



CWDA

Advancing Human Services
for the Welfare of All Californians

State Budget Update #1

Governor's Proposed 20-21 Budget

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Governor Newsom released his proposed 2020-21 budget this morning. The following budget update provides high-level information on significant proposals impacting the health and human services area. We will provide our detailed budget update early next week.

Overall Budget Picture

California's economic outlook continues to be positive, with General Fund (GF) revenues forecast to be \$5.8 billion higher over the 2018-19 through 2020-21 fiscal years. Citing economic uncertainty due to national and global factors, the majority of the surplus is devoted to one-time spending. This includes an additional \$2 billion transfer to the Proposition 2 Rainy Day Fund, bringing that fund to a total of \$18 billion in 2020-21. Overall the Governor proposes \$21 billion total in reserves, including maintaining \$900 million in the Safety Net Reserve and \$1.6 billion in the traditional reserve for economic uncertainties.

Health and Human Services

Homelessness

Governor Newsom issued an [Executive Order](#) earlier this week to take urgent actions to provide additional state aid to support local governments in addressing the growing homelessness crisis. The major elements are as follows:

- Provides \$750 million in one-time GF to establish the California Access to Housing and Services Fund that will be administered by the California Department of Social Services (CDSS). Funds will flow through performance-based contracts between the state and regional administrators and are to be used to subsidize rents, support development of more dwelling units, and help stabilize board and care facilities.
- Will identify state-owned land that may be used by counties, cities, or non-profit

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agencies on an emergency basis to temporarily house the homeless, as long as such usage does not delay affordable housing development.

- Makes available 100 camp trailers from the state fleet and modular tent structures to provide temporary housing to be coupled with delivery of health and social services.
- Establishes a multi-agency state crisis response team to provide technical assistance and targeted direct support to counties, cities, and public transit agencies seeking to bring individuals experiencing homelessness indoors.

The Administration is also establishing a Behavioral Health Task Force that will be comprised of relevant state departments, counties, advocates, health plans, providers and other stakeholders to review existing policies and programs and coordinate system changes to prevent and respond to the impacts of mental illness and substance abuse. This will include an examination of potential updates to the Mental Health Services Act (Prop. 63).

Department of Early Childhood Development

The Governor's Budget proposes to establish the Department of Early Childhood Development under the California Health and Human Services Agency, effective July 1, 2021. The new department is proposed to consolidate most child care funding streams, including Stage One Child Care and the Emergency Child Care Bridge Program currently administered by CDSS, under a single system of state administration, in partnership with the California Department of Education, which will continue to administer the State Preschool Program. The goal is to promote a unified early childhood system that improves program integration and coordination with other major programs serving young children.

CalWORKs Grant Increase

The Governor's Budget includes \$73.6 million in 2020-21 to provide a 3.1 percent increase in CalWORKs grants effective October 1, 2020. The grant costs are funded from the Child Poverty and Family Supplemental Support Subaccount within 1991 Realignment.

Child Support Pass-Through for CalWORKs Families

The Governor's Budget proposes to increase the amount of child support payments passed through to CalWORKs families effective January 1, 2022. The pass-through will be increased from \$50 to \$100 for a family with one child and to \$200 for a family with two or more children. The change is anticipated to result in an additional \$34 million annually passed on to CalWORKs families and cost approximately \$17 million GF annually. We do not yet have enough detail to determine whether there will be a county share of cost or that is covered by the state GF. The budget includes \$1.4 million for 2020-21 for the necessary automation

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changes needed to implement the proposal in 2021-22.

CalWORKs Single Allocation

CWDA's preliminary calculation of the Single Allocation shows a proposed net reduction of approximately \$38 million for the Eligibility, Employment Services, and CalLearn components in 2020-21. Approximately half of this net reduction is due to a proposal in the Governor's Budget to shift the funding associated with the base funding requirement in Employment Services for the Expanded Subsidized Employment (ESE) Program from the Single Allocation to the ESE Program. We will provide more details on the Single Allocation in our budget update next week.

Child Welfare Services Training

The Governor's Budget includes \$11 million (\$5.6 million GF) for Child Welfare training. Uses of this funding include establishing an additional child welfare social workers regional training academy in Northern California, increasing ongoing training for social workers and supervisors, assessment of training effectiveness, and modernizing how social worker training is monitored and used to inform workforce development planning.

Continuum of Care Reform (CCR) Funding

The Governor's Budget does not yet propose additional funding for CCR, pending current discussions between CWDA and CDSS to determine the methodology for identifying the costs and cost-savings related to CCR-implementation activities (i.e. the "true-up"). However, in the interim, the budget does propose to eliminate funding for Foster Parent Recruitment, Retention and Support (FPRRS) and Resource Family Approval (RFA) in 2020-21. The discontinued funding results in a cut to counties of \$21.6 million GF for FPRRS and \$22.6 million GF (\$32.7 million total funds) for RFA.

Adverse Childhood Experiences Training

The Governor's Budget includes \$10 million GF for the Office of the Surgeon General to develop an adverse childhood experiences cross-sector training program and statewide childhood adverse experiences public awareness campaign

Medi-Cal Healthier California for All Initiative

The Department of Health Care Services is launching a Medi-Cal Healthier California for All Initiative, formerly known as the California Advancing and Innovating Medi-Cal (CalAIM) to better coordinate between and integrate all of the various Medi-Cal delivery systems. This

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initiative has three primary goals:

- Identify and manage member risk and need through whole person care approaches and addressing social determinants of health
- Reducing complexity and increasing flexibility to move Medi-Cal into a more seamless and consistent system
- Utilize value-based initiatives, payment reform, and system modernization to both drive delivery system transformation and improve quality outcomes.

The budget includes \$695 million (\$348 million GF) growing to \$1.4 billion (\$695 million GF) in 2021-22 and 2022-23 in order to implement the Medi-Cal Healthier California for All initiative effective January 1, 2021. This investment will fund enhanced care management and in lieu of services, provide the necessary infrastructure to expand whole person care approaches statewide (proposed as a managed care duty and not a county initiative), and build upon existing dental initiatives.

Medi-Cal Expansion for Older Adults

The Governor's Budget proposes to expand full-scope Medi-Cal eligibility for all individuals aged 65 and older, regardless of immigration status, no sooner than January 1, 2021. The budget includes \$80.5 million (\$64.2 million GF) for this expansion, including IHSS costs. An estimated 27,000 individuals are expected to become eligible in the first year of implementation.

Medi-Cal County Administration

The Governor's Budget includes an increase of \$67.7 million (\$23.7 million GF) for county eligibility activities, based on growth in the California Consumer Price Index.

Food Bank Funding

The Governor's Budget includes \$20 million one-time GF for food banks and existing Emergency Food Assistance Program providers to fund increased food purchases to partially offset the loss of CalFresh benefits due to the loss of the statewide ABAWD waiver.

CalFresh Administration

The Governor's Budget holds CalFresh county administrative funding flat for 2020-21 pending development of the new CalFresh budget methodology to determine the appropriate funding level for CalFresh administration, including potential workload

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implications of the loss of the statewide ABAWD waiver, which will be proposed in the May Revision.

In-Home Supportive Services – Minimum Wage Increase

The Governor's Budget includes \$1.1 billion (\$523.8 million GF) to support the minimum wage increase of \$13 per hour on January 1, 2020 and \$14 per hour on January 1, 2021, for the IHSS program.

In-Home Supportive Services Training

The Governor's Budget proposes a new investment of \$1.9 million GF (\$3.7 million total funds) in 2020-21 and \$120,000 GF (\$240,000 total funds) in 2021-22 and ongoing to support additional training for county social workers and managers in conducting needs assessments for IHSS recipients to promote consistency across counties.

Delay in Program Suspensions

The Governor's Budget proposed to delay the suspension of nearly \$2 billion GF for various programs, including the Family Urgent Response System (FURS), included in the 2019-20 budget by 18 months, from December 31, 2021 to July 1, 2023.

Additional Resources

A summary of the Governor's proposed 2020-21 budget can be found at the following link:

<http://www.ebudget.ca.gov/FullBudgetSummary.pdf>

This budget update was created by CWDA Staff. Direct questions to the contact at right.

For more information, visit: cwda.org

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