


**CITY AND COUNTY OF SAN FRANCISCO**  
**BOARD OF SUPERVISORS**  
**BUDGET AND LEGISLATIVE ANALYST**

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**TO:** Government Audit and Oversight Committee  
**FROM:** Budget and Legislative Analyst   
**SUBJECT:** April 4, 2019 Government Audit and Oversight Committee Meeting

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<p><b>Item 2</b> <b>File 19-0207</b></p>	<p><b>Department:</b> Human Services Agency (HSA)</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve the creation of a 58-county Joint Powers Authority to be known as CalSAWS Consortium, and approve the Memorandum of Understanding (MOU) between CalSAWS Consortium and the City and County of San Francisco. Under this MOU, CalSAWS Consortium will have the power to design, develop, implement, migrate, operate and maintain the automated welfare system to be used by all 58 counties.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• While other states operate a single statewide welfare system, California has three systems: CalWorks Information Network (CalWIN), LEADER Replacement System (LRS), and Consortium IV (C-IV). San Francisco partners with 17 other counties (18 including San Francisco) to manage and maintain CalWIN.</li> <li>• The federal Centers for Medicare and Medicaid Services and the Food Nutrition Services agencies of the United States Department of Agriculture directed California to create a single state-wide automated welfare system (CalSAWS) by 2023.</li> <li>• In September 2018, the Board of Supervisors approved the Memorandum of Understanding (MOU) between CalACES and CalWIN to procure and implement shared services to facilitate the move toward a single statewide-automated welfare system. This MOU was an intermediate step to the formation of CalSAWS.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The total design, development and implementation project budget for all 58 counties is \$461,601,823. San Francisco will pay a total of \$250,262 from FY 2018-19 through FY 2022-23.</li> <li>• Before the new CalSAWS system goes live in in January 2023, the San Francisco Human Services Agency will continue to operate the existing CalWIN system. San Francisco’s share of the system is estimated to be \$5.2 million in FY 2019-20, of which approximately \$5.0 million are state and federal funds, and \$220,593 are General Fund, subject to appropriation by the Board of Supervisors.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

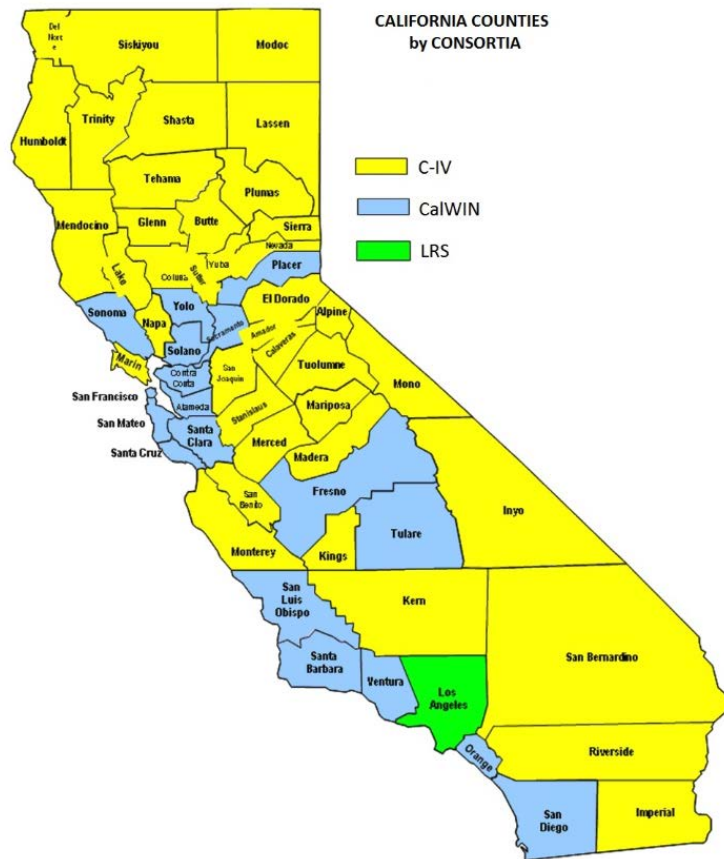
**MANDATE STATEMENT**

The proposed Memorandum of Understanding between the single state-wide automated welfare system (CalSAWS) and the 58 participating counties, including San Francisco, requires Board of Supervisors approval.

**BACKGROUND**

While other states operate a single statewide welfare system, California has three systems: CalWorks Information Network (CalWIN), LEADER Replacement System (LRS), and Consortium IV (C-IV). San Francisco partners with 17 other counties (18 including San Francisco) to manage and maintain CalWIN.<sup>1</sup> The remaining 40 counties use either LRS or C-IV to manage their welfare systems. The 58 California counties and their systems are shown in Map 1 below.

**Map 1: California Counties by Consortia**



The federal Centers for Medicare and Medicaid Services and the Food Nutrition Services agencies of the United States Department of Agriculture directed California to create a single state-wide automated welfare system (CalSAWS) by 2023. The approach currently includes

<sup>1</sup> CalWIN is also known as the Welfare Client Data System Consortium (WCDS).

three county-level consortia welfare systems and a state-level database supports six core programs: Temporary Assistance to Needy Families/California Work Opportunity and Responsibility to Kids, SNAP (known as CalFresh in California), Medi-Cal, Foster Care and Refugee Assistance. CalSAWS encompasses the following functions: eligibility determination, benefit computation, benefit delivery, case management and information management. Based on individual consortium business requirements, other programs or functions may be included in a consortium system including a county's General Assistance program.

Counties using the LRS and C-IV system formed a joint powers authority; California Automated Consortium Eligibility Systems (CalACES), to create a single jointly designed system in September 2017.

In September 2018, the Board of Supervisors approved the Memorandum of Understanding (MOU) between CalACES and CalWIN to procure and implement shared services to facilitate the move toward a single statewide-automated welfare system (File 18-0768). This MOU was an intermediate step to the formation of CalSAWS. The shared services in the MOU included the online CalWORKS appraisal tool rebuild, the Foster Care Eligibility Determination, and other services, which are collectively referred to as "shared services." The MOU went into effect November 2018 and will remain in effect until the new consortium, CalSAWS, is formed.

#### **DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would approve the creation of a 58-county Joint Powers Authority to be known as CalSAWS Consortium, and approve the Memorandum of Understanding (MOU) between CalSAWS Consortium and the City and County of San Francisco. Under this MOU, CalSAWS Consortium will have the power to design, develop, implement, migrate, operate and maintain the automated welfare system to be used by all 58 counties. The 58 counties will be grouped into six regions for governance purposes. The City and County of San Francisco will be part of region 1 comprised of 12 counties. Region 1 will elect 2 members to represent the counties in the Joint Powers Authority board and various committees in the CalSAWS Consortium by the Individuals serving as the member representative will serve while they retain their county offices or positions.

Under the agreement, the County, within its sole discretion, is required to appoint personnel to the project as required by the project's needs. The Consortium is responsible for paying the county for these services according to the hourly prevailing direct salary and employee benefit costs as determined by the County.

The 58 counties agree to provide any necessary data or information to CalSAWS for the development of shared services, and to allow CalSAWS or vendors to access their sites and facilities as needed. The counties also agree to use commercially reasonable efforts to comply with audit procedures.

Under the agreement, the county is responsible for costs of hardware, software, and associated maintenance for new county sites or the expansion of existing county sites. According to Ms. Bernadette Casino, Information Technology CalWIN Manager, the county is currently already responsible for these costs.

The consortium will be liable for any loss, destruction, or damage caused by the CalSAWS to the county operation or property by CalSAWS. CalSAWS will also ensure that project activities at county sites and facilities minimize interference with normal activities and operations.

The County's obligation under the MOU is contingent upon State and Federal financial participation in the shared services. If the County is unable to meet its financial obligations because funding is not forthcoming, the County has the right to terminate the MOU and withdraw its membership from CalSAWS by adoption of a resolution by the Board of Supervisors.

The Consortium is currently beginning the procurement process for the new system. According to Ms. Casino, the Consortium has procured a vendor for design and implementation.

### FISCAL IMPACT

The total design, development and implementation project budget for all 58 counties is \$461,601,823. San Francisco will pay a total of \$250,262 from FY 2018-19 through FY 2022-23, as seen in Table 1 below.

**Table 1: Sources and Uses of Funds from FY 2018-19 through FY 2023-24**

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Design, Development & Implementation	\$30,338,749	\$154,372,147	\$156,702,144	\$80,082,488	\$31,949,674	0	\$453,445,202
Procurement	559,440	1,118,880	2,271,431	3,627,880	578,990	0	8,156,621
<b>Total Uses</b>	<b>30,898,189</b>	<b>155,491,027</b>	<b>158,973,575</b>	<b>83,710,368</b>	<b>32,528,664</b>	<b>0</b>	<b>461,601,823</b>
Federal	23,253,663	117,021,675	118,951,680	62,544,435	24,441,534	0	346,212,987
State	6,781,454	31,187,771	34,151,871	18,835,008	7,291,540	0	98,247,644
County	863,072	7,281,581	5,870,024	2,330,925	795,590	0	17,141,192
<b>Total Sources</b>	<b>30,898,189</b>	<b>155,491,027</b>	<b>158,973,575</b>	<b>83,710,368</b>	<b>32,528,664</b>	<b>0</b>	<b>461,601,823</b>
<i>San Francisco County Share</i>	<i>0</i>	<i>62,683</i>	<i>99,080</i>	<i>59,867</i>	<i>22,824</i>	<i>5,808</i>	<i>250,262</i>

In addition, beginning in FY 2022-23, San Francisco will be paying for the maintenance and operations of the new platform. The San Francisco share of the cost for the maintenance and operations of the new system is expected to be \$46,949 in FY 2022-23, and then \$148,391 in each subsequent fiscal year.

### Current System

Before the new CalSAWS system goes live in January 2023, the San Francisco Human Services Agency will continue to operate the existing CalWIN system. San Francisco's share of the system is estimated to be \$5.2 million in FY 2019-20, of which approximately \$5.0 million are state and federal funds, and \$220,593 are General Fund, subject to appropriation by the Board of Supervisors.

**RECOMMENDATION**

Approve the proposed resolution.