



CWDA

Advancing Human Services
for the Welfare of All Californians

State Budget Update #1

Governor's Proposed 2024-25 Budget

January 10, 2024 | 16 Pages

Governor Newsom released his proposed 2024-25 budget this morning. The following budget update summarizes what we know so far about the proposals and issues of interest in the health and human services area. CWDA staff will continue to keep you updated in the coming days and weeks as we learn more details.

Overall Budget Picture

California's revenue situation is bleaker than originally anticipated last summer when the current year budget was enacted, with the Governor now estimating a \$37.9 billion General Fund (GF) budget shortfall over the three-year period of 2022-23, 2023-24, and 2024-25. This revenue shortfall is occurring notwithstanding underlying resilience in the overall California economy. Slowing inflation, recovered job growth from the pandemic, and the leveling of interest rates (and possibly reductions to interest rates), has eased fears of a recession occurring in the near term. The GF revenue shortfall in 2024 is largely due to two factors: a substantial decline in the stock market in 2022, which impacted capital gains revenues that the GF is highly dependent upon; and the significant delay in income tax collections, which masked the extent of the revenue decline last May, preventing the Governor and Legislature from adopting solutions before the current year budget was enacted. The result of these two factors is that the majority of the revenue shortfall is an immediate current year problem.

To address the \$37.9 billion GF shortfall, the Governor proposes the following solutions:

- \$13.7 billion in spending from reserves, including \$12.4 billion from the Proposition 2 Budget Stabilization Account (the BSA or Rainy Day Fund) and the entire \$900 million from the Safety Net Reserve.
- \$8.5 billion in spending reductions, the largest of which are related to climate investments and unspent housing programs, but also includes approximately \$275

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million in ongoing cuts to CalWORKs administration and services.

- \$5.7 billion in new revenues and internal special fund borrowing, which includes \$3.8 billion in revenues from the Managed Care Organization (MCO) tax.
- \$7.2 billion in funding deferrals and delays.
- \$3.4 billion in shifts of expenditures from the GF to other funds.

REALIGNMENT REVENUES

Unlike GF revenues overall, realignment revenues are projected to be higher than originally projected for the 2023 Budget Act. The details for each realignment are provided below.

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 2023 Budget Act. Actual sales tax revenues in 2022-23 came in close to estimates, but 2023-24 sales tax revenue projections are higher than projected last summer. The Governor's Budget estimates that sales tax revenues will increase in the current year (2023-24) over the prior year (2022-23) by 5.04 percent, much higher than the flat revenue growth projected for 2023-24 in the 2023 Budget Act. In the budget year (2024-25), the proposed budget projects that sales tax revenues will grow by another 2.02 percent. Actual VLF revenues for 2022-23 were also about the same as projected in the 2023 Budget Act and are estimated to increase by 1.77 percent in the current year, and another 1.06 percent in the budget year.

There is projected to be enough growth funding to fully fund Caseload Growth in both the 2023-24 and 2024-25 fiscal years (FYs). The VLF funding in the Social Services Subaccount will remain flat in FY 2022-23 and FY 2023-24 because the Social Services Subaccount does not receive General Growth funding.

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

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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.

The Governor's Budget estimates county savings of \$689.4 million in FY 2023-24 and \$617.1 million in FY 2024-25. In addition, the proposed budget includes an adjustment to the amount redirected from counties to the subaccount, based on actual savings from FY 2021-22; however, that amount was not available at the time of this update.

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 about 31 percent from this subaccount since FY 2013-14, as well as the repeal of the Maximum Family Grant (MFG) rule, which took effect January 1, 2017. Along with the Governor's Budget in January and the annual 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 plus 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 amount that the available funding is estimated to support.

There is estimated to be \$1.10 billion and \$1.12 billion in the Child Poverty and Family Supplemental Support Subaccount in FY 2023-24 and 2024-25, respectively. The Administration indicates that there will be enough to fully fund the previous grant increases and MFG repeal in FY 2024-25. As such there is a 0.8 percent grant increase proposed, effective October 1, 2024, which is estimated to cost \$26.7 million in FY 2024-25. The estimated grant increase to be provided in FY 2024-25 will be updated at the May Revision based on revised revenue projections.

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 FY 2022-23 sales tax revenues for 2011 Realignment were slightly higher than estimated in the 2023 Budget Act. The result is that actual FY 2022-23 sales tax revenues available for the Support Services Account were \$7.8 million higher than previously estimated.

As with 1991 Realignment, growth in sales tax revenues is projected to be higher than the

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projections in the 2023 Budget Act. The proposed budget projects the sales tax growth rate to be 5 percent higher in FY 2023-24 than the revised revenues received for FY 2022-23, and to further increase by approximately 2 percent in FY 2023-24. These overall sales tax growth rates will translate into growth funding for the Support Services Account of an estimated \$143.5 million in FY 2023-24 (of which \$67.5 million is for the Protective Services Subaccount and \$75.0 million is for the Behavioral Health Subaccount) and an increase of \$122.2 million in FY 2024-25 (of which \$57.9 million is for the Protective Services Subaccount and \$64.3 million is for the Behavioral Health Subaccount).

HOMELESSNESS

While the Governor's proposed budget retains many of the housing and homelessness-related investments promised in previous years, the budget proposes to delay certain investments to the current and subsequent fiscal years as a result of the projected decline in the state's General Fund. Notably, the Governor's Budget proposes to delay:

- \$260 million GF for the Homeless Housing, Assistance, and Prevention (HHAP) program from FY 2023-24 to FY 2025-26. Additionally, the proposal involves reverting \$100.6 million GF in HHAP administrative set asides, leaving \$51.1 million for program administration.
- \$235 million GF initially planned for FY 2024-25 to FY 2025-26 for the Behavioral Health Bridge Housing program.
- \$140.4 million GF from FY 2024-25 to FY 2025-26 for the for the Behavioral Health Continuum Infrastructure program. The budget will maintain \$300 million GF in FY 2023-24 and \$239.6 million GF in FY 2024-25.

CDSS-Administered Housing Programs

The Department of Social Services oversees four housing and homelessness programs administered by counties: the CalWORKs Housing Support Program (HSP), the Bringing Families Home (BFH) Program, the Home Safe Program, and the Housing Disability Advocacy Program (HDAP). As part of the budget solutions to address the budget shortfall, the Governor's Budget proposes to delay the availability of a portion of the one-time funding provided for the BFH Program, the Home Safe Program, and the HDAP in FY 2022-23 that originally had expenditure authority through the end of FY 2024-25. We are still unclear on how these delays will be operationalized and what the impacts on counties will be and are continuing discussions with CDSS. The specific amounts proposed for delay are described below:

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- **Housing Support Program** – The Governor’s Budget includes \$95 million General Fund in ongoing funding for the Housing Support Program (HSP) in FY 2024-25. The Governor’s Budget also extends the expenditure deadline of the one-time \$190 million for HSP funding allocated in Budget Act 2021 from June 30, 2024 to June 30, 2025. The HSP is not included in the proposed funding delays for CDSS-Administered housing programs.
- **Bringing Families Home (BFH)** – The amount proposed to be delayed until FY 2025-26 for BFH is \$80 million GF. Currently, there is no ongoing funding provided for BFH after the one-time funds are exhausted.
- **Home Safe** – The amount proposed to be delayed until FY 2025-26 for Home Safe is \$65 million GF. Currently, there is no ongoing funding provided for Home Safe after the one-time funds are exhausted.
- **Housing and Disability Advocacy Program (HDAP)** – The amount proposed to be delayed until FY 2025-26 for HDAP is \$50 million GF. The Governor’s Budget continues its ongoing annual investment of \$25 million GF for HDAP, which requires a county match.

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

The total Medi-Cal budget is estimated to be \$157.4 billion (\$37.3 billion GF) in FY 2023-24 and \$156.6 billion (\$35.9 billion GF) in FY 2024-25. The Governor’s Budget estimates a caseload totaling approximately 14.8 million beneficiaries for FY 2023-24, a slight increase from the 2023 Budget Act due to the increase in individuals remaining on Medi-Cal. The proposed budget projects a caseload decrease of 6.79 percent from FY 2023-24 to FY 2024-25, estimating a caseload of 13.7 million beneficiaries. This reduction is attributed to the decline in Medi-Cal cases following the eligibility redeterminations.

County Administration Funding

The proposed budget includes a total of \$2.43 billion (approximately \$1.21 billion GF) in county administrative funding in FY 2024-25. This includes an increase of \$69 million (\$34.5 million GF) in FY 2024-25 based on an adjustment to the current funding level using the projected increase of 2.93 percent in the California Consumer Price Index (CPI).

County Administration Funding to Restart Redeterminations

The proposed budget continues to include funding to support increased county workload, after the PHE is lifted, to conduct eligibility redeterminations for beneficiaries that remained

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enrolled in Medi-Cal due to the continuous coverage requirement during the PHE. Approximately \$96.2 million total funds (\$48.1 million GF) continues to be budgeted for the current fiscal year for counties to continue the workload associated with the unwinding.

Recent Medi-Cal Policy Changes

The budget continues to maintain funding to the following recent policy changes:

- **Undocumented Adults Full-Scope Medi-Cal Expansion:** The Governor's Budget includes \$1.4 billion total funds (\$1.2 billion GF) in FY 2023-24 and \$3.4 billion total funds (\$2.9 billion GF) in FY 2024-25 for the expansion of full-scope Medi-Cal to adults aged 19 over regardless of immigration status.
- **Medi-Cal Asset Limit Elimination:** The Governor's Budget continues to provide funding for the asset test elimination, effective January 1, 2024. \$195.4 million total funds (\$97.7 million GF) is proposed for FY 2024-25.

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

The Governor's Budget includes \$24.3 billion (\$9.1 billion GF) for In-Home Supportive Services (IHSS) in FY 2024-25. There are no proposed reductions for the IHSS program. Average monthly caseload growth is estimated to increase at a faster rate from prior estimates, expected to grow by 6.0 percent in FY 2023-24 and by 4.6 percent for FY 2024-25, resulting in 691,075 cases in FY 2024-25. Average weighted hours per case are also projected to grow to 122.8 hours in FY 2024-25. The average cost per hour in the Individual Provider mode is estimated to be \$20.01 in FY 2023-24 and \$20.52 in FY 2024-25.

IHSS Services

For FY 2024-25, IHSS services costs are projected to increase due to growth in the projected caseload, hours per case, and cost per hour, including costs associated with the increase in minimum wage to \$16.00/hour. Total IHSS Basic Services costs are projected to be \$20.1 billion (\$9.4 billion GF) in FY 2024-25.

County IHSS Maintenance of Effort (MOE)

The Governor's Budget for IHSS includes an estimated county IHSS MOE amount of \$2.0 billion in FY 2024-25, after adjusting for locally negotiated county wage, health benefit, non-health benefit and contract rate increases, which are \$15.9 million when annualized. The four-percent annual inflation factor applied to the county IHSS MOE is estimated to increase the

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statewide total county IHSS MOE by \$74.1 million for FY 2023-24 and \$77.1 million for FY 2024-25.

County IHSS Administration

The Governor's Budget for IHSS includes \$729.4 million total (\$368.2 million GF) for county base administration funding, an increase over FY 2023-24, reflecting continued growth in the IHSS monthly caseload. We will have a more precise county IHSS Administration allocation amount when we complete our allocation summaries this week.

Public Authority Administration

The Governor's Budget for Public Authority administration is proposed to increase to \$60.6 million (\$30.6 million GF) in FY 2024-25 to reflect higher projected caseload.

Electronic Visit Verification

The Governor's Budget continues Electronic Visit Verification (EVV) county administration funding, and includes nearly \$8.0 million (\$2.0 million GF) in FY 2024-25.

Minimum Wage Increases

The Governor's Budget includes \$241.5 million (\$108.9 million GF) in FY 2023-24 and \$511.8 million (\$230.9 million GF) in FY 2024-25 to support the California minimum wage increase to \$16.00 per hour beginning January 1, 2024, and \$254.2 million (\$114.7 million GF) to support the California minimum wage increase to \$16.50 per hour in January 2025.

Provider Paid Sick Leave

The Governor's Budget continues to fund Provider Paid Sick Leave, which allows providers up to 24 hours of paid sick leave per year. The cost of this benefit is projected to be \$169.4 million (\$76.4 million GF). County administrative costs are projected to total \$206,000 (\$104,000 GF). On our initial review, the Governor's Budget does not reflect funding to implement SB 616 (2023), which increases the sick leave accrual rate for IHSS providers to 40 hours or 5 days in each year of employment beginning January 1, 2024. CDSS has indicated this law will be implemented for IHSS providers on July 1, 2024.

Undocumented Adults Full Scope Medi-Cal Expansion

The Governor's Budget continues to fund the expansion of full-scope Medi-Cal to adults aged 19 and older regardless of immigration status. This includes a projected caseload of 2,749 adults aged 26 to 49 in FY 2024-25 and 11,313 adults aged 50 and older in FY 2024-25. The

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projected IHSS services costs are \$379.6 million GF in FY 2024-25 and \$14.8 million GF for IHSS administration for both expansion populations combined.

Phasing in the Medi-Cal Asset Repeal

The Governor's Budget reflects full implementation of the elimination of the asset limit in Medi-Cal for non-Adjusted Gross Income (MAGI) programs. The budget reflects a projected monthly caseload of 1,8112 in FY 2023-24 and a 3,874 monthly caseload in FY 2024-25, with estimated services costs of \$102.6 million (\$46.3 million GF) in 2024-25, and \$3.5 million (\$1.8 million GF) in FY 2024-25 for IHSS county administration activities.

CALWORKS**Caseload**

The estimated CalWORKs caseload for the current fiscal year (FY 2023-24) is expected to increase by 5.3 percent, reaching 348,599 cases, compared to the caseload in FY 2022-23. Caseload is projected to grow by another 1.6 percent in 2024-25, reaching 354,117 cases over the revised FY 2023-24 estimates. In contrast, Employment Services caseload is anticipated to decrease by 6.4 percent in the current year compared to FY 2022-23 and increase year over year by 2.1 percent in FY 2024-25.

Single Allocation

The Governor's Budget proposes a net \$41.9 million cut to the current year Single Allocation, a 2.51 percent decrease compared to the 2023 Budget Act. This proposed reduction is comprised of a net \$33.9 million proposed cut to the Eligibility component and a \$7.7 million net reduction to the Employment Services component.

For FY 2024-25, the Governor's Budget proposes an additional decrease of \$171.8 million, 10.3 percent to the Single Allocation compared to the revised 2023-24 Single Allocation funding. Specifically, the Eligibility Component is proposed to be reduced by a total of \$92.4 million, including a \$27.5 million decrease is due to the projected decrease to the CalWORKs caseload, per the current CalWORKs eligibility administration methodology, and the ending of the \$55 million one-time eligibility funding supplement provided by the Legislature. The Employment Services component is proposed to be cut by an additional \$79.4 million,, including a \$47 million associated with holding the intensive case management hours to 8.75 hours (which was set to increase to 10 hours per previous budget agreements), with the rest associated with revised caseload estimates.

In total, over the two-year period, the Single Allocation is proposed to be cut by \$213.7

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million, a 12.8 percent reduction compared to the amount provided in the 2023 Budget Act adopted last summer.

Early Reversion of Prior Year Single Allocation Funding

The Governor's Budget proposes a reversion of \$336 million GF from FY 2022-23 that is projected to be unexpended in the CalWORKs Single Allocation. CWDA will be working with CDSS to confirm the specific unspent amount and that there will be enough funding left to address any supplemental claims.

Increase to the CalWORKs Maximum Aid Payment

The Governor's Budget includes a 0.8 percent increase to the Maximum Aid Payment (MAP), with a cost of \$26.7 million for FY 2024-25. The funding for this increase will come from the Child Poverty and Family Supplemental Support Subaccount in 1991 realignment. This grant amount will be updated at the May Revision and go into effect October 1, 2024.

Expanded Subsidized Employment (ESE)

The Governor's Budget proposes a reversion of \$134.1 million for Expanded Subsidized Employment appropriated for FY 2023-24, a retroactive cut to all funding provided for the program for the current year. Furthermore, the budget proposes a reduction of \$134.1 million for ESE in FY 2024-25 and ongoing, completely eliminating the program.

Family Stabilization

The Governor's Budget proposes a reversion of \$55 million for the Family Stabilization program appropriated for FY 2023-24, a retroactive cut to all funding provided for the program in the current year. Furthermore, the budget proposes a reduction of \$71 million for FY 2024-25 and ongoing, completely eliminating the program.

CHILD CARE AND EARLY EDUCATION

The Governor's Budget includes \$6.6 billion (\$4.6 billion GF) for child care programs, including CalWORKs Stage One and the Emergency Child Care Bridge Program (see also the Child Welfare section of this update). The Administration continues to allocate funding to support the memorandum of understanding between the state and the Child Care Providers Union (CCPU).

STATE BUDGET UPDATE | GOVERNOR'S PROPOSED 2024-25 BUDGET**Stage 1 Child Care**

The Governor's Budget proposal revises the 2023-24 Stage 1 child care costs to a total of \$643.7 million and projects costs to increase to a total of \$705.1 million for FY 2024-25. This increase is attributed to a higher projected caseload, with the FY 2024-25 projected caseload showing growth to a monthly average of 64,855 cases.

Stage 2 and 3 Child Care

The Governor's Budget includes a total of \$672.1 million in funding for Stage 2 in FY 2024-25, an increase from FY 2023-24. This adjustment reflects a projected increase in the average monthly caseload by 48.9 percent, corresponding to the increases in Stage 1 due to the continuous eligibility policy. The Governor's Budget includes \$546.0 million for Stage 3 in FY 2024-25, indicating a decrease in the caseload compared to the previous year, totaling 47,782 cases.

CALFRESH**Caseload**

Total CalFresh caseload is projected to increase by 3.8 percent in FY 2023-24 from the prior year, an increase of 2.9 percent compared to the 2023 Budget Act. Caseload is projected to continue to increase by an additional 1 percent from FY 2023-24 to FY 2024-25. It is projected that the CalFresh caseload will have approximately 3 million households.

County Administrative Funding

The proposed budget includes a year-over-year decrease of \$22.9 million in CalFresh county administrative funding in FY 2024-25. This is largely driven by the decrease in county administration funding associated with the reimbursement of food benefit theft, as the state is expected to implement the Chip EMV/Tap Pay technologies in May 2024, which is anticipated to significantly reduce food benefit theft.

CalFresh Administration Funding for Reimbursement of Food Benefit Theft

The Governor's proposal includes separate administrative funding for reimbursement of food benefit theft totaling \$46.9 million (\$27.4 million GF) in the current year, an increase of \$16.6 million (\$7.9 million GF) from the 2023 Budget Act, and a total of \$14.5 million (\$9.7 million GF) in the budget year.

STATE BUDGET UPDATE | GOVERNOR'S PROPOSED 2024-25 BUDGET**Recent CalFresh Policy Changes**

- **Summer EBT:** The Summer EBT program was recently established as a new permanent benefit to begin in FY 2024-25. The program will receive \$252.8 million in FY 2023-24 and \$430.2 million in FY 2024-25 due to the federal FY structure. The Administration has submitted their plan and will begin implementation in summer 2024.
- **Minimum Nutrition Benefit Pilot:** The Governor's Budget includes \$915,000 GF in FY 2023-24 for automation and \$15 million GF in FY 2024-25 to implement the minimum nutrition benefit pilot included in the 2023 Budget Act that will fund cases with at least \$50. Conversations are continuing between CDSS and stakeholders, including CWDA, to identify the population that will be eligible for this benefit.

CHILD WELFARE / FOSTER CARE / ADOPTION ASSISTANCE

The Governor's Budget includes \$690.3 million GF in FY 2024-25 for child welfare and foster care services and programs.

Caseload

The Governor's Budget estimates average monthly child welfare caseload (Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement) of 94,858, generally trending a decline for FY 2024-25. The average AFDC-FC caseload representing youth in out-of-home placements (including county resource family homes, FFAs and group care) continues to decline and is projected to equal 30,832 in FY 2024-25. Significant declines continue in congregate care placements and are projected to decline by 7.7 percent in FY 2024-25 to 2,237 youth in congregate care (this figure also includes those receiving wraparound).

The caseload of non-federally eligible relatives who are supported through the Approved Relative Caregivers Program is expected to decrease by 9.5 percent in FY 2023-24 and by 8.6 percent in FY 2024-25 to 3,907 cases. Kin-GAP/Fed-GAP caseload is projected to remain largely flat, increasing by 0.5 percent to 18,053 cases in FY 2024-25. The Adoption Assistance Program caseload will also remain largely flat, increasing by 0.1 percent to 86,862 cases in FY 2024-25.

Continuum of Care Reform

The Governor's Budget provides a total of \$461.9 million (\$307.3 million GF) to continue implementation of CCR, with a new CCR rates proposal as noted below. Administrative costs to implement various CCR components (RFA, CANS, and Child and Family Teams) are nearly

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identical to the prior year, updated only to reflect current caseload estimates.

Proposed Permanent Rate Structure

The Governor's Budget includes a long-awaited proposal for a permanent rate structure to replace the current level of care rate structure that was intended to be temporary. The proposal does not currently include specific rate amounts, but proposes a framework for a rate structure informed by the child's individual needs and strengths, as identified by the Child and Adolescent Needs and Strengths (CANS) assessment tool, and not tied to the child's placement. The proposed rate structure would include funding to support strength building and to address a child or youth's immediate needs, utilizing the CANS assessment and Latent Class Analysis (LCA) to establish tiers. The proposed budget includes \$12.0 million GF in FY 2024-25 for updates to the CWS-CARES and CalSAWS systems to implement the new rate structure as soon as FY 2026-27. The final details of the new rate proposal, including specific amounts, are intended to be included in the May Revision.

Family Urgent Response System

The Governor's Budget proposes a cut of \$30 million GF in FY 2024-25 and on-going to the FURS program, thereby eliminating the program. FURS provides 24/7 conflict resolution, de-escalation, and in-person response to current and former foster children and their caregivers to preserve families via a state-level hotline and a county-based mobile response team.

Housing for Foster Youth in Supervised Independent Living Placements (SILP)

To address the budget shortfall, the Governor's Budget reduces the SILP payment supplement by \$195,000, to \$258,000 in FY 2024-25 and \$25.5 million (\$18.8 million GF) in FY 2025-26 and on-going, thereby eliminating the program. This policy was authorized through budget trailer bill AB 102 (Statutes of 2023) and the Budget Act of 2023 to increase monthly SILP rates based on Fair Market Rate (FMR) levels.

Public Health Nurse Los Angeles County Pilot Program

To address the budget shortfall, the Governor's Budget proposes a reduction of \$8.25 million GF in funding for this program beginning July 1, 2024 and on-going, which eliminates all funding for this program. The program supports public health nurses in only Los Angeles County to provide early intervention services for children at risk of foster care placement.

Caregiver Approval

The Governor's Budget continues to provide \$50.0 million GF to counties to support

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administrative activities associated with the Resource Family Approval (RFA) process.

Family First Prevention Services Act (FFPSA)

Part 1 Prevention: Although the Governor's Budget continues to reflect \$222.4 million GF to implement Part 1 prevention services, CWDA staff have been informed by the Administration that those funds are proposed to be extended for county expenditure to June 30, 2028. Currently, these funds must be expended by June 30, 2024.

Part IV: The Governor's Budget continues funding the various components for Part IV implementation, including county administrative activities associated with social worker activities in support of the required review by Qualified Individuals and social worker activities related to obtaining court authorization for placement into congregate care facilities. The Governor's Budget continues to fund six months of aftercare services but assumes an increased rate for aftercare of \$6,500 per youth.

A total of \$50.1 million (\$25.7 million GF and \$19.6 million county funds) is proposed in FY 2024-25 to support administrative activities to meet FFPSA requirements under Part IV of the law. This reflects a decrease from FY 2023-24 due to continued projected declines in the STRTP caseloads.

Health Care Program for Children in Foster Care (HCPCFC)

Due to the sunset of the Child Health and Disability Prevention Program (CHDP) on June 30, 2024, effective July 1, 2024, the Governor's Budget will redirect \$13.1 million (\$6.6 million GF) of the CHDP county budget allocation to fund the administrative and service costs of the HCPCFC Program. This funding augmentation is intended to support HCPCFC as a stand-alone program.

Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT)

BH-CONNECT includes a number of initiatives designed to expand the continuum of community-based behavioral health care services for Medi-Cal children and youth, including for foster youth. As part of the BH-CONNECT proposal (visit the [DHCS BH-CONNECT website](#) for the full proposal), the Governor's Budget proposes investments in both the DHCS and CDSS budgets for child welfare agencies and county mental health plans.

Child welfare components of BH-CONNECT include Child and Family Teams for Family Maintenance cases, activity stipends for foster children, and joint home visits by social workers and a mental health worker. Included are \$21.1 million total funds (\$15.5 million GF)

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to child welfare agencies to support these components, beginning January 1, 2025.

Workforce Expansion

To address the budget shortfall, the Governor's Budget proposes a delay of \$140.1 million GF to 2025-26 for nursing and social work initiatives administered by the Department of Health Care Access and Innovation (HCAI). The Budget also delays \$189.4 million Mental Health Services Fund (MHSA) to FY 2025-26 for the social work initiative. The delay impacts the CWDA co-sponsored initiative to expand education through the schools of social work that was approved through the State Budget beginning in FY 2022-23.

ADULT PROTECTIVE SERVICES (APS)**APS Expansion**

The Governor's Budget reflects continued implementation of AB 135 (Statutes of 2021) to support the APS program in providing longer-term case management for more complex cases, expand eligibility to APS services for persons 60 and older, expand APS multi-disciplinary teams to include housing representatives, and address overall growth in the number of older adults served in the APS program. The proposed budget includes \$70.0 million in GF for FY 2024-25.

APS Training

The Governor's Budget includes \$9.5 million to continue support for APS Training. This is a slight increase to reflect funding for a MEDSLight contract.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTAL PAYMENT (SSI/SSP) AND CAPI**SSI/SSP Caseload and Grants**

A total of \$3.7 billion GF is included in the proposed Governor's Budget for the SSI/SSP programs, including CAPI. The federal cost-of-living adjustment (COLA) is 3.2 percent for calendar year 2024 and is projected to be 2.4 percent in calendar year 2025. The projected caseloads for both SSI and SSP are 336,790 for aged recipients, 13,429 for blind recipients, and 733,429 for disabled recipients.

The average SSI monthly grant, (absent the 2023 and 2024 COLA impacts) are \$432.38 for aged recipients, \$586.23 for blind recipients, and \$638.52 for disabled recipients, and for SSP are \$231.11 for aged recipients, \$294.20 for blind recipients, and \$224.79 for disabled recipients. The average increase due to the 2024 COLA are \$14.67 for aged recipients, \$19.26

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for blind recipients, and \$15.98 for disabled recipients.

Proposed funding for the CAPI program is \$211.15 million GF. The average CAPI monthly grant amount is \$992.21 for FY 2023-24 and projected to be \$1,020.00 for FY 2024-25.

AUTOMATION

The key automation projects appear to be funded at the levels needed to proceed as expected, with significant changes as noted below, based on the information currently available. Future budget updates will provide additional information as it becomes available.

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

The Governor's Budget reflects total funding of \$178.4 million (an increase from \$108.4 million in FY 2023-24) in FY 2024-25, with an additional total of \$52 million in one-time provisional authority. The increase is due to mid-year approval of the CARES budget by the Department of Finance in May 2023. County participation planning allocations for FY 2023-24 were released in [CFL 23-24-01](#) on August 3, 2023, and as development activities ramp up, it will be important for counties to expend these funds. We anticipate that county participation will increase as development activities ramp up and CWDA will continue to monitor and advocate for sufficient funding for county allocations to cover the cost of this work. The CWS/CMS budget continues to include funding totaling \$1.5 million for the removal of duplicate data in CWS/CMS, to prepare for conversion to CARES. Additional support for Tribal Engagement remains at \$100,000 General Fund in FY 2024-25.

Electronic Benefits Transfer (EBT) Theft and Security Improvements

The Governor's Budget increases current year funding for EBT card technology improvements to a total of \$65.8 million and decreases budget year funding to a total of \$10.7 million, with no change to the total cost. This is consistent with CDSS' plan to begin issuing EBT cards with Chip EMV/Tap Pay technologies in May 2024, which is expected to improve security and reduce benefit theft. This will require replacing EBT equipment in county offices and at some retailers.

The Governor's Budget contains a further significant increase in funding for reimbursement of benefit theft in the current year, to a total of \$142.3 million for cash theft, and a total of \$72.3 million for food theft, due to a faster than anticipated increase in benefit theft. Funding is reduced to a total of \$22.9 million for cash theft, and a total of \$22.4 million for food theft, in the budget year, in anticipation that the card security improvements will significantly reduce theft. The proposal also includes a total of \$2.2 million in funding for CalSAWS

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automation changes in the current year.

CaSAWS

The Governor's Budget includes the anticipated funding to support the CaSAWS project in the current year (total of \$355 million) and budget year (total of \$346 million). As is typically the case, some premise items will require further discussion with state partners and may require adjustments to the estimate amounts and/or timing, or modification of planned automation changes. CWDA will continue to work with the Administration and CaSAWS to ensure CaSAWS automation impacts, costs, timing, and the resultant impacts on county workload, are considered as various budget and policy changes are discussed with the Legislature.

ADDITIONAL RESOURCES

A summary of the Governor's proposed 2024-25 budget can be found [here](#).

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

For more information, visit:
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