

AMENDED IN SENATE AUGUST 30, 1996

AMENDED IN SENATE JULY 15, 1996

AMENDED IN ASSEMBLY MAY 24, 1996

AMENDED IN ASSEMBLY MAY 13, 1996

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

ASSEMBLY BILL

No. 2985

Introduced by Assembly Member Woods

February 23, 1996

An act to add Section 11462.06 to the Welfare and Institutions Code, relating to public social services.

LEGISLATIVE COUNSEL'S DIGEST

AB 2985, as amended, Woods. Aid to families with dependent children: foster care.

Existing law provides for the Aid to Families with Dependent Children-Foster Care (AFDC-FC) program, under which each county makes payments to individuals and facilities, including group homes, which provide foster care to eligible children. AFDC-FC program payments are made through a combination of federal, state, and county funds.

Under existing state and federal regulations, only certain costs are deemed allowable costs for purposes of expenditures by group homes.

This bill would require, for purposes of administering AFDC-FC provisions, *including the setting of group home rates*, that the State Department of Social Services deem

affiliate leases for shelter care for foster children to be allowable costs, as long as specified conditions are met.

The bill would require, commencing July 1, 1998, an approval letter from the Charitable Trust Section of the Department of Justice for approval of shelter costs that result from self-dealing transactions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

1 SECTION 1. Section 11462.06 is added to the Welfare
2 and Institutions Code, to read:

3 11462.06. (a) For purposes of the administration of
4 this article, *including the setting of group home rates*, the
5 department shall deem the *reasonable* costs of affiliated
6 leases for shelter care for foster children to be ~~allowable~~
7 ~~costs, as defined in regulations in effect on January 1, 1996,~~
8 ~~as long as annual rent for a property used as a group home~~
9 ~~does not exceed 12 percent of its fair market value.~~

10 ~~(b) allowable costs. Reimbursement of shelter costs~~
11 ~~shall not exceed 12 percent of the fair market value of~~
12 ~~owned, leased, or rented buildings, exclusive of idle~~
13 ~~capacity and capacity used for nongroup home programs~~
14 ~~and activities. Shelter costs shall be considered reasonable~~
15 ~~in relation to the fair market value limit as described in~~
16 ~~subdivision (c). Allowable costs of affiliated leases shall be~~
17 ~~subject to a review by the Charitable Trust Section of the~~
18 ~~Department of Justice as specified by Chapter 15~~
19 ~~(commencing with Section 999) of Division 1 of Title 11~~
20 ~~of the California Code of Regulations.~~

21 ~~(b) Effective July 1, 1998, an approval letter from the~~
22 ~~Charitable Trust Section of the Department of Justice~~
23 ~~shall be required for approval of shelter costs that result~~
24 ~~from self-dealing transactions, as defined in Section 5233~~
25 ~~of the Corporations Code.~~

26 (c) For purposes of this section, fair market value of
27 leased property shall be determined by either of the
28 following methods, as chosen by the provider:



1 (1) The market value shown on the last tax bill for the
2 cost reporting period.

3 (2) The market value determined by an independent
4 appraisal. The appraisal shall be performed by a qualified,
5 professional appraiser who, at a minimum, meets
6 standards for appraisers as specified in Chapter 6.5
7 (commencing with Section 3500) of Title 10 of the
8 California Code of Regulations. The appraisal shall not be
9 deemed independent if performed under a
10 less-than-arms-length agreement, or if performed by a
11 person or persons employed by, or under contract with,
12 the group home for purposes other than performing
13 appraisals, or by a person having a material interest in any
14 group home which receives foster care payments. If the
15 department believes an appraisal does not meet these
16 standards, the department shall give its reasons in writing
17 to the provider and provide an opportunity for appeal.

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