Child Support Services and the State Department of Health Services.

SEC. 50. Section 15204.3 of the Welfare and Institutions Code is amended to read:

15204.3. (a) Beginning in the 2000–01 fiscal year, allocation of funds provided under Section 15204.2 shall be made, in the case of funds for benefits administration and employment services, based on projected county costs and subject to funds appropriated in the annual Budget Act for operating the CalWORKs program under Chapter 2 (commencing with Section 11200). By November 1, 1999, the department and the County Welfare Directors Association shall jointly develop the specific components of this budgeting methodology, including a process for ensuring that costs funded under the methodology are reasonable and consistent with the requirements of this chapter. It is the intent of the Legislature that limited-term housing assistance be considered as part of the cost-based allocation methodology, where appropriate.

(b) Beginning in the 2002–03 fiscal year, funding in support of all components of the CalWORKs program and all state programs funded with federal Temporary Assistance for Needy Families funding shall be based on a budgeting methodology developed by the department in consultation with the counties, the California State Association of Counties, the County Welfare Directors Association, and other stakeholders, and subject to funds appropriated in the annual Budget Act for administration of the CalWORKs program under Chapter 2 (commencing with Section 11200). In developing the new methodology, the department shall consider, among other factors, the availability of state and federal funds, projected caseload, and the need for basic supportive and employment services. The department shall submit the new methodology to the policy and fiscal committees of both houses of the Legislature by November 15, 2001.

(c) Beginning in the 2002–03 fiscal year, any adjustments to the county CalWORKs single allocations, determined pursuant to Section

15204.2, for funding overlaps pertaining to both United States Department of Labor Welfare-to-Work Grant funds and state matching funds, shall reflect the most recent available data regarding the expenditures of those funds that offset the funds that counties would have otherwise spent from the CalWORKs single allocations.

(d) In the 1997–98 fiscal year, additional funds for welfare-to-work administration above GAIN allocation in the 1996–97 fiscal year shall be distributed among the counties with two-thirds allocated to all counties based on each county's share of adults aided under Chapter 2 (commencing with Section 11200). The remaining one-third shall be allocated among only those counties that in the prior year received an allocation per average aided adult at a level less than the statewide average, and shall be distributed among those counties so that they each receive the same overall allocation per average aided adult for welfare-to-work administration.

(e) For purposes of this section, and subject to funds appropriated in the annual Budget Act, no county shall receive less for employment services than what was received in the 1997–98 fiscal year allocation for welfare-to-work administration unless a county projects that its cost will be less than its 1997–98 fiscal year allocation for employment services.

(f) (1) In the 2001–02 fiscal year, the sum of three million five hundred eighty-seven thousand dollars ($3,587,000) in state matching funds for federal welfare-to-work block grant funds appropriated by Item 5180-101-0001 of the Budget Act of 2001 is for the purpose specified in paragraph (3).

(2) (A) No later than 30 days after the receipt of fourth-quarter claims submitted by counties in accordance with this section, the department shall determine the amount of unspent funds appropriated for the 2000–01 fiscal year for the CalWORKs single allocation and the CalWORKs mental health and substance abuse allocations. The department shall also determine the amount of those funds that were appropriated from the General Fund and the amount that was appropriated from the Federal Trust Fund.

(B) The amount determined pursuant to subparagraph (A) to have been appropriated from the General Fund shall be reappropriated to Item 5180-101-0001 of the Budget Act of 2001.

(C) The amount determined pursuant to subparagraph (A) to have been appropriated from the Federal Trust Fund shall be reappropriated to Item 5180-101-0890 of the Budget Act of 2001.

(3) No later than 60 days after the receipt of fourth-quarter claims, all funds appropriated to Item 5180-101-0001 and Item 5180-101-0890 of the Budget Act of 2001 pursuant to this subdivision shall be allocated to the counties that are under equity with respect to the single allocation

(excluding child care and Cal-Learn) for the 2001–02 fiscal year, according to a methodology developed by the department, in consultation with the County Welfare Directors Association.

(g) For the 2002–03 fiscal year only, the single allocation made pursuant to Section 15204.2 shall include an adjustment in the amount of one hundred twenty-eight million dollars ($128,000,000), from funds appropriated in Item 5180-101-0890, Schedule 16.30 (b) of Section 2.00 of the Budget Act of 2002. The appropriated funds shall be allocated to counties for the 2002–03 fiscal year according to a methodology determined by the department in consultation with the County Welfare Directors Association.

SEC. 51. Section 15763 of the Welfare and Institutions Code is amended to read:

15763. (a) Each county shall establish an emergency response adult protective services program that shall provide in-person response, 24 hours per day, seven days per week, to reports of abuse of an elder or a dependent adult, for the purpose of providing immediate intake or intervention, or both, to new reports involving immediate life threats and to crises in existing cases. The program shall include policies and procedures to accomplish all of the following:

(1) Provision of case management services that include investigation of the protection issues, assessment of the person's concerns, needs, strengths, problems, and limitations, stabilization and linking with community services, and development of a service plan to alleviate identified problems utilizing counseling, monitoring, followup, and reassessment.

(2) Provisions for emergency shelter or in-home protection to guarantee a safe place for the elder or dependent adult to stay until the dangers at home can be resolved.

(3) Establishment of multidisciplinary teams to develop interagency treatment strategies, to ensure maximum coordination with existing community resources, to ensure maximum access on behalf of elders and dependent adults, and to avoid duplication of efforts.

(b) (1) A county shall respond immediately to any report of imminent danger to an elder or dependent adult residing in other than a long-term care facility, as defined in Section 9701 of the Welfare and Institutions Code, or a residential facility, as defined in Section 1502 of the Health and Safety Code. For reports involving persons residing in a long-term care facility or a residential care facility, the county shall report to the local long-term care ombudsman program. Adult protective services staff shall consult, coordinate, and support efforts of the ombudsman program to protect vulnerable residents. Except as specified in paragraph (2), the county shall respond to all other reports of danger

to an elder or dependent adult in other than a long-term care facility or residential care facility within 10 calendar days or as soon as practicably possible.

(2) An immediate or 10-day in-person response is not required when the county, based upon an evaluation of risk, determines and documents that the elder or dependent adult is not in imminent danger and that an immediate or 10-day in-person response is not necessary to protect the health or safety of the elder or dependent adult.

(3) The State Department of Social Services, in consultation with the County Welfare Directors Association, shall develop requirements for implementation of paragraph (2), including, but not limited to, guidelines for determining appropriate application of this section and any applicable documentation requirements.

(4) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall implement the requirements developed pursuant to paragraph (3) by means of all-county letters or similar instructions prior to adopting regulations for that purpose. Thereafter, the department shall adopt regulations in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) A county shall provide case management services to elders and dependent adults who are determined to be in need of adult protective services for the purpose of bringing about changes in the lives of victims and to provide a safety net to enable victims to protect themselves in the future. Case management services shall include the following, to the extent services are appropriate for the individual:

(1) Investigation of the protection issues, including, but not limited to, social, medical, environmental, physical, emotional, and developmental.

(2) Assessment of the person’s concerns and needs on whom the report has been made and the concerns and needs of other members of the family and household.

(3) Analysis of problems and strengths.

(4) Establishment of a service plan for each person on whom the report has been made to alleviate the identified problems.

(5) Client input and acceptance of proposed service plans.

(6) Counseling for clients and significant others to alleviate the identified problems and to implement the service plan.

(7) Stabilizing and linking with community services.

(8) Monitoring and followup.

(9) Reassessments, as appropriate.

(d) To the extent resources are available, each county shall provide emergency shelter in the form of a safe haven or in-home protection for victims. Shelter and care appropriate to the needs of the victim shall be provided for frail and disabled victims who are in need of assistance with activities of daily living.

(e) Each county shall designate an adult protective services agency to establish and maintain multidisciplinary teams including, but not limited to, adult protective services, law enforcement, home health care agencies, hospitals, adult protective services staff, the public guardian, private community service agencies, public health agencies, and mental health agencies for the purpose of providing interagency treatment strategies.

(f) Each county shall provide tangible support services, to the extent resources are available, which may include, but not be limited to, emergency food, clothing, repair or replacement of essential appliances, plumbing and electrical repair, blankets, linens, and other household goods, advocacy with utility companies, and emergency response units.

SEC. 52. Section 16011 of the Welfare and Institutions Code is amended to read:

16011. (a) Subject to the conditions prescribed by this section, Los Angeles County may pursue the development and evaluation of a pilot Internet-based health and education passport system. The system shall be known as the Passport System. The Passport System shall collect and maintain health and education records for foster children under the supervision of the county social services or probation department, as required by Section 16010. The Passport System shall initially be conducted as a limited pilot project in a subset of Los Angeles County, and upon successful evaluation, may be expanded statewide.

(1) Los Angeles County shall be responsible for the planning, development, and implementation of the Passport System. Los Angeles County is responsible for the development of the advance planning document (APD) as prescribed by federal regulations, requesting funding consistent with the child welfare services program. The APD shall include, but not be limited to, the design of an interface between the web-based Passport System and the Child Welfare Services/Case Management System (CWS/CMS) so that information entered into the Passport System shall automatically and permanently reside in the CWS/CMS. In addition, the APD shall include the scope of the pilot project, the evaluation plan pursuant to subdivisions (b) and (d), and the county shall address a plan for compliance with pertinent provisions in state and federal law requiring that privacy of confidential information be maintained.

(2) The department shall review and, upon approval by the appropriate state agencies, shall transmit the APD to the federal Department of Health and Human Services. The department shall facilitate assistance as appropriate to gain federal approval of the APD. Implementation of the pilot system shall be contingent upon federal approval of the APD and of the request for federal funding consistent with the child welfare services program. It shall also be contingent upon assurance by the United States Secretary of Health and Human Services that the federal funding for the CWS/CMS shall not be adversely impacted by the development and implementation of the Passport System. If the department is unable to gain federal approval of the pilot project by January 1, 2004, authorization for the pilot project established by this section shall cease.

(3) The Passport System shall provide real-time access to health, mental health, and educational information by health and mental health care providers, educators, licensed or approved foster care givers, and local agency staff in order to improve the accuracy and reliability of information necessary to ensure receipt of appropriate services for children in foster care, to improve health and educational outcomes, and to reduce and eliminate the risk of inadequate treatment by service providers, multiple immunizations, other severe health and education problems, and death.

(4) The Passport System shall meet all the operational and administrative needs of local participating agencies; be scalable and flexible to interface with and integrate data from multiple Los Angeles County and other county departments and state agencies that provide services to children, using data matching algorithms that provide a high level of confidence and reliability; maximize the use and availability of information in a secured and reliable environment; allow relevant county staff, health, mental health, education providers, and licensed or approved foster care givers to update or view appropriate data through a web-enabled application via the Internet; contain fire walls and safeguards to ensure that only authorized persons inquire and update only those cases which they have been authorized to access; and to ensure the integrity and confidentiality of the system.

(b) Prior to commencement of the pilot project, Los Angeles County, in consultation with the department, shall develop a pilot evaluation plan subject to approval by the department and the United States Secretary of Health and Human Services. The plan shall include, but is not limited to, identification of measurable objectives, and benefits that the pilot project is expected to achieve, the methodology, and plan criteria for evaluating the pilot project.

(c) The pilot plan shall include a strategy to incentivize health, mental health, and educational providers servicing foster children to utilize and update the Internet-based system.

(d) Implementation of the interface between the Internet-based Passport System and the CWS/CMS shall be contingent upon approval of federal reimbursement consistent with the child welfare services program. Funding shall be subject to the sharing ratios that apply to the administration of child welfare services programs. Any funds appropriated for this purpose not expended in the 2001–02 fiscal year shall be available for the purposes of this section as expenditure in subsequent years. After one year of operation of the pilot project, Los Angeles County shall complete a pilot evaluation as described in the pilot evaluation plan. The results of the evaluation shall be provided to the chairpersons of the fiscal and policy committees of each house of the Legislature, the Chairperson of the Joint Legislative Budget Committee, and the Department of Finance.

SEC. 53. Section 16131 of the Welfare and Institutions Code is amended to read:

16131. It is the intent of the Legislature to conform state statutes to recently enacted federal legislation, the Adoption and Safe Families Act of 1997 (Public Law 105-89), and to reinvest any incentive payments received through implementation of the federal act into the child welfare system in order to provide adoption services.

SEC. 54. Section 18910 of the Welfare and Institutions Code is repealed.

SEC. 55. Section 18910 is added to the Welfare and Institutions Code, to read:

18910. (a) To the extent permitted by federal law, regulations, waivers, and directives, the department shall implement the prospective budgeting, quarterly reporting system to conform to Food Stamp Program requirements to the provisions of Sections 11265.1, 11265.2, and 11265.3, and related provisions regarding the Food Stamp Program, in a cost-effective manner that promotes compatibility between the CalWORKs program and the Food Stamp Program, and minimizes the potential for payment errors. If a federal food stamp waiver is not available to conform the Food Stamp Program to one or more of these CalWORKs provisions, the department shall choose the food stamp provisions most compatible with CalWORKs provisions.

(b) The department shall seek all necessary waivers from the United States Department of Agriculture to implement subdivision (a) to conform Food Stamp Program requirements to the prospectively budgeted, quarterly reporting system provided in Sections 11265.1, 11265.2, and 11265.3, and related provisions.

SEC. 56. Section 19355.5 of the Welfare and Institutions Code is amended to read:

19355.5. (a) Notwithstanding any other provision of law, effective July 1, 2000, the twenty-eight dollar and thirty-three cent ($28.33) hourly rate for supported employment services established pursuant to paragraph (2) of subdivision (b) of Section 19356.6 shall be reduced by the percentage necessary to ensure that projected total General Fund expenditures and reimbursements for habilitation services and vocational rehabilitation supported employment services, including services pursuant to paragraph (2) of, and clauses (i) to (iii), inclusive, of subparagraph (B) of paragraph (2) of, subdivision (b) of Section 19356.6, and, for the habilitation services program only, ancillary services, based on Budget Act caseload projections, do not exceed the General Fund and reimbursement appropriations for these services in the annual Budget Act, exclusive of increases in job coach hours due to unanticipated increases in caseload or the average client workday. This reduction shall not be implemented sooner than 30 days after notification in writing of the necessity for the reduction to the appropriate fiscal committees and policy committees of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.

(b) The department shall annually make two projections of General Fund expenditures and reimbursements in a form and timeframe as determined by the Department of Finance.

(d) This section shall become inoperative on September 1, 2003, and as of January 1, 2004, is repealed, unless a later enacted statute that becomes operative on or before January 1, 2004, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 57. Section 19356 of the Welfare and Institutions Code is amended to read:

19356. (a) The department shall adopt regulations to establish rates for work-activity program services subject to the approval of the Department of Finance. The regulations shall provide for an equitable ratesetting procedure in which each specific allowable service, activity, and provider administrative cost comprising an overall habilitation service, as determined by the department, reflects the reasonable cost of service. Reasonable costs shall be determined biennially by the department, subject to audit at the discretion of the department.

(b) It is the intent of the Legislature that, commencing July 1, 1996, the department establish rates for both habilitation services and vocational rehabilitation work-activity programs pursuant to subdivision (a). Nothing in this subdivision shall preclude the

subsequent amendment or adoption of regulations pursuant to subdivision (a).

(c) For the 2002–03 fiscal year, notwithstanding any other provision of law, the department shall suspend for one year the biennial rate adjustment for work-activity programs.

SEC. 58. Section 19356.5 of the Welfare and Institutions Code is amended to read:

19356.5. (a) The department may approve new work-activity programs, after confirming the need for a new work-activity program, determining the capacity of a new work-activity program to deliver effective services, and assessing the ability of the program to comply with accreditation requirements of the Habilitation Services Program, when applicable.

(b) Work-activity programs or program components that receive the department's approval to provide supported employment services shall receive rates in accordance with Section 19356.6, except new work-activity programs, to which subdivision (c) applies.

(c) Any new work-activity program that receives the department's approval shall receive the statewide average rate, as determined by the department. As soon as the new work-activity facility has a historical period of not less than three months that is representative of the cost per consumer, as determined by the department, the department shall set the rate in accordance with Section 19356.

(d) Notwithstanding Section 19355, the department may purchase services from new work-activity programs or program components, even though the program or program component is not yet accredited by the Commission on Accreditation of Rehabilitation Facilities if all of the following apply:

(1) The department can verify that the program or program component is in compliance with accreditation standards adopted by the department.

(2) (A) The program or program component commits, in writing, to apply for accreditation by the Commission on Accreditation of Rehabilitation Facilities within three years of the purchase of the services by the Habilitation Services Program.

(B) The commission shall accredit a program or program component within four years after the program or program component has applied pursuant to subparagraph (A).

SEC. 59. Section 19356.6 of the Welfare and Institutions Code is amended to read:

19356.6. (a) The definitions contained in this subdivision shall govern the construction of this section, with respect to services provided through the Habilitation Services Program, and unless the context

requires otherwise, the following terms shall have the following meanings:

(1) ''Supported employment'' means paid work that is integrated in the community for individuals with developmental disabilities whose vocational disability is so severe that they would be unable to achieve this employment without specialized services and would not be able to retain this employment without an appropriate level of ongoing postemployment support services.

(2) ''Integrated work'' means the engagement of an employee with a disability in work in a setting typically found in the community in which individuals interact with nondisabled individuals other than those who are providing services to those individuals, to the same extent that nondisabled individuals in comparable positions interact with other persons.

(3) ''Supported employment placement'' means the employment of an individual with a developmental disability by an employer in the community, directly or through contract with a supported employment program, and the provision of supported employment services including the provision of ongoing postemployment services necessary for the individual to retain employment. Services for those individuals receiving individualized services from a supported employment program shall decrease as the individual adjusts to his or her employment and the employer assumes many of those functions.

(4) ''Allowable supported employment services'' means the services approved in the individual habilitation component and provided, to the extent allowed by the Habilitation Services Program for the purpose of achieving supported employment as an outcome for individuals with developmental disabilities, which may include any of the following:

(A) Program staff time spent conducting job analysis of supported employment opportunities for a specific consumer.

(B) Program staff time spent in the direct supervision or training of a consumer or consumers while they engage in integrated work unless other arrangements for consumer supervision, such as employer supervision reimbursed by the supported employment program, are approved by the Habilitation Services Program.

(C) Training occurring in the community, in adaptive functional and social skills necessary to ensure job adjustment and retention such as social skills, money management, and independent travel.

(D) Counseling with a consumer's significant others to ensure support of a consumer in job adjustment.

(E) Advocacy or intervention on behalf of a consumer to resolve problems affecting the consumer's work adjustment or retention.

(F) Job development to the extent authorized by the Habilitation Services Program.

(G) Ongoing postemployment support services needed to ensure the consumer's retention of the job.

(5) ''Group services'' means job coach-supported employment services in a group supported employment placement at a job coach-to-client ratio of not less than one-to-four nor more than one-to-eight where a minimum of four clients are department-funded. Group services may be provided on or after July 1, 2002, in a group at a job coach-to-client ratio of one-to-three, where all three individuals in the group are department-funded supported employment clients, only if the group was established and began working prior to July 1, 2002, but those group services shall not be funded beyond June 30, 2004. The department shall work with providers to add department-funded supported employment clients to those groups on or before July 1, 2004.

(6) ''Individualized services'' means job coach and other supported employment services for department-funded clients in a supported employment placement at a job coach-to-client ratio of one-to-one.

(b) (1) The Habilitation Services Program shall set rates for supported employment services provided in accordance with this section. The Habilitation Services Program shall apply rates in accordance with this section to those work-activity programs or program components of work-activity programs approved by the department to provide supported employment and to new programs or components approved by the Habilitation Services Program to provide supported employment services. Both of these categories of programs or components shall be required to comply with the criteria set forth in subdivision (b) of Section 19356.7 to receive approval from the Habilitation Services Program.

(2) (A) The hourly rate for supported employment services provided to clients receiving individualized services shall be twenty-eight dollars and thirty-three cents ($28.33).

(B) The hourly rate for group services shall be twenty-eight dollars and thirty-three cents ($28.33) regardless of the number of clients served in the group. Clients in a group shall be scheduled to start and end work at the same time, unless an exception is approved in advance by the Habilitation Services Program. The department, in consultation with stakeholders, shall adopt regulations to define the appropriate grounds for granting these exceptions. Except as provided in paragraph (5) of subdivision (a), where the number of clients in a group supported employment placement drops to fewer than four department-funded supported employment clients, department funding for the group services in that group shall be terminated unless the program provider,

within 90 days from the date of this occurrence and consistent with Section 19356.7, does one of the following:

(i) Add one or more department-funded supported employment clients to the group.

(ii) Move the remaining clients to another existing group.

(iii) Move the remaining clients, if appropriate, to individualized placement.

(iv) Terminate services.

(C) For clients receiving group services the Habilitation Services Program may set a higher hourly rate for supported employment services, based upon the additional cost to provide ancillary services, when there is a documented and demonstrated need for a higher rate because of the nature and severity of the disabilities of the consumer, as determined by the Habilitation Services Program.

(D) In addition, fees shall be authorized for the following:

(i) A two hundred dollar ($200) fee shall be paid upon intake of a consumer into an agency's supported employment program, unless that individual has completed a supported employment intake process with that same agency within the past 12 months, in which case no fee shall be paid.

(ii) A four hundred dollar ($400) fee shall be paid upon placement of an individual in an integrated job, unless that individual is placed with another consumer or consumers assigned to the same job coach during the same hours of employment, in which case no fee shall be paid.

(iii) A four hundred dollar ($400) fee shall be paid after a 90-day retention of a consumer in a job, unless that individual has been placed with another consumer or consumers, assigned to the same job coach during the same hours of employment, in which case no fee shall be paid.

(3) These rates shall take effect July 1, 1998.

(4) It is the intent of the Legislature that, commencing July 1, 1996, the department establish rates for both habilitation services and vocational rehabilitation supported employment services pursuant to this section.

(5) For individuals receiving individualized services, services may be provided on or off the jobsite.

(6) For individuals receiving group services, ancillary services may be provided, except that all postemployment and ancillary services shall be provided at the worksite.

(c) If a consumer has been placed on a waiting list for vocational rehabilitation as a result of the department's order of selection regulations, the Habilitation Services Program may pay for those supported employment services leading to job development set forth in subparagraph (D) of paragraph (2) of subdivision (b).

(d) The Habilitation Services Program shall approve, in advance, any change in the number of clients served in a group.

(e) The department, in consultation with appropriate stakeholders, shall report to the Department of Finance and the Legislature, on or before January 1, 2001, and annually thereafter, on the implementation of supported employment rates and group size requirements pursuant to this section. The report shall include, but not be limited to, data on the sizes of client groups, the change in average group size, client outcomes, client earnings, to the extent available, and projected caseload and expenditures for the supported employment program. On or before February 1, 2003, the department shall submit to the Department of Finance and the Legislature a final report containing, at a minimum, cumulative data and outcome measures, and shall include recommendations on whether to extend the effective dates of this section and Sections 19355.5, 19355.6, and 19356.7, and recommendations for appropriate changes to those sections.

(f) If the final report required by subdivision (e) is submitted to the Department of Finance and the Legislature on or before February 1, 2003, this section shall become inoperative on September 1, 2003, and, as of January 1, 2004, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2004, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 60. Section 19356.65 of the Welfare and Institutions Code is repealed.

SEC. 61. Provision 15 is added to Item 5180-101-0001 of Section 2.00 of Chapter 324 of the Statutes of 1998 (Budget Act of 1998), to read:

15. Of the funds appropriated in Schedule (a), CalWORKs funding for counties under Schedule 16.30, no amount paid or authorized for payment to counties for incentives under the provisions of Section 10544.1 of the Welfare and Institutions Code shall be expended after June 30, 2002.

SEC. 62. Provision 17 is added to Item 5180-101-0001 of Section 2.00 of Chapter 50 of the Statutes of 1999 (Budget Act of 1999), to read:

17. Of the funds appropriated in Schedule (a), CalWORKs funding for counties under Schedule 16.30, no amount paid or authorized for payment to counties for incentives under the provisions of Section 10544.1 of the Welfare and Institutions Code shall be expended after June 30, 2002.

SEC. 63. Provision 17 is added to Item 5180-101-0001 of Section 2.00 of Chapter 106 of the Statutes of 2001 (Budget Act of 2001), to read:

17. Of the funds appropriated in Schedule (a), CalWORKs funding for counties under Schedule 16.30, no amount shall be for payment of county incentives authorized by Section 10544.1 of the Welfare and Institutions Code.

SEC. 64. The California Workforce Investment Board shall convene a one-stop data stakeholder's group by January 1, 2003. The group shall discuss the role of one-stop centers, the types of activities taking place in one-stop centers, the appropriate data needed to monitor these activities, the types of data needed to develop public policy for one-stop centers, and the possible methods of data collection. The stakeholder's group shall include the State Department of Social Services, the Department of Rehabilitation, the Employment Development Department, the California Community Colleges, the California Department of Education, the office of the Legislative Analyst, the staff of the Joint Legislative Budget Committee and respective legislative policy committees, the Senate Office of Research, local representatives and other interested parties. The California Workforce Investment Board shall report the findings of the stakeholder's group at the hearings of the Joint Legislative Budget Committee.

SEC. 65. It is the intent of the Legislature that disability access at one-stop centers be given priority in the expenditure of federal Workforce Investment Act funding.

SEC. 66. The Employment Development Department shall convene a committee comprised of representatives of labor, employers, academia, and the public sector to conduct a study of the state's Unemployment Trust Fund to evaluate the merits of both pay-as-you-go and counter-cyclical funding methods. Based upon committee input, the Employment Development Department shall make recommendations on changes to the California unemployment insurance tax structure in order to maintain the solvency of the Unemployment Trust Fund. The study and recommendations shall be transmitted to the Legislature on or before December 31, 2003.

SEC. 67. (a) Notwithstanding the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), until January 1, 2003, the State Department of Social Services may implement the provisions of Section 11254 of the Welfare and Institutions Code through an all county letter or similar instructions from the Director of Social Services.

(b) The department shall adopt regulations as otherwise necessary to implement Section 11254 of the Welfare and Institutions Code no later than January 1, 2003. Emergency regulations adopted for implementation of those provisions may be adopted by the director in accordance with the Administrative Procedure Act. The initial adoption

of emergency regulations and one readoption of the initial regulations shall be deemed to be an emergency and necessary for immediate preservation of the public peace, health and safety, or general welfare. Initial emergency regulations and the first readoption of those emergency regulations shall be exempt from review by the Office of Administrative Law. The emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and shall each remain in effect for no more than 180 days.

SEC. 67.5. (a) Notwithstanding the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), until July 1, 2003, the State Department of Social Services may implement the amendments to Sections 11323.3 and 11462 of the Welfare and Institutions Code made by this act through all county letters similar instructions from the Director of Social Services.

(b) The department shall adopt regulations as otherwise necessary to implement the amendments to Sections 11323.3 and 11462 of the Welfare and Institutions Code made by this act, no later than July 1, 2003. Emergency regulations adopted for implementation of those provisions may be adopted by the director in accordance with the Administrative Procedure Act. The initial adoption of emergency regulations and one readoption of the initial regulations shall be deemed to be an emergency and necessary for immediate preservation of the public peace, health and safety, or general welfare. Initial emergency regulations and the first readoption of those emergency regulations shall be exempt from review by the Office of Administrative Law. The emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and shall each remain in effect for no more than 180 days.

SEC. 68. (a) During the 2002–03 fiscal year, the State Department of Social Services shall convene a working group to discuss policy changes to the CalWORKs program resulting from the state's fiscal condition, changes to federal requirements for the Temporary Assistance to Needy Families program reauthorization, and other policy changes to the CalWORKs program. The group shall meet at least three times during the fall of 2002.

(b) The State Department of Social Services, in consultation with the working group established pursuant to subdivision (a) shall produce the following documents:

(1) An assessment of the new requirements and challenges facing the CalWORKs program.

(2) A summary of policy changes suggested by various stakeholders.

(3) A summary of feedback by stakeholders on all policy proposals that have been suggested to date.

(c) The group shall include staff members of the State Department of Social Services, the California Health and Human Services Agency, the Employment Development Department, the California Community Colleges, the office of the Legislative Analyst, the staff of the Joint Legislative Budget Committee and respective legislative policy committees, the Western Center on Law and Poverty, the County Welfare Directors Association, the California State Association of Counties, and other interested parties. The department shall report on the outcome of the working group during the budget hearings of the joint legislative budget committees.

SEC. 69. The State Department of Alcohol and Drug Programs shall apply for federal State Incentive Grant funding offered by the Substance Abuse and Mental Health Services Administration, Center for Substance Abuse Prevention. If State Incentive Grant funding is secured and permits subrecipients to include ''community coalitions,'' the department shall give special consideration to awarding funds to subrecipients that are organized as community coalitions that meet eligibility requirements. A subrecipient coalition may be part of a county or city government, a school district county office of education, or a nonprofit organization.

SEC. 70. Sections 24, 25, and 26, 28 to 33, inclusive, 36 to 41, inclusive, and 54 and 55 of this act shall become operative only as provided in a declaration of the State Director of Social Services that federal Food Stamp Program waivers have been granted and specifying a date upon which counties shall implement this act. Those provisions of this act shall be effective as to an individual recipient at the later of the date specified for implementation in the declaration of the director or the third month following that date, if the county has elected to stagger the quarterly reporting periods for recipients in the county over three months.

SEC. 71. (a) Notwithstanding the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), until January 1, 2004, the department may implement a reporting and budgeting system, as described in this act, through an all county letter or similar instructions from the director, developed in consultation with the County Welfare Directors Association, the Western Center on Law and Poverty, and other interested stakeholders as determined by the department.

(b) The department shall adopt regulations as otherwise necessary to implement those provisions of this act no later than January 1, 2004. Emergency regulations adopted for implementation of this act may be

adopted by the director in accordance with the Administrative Procedure Act. The initial adoption of emergency regulations and one readoption of the initial regulations shall be deemed to be an emergency and necessary for immediate preservation of the public peace, health and safety, or general welfare. Initial emergency regulations and the first readoption of those emergency regulations shall be exempt from review by the Office of Administrative Law. The emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and shall remain in effect for no more than 180 days.

SEC. 72. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 73. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because in that regard this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars ($1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

SEC. 74. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make the necessary statutory changes to implement the Budget Act of 2002 at the earliest possible time, it is necessary that this act take effect immediately.

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