



CWDA

Advancing Human Services
for the Welfare of All Californians

State Budget Update #1

Governor's Proposed 2022-23 Budget

January 10, 2022 | 30 Pages

Governor Newsom released his proposed 2022-23 budget this morning. The following budget update summarizes what we know so far about the proposals and issues of interest in the health and human services area. CWDA staff will continue to keep you updated in the coming weeks as we learn more details.

Overall Budget Picture

California's overall economic picture is one of strength and continued recovery from the COVID-19 recession. While this overall picture masks the ongoing disparate economic and health impacts of the pandemic and is subject to several risks, state General Fund (GF) revenues continue to outpace previous projections. The Governor's Budget projects a total surplus of \$45.7 billion in 2022-23, although after accounting for constitutionally required funding for K-14 schools and Proposition 2 deposits, the discretionary surplus is \$20.6 billion. The Administration states that this is lower than the \$31 billion surplus identified by the Legislative Analyst's Office (LAO) in its November Fiscal Outlook largely because of differences in revenue assumptions.

The Governor's Budget reflects total reserve funding of \$34.6 billion in 2022-23. This includes \$20.9 billion in the Proposition 2 Budget Stabilization Account (Rainy Day Fund), \$9.7 billion in the Public School System Stabilization Account, \$900 million in the Safety Net Reserve, and \$3.1 billion in the state's reserve for economic uncertainties (the operating reserve). The Rainy Day Fund reserve is \$1.6 billion more than 2021-22, bringing the Rainy Day Fund to the constitutionally specified maximum of 10 percent of total GF revenues, which if continued would result in more of the required Proposition 2 deposits going toward debt repayment and infrastructure. The proposed budget also includes \$3.9 billion in additional funding above that required by Proposition 2 to pay down state retirement liabilities.

The Governor's Budget currently estimates that available GF revenues will exceed the State Appropriations Limit (also called the Gann Limit) by \$2.6 billion. As we have discussed

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previously, the Gann Limit is a constitutional spending limit imposed on state and local governments. Revenues available above that limit are required to be spent on schools, refunded to taxpayers, and/or spent on items excluded from the calculated limit. The Administration has no proposal at this time for address the Gann Limit, instead deferring proposals to address it to the May Revision, when the limit will be recalculated again.

The Administration notes several risks to its current revenue projections that could impact revenue projections as we move through the fiscal year. GF revenues from capital gains are at their highest level ever in 2021 and capital gains are a notoriously volatile revenue source. The Governor's Budget revenue projections were finalized in November 2021, before the prevalence of the COVID-19 omicron variant, and do not assume any impacts on California's economy of the omicron or any other variant. The revenue projections also do not reflect any assumed impacts of the Federal Reserve's recent announcement of interest rate hikes.

Health and Human Services

OVERALL REALIGNMENT REVENUES

Revenue performance remains strong since the early-COVID-19 recession. Robust consumer goods spending and an increased inflation forecast result in sales tax revenues that exceed the projections of the 2021 Budget Act last summer in both 1991 and 2011 Realignments. The details for each realignment are provided below.

1991 REALIGNMENT

1991 Realignment is funded through two sources: state sales taxes and Vehicle License Fees (VLF). The Governor's proposed budget has revised the sales tax revenues compared to the estimates adopted in the 2021 Budget Act. Actual sales tax revenues in 2020-21 were about 3.2 percent higher (\$123.9 million) than projected. The Governor's Budget estimates that sales tax revenues will increase in the current year (2021-22) by 5.2 percent, and another 3.0 percent in the budget year (2022-23). Actual VLF revenues for 2020-21 were also higher than projected, by 5.9 percent (\$131 million). VLF revenues are estimated to increase by 2.1 percent in the current year, and another 3.1 percent in the budget year.

Family Support Subaccount

With implementation of the Affordable Care Act (ACA), county costs and responsibilities for indigent health care have decreased as more individuals gained access to health care coverage through the Medi-Cal expansion. The Family Support Subaccount within 1991 Realignment enables counties' indigent health care savings to be captured and redirected to

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pay for CalWORKs GF assistance costs, thereby freeing up GF that can be used to pay for the state's Medi-Cal expansion costs. The amount of counties' indigent health care savings is redirected from counties' 1991 Realignment Health Subaccounts and moved to the Family Support Subaccount at the state level. Funds are then allocated to counties from the Family Support Subaccount in lieu of GF for CalWORKs assistance payments and the Single Allocation. The distribution of the funds from the Family Support Subaccount to counties is based on counties' CalWORKs expenditures.

The Governor's Budget estimates county savings of \$602.93 million in 2021-22 and \$595.6 million in 2022-23. In addition, the proposed budget includes a \$206.7 million increase in the amount redirected from counties to the subaccount, based on actual savings from 2019-20.

Child Poverty and Family Supplemental Support Subaccount

The Child Poverty and Family Supplemental Support Subaccount within 1991 Realignment is used to fund CalWORKs assistance grant increases, which total about 16 percent from this subaccount since 2013-14, as well as the repeal of the Maximum Family Grant (MFG) rule, which took effect January 1, 2017. Along with the Governor's Budget in January and the annual May Revision, the Administration provides estimates of the total amount of funding that will be in the subaccount. If that amount is not enough to fully fund the costs of all the CalWORKs assistance grant increases already provided plus the MFG repeal, the GF makes up the difference. If there is more funding in the subaccount than is needed to fund all the CalWORKs assistance grant increases and the MFG repeal, then an additional grant increase is triggered that equals an amount that the available funding is estimated to support.

There is estimated to be \$560.3 million and \$613.9 million in the Child Poverty and Family Supplemental Support Subaccount in fiscal years 2021-22 and 2022-23, respectively. The Administration indicates that there will be enough to fully fund the previous grant increases and MFG repeal in 2022-23. As such there is a 7.1 percent grant increase proposed, effective October 1, 2022, which is estimated to cost \$200.7 in 2022-23.

2011 REALIGNMENT

The 2011 Realignment is funded through two sources: a state sales tax of 1.0625 percent (the portion that is used to fund the realigned social services and behavioral health programs) and 0.5 percent of VLF. The actual 2020-21 sales tax revenues for 2011 Realignment were about 11 percent higher than estimated in the 2021 Budget Act. The result is that actual 2020-21 sales tax revenues available for the Support Services Account were \$562.1 million higher than the previous year (rather than the \$379.2 million previously projected).

The proposed budget projects the sales tax growth rate to be about 7.5 percent higher in

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2021-22 than the revised revenues received for 2020-21, and to further increase by approximately 4 percent in 2022-23. These overall sales tax growth rates will translate into growth funding for the Support Services Account of an estimated \$394.4 million in 2021-22 (of which \$186.8 million is for the Protective Services Subaccount and \$207.6 million is for the Behavioral Health Subaccount) and an increase of \$238.6 million in 2022-23 (of which \$113.0 million is for the Protective Services Subaccount and \$125.6 million is for the Behavioral Health Subaccount).

HOMELESSNESS**Housing Supports to Individuals with Behavioral Health Needs**

The Governor's Budget proposes an additional \$2 billion over the next two years to expand access to housing for vulnerable populations with complex behavioral health conditions and people living in encampments, including the following two components:

- \$1.5 billion GF over two years to address immediate housing and treatment needs for individuals with behavioral health needs, to be administered through the Department of Health Care Services' Behavioral Health Continuum Infrastructure Program. Funding can be used to purchase and install tiny homes and to provide time-limited operational supports in those tiny homes or in other bridge housing settings, including existing assisted living settings.
- \$500 million one-time GF to expand Encampment Resolution Grants that are awarded to local jurisdictions to invest in short- and long-term rehousing strategies for people experiencing homelessness in encampments around the state.

Homeless Coordinating and Financing Council Rebrand

The Homeless Coordinating and Financing Council has been renamed the California Interagency Council on Homelessness (Cal-ICH). Local governments are required to submit local homeless action plans to Cal-ICH as a condition of receiving funding through the Homeless Housing and Assistance Program. This \$2 billion one-time GF, multi-year, flexible grant program is available to counties, large cities, and Continuums of Care. Cal-ICH will work with local grantees on their accountability plans so that local governments begin taking immediate steps towards implementation.

MEDI-CAL AND HEALTH CARE SERVICES**Program Funding and Caseload**

The total Medi-Cal budget is estimated to be \$130.2 billion (\$27.49 billion GF) in 2021-22 and

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\$138.3 billion (\$35.66 billion GF) in 2022-23. The Governor's Budget assumes a caseload increase of 8.28 percent from 2020-21 to 2021-22, totaling approximately 14.61 million beneficiaries. This increase assumes the federal PHE and continuous coverage requirement will continue through June 2022. The budget assumes a caseload decrease of 2.95 percent from 2021-22 to 2022-23, with an end total of approximately 14.18 million beneficiaries, a decline of about 430,000 beneficiaries. This decrease is attributed to the resumption of the 12-month redetermination process following the ending of the PHE. However, the Department of Health Care Services (DHCS) notes the uncertainty of projecting the Medi-Cal caseload following the PHE, citing various factors including conditions of the labor market, impact of minimum wage increases, and applicant and beneficiary behavior.

County Administration Funding

The proposed budget includes a total of \$2.25 billion (approximately \$1.13 billion GF) in county administrative funding in 2022-23. This includes an increase of \$50.2 million (\$25.1 million GF) in 2022-23 based on an adjustment to the current funding level using the projected increase in the California Consumer Price Index. This increase is consistent with the current budgeting methodology agreed to by CWDA and the prior administration.

County Administration Funding to Restart Redeterminations

The proposed budget continues to include \$73 million total funds (\$37 million GF) in both 2021-22 and 2022-23 to support increased county workload, after the PHE is lifted, to conduct eligibility redeterminations for beneficiaries that remained enrolled in Medi-Cal due to the continuous coverage requirement during the PHE. DHCS also proposes trailer bill language (TBL) to align Medi-Cal redeterminations with federal guidelines. CWDA will share additional information on the TBL when it becomes available.

California Advancing and Innovating Medi-Cal (CalAIM) Justice-Involved Initiatives & Providing Access and Transforming Health (PATH)

CalAIM contains two justice-linked initiatives consisting of the statewide jail pre-release application mandate and the pre-release services and supports beginning 90-days before an individual is released; both of which are effective January 1, 2023. The Governor's Budget includes \$50.2 million total funds (\$15.5 million GF) in 2022-23 to support capacity building, technical assistance, collaboration, planning, and administrative costs by county and corrections entities for implementation of these initiatives. Additionally, the two initiatives will also receive funding from PATH for implementation purposes, consisting of \$561 million total funds over a five-year period. DHCS will also be proposing TBL to extend the duration of suspension of Medicaid benefits when an individual is incarcerated to increase the probability that coverage is maintained. CWDA will share additional information on the TBL

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when it becomes available.

Expansion of Full-Scope Medi-Cal Coverage to All Adults Regardless of Immigration Status

The Governor's Budget proposes to expand full-scope Medi-Cal Coverage to undocumented adults aged 26 through 49, effective no sooner than January 1, 2024. The expansion is projected to affect more than 700,000 individuals and cost \$819 million total funds (\$614 million GF) in 2023-24, growing to \$2.3 billion total funds (\$1.8 billion GF) at full implementation, and will provide full-scope Medi-Cal coverage to eligible Californians, regardless of immigration status. DHCS will be proposing TBL for this proposal.

Children and Youth Behavioral Health Initiative (CYBHI) and Behavioral Health Continuum Infrastructure Program (BHCIP)

The Governor's Budget proposal makes a number of changes to the CYBHI and BHCIP, resulting in an additional \$2.4 billion GF costs in 2022-23 in comparison to 2021-22. The CYBHI is a multi-year package of investments as part of the 2021 Budget Act, which provides children and youth early and routine, evidence based, culturally competent, and equity focused behavioral health screenings and services. Services from CYBHI will be available statewide for all children and youth ages 0-25, regardless of insurance type or immigration status. The BHCIP provides grants to qualified entities to construct, acquire, and rehabilitate real estate assets or to invest in mobile crisis infrastructure. This in turn, provides a comprehensive continuum of services to address short-term crisis stabilization, acute needs, peer respite, and other clinically enriched longer-term treatment and rehabilitation opportunities for persons with behavioral health disorders by

This includes:

- \$429 million GF for evidence-based behavioral health practices
- \$450 million GF for school behavioral health partnerships and capacity (on top of the \$100 million provided for 2021-22)
- \$120 million GF for the Behavioral Health Services and Supports Platform (on top of the \$10 million provided in 2021-22) and \$110 million GF for e-Consult service and provider training
- In addition to the one-time funding provided in the 2021-22 budget agreement, \$1.4 billion, consisting of \$218.5 million from the Coronavirus Fiscal Recovery Fund and \$1.2 billion from the GF for BHCIP is included in 2022-23. The CYBHI augments BHCIP funding to \$480.5 million GF in FY 2022-23.

STATE BUDGET UPDATE | GOVERNOR'S PROPOSED 2022-23 BUDGET**Reducing Medi-Cal Premiums to Zero**

The proposed budget includes \$53 million total funds (\$19 million GF) in 2022-23 and \$89 million total funds (\$31 million GF) annually ongoing, along with TBL, to reduce premiums to zero for programs under the Children's Health Insurance Program and the 250 Percent of Federal Poverty Level Working Disabled Program, effective July 2022.

Discontinue Child Health and Disability Program (CHDP) and Expand Children's Presumptive Eligibility (PE).

The Governor's Budget proposes to sunset CHDP by July 1, 2023. The proposal preserves presumptive eligibility enrollment activities currently offered through the CHDP Gateway and activities performed by CHDP counties under the Childhood Lead Poisoning Prevention Program, and continues Health Care Program for Children in Foster Care. DHCS will also start the Children's Presumptive Eligibility Program to replace the CHDP Gateway, which will increase the number of children's presumptive eligibility providers to include all Medi-Cal providers. The majority of children and youth under the age of 21 being shifted from CHDP will be enrolled into a MCP where they will receive all medically necessary services.

Home- and Community-Based Services (HCBS) Spending Plan.

CMS approved California's HCBS spending plan on January 4, 2022. DHCS will begin claiming enhanced HCBS funding and make funds available for the state's spending plan initiatives. The HCBS Spending Plan includes \$3 billion in enhanced HCBS funding and an additional \$1.6 billion in regular federal financial participation across several state departments.

IN-HOME SUPPORTIVE SERVICES**Caseload and Overall Funding**

The Governor's Budget includes \$18.5 billion (\$6.5 billion GF) for In-Home Supportive Services (IHSS) in 2022-23. Average monthly caseload growth is estimated to be slightly slower from prior estimates, expected to grow by 2.8 percent in 2021-22, resulting in 583,083 cases, and by 2.7 percent in 2022-23, resulting in 598,835 cases. Average weighted hours per case continue to increase year-over-year and are estimated to be 118.1 in 2021-22 and are projected to rise to 119.6 hours in 2022-23. The average cost per hour in the Individual Provider mode is estimated to be \$17.91 in 2021-22 and \$18.39 in 2022-23.

IHSS Basic Services

For 2022-23, IHSS basic service costs are projected to increase by \$928 million (\$429 million GF) due to continued caseload growth, higher hours per case, and higher costs per hour

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associated with the increase in minimum wage. Total IHSS Basic Services costs are projected to be \$15.3 billion (\$7.1 billion GF) in 2021-22.

County IHSS Maintenance of Effort (MOE)

The Governor's Budget for IHSS includes an estimated county IHSS MOE amount of \$1.84 billion in 2022-23, after adjusting for locally negotiated county wage, health benefit, non-health benefit and contract rate increases, which are \$4.8 million when annualized. The four-percent annual inflation factor applied to the county IHSS MOE is estimated to be \$70.9 million.

SB 80 Collective Bargaining Changes

Beginning January 1, 2022, and pursuant to legislation passed last year, the share of cost for wages above the minimum wage of \$15 per hour remains at 65 percent state and 35 percent county (instead of becoming 35 percent state and 64 percent county, as was scheduled to occur under previous law). In addition, the legislation continues state participation in the 10-percent-over-3-years option. The proposed budget includes \$428.3 million total (\$119.1 million GF) for associated costs.

County IHSS Administration

The Governor's Budget for IHSS includes \$632 million total (\$318.3 million GF) for county base administration funding, a slight increase over 2021-22. We are working on our more precise estimate of overall county IHSS administration and will have that available very soon.

Public Authority Administration

The Governor's Budget for Public Authority administration has increased slightly to \$52.5 million (\$26.4 million GF) in 2022-23 to reflect the slightly higher projected caseload.

Electronic Visit Verification

The Governor's Budget proposes \$6.8 million (\$1.7 million GF) in 2022-23 for Electronic Visit Verification (EVV) county administration, a decrease of \$5.9 million (\$1.5 million GF) due to a reduction in one-time funding provided in 2021-22 for training and offset slightly by an increase in the number of IHSS recipients and providers.

California remains out-of-compliance with the federal 21st Century Cures Act requirements for the implementation of EVV, resulting in a federal penalty to the state. This penalty resulted in a 0.5 percent reduction to federal financial participation in calendar year 2021 and

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0.75 percent reduction in calendar year 2022. The proposed budget reflects a full-year cost of \$42.3 million GF in 2021-22 and 6-month cost of \$27.4 million GF in 2022-23, as CDSS continues to engage the federal government and work with stakeholders to identify how the State will come into compliance with these requirements.

Minimum Wage Increases

The Governor's Budget includes \$421.9 million (\$191.8 million GF) beginning January 1, 2022, to support the California minimum wage increase to \$15 per hour, and \$877.5 million (\$398.9 million) in 2022-23.

Provider Paid Sick Leave

The Governor's Budget continues to fund Provider Paid Sick Leave, which allows providers up to 16 hours of paid sick leave per year. The cost of this benefit is projected to be \$127.5 million (\$57.7 million GF) and county administrative costs are projected to total \$167,000 (\$84,000 GF).

Permanent Provider Back-Up System

The Governor's Budget includes \$19.8 million (\$8.7 million GF), \$2.6 million (\$1.3 million GF) for county administration, and \$2.4 million (\$1.2 million GF) to public authorities, to implement a new and permanent provider back-up system beginning July 1, 2022. This proposal provides a \$2.00 per hour wage differential increase and an increase to the Maximum Allowable Contract Rate (MACR) for county contract mode services to \$16.65/hour (the MACR has not been increased since 2002). The proposal estimates 11,977 back-up providers will provide services through the contract mode and 23,953 providers will provide back-up care through the Individual Provider mode.

The proposed budget also includes \$6.7 million (\$2.7 million GF) in 2020-21 and \$3.3 million (\$1.3 million GF) in 2021-22 to pay COVID-19 IHSS emergency back-up providers a \$2.00 per hour differential.

Undocumented Adults 50 Years and Above Full Scope Medi-Cal Expansion

To reflect the increase to the IHSS caseload due to the enactment of legislation last year to expand full-scope Medi-Cal to adults aged 50 and over regardless of immigration status, the Governor's Budget includes associated costs of \$68.5 million GF in IHSS Basic Services, and \$2.6 million GF for county administration beginning in 2022-23. Pursuant to statute, this expansion would implement no sooner than May 2022; however, the Administration indicates that implementation lags will prevent implementation in 2021-22. In 2022-23, the proposed

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budget projects an estimated 2,443 new IHSS recipients as a result of this change.

Phasing in the Medi-Cal Asset Repeal

To reflect the increase in the IHSS caseload due to the Governor's proposal to raise the asset limit in Medi-Cal for non-Adjusted Gross Income (MAGI) programs to \$130,000 beginning July 2022, the Governor's Budget includes an increase to IHSS Basic Service costs of \$148.6 million (\$67.3 million GF) and \$5.5 million (\$2.8 million GF) in new county administration costs.

COVID-19 Adult Programs (IHSS)

The Governor's Budget includes \$128.2 million (\$12.8 million GF) in 2021-22 for various COVID-19 related flexibilities in the IHSS program, including emergency paid sick leave for providers, emergency provider back up care wage differential (as is also described above) and county support, recipient vaccination services and county administration. The funding is not proposed to continue in 2022-23.

IHSS Care Economy Provider Payments

The Governor's Budget reflects \$275 million in IHSS Care Economy payments to providers in 2021-22. These are one-time incentive payments of \$500 that will be made to IHSS providers who provided care to recipients for a minimum of two months between March 2020 and March 2021. This proposal was recently approved by the federal government as part of California's Home and Community Based Services Spending Plan. There is no county administrative funding associated with this proposal.

CALWORKS**Caseload**

Overall CalWORKs caseload for the current year is estimated to grow by 11.3 percent compared to the prior year. This is a slight reduction in the growth rate that was projected as of the 2021-22 Budget Act. Overall CalWORKs caseload is projected to increase another 12.6 percent in 2022-23, compared to the revised 2021-22 caseload. This includes the estimated increase in caseload due to the expiration of unemployment insurance benefits in September 2021.

Single Allocation

CWDA is working to calculate precise estimates of the amount of Single Allocation funding by component that is proposed for 2022-23. We will have that information available very

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soon.

Increase to the CalWORKs Maximum Aid Payment

The Governor's Budget includes an increase of 7.1 percent to the Maximum Aid Payment (MAP), which is anticipated for October 1, 2022, and is based on the Department of Finance's projection of available funding in the Child Poverty and Family Supplemental Support Subaccount. This grant amount will be updated at the May Revision when 1991 realignment revenue projections for 2022-23 are updated.

CalWORKs Outcome and Accountability Review (Cal-OAR)

The Governor's Budget provides a total of \$21.5 million for the continuation of Cal-OAR activities in 2022-23.

Expanded Subsidized Employment (ESE)

The Governor's Budget for the ESE Program remains flat funded at \$134.1 million for 2022-23.

Family Stabilization

The Governor's Budget includes \$48.9 million for Family Stabilization in 2022-23, a slight increase from 2021-22.

Mental Health and Substance Abuse

The Governor's Budget includes flat funding for MH/SA in 2022-23, at \$127 million.

Pass-Through of Child Support Collections for Formerly Assisted Families

The Governor's Budget would make statutory changes to fully pass through assigned arrears collections to families formerly assisted by CalWORKs, as currently permitted by federal law. Under this change, the Department of Child Support Services will waive its share of recoupment, resulting in lost GF revenues of \$52.3 million in 2022-23 and \$104.6 million ongoing.

Housing Support Program (HSP)

The Governor's Budget continues funding for HSP at \$285 million for FY 2022-23. This includes \$95 million in ongoing funding and the second year of \$190 million in one-time funding that was made available in the current year for expenditure through June 30, 2024.

STATE BUDGET UPDATE | GOVERNOR'S PROPOSED 2022-23 BUDGET**CHILD CARE AND EARLY EDUCATION**

The Governor's Budget includes \$5.8 billion (\$2.3 billion GF) for child care programs, including continued support for the multi-year commitment to rate increases taking effect in January 2022, supplemental funding to providers, infrastructure grant program funding, and eventually expanding child care access by 200,000 slots.

California Supporting Providers and Reaching Kids (CalSPARK)

The proposed budget includes \$4.8 million GF to support infrastructure, planning, and initial design of a child care data system and information technology solution, referred to as CalSPARK, which is part of the Brilliant Beginnings data initiative.

Stage 1 Child Care

Beginning in 2021-22, Stage One Child Care funding was carved out from the rest of the CalWORKs Single Allocation. Funding is no longer allocated to counties, but counties are reimbursed for the claiming process for actual expenditures. The Governor's Budget reflects an increase of \$27.5 million in 2022-23 from the 2021-22 revised estimate due to a higher projected caseload. The monthly cost per case in 2022-23 is \$911.52, including administration.

Stage 2 and 3 Child Care

The Governor's Budget assumes \$321.4 million in funding for Stage 2, a net decrease of 20 percent from 2021-22, reflecting a projected decrease in enrollment. Stage 3 increased by 7.6 percent from 2021-22 reflecting a projected increase in enrollment, for a total of \$759 million.

CalWORKs Home Visiting Initiative

The proposed budget includes an increase of \$8 million, which reflects a higher projected caseload, full year of implementation of the RMR increase effective January 1, 2022, and a higher employment services cost per case.

Home Visiting through the California Department of Public Health (CDPH)

The Governor's Budget also provides \$50 million ongoing General Fund for the California Home Visiting Program and the California Black Infant Health Program and proposes greater flexibility for these programs. These programs are administered by CDPH, and are separate from the CalWORKs Home Visiting Initiative, which is administered by CDSS.

STATE BUDGET UPDATE | GOVERNOR'S PROPOSED 2022-23 BUDGET**Young-Child Tax Credit Expansion**

The 2019 Budget created the Young Child Tax Credit, which generally provides \$1,000 to every household that qualifies for the California Earned Income Tax Credit (CalEITC) and has a child age five or younger. The Governor's Budget builds on this tax credit by indexing it for inflation starting with the 2022 tax year and expanding it to include households with zero earned income with a child age five or under that are otherwise qualified for the CalEITC.

CALFRESH**Caseload**

CalFresh caseload is projected to increase by 12.0 percent for 2021-22 from the prior year, which is unchanged from the 2021-22 caseload estimate included in the final budget last year. Caseload is projected to continue to increase by an additional 4.7 percent from 2021-22 to 2022-23. It is projected that the CalFresh caseload will have approximately 2.7 million households in 2021-22 and 2.85 million households in 2022-23. The 2022-23 Governor's budget caseload assumes a net estimated caseload increase due to the expiration of unemployment insurance benefits in September 2021, the projected ending of the temporary Student Eligibility expansion, and impacts of various legislative and policy changes.

County Administrative Funding

The proposed budget does include an increase to CalFresh county administrative funding in 2022-23 due to increased caseload projections, but there are also other adjustments that will impact the total amount of administrative funding provided. CWDA is calculating a more precise estimate of CalFresh county administrative funding and will provide that information very soon. In addition, the development of a new budget methodology to determine the appropriate funding level for CalFresh administration is proposed to be delayed to fiscal year 2023-24 due to the COVID-19 pandemic.

SNAP 2021 American Rescue Plan Act (ARPA) Administrative Funding

The ARPA provided 100 percent federal funds to supplement state SNAP administrative expenses in Fiscal Federal Years (FFY) 2021, 2022, and 2023. California was allocated \$24.1 million in FFY 2021 and \$43.9 million in each FFY 2022 and FFY 2023. Investments to be made with these funds in FFY 2022 include: 1) approximately \$15.0 million for race, equity, inclusion, and implicit bias training and expanding language access, 2) approximately \$17.8 million for the Automatic Data Processing Operation which consists of Benefit Cal/CalSAWS enhancements and EBT card security improvements, and 3) approximately \$11.0 million for outreach strategies to reach more eligible individuals and families in targeted populations.

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FFY 2023 ARPA funding investments are in development.

CalFresh Simplifications

The proposed budget continues funding for 2021-22 in the amount of \$16.6 million GF and \$13.4 million GF in 2022-23 for continued implementation of the CWDA-sponsored simplifications that were contained in the 2020 Budget Act. The budget contains funding for counties that require cross-program training for Medi-Cal workers to screen and perform CalFresh eligibility determinations in 2021-22 and 2022-23, annual funding for county liaisons to establish CalFresh application referral and communication procedures on outreach activities between counties and community-based organizations facilitating Medi-Cal enrollment, and automation funding for the prepopulated SAR 7 and CalFresh applications.

California Food Assistance Program (CFAP) Expansion

The 2021 Budget Act included funding to expand CFAP to provide state-funded nutrition benefits to those ineligible for CalFresh or the current CFAP solely due to immigration status, without specifics on the population to be served. The proposed budget defines the population as those who are noncitizen applicants 55 years or older, regardless of immigration status. The implementation date is pending but the proposed budget includes \$5.0 million GF in 2021-22 and \$40 million GF in 2022-23 to support automation changes; this is subject to change based on further program development.

Food Bank Support

The proposed budget includes \$110 million GF for COVID-19 food bank support and \$30 million GF for food bank diaper support in 2021-22. The budget also includes a one-time augmentation of \$50 million GF in 2022-23 to purchase and distribute additional food through the CalFood Program, a state-funded program that funds emergency food and administrative costs for food banks.

Supplemental Nutrition Benefit (SNB)/Transitional Nutrition Benefit (TNB) Updates

The 2021 Budget Act extended the TNB program recertification period to 12 months and increased the TNB restoration period to 90 days. To allow time for automation changes to be effectuated for the 12-month recertification period, all recertifications have been paused from November 2021 to November 2023, or until automation is completed, whichever date is later. Additionally, beginning October 2021, a new benefit table was implemented to mitigate CalFresh benefit losses to SNB and TNB recipients. The average monthly benefit for SNB will increase from \$100.98 to \$172.37 and the average monthly benefit for TNB will increase from \$182.98 to \$259.40.

STATE BUDGET UPDATE | GOVERNOR'S PROPOSED 2022-23 BUDGET**Pandemic Electronic Benefit Transfer (P-EBT)**

The proposed budget includes \$94.0 million GF in 2021-22 for administration of the P-EBT program, which provides food benefits to children eligible for free or reduced-price school meals through the federal School Breakfast or National School Lunch Programs. The P-EBT extension for the 2020-21 school year and summer 2021 will impact approximately 5.4 million children and benefits will be issued in FY 2021-22 while the P-EBT extension for the 2021-22 school year will impact approximately 1.6 million children. Administrative costs for the extension are 100 percent federally funded.

CalFresh Student Eligibility Expansion

The proposed budget includes \$11.9 million GF in 2021-22 for CalFresh administration and \$357,000 GF in 2022-23 for CalFresh and California Food Assistance Program administration related to the temporary CalFresh student eligibility expansion. The eligibility expansion will remain effective until 30 days after the COVID-19 public health emergency is lifted.

Disaster CalFresh

The proposed budget includes \$270,000 GF in 2021-22 for Disaster CalFresh administration in response to the wildfire disaster declarations on August 24, 2021.

CHILD WELFARE / FOSTER CARE / ADOPTION ASSISTANCE

A total of \$8.5 billion is available to child welfare and foster care, including 1991 and 2011 Realignment funds. This includes \$665.8 million GF in 2022-23 for child welfare and foster care services and programs.

Caseload

The Governor's Budget estimates average monthly child welfare caseload (Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement) of 104,666 in 2021-22 and 103,108 in 2022-23. In the Emergency Response caseload, the budget indicates a 16.2 percent caseload decrease in 2020-21 (coinciding with the onset of the pandemic), a projected 12.9 percent caseload increase in 2021-22, and a projected 3.0 percent decrease in 2022-23. The other component with significant change is in Family Reunification, showing a 7.7 percent reduction in 2020-21, a projected 9.9 percent reduction in 2021-22, and another projected 4.3 percent reduction in 2022-23.

Since 2016-17, and consistent with Continuum of Care Reform (CCR) implementation, the average AFDC-FC caseload representing youth in out-of-home placements (including

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county resource family homes, FFAs and group care) has steadily decreased. However, the rate of decline appears to be slowing in recent years. The proposed budget projects that the AFDC-FC caseload for 2021-22 will decline by 2.9 percent from the previous fiscal year and decline by 1.4 percent in 2022-23. Significant declines continue in congregate care placements, decreasing by just over 13 percent in 2018-19 and 2019-20, and by 16.5 percent in 2021-22 to 2,810 youth. Total AFDC-FC caseload across all placement types is projected to be 34,781 in 2022-23.

The caseload of non-federally eligible relatives who are supported through the Approved Relative Caregivers (ARC) Program is expected to increase by 3.8 percent to 4,996 in 2021-22 and by 0.5 percent to 5,022 in 2022-23. Kin-GAP/Fed-GAP is projected to increase slightly, by 2.1 percent in 2021-22 and 1.9 percent in 2022-23, to 18,131. The Extended Foster Care caseload is projected to equal 7,503 in 2020-21 (no data available for 2021-22 or 2022-23).

The Adoption Assistance Program (AAP) caseload is projected to decline by 0.5 percent to 86,326 in 2021-22 and no change is forecast in 2022-23.

Continuum of Care Reform

The Governor's Budget provides a total of \$365.5 million (\$250.4 million GF) to continue implementation of CCR. In 2021-22, \$7.1 million GF was provided to counties as part of the required CCR reconciliation process. For 2022-23, the estimate is still development for the 2019-20 reconciliation process.

Specific CCR-related funding premises include:

Resource Family Approval: The budget provides \$6.1 million (\$4.4 million GF) one-time funding, available over three years, to county child welfare agencies to address the backlog in Resource Family Approval (RFA) applications that have a pending or probationary approval for more than 90 days. The budget indicates that 11,304 resource families were pending approval in the last quarter of 2020, and that approximately 36 percent of those families will have approval times beyond 90 days.

The Budget Act of 2021 provided counties with one-time funding of \$85 million to reimburse counties for RFA implementation. The budget does not propose funding county child welfare for the costs of RFA in 2022-23. The proposed budget continues to note this is a realigned program, an interpretation that CWDA does not agree with, and we will continue to engage the Administration on this issue.

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Child and Adolescent Needs and Strengths Assessment (CANS): The Governor's Budget continues funding for CANS implementation, proposing \$4.2 million (\$3.1 million GF) in 2022-23.

Child and Family Teams: The Governor's Budget continues funding for CFTs for both child welfare and probation agencies. For child welfare, funding is proposed at \$86.5 million (\$63.2 million GF).

Level of Care Protocol: The Governor's budget continues to provide \$10.0 million (\$7.3 million GF) in 2022-23 for implementation of this rate-setting protocol.

Placement Prior to Approval: For emergency placements with relatives/NREFMs prior to RFA approval, payments may be made for up to 120 days in 2021-22 and may be extended to 365 days with good cause. Unless extended by subsequent legislation, this policy will end in 2022-23, and thus RFA applicants with emergency placements would only be eligible to receive payments up to 90 days. This program is largely supported by TANF-EA funding. The budget proposes \$29.8 million total funds (\$22.6 million GF) in 2021-22, and \$11.6 million total funds (\$11.3 million GF) in 2022-23.

Approved Relative Caregiver Program

This program provides an augmentation to the rate paid to approved relative caregivers caring for non-federally eligible foster children placed with relatives and includes both the basic foster care rate and an infant supplement for eligible relatives. The Governor's Budget reflects increased costs in ARC in 2022-23 due to higher projected caseload, application of a cost-of-living-adjustment (COLA) in 2022-23 and policy that implemented on January 1, 2022, to pay ARC to relatives caring for youth placed out-of-state. The projected monthly caseload in ARC is 5,022 cases in 2022-23, with total funding in 2022-23 proposed to be \$61.4 million (\$34.2 million GF).

Emergency Child Care Bridge Program

The Governor's Budget continues funding for counties for child care vouchers, child care navigators and trauma-based training to child care providers. In 2021-22, a total of \$41.7 million (\$38 million GF) was available. This reflected a temporary, one-time increase of \$6.0 million GF to mitigate for a loss of Title IV-E funds to support 16 non-operational days as a temporary COVID-19 support, and a one-time \$3.8 million Proposition 64 fund increase to support additional vouchers. For 2022-23, the budget proposes \$32 million for the voucher component, \$5 million for navigators and \$4 million for trauma-based training. Another \$31,000 is continued to support Trustline clearances.

STATE BUDGET UPDATE | GOVERNOR'S PROPOSED 2022-23 BUDGET**Family First Prevention Services Act (FFPSA)**

Part 1 Prevention: The Governor's Budget reflects \$222.4 million GF to implement Part 1 prevention services. Funds must be expended by June 30, 2024.

Part IV: The Governor's Budget proposes a total of \$56.8 million (\$29.0 million GF and \$22.9 million county funds) for county administration to meet FFPSA requirements under Part IV of the law. The Budget Act of 2021 also provided \$13.4 million GF to assist Short-Term Residential Therapeutic Programs (STRTPs) with 16 beds or more to transition to a smaller capacity or change their programming in order to comply with federal Medicaid requirements associated with Institutions of Mental Disease (IMD). Additionally, and reflected in the DHCS budget, the department plans to submit a waiver proposal in the fall of 2022 to federal CMS to allow for longer stays in IMD settings, thereby allowing California to continue to receive federal funds for mental health services provided in STRTPs.

Other FFPSA-related components include:

- Nursing Requirement: STRTPs are required to provide 24/7 nursing services based on the treatment needs of the youth. The Budget continues to provide \$5 million GF to contract for a virtual telehealth hotline to meet this requirement.
- Qualified Individual: FFPSA requires that a Qualified Individual perform an assessment using a valid assessment instrument within 30 days of placement, engage with the Child and Family Team, and to prepare court documentation related to the appropriateness of the youth's placement into an STRTP. The Budget continues to provide funding for the QI component (funding level not available at time of writing).
- Aftercare: FFPSA requires an aftercare services component for youth stepping down from STRTPs. The Budget assumes a rate of \$5,500 per youth per month for aftercare for six months and continues funding to county placing agencies for this component (funding level not available at time of writing). Additionally, there is \$8.6 million GF available in the DHCS budget for the mental health component of aftercare services.
- Social Worker Administration: The Budget continues to fund counties for the work in preparing supplemental court reports and attend court hearings to meet FFPSA requirements.
- Training: The Budget proposes \$1.5 million total funds (\$893,000 GF) for training to support implementation of FFPSA.
- Judicial Council Pass Through: The Budget also includes a pass through of \$1.7 million Title IV-E funds in FY 2021-22 and \$1.5 million in FY 2022-23 to the Judicial Council of CA to support attorney representation in court and trainings.

STATE BUDGET UPDATE | GOVERNOR'S PROPOSED 2022-23 BUDGET**Addressing Complex Care Needs**

The proposed budget reflects \$142.1 million (\$139.2 million GF) to support foster youth with complex needs as provided in the State Budget Act of 2021. Of this, \$121.9 million (\$121.1 million GF) is available on a one-time basis and \$20.2 million (\$18.1 million GF) is for on-going activities. Components include:

- Children's Crisis Continuum Pilot Project: \$61.3 million one-time funding for five years to support the pilot program, to be implemented jointly by DSS and DHCS.
- Program Development Fund: \$43.3 million one-time funding available for five years to county placing agencies to support development of sustainable options to serve youth with complex needs.
- Social Worker Caseload Support: \$1.9 million one-time (\$1.4 million GF) over five years for specialized case management activities for youth with complex needs.
- Contract Support: \$4.0 million GF to CDSS for five years for contracts to provide technical assistance with specialized transition planning and navigation to identify placements, programs and services for youth with complex needs.
- State level support: \$9.6 million GF to CDSS and DHCS for state-level staffing and technical assistance to implement the Children's Crisis Continuum Pilot Project.
- Tribal Engagement: \$870,000 (\$636,000 GF) to CDSS for tribal engagement on policy development and \$580,000 (\$484,000 GF) to counties to engage with tribes to in on-going interagency efforts pursuant to AB 2083.
- Child-Specific Funding: \$20.2 million (\$18.1 million GF) on-going to support direct services to foster youth with complex needs.

Bringing Families Home

The 2021 Budget Act included one-time, match-exempt funding of \$92.5 million GF to be utilized over a three-year period. The proposed 2022-23 budget includes another \$92.5 million GF in one-time, match exempt funding. All funds must be expended by June 30, 2024.

Family Urgent Response System (FURS)

FURS provides 24/7 conflict resolution, de-escalation, and in-person response to current and former foster children and their caregivers to preserve families. FURS includes two components: a state-level hotline and a county-based mobile response team. The proposed budget continues to provide funding for FURS implementation in 2022-23 at \$31.1 million

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total funds, \$29.9 million GF.

Emergency Response Funding

The 2021 State Budget provided \$50 million GF to support emergency response activities. The proposed budget provides another \$50 million GF, per the agreement in the 2021 State Budget. These funds, \$100 million total GF, are available for expenditure through June 30, 2025.

Child Welfare Services Training

The Governor's Budget continues to augment the Child Welfare Training System by \$7.0 million GF each year in 2021-22 and 2022-23.

Commercially Sexually Exploited Children (CSEC)

The Governor's Budget continues funding for this program at \$26.7 million (\$18.8 million GF).

New Funding Investments

The proposed state budget proposes new investments for the following:

- **Former Foster Youth Tax Credit:** Proposes a refundable \$1,000 tax credit for young adults who were former foster youth at age 13 or older. Eligibility to the tax credit is to those young adults 18 through 25 and who otherwise qualify for CalEITC. The proposal is expected to cost \$20 million GF on-going.
- **SSI for Foster Youth:** Proposes new, on-going funding to county agencies to prepare and file an appeal on behalf of a foster youth who is denied SSI prior to emancipation. This premise would implement July 1, 2022, and the budget proposes \$311,000 (\$227,000 GF) to support this work.
- **Foster Youth Independence Pilot Program:** \$1.0 million GF available one-time, over two years for county child welfare agencies to provide case management and support services for former foster youth utilizing federal housing choice vouchers in the Foster Youth Independence Pilot Program.
- **Family Finding and Engagement:** \$1.0 million (\$750,000) ongoing for CDSS to provide additional technical assistance and training to counties in meeting the need for children in foster care and unaccompanied minors to be connected to permanent family.

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- Helpline for California Parents and Youth: \$4.7 million GF one-time available over three years to continue operation of a helpline for parents and youth. The helpline is a statewide triage and support system, established during the COVID-19 pandemic, that helps deliver services to children, families and caregivers by phone and online.

New Legislation

The budget proposes funding to support county implementation of new legislation passed in 2021.

Removing Barriers to Placements with Relatives (SB 354): This bill, co-sponsored by CWDA and several other organizations, allows relatives and non-related extended family members (NREFM) with whom a child has been placed through an emergency or court-ordered placement to receive payments through the ARC program, allows criminal records exemptions to be granted to relatives on a case-by-case basis for otherwise non-exemptible crimes, and requires DSS to report to the Legislature detailing information on criminal record exemptions. The proposed budget provides \$636,000 GF in 2021-22 and \$8.6 million (\$6.6 million GF) to support implementation.

Healthy Futures for Foster Youth (AB 153): Provides a supplement, equal to infant supplemental payment, for the three months prior to the birth of a child to a youth in foster care. The payment is provided to expectant youth who receive a foster care payment or payment under the ARC program, including youth placed in STRTPs. The proposed budget includes \$1.7 million in payment costs for 2021-22 and \$729,000 in 2022-23, \$1.0 million one-time for automation costs in 2022-23, and \$27,000 in each fiscal year for county administrative costs.

CalWORKs Assistance for Families in Reunification (AB 153): This CWDA-sponsored legislation was adopted in the 2021 State Budget and provides continued cash assistance to parents whose children have been removed and placed in out-of-home care, for up to 6 months while the parents reunify. This proposal implements July 1, 2022. The budget projects 1,830 families will be impacted in 2022-23 and will receive an average monthly grant of \$823.00. The budget proposes \$9.2 million GF to support implementation.

Documents for Dependent Children: Provides \$111,000 (\$81,000 GF) in 2021-22 and \$308,000 (\$225,000 GF) in 2022-23 to support implementation of AB 718 (Statutes of 2019) which requires counties to provide youth with certain important documents, AB 546 (Statutes of 2021) requiring counties to report to the court whether housing assistance was provided, and AB 674 (Statutes of 2021) to provide foster youth prior to age 18 written information related to their potential eligibility to CalFRESH.

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Children of Dependent Adults (AB 670): Provides \$543,000 (\$396,000 GF) in 2022-23 to implement changes to the exemptions for providing family reunification services impacting dependent minor parents or non-minor dependents and requiring counties to notify the dependent minor parent's attorney within 36 hours of a report of abuse or neglect.

ADULT PROTECTIVE SERVICES (APS)**APS Expansion**

The Governor's Budget reflects continued implementation of AB 135 (Statutes of 2021) to support the APS program in providing longer-term case management for more complex cases, expand eligibility to APS services for persons 60 and older, expand APS multi-disciplinary teams to include housing representatives, and address overall growth in the number of older adults served in the APS program. The proposed budget includes \$69.3 million in GF in 2021-22 and 2022-23. The proposed budget also assumes an additional \$9.7 million in federal reimbursements to the program and available to counties.

APS Home Safe

The Governor's Budget includes an additional \$92.5 million GF to counties to implement the Home Safe Program. This is in addition to the \$92.5 million GF provided in the 2021-22 State Budget. These funds are available for expenditure through June 30, 2024.

APS Training

The Governor's Budget does not propose to continue funding for APS Training. The one-time, \$11.5 million training funds that were previously provided in the 2019-20 State Budget will therefore expire on June 30, 2022, absent new funding being provided in the budget negotiations, as CWDA will be proposing.

COVID-19 Adult Programs (APS)

The Governor's Budget reflects the receipt of federal grant funding to the APS Program in 2020-21. This include of \$9.5 million, of which \$9.2 million has already been allocated to counties, and another \$8.7 million in federal American Rescue Plan Act (ARPA), of which \$4.2 million will be held back by the State. The state holdbacks include support for a two-year Masters of Social Work stipend and training program through the California Social Work Education Center (CalSWEC); \$339,547 to support APS staff attendance at the annual National APS Association conference; \$300,000 for a consultant to develop a strategic plan as required by the federal government; and \$20,000 for a public awareness campaign. These

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holdbacks were determined in consultation with CWDA.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTAL PAYMENT (SSI/SSP) AND CAPI**SSI/SSP Caseload and Grants**

A total of \$3.1 billion GF is included in the proposed Governor's Budget for the SSI/SSP programs. Caseloads are projected to decrease by 2.3 percent in 2021-22 and another 2.5 percent in 2022-23. The federal cost-of-living adjustment of 5.9 percent for calendar year 2022, and 2.3 percent in calendar year 2023.

Combined, the 5.9 percent federal SSI COLA and a 24 percent SSP grant increase that took effect on January 1, 2022, bring the maximum SSI/SSP grant levels to \$1,040 per month for individuals, and \$1,766 per month for couples. CAPI benefits are equivalent to SSI/SSP benefits. The projected cost of the SSP grant increase is \$291.3 million GF in 2021-22 and \$570.4 million GF in 2022-23.

Proposed funding for the CAPI program is \$159.7 million GF. The costs for the CalFresh SSI Eligibility Expansion for CAPI recipients are now reflected in the Base and Extended CAPI costs.

Future SSP Grant Increase

The Governor's Budget also assumes an additional 24 percent increase to the SSP grant effective January 1, 2024, which is intended to fully restore SSP monthly payments for individuals and couples to the pre-Great Recession levels. Costs for the second increase are currently estimated to be \$296 million GF in 2023-24 and \$593 million GF ongoing.

Housing and Disability Advocacy Program (HDAP)

The Governor's Budget continues its ongoing investment of \$25 million GF for HDAP. In addition, the budget reflects the \$150 million in one-time, match-exempt funding provided in 2021-22, and \$150 million in one-time, match exempt funding for 2022-23. Counties have until June 30, 2024 to expend these funds according to previous guidance issued by CDSS.

AUTOMATION

The key automation projects appear to be funded at the levels needed to proceed as expected, except as noted below, based on the information currently available. Future budget updates will provide additional information as it becomes available.

STATE BUDGET UPDATE | GOVERNOR'S PROPOSED 2022-23 BUDGET**CMIPS II**

The Governor's Budget includes \$9.9 million to develop a system to allow IHSS recipients and providers to electronically sign and submit forms. The other CMIPS costs remain consistent with prior budgets.

CWS-CARES

The Governor's Budget reflects funding of \$71.2 million in the current year and \$155.4 million in the budget year. This increase to the budget-year funding was anticipated after state and federal approvals of the new path forward using the Salesforce platform were received. We anticipate that county participation will increase as development activities ramp up and CWDA will continue to monitor and advocate for sufficient funding for county allocations to cover the cost of this work. The CWS/CMS budget now includes funding of \$1.5 million in each of the current year and budget year for the removal of duplicate data in CWS/CMS, to prepare for conversion to CARES.

County Expense Claim Reporting Information System (CECRIS)

The County Expense Claim Reporting Information System (CECRIS) project, which will replace the existing County Expense Claim and County Assistance Claim databases, has begun implementation. The Governor's Budget reflects funding of \$2.1 million for the current year, and \$44,000 for the budget year.

Appeals Case Management System (ACMS)

The Governor's Budget includes \$200,000 in current year funding for implementation of Multi-Factor Authentication, in compliance with federal requirements. The proposal continues to reflect ongoing annual maintenance and operations funding of \$900,000 for the current year and the budget year.

Electronic Benefits Transfer (EBT)

The Governor's Budget reflects a small decrease in funding, to \$34.9 million in the current year and \$35.3 million in the budget year, due to the updated caseload projections and vendor cost adjustments.

Pandemic EBT (P-EBT)

The Governor's Budget contains \$97.8 million for automation costs to support the issuance of additional phases, through 2021-22, of Pandemic EBT benefits in the current year, and

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\$12.8 million in the budget year.

California Fruit and Vegetable EBT Pilot

The Governor's Budget reflects current-year funding of \$1.6 million for changes to the EBT system to support this pilot, which will provide supplemental benefits through the EBT system for purchases of California-grown fresh fruits and vegetables in three retail environments. This pilot was designed to occur between the retailers and the EBT system and will not require any SAWS changes. The pilot was delayed and is now expected to begin in the current year, with funding of \$6.3 million available to support the supplemental benefits.

Medi-Cal Enterprise System Modernization

The Governor's Budget includes funding for limited term positions to support the Federal Draw and Reporting system operations. CWDA will follow up with DHCS regarding the overall plans to develop the Medi-Cal Enterprise System (MES) Modernization strategy and architecture. MES Modernization subsumed the prior MEDS Modernization project. Modernization of the MEDS system is expected to be incorporated as a part of this larger enterprise system.

Global Telephonic Signature Solution (GTSS)

The Governor's Budget includes the expected current-year funding of \$5 million, and budget-year funding of \$1 million, for CWDA's GTSS initiative, in which CalSAWS will develop, deploy, and maintain a simple, standalone telephonic signature solution until integration solutions are available in CalSAWS, CMIPS, and CWS-CARES.

CalSAWS

The Governor's Budget includes the anticipated funding to support the CalSAWS project in both the current year (\$279.8 million) and budget year (\$321.3 million). The funding has increased to reflect the changes in the Implementation Advance Planning Document Update approved in January 2021.

The Governor's Budget includes several policy changes that we anticipate will require additional funding for automation changes, including the expansion of full scope Medi-Cal to all adults regardless of immigration status and the elimination of Medi-Cal premiums. CWDA will work with DHCS and the SAWS to ensure automation impacts and costs are considered as these and other policies are discussed with the Legislature.

STATE BUDGET UPDATE | GOVERNOR'S PROPOSED 2022-23 BUDGET**COVID-19 Public Health Emergency (PHE) Lift**

The Governor's Budget includes \$3 million for the SAWS automation work to support the eventual lifting of the PHE and the re-establishment of Medi-Cal renewals, eligibility changes, and discontinuances. The timing of the PHE lift remains uncertain; for the Governor's proposed budget, DHCS assumes the PHE will continue through June 2022.

CalWORKs Time Clock

The Governor's Budget contains \$5.3 million in budget year funding for automation changes to support the restoration of the CalWORKs 60-month time limit, which will be implemented May 1, 2022.

Online CalWORKs Appraisal Tool (OCAT) Rebuild

The Governor's Budget reflects \$2.6 million in current year funding for the completion of work to rebuild OCAT and integrated it with the Statewide Automated Welfare System (SAWS), which went live in November 2020.

CalWORKs Outcomes and Accountability Review (Cal-OAR)

The Governor's Budget includes \$1.7 million in current year automation funding, supporting the resumption of SAWS changes to support Cal-OAR data collection, reporting, and customer survey automation needs after the one-year suspension of OCAT work. As discussions surrounding CalSAWS changes continue, it is possible that additional funds may be needed.

CalWORKs Earned Income Disregard

The Governor's Budget includes \$1.3 million in current year funding for automation of the applicant and recipient earned income disregard changes, which appears to significantly exceed the amount estimated by the SAWS.

CalWORKs Homeless Assistance Program (SB 1065)

The Governor's Budget includes \$553,000 in current year funding for SAWS changes to remove the \$100 asset limit to support SB 1065.

CalWORKs Child Support Disregard Changes

The Governor's Budget includes \$329,000 in current year funding to support changes to the amount of the Child Support disregard passed through to families, which was effective

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January 1, 2022.

CalFresh Simplifications

The Governor's Budget contains \$2.8 million in budget-year funding to support the automation of CWDA-sponsored CalFresh simplifications contained in the Budget Act of 2020, including the pre-population of SAR 7 forms and CalFresh applications for apparently eligible Medi-Cal recipients, which will be implemented after the completion of the CalSAWS migration.

California Food Assistance Program (CFAP) Expansion

The Governor's Budget includes \$5 million in current-year funding, and \$40 million in budget-year funding, for CalSAWS automation to support the expansion of the CFAP program, while protecting immigrants' data from potential disclosure during federally mandated audits and reviews. The details of the expansion are subject to determination during a future Budget Act.

Elderly Simplified Application Project (ESAP)

The Governor's Budget contains \$1.2 million (\$608,000 in federal funds) in current-year automation funding to support the federal waiver allowing for the elimination of the periodic report (SAR 7) requirement for ESAP households.

Brown-Tapia Settlement and Revised CA 812 Report

The Governor's Budget contains current-year SAWS automation funding of \$249,000 to support compliance with the Brown-Tapia settlement. The proposal also contains \$215,000 in current year funding for automation of the revised CA 812 report.

CalFresh Periodic Reporting – New Federal Requirements

The Governor's Budget includes budget year funding of \$869,000 for SAWS changes to implement the new SAR 7 Reminder Notice required by federal SNAP regulations. California currently has a waiver of this requirement through April 2025, pending the completion of automation.

CalFresh Safe Drinking Water Pilot

The Governor's Budget includes the current-year CalSAWS automation funding of \$399,000. This pilot will supplement benefits to CalFresh recipients in Kern County who are served by public water systems that fail to meet safe drinking water standards.

STATE BUDGET UPDATE | GOVERNOR'S PROPOSED 2022-23 BUDGET**Able-Bodied Adults Without Dependents (ABAWD)**

The Governor's Budget contains current-year automation funding of \$3.8 million (\$1.3 million GF) to support additional federally required ABAWD tracking.

CalFresh Public Assistance Definition Alignment

The Governor's Budget includes \$1.7 million in current-year funding for automation changes to separate the various types of Public Assistance CalFresh households for reporting and claiming purposes. The SAWS cannot begin assessing the workload and timing needed for this change until all of the necessary policy guidance is issued.

CalFresh Outreach, GetCalFresh, and BenefitsCal

The Governor's Budget provides \$5 million in both the current and budget year for the GetCalFresh website, which we expect will be replaced by the CalSAWS statewide customer portal, BenefitsCal. CalSAWS is anticipating that CDSS will provide both policy flexibility and funding, possibly from the American Rescue Plan Act (ARPA) SNAP supplemental funding, to allow changes to BenefitsCal to provide additional supports for special populations, such as students and seniors or people with disabilities.

SAWS Shared Application Forms Revisions

The Governor's Budget maintains nearly \$8.1 million in current-year funding for changes to update the existing SAWS 1 and 2 plus forms which allow for application for multiple programs, including CalWORKs, CalFresh, and Medi-Cal. These changes include adding fields for military/veteran status; collection of additional race, ethnicity, sexual orientation, and gender identity data; increased font sizes; and other format and language changes. The proposed funding is consistent with current SAWS estimates. Note, however, that the form changes have not yet been finalized, so it is unlikely they can be automated in the current year.

Senate Bill (SB) 1341 Implementation

SB 1341 (Statutes of 2014) requires the SAWS to create, generate, and send notices of action (NOA) for the Medi-Cal program, rather than having them generated and produced from two separate systems, SAWS and CalHEERS. In March 2016, Phase I of SB 1341 was implemented, where SAWS began creating the notices for Modified Adjusted Gross Income (MAGI) Medi-Cal cases, instead of CalHEERS.

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SB 1341 also supports compliance with federal regulations, such as those in 45 CFR §155.335, for coordination of NOAs for families with eligibility under multiple programs, meaning that they should receive a single notice of all relevant changes, rather than separate notices for each program. Phase II of the project was split into two pieces, with Phase II A, in which the SAWS created a single notice for households who have both MAGI and Non-MAGI eligible family members, was implemented on time in June 2017. Phase II B, which will consolidate notices for families with both Medi-Cal (MAGI and/or Non-MAGI) and Advanced Premium Tax Credit (APTC) eligible family members, has not yet been scheduled for a release. Planning for Phase II B is anticipated to begin in FY 2022-23. The Governor's Budget contains \$6.4 million in current year funding for postage costs. The proposal contains no budget year funding; however, we understand that was due to a timing issue, and the funding will be included in the May Revision.

Foster Care Eligibility Determination (FCED)

To obtain enhanced federal funding for CWS-CARES, California is required to develop a single statewide eligibility determination solution for Foster Care, which will be used by all counties. This effort has been named Foster Care Eligibility Determination (FCED). The Governor's Budget contains current year funding of \$735,000, and budget year funding of \$5.3 million. CWDA, CalSAWS, and CWS-CARES will continue to develop an implementation plan that accounts for the completion of the CalSAWS migration, and the CWS-CARES system's implementation schedule.

Transitional Housing Supplement

The Governor's Budget includes current year funding of \$522,500 to automate support for Transitional Housing Supplements for non-minor dependents, and \$90,000 in budget year funding. Implementation began for CalWIN counties in July 2021, with implementation planned for September 2022 for the remaining counties.

Expectant Parent Payments

The Governor's Budget includes \$1 million in budget year funding to support automation of expectant parent payments for pregnant foster youth. These payments were effective as of January 1, 2022, and will be implemented using workarounds until automation is completed.

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ADDITIONAL RESOURCES

A summary of the Governor's proposed 2022-23 budget can be found [here](#).

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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