



CWDA

Advancing Human Services
for the Welfare of All Californians

State Budget Update #2

More Detail on Governor's Proposed 2020-21 Budget

January 14, 2020 | 24 Pages

The following is a revised version of Budget Update #2 containing corrections and additional information that we have received over the past day. The changed items are in red; otherwise the update remains the same.

This budget update provides additional information on Governor Newsom's proposed 2020-21 budget, which was released on January 10, 2020, including more detail where we have it on some of the new proposals and other information we traditionally provide that we did not include in our previous update. As always, we will continue to update you in the coming weeks as we learn more information.

Overall Budget Picture

California's economy remains strong and the outlook continues to be positive, with available General Fund (GF) revenues for 2020-21 forecast to be \$156.8 billion, which is \$5.8 billion higher than the 2019-20 adopted budget. This surplus assumes about \$1.8 billion in reimbursements from the federal government for costs associated with wildfires in 2017 and 2018. The revenue forecast also assumes federal approval of the Managed Care Organization (MCO) tax; however, revenues from the MCO tax are not assumed to begin to accrue until 2021-22.

Total GF expenditures in 2020-21 are estimated to be \$153.1 billion, an increase of approximately \$3.3 billion from the revised 2019-20 level. Citing future economic uncertainty, the majority of the new spending is devoted to one-time purposes. In addition to emphasizing one-time program expenditures, the Governor continues to prioritize building reserves. The proposed budget includes total reserves of \$21 billion, the largest level in state history. This includes \$18 billion in the Proposition 2 Rainy Day Fund (almost a \$2.0 billion increase over the 2019-20 level), \$900 million in the Safety Net Reserve (the same level as

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

2019-20), \$487 million in the Public School System Stabilization Account (a \$100 million increase over the 2019-20 level), and \$1.6 billion in the “regular” reserve for economic uncertainties.

Health and Human Services

1991 REALIGNMENT

1991 Realignment is funded through two sources: state sales taxes and Vehicle License Fees (VLF). The Governor’s proposed budget has revised the sales tax revenues compared to the estimates adopted in the 2019 Budget Act. Actual sales tax revenue growth in 2018-19 was about 20 percent lower than expected, coming in at \$177.5 million vs. \$221.8 million. The proposed budget estimates that sales tax revenues will increase by an additional 5.0 percent in 2019-20 and another 3.4 percent in 2020-21. Actual VLF revenues for 2018-19 were also lower, by about 17 percent, coming in at \$103.4 million vs. \$124.2 million. VLF revenues are estimated to increase by an additional 2.4 percent in 2019-20 and another 3.0 percent in 2020-21. The rates of sales tax and VLF revenue growth are lower in the Governor’s proposed budget compared to the 2019 final budget projections.

Family Support Subaccount

With implementation of the Affordable Care Act (ACA), county costs and responsibilities for indigent health care have decreased as more individuals gained access to health care coverage through the Medi-Cal expansion. The Family Support Subaccount within 1991 Realignment enables counties’ indigent health care savings to be captured and redirected to pay for CalWORKs GF assistance costs, thereby freeing up GF that can be used to pay for the state’s Medi-Cal expansion costs. The amount of counties’ indigent health care savings is redirected from counties’ 1991 Realignment Health Subaccounts and moved to the Family Support Subaccount at the state level. Funds are then allocated to counties from the Family Support Subaccount in lieu of GF for CalWORKs assistance payments and the Single Allocation. The distribution of the funds from the Family Support Subaccount to counties is based on counties’ CalWORKs expenditures.

To determine the indigent health care savings resulting from the Medi-Cal expansion, counties either chose a reduction of 60 percent of their health realignment funds, including their maintenance of effort, or a formula that accounts for actual revenues and costs associated with the county’s indigent care program. Counties participating in the County Medical Services Program (CMSP) are subject to an alternative savings calculation similar to the first option (the 60 percent reduction). The Governor’s proposed budget estimates county savings of \$602.9 million in 2019-20, about \$5 million less than was estimated in the

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

2019 Budget Act, and \$589.8 million in 2020-21. In addition, the county savings for 2017-18 are \$23.1 million lower than was previously estimated.

Child Poverty and Family Supplemental Support Subaccount

The Child Poverty and Family Supplemental Support Subaccount within 1991 Realignment is used to fund CalWORKs assistance grant increases, which total 11.43 percent from this subaccount since 2013-14 [i.e., this does not include the 10 percent grant increase provided in the 2018 Budget Act, the increase in grants to the 50 percent of the Federal Poverty Level (FPL) for assistance units (AUs) of one and to 48 percent of the FPL for all other AUs provided in the 2019 Budget Act, and the repeal of the Maximum Family Grant (MFG) rule, which took effect January 1, 2017]. With the Governor's Budget in January and the May Revision, the Administration provides estimates of the total amount of funding that will be in the subaccount. If that amount is not enough to fully fund the costs of all the CalWORKs assistance grant increases already provided and the MFG repeal, the GF makes up the difference. If there is more funding in the subaccount than is needed to fund all the CalWORKs assistance grant increases and the MFG repeal, then an additional grant increase is triggered that equals an increase that the available funding is estimated to support.

There is estimated to be \$465.6 million and \$549.2 million in the Child Poverty and Family Supplemental Support Subaccount in fiscal years 2019-20 and 2020-21, respectively. The Administration indicates that there will be enough to fully fund the previous grant increases and MFG repeal. As such there is a 3.1 percent grant increase proposed, effective October 1, 2020, which is estimated to cost \$73.6 million in 2020-21 and \$98.1 million in 2021-22.

2011 REALIGNMENT

The 2011 Realignment is funded through two sources: a state sales tax of 1.0625 percent (the portion that is used to fund the realigned social services and behavioral health programs) and 0.5 percent of VLF. The actual 2018-19 2011 sales tax revenues came in lower than anticipated at the 2019 Budget Act by \$181.1 million, about 2.5 percent. The result is that actual 2018-19 sales tax growth revenues available for the Support Services Account were \$135.6 million (rather than the \$253.4 million previously projected), about 46.5 percent lower than estimated. Growth revenues for the Protective Services and Behavioral Health Subaccounts for 2018-19 also ended up lower by 46.5 percent, at \$61.0 million and \$67.8 million respectively.

The proposed budget projects the sales tax growth rate to be 4.8 percent higher in 2019-20 than the revised revenues received for 2018-19 and another 4.1 percent higher in 2020-21 than the revised amount of revenue estimated to be received for 2019-20. As with 1991 Realignment sales tax revenues, the rate of growth of 2011 Realignment sales tax revenues is

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

slowing in the Governor's projected budget than was projected at the final budget last summer.

The proposed budget estimates that the overall sales tax growth rates will translate into growth funding for the Support Services Account of an estimated \$229.3 million in 2019-20 (of which \$103.2 million is for the Protective Services Subaccount and \$114.7 million is for the Behavioral Health Subaccount) and \$207.1 million in 2020-21 (of which \$93.2 million is for the Protective Services Subaccount and \$103.5 million is for the Behavioral Health Subaccount). Adding in these growth funds, the total amount for the Protective Services Subaccount is estimated to grow by 4.3 percent in 2019-20 and another 3.7 percent in 2020-21.

HOMELESSNESS

Governor Newsom issued an Executive Order last 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 agencies on an emergency basis to temporarily house the homeless, if such usage does not delay affordable housing development. The State recently partnered with Los Angeles, San Jose and San Francisco to use highway underpasses and other California Department of Transportation (Caltrans) properties adjacent to highways and state roads for temporary homeless housing, and the Governor has directed Caltrans to share a model template with other jurisdictions in the state to expedite additional partnerships.
- 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.

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

- The Administration also proposes to establish 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.

We will continue to provide updates on the new Fund as additional details on its administration and implementation become available.

MEDI-CAL AND HEALTH CARE SERVICES**Program Funding and Caseload**

The total Medi-Cal budget is estimated at \$105.2 billion (\$23.6 billion GF) in 2019-20 and \$107.4 billion (\$26.4 billion GF) in 2020-21. The budget assumes a caseload decrease of 1.3 percent from 2018-19 to 2019-20 and an increase of 0.4 percent from 2019-20 to 2020-21. The Medi-Cal program is projected to cover approximately 12.9 million individuals in 2020-21.

Medi-Cal Healthier California for All

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 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 and build upon existing dental initiatives.

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET**County Administration Funding**

The proposed budget includes a total of \$2.67 billion (\$1.12 billion GF) in county administrative funding. This includes an increase of \$67.7 million (\$23.7 GF) in 2020-21 based on an adjustment to the current funding level using the projected increase in the California Consumer Price Index. Note, this does not include dedicated funding to support the proposed full-scope expansion for individuals ages 65 and older (see below), CWDA will engage the Administration on this item.

Full-Scope Expansion for Older Adults

The budget proposes additional attainment of universal coverage by expanding 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 related IHSS costs. An estimated 27,000 individuals are expected to become eligible in the first year of implementation.

IN-HOME SUPPORTIVE SERVICES**Caseload and Overall Funding**

The budget provides \$14.9 billion (\$5.2 billion GF) for In-Home Supportive Services (IHSS) in 2020-21. Average monthly caseload growth is estimated to be 4.6 percent in 2019-20, and another 4.6 percent in 2020-21, resulting in 586,390 cases. Average monthly hours per case also continue to grow. Average weighted hours per case are estimated to be 112.1 in 2019-20, up from the average 110.6 hours in 2018-19, and are projected to continue to rise to 113.7 hours in 2020-21. The average cost per hour are estimated to be \$15.53 in FY 2019-20 and \$16.57 in 2020-21.

IHSS Basic Services

For 2020-21, IHSS basic service costs are projected to increase by \$402.6 million due to higher caseload, higher hours per case, and higher cost per hour associated with the increase in the minimum wage. Total IHSS Basic Services costs are projected to be \$12 million (\$6.0 billion GF) in 2020-21.

County IHSS Maintenance of Effort (MOE)

The proposed budget for IHSS includes an estimated county IHSS MOE amount of \$1.59 billion in 2020-21, after adjusting for locally-negotiated county wage, health benefit, non-health benefit and contract rate increases, which totaled \$23.9 million in 2019-20, and \$15.2

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

million in 2020-21. A four-percent inflation factor to the county MOE applies beginning on July 1, 2020 and is estimated to be \$63.6 million.

County IHSS Administration

The proposed budget for IHSS includes \$311 million GF for county IHSS Administration, a slight increase from the \$300 million GF provided in 2019-20 reflecting a corresponding increase in caseload.

Public Authority Administration

Public Authority administration costs have increased slightly to \$25.9 million GF in 2020-21 to reflect higher projected caseload.

Electronic Visit Verification

The budget proposes \$5.8 million (\$1.4 million GF) for counties to continue roll out of Electronic Visit Verification (EVV) requirements to IHSS consumers and providers, reflecting the costs of an accelerated roll out of EVV in the remaining counties and associated half-year ongoing support funding **of \$3.2 million total funds.**

Social Worker Assessment Training

The budget proposes a new investment of \$3.7 million (\$1.9 million GF) in 2020-21 and \$240,000 (\$120,000 GF) 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. **This training would be mandatory for all social workers and managers, and the Administration will propose Budget Trailer Bill Language (TBL) to implement this proposal.**

Minimum Wage Increases

The budget includes \$1.1 billion (\$523.8 million GF) for IHSS services 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.

Paid Sick Leave for Providers

The budget includes \$116.4 million (\$53.2 million GF) for paid sick leave for IHSS providers, a net increase of \$64.0 million (\$29.3 million GF) in 2020-21, due to the planned increase in the number of paid sick leave hours from 8 hours currently, to 16 hours beginning on July 1, 2020, as well as a higher cost per hour. In addition, \$254,000 (\$128,000 GF) is provided for related

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

IHSS administration activities.

Seven Percent Service Reduction Restoration

The Governor's Budget assumes federal approval of the Managed Care Organization (MCO) tax with revenues beginning to accrue in 2021-22, and as a result, continues the current restoration of the seven percent IHSS service reduction. Pending the MCO tax revenues, the cost associated with continuing this restoration are estimated at \$894.5 million (\$402.4 million GF) in 2021-22. The budget also proposes to extend the suspension of the restoration, originally effective in December 2021, to June 30, 2023.

Undocumented Older Californians Medi-Cal Expansion

As part of the Administration's proposal to provide full-scope eligibility for all persons aged 65 years and older, the Governor's Budget also includes associated costs under the IHSS Program, estimated to be \$5.91 million GF in 2020-21, assuming approximately 968 persons 65 years of age will qualify for IHSS. **The Administration has since clarified that the proposed budget reflects the first 3 months of implementation.**

Direct Deposit/Payroll Card Mandate

The budget proposes a new investment of \$548,000 (\$276,000 GF) to reflect the costs of sending mailers to IHSS providers notifying them of the new requirement to enroll in either direct deposit or a payroll card for the receipt of direct wage payments. Current law requires this mandate to take effect upon the statewide completion of the Electronic Visit Verification enrollment or July 1, 2021, whichever is later, and requires CDSS to encourage enrollment in advance of the implementation date.

CALWORKS**Caseload**

The overall CalWORKs caseload continues to decrease, which is attributed to ongoing economic improvements in California. Current average monthly CalWORKs caseload is 362,400, decreasing to an estimated 358,100 families in 2020-21.

Single Allocation

CWDA's current estimate 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

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

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. The net reduction also includes a drop in the Eligibility component is of about \$10 million due to declining caseload. We will provide our detailed allocation estimates in the next couple of days. CWDA continues to work with the Administration on the funding methodology for the employment services component of the Single Allocation, in particular for 2020-21 related to the case management funding provided for the most intensive employment services cases.

Earned Income Disregard

The 2019-20 Budget Act increased the income disregards for CalWORKs recipients. The policy change increases the disability-based unearned income and earned income disregards from \$225 to \$500 effective June 2020, from \$500 to \$550 effective June 2021, and from \$550 to \$600 effective June 2022. The 2020-21 Budget reflects a \$61.3 million increase to account for approximately 1.55 percent of the current CalWORKs caseload no longer exceeding income limits and will thus remaining on aid in the CalWORKs program due to the EID change.

Asset Limits

The 2019-20 Budget Act increased the maximum asset and vehicle value limit for CalWORKs applicants and recipients effective June 1, 2020. As of June 2020, the maximum equity value of any non-exempt motor vehicle will be \$25,000 for all applicants and recipients and the maximum resource limit will be \$10,000. For families that include a member who is 60 years of age or older or disabled, the resource limit will be \$15,000. It is estimated that approximately 290 CalWORKs households per month are either discontinued or denied based on resources that exceed CalWORKs eligibility limits, however these cases will now either enter the caseload each month or over six months. The Governor's Budget includes a \$16 million increase to reflect this policy change.

Increase to the CalWORKs Maximum Aid Payment

The Governor's Budget includes \$73.6 million in 2020-21 to provide a 3.1 percent increase to 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

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

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

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, however \$600,000 General Fund has been allocated in 2020-21 for the administrative costs for this change. The budget also includes \$1.4 million for 2020-21 for automation changes necessary to implement this policy in 2021-22.

Home Visiting Initiative

The Budget includes \$110 million to provide home visiting services to eligible CalWORKs families in 2020-21. Services provided as part of this program are prioritized for pregnant individuals and parents that are enrolled in the CalWORKs program or caretaker relatives for child-only cases with a child under two years of age. Counties may serve additional populations after they have provided opportunities for the target population to be served, if funding is available. The Administration estimates that approximately 84,000 cases will be eligible in FY 2020-21.

Subsidized Employment

The Expanded Subsidized Employment (ESE) Program base funding is proposed at \$134.1 million in 2020-21, which is the same as in prior years. In 2020-21, the budget also proposes the base funding requirement for ESE of \$19.7 million be shifted from the CalWORKs Single Allocation to the ESE Program allocation, bringing total ESE funding to \$153.8 million.

Housing Support Program

Funding for the Housing Support Program is proposed at \$95 million in 2020-21. This reflects a continuation of funding from increases made to the program at the May Revision in 2018.

Family Stabilization

Family Stabilization is proposed at \$46.9 million in 2020-21, which is the same as the appropriation in 2019-20.

Mental Health and Substance Abuse

MH/SA funding is proposed to remain flat in 2020-21, at \$126.6 million.

CalWORKs and CalFresh Program Improvement

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

The budget includes #3 million (\$1.3 million GF) to support increased staffing resources at DSS for the CalWORKs and CalFresh programs to improve program outcomes, services, administration, and oversight. We do not have any additional information on this proposal at this time and are unsure about the details. We will continue to provide more information in future updates.

CHILD CARE AND EARLY EDUCATION**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 (CHHS), effective July 1, 2021. The Budget proposes to streamline funding mechanisms, program standards, and governance structures by creating this new Department, which is intended to promote a high-quality, affordable, and unified early childhood system. Consolidation under a single system of state administration, in partnership with the Department of Education and the State Board of Education, is meant to create a coherent system and maximize investments in high-quality programs for low-income families. Currently proposed to be included in this consolidation is Stage One Childcare for CalWORKs families and the Emergency Child Care Bridge Program for foster families. We will continue to keep you updated on this as more details about the proposed new department are developed and become available.

The Governor's Budget also includes \$8.5 million General Fund to establish a transition team at CHHS and will support staffing at the Department of Human Resources, CHHS, and CDSS to carry out child care collective bargaining activities pursuant to AB 378 (Chapter 385, Statutes of 2019.)

Stage 1 Child Care

Funding for Stage 1 Child Care is proposed at \$329.8 million, an increase of \$13 million from the 2019-20 appropriation. This increase is due to the implementation of immediate and continuous childcare, which allows for CalWORKs families to receive up to twelve months of child care at application. Stage One Child Care continues to be proposed to be removed from the CalWORKs Single Allocation beginning in 2020-21 and is currently proposed to be consolidated under the proposed new Department of Early Childhood Education described above.

Stage 2 and 3 Child Care

The Budget reflects a net increase of \$53.8 million non-Proposition 98 General Fund to reflect changes in CalWORKs childcare cases, specifically a reduction in projected caseload

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

in Stage 2 offset by an increase in projected caseload in Stage 3. Total costs for Stage 2 and 3 are \$588 million and \$593.1 million, respectively. Stage 2 and Stage 3 child care are also proposed to be consolidated under the proposed new Department of Early Childhood Education described above.

CALFRESH**Caseload**

CalFresh caseload is projected to decline by 2.3 percent for 2019-20 from prior year and will continue to decline by an additional 1 percent from 2019-20 to 2020-21.

County Administrative Funding

CalFresh county administrative funding in 2020-21 is held at approximately the same level in the budget to the 2019-20 funding level, pending continued work on a new budget methodology for CalFresh administration. We reported in our previous update that there had been a reduction to the overall CalFresh administration funding related to the SSI expansion. However, that information was incorrect and there is no funding reduction currently proposed. We will provide our detailed allocation estimates in the next couple of days. CWDA continues to work closely with the administration on the development of the new CalFresh budget methodology to determine the appropriate funding level for CalFresh administration, which will be included in the May Revision.

Able Bodied Adults Without Dependents (ABAWD)

The budget includes a total of \$3.2 million (\$1.1 million GF) in funding for ABAWD implementation. CWDA is assessing the appropriate funding level for ABAWD implementation due to the loss of the statewide waiver and will engage with the administration to determine appropriate funding levels.

Emergency Food Assistance Program

The 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 Application Assistance

The budget includes \$5 million GF annually to maintain the GetCalFresh.org website until the statewide CalSAWS portal is operational and offers the same level of customer service and

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

language access.

CHILD WELFARE / FOSTER CARE / ADOPTION ASSISTANCE

The budget includes \$598.9 million GF in 2020-21 for child welfare and foster care services and programs, an increase of \$38.9 million GF over the FY 2019-20 State Budget. A total of \$6.4 billion is available to child welfare and foster care, including 1991 and 2011 Realignment funds. The proposed budget does not yet include any Title IV-E Waiver transition funding as the Families First Transition Act did not get signed until late December. We expect to see this funding included at the May Revision.

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET**Caseload**

The Governor's Budget estimates the average monthly child welfare caseload (Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement) of 136,992 in 2019-20 and 136,578 in 2020-21.

The average monthly number of children/youth served in out-of-home placements in foster care was 57,485 total children/youth in 2018-19. The Administration is temporarily suspending caseload projections for FY 2019-20 or 2020-21 due to implementation of the Continuum of Care (CCR) effort, although notes that there has been a 40 percent reduction in congregate care placements since CCR began in 2017, falling from 5,500 to 3,500 placements.

The Adoption Assistance Program (AAP) caseload is estimated to be 88,118 in 2019-20 and increase by 1.2% in 2020-21 to 89,134 cases.

Child Welfare Services Training

The budget adds \$11 million (\$5.6 million GF) to the Child Welfare Training Program, bringing total state funding to \$55.3 million (\$24.8 million GF). The additional funding would be used as follows:

- Additional ongoing training of social workers (\$3.5 million GF)
- Development and management of a Learning Management System (\$600,000 GF)
- Establishment of a fifth Regional Training Academy in the Northern Region (\$1.5 million GF).
- Development of E-Learning trainings related to outcome evaluations (\$200,000 GF).

Continuum of Care Reform

The Governor's Budget provides a total of \$548.6 million (\$373 million GF) to continue implementation of CCR. The budget does not propose additional funding for CCR True-Up, pending current discussions between CWDA and CDSS to determine the methodology for identifying the costs and cost-savings related to CCR-implementation activities.

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

Specific CCR-related funding premises include:

Resource Family Approval (RFA): The January Budget eliminates RFA funding for county child welfare agencies, resulting in a cut of \$26.0 million (\$17.9 million GF). Funding to Probation agencies is continued, at \$5.8 million (\$3.9 million GF). In addition, funding to reduce the RFA backlog is proposed to sunset in 2019-20, resulting in a cut of \$6.7 million (\$4.7 million GF). The Administration notes that RFA was realigned for child welfare agencies pursuant to SB 1013 (Statutes of 2012) and is therefore a pre-2011 Realignment activity. CWDA does not agree with this interpretation and will be engaging the Administration in discussions.

Child and Family Teams: Funding is maintained at \$744.4 million (\$54.5 million GF).

Child and Adolescent Needs and Strengths Assessment (CANS): The 2019-20 State Budget provided one-time funding to counties (\$13.5 million total funds, \$9.8 million GF) for the implementation of CANS, and included Trailer Bill Language requiring CDSS to work with CWDA to track costs associated with implementing CANS to inform future budgeting as part of the proposed 2020-21 May Revise. The January proposed budget does not propose continued funding for CANS implementation in 2020-21.

Level of Care Protocol: There is \$10.0 million (\$7.3 million GF) in FY 2019-20, and \$10.3 million (\$7.3 million GF) in FY 2020-21, proposed for implementation of this rate-setting protocol.

The 2019-20 Budget Act provided a 4.15 percent rate increase paid to FFAs for administration and made this contingent upon sufficient revenues as of December 31, 2021. The Governor's Budget continues this rate increase and extends it to June 30, 2023.

Foster Parent Recruitment, Retention and Support (FPPRS)

The Governor's Budget does not continue to fund FPPRS, resulting in a cut of \$21.6 million GF to counties.

Payment Prior to Approval

The Governor's Budget continues funding for Placement Prior to Approval and includes \$32.8 million (\$17 million GF) in 2019-20 and \$20.4 million (\$10.6 million GF) in 2020-21. New applicants are currently eligible for up to 120 days of Emergency Assistance TANF Funding, or longer if a county demonstrates good cause for an extension. This will decrease to 90 days and the good cause extension option will sunset on July 1, 2020.

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET**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.

Approved Relative Caregiver Program

This program provides an augmentation to the rate paid to approved relative caregivers caring for non-federally eligible foster children placed with relatives and includes both the basic foster care rate and an infant supplement for eligible relatives. The projected monthly caseload in ARC is 5,770 cases in 2020-21, a projected increase of 8.3 percent over the prior year, with total funding of \$73 million (\$43 million GF).

Emergency Child Care Bridge Program

The Governor's Budget continues funding to counties at \$45.4 million (\$32 million GF) for child care vouchers, and \$14.2 million (\$8.9 million GF) for administration related to child care navigators and trauma-based training to child care providers. This includes \$30,000 from the General Fund portion of the CalWORKs TrustLine program to fund Bridge Program providers' cost to undergo the TrustLine process. This proposed is proposed for consolidation into the new Department of Early Childhood Development, as discussed previously in this update.

Commercially Sexually Exploited Children (CSEC)

The proposed budget continues funding for this program at \$26.7 million (\$18.8 million GF).

Bringing Families Home

The 2019-20 Budget Act included \$25 million GF to be utilized over a three-year period. No additional, new funding was included in the proposed budget for 2020-21.

Family Urgent Response System (FURS)

Pursuant to the State Budget Act of 2019-20, FURS will provide 24/7 conflict resolution, de-escalation, and in-person response to current and former foster children and their caregivers to preserve families. FURS includes two components: a state-level hotline and a county-based mobile response team. The January Budget reflects the implementation costs of FURS and includes \$14.8 million GF in 2019-20 and \$29.7 million GF in 2020-21 (with potential [as of yet, unknown] for federal matching funds in FY 2020-21). The budget deducts \$266,000

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

for State Operations costs. Planning is currently underway and statewide implementation is expected to begin on July 1, 2021.

FURS was one of the programs whose funding was subject to suspension contingent upon there being sufficient revenues as of December 31, 2021. The budget also proposes to extend the suspension of FURS, originally assumed to be effective in December 2021, to June 30, 2023.

Kin-GAP and Fed-GAP

Statewide, the Kin-GAP caseload is projected at 7,540 for 2020-21, a slight increase over 2019-21, and the budget provides \$83.9 million (\$66.3 million GF) for both the administration and grants. The federally-eligible caseload under Fed-GAP is projected to be 11,215 in 2020-21, a slight increase over 2019-20. Fed-GAP is funded under 2011 Realignment.

Title IV-E Waiver

The Family First Transition Act (FFTA) was signed into law on December 20, 2019 as part of the federal Omnibus Spending package (P.L. 116-94). FFTA provides waiver states bridge funding for the next two federal fiscal years, retroactive to October 1, 2019 and includes other provisions. The proposed budget does not yet include any waiver transition funding given the law was signed late in December, so we expect funding related to FFTA to be included at the May Revision.

New Legislation

The budget proposes funding to support county implementation of new legislation passed in 2019.

Foster Care Bill of Rights (AB 175, Statutes of 2019): Provides \$146,000 (\$100,000 GF) statewide beginning July 1, 2020, estimating that 2,500 foster youth will request their case records, and that this will take staff 30 minutes per request to fulfill. The proposed budget also includes \$20,000 (\$11,150 GF) in one-time funding to develop curriculum for statewide trauma-informed intervention training.

Documents for Dependent Children (AB 718, Statutes of 2019): Provides \$114,000 (\$80,000 GF) for counties to provide personal documents (social security card, birth certificate, and driver's license or identification card), as well as assistance with tasks including obtaining employment, applying for postsecondary education, and/or accessing financial literacy programs, by a dependent child's first review hearing after reaching 16 years of age. Prior to this law, these requirements had to

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

be met prior to the termination of dependency. This estimate is based on an estimate of 2,266 youth in care ages 16-17 and 30 minutes per case to provide documentation and services.

CSEC Training for Resource Families (AB 865, Statutes of 2019): Provides \$70,000 (\$39,000 GF) to develop training resources for resource families caring for children who are 10 years of age or older, who are required by this law to receiving training on best practices for providing care and supervision to youth who have experienced commercial sexual exploitation. This training must be completed within 12 months of initial approval.

Non-Minor Dependent Support (AB 748, Statutes of 2019): Provides \$992,000 (\$699,000 GF) to support NMDs who are no longer receiving support from a guardian but received Kin-GAP or AFDC-FC payments after 18 years of age and allowing these young adults to enter the Extended Foster Care Program. This is estimated to assist 67 NMDs statewide.

ADULT PROTECTIVE SERVICES (APS)

The Governor's Budget continues to include the one-time training dollars of \$11.5 million GF originally provided in 2018-19 to be spent over a three-year period and \$176,000 for ongoing training activities (the same amount as provided in previous fiscal years). The APS budget also reflects \$5 million in one-time General Funds that was designated by an Executive Order to support the local assistance costs of activities related to the safety of APS recipients during the Public Safety Power Shutoffs and related fires.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTAL PAYMENT (SSI/SSP) AND CAPI

The January Budget includes \$2.66 billion GF in 2020-21, reflecting a 1.8 percent decrease in the estimated caseload. Effective January 2020, the maximum SSI/SSP grants are \$943 per month for individuals and \$1,583 per month for couples. Because of projected growth in the Consumer Price Index in 2021, the maximum grant levels will increase by approximately \$13 for individuals and \$20 for couples monthly in January 2021.

Housing and Disability Advocacy Program (HDAP)

The budget continues its ongoing investment of \$25 million GF for the Housing and Disability Advocacy Program.

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET**AUTOMATION**

The key automation projects appear to be funded at the levels needed to proceed as expected, except as noted below, based on the information currently available. Future budget updates will provide additional information as it becomes available. Following is an update on new or noteworthy items.

CWS-CARES

The Governor's proposal reflects a re-appropriation of \$17.6 million in unspent prior year funding, along with the previously budgeted \$26 million in current year funding, and an increase to \$54.4 million in the budget year. This is consistent with the project's shift to a platform development approach. We anticipate that county participation will increase in the budget year, as development activities ramp up, and that the additional funding will include increases to county allocations to cover the cost of this work. Current funding for data cleanup activities is set to end in June 2020. CWDA is working with the project to identify additional data cleanup activities and county funding needs.

County Expense Claim Reporting Information System (CECRIS)

The County Expense Claim Reporting Information System (CECRIS) project, which will replace the existing County Expense Claim and County Assistance Claim databases, is underway. County fiscal subject matter experts have been identified and are providing input to the project. The Governor's proposal reflects a shift of funds from the current year to the budget year, resulting in \$3.4 million in current year and nearly \$3.5 million in budget year funding.

County Accounting Automation

The CECRIS project will require changes to county accounting systems and the SAWS to support a new program code and program identifier number format. The proposal maintains the current year funding of almost \$1.9 million for these changes, including \$362,000 for SAWS updates to support the new codes.

CaSAWS

The proposal includes the anticipated funding to support the CaSAWS project in both the current year (\$162.5 million) and budget year (\$180.6 million). The funding has increased to reflect the changes in the Implementation Advance Planning Document Update approved in June 2019.

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET**Online CalWORKs Appraisal Tool (OCAT) Rebuild**

The Governor's proposal includes the funding necessary to support the integration of OCAT into the Statewide Automated Welfare System (SAWS), which is presently underway, and anticipated to be completed in June 2020. \$2.4 million was shifted from the current year to the budget year to reflect the current project schedule. The funding covers both the SAWS changes to support the interface and the rebuild of OCAT.

CalWORKs Outcomes and Accountability Review (Cal-OAR)

The proposal includes \$3.8 million in current year funding, and \$360,000 in budget year funding, for SAWS changes to support Cal-OAR reporting needs, consistent with the current timeline for report automation.

CalWORKs Home Visiting Initiative

The Governor's proposal contains nearly \$2.5 million in current year funding for SAWS automation changes to support this initiative.

Continuum of Care Reform (CCR) Automation

The proposal maintains \$428,000 in current year funding for additional Phase III CCR changes in SAWS. Discussion of Phase III changes has not progressed sufficiently to fully assess the needed level of funding, however, CWDA anticipates any necessary adjustments will be made as further cost information becomes available.

CalFresh Safe Drinking Water Pilot

The proposal increases the current year automation funding for SAWS \$1.2 million, reflecting increased cost estimates based on program requirements. This pilot will supplemental benefits to CalFresh recipients in Kern County who are served by public water systems that don't meet safe drinking water standards.

Able-Bodied Adults Without Dependents (ABAWD)

The Governor's proposal increases current year automation funding to nearly \$3.1 million to support additional ABAWD tracking. This does not include funding for automation changes needed to support the recent federal proposal that would vastly expand the number of counties and recipients subject to ABAWD provisions, as those changes are currently under discussion between the SAWS and the Department of Social Services. We anticipate the Department will provide the necessary funding to support those changes.

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET**Senate Bill (SB) 1341 Implementation**

SB 1341 (Statutes of 2014) requires the SAWS to create, generate, and send notices of action (NOA) for the Medi-Cal program, rather than having them generated and produced from two separate systems, SAWS and CalHEERS. In March 2016, Phase I of SB 1341 was implemented, where SAWS began creating the notices for Modified Adjusted Gross Income (MAGI) Medi-Cal cases, instead of CalHEERS.

SB 1341 also supports compliance with federal regulations, such as those in 45 CFR §155.335, for coordination of NOAs for families with eligibility under multiple programs, meaning that they should receive a single notice of all relevant changes, rather than separate notices for each program. Phase II of the project was split into two pieces, with Phase II A, in which the SAWS created a single notice for households who have both MAGI and Non-MAGI eligible family members, was implemented on time in June 2017. Phase II B, which will consolidate notices for families with both Medi-Cal (MAGI and/or Non-MAGI) and Advanced Premium Tax Credit (APTC) eligible family members, has not yet been scheduled for a release. The Governor's proposal contains \$17.1 million in budget year funding for Phase II B. It also contains \$6 million in current year funding for increased postage costs.

CalFresh and CalWORKs Overpayments (SB 278, SB 726, and Brown Tapia Settlement)

The Governor's proposal shifts \$38,000 in SAWS automation funding to support SB 278 from current year to budget year, maintaining the remaining \$341,000 in current year funding. The proposal also maintains current year funding of \$500,000 for SAWS automation to support the SB 726 changes to the CalWORKs overpayment collection threshold and expungement rules and adds \$432,000 in budget year funding. The proposal also adds \$834,000 in budget year for automation changes to the CalFresh Overissuance process to comply with the Brown Tapia settlement, however, those funds are needed in current year, so the SAWS will be requesting a funding shift.

CalFresh Periodic Reporting – New Federal Requirements

The proposal maintains the current year funding of \$869,000 for SAWS changes to implement the new SAR 7 Reminder Notice required by federal SNAP. California currently has a waiver of this requirement through April 30, 2020, and an extension is being requested.

SAWS Shared Application Forms Revisions

The proposal maintains nearly \$8.1 million in current year funding for changes to update the existing SAWS 1 and 2 plus forms which allow for application for multiple programs, including CalWORKs, CalFresh, and Medi-Cal. These changes include adding fields for military/veteran

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

status, collection of additional race, ethnicity, sexual orientation, and gender identity data, increased font sizes, and other format and language changes. The proposed funding is consistent with current SAWS estimates. The changes have not yet been finalized, so the SAWS will be requesting a funding shift to the budget year.

Foster Care Eligibility Determination (FCED)

To obtain enhanced federal funding for CWS-CARES, California is required to develop a single statewide eligibility determination solution for Foster Care, which will be used by all counties. This effort has been named Foster Care Eligibility Determination (FCED). The proposal continues the current year funding of \$19.27 million, though we anticipate some funds will need to be shifted to the budget year.

CMIPS II

The Governor's proposal continues to reflect both current year (\$21.1 million) and budget year (\$20.1 million) costs for Electronic Visit Verification, and the vendor's costs for processing Paid Sick Leave (SB 3) claim forms, resolving errors, and form storage.

Electronic Benefits Transfer (EBT)

The Governor's proposal reflected a slight increase in current year, and another in budget year funding to support updated projections of EBT transactions, bringing the funding to nearly \$30 million in the current year, and nearly \$30.1 million in the budget year.

California Fruit and Vegetable EBT Pilot

The proposal reflects funding of \$1.2 million for changes to the EBT system to support this pilot, which will provide supplemental benefits through the EBT system for purchases of California grown fresh fruits and vegetables in three retail environments. This pilot has been designed to occur between the retailers and the EBT system and will not require any SAWS changes. The pilot is expected to begin in the current year.

Appeals Case Management System (ACMS)

The proposal continues to reflect funding in the current year for implementation of Multi-Factor Authentication per federal requirements. Ongoing maintenance and operations funding of \$900,000 is included for the budget year.

Statewide Verification Hub

The Governor's proposal maintains \$652,000 in current year funding for OSI staff for initial

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

planning for a Statewide Verification Hub that is intended to streamline and modernize the verification process for CalWORKs, CalFresh, and Medi-Cal, and to improve the client experience. The proposal increases budget year funding to \$806,000 for additional consulting and professional services. This effort is expected to include a combination of streamlining policies and improving access to real time electronic verification sources, and to involve close integration with CalSAWS.

CalWORKs Stage 1 Child Care

The 2019 budget included numerous changes to the Stage 1 Child Care program, including 12 month continuous eligibility. The Governor's proposal includes \$3.9 million in SAWS automation funding for the current year, to support increased noticing and the provision of reports and online access for Stage 2 administrators to simplify the transition between child care stages. These automation changes are targeted to be effective on January 1, 2021.

CalWORKs Earned Income Disregard & Income Reporting Threshold Changes

The proposal includes nearly \$1.3 million in current year funding for automation of the earned income disregard changes, and associated changes to the income reporting threshold that will be implemented June 1, 2020, with subsequent increases in June 2021 and June 2022.

CalWORKs Homeless Assistance Program

The Governor's proposal includes \$885,000 in current year funding for SAWS changes to remove the consecutive day rule.

CalWORKs Child Support Changes

The Governor's proposal includes \$42,000 in current year funding to complete changes to the interface with Child Support associated with SB 380, and \$600,000 in budget year funding for changes to the amount of the Child Support disregard passed through to families, which are proposed to be effective January 1, 2022. To meet this date, the SAWS will need complete policy by January 1, 2021.

CalWORKs Income Exemptions

AB 807 exempts income from temporary work to support the decennial census from being counted in the CalWORKs program. The proposal includes \$500,000 in budget year funding for automation changes to support this policy.

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET**CalWORKs Apparent Eligibility**

The Governor's proposal includes \$1.6 million in budget year funding to support reporting and claiming adjustments when a final CalWORKs eligibility determination differs from an initial determination using the program's apparent eligibility rules. The SAWS will need complete policy to begin working on this change.

Disaster CalFresh

The Governor's proposal maintains \$1.8 million in current year funding for enhanced automation to support Disaster CalFresh in CalSAWS. This functionality will initially be implemented in Los Angeles County in September 2020 and will become available to additional counties as they migrate to CalSAWS.

CalFresh Public Assistance Case Tracking

The Governor's proposal includes \$3 million in budget year funding for automation changes to separate the various types of Public Assistance CalFresh households for reporting and claiming purposes. The SAWS cannot begin assessing the workload and timing needed for this change until the necessary policy guidance is issued.

CalFresh Outreach

The Governor's proposal provides \$5 million annually for the GetCalFresh website until replacement functionality is implemented in the CalSAWS statewide customer portal.

Undocumented Older Adults Expansion

The Governor's proposal includes \$1 million in the budget year for SAWS changes to support expansion of full scope Medi-Cal coverage to undocumented adults 65 years and older, regardless of immigration status. The proposed funding level is \$411,000 less than necessary to cover estimated automation costs. The implementation date for this expansion is January 1, 2021. SAWS will need complete policy, including final notices in all threshold languages, by March 1, 2020 to meet this timeline.

Medicare Part B Disregard

AB 1088 would allow Aged, Blind, and Disabled (ABD) Medi-Cal recipients to maintain their eligibility when the state pays their Medicare Part B premiums, if they are otherwise eligible. The Governor's proposal indicates an implementation date no earlier than January 2021. SAWS will need complete policy, including final notices in all threshold languages, by March

STATE BUDGET UPDATE #2 | MORE DETAIL ON GOVERNOR'S PROPOSED 2020-21 BUDGET

1, 2020 to meet a January 1, 2021 implementation date.

Additional Resources

A summary of the Governor's proposed 2019-20 budget can be found at the following link:

<http://www.ebudget.ca.gov/2020-21/pdf/BudgetSummary/FullBudgetSummary.pdf>

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

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