



CWDA

Advancing Human Services
for the Welfare of All Californians

State Budget Update #4

Legislature and Governor Reach Final Budget Agreement

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The Governor and Legislative leaders struck a 2020-21 budget agreement today, after negotiations stretched into the fourth week of June. The Legislature passed a balanced budget on June 15th to meet the Constitutional deadline to enable Legislative members to continue to get paid, but that budget agreement was only between the Senate and Assembly and there remained several unresolved issues with the Governor. The budget package announced today reflects a three-way budget deal. The Legislature will vote on the final 2020-21 budget and the associated implementing budget trailer bills on Thursday, June 25th for subsequent signature by the Governor and enactment in time for the July 1 beginning of the 2020-21 fiscal year.

Following is the information that we know today based on the detail that is available so far. We will have more information as the implementing budget trailer bills and other materials become available.

FINAL TRIGGER AGREEMENT

Both the Governor's May Revision and the Legislature's version of the budget included spending triggers related to the receipt of additional federal relief funding later in the summer. The Legislature's version of the budget assumed up front the receipt of additional federal relief funding, but if those funds are not received, then spending on specified programs would trigger off. The Governor's approach was the reverse – if the additional federal relief funds are received, then spending on specified programs would trigger on. The Legislature and the Governor also differed on the programs that would be subject to the triggers.

Although we do not yet know the total, if additional federal relief funds are received by October 2020, then additional funding will be provided for the University of California, California State University, housing, and the realignment backfill (see below). State employee pay reductions will also be restored

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and Proposition 98 deferrals get paid off.

1991 AND 2011 REALIGNMENT BACKFILL

The final budget agreement includes \$1 billion General Fund (GF) in 2020-21 to backfill for reduced 1991 and 2011 Realignment revenues. Of this amount, \$750 million is available upon enactment of the budget. The remaining \$250 million is subject to the federal fund trigger and will be made available if sufficient federal funds are received by October. The distribution of these funds between 1991 and 2011 Realignment and among the various accounts and subaccounts is not yet determined. Budget bill language (BBL) requires the Department of Finance work with the California State Association of Counties to determine the distribution. The BBL requires counties to prioritize support for health and human services, entitlement programs, and programs that serve vulnerable populations. The BBL also states that a county's receipt of these funds is contingent on the county's adherence to federal guidance, the state's stay-at-home requirements and other health requirements as directed in gubernatorial Executive Order N-33-20, any subsequent executive orders or statutes, and all California Department of Public Health orders, directives, and guidance issued in response to the COVID-19 public health emergency. Counties will be required to certify compliance to the Department of Finance, after which the Director of Finance will order the State Controller shall to allocate funding to the county.

CALWORKS

Caseload

The final budget agreement includes significant changes to the caseload assumptions made by CDSS in the May Revision, resulting in reduced CalWORKs grant costs of \$1.1 billion GF compared to the May Revision level. The California Department of Social Services (CDSS) estimated that CalWORKs caseload would increase by over 100 percent in 2020-21, to 724,000 cases, compared to the pre COVID pandemic levels. The LAO noted that CalWORKs application volumes since March have not been high enough to lead to a doubling of the caseload in the budget year and the impact of Pandemic Unemployment Compensation and other federal stimulus payments would likely lead to a slower rate of growth. In response, the final budget assumes a total caseload of 580,000, which is about 61 percent higher.

Single Allocation

Notwithstanding the reduced CalWORKs caseload assumptions, the final budget agreement makes no changes to the amount of funding proposed in the May Revision for the Single Allocation in 2020-21. Total Single Allocation funding is \$2.4 billion, which is about \$600 million more than the 2019-20 allocation. The final budget does not reduce the Single Allocation for the lower caseload assumptions

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because the Single Allocation funding in the May Revision assumed that most of the new CalWORKs cases would have much lower utilization of employment services and child care than would otherwise be assumed using the adopted budget methodologies for those components. The final budget agreement rejects those revised budget assumptions for the new CalWORKs cases, thereby leaving the Single Allocation at the May Revision level. Stage One Childcare will continue to remain in the Single Allocation for 2020-21.

Time Limits

The final budget agreement includes trailer bill language (TBL) to eliminate the 24-month Welfare-to-Work clock and increase the 48-month time-on-aid clock back to a single 60-month CalWORKs time limit, with access to barrier removal services in the Welfare-to-Work program for the client's entire 60 months on aid. This change is proposed to take effect May 1, 2022 or when the Statewide Automated Welfare System (SAWS) can perform the necessary automation.

Expanded Subsidized Employment (ESE)

The final budget agreement restores full funding for the ESE Program, leaving the program funded at its current \$134.1 million level. Although CWDA was not successful in eliminating the ESE base funding requirement this year, the existing statute suspends the base funding requirement in fiscal years when CalWORKs caseload grows by more than five percent of the 2012-13 CalWORKs caseload total. Based on the current projections, the caseload will exceed that threshold.

CalOAR

The final budget agreement suspends funding for CalOAR implementation for the 2020-21 fiscal year only. The Administration proposed an indefinite funding suspension in the May Revision. Counties would have the option to continue work on county self-assessments, system improvements plans, peer reviews, progress reports and data validation. CDSS could continue work on the performance measures, but we have their agreement that they would not finalize or publicly share data related to those measures without explicit approval from CWDA during the time that funding for CalOAR is suspended.

Home Visiting Program

The final budget agreement includes the elimination of \$30 million in additional funding for the Home Visiting Program in 2020-21, as proposed in the May Revision. The result is that funding for the program will remain the same in 2020-21 as it is in the current year. The \$30 million is additional funding that was originally included in the January Budget but was reversed in the May Revision as a result of the

economic downturn.

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CHILD CARE

Twelve Months Continuous Eligibility

The final budget agreement includes TBL related to CalWORKs Child Care 12-Month Immediate and Continuous Eligibility to clarify eligible populations and align statute with current regulatory practices.

Regional Market Rate (RMR)

The May Revision proposed a ten percent decrease to the RMR. The final budget agreement reverses that reduction, thereby restoring \$32.9 million to CalWORKs child care.

Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding

The final budget agreement includes \$125 million in CARES Act funding for one-time child care provider stipends for Alternative Payment and CalWORKs providers for the costs of the difference between site licensed capacity and COVID attendance rates.

CALFRESH

County Administration

The final budget agreement includes the additional \$80.1 million GF for CalFresh Administration proposed in the May Revision. This \$80.1 million includes continuation of the \$24.3 million emergency GF augmentation provided in the current year for increased eligibility work due to the COVID-19 pandemic. Work on updates to the CalFresh Administration budget methodology was suspended in the spring due to the COVID-19 emergency. The final budget includes TBL that formalizes the delay in the development of the budget methodology from 2020-21 to 2021-22.

Match Waiver

The final budget agreement includes the match waiver for CalFresh Administration to enable counties to draw down the additional \$80.1 million GF provided without putting up the corresponding county share. The match waiver will be in effect for the 2020-21 and 2021-22.

CalFresh Simplifications

The final budget includes several aspects of CWDA's sponsored bill, the More CalFresh, Less Hunger Act, AB 2413 (Ting). These include significant policy and practice changes to increase food and economic

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security for low income Californians, such as maximizing the use of electronic verifications and self-attestation and allowing people who are applying for Medi-Cal to also apply for CalFresh at the same time, with the same worker, and adopting more flexible scheduling methods for interviews. It also includes the development of a pre-populated Semi-Annual Reporting form to help streamline the reporting process and assist people in staying on the program instead of dropping off for purely administrative and paperwork-related reasons. CDSS will also convene a workgroup that includes CWDA, representatives of county eligibility workers, the SAWS, and client advocates, with the goal of reducing the reporting burden on recipients and reducing the workload for county eligibility staff.

MEDI-CAL AND HEALTH CARE SERVICES

County Administration

The final budget agreement maintains the same level of funding for Medi-Cal Administration provided in the May Revision. In the May Revision, the Administration proposed to continue the \$12.7 million GF (\$25.4 million total funds) allocated to counties in April 2020 in response to the COVID-19 epidemic, but withdrew the \$42.2 million total funds for the cost of living adjustment that was originally provided in the January Budget. Because there was not additional funding proposed to be provided for caseload growth, there are no changes to Medi-Cal Administration as a result of the revised Medi-Cal caseload assumptions. The net effect is a \$25.4 million total fund increase from 2019-20 to 2020-21.

Full Scope Medi-Cal Expansion for Undocumented Older Adults

The May Revision rescinded the proposal made by the Governor in the January Budget to provide full-scope Medi-Cal to undocumented older adults. The final budget agreement did not restore funding for this Medi-Cal expansion and instead delayed the implementation indefinitely.

Part B Premium Payments

The May Revision would have rolled back changes made in the 2019-20 budget to ensure those whose Medicare Part B premiums are paid for remain eligible for the program and no longer cycle on and off (sometimes referred to as “flippers”). The final budget preserves these changes.

Community-Based Adult Services (CBAS) and Multipurpose Senior Services Program (MSSP)

The final budget agreement restores funding for CBAS and MSSP that the May Revision proposed to eliminate.

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Increased Eligibility for Aged, Blind and Disabled (ABD) Population

The 2019-20 budget adopted an increase in eligibility for seniors and persons with disabilities up to 138 percent of the federal poverty level. The final budget agreement preserves this increase, which had been proposed for elimination in the May Revision.

CalHEERS Supplemental Reporting Language

The final budget agreement includes Supplemental Reporting Language (SRL) requiring the Department of Health Care Services (DHCS) and the Office of System Integration (OSI) to provide the Legislative Analyst's Office (LAO) with information regarding CalHEERS system issues and actions being taken to resolve them. This includes development of a dashboard showing identified CalHEERS system defects, county- and worker-identified needs, and manual workarounds that county eligibility workers are performing, as well as efforts to prioritize and establish resolution timelines in collaboration with CWDA and SEIU. The SRL also calls for DHCS and OSI to provide a report on these items during the 2021-22 budget hearings, and for the LAO to assess whether the dashboard captures the issues, how it's being used to set timelines for resolving them, and opportunities for legislative oversight when analyzing the Governor's proposed budget.

Navigator Program

The May Revision had proposed a \$15 million GF cut to contracts entered into with counties and community-based organizations to provide outreach and enrollment assistance for Medi-Cal. The final budget agreement preserves the full \$30 million originally appropriated for this program, allowing it to continue into its planned second year of operation.

Reinstating Estate Recovery

The final budget agreement does not reinstate Estate Recovery for those over age 65 as had been proposed in the May Revision.

Post-partum Extended Coverage

The May Revision would have eliminated extended coverage for those diagnosed with a maternal mental health condition. The final budget agreement preserves this aspect of Medi-Cal's pregnancy coverage.

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IN-HOME SUPPORTIVE SERVICES

County Administration

The final budget agreement retains the May Revision proposal to hold county In-Home Supportive Services (IHSS) Administration funding to 2019-20 levels, resulting in a \$12.2 million GF reduction to the amount counties would have otherwise received in 2020-21 based on IHSS caseload. Public Authority administration funding will also be held to the 2019-20 level.

Shift of Payroll Functions

The May Revision proposed to shift a majority of IHSS Payroll functions to the state to be administered by the CMIPS vendor, for a cut of \$9.2 million GF to county IHSS administration. The final budget agreement rejects this proposal.

Hourly Task Guideline Training

The final budget agreement adopted a modified version of the January Budget proposal, based on a CWDA-CDSS compromise, to require new and existing IHSS staff to complete training on service assessment and authorization, including functional index ranks and statewide hourly task guidelines. New staff will have six months from the date of hire to complete the training, while existing staff will have until December 31, 2021, to complete the training. The training will be available in a virtual format over eight hours, broken into two 4-hour segments.

IHSS Reassessments

The final budget agreement adopted a modified CWDA proposal to allow for flexibility on reassessments. Specifically, for consumers who had a reassessment due between the issuance of the Executive Order N-29-20 on March 17, 2020, and June 30, 2020, counties will have until December 31, 2020, to complete those reassessments. Counties are permitted to perform reassessments through telephonic or other virtual means for those consumers who are due for a reassessment on or before December 31, 2020, subject to continuing federal approval.

Quality Assurance/Program Integrity Activities

The final budget agreement includes a modified CWDA proposal to allow counties to request a reduction in their required amount of quality assurance and program integrity activities on a case-by-case basis, for a period up to no more than 12 months, so that counties can focus on other critical IHSS functions, including intakes and reassessments. Counties will also be allowed to conduct quality

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assurance and program integrity activities using telehealth, including by telephone and video conferencing, subject to continuing federal approval.

Provider Orientation

The final budget agreement includes TBL modifying provider orientations, requiring that the recognized employee representative be afforded the opportunity to make a presentation of up to 30 minutes before the required provider orientation, and requiring counties to send notification to the recognized employee representative at least 10 days in advance of the planned date, time, and location of the orientation. The final budget also provides that if the employee representative notifies the county within three business days of receiving that notice that they are unable to attend, the county must make reasonable efforts to reschedule, so long as provider enrollment is not delayed by more than 10 business days. This requirement can be waived upon mutual agreement of the county and employee representative or if there is a declared state of emergency or natural disaster. Also clarified in the budget is what information counties must share with employee representatives in advance of the provider orientation.

Seven Percent Reduction to Hours

The final budget agreement rejects the Administration's proposed seven percent across-the-board cut to IHSS hours.

Automating Redetermination of Cases

The May Revision proposed to discontinue IHSS consumers who failed to renew their Medi-Cal benefits, for a savings of \$72.6 million GF. The final budget agreement delays implementation of the automation needed to implement this proposal and assumes \$80 million GF savings given that Medi-Cal cases will not be subject to renewal requirements in 2020-21 in accordance with the federal CARES Act.

Protective Supervision Proration

The final budget agreement includes \$15.8 million GF to end the proration of protective supervision hours for consumers residing in the same residence as proposed in the May Revision.

CASH ASSISTANCE PROGRAM FOR IMMIGRANTS (CAPI)

CAPI Flexibility

The final budget agreement allows eligibility interviews for benefits for all applicants and recipients to

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be conducted electronically, including by telephone, and all application and redetermination forms to be submitted by telephone, email, or facsimile through December 31, 2020. The proposal permits applicants to verbally attest that they have submitted an application for Supplemental Security Income/State Supplemental Payment (SSI/SSP) and that their final application is pending determination, or that they have received a denial by the Social Security Administration, for purposes of meeting CAPI eligibility requirements, also through December 31, 2020.

CHILD WELFARE / FOSTER CARE

Continuum of Care Reform (CCR) True-Up and Resource Family Approval (RFA)

The final budget agreement includes \$80 million GF to reimburse counties for net RFA costs for 2016-17 and 2017-18, pending final determination of actuals based on data submitted by counties to CDSS as part of the true-up process. This is in addition to the \$2.6 million GF to reimburse counties for the net costs of implementation of Child and Family Teams (CFTs) in 2016-17 and 2017-18.

Family Urgent Response System (FURS)

The May Revision proposed to eliminate the FURS, a state-level hotline and county mobile response teams to support resource families and foster children/youth. The final budget agreement rejects the May Revision proposal and restores FURS with its original implementation date of January 1, 2021. TBL allows for early implementation of the state hotline, and for counties who are unable to implement county mobile response when the state hotline goes online to delay their mobile response and provide a plan for local referral response to the state hotline. The final budget agreement continues the possibility of suspension of FURS effective December 31, 2021, unless GF revenues are sufficient.

RFA and Non-Minor Dependent (NMD) Programmatic Flexibilities

The final budget agreement adopts a modified CWDA proposal that builds on flexibilities provided under COVID-19, and includes the following:

- Allows resource family updates to be done biennially, rather than annually. This is a permanent change and will also apply to FFAs.
- Changes the state-county RFA review from annual to biennial, this is also a permanent change.
- For NMDs, continues to allow the inspection of Supervised Independent Living Placements (SILPs) through video conference or other virtual means, and makes this a permanent

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change. For the 2020-21 fiscal year, allows counties to approve the initial SILP placement if the NMD agrees verbally to the terms and later submits the forms by mail.

Transitional Housing Program (THP)-NMD and THP-Plus

The final budget agreement adopted is a proposal from the John Burton Advocates for Youth to augment the THP-NMD rate with a housing supplement based on HUD-based Fair Market Rents, commencing on July 1, 2021, or upon the implementation of automation necessary to support the rate, whichever is later, for CalWIN counties and on or after September 1, 2022, for CalSAWS counties. Additionally, it also permits counties to extend access for former foster youth who are participating in the THP-Plus program as of July 1, 2020, until June 30, 2021, regardless of their age or duration in the program.

Emergency Caregiver Funding

The final budget agreement continues payments to emergency caregivers for up to 120 days, or up to 365 days upon showing of good cause or if circumstances in approving a family timely are beyond a county's control, for 2020-21. Beginning in 2021-22, this would be reduced to 90 days.

Foster Family Agencies

The final budget agreement includes a number of changes proposed by the Alliance of Child and Family Services including:

- Changes the Foster Family Agency (FFA) social worker ratio from 1 to 15 to 1 to 18 on a permanent basis.
- Rejects the May Revision proposal to eliminate the FFA 4.15 percent increase for social work staff. The final budget requires that any additional federal funding due to implementation of the recent time study process for FFAs be applied to offset the GF cost of the rate increase, and continues current law which subjects the 4.15 percent rate increase to suspension as of December 31, 2021, unless GF revenues are sufficient.
- Adopts policy changes that allows FFAs to use alternative staffing for resource family approval orientations and health and safety inspections.

Short-Term Residential Treatment Program (STRTP) Rates

The final budget agreement rejects the May Revision proposal to reduce STRTP rates by five percent.

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Level of Care (LOC) Protocol

The final budget agreement rejects the May Revision proposal to eliminate the LOC levels 2-4 for new foster care, AAP and Kin-GAP cases beginning July 1, 2020.

Public Health Nurse Pilot Program

The final budget agreement rejected the May Revision proposal to cut this pilot program, maintaining the funding at \$8.25 million GF. The final budget agreement continues the possibility of suspension of the program effective December 31, 2021, unless GF revenues are sufficient.

AUTOMATION

CalSAWS Migration and Policy Automation

The federal mandate to collapse the three existing Statewide Automated Welfare Systems (SAWS) into a single CalSAWS system by December 31, 2023, remains on schedule and within its approved budget. The SAWS have taken on significant additional work to support the counties and the state in the COVID 19 response, including numerous changes in response to the Governor's Executive Orders. The final budget includes a number of key policy items that will require automation. All automation changes are dependent on timely state policy guidance.

Implementation of Medi-Cal policy changes is further dependent on either the resumption of renewal processing, or the development of a plan that will allow for eligibility processing to occur without discontinuing or reducing benefits while California is receiving additional federal Medicaid funding. Until this is resolved, Medi-Cal policy changes cannot be implemented, because running eligibility on the cases with partially processed renewals could result in benefit reductions or discontinuances.

At this time, for CalWORKs and CalFresh policy changes with implementation target dates, the SAWS anticipate being able to meet those dates so long as policy is issued timely. Some policy changes without target dates will be planned for implementation upon the completion of the CalSAWS migration.

CALIFORNIA EARNED INCOME TAX CREDIT

The final budget agreement extends the California Earned Income Tax Credit and Young Child tax credit to Individual Taxpayer Identification Number (ITIN) filers with at least one child six years of age or younger.

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HOMELESSNESS

The following is what we understand as of now to be in the final budget agreement related to homelessness funding. We are trying to confirm the details:

- \$550 million of CARES Act funding to be provided to Department of Housing and Community Development for Project Homekey, which is the acquisition and rehabilitation of motels, hotels, or hostels; master leasing of properties; acquisition of other sites and assets; conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel; purchase of affordability covenants and restrictions for units; and the relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.
- \$50 million GF to provide operational subsidies for entities that participate in Project Homekey.
- \$300 million GF to be allocated based on HHAP distribution formula/split between CoCs, big 13 cities, and counties with similar allowable uses to HHAP.

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](http://www.cwda.org)

Eileen Cubanski, Director of Budget and Fiscal Policy

email: ecubanski@cwda.org