



Date: May 26, 2018
To: The Honorable Philip Ting
Chair, Budget Conference Committee

Honorable Members
Budget Conference Committee

From: Justin Garrett, Legislative Representative, CSAC
Frank J. Mecca, Executive Director, CWDA
Salena Pryor, Government Relations Advocate, SEIU
Brian A. Allison, Political and Legislative Director, California, AFSCME



RE: ENDING SSI CASH OUT

Support Ending SSI Cash Out

The California State Association of Counties (CSAC), County Welfare Directors Association of California (CWDA), Service Employees International Union (SEIU), and American Federation of State, County and Municipal Employees (AFSCME) are in strong support of ending the SSI Cash Out and increasing the economic security of nearly 370,000 Californians by allowing them to receive CalFresh benefits, as well as the efforts to mitigate any negative impacts on those households who will have a benefit reduction or loss due to this change. We are aware of conversations about various ways of effectuating a hold harmless for the households who will be negatively impacted by this change and look forward to providing our input about the administrative and automation implications of the various options. Regardless of the option selected, there are several issues we would like to raise with regard to the county administrative impact and the overall implementation process as noted below.

Administrative Costs and Assumptions Understated

While we believe that the administration's workload assumptions with regard to processing time are reasonable, we have recently learned they used a 15-year-old hourly rate, thus understating the administrative costs. Most significantly, CDSS is using an hourly rate that has not been updated in 15 years, so the funding does not reflect current county costs, which are approximately 60% higher than the rate the Department is using, to do this work. Administrative costs for ending Cash Out and providing a hold harmless for households with reduced benefits and those who lose eligibility are understated compared to estimates provided to the legislature by the administration by \$6.6 million in the budget year, \$23.1 million in 2019-20, \$23 million in 2020-21, and by \$24.8 million in 2021-22, therefore we



request an increase in funding to accommodate for this gap.

Automation Lead Time Necessary for Hold Harmless for Households that Lose Eligibility

Automation changes will be necessary to support the new policies. For those households who lose or would otherwise lose eligibility, if a new state-only ongoing benefit approach is used, automation lead time will require up to 18 months. There are several layers involved in creating a new state-only program across systems, including the need for the state to develop and implement a new aid-code in the state managed Medi-Cal Eligibility Data System (MEDS). Creating a new aid-code alone is a rather complex and lengthy process that takes the state about one year, in addition to other significant automation changes that must take place. Given that this effort is expected to commence in June 2019, the state-only program is a concern as this does not allow for the required 18-month lead time for all necessary system changes.

Need for County Quality Control Hold Harmless

Because of the significant implementation effort involved in implementing this change which unwinds a policy that is decades old, it is of utmost importance to ensure that counties are given a grace period that holds them harmless from any penalties on quality control and error rates during the first fourteen months of implementation. We are requesting a fourteen month hold harmless to allow for the phase in, which is anticipated to occur over twelve months, plus two additional months for the initial volume of renewals and periodic reports to be processed, and any resulting policy clarifications to be issued, to facilitate stabilization of the new policy. With the significant caseload influx, as well as the usual implementation challenges of providing full policy guidance and clarification which can also impact automation and training, counties need an assurance that they will not be penalized for errors that may occur during this time. We are requesting the necessary trailer bill language be put in place to ensure this critical element is codified.

CC:

Gail Gronert, Office of the Assembly Speaker
Jason Sisney, Office of the Assembly Speaker
Chris Woods, Office of the Senate President Pro Tempore
Mareva Brown, Office of the Senate President Pro Tempore
Nicole Vazquez, Assembly Budget Subcommittee No. 1
Cyndi Hillery, Assembly Republican Fiscal Office
Alex Khan, Assembly Republican Fiscal Office

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