



**COUNTY WELFARE DIRECTORS ASSOCIATION OF CALIFORNIA**  
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**CWDA**

June 17, 2014

To: All County Social Service Directors and Fiscal Officers

From: CWDA Staff

Pages: 8

**RE: State Budget Update #5 – ERRATA – Legislature Passes 2014-15 Budget**

With a few hours remaining before the June 15 deadline, the Legislature passed the 2014-15 budget bill and most of the associated trailer bills (there are two outstanding revenue bills that require a two-thirds vote). The Governor is expected to sign the budget and trailer bills by the end of June, in time for the new fiscal year beginning July 1, 2014.

This budget update describes the final actions taken by the Legislature on the health and human services issues that were heard in the Budget Conference Committee, that were not in the Budget Conference Committee but where negotiation with the Governor led to a revised action, or that were CWDA priorities. If an issue is not included in this budget update, please refer to Budget Update #4 for the action taken.

### **Medi-Cal**

Health Care Reform Medi-Cal Expansion – This item was heard in the Budget Conference Committee because the Senate and Assembly adopted different funding levels for the mandatory expansion (which includes those individuals who were eligible for Medi-Cal prior to the effective date of the ACA, but who were not already enrolled). The budget adopted by the Legislature reduced the amount of General Fund (GF) provided for the mandatory expansion by \$342 million from the GF amount included in the May Revision. The reduction is consistent with a recommendation by the Legislative Analyst's Office (LAO), which found that the Administration's May Revision mandatory expansion costs were too high because there was no basis for the Administration's change in methodology in calculating these costs to use a higher fee-for-service per enrollee cost for this population, as this population is generally healthy.

### **1991 Realignment**

Child Poverty and Family Supplemental Support Subaccount – This item was heard in the Budget Conference Committee because the Assembly adopted trailer bill language to change the current statutory mechanism of the Subaccount to use the funds to provide an annual inflation adjustment to CalWORKs grants while the Senate did not. This change was not made

in the budget adopted by the Legislature. (See the CalWORKs section below for discussion of the CalWORKs actions.)

## **CalWORKs**

Seven Percent Grant Increase – This item was heard in the Budget Conference Committee because the Assembly adopted a seven percent grant increase with an annual inflation adjustor while the Senate did not. The budget adopted by the Legislature includes a five percent grant increase (on top of the five percent grant increase that took effect in March 2014) effective April 1, 2015, to also be funded from the Child Poverty and Family Supplemental Support Subaccount. To the extent that funding in the Subaccount is not sufficient to fully fund the new five percent grant increase on top of the previously provided grant increase, the GF will fully fund the difference. There will be no county share of costs of the new five percent grant increase. The annual inflation adjustor is not included in the adopted budget.

Homelessness and Housing Support – This item was heard in the Budget Conference Committee because the Assembly adopted ongoing funding of \$25 million GF and placeholder budget bill language to address housing needs in the CalWORKs program while the Senate did not.

The final agreement with the Governor on this item is to provide ongoing funding of \$20 million GF for housing supports for CalWORKs families. CalWORKs families for whom homelessness or housing instability is a barrier to self-sufficiency or child well-being may be eligible, at the discretion of participating counties, for these housing supports. It is the intent that the housing supports provided with this funding utilize evidence-based models including those established in the federal Department of Housing and Urban Development's Homeless Prevention and Rapid Re-Housing Program. Supports provided may include, but are not limited to, financial assistance that includes rental assistance, security deposits, utility payments, moving cost assistance, and motel and hotel vouchers, and housing stabilization and relocation assistance that includes outreach and engagement, landlord recruitment, case management, housing search and placement, legal services, and credit repair.

The funding will be provided to selected counties that have opted into participation based on criteria to be developed by the California Department of Social Services (CDSS) in consultation with CWDA. There will be a requirement that participating counties track and report data in a manner to be determined.

Family Stabilization Trailer Bill Language – This item was heard in the Budget Conference Committee because the Assembly adopted placeholder trailer bill language that would clarify that funds provided in Family Stabilization may be used to provide housing and other services for any month that a family is participating in the component while the Senate did not. This trailer bill language is included in the budget adopted by the Legislature.

Repealing Lifetime Ban on Drug Felons in CalWORKs and CalFresh – Both Budget Committees approved \$9 million to repeal the lifetime ban on drug felons in the CalWORKs and CalFresh programs. This item remains in the budget adopted by the Legislature.

Supplemental Report Language on CalWORKs Oversight – This item was heard in the Budget Conference Committee because the Assembly adopted supplemental report language that requires the creation of an annual report on the CalWORKs program, intended to cover a variety

of topics, while the Senate did not. This supplemental report language is included in the budget adopted by the Legislature.

Welfare-to-Work Performance Oversight and State/County Peer Review – This item was heard in the Budget Conference Committee because the Assembly adopted the request by the CDSS for eight positions to support the county peer review process, quality control reviews for the TANF program, and field monitoring visits, and additional placeholder budget bill language, while the Senate did not. This item is included in the budget adopted by the Legislature.

\$25 Per Child Food Benefit – This item was heard in the Budget Conference Committee because the Assembly provided a new state-funded food assistance benefit for each CalWORKs household receiving CalFresh benefits, which would provide a \$25 per month food benefit for each child in the CalWORKs assistance unit, while the Senate did not. This item is not included in the budget adopted by the Legislature.

Increase in Earned Income Disregard – This item was heard in the Budget Conference Committee because the Assembly adopted an increase in the earned income disregard to the first \$700 of earned income and fifty percent of each additional dollar while the Senate did not. This item is not included in the budget adopted by the Legislature.

Family Stabilization Services Funding – This item was heard in the Budget Conference Committee because the Assembly adopted ongoing funding of \$25 million GF to provide for services in Family Stabilization while the Senate did not. This item is not included in the budget adopted by the Legislature.

Parent-Child Demonstration Project – This item was heard in the Budget Conference Committee because the Assembly adopted the Administration's Parent-Child Demonstration Project with additional placeholder trailer bill language to prioritize Safety Net cases and make participation in the pilot a "clock stopper" for any participant while the Senate did not. This item is not included in the budget adopted by the Legislature.

24-Month Time Clock – This item was heard in the Budget Conference Committee because the Senate voted to suspend the CalWORKs 24-Month Time Clock due to the lack of full implementation of prior years' reforms, and approved placeholder trailer bill language to keep the time clock suspended until full implementation of OCAT (the new assessment tool), Family Stabilization, and Expanded Subsidized Employment, while the Assembly did not. This suspension is not included in the budget adopted by the Legislature.

## **Child Care**

Child Care and Early Education Plans – This item was heard in the Budget Conference Committee because the Senate and Assembly each adopted different packages dealing with child care and early education. The package included in the budget adopted by the Legislature expresses Legislative intent to provide preschool or transitional kindergarten and wrap-around services for all low-income four-year-olds; restores 13,000 slots to early childhood education programs; eliminates the family fee for part-day preschool; increases the Regional Market Rate to the 85<sup>th</sup> percentile of the 2009 survey starting January 1, 2015 and the Standard Reimbursement Rate by 5.0 percent; and includes efforts to increase quality in all programs.

## **CalFresh**

**CalFresh Match Waiver Phase-Out** – Both Budget Committees adopted a four-year phase-out of the CalFresh Administration Match Waiver (the CWDA proposal minus one year). The full match waiver will remain in effect for one more fiscal year, 2014-15. Beginning in 2015-16, the match waiver will phase out in equal increments over three fiscal years until it is zero in 2018-19. This item remains in the budget adopted by the Legislature.

**Drought Food Assistance Program (DFAP)** – This item was heard in Budget Conference Committee because the Assembly and Senate provided different amounts for this program. The budget adopted by the Legislature includes a \$5 million GF augmentation and budget bill language to authorize up to \$20 million GF in 2014-15 (which includes \$15 million GF shifted from 2013-14) upon approval by the Department of Finance, and additional funding above the \$20 million GF in 2014-15 ten days after notification of the Joint Legislative Budget Committee for the DFAP to provide emergency food relief to drought-impacted communities.

**State Emergency Food Assistance Program** – This item was heard in Budget Conference Committee because the Senate approved a \$5 million GF augmentation to the State Emergency Food Assistance Program, which provides emergency food and funding to food banks and may only be used to purchase, store, and transport food grown or produced in California, while the Assembly did not. This item is not included in the budget adopted by the Legislature.

## **In-Home Supportive Services**

**Federal Overtime Regulations** – Both Budget Committees initially rejected the Administration's proposal to restrict payment of overtime to IHSS providers and provided a net additional \$66 million GF to cover the costs of paying overtime. As expected, however, negotiations on federal overtime regulations continued right up to the last minute and a revised agreement is included in the budget adopted by the Legislature. The main elements of the final agreement include the following. The trailer bill is vague about many of the implementation details, leaving those to the Administration to determine, so it is difficult at this time to assess the impact to county staff.

- A weekly cap on the number of hours that may be worked of 66 hours per provider, as reduced by the seven percent cut in hours resulting from the IHSS settlement agreement. Providers are to notify recipients of the number of hours that the provider is available to work for the recipient.
- Within the weekly cap on the number of hours that may be worked, a limit of seven hours per week to the amount of travel time that may be claimed for providers commuting between recipients on the same day if no federal financial participation is available to compensate for that travel time. If federal financial participation is available to compensate for travel time, then travel hours do not count toward the weekly cap on working hours.
- Conversion of recipients' monthly authorized service hours to weekly authorized service hours for purposes of ensuring compliance with the weekly caps. Any recipient authorized for fewer than 130 hours per month may adjust his or her weekly hours without county notification or approval as long as the adjustment does not result in more than 40 hours of authorized services per week being provided and does not exceed the recipient's monthly authorized hours.

Any recipient authorized for 130 hours or more or recipients with fewer than 130 hours wanting an adjustment to his or her weekly hours that will result in more than 40 hours of authorized services for the week will be required to obtain county approval. The request for adjustment may be made retroactively. Counties may also adjust the authorized weekly hours for any recipient for any particular week for known recurring or periodic needs or temporarily adjust the authorized weekly hours of a recipient at the request of the recipient to accommodate unexpected extraordinary circumstances. In no instance may adjusted weekly authorized hours result in the recipient's monthly authorized hours being exceeded.

CDSS is required to develop a process for recipients to submit requests for adjustments to weekly authorized hours.

- Authorization for CDSS and counties to terminate a provider from providing services under the IHSS program if a provider continues to violate the cap on hours on multiple occasions. There is no further detail provided in the trailer bill regarding circumstances that should lead to termination or the process of termination.
- A three-month "hold harmless" period after the effective date of the weekly cap on working hours and the weekly authorized service hours for all recipients and providers to adjust to the changes, as long as the number of hours worked by a provider do not exceed the authorized service hours for the recipient or recipients for whom the provider works.
- A requirement that CDSS conduct a study, commencing after the three-month "hold harmless" period, during the first 24 months of the implementation of these changes and submit a report to the Legislature. It is the intent that the study be used by the Legislature to determine whether any changes to the implementation of the federal overtime regulations are appropriate or necessary.
- Implementation of these changes to begin on January 1, 2015, or on the date that that the federal government requires implementation of the overtime regulations, whichever is later. If the federal overtime regulations become only partially effective, the weekly caps and other requirements will go into effect for those for whom federal financial participation is available.

Reduction in IHSS Hours – Both Budget Committees initially adopted trailer bill language to eliminate the seven percent cut in hours effective October 1, 2014 and provided \$140 million GF for the associated costs. The trailer bill language would have also amended the 2010 statute on the home health assessment on personal care services (aka 'provider tax') to provide that, upon enactment of the assessment, federal financial participation will backfill GF IHSS expenditures. However, this restoration was renegotiated between the Legislature and the Governor and is not included in the budget adopted by the Legislature.

### **Adult Protective Services**

Funding for Training and State Staff – This item was heard in the Budget Conference Committee because the Assembly approved the CWDA and coalition request for \$1.25 million GF in additional funding for training of APS workers and \$150,000 GF for one, full-time staff position at CDSS dedicated to the APS program, while the Senate did not. The budget adopted by the

Legislature included the \$150,000 GF for the position, but did not include the \$1.25 million GF for training.

### **Supplemental Security Income/State Supplemental Payment (SSI/SSP)**

State SSI/SSP COLA – This item was heard in the Budget Conference Committee because the Assembly reinstated the state COLA for SSI/SSP effective April 1, 2015 based on the California Necessities Index (which would also have applied to the Cash Assistance Program for Immigrants), while the Senate did not. This item is not included in the budget adopted by the Legislature.

### **Child Welfare – Foster Care**

Commercially Sexually Exploited Children – Both Budget Committees initially approved \$20.3 million GF in 2014-15 and \$14.3 million in 2015-16 and thereafter consistent with the CWDA and coalition request to enable county child welfare agencies to serve youth victims of commercial sexual exploitation, including prevention and intervention activities and direct services. Both budget subcommittees also adopted placeholder trailer bill language to ensure the funds are used for these purposes.

However, final budget negotiations between the Legislature and Administration resulted in a modified agreement. The budget adopted by the Legislature includes \$5 million GF in 2014-15 to be used primarily for training of county workers to identify, intervene, and provide case management services to children who are victims of commercial sexual exploitation and to foster caregivers, and secondarily to assist with development of county interagency protocols to respond to and serve children who are victims of commercial sexual exploitation.

Beginning in 2015-16 and annually thereafter, \$14 million GF will be provided to participating counties to provide prevention and intervention activities and services including but not limited to: training foster children to help recognize and avoid commercial sexual exploitation; engaging survivors of commercial sexual exploitation; consulting and coordinating with homeless youth shelters and other services providers; hiring county staff trained and specialized to work with children who are victims of commercial sexual exploitation; and providing supplemental foster care rates for placement of child victims of commercial sexual exploitation.

The Administration is concerned about the Proposition 30 implications to the State of establishing this program and mandating county activities, so to address that concern, participation by counties is voluntary. Any county interested in participating in the program and receiving funding will be required to submit a plan to CDSS pursuant to a process to be developed by CDSS in consultation with CWDA. Participating counties will also be required to establish multidisciplinary teams to provide case management for children who are victims of commercial sexual exploitation. The multidisciplinary teams are required to include representatives from the county probation department, county mental health department, county public health department, and **the county department that deals with substance abuse disorders**, but may also include representatives from local education agencies, local law enforcement, survivors of sexual exploitation and trafficking, and other providers.

The implementing trailer bill also includes clarification, that is explicitly stated to be declaratory of existing law, in Welfare and Institutions Code section 300 that children who are victims of commercial sexual exploitation or who receive food or shelter in exchange for, or who are paid

to perform, sexual acts as described, and whose parents or guardians failed to, or were unable to, protect the child are in the dependency system.

Foster Care Payments for Relative Caregivers – This item was heard in the Budget Conference Committee because the Assembly provided \$30 million GF to raise rates for non-federally eligible relative caregivers in foster care while the Senate did not. The budget adopted by the Legislature includes \$15 million GF in 2014-15 and \$30 million in 2015-16 and annually thereafter, and establishes the Approved Relative Caregiver Funding Option Program effective January 1, 2015. As with CSEC, the Administration had Proposition 30 concerns with this program, so participation by counties is optional. Counties will need to notify CDSS by October 1 of any year whether they will participate beginning the following January. Once a county opts in, the county will receive funding until the county opts out. Counties may opt out of the program at any time, but must do so by October 1 to opt out beginning in the following January. The program and associated funding operate on a calendar year basis (rather than a fiscal year basis) to enable counties to meet the deadlines for notifying CDSS of their intent to opt in or out.

The \$30 million in annual funding provided for this program is intended to fully fund each county's base caseload, which is the number of approved relative caregivers in the county caring for a child who is not federally eligible as of July 1, 2014, and will be increased each year by the California Necessities Increase (CNI) to keep pace with the increases provided to other foster care rates. If the \$30 million is insufficient to fully fund each county's base caseload, then that amount shall be increased as appropriate and that higher amount will be the new base to be adjusted annually by the CNI. Each year, each participating county will receive its base funding amount cumulatively adjusted by the appropriate annual CNIs. If a county experiences growth in its non-federally eligible relative caregiver caseload beyond its base, the county is responsible for funding the additional amount to raise the rate for those additional cases.

If in any year the GF provided for this program is reduced or eliminated, all participating counties are presumed to have opted out of the program unless a county notifies CSS in writing within 60 days of enactment of the state budget that the county wants to continue participation. Counties are required to provide at least 90 days prior written notice to non-federally eligible relative caregivers that their monthly payments will be reduced and the date of the reduction whether the county presumptively or voluntarily opts out of the program.

Title IV-E Waiver Extension – This item was heard in the Budget Conference Committee because the Senate adopted placeholder budget bill language authorizing CDSS to hire up to five positions as of July 1, 2014, with authority for the Department of Finance to authorize up to 10.5 additional positions and associated funding upon final federal approval of the waiver and contingent on the final number of participating counties in the waiver, while the Assembly did not. The budget adopted by the Legislature includes \$2 million (\$1 million GF) and seven, five-year limited-term positions for CDSS to implement the Title IV-E Waiver Extension, with authority for the Department of Finance to reduce or increase positions and funding contingent on the final number of counties participating in the Waiver extension.

### **Community Care Licensing**

Community Care Licensing Staff for CDSS – This item was heard in the Budget Conference Committee because the Senate and Assembly took differing actions when approving the Administration's request. The budget adopted by the Legislature approved the Administration's funding request with the following changes:

- Approved implementation of the Quality Enhancement proposal effective July 1, 2014.
- Adopted intent language recognizing that the quality enhancement measure are intended to improve the underlying foundation of CDSS' regulatory operations and once these actions are implemented, that they will, over a specified period of time, increase the frequency of facility inspections resulting in annual inspections for some or all facility types.
- Removed specified language pertaining to penalty rate structure and adopted intent language regarding scope of penalties being addressed in the policy process.
- Addition of procedures that CDSS must implement to minimize the trauma of residents or clients at risk of physical or mental abuse, abandonment, or any other substantial threat to health or safety following a temporary suspension or revocation of a license.

### **Budget and Trailer Bills**

2014-15 Budget Bill (SB 852):

[http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb\\_0851-0900/sb\\_852\\_bill\\_20140612\\_proposed.pdf](http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_852_bill_20140612_proposed.pdf)

2013-14 Supplemental Appropriations (SB 865):

[http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb\\_0851-0900/sb\\_865\\_bill\\_20140613\\_amended\\_asm\\_v98.pdf](http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_865_bill_20140613_amended_asm_v98.pdf)

Human Services Trailer Bill (SB 855):

[http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb\\_0851-0900/sb\\_855\\_bill\\_20140613\\_amended\\_asm\\_v98.pdf](http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_855_bill_20140613_amended_asm_v98.pdf)

Health Trailer Bill (SB 857):

[http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb\\_0851-0900/sb\\_857\\_bill\\_20140612\\_amended\\_asm\\_v98.pdf](http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_0851-0900/sb_857_bill_20140612_amended_asm_v98.pdf)

Public Safety Trailer Bill (AB 1468):

[http://www.leginfo.ca.gov/pub/13-14/bill/asm/ab\\_1451-1500/ab\\_1468\\_bill\\_20140615\\_enrolled.pdf](http://www.leginfo.ca.gov/pub/13-14/bill/asm/ab_1451-1500/ab_1468_bill_20140615_enrolled.pdf)