



# CWDA

Advancing Human Services  
for the Welfare of All Californians

## State Budget Update #3 2019-20 May Revision & Legislative Actions

May 24, 2019 | 6 Pages

This Governor's May Revision to the 2019-20 budget was released on Thursday May 9, 2019, five days before the statutorily required release date, kicking off what has been an unusually accelerated Legislative budget process. The Senate and Assembly budget subcommittees began May Revision hearings and taking actions the following Monday. The full Senate Budget Committee finalized the Senate's proposed budget package this past Wednesday and the full Assembly Budget Committee finalized theirs earlier today. In short, both houses of the Legislature have completed work on their respective budget proposals at least a week sooner than has been their historic practice.

The budget process next moves to the Budget Conference Committee, where representatives from the Senate and Assembly will meet to resolve the differences in the budget actions taken by each house. We currently expect the Budget Conference Committee to begin meeting the week of June 3, with an eye toward completing work on the budget bill and all trailer bills no later than June 12 so that the Legislature can enact the final budget by the June 15 deadline.

Considering how quickly the budget process has been moving in the Legislature this year, CWDA has been working full time to advocate for our budget priorities. We are pleased to report that as of this point in the process most of our priority budget issues are included in both the Senate's and Assembly's version of the budget. In some cases, the houses took different actions and the issues will be further discussed in the Budget Conference Committee. All of this is subject to change as final budget negotiations progress among the "Big 3" (the Governor, Senate Pro-Tempore, and the Speaker of the Assembly).

In the meantime, CWDA staff has prepared the attached budget tracking chart, which provides the details on the May Revision proposals and subsequent Senate and Assembly actions for all the issues we have been tracking since January. Following is a brief summary

**STATE BUDGET UPDATE #3 | 2019-20 MAY REVISION AND LEGISLATIVE ACTIONS**

of the status of some of the big ticket and high priority items.

**County In-Home Supportive Services Maintenance-of-Effort (IHSS MOE)**

The May Revision provides an additional \$55.1 million General Fund (GF) related to the re-benching of the County IHSS MOE to reflect revised 1991 Realignment revenues. This brings the total GF investment in the IHSS MOE to \$296.7 million in 2019-20, \$428.5 million in 2020-21, \$517.8 million in 2021-22, and \$615.3 million in 2022-23 and beyond. The total rebenched County IHSS MOE is \$1.563 billion in 2019-20, with an inflation factor of four percent beginning in 2020-21.

The May Revision continues to propose trailer bill language (TBL) to implement the rebenched IHSS MOE, including changes to the calculations of county specific IHSS MOE adjustments:

- Reset the base hours for the calculations at 2019-20
- Include an adjustment for health inflation cost increases beginning after July 1, 2019 when a county enters into a new collective bargaining agreement with providers
- Changes the state/county sharing ratio in nonfederal costs from 65 percent state/35 percent county to 35 percent state/65 percent county when the state minimum wage hits \$15 per hour
- Ends the acceleration of 1991 Realignment sales tax revenues and the redirection of VLF growth revenues to cover IHSS costs.

The United Domestic Workers of America (UDW) requested TBL that would only allow a county's IHSS MOE inflation factor to drop from the current seven percent to four percent if the county has an memorandum of understanding or collective bargaining agreement in place with IHSS providers that provides a wage above the state minimum wage.

Both the Senate and Assembly approved the May Revision funding to rebench the County IHSS MOE and adopted placeholder TBL consistent with Administration's proposed language. In addition, both houses have adopted placeholder TBL consistent with the UDW request. The California State Association of Counties (CSAC) remains strongly opposed to the adoption of the UDW request and continues to work with Legislative leadership and the Department of Finance and the Governor's Office to have this removed from the final budget agreement. CWDA is supporting CSAC in those efforts.

**STATE BUDGET UPDATE #3 | 2019-20 MAY REVISION AND LEGISLATIVE ACTIONS****CalWORKs Earned Income Disregard (EID) and Income Reporting Threshold (IRT)**

CWDA proposed to update the CalWORKs EID to from \$225 and 50 percent of income to \$500 and 50 percent of income beginning January 2019, increasing over the next three fiscal years to \$600 and 50 percent of income beginning January 2022 when the state minimum wage reaches \$15 per hour, and the increasing by the CPI each year thereafter to ensure the EID keeps pace with inflation. This update to the EID is estimated to cost \$35 million in 2019-20, increasing to about \$95 million at full implementation in 2020-21. As discussions on the EID proposal occurred during the subcommittee hearing process, CWDA also proposed a simplification of the Income Reporting Threshold (IRT) to partially align it with the CalFresh IRT at no additional cost to the overall proposal. Both the Assembly and Senate adopted the update to the EID and the simplification of the IRT consistent with the CWDA proposal except that the starting date was delayed until June 1, 2020 and each subsequent increase was delayed until June 1.

**CalWORKs Stage One Child Care and 12 Months Continuous Eligibility**

The May Revision included \$40.7 million in 2019-20 and \$54.2 million ongoing to provide CalWORKs recipients 12 months of Stage One child care. The proposal would require CalWORKs recipients to receive a minimum of 12 months of Stage One child care in order to be determined stable and able to transition to Stage Two. The Senate adopted the Administration's May Revision proposal and provided an additional \$26 million in ongoing funding to allow Stage One child care to be available for additional program activities and to establish a data sharing system between county welfare departments and child care contractors to ensure that child care is not disrupted during transfer (consistent with Senate Bill 321). The Assembly adopted the May Revision proposal without changes in order to move the issue to the Budget Conference Committee for further discussions. We believe that the funding provided in the May Revision for this proposal is inadequate because it does not assume any additional CalWORKs recipients will take-up Stage One child care or that any CalWORKs recipients already receiving child care will increase utilization. CWDA will be working with the Administration and Legislature to ensure adequate funding is provided to enable counties to comply with these new requirements.

**CalWORKs Stage One Child Care and the Single Allocation**

As part of the proposal to provide 12 months of continuous eligibility for Stage One child care, the May Revision also proposed to separate the Stage One child care component from the rest of the CalWORKs Single Allocation beginning in 2019-20. CWDA requested on additional fiscal year before the separation takes effect to provide time to transition. Both the Senate and Assembly adopted placeholder TBL to delay until 2020-21 the separation of Stage One child care consistent with the CWDA request.

**STATE BUDGET UPDATE #3 | 2019-20 MAY REVISION AND LEGISLATIVE ACTIONS****CalWORKs Grants**

The May Revision continued to provide \$348 million to increase CalWORKs grants by 13.1 percent. Both the Assembly and Senate adopted the funding level, but modified the proposal to raise grants to 50 percent of the Federal Poverty Level (FPL) for assistance units (AUs) of one and to 48 percent for all other AUs to align with the agreement made as part of the 2018-19 budget to increase the grants to all cases to 50 percent of the FPL for the AU size plus one.

**FURS**

Both the Senate and Assembly have included \$15 million GF in 2019-20 and \$30 million GF ongoing and adopted placeholder TBL for FURS. Although generally supportive of the program itself, the Administration believes that California would need a waiver to draw down federal EPSDT funding for FURS. Therefore, there was agreement to include language that would make implementation of FURS contingent on the approval of a waiver, if a waiver is determined to be needed, unless additional funds are appropriated in the budget and to push the implementation dates back by six months to provide the state additional time to get the hotline operational and to accommodate waiver approval if needed.

**CalFresh Expansion to SSI Recipients – County Administration**

The May Revision provided an additional \$15 million in one-time GF in 2019-20 for county administration of the expansion of CalFresh to SSI recipients (bringing total funding to \$30.4 million GF); however, the May Revision also proposed budget bill language (BBL) that would allow the \$15 million to only be used for unanticipated expenditures subject to the approval of the Department of Finance. CWDA requested the Legislature approve the \$15 million one-time GF, but reject the proposed BBL and instead adopt trailer bill language that would require the Administration to work with CWDA and counties to develop an updated budget methodology for all of CalFresh administration, including the additional workload associated with the CalFresh expansion to SSI recipients. Both the Senate and Assembly approved the \$15 million and rejected the proposed BBL and adopted placeholder TBL consistent with CWDA's request.

**Group Home Extension Trailer Bill**

Both the Senate and Assembly have adopted placeholder TBL consistent with CWDA's proposed language to provide another one-year extension of the existing statutory requirement for all group home providers to convert to Short Term Residential Treatment Program licensure.

**STATE BUDGET UPDATE #3 | 2019-20 MAY REVISION AND LEGISLATIVE ACTIONS****Bringing Families Home (BFH)**

CWDA, CSAC, the Corporation for Supportive Housing, and Housing California requested \$25 million GF in one-time funding for 2019-20 to continue and expand the BFH program, which is set to expire after the current year. The Assembly approved the \$25 million request and the Senate approved \$10 million. While the issue will go to the Budget Conference Committee for resolution, it is good news that funding for BFH is currently included in the budget packages of both houses.

**Adult Protective Services (APS) Training**

CWDA, the California State Association of Public Administrators/Guardians/Conservators, the California Commission on Aging, and the California Elder Justice Coalition requested \$5.75 million GF to be available over three fiscal years beginning in 2019-20 to continue to provide and expand training to APS social worker and county public administrator/guardian/conservator staff. The current \$3 million GF provided for this purpose is set to expire after 2019-20. The Assembly approved \$2.1 million GF and the Senate approved the full \$5.75 million GF request. While the issue will go to the Budget Conference Committee for resolution, it is good news that training funding is currently included in the budget packages of both houses.

**Adverse Childhood Experiences (ACEs) Screening and Training**

The May Revision continued to propose \$45 million total funds (\$22.5 million federal funds and \$22.5 million Proposition 56 funds) to implement the ACEs screening for children and adults under the age of 65 in the Medi-Cal program. The May Revision added another \$50 million (\$25 million federal funds and \$25 million Proposition 56 funds) on a one-time basis for training of providers in administering trauma screenings. The Senate and Assembly both adopted the May Revision proposals.

**EITC and Tax Conformity**

The May Revision proposed further expansion of the California EITC, making the credit available to about 3 million households and approximately tripling the amount of credits provided from \$400 million to \$1.2 billion. Both the Senate and Assembly adopted an expanded California EITC, although the houses took different actions from each other and each modified the Governor's May Revision proposal. See the attached budget tracking chart for the details of the May Revision and the actions taken by each house.

The Administration proposed to fund the expansions to the California EITC with additional tax revenues that would result from conforming California's tax law to some of the changes

**STATE BUDGET UPDATE #3 | 2019-20 MAY REVISION AND LEGISLATIVE ACTIONS**

made in the 2017 federal tax law that apply to businesses, thereby linking expansion of the EITC to adoption of tax conformity. The Senate has delinked the California EITC expansions and tax conformity; the Assembly has also delinked them, but then linked the California EITC expansion to renewal of the MCO tax. The expanded California EITC and the various tax packages will all continue to be discussed as the budget is finalized.

**Housing and Homelessness**

The May Revision continues to propose and increase significant investments to improve the affordability of housing and help communities address the homelessness crisis. CSAC has developed a comparison of the May Revision proposals and the preliminary Senate and Assembly frameworks. Following is a link to the chart:

[https://www.counties.org/sites/default/files/file-attachments/csac\\_comparison\\_of\\_housing\\_and\\_homelessness\\_plans\\_050919.pdf](https://www.counties.org/sites/default/files/file-attachments/csac_comparison_of_housing_and_homelessness_plans_050919.pdf)

Additional information on the May Revision and Legislative actions can be found at the following links:

<http://www.ebudget.ca.gov/budget/2019-20MR/#/BudgetSummary>

<https://abgt.assembly.ca.gov/sites/abgt.assembly.ca.gov/files/Subcommittee%20Report%20of%20the%202019-20%20Budget.pdf>

[https://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/Bold\\_and\\_Responsible\\_Budget\\_Plan\\_Preliminary\\_Summary.pdf](https://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/Bold_and_Responsible_Budget_Plan_Preliminary_Summary.pdf)

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

For more information, visit:  
[cwda.org](http://cwda.org)

**County Welfare Directors Association of California**

**Eileen Cubanski, Director of Budget and Fiscal Policy**

email: [ecubanski@cwda.org](mailto:ecubanski@cwda.org)