



May 17, 2021

To: The Honorable Susan Talamantes Eggman
Chair, Senate Budget Subcommittee No. 3

Honorable Members
Senate Budget Subcommittee No. 3

The Honorable Dr. Joaquin Arambula
Chair, Assembly Budget Subcommittee No. 1

Honorable Members
Assembly Budget Subcommittee No. 1

From: Cathy Senderling-McDonald, Executive Director

**RE: HUMAN SERVICES PROGRAMS – CWDA MAY
REVISION MEMO #3**

The County Welfare Directors Association (CWDA) appreciates the collaboration and hard work of the Legislature and Administration throughout the budget process this year. Overall, the Administration's proposed May Revision contains important investments in California's low-income and vulnerable children and families. We made additional requests and recommendations in our May Revision Memo #1 dated May 16, 2021, regarding key investments that we believe are vital to ensuring the safety and well-being of those whom county human services agencies serve and to enable those agencies to continue their extraordinary work.

We have further reactions and comments on other May Revision proposals as well, and will provide those comments in a series of memos. This memo summarizes those issues within the Human Services programs.

CalWORKs

Maintain CalWORKs Eligibility Funding at 2020-21 Level

The May Revision includes a \$68.3 million reduction, about 11 percent, to the Eligibility component of the Single Allocation in 2021-22. This is the funding that counties use to process applications for CalWORKs, redetermine eligibility, and provide case maintenance.

This reduction is due both to revised caseload assumptions in the May Revision, and a more technical aspect of the budgeting methodology that shifts eligibility costs between CalWORKs and CalFresh. While these are both standard components of the budgeting methodology, there is no cost adjustment to reflect increases in county worker and operational costs over time. A \$68.3 million reduction would lower funding for CalWORKs Eligibility to an amount below that provided in 2018-19 when the budgeting methodology was rebased and below that which counties are currently spending.

If this cut is adopted, counties will be faced with an immediate funding shortfall for their current eligibility workload, and the only way to cover such a large reduction in one year is to shift funding provided in the Employment Services component of the Single Allocation to pay the costs of required eligibility activities. Further, this would occur at the same time that the Legislature is considering efforts to increase CalWORKs access and applications and improve and enhance CalWORKs engagement. For all of these reasons, CWDA recommends that CalWORKs Eligibility funding in 2021-22 be maintained at the 2020-21 level.

Consider Automation When Contemplating Changes to CalWORKs Overpayments

The May Revision proposes two changes to CalWORKs overpayment collections. This first change would authorize counties to classify non-fraudulent overpayments as administrative errors, which would reduce the recoupment from 10 percent to 5 percent of a family's aid payment. This change is for overpayments related to benefit months from April 2020 through the end of the pandemic or June 30, 2022, whichever comes first. The second change reduces the CalWORKs overcollection payment timeframe from 5 years to 2 years. CWDA is very supportive of efforts to reduce the burden of overpayments on CalWORKs recipients, especially those that may have resulted from confusion about which pandemic relief funding needed to be reported. We have concerns, however, about the Administration's proposed approach, and continue to advocate for relief that can be readily and quickly supported by automation. We have reached out to the Administration to have further discussions regarding this proposal and will update budget staff going forward.

CalFresh

Supplemental Nutrition Benefits/Transitional Nutrition Benefits (SNB/TNB) Clean Up

CWDA supports the California Association of Food Banks' request for clean-up of the SNB and TNB programs, specifically the addition of replacement benefits for both programs, the suspension of TNB recertification requirements, and the expansion of the timeframe for TNB reinstatements to 90 days. We do note that the first two items will require SAWS automation prior to implementation, and that the specific timeframes for this automation will need to be confirmed in conjunction with the rest of the budget package.

Child Welfare Services

Continuation of CalWORKs Assistance for Family Reunification

CWDA appreciates the Administration's proposal to provide six months of cash assistance to parents whose children have been placed in out of home care. CWDA is the sponsor of a related budget request championed by Senator Hurtado. Continuing cash assistance will assist parents in maintaining a stable home and support them in reunifying with their children. We note that we have questions regarding the proposed timing of implementation for this policy change and will update budget staff as we discuss this aspect of the proposal with the Administration.

Housing Assistance for Current and Former Foster Youth

CWDA supports the continuation of housing supports for current and former foster youth as contained in the Department of Housing and Community Development (HCD) budget. This includes continuation of \$5 million on an on-going basis for housing navigation services and \$8 million on an on-going basis for transitional housing.

Family First Prevention Services Act (FFPSA) Part IV Implementation

CWDA remains concerned with the Administration's proposal related to implementation of the Qualified Residential Treatment Program (QRTP) requirements. QRTPs are any congregate care settings for foster youth and generally include the settings called Short-Term Residential Therapeutic Programs (STRTPs) in California. We previously provided feedback in our April 21, 2021 memo. Specifically, our areas of concern include:

- Qualified Individual: The May Revision presumes the newly required Qualified Individual (QI) will be a licensed mental health clinician performing Intensive Care Coordination (ICC). However, the ICC functions currently do not align with the requirements of FFPSA; some of current functions go further than the federal law requires and other functions will need to be added in order to make the ICC fit those requirements. This issue has implementation implications as well as fiscal ones; Proposition 30 provides that counties shall have a 50 percent share of the nonfederal costs of new federal mandates; however, counties do not have a share of costs for new state mandates (including state-proposed changes that go further than the federal FFPSA requirements). Counties can thus not be held to new costs imposed by state mandates that go beyond the federal law's requirements. CWDA continues to engage in a DSS-led stakeholder process to provide feedback into the QI process and will raise these issues as part of that process, as well.
- Court-Related Costs: FFPSA requires approval into a QRTP-level of care by either a

court or an administrative body approved by the court. Currently, Interagency Placement Committees (IPCs) are mandated pursuant to Welfare and Institutions Code Section 4096 to approve any placement into an STRTP. IPCs could serve as the administrative body appointed by the court for FFPSA purposes. However, the Administration is instead proposing an additional court review process that appears unnecessary and duplicative of the current IPC process, and will create new workload for child welfare and probation staff. We recommend the IPCs be the administrative bodies designated for approving these placements.

- Institutions of Mental Disease: Federal Centers for Medicare and Medicaid Services (CMS) has informed the State Department of Health Care Services (DHCS) that certain congregate care facilities in California, including STRTPs, may be considered IMDs and therefore, unless otherwise falling into an IMD exception, would be prohibited from federal Medicaid matching funding. DHCS has assumed it will cost \$1.8 million GF to backfill the loss of some federal Medicaid funding beginning January 1, 2022. We appreciate the inclusion of this backfill but believe that this amount may be understated. We also are concerned that there is no plan identified in the budget to conform these placements to Medicaid requirements in order to stop the loss of federal funding in the longer term.

Placement Prior to Approval

CWDA is appreciative of, and supports, the Administration's proposal of funding for up to 120 days, and up to 365 days with good cause, for placements made prior to a caregiver's completion of the Resource Family Approval (RFA) process.

Transitional Housing Placement Program for Minors (THPP-M)

FFPSA prohibits use of Title IV-E funding for placements into congregate care settings unless they meet specific requirements. As a result, THPP-M will be ineligible for federal Title IV-E federal match. This program provides a valuable service for a small number of foster youth across the state. CWDA is currently engaging with several child welfare stakeholders who are supportive of the program and wish to see it continue. We recommend providing a state GF backfill for the loss of federal funds pending work with CDSS to develop a long-term solution. We are working to estimate these costs and will follow up with more details.

In-Home Supportive Services (IHSS)

IHSS State and County Shares of Cost

CWDA supports the Administration's proposal to maintain the current state and county sharing ratios for wage and benefit increases in the IHSS program. The May Revision also

proposes to continue the 10 percent county option. This proposal was co-sponsored by CWDA along with a coalition of county organizations and provider representative organizations and we appreciate the Administration agreeing with the requested approach.

We do note one concern with the proposed trailer bill language, which would continue the to limit the number of times that the 10 percent county option can be utilized. The limit made sense in the context of the change in the sharing ratio that is now being reversed here. Continuing the limit, however, would be problematic for counties that are already on their second use of this tool, eliminating this bargaining incentive completely for them. We are not sure if this was simply an oversight or intentional in the drafting of the language, and are reaching out to the Administration for clarification. Regardless, we recommend elimination of the limitation language from the TBL.

Conforming IHSS Residual to Medi-Cal Timing

CWDA, in coalition with a number of other organizations, remains opposed to the Administration's updated proposal to conform IHSS Residual to Medi-Cal Timing proposal. This would result in disruption of IHSS services to consumers whose annual Medi-Cal redetermination is incomplete, even with the restoration of benefits retroactively.

IHSS Permanent Back Up Provider System (EBUS)

This is a new premise to provide emergency backup care for IHSS recipients when their regular provider becomes unavailable and the recipient has an immediate need for services for their health and safety. Currently, counties administer a COVID-19 emergency backup service which provides a \$2 differential in pay to providers for emergency backup care when a consumer's normal provider is unable to work due to COVID or COVID-related reasons. This latter benefit will expire on December 31, 2021.

We are supportive of the Administration's May Revise proposal but are concerned the county workload to implement this provision is understated. The May Revise proposes \$96,000 GF (\$190,000 total funds) for county administration. CDSS staff have indicated that the funding is based on county administrative claiming to date for the COVID-19 EBUS. However, counties received \$3.8 million in partial-year administrative funding for the COVID system, which required that counties (1) ensure phone calls requesting back-up providers are answered and/or returned as quickly as possible, (2) create a system or network of providers that can be contacted and deployed in emergency situations to provide services to IHSS recipients whose providers are not able to work due to COVID-19 impacts and (3) create business processes that support the timely assignment of back-up providers to IHSS recipient cases in CMIPS, ensuring that timesheets are issued, and that providers are paid at the appropriate rate.

Assuming the permanent EBUS is similarly structured, the proposed county workload is almost certainly not adequately budgeted in the Administration's proposal. Additionally, the claiming data is an inadequate comparison measure as it is incomplete at this point. We request a placeholder amount of \$10 million GF for county administration of the permanent EBUS, pending further discussions with the Administration on this issue.

Long-Term Care Career Pathways

CWDA acknowledges the importance of training and developing career pathways for the care and support of older adults. We have been part of the Governor's Aging Master Plan effort and agree it is critical to begin planning for increase in our aging population, including in the IHSS program. We look forward to receiving more details on, and providing input to, the May Revision proposal to provide \$200 million GF on a one-time basis to incentivize, support and fund career pathways for individuals enrolled as IHSS providers.

Automation

Enterprise Data Infrastructure

The May Revision proposes an Enterprise Data Infrastructure for CDSS' use to support a department-wide data warehouse and analytics. CWDA is supportive of the department's desire to upgrade and modernize its technology. However, we have concerns regarding one of the stated uses for this infrastructure, specifically, SAWS data retention and storage of legacy SAWS data. SAWS itself is the system of record for eligibility programs including CalWORKs, CalFresh, and Medi-Cal, and CalSAWS has worked with the Administration to ensure its data retention policies are in alignment with program policy. A separate storage infrastructure is not necessary and may introduce a number of issues. For example, synchronization issues would arise when historical case data are corrected in SAWS, or policy changes are applied retroactively to cases held in SAWS. The department may conduct analyses and make policy decisions based on data that are not as complete as the data available in SAWS. Another stated purpose of this infrastructure surrounds child care functionality, some of which is also available through SAWS, specifically CalWORKs Stage 1 administration for certain counties, and a portal for Stage 2 and 3 administrators to access eligibility information to facilitate enrollment into Stage 2 or 3. In addition to the concerns about the necessity and advisability of a duplicate data storage infrastructure, we also are unclear if this is envisioned to require any changes to the SAWS functionality and/or county business processes, and are further concerned about the ability to make any such changes in the midst of the federally mandated CalSAWS migration. We have reached out to the Administration for additional information about this effort.

CalSAWS Migration Impacts on SAWS Automation Capacity

Counties are in the midst of a federally mandated migration to a single eligibility automation system, known as CalSAWS, that must be completed by the end of 2023 to avoid the loss of significant federal funding. While many proposals (including from the Administration, the Legislature and advocates) have already received input from the SAWS regarding automation capacity and timing, these assessments may be impacted by various factors, including changes to the proposals and the other policy changes included in the final budget. Because of this, we urge policy makers to consult with CWDA and SAWS to coordinate implementation timing and procedures as the final package comes together.

While some policies might be able to be automated during the migration period, and some could potentially be enacted manually until automation can be accomplished, many could not be implemented during this period without disrupting the CalSAWS migration schedule and/or already established policy commitments. Manual workarounds would result in additional costs in the short term to implement; however, even with additional administrative, short-term funding, the workload associated with certain activities may be difficult if not impossible for counties to undertake prior to automation. CWDA appreciates opportunities to engage with legislative budget staff and stakeholders to address the automation and workload impacts of proposals under consideration by the Legislature.

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