

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: September 5, 2018 Government Audit and Oversight Committee Meeting

TABLE OF CONTENTS

Item	File	Page
4	18-0768 Memorandum of Understanding - California Automated Consortium Eligibility System - Welfare Client Data System Consortium - Shared Services Approval.....	1

<p>Item 4 File 18-0768</p>	<p>Department: Human Services Agency (HSA)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution approves the Memorandum of Understanding (MOU) between CalACES and CalWIN, two different welfare system consortiums, to procure and implement shared services to facilitate the move toward a single statewide-automated welfare system. The shared services in the MOU will include the online CalWORKS appraisal tool rebuild, the Foster Care Eligibility Determination, and other services. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Federal Centers for Medicare and Medicaid Services and the Food and Nutrition Services agencies of the United States Department of Agriculture directed California to create a single statewide-automated welfare system by 2023. The 58 counties are working toward creating a single system and agreement; creating shared services begins the process of joining welfare systems. • The MOU will go into effect when approved by all 18 counties that are members of CalWIN and will remain in effect until the new consortium, CalSAWS, is formed in approximately summer 2019. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • According to Mr. Danial Kaplan, Human Services Agency (HSA) Deputy Director of Finance and Administration, the costs of these services are not yet known. As of the writing of this report, HSA does not expect any General Fund costs under the proposed MOU. • The costs to implement the MOU consist of professional services to develop software increasing the functionality of the three existing systems (CalWIN, and the two systems making up CalACES – C-IV, and LRS) and other related costs. • During the term of the proposed MOU, HSA will have continued costs to operate the existing CalWIN system, which in FY 2018-19 are estimated to be \$8.1 million, of which approximately \$7.9 million are federal funds, and \$183,375 are General Fund, previously appropriated by the Board of Supervisors. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution 	

MANDATE STATEMENT

The proposed Memorandum of Understanding between the California Automated Consortium Eligibility Systems (CalACES) CalACES and the 18 participating counties in the CalWORKS Information System (CalWIN), including San Francisco, requires Board of Supervisors approval.

BACKGROUND

The Federal Centers for Medicare and Medicaid Services and the Food and Nutrition Services agencies of the United States Department of Agriculture directed California to create a single statewide-automated welfare system by 2023. While other states operate a single statewide welfare system, currently there are three systems in California: 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.¹ The remaining 40 counties use either LRS or C-IV to manage their welfare systems. 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 working towards the 2023 deadline for a single statewide-automated welfare system, the 18 California counties that are members of CalWIN plan to partner with the counties that are members of CalACES for the procurement and implementation of shared services.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution approves 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. CalACES and CalWIN will pursue the formation of a new consortium, CalSAWS, which combines all fifty-eight counties into the shared statewide-automated welfare system. The shared services in the MOU will include the online CalWORKS appraisal tool rebuild, the Foster Care Eligibility Determination, and other services, which are collectively referred to as “shared services.”

The MOU will go into effect when approved by all 18 counties that are members of CalWIN and will remain in effect until the new consortium, CalSAWS, is formed in approximately summer 2019. This MOU functions as a transitional partnership prior to the formation of CalSAWS.

Under the agreement CalACES will assume legal responsibility for the procurement and execution of contracts with vendors for shared services on behalf of CalACES and CalWIN counties. Prior to CalACES approving contracts for shared services, a leadership team consisting of two representatives from each welfare system (C-IV, LRS, CalWIN), would need to review and approve contracts. CalACES is responsible for establishing a budget regarding the scope of services and sources of funding for the shared services with approval from representatives from each welfare system. CalACES will also provide an annual operational report and fiscal report which will be available to CalWIN counties.

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

The 18 CalWIN counties agree to provide any necessary data or information to CalACES for the development of shared services, and to allow CalACES or vendors to access their sites and facilities as needed. In addition, they agree to share costs as outlined in the cost allocation plan, which is not yet available (see Fiscal Impact section below).

The agreement stipulates that the MOU is contingent on State and Federal participation in the shared services, and that parties have the right to terminate the MOU if these funds are not available.

FISCAL IMPACT

The costs to implement the MOU consist of professional services to develop software increasing the functionality of the three existing systems (CalWIN, C-IV, and LRS) and other related costs. According to Mr. Danial Kaplan, Human Services Agency (HSA) Deputy Director of Finance and Administration, the costs of these services are not yet known. According to the MOU, each county will be allocated a portion of the shared costs, which are expected to be funded by federal and state funds. According to Mr. Kaplan, as of the writing of this report, HSA does not expect any General Fund costs under the proposed MOU.

During the term of the proposed MOU, HSA will have continued costs to operate the existing CalWIN system, which in FY 2018-19 are estimated to be \$8.1 million, of which approximately \$7.9 million are federal funds, and \$183,375 are General Fund, previously appropriated by the Board of Supervisors.

As noted once the new CalSAWS consortium is formed, San Francisco will enter into a new MOU with the consortium, replacing the proposed MOU. San Francisco's share of costs for the new CalSAWS system are not yet known.

RECOMMENDATION

Approve the proposed resolution