



CWDA

Advancing Human Services
for the Welfare of All Californians

State Budget Update #4 Legislature Adopts Final 2022-23 Budget Agreement

June 30, 2022 | 8 Pages

The Legislature worked well into the evening on Wednesday, passing a series of bills containing the final budget agreement negotiated between Legislative leaders and the Governor. The bills include one that amends to the budget bill passed by the Legislature in mid-June (commonly called Budget Bill Jr.) and several budget trailer bills containing necessary statutory changes to implement provisions of the budget. These bills now move to the Governor for his signature, in time for the start of the 2022-23 fiscal year on July 1. Links to the budget bills and relevant trailer bills are provided at the end of this update.

The 2022-23 budget includes total spending of just over \$300 billion, of which \$234.4 billion is from the General Fund. The budget includes total reserves of \$37.1 billion in 2022-23, including \$23.3 billion in the Proposition 2 Rainy Day Fund, \$3.4 billion in the regular reserve, \$9.5 billion in the Proposition 98 Reserve, and \$900 million in the Safety Net Reserve.

According to initial estimates, the final budget is \$11 billion under the State Appropriations (Gann) Limit for the two-year period ending on June 30, 2022, and \$11 billion under the Limit for the 2022-23 fiscal year, and includes measures intended to keep the state closer to the limit in 2023-24. Those measures include additional infrastructure and emergency spending, which are excluded from the Gann Limit, and the tax refund for families (described more below), which also does not count toward the Limit. The measures also include statutory changes to exclude added local subventions from the State Appropriation Limit and count those expenditures toward local governments' Gann Limits when capacity exists within those local Limits. Legislative leadership and the Governor have also expressed an interest in developing a ballot measure for the 2024 state ballot to "modernize" the Gann Limit, potentially including reforms to allow for making reserve deposits and paying down specified debt.

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Initial summaries of the final budget package prepared by the Assembly Budget Committee can be found [here](#) and by the Senate Budget Committee can be found [here](#). Following is a high-level summary of CWDA priority health and human services issues in the final budget agreement. Also attached is our detailed budget issues tracking document, which provides a status report on all the issues that we have been tracking throughout the year. If you do not see a specific issue described in this update, you will be able to find the status there.

CROSS-CUTTING ISSUES

Future Budget Spending “Trigger” – The final budget agreement includes statutory language that would trigger additional spending on specified items based on a determination in the spring of 2024 that the General Fund multi-year revenue projections are sufficient to support the ongoing expenditures on those items. The future spending would be contingent upon legislation and budget appropriations being made at that time, so this language effectively represents the prioritization now of items for future spending if revenues are available. The list includes several in the health and human services area including funding augmentations for:

- The California Department of Social Services (CDSS) to provide another CalWORKs maximum aid payment increase.
- The Department of Health Care Services (DHCS) to align the amount of the income level for maintenance per month to the income limit for Medi-Cal without a share of cost, subject to federal approvals.
- DHCS to implement continuous Medi-Cal eligibility for children ages zero through 4 years, inclusive, subject to federal approvals.
- The Department of Child Support Services (DCSS) to implement full pass-through of child support payments collected to families currently on CalWORKs. This includes funding to backfill federal and county shares of recoupment revenues that are passed on to families.

Community Assistance, Recovery and Empowerment (CARE) Court – The final budget continues to set aside the \$64.7 million GF proposed in the May Revision across various state departments and the judicial branch for implementation of the CARE Court proposal, pending agreement on statutory changes regarding the proposal. Negotiations are expected to continue over the Legislative break in July with final legislation expected to be passed before the end of the Legislative session

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in August. We will continue to keep you updated on the CARE Court proposal over the summer.

Fiscal Relief for Californians – Reflecting a compromise between the Governor and the Legislature on how and to whom to provide fiscal relief for California residents from inflationary cost increases and high gas prices, the final budget contains \$9.5 billion to provide direct tax refunds to 17.4 million California tax filers. Filers with incomes up to \$250,000/\$500,000 (Single Filers/Joint Filers) will be placed in one of three tiers based on income to determine the amount of the refund (which starts at \$200 for the highest income tier, \$250 for the middle income tier, and \$350 for the lowest income tier).

The Legislature’s rebate plan (called the Better for Families Rebates) would also have provided a one-time grant increase to CalWORKs and SSI/SSP recipients. These populations are not included in the tax refund plan in the final budget. Instead, the final budget provides a 10 percent grant increase to CalWORKs recipients and early implementation in January 2023 of the planned grant increase for SSI/SSP recipients originally to take effect in January 2024.

CHILD WELFARE / FOSTER CARE

The final budget includes the following selected items in child welfare and foster care:

Resource Family Approval (RFA) – The Legislative budget agreement included both the \$50 million GF proposed by the Administration in the May Revision for “Caregiver Approvals” and an additional \$50 million to fully fund the CWDA request for a total of \$100 million GF for RFA workload. The final budget only funds half of the CWDA request, so \$50 million GF ongoing for caregiver approvals as proposed in the May Revision. The \$4.4 million GF as proposed in the May Revision for counties to address the RFA backlog also remains in the final budget.

Foster Youth with Substance Use Disorders – The final budget continues to include the \$5 million GF on a one-time basis, with proposed budget bill language, consistent with the CWDA request as reflected in AB 2259 (Berman).

Funding for Flexible Family Supports – The Legislative budget package included \$50 million GF in 2022-23 and ongoing to provide flexible funding to support resource families, funding half of CWDA’s request for \$100 million to reinstate the

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Foster Parent Recruitment, Retention and Support (FPRRS) funding. The final budget continues to include the \$50 million for flexible family supports but on a one-time basis in 2022-23 with another \$50 million one-time funding in 2023-24. There is Budget Bill Language associated with this funding.

Family Finding - The final budget includes the Administration's May Revision proposal for \$150 million GF on a one-time basis for use over five years for family finding and engagement, with a slight expansion in the use of the funds to also allow for support and a prioritization on family finding for older youth in foster care. However, action on the implementing TBL for this proposal is delayed until August as discussions continue on the use of the funds, the process for distribution of the funds, and the level of county match that will be required.

The Legislative budget package included another \$66.8 million GF on a one-time basis in 2022-23 for targeted family finding for older youth in foster care, consistent with the Alliance of Child and Family Services proposal pursuant to SB 1091 (Hurtado). This funding is not included in the final budget agreement.

County Child Welfare Worker Layoff Prevention Assistance - The Legislative budget package included \$300 million GF in 2022-23, and \$300 million GF in 2023-24 in one-time funding to mitigate for lost federal funds for the Title IV-E waiver counties as a result of the IV-E waiver ending. The final budget, however, reduced the amount to \$200 million GF in 2022-23 and \$100 million in 2023-23 for Los Angeles County Child Welfare Stabilization. The funding is to be allocated between the Department of Children and Family Services and the Probation Department and cannot supplant existing funding for child welfare services, which is to be demonstrated by the county in sharing their 2011 Realignment balances with CDSS.

Master of Social Work (MSW) Workforce Development - The final budget includes \$30 million GF in 2022-23 to increase the number of MSW slots at public schools of social work. This is a component of a budget request related to MSW workforce development co-sponsored by CWDA. While not every component of that request ended up in the final budget, the provision of this funding is a welcome inclusion.

CALFRESH

The final budget includes the following selected items in CalFresh:

CalFresh Administration - The Legislative budget package included \$60 million GF

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on a one-time basis for administrative support of the CalFresh program, consistent with the CWDA request for this funding as a “bridge” between now and when a revised CalFresh budgeting methodology can be put into place in 2023-24. The Legislative budget package also included placeholder TBL that would have required CDSS to work with CWDA and counties to determine the costs of providing inflationary cost adjustments to county administrative funding and to come up with a plan to ensure that funding keeps up with inflationary cost increases over time. The final budget reduced the amount of one-time funding provided to \$35 million GF and does not include the inflation-related trailer bill language.

County CalFresh Liaisons for Higher Education (AB 1326): The final budget continues to include funding consistent with the Administration’s May Revision of approximately \$13.6 million total funds (\$6.8 million GF) for county administration to implement AB 1326, which contains new requirements intended to boost access to and enrollment in CalFresh for eligible college students.

California Food Assistance Program Expansion Trailer Bill Language (TBL): The final budget continues to include TBL that would expand CFAP to individuals over the age of 55 regardless of immigration status and make that expansion effective when the SAWS can perform the necessary automation changes.

CALWORKS

The final budget includes the following selected items in CalWORKs:

Single Allocation – The Legislative budget packaged included \$55 million in 2022-23 and ongoing as requested by CWDA for the Eligibility component of the CalWORKs Single Allocation, to account for a proposed cut in the Governor’s Budget. The Legislature’s plan also included placeholder TBL requiring CDSS to work with CWDA and counties to determine the costs of providing inflationary cost adjustments to county administrative funding and ensure that funding keeps up with inflationary cost increases over time. The final budget continues to include \$55 million to restore funding for the Eligibility component, but provides that funding only on a one-time basis in 2022-23 and again in 2023-24. The final budget does not include the inflation-related TBL.

Work Participation Rate (WPR) Penalty –The Legislative budget package proposed TBL to remove the county share of the federal Work Participation Rate Penalty, but this is not included in the final budget.

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Grants – In addition to the 11 percent grant increase to be provided from the 1991 Realignment Child Poverty and Family Supplemental Support Subaccount, the final budget includes \$301 million GF in 2022-23 and ongoing to provide an additional 10 percent grant increase to bring all children in CalWORKs families out of deep poverty. The result is a total 21 percent increase to CalWORKs grants effective October 1, 2022.

MEDI-CAL AND HEALTH CARE SERVICES

The final budget includes the following selected items in Medi-Cal and Health Care Services:

County Medi-Cal Administration COLA – The final budget did not include an additional \$23 million GF (\$46 million total funds) to fully fund the actual CPI projection for the 2022-23 fiscal year. As shared previously, CWDA discovered that the process the state has been using for calculating the COLA each year has a significant lag and as a result, they used the November CPI projection, rather than the updated April CPI projected, for the upcoming fiscal year when they built the May Revision for this item. CWDA will continue to advocate with the Administration and the Legislature on a change to this process to ensure that the most accurate CPI projection available is used for budgeting purposes.

Align Medi-Cal Redeterminations with Federal Guidelines – The final budget includes TBL as originally proposed by the Administration TBL changing the 90-day cure period based on recent federal guidance; instead of rescinding and restoring eligibility back to the discontinued date if someone turns in their paperwork within the 90-day cure period, counties would treat it like a new application, and assess for retroactive eligibility. CWDA will continue to engage with the Administration to try to mitigate operational impacts and provide support needed for counties to successfully comply with the changed requirements.

Expansion of Full Scope Medi-Cal Coverage to Individuals 26-49 Years of Age, Regardless of Immigration Status – The final budget continues to include funding and TBL to expand full-scope Medi-Cal coverage to the 26-49 population, effective no later than January 1, 2024. This is consistent with the Administration's proposed implementation date.

Continuous Medi-Cal Coverage for Children 0-5 – The Legislative budget package included funding beginning in 2022-23 to support continuous Medi-Cal coverage for

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children ages zero to five in the Medi-Cal program, the Medi-Cal Access for Infants Program, and the County Children's Health Initiative Matching Program. The final budget instead includes trailer bill language making the policy change contingent on all of the following: 1) the trigger provisions described earlier in this update; 2) all necessary federal approvals having been obtained by the department; and 3) DHCS determining that systems have been programmed to implement this section. This policy change will be effective on January 1, 2025, or on the date certified by DHCS that the aforementioned conditions have been met, whichever is later.

IN-HOME SUPPORTIVE SERVICES

The final budget includes the following selected items in In Home Supportive Services (IHSS):

Permanent Back-up Provider System - The final budget continues to include funding to establish a permanent back-up provider system. Effective October 1, 2022, up to 80 hours per year per consumer, or up to 160 hours as determined on a case-by-case basis, may be provided. Transitional emergency back-up services will be provided pending implementation on October 1.

Natural Disaster Relief for IHSS Providers - The Legislative budget package included \$41.6 million in 2022-23 and ongoing to provide 20 additional hours for IHSS consumers and a \$2 per hour stipend to IHSS providers impacted by disasters. This is not included in the final budget.

In-Person Orientations for IHSS Providers TBL - The final budget includes trailer bill language that would provide specified timelines for counties to return to in-person, onsite orientations for IHSS providers, as are required to be held under current law, after the expiration of a declared public health or other emergency that prohibits in-person gatherings.

ADULT PROTECTIVE SERVICES (APS)

Adult Protective Services Training - The final budget continues to include \$4.6 million GF in 2022-23 and on-going for APS Training, consistent with the CWDA request. This includes sufficient funding to continue providing training to county Public Guardian/Public Administrator/Public Conservator staff.

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The final budget includes the following selected items in childcare:

Family Fee Waiver – The final budget continues to include the May Revision proposal to continue the Family Fee Waiver through September 2023.

Emergency Child Care Bridge Expansion – The final budget continues to include an additional \$35 million GF in 2022-23 and on-going, consistent with a coalition request supported by CWDA. Of this, \$5 million supports additional navigators, \$4 million supports additional trauma-informed training of providers, and the remaining \$26 million is for the voucher portion.

The following are the budget bills and selected trailer bills. A full listing of the trailer bills can be found on page 191 of the Assembly Budget Committee’s final budget summary linked at the beginning of this update.

- [SB 154](#) – Budget Act of 2022
- [AB/SB 178](#) – Amendment to 2022 Budget Act (Budget Bill Jr.)
- [AB/SB 184](#) – Health Trailer Bill
- [AB/SB 187](#) – Human Services Trailer Bill
- [AB/SB 192](#) – Tax Relief Trailer Bill
- [AB/SB 201](#) – Earned Income Tax Young Child Credit

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

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