

maintain the CWS/CMS and recommended its replacement. The report recommended a buy/build approach involving the purchase of an application (or a suite of applications) that is already available and used as is, with any additional functionally built over time, so as to customize the system for California's program needs. The replacement system project is referred to as CWS-NS.

The CWS-NS. The CWS-NS will use the CWS automation study recommended buy/build approach to replace the existing CWS/CMS. The successful implementation of the CWS-NS is intended to meet the business needs of CWS, comply with state and federal laws and regulations, result in enhanced data reliability and availability, allow user mobility, and allow for automated system interfaces with other state partners for data sharing. The CWS-NS buy/build approach is expected to allow the state to qualify for continued SACWIS federal financial participation (FFP) for M&O costs associated with the CWS/CMS while also claiming FFP for implementing the new automated system. The CWS-NS is estimated to cost \$392.7 million, including one full year of M&O, and planned to be fully implemented by September 2017.

The Governor's Budget Proposals

The Governor makes two proposals regarding the CWS-NS.

- **Funding for OSI to Support the CWS-NS Project.** The Governor proposes \$2.7 million in special funds (funded by \$1.35 million General Fund \$1.35 million and federal funds) for eight positions (all two-year limited-term positions) in OSI to support the CWS-NS project during the planning and procurement phase.
- **Funding for DSS to Support the CWS-NS Project.** The Governor proposes \$1 million

(\$482,000 General Fund, \$506,000 federal funds, and \$39,000 reimbursements) for nine positions (all two-year limited-term positions) in DSS to support the CWS-NS project during the planning and procurement phase.

The resources will provide the necessary project management, fiscal, procurement and contracting, business analysis, and technical expertise to support the development of CWS-NS project during the planning and procurement phase.

Analyst's Findings

CWS/CMS Continues to Be Noncompliant.

The CWS/CMS continues to be noncompliant with federal SACWIS requirements even though the Administration of Children and Families continues to provide the state with FFP at the enhanced level of 50 percent. Continued failure to comply, however, could jeopardize future FFP funding and require a payback of SACWIS FFP claimed since the beginning of the CWS/CMS project in the 1990s.

Processes Used to Achieve Program

Compliance Inefficient. Although the CWS/CMS system is noncompliant with state and federal regulations, the CWS program itself is compliant with state and federal regulations. The program uses a series of manual processes and external technologies to fully comply with state and federal requirements even as the CWS/CMS system remains noncompliant. The manual and technical processes used to ensure program compliance are costly and divert CWS workers from their program services delivery work.

Lower Ongoing Costs Projected for CWS-NS Relative to Current System. The cost of maintaining CWS-NS is estimated to be \$23.9 million in 2018-19, when the system is fully implemented. With the approved SACWIS FFP of 50 percent, the approximate annual General Fund

contribution for system maintenance is estimated to be about \$12 million. This equates to annual General Fund savings of \$27.9 million compared to the cost of maintaining the existing system (\$78.9 million total, \$39.9 million General Fund).

Current System Offers Limited Functionality.

The current automated system does not fully support critical child welfare operations and CWS workers do not have the tools or access to all the information needed and available to do their jobs. The new system will automate existing manual tasks, provide CWS workers the capability and flexibility needed to effectively perform their duties, and provide improved

service delivery to the program's beneficiaries.

Analyst's Recommendations

We recommend approval of the Governor's proposal for \$2.7 million for OSI and \$1 million for DSS to support the CWS-NS project during the planning and procurement phase. The CWS-NS is designed to comply with state and federal law and incorporate critical business functionality to provide effective and efficient child welfare services. The approval of this request will provide the necessary resources for the planning and procurement phase of the CWS-NS project.

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