



CWDA

Advancing Human Services
for the Welfare of All Californians

State Budget Update #4 Budget Conference Committee Outcomes

June 12, 2019 | 6 Pages

Late in the evening Sunday June 9th, the Budget Conference Committee completed its work reconciling most of the differences between the 2018-19 budgets adopted by the Senate and Assembly. The budget agreement next goes back to each house for a full vote before it is sent to the Governor for signature. We expect the Legislative votes on the budget bill will occur by the June 15 statutory deadline, with the associated implementing trailer bills being passed either at the same time or shortly thereafter. The Governor then has until June 30 to sign the budget.

Following is an update on the main issues that we have been highlighting for you throughout the budget process. Also attached is an update of the CWDA budget tracking chart, which provides the details on the Legislative actions for all the issues we have been tracking since January.

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

The Legislature adopted the May Revision update to provide 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 Legislature also adopted trailer bill language (TBL) consistent with that proposed by the Administration 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

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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.

During the budget process, the United Domestic Workers of America (UDW) and Services Employee International Union (SEIU) California 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. After negotiations among the Legislature, the Administration, CSAC, and the unions, a different agreement was reached that contains the following elements:

- Creation of a one-time 1991 Realignment withholding related to IHSS collective bargaining, that will take effect October 1, 2019 and become inoperative on January 1, 2021.
- The withholding will be equivalent to one percent of a county's 2018-19 IHSS MOE amount prior to any of the offsets that were received, will occur through an adjustment to the county's Social Services Realignment base, and will be restored in the next fiscal year.
- A county would be subject to the withholding only if all of the conditions listed below are met.
 - A county and provider union have completed the full IHSS expedited mediation and fact finding process;
 - The fact finding panel has issued recommended settlement terms that are more favorable to the union;
 - The county has an expired IHSS collective bargaining agreement; and
 - The county and union have not reached an agreement within 90 days after the release of the fact finding recommendations.
- For any county that has already gone through mediation and fact finding with recommended settlement terms issued prior to June 30, 2019, the county will have 90 days to reach an agreement or the withholding will occur on October 1, 2019.
- Reports to the Legislature on the status of IHSS collective bargaining by January 10,

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2020 and May 14, 2020, with both CSAC and employee organizations will be required to be consulted on the reports.

The final agreement contains significant and critical improvements over the original union proposal. The financial consequence is significantly less, the financial consequence is one-time with not permanent base impact, and all available bargaining tools are required to be exhausted prior to imposition of the financial consequence.

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 CNI 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.

The Legislature adopted the CWDA proposal to update the EID and IRT, but made the changes effective June 1, 2020, and each subsequent June 1 thereafter until the EID is \$600 and 50% of income and rejected the ongoing inflation adjustment thereafter.

CalWORKs Stage One Childcare 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 childcare. The Administration's original proposal would have required CalWORKs recipients to receive a minimum of 12 months of Stage One childcare in order to be determined stable and able to transition to Stage Two. The Senate initially adopted the Administration's May Revision proposal and provided an additional \$26 million in ongoing funding to allow Stage One childcare 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 childcare is not disrupted during transfer (consistent with Senate Bill 321). The Assembly initially adopted the May Revision proposal without changes in order to move the issue to the Budget Conference Committee for further discussions.

Since the release of the May Revision proposal, CWDA argued that the funding provided for the proposal was inadequate because it did not assume any additional CalWORKs recipients will take-up Stage One childcare or that any CalWORKs recipients already receiving childcare will increase utilization. During the Budget Conference Committee negotiations, the

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Administration refined its proposal and budget estimate in light of the concerns. The revised proposal adopted by the Legislature will provide 12 months of continuous eligibility for Stage One childcare, but will continue to allow counties to define “stability” for purposes of moving to Stage Two. The revised proposal also includes the expanded activities for which CalWORKs recipients would be entitled to receive Stage One childcare and the expanded noticing provisions to recipients about the availability of childcare that are currently contained in Senate Bill (SB) 321. The budget adopted by the Legislature includes \$56.4 million in 2019-20 (including \$4.2 million for automation) and \$70.5 million in 2019-20 and ongoing to fund these Stage One childcare changes.

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 originally proposed to separate the Stage One child care component from the rest of the CalWORKs Single Allocation beginning in 2019-20. The Legislature adopted TBL to delay until 2020-21 the separation of Stage One child care consistent with the CWDA request.

CalWORKs Grants

The May Revision continued to provide \$348 million to increase CalWORKs grants by 13.1 percent. The Legislature 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.

Family Urgent Response System (FURS)

The budget adopted by the Legislature continues to included \$15 million GF in 2019-20 and \$30 million GF ongoing FURS, including TBL that would make implementation of FURS contingent on the approval of a federal waiver or revised state plan, if such an approval is determined to be needed, unless additional funds are appropriated in the budget, and to make the program contingent on an appropriation in the annual Budget Act. The implementation dates also continue to be pushed back by six months to provide the state additional time to get the hotline operational and to accommodate waiver approval if needed.

However, in the Budget Conference Committee negotiations the Legislature agreed to the potential future suspension of funding being provided in the 2019-20 budget package for several health and human services programs, including FURS. The funding suspension would be triggered by the Administration if total statewide GF expenditures, including those of the funding subject to suspension, exceeded projected GF revenues for 2021-22 and 2022-23.

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The determination would be made in the May Revision released by the Administration on May 14, 2021. The TBL enacting the potential suspension also expresses Legislative intent to consider alternative solutions to enable continuation of the activities that were funded with the suspending funding.

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. The Legislature adopted the May Revision funding, but rejected the BBL proposed by the Administration and instead adopted BBL that would require monthly reporting of application and caseload data to the state Department of Finance that illustrates the increased workload and costs resulting from the CalFresh expansion (this data is already being gathered by CDSS). The Legislature also adopted TBL requested by CWDA to 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.

Group Home Extension Trailer Bill

The Legislature adopted 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.

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 originally approved the \$25 million request and the Senate originally approved \$10 million. The Legislature's final budget package adopted the full \$25 million for BFH and TBL that clarifies the participation of tribes and provides a little more flexibility in the housing that can be provided with the funding.

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

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purpose is set to expire after 2019-20. The Assembly originally approved \$2.1 million GF and the Senate originally approved the full \$5.75 million GF request. The Legislature’s final budget package adopted the fully \$5.75 million GF for training.

Adverse Childhood Experiences (ACEs) Screening and Training

The Legislature adopted the May Revision proposal to provide \$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 and an additional \$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.

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. 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 made in the 2017 federal tax law that apply to businesses, thereby linking expansion of the EITC to adoption of tax conformity. The Legislature approved the EITC and tax conformity as placeholders, pending disposition of a future legislative package over the summer on those issues. While it seems certain that some EITC expansion will occur, the size and scope of the expansion, as well as the tie to some variant of tax conformity are still in question.

Housing and Homelessness

The details of the housing and homelessness package are still being discussed as of this update. We will provide you detail on the package as they become available.

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

For more information, visit: cwda.org

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