CWDA
Advancing Human Services for the Welfare of *All* Californians

State Budget Update #1
Governor's Proposed 2016-17 Budget

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Governor Brown released his proposed 2016-17 budget this morning. Following is as much detail as we have been able to obtain today. We will continue to keep you informed as we learn more.

Overall Budget Picture

California's budget outlook for 2016-17 is strong, with General Fund (GF) revenues exceeding the expectations of the budget adopted last summer. Total GF revenues are projected to be $121.5 billion in 2015-16 and $125.1 billion in 2016-17, a 2.9 percent annual increase. Compared to GF revenues adopted for the budget last June, GF revenues are forecast to be $5.9 billion higher over 2015-16 and 2016-17.

The state economy continues to show steady growth and is expected to be solid for the next couple of years. The Governor notes, however, that the economy is now in its seventh year of expansion, which is two years longer than the average recovery. Although a recession is not assumed in the revenue projections, the proposed budget includes contingency planning for a moderate one-year recession occurring in 2017-18 with an additional $2 billion transfer from the GF to the Rainy Day Fund beyond that which would otherwise be required by Proposition 2. Total additional deposits into the Rainy Day Fund established by Proposition 2 in the proposed budget are $995 million in 2015-16 and $3.6 billion in 2016-17. This brings the total amount in the Rainy Day Fund to $8.0 billion, which is 65 percent of its constitutional maximum amount.

The Governor's Budget proposes total GF expenditures of $122.6 billion in 2016-17, a $6.5 billion (5.6 percent) increase over revised 2015-16 levels. Health and human services spending accounts for $2.1 billion of the increase (driven largely by Medi-Cal spending) and K-12 education spending accounts for $1.4 billion. Also proposed are over $2 billion of GF expenditures that are one-time in nature, including: $879 million to accelerate loan repayments for transportation projects; $500 million for deferred maintenance projects at levees, state parks, universities, community colleges, prisons, state hospitals, and other state facilities; and $719 million to pay the costs of wildfires and for other effects of the drought. In addition to the $3.6 billion placed in the Rainy Day Fund, the proposed budget includes a regular reserve for liquidation and economic uncertainties of $3.2

billion in 2016-17.

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 estimates that 1991 Realignment sales tax revenues will increase by 4.4 percent in 2015-16 and 5.3 percent in 2016-17. VLF revenues for 1991 Realignment are estimated to increase by 3.0 percent in 2015-16 and 3.4 percent in 2016-17.

AB 85 Changes

With implementation of the Affordable Care Act (ACA), county costs and responsibilities for indigent health care are expected to decrease as more individuals gain access to health care coverage through the Medi-Cal expansion. Those costs will shift to the state. Assembly Bill (AB) 85 (Chapter 24, Statutes of 2013) changed the 1991 Realignment structure to enable 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.

To do this, AB 85 established a new subaccount at the state level within 1991 Realignment, the Family Support Subaccount. The amount of counties' indigent health care savings is being redirected from counties' 1991 Realignment Health Subaccounts and moved to the Family Support Subaccount at the state level. Funds are then being allocated to counties from the Family Support Subaccount in lieu of GF for CalWORKs assistance payments. The distribution of the funds from the Family Support Subaccount to counties is based on counties' CalWORKs GF 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). County savings are estimated to be $741.9 million in 2015-16 and $564.5 million in 2016-17. However, actual county savings in 2013-14 were $151.7 million lower than estimated and the proposed budget assumes reimbursement of this amount to counties in 2016-17 (CWDA does not yet know the mechanism by which this reimbursement will occur).

Child Poverty and Family Supplemental Support Subaccount

In addition to the Family Support Subaccount, AB 85 created another subaccount at the state level, the Child Poverty and Family Supplemental Support Subaccount. Funding in this subaccount is used to fund CalWORKs assistance grant increases, beginning with two 5 percent increases effective March 1, 2014 and April 1, 2015. To provide funding for this subaccount, AB 85 changed the 1991 Realignment general growth formulas, capping general growth for health to 18.4545 percent of available general growth revenues and eliminating general growth funding for social services (the general growth distribution to mental health was not changed). General growth funding provided to the Child Poverty and Family Supplemental Support Subaccount rolls into the funding base of the subaccount.

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 sufficient to fully fund the costs of all the CalWORKs assistance grant increases already provided, the GF makes up the difference. If there is more funding in the subaccount than is needed to fund all of the CalWORKs assistance grant increases, then an additional grant increase is triggered that equals an increase that the available funding is estimated to support.

The proposed budget assumes that there will be $241.5 million available in 2015-16 plus an additional $69.5 million in carryover funding from the prior fiscal year and $319.8 million in 2016-17 in the Child Support and Family Supplemental Support Subaccount. These estimated amounts for 2015-16 and 2016-17 are currently not enough to support another CalWORKs assistance grant increase beyond the two existing 5 percent increases, which have estimated costs of $326.0 million in 2015-16 and $319.8 million in 2016-17. There is an additional $15 million GF provided in the proposed budget for 2015-16 and $17.4 million GF for 2016-17 to cover the shortfall.

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 proposed 2015-16 budget projects the growth rate of the sales tax portion of 2011 Realignment revenue to be 5.7 percent higher in 2015-16 than the amount of revenues received for 2014-15 and 5.8 percent higher in 2016-17 than the amount of revenue estimated to be received for 2015-16. The estimated 2015-16 sales tax revenues for 2011 Realignment included in the proposed budget are $93.5 million lower, about the same as was adopted in the current year budget.

The proposed budget estimates that the overall sales tax growth rates will translate into growth funding for the Support Services Account of an estimated $239.6 million in 2015-16 (of which $107.8 million is for the Protective Services Subaccount) and $256.0 million in 2016-17 (of which $115.2 million is for the Protective Services Subaccount). Adding in these growth funds, the total amount for the Protective Services Subaccount is estimated to grow by 5.1 percent in 2015-16 and another 5.2 percent in 2016-17. The $200 million for base restoration in Child Welfare Services was paid off in 2014-15, which is contributing to the slower rate of growth in revenues to the Protective Services

Subaccount. Payment of $200 million child welfare base restoration had first call on about 40 percent of the growth funding to the Support Services Account until the $200 million is paid off, in addition to another approximately 20 percent of growth funding to the Support Services Account for general growth in the programs funded by the Protective Services Subaccount. Since the $200 million was paid off in 2014-15, the Protective Services Subaccount will receive a fixed 45% of all growth funding to the Support Services Account beginning in 2015-16.

MEDI-CAL

Overall, Medi-Cal GF spending is projected to increase 8 percent, from $17.7 billion in 2015-16 to $19.1 billion in 2016-17. Growth in benefits costs, as well as the start of a reduced federal share of cost for the Affordable Care Act expansion population, are the major drivers of this increase. Starting in 2017, the federal share will drop from 100 percent to 95 percent of the costs for the expansion, with the state assuming a 5 percent share that will grow to 10 percent by 2020-21. The budget includes $704.2 million in 2016-17 for the state's share of cost for the optional expansion.

Key highlights in the DHCS budget include the following.

Caseload

The budget assumes that the Medi-Cal caseload will increase 8.1 percent from 2014-16 to 15-16 (an estimated 727,000 new cases), and grow another 1.5 percent from 2015-16 to 2016-17 (an estimated 62,000 new cases). By 2016-17, this will mean a total Medi-Cal caseload over 13.5 million, more than one-third of the state's population.

County Administration Funding

Recognizing that "Medi-Cal caseload continues to grow significantly post implementation of the Affordable Care Act, and the system built to automate eligibility determinations is not yet completely functional," the Administration proposes an increase of $169 million total funds ($57 million GF) over 2015-16 levels for both the budget year, 2016-17, and the following year, 2017-18. This two-year agreement should provide some predictability for county human services agencies in a time of significant workload demands. CWDA worked with the Administration during the fall and this amount is reflective of that collaboration. We appreciate the inclusion of this much-needed funding in the proposed budget.

The budget notes that "once the eligibility system is stabilized, the state will conduct time studies to inform a new Medi-Cal county administration budgeting methodology." This plan is consistent with our conversations with the Administration, and CWDA will be involved in developing the methodology.

Expansion of Full-Scope Coverage to Undocumented Children

Pursuant to SB 75 (Statutes of 2015), undocumented children under 19 years of age will have access to full-scope Medi-Cal coverage, beginning no sooner than May 2016 (the legislation makes the start date dependent on automation). The budget includes $182 million ($145 million GF) to provide full-scope benefits to an estimated 170,000 children.

Managed Care Organization (MCO) Tax

Legislation in 2013 authorized a tax on the operating revenue of Medi-Cal managed care plans based on the state sales tax rate. This tax, which is due to expire at the end of the current budget year, reduces GF spending by about $1 billion annually. In 2014, the Obama Administration advised the state that its current tax is impermissible under federal Medicaid regulations, and directed the state to revamp its tax structure no later than the July 1, 2016 expiration of the current tax in order to comply with federal requirements. One major requirement is that the tax will have to apply to all managed care plans that do business in the state, not just Medi-Cal managed care plans. A proposal was put forth in last year's budget and a special session was called to address this issue, but no deal was achieved prior to the end of the 2015 regular legislative session.

In response to the federal directive, the Administration is now proposing a restructured approach that would extend the MCO tax, in a federally allowable way, for three years beginning 2016-17. The budget also assumes that revenues from the tax will be placed in a special fund that will be used to restore the 7 percent across the board cuts that were enacted during the recession in the IHSS program and restored in 2015 using state GF dollars, at a cost of $236 million annually.

1115 Waiver Renewal

As previously reported, the budget reflects an agreement on the renewal of California's current 1115 Medicaid Waiver, which includes several components of interest to counties. In particular, the agreement will provide up to $1.5 billion for Whole Person Care pilots in counties to integrate care for high-risk, vulnerable populations. CWDA is engaged with other county partners and the state in developing proposed guidelines for these pilot projects, which offer an opportunity for human services agencies to participate with other county agencies and local healthcare providers to ensure the delivery of comprehensive care and services to high users of multiple systems.

Other elements of the waiver include a delivery system transformation and alignment incentive program for public hospitals and health systems ($3.3 billion), a global payment program for public hospitals that continue to serve the uninsured, and a dental care incentive program ($750 million).

Mental Health Outcomes System

State legislation enacted in 2012 required the development of a Performance Outcomes System (POS) to track the outcomes of EPSDT mental health services for Medi-Cal eligible children and youth, including children in foster care. DHCS is working with stakeholders to identify key components of the system and finalize the outcome measures that will be collected. The budget includes $11.9 million GF for implementation of this system.

Drug Medi-Cal Waiver

DHCS received approval from the federal government in August 2015 for an expanded continuum of substance use disorder services, including residential treatment services that would otherwise be unavailable absent the waiver. Counties must opt in by submitting an implementation plan to DHCS; the state expects more than 50 counties to be participating by the end of the budget year. The budget includes $90.9 million ($32.5 million GF) for residential treatment services to be provided under the waiver.

CALWORKS

Caseload

The CalWORKs caseload is declining more quickly than had been projected previously. This is attributed to the continuing economic improvement in the state, resulting in fewer new CalWORKs cases. The caseload is projected to decline from the 2015-16 level and is projected at 497,135 for 2016-17, a 2.2 percent year over year reduction.

The Employment Services caseload is also decreasing, though very slowly. It is projected to decline by 0.3 percent in 2016-17 to 223,828 from the previous fiscal year.

The decreased caseload results in a Single Allocation proposed at $2.27 billion ($6.1 million General Fund), which is a decrease from the 2015-16 allocation. CWDA will provide more precise allocation estimates in the coming days

CalWORKs Administration

Due to the projected decline in the overall caseload, the funding level for CalWORKs Administration in 2016-17 is $833.5 million, a decrease of $30.5 million from the appropriated amount in 2015-16. CWDA will provide more precise allocation estimates in the coming days.

Employment Services

Funding for employment services declines in 2016-17 by $59.3 million, for a total funding level of $1.02 billion. This decrease is due to the projected caseload decrease. CWDA will provide more precise allocation estimates in the coming days.

Subsidized Employment

The two components of subsidized employment (AB 98 and Expanded Subsidized Employment) have an overall increase in funding over the prior year's allocation of $256 thousand due to an increase of that amount in AB 98 subsidized employment. This increase reflects a larger subsidy per case. Expanded Subsidized Employment funding remains flat at $134 million.

Housing Support Program

The funding level for the Housing Support Program remains at $35 million in 2016-17. There is no change to this program from the 2015-16 allocation.

Family Stabilization

At $29.8 million, the funding for Family Stabilization remains at the same level in 2016-17 as was allocated in 2015-16.

Mental Health & Substance Abuse

The total funding for mental health and substance abuse is held flat in 2016-17 at $126.6 million; this is the same funding amount as was allocated in 2015-16.

Cal-Learn

The caseload in Cal-Learn is projected to decline in 2016-17, and the share of the Cal-Learn caseload receiving bonuses and sanctions is also projected to decrease. Intensive case management, while budgeted at a higher cost per case, is lower by $4.7 million in 2016-17 than in 2015-16, budgeted at $14.5 million.

CHILD CARE

Voucher Trailer Bill Language

The Governor proposes trailer bill language that will require the Department of Education to develop a plan to convert all contracted programs and funding into vouchers over the next five years. Currently, the CDE directly administers contracts with providers for about one third of the state's child care funding, and the other two thirds is provided through vouchers that families use for providers they choose. The vouchers are administered through the Alternative Payment Providers. This proposal would transition all of the directly administered contracts to vouchers.

Early Education Block Grant

A second proposal would consolidate $1.6 billion in Proposition 98 funds that would create a block grant to better target services to low-income and at-risk children. This new block grant would combine existing funding from the State Preschool Program, transitional kindergarten, and the Preschool Quality Rating & Improvement Systems Grant (QRIS) to give local educational officials greater flexibility to address local needs. The funding would be distributed based on factors such as population and need, but would include a hold harmless so that no LEA would receive lower funding under the new block grant than it would previously. The details of this proposal are expected to be developed through a stakeholder process between now and the May Revision.

State Preschool

Additionally, the full year implementation of the 2015 Budget Act investments, partially implemented in 2015-16, results in an increase of 7030 slots for full-day State Preschool (effective January 1, 2016), a 4.5 percent increase to the Regional Market Rate, and a five percent increase for license-exempt providers (both effective October 1, 2015.)

Stage 1

The Stage 1 caseload continues to increase, but at a slower rate than had been previously projected. For 2016-17, the caseload is projected to increase by five percent from the previous fiscal year. However, because current year (2015-16) caseload projection has been revised downward due to the slower growth rate, the overall funding for Stage 1 is $16.7 million lower in the 2016-17 budget than the current year amount, at $393.6 million. Consistent with standard practice, funding in the current year is not being decreased despite the decrease in the caseload projection.

Stage 2

A cost-per-case increase results in an increase of $1.8 million non-Proposition 98 GF in the 2016-17 Budget, resulting in a total cost of $422.3 million. This is despite a decrease in the Stage 2 caseload.

Stage 3

Both an increase in Stage 3 caseload and an increased cost-per-case results in an increase of $33.4 million non-Proposition 98 GF, bringing the total funding to Stage 3 to $315.9 million.

CALFRESH

Caseload

The CalFresh caseload continues its steady increase. The Governor's Budget projects that base caseload will grow by 5.8 percent in 2015-16, which is a slightly higher rate of growth for 2015-16 than that adopted in the final budget last June. For 2016-17, the budget projects base caseload growth of 5.4 percent from the revised 2015-16 amount, to 1,989,447 non-assistance cases (Public Assistance cases are captured within the CalWORKs caseload.) The increase in caseload growth will lead to an increase in the CalFresh administrative funding allocation in 2016-17. CWDA will provide more precise allocation estimates in the coming days.

CalFresh Match Waiver

The Governor's Budget assumes a 50 percent reduction to the Match Waiver in 2016-17, reflecting the second year of the four-year phase-out agreement adopted in 2014-15.

CalFresh Assistance and Training

The Governor's budget proposes to provide technical assistance and training in the area of business processes related to enrollment and retention of families into CalFresh. The proposed funding, $804,000 ($261,000 GF) would permit the CDSS to hire five new staff, and would focus on the 19 Performance Monitoring Counties.

CHILD WELFARE – FOSTER CARE – ADOPTION ASSISTANCE

Caseload

The Budget assumes very modest increases in caseloads within child welfare, foster care and the Adoption Assistance Program (AAP). The Governor's Budget predicts a 0.9 percent increase in the caseload from the prior fiscal year, to 45,071 average foster care cases, and another 1.4 percent increase in 2016-17, to 45,702 average cases. Note that this includes placement with foster family homes, foster family agencies, and group homes, and excludes relatives receiving CalWORKs. The AAP caseload pace of growth is projected to increase by just 0.5 percent in 2015-16, to 84,812 cases, and remain relatively flat in 2016-17 at 84,844 cases. The Administration predicts modest increases in child welfare service caseloads (Emergency Response, Family Maintenance, Family Reunification and Permanent Placement) for 2016-17, ranging from 0.5 percent to 1.9 percent.

Continuum of Care Reform:

The proposed budget includes funding to implement several components of the Continuum of Care Reform (CCR) effort and AB 403 (Statutes of 2015). The total funding investment for CCR/AB 403 implementation is proposed to be $33.1 million total funds ($21.5 million GF) in 2015-16, and $88.6 million total funds ($57.5 million GF) in 2016-17. Of this, assistance funding is $7.3 million total funds ($4.3 million GF) in 2015-16, and $7.1 million total funding ($3.4 million GF) in 2016-17, while administrative funding is $25.8 million total funds ($17.2 million GF) in 2015-16, and $81.5 million total funds ($54.0 million GF) for 2016-17.

The specific components of CCR/AB 403 include the following:

Placement Assumptions: The Budget makes several assumptions concerning the transition of Group Homes into Short Term Residential Treatment Centers (STRTCs) and movement of the youth placed in these homes to other placement settings. Of note, foster youth in CWS placements will phase out of group homes over 24 months (starting January 1, 2017) and probation youth will phase out over 36 months, pursuant to AB 403:

- Assumes that all youth in Group Homes Rate Classification Level (RCL) 1-9 will transition out of these group homes, with 50 percent placed in a foster family agency (FFA), 30 percent in an Intensive Treatment Foster Care (ITFC) Level III, 10 percent into a foster home, and 10 percent into a relative home.

- Assumes that 50 percent of CWS youth, and 30 percent of probation youth, in Group Homes RCL 10-12 will transition to an ITFC Level I placement. Assumes that some of these cases may be placed into relative homes.
- Assumes the remaining Group Home RCL 10-12 youth (50 percent) and all Group Home RCL 14 youth will be placed into an STRTC.

<u>Foster Family Agency (FFA) Rate Increase:</u> Continues the 15 percent FFA social worker rate increase enacted on July 1, 2015 and provides $7.6 million in total funds for 2016-17.

<u>Accreditation Support:</u> Proposes to support STRTC and FFA programs to achieve national accreditation as required under AB 403 by supporting 50 percent of the cost of accreditation for up to two years. The cost of this support is $2.8 million total funds in 2016-17.

<u>Performance Measures:</u> Provides $300,000 total funds for a contract to develop a performance outcome measures process, and provides $500,000 total one-time funding to support automation changes necessary to implement these measures.

<u>Child and Family Teams:</u> Beginning January 1, 2017, provides $12.9 million total funds to child welfare agencies, and $1.5 million total funds to probation agencies, for costs associated with participating in child and family teams, and assumes these funds will be supplemented with existing realignment funds at the local level that counties use for case planning activities.

<u>Administrator Reviews:</u> Effective January 1, 2017, youth placed in STRTCs will require a placement review every six months and county deputy director approval for placements exceeding six months. The budget provides $18,000 in total funds for each of these activities.

<u>Case Planning Tool Implementation:</u> Assumes implementation of a new, automated case planning assessment system to support the required assessment of children and family needs and proposes $3.5 million total funds to enter into an agreement with a vendor to obtain the tool, and provides $100,000 total funds for child welfare agencies, and $3.0 million total funds to probation agencies, to train social workers and probation officers on this tool.

<u>Probation Funding:</u> The Budget also proposes to increase funding to probation agencies for resource family recruitment, retention and support, and in addition, to provide funding for case management services in order to meet the requirements of AB 403. The total proposed funding for both elements is $15.0 million GF.

<u>Resource Family Approval Process:</u> Assumes 12 early implementing counties (Butte, Kings, Madera, Monterey, Orange, San Francisco, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Ventura and Yolo) will implement by July 1, 2016, and the remaining 46 counties will implement on January 1, 2017. The budget includes $16.2 million ($5 million federal, $11.2 million GF) for the new activities associated with RFA implementation.

Resource Family Recruitment, Retention and Support:

As part of the CCR package, the Governor proposes to maintain level funding to county child welfare agencies for recruitment and support, equal to $17.2 million GF. CWDA believes these activities are significantly underfunded and we will be seeking a budget augmentation for 2016-17.

Approved Relative Caregiver Program (ARC)

The Budget provides a $1.8 million GF increase to base funding for counties who have opted into the ARC program, in order to reflect the CNI COLA, as statutorily required.

Commercially Sexually Exploited Children (CSEC) Program

Funding remains flat for the CSEC program at a total of $14 million GF. The budget presumes $1.2 million of that amount will be for counties to meet federal requirements for protocols and reporting, and the remaining $12.8 million GF will be provided to counties as part of the opt-in program. CWDA questions the adequacy of this amount and will be engaging the Administration in a discussion of program funding needs.

CWS Training

The budget reflects a $500,000 total funds ($300,000 SGF increase in the CWS Training budget to support tribal, psychotropic medications and Resource Family Approval training.

IN-HOME SUPPORTIVE SERVICES (IHSS)

Funding for IHSS is projected to increase by 8.4 percent over the 2015-16 budget, to $9.2 billion ($3 billion GF), with an average monthly caseload of 463,537 in 2015-16 (a 4.5 percent increase) and 489,775 recipients in 2016-17 (a 5.7 percent increase). These projections show growth is increasing at a slower rate compared to prior years. The average provider cost per hour in the Individual Provider (IP) mode is $12.68 in 2015-16, and $12.80 in 2016-17, with average monthly hours of 101.9 in both 2015-16 and 2016-17.

Fair Labor Standards Act (FLSA) Implementation

The budget continues to assume a February 1, 2016 start date for implementing the provisions of the federal Department of Labor (DOL) regulations, which result in new costs for the IHSS program to cover overtime, travel time between multiple consumers, and wait time. Prior legislation limits the total number of hours any provider can work to 66 hours per week, and caps travel time at 7 hours per week. The costs to implement FLSA include:

Services: The budget provides $603 million total ($281.2 million GF) in 2015-16 and $841.1 million total funds ($390 million GF) in 2016-17 to implement FLSA requirements. This includes the costs of overtime, wait time and travel time.

Administration: The budget provides $49.7 million total funds ($25 million SGF) in 2015-16, and $4.8 million total funds ($2.4 million GF) in 2016-17 for county administration. The year-over-year drop is due to the Administration's anticipation of reduced workload once FLSA forms are processed in 2015-16.

Note there is no county-share of cost to implement FLSA requirements due to the IHSS MOE.

7 Percent Service Reduction

The 2015-16 budget restored the 7 percent reduction for one year, with future funding dependent on the continuation of the MCO tax. For 2016-17, the Governor continues this restoration tied to the extension of the MCO tax, with proceeds from the tax placed into a special fund used to restore the 7 percent reduction ($507.3 million total funds, $236.2 million GF), and assumes funding the special fund for three years.

Coordinated Care Initiative

The budget continues the operation of the Coordinated Care Initiative (CCI) in seven counties through calendar year 2016 (Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara). It also notes that if the MCO tax is not extended, and participation is not improved by January 2017, the CCI trigger would be pulled and the program would cease operating effective January 2018. Approximately 83 percent of IHSS recipients are opting-out of the CCI, and the Administration indicates it will seek ways to improve participation in the coming year. Because the county IHSS MOE and collective bargaining are tied to the continuation of the CCI, collective bargaining and county share-of-cost in the IHSS program could also revert in 2018. The budget continues to provide funding for the implementation of Care Coordination Teams for the CCI counties ($5.5 million total funds, $2.5 million GF).

Universal Assessment Tool (UAT)

Provides $3.0 million total funds ($1.5 million GF) to develop and implement a pilot assessment and evaluation of the UAT, designed to consolidate separate processes in conducting assessments for long-term care service programs including IHSS, CBAS and MSSP. Pilot counties will be selected in July 2016.

County MOE

The budget assumes counties will pay an additional $36.5 million in 2016-17 due to the 3.5 percent inflation factor required under statute.

ACA Impact on IHSS

The budget assumes increasing costs as a result of newly eligible adults between the ages of 19 and 65 entering the IHSS program as a result of the Affordable Care Act (ACA), and projects caseload of 6,879 in 2015-16 and 11,717 in 2016-17. The budget provides $112.3 million total funds ($4.8 million GF), of which $5.4 million total ($2.7 million GF) is for IHSS Administration.

ADULT PROTECTIVE SERVICES – TRAINING

State funding for APS training of county social workers remains unchanged from the prior fiscal year. The budget proposes $176,000 total ($88,000 GF) for 2016-17.

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

The budget proposes to pass through an annual federal cost-of-living adjustment (COLA) based on the Consumer Price Index to the SSI portion of the grant, which is projected to equal a 1.7 percent increase in 2015, and a projected 1.7 percent increase effective January 1, 2017. In addition and for the first time in several years, the budget proposes an increase to the SSP portion of the grant, equivalent to the California Necessities Index (CNI), which is projected to be 2.96 percent (Note: this index is typically updated in the May Revise). This would result in maximum SSI/SSP monthly grant level increases of $17 and $31 for individuals and couples, respectively, effective January 2017, and the budget includes $40.7 million GF for the SSP cost increase. Cash Assistance Program for Immigrants (CAPI) benefits are equivalent to SSI/SSP benefits, less $10 per month for individuals and $20 per month for couples. Total funding for SSI/SSP includes $2.9 billion GF, a 2.8 percent increase over the revised 2015-16 budget.

AUTOMATION

The key automation projects appear to be funded at the levels needed to proceed as expected. Future budget updates will provide additional information as it becomes available.

Online CalWORKs Appraisal Tool (OCAT)

The proposal reflects increased budget year funding to support the integration of OCAT into the Statewide Automated Welfare System (SAWS) beginning in 2016-17.

CMIPS II

The proposal reflects increased current year costs due to schedule shifts and the delay in implementation of the federal FLSA changes.

CWS – New System

The state's decision to shift from the standard "monolithic" procurement process to an "agile" methodology is not reflected in the Governor's budget, due to the timing of the decision. The state has indicated, and CWDA agrees, that this new approach can only be successful with robust county involvement in the development of the functionality. Our CWDA county consultants are working closely with the project team to develop detailed estimates for the additional resources needed in the counties to make this procurement successful. We have requested and received assurances that the necessary resources will be provided to support this level of involvement.

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. Currently, CalHEERS creates notices on Modified Adjusted Gross Income (MAGI) Medi-Cal cases, and SAWS creates notices for Non-MAGI Medi-Cal cases. It is anticipated that SAWS will begin creating the MAGI notices in March 2016, when Phase I of SB 1341 is implemented.

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. This will be programmed as part of phase II of the project, which is not yet slated for a release. The budget proposal reflects an increase of $15.8 million in 2016-17 to support Phase II of SB 1341 implementation, which supports the SAWS generation of NOAs for households that have family members receiving services under MAGI Medi-Cal, Non-MAGI Medi-Cal, and/or Advanced Premium Tax Credit (APTC).

County Expense Claim Reporting Information System (CECRIS)

This project was suspended in January 2015 to allow for development of an updated Special Project Report, and to seek federal approval. As a result, $1.18 million of project costs have been shifted from 2015-16 to 2016-17.

Electronic Benefits Transfer (EBT) 3 Transition and Development

The current EBT Services Contract expires in March 2018, and the transition to the new EBT contract, known as EBT 3, is expected to begin in early 2016. The proposed budget for 2016-17 includes funds to support county transition efforts.

The complete summary of the Governor's proposed 2015-16 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

County Welfare Directors Association of California

Eileen Cubanski, Senior Fiscal & Policy Analyst

email: ecubanski@cwda.org