



May 13, 2023

To: The Honorable Caroline Menjivar  
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, CWDA Executive Director

**RE: CWDA MAY REVISION RESPONSE – KEY HUMAN SERVICES ISSUES**

The County Welfare Directors Association of California (CWDA) appreciates the collaboration and hard work of the Legislature and Administration throughout the budget process this year. The May Revision generally spared safety net programs for low-income Californians from significant cuts. We are grateful to the Governor and the Legislature for holding firm against those cuts given the uncertain revenue picture facing the state. Now is not the time to pull back on supporting our state's most vulnerable residents and the county workers who do extraordinary work to ensure vital services are provided, most especially as the need for those services increases when the economy softens.

We have some initial feedback and reactions to several key human services issues in the May Revision, which we share below. Please note that we also are sending updated, topic-specific memos on the funding requests that CWDA has previously discussed with the subcommittees during the hearing process.

**CalFresh Administration Budget Methodology**

The May Revision includes an updated methodology and associated funding for county CalFresh Administration, pursuant to Chapter 537, Statutes of 2022 (AB 207). The total funding for the updated CalFresh administration methodology is \$406.5 million (\$159.5 million GF; \$192.5 million federal funds; and \$54.5 million county funds) in 2023-24. Utilizing data from a statewide county survey, as well as other data from the Statewide Automated

Welfare System (SAWS), the methodology utilizes an updated eligibility worker costs and workload assumptions, among other factors, and provides ongoing funding for applications, including expedited services applications, and differentiated caseload types. The methodology also funds for other mandated administrative activities, such as fair hearings, management evaluations, fraud and program integrity.

CWDA appreciates the collaboration and extensive work of the Administration, in particular staff of CDSS's estimates shop, and is pleased overall with the proposed funding and the updated methodology. The methodology addresses almost all of the key issues we have been raising for several years. We note that the ongoing methodology does not factor in the impacts of inflation going forward, which will result in the erosion of funding over time. However, we know that the budget methodology will be revisited in three years pursuant to current law and there will be an opportunity for further refinements at that time. We look forward to our continued engagement and collaboration with the Administration on the methodology in the future.

### **California Food Assistance Program (CFAP) Expansion**

CWDA was pleased to see that the May Revision updates the timeframe proposed for implementation of the CFAP Expansion to October 1, 2025. *As long as complete and final policy is provided by July 1, 2023, CalSAWS can support this implementation date.* If the Legislature expands the ages of the eligible population within this year's state budget process, there remains sufficient lead time to adjust the programming without creating additional automation costs or affecting automation timing.

### **CalWORKs Single Allocation**

CWDA previously raised concerns about the amount of funding provided for the Eligibility component of the CalWORKs Single Allocation in the Governor's Budget released in January. At that time, the *overall* Single Allocation was proposed to receive a net increase of about \$106 million, but that net increase masked the changes to the individual components. In January, the Eligibility component of the Single Allocation was proposed to be *reduced* by \$84 million, while the Employment Services component was proposed to be *increased* by \$194 million. Although the budget methodology for determining funding for CalWORKs Eligibility was updated five years ago, there are factors that were not considered in the revised methodology that have led to significant underfunding of county workload in administering eligibility for CalWORKs.

We wanted to provide an update to the Subcommittees on this issue based on the May Revision. The revised budget now proposes a net year-over-year decrease of approximately \$50 million in 2023-24 to the overall CalWORKs Single Allocation, as compared to the 2022-23 funding amount allocated to counties at the beginning of the current fiscal year. This \$156

million negative swing in the funding proposed for the overall Single Allocation is due to two primary reasons. First, additional funding proposed for the Employment Services component in 2023-24 has been reduced by about \$122 million from January to a \$73 million increase, due to slowing projections of caseload growth. Second, funding for the Eligibility component has been cut even further, by an additional \$36 million bringing the total reduction to that component to \$119 million. This additional reduction has nothing to do with changes to the CalWORKs caseload projections, but rather, due to increased funding shifts from CalWORKs Eligibility to CalFresh and Medi-Cal administration for the shared eligibility costs with those programs. This, and the lack of any inflationary adjustments, reflect the impacts of two major flaws we previously noted in the budgeting methodology for CalWORKs Eligibility administration.

Note that CWDA is not requesting additional funding for the CalWORKs Single Allocation at this time. Because of the fungibility among the components of the Single Allocation, counties can shift funding from Employment Services to Eligibility to cover shortfalls in the funding provided by the state for those mandated activities. We look forward to further engaging with the Administration beginning this summer for the statutorily scheduled reassessment of the CalWORKs Eligibility budget methodology.

### **In-Home Supportive Services (IHSS) Caseload Impacts of Medi-Cal Expansions**

Based on the May Revision, county IHSS eligibility operations will not be properly funded to meet the likely increased demand related to both recent and upcoming eligibility expansion in Medi-Cal to hundreds of thousands of undocumented Californians. This will result in service delays and potential errors in program administration, which is already severely underfunded statewide.

First, the May Revision significantly decreases the estimated population of individuals who will become eligible to the IHSS program as a result of the expansion of Full-Scope Medi-Cal to undocumented persons aged 19-25. CDSS is now estimating the cumulative monthly caseload in 2022-23 to be just 36 cases in 2022-23 and 47 cases in 2023-24, almost a complete elimination of the January budget estimates of 1,481 cases in 2022-23 and 1,616 cases in 2023-24. The May Revision proposes a commensurate reduction in county administrative funding for the budget year as well, to \$49,000 for the entire state. CWDA is seeking additional information from CDSS to understand the revised assumptions and assess the actual decline and impact on county administration.

CWDA also remains concerned that the May Revision does not account at all for the implementation of the Medi-Cal expansion for 26-49 year olds effective January 1, 2024, in the IHSS budget. The Department of Health Care Services (DHCS) estimates 692,839 undocumented individuals aged 26-49 will become newly eligible for full-scope Medi-Cal in 2023-24; some portion of this population will presumably seek and become eligible for IHSS

services in that same period. The Administration has previously indicated there is an assumption of a nine-month phase in for this population and that it will be accounted for in 2024-25 budget cycle, although it has not provided an explanation of the basis for the nine-month phase-in assumption. This is problematic as county IHSS administration is already severely underfunded; this underfunding continues to grow with new policy initiatives and legislation impacting counties' workload. It is critical that appropriate caseload and costs are assumed, and counties are adequately funded to perform administration of the IHSS program.

### **IHSS Electronic Visit Verification (EVV) Administrative Funding**

Effective July 1, 2023, non-live-in providers of IHSS recipients will be required to comply with new "geo-tracking" requirements through the EVV portals. This is a significant change to EVV implementation that will require on-going training and support to both IHSS providers and their recipients. To date, CDSS has provided training to only an estimated 6,000 providers and recipients of the total estimated 345,000 providers who are subject to this requirement. CDSS plans to send notifications to providers in June, but has only been able to translate notices into Spanish, with the 18 other Medi-Cal threshold languages still pending.

As a result of the slow rollout of training and notification in threshold languages, CWDA expects a surge of inquiries and calls to county offices beginning in June 2023 (once notices are issued) and throughout much of 2023-24. However, the May Revision does not include any additional resources for counties to support recipients and providers in this process. CWDA will continue to engage with the Administration on this issue and would like to work with CDSS to monitor implementation workload and costs so that they can be appropriately reflected in next January's budget.

### **IHSS Provider Eligibility for Minor Recipients**

CWDA is generally supportive of the proposal to permit minor recipients to have increased flexibility in hiring an IHSS provider. CWDA worked with county staff and CDSS in the Fall of 2022 to develop policy to address this issue. We have reached out to CDSS to obtain additional information regarding their methodology for county administrative workload and costs, and we also have some questions related to the proposed trailer bill language. Once we have had the opportunity to review the information from CDSS, we will provide an update to the Legislature.

### **Child Welfare Services – California Automated Response and Engagement System (CWS-CARES)**

Counties are eagerly anticipating a new CWS-CARES system that will streamline and support our child welfare work. We were pleased to see an increase in funding to \$163.7 million in the

May Revision, which seems directionally correct given the increased development activities that are now underway. We are looking forward to the Administration sharing more details regarding the scope and timing for the initial implementation, as well as the funding for county participation activities, so that we can assess if this will fully meet the counties' needs. We will continue to update the Legislature on this process as we learn more, including additional resource needs or other issues we identify.

Thank you for your consideration of the issues we have raised in this memo. Please do not hesitate to contact our office if you have any questions regarding these issues.

Cc: Chris Woods, Office of the Senate President Pro Tempore  
Mareva Brown, Office of the Senate President Pro Tempore  
Jason Sisney, Office of the Speaker of the Assembly  
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Elizabeth Schmitt, Senate Budget and Fiscal Review Subcommittee No. 3  
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