

# California State Assembly



## Agenda

### Assembly Budget Subcommittee No. 2 on Human Services

Assemblymember Dr. Corey Jackson, Chair

Wednesday, May 22, 2024

Upon Call of the Chair – State Capitol, Room 126

---

#### INFORMATIONAL HEARING

1. Call to order
2. Member Comments and Questions
3. Public Comment

# Major Issues – 2024 Budget

## Assembly Budget Subcommittee No. 2 on Human Services

Assemblymember Dr. Corey Jackson, Chair

Wednesday, May 22, 2024

### Introduction

This memo highlights major issues considered by the Assembly Budget Subcommittee No. 2 on Human Services as the Assembly works to finalize the decisions of the 2024-25 Budget. Included is a listing of major issues, General Fund savings proposals, and other notable issues that have been proposed in the Governor's January Budget and May Revision. Where actions were taken in the Early Action package in April 2024, those are indicated.

### What We Heard

Since the Governor's January Budget was released, Sub. 2 has heard from countless members of the public, recipients, service providers, county workers, county program officials, parents, and children about the likely impacts of these proposals. Public reaction doubled in scope and severity with the receipt of the Governor's May Revision. Sub. 2 heard feedback that these cuts will have the following impacts (please note that this is not a complete list). **The cuts, if adopted, will:**

- Eliminate the CalWORKs Family Stabilization program, which primarily provides housing supports to homeless and housing unstable families living in deep poverty, under 50 percent of the federal poverty level (under \$12,910 per year for a family of three people – one parent and two children).
- Eliminate subsidized employment services for parents seeking to acquire job skills. 63 percent of all adults entering CalWORKs do not have a high school diploma.
- Eliminate more ready access to mental health and substance abuse services for women of color who are low-income, victims of domestic violence (41 percent of the caseload), and those suffering from behavioral health needs (34 percent of the caseload) who are participating in CalWORKs.
- Decimate case management and supportive services in the CalWORKs program, serving 360,000 of California's poorest families, impacting the lives of 640,000 children in households that are 90% single mothers of color, 60% Latina, and 17% Black.
- Cut off undocumented sick, disabled, and elderly Medi-Cal recipients from In-Home Supportive Services (IHSS), a program that allows them to remain in the community and avoid institutionalization (i.e. nursing home entry).

- Eliminate the option for an emergency back-up provider for IHSS recipients who are transferring back home from a hospital or nursing home, or whose provider is suddenly unavailable due to illness or other reason.
- Reduce immigration legal services for vulnerable college students and eliminate these dedicated services for individuals with Temporary Protected Status.
- Reduce housing funds for older Californians applying for SSI, child-welfare involved families seeking to maintain children in families of origin, and abused and neglected seniors in Adult Protective Services.
- Destabilize the developmental services provider community with a delay in the anticipated final step of rate reform, creating more barriers to needed services and supports for people with intellectual and developmental disabilities.
- Curtail access to meals for homebound and isolated seniors. Meals are medicine.
- Eliminate the Family Urgent Response System, with no alternative like it to provide de-escalation interventions and trauma-informed counseling for youth and parents in the foster care system. FURS as a permanency support has no replacement if it is cut.
- Increase backlogs and bureaucracy for caregivers seeking to become forever families and reduce trauma for children in our foster care system, further undermining permanency goals for child welfare. Disparities and disproportionalities are deep and wide in foster care today.
- Reduce access to evidence-based approaches that greatly improve maternal and child health outcomes through the CalWORKs Home Visiting Program, serving infants and toddlers until the child turns two or for 24 months, whichever is later.
- Cause layoffs and cease hiring for thousands of caseworkers, eligibility workers, and social workers who make our social safety net function for those in need.

There is no corner of the Human Services landscape that would not suffer significant damage with these profoundly harmful proposed cuts. As senior and family homelessness, child poverty, and hunger rates rise in California, these reductions would cause mass instability and suffering for the most vulnerable people in our state.

While cash grant levels were sustained in the May Revision, these continue to fall behind in current California purchasing power as a result of massive reductions in the Great Recession that it have taken over a decade to build back. Recent investments have been critical to CalWORKs and SSI/SSP, but the grants today remain far from being able to afford fair market rent, and leave some balance for the most basic of daily living needs, in most counties.

In most cases, the program reductions and permanent program eliminations would create demands in other parts of the health and human services safety net. These offsetting effects and costs are not accounted for in the Governor's proposal.

These cuts are detailed in the following table and the remainder of this document provides a brief description of the proposals.

**Governor’s Budget (GB) Proposals for Human Services at January 10, 2024**

All dollars displayed are General Fund and are in millions. These amounts represent the proposed cut to the impacted program (listed under “Title/Major Initiative”).

GB/MR	ORG #	Department(s)	Title/Major Initiative	Duration	2022-23 PY	2023-24 CY	2024-25 BY	2025-26 BY1	2026-27 BY2	2027-28 BY3
GB	0530	California Health and Human Services Agency	Health and Human Services Innovator	One-Time		42.0	32.0	-42.0	-32.0	
GB	4170	Department of Aging	Healthier at Home Pilot	One-time		11.9				
GB	4300	Department of Developmental Services	Preschool Inclusion Grants	One-Time			10.0	10.0		
GB	4300	Department of Developmental Services	Full Implementation of Service Provider Rate Reform	One-Time			612.5			
GB	5160	Department of Rehabilitation	Full Implementation of Service Provider Rate Reform	One-Time			1.6			
GB	5180	Department of Social Services	Los Angeles County Child Welfare Stabilization Reduction	Limited Term (multiple years)		0.0	0.0			
GB	5180	Department of Social Services	Family Urgent Response System Reduction	Ongoing			30.1	30.1	30.1	30.1
GB	5180	Department of Social Services	Los Angeles County Child Welfare Services Public Health Nursing Program Reduction	Ongoing			8.3	8.3	8.3	8.3
GB	5180	Department of Social Services	Housing Supplement for Foster Youth in Supervised Independent Living Placements (SILPs) Reduction	Ongoing			0.2	18.8	18.8	18.8
GB	5180	Department of Social Services	Housing Programs: Housing and Disability Advocacy Program Delay	Limited Term (multiple years)		50.0		-50.0		
GB	5180	Department of Social Services	CSU Immigration Legal Services Fund Reduction	Ongoing		5.2	5.2	5.2	5.2	5.2
GB	5180	Department of Social Services	Temporary Protected Status Immigration Services Reduction	Ongoing		10.0	10.0	10.0	10.0	10.0
GB	5180	Department of Social Services	CalWORKs Single Allocation Ongoing Augmentation	Ongoing		0.0	40.8	40.8	40.8	40.8
GB	5180	Department of Social Services	CalWORKs Single Allocation Partial Reversion	One-time	336.6					
GB	5180	Department of Social Services	CalWORKs Single Allocation Partial Reversion	One-time	-41.6					
GB	5180	Department of Social Services	CalWORKs: Employment Services Intensive Case Management Reduction	Ongoing			46.9	47.4	47.9	48.4
GB	5180	Department of Social Services	CalWORKs: Expanded Subsidized Employment Reversion/Reduction	Ongoing		0.0	134.1	134.1	134.1	134.1
GB	5180	Department of Social Services	CalWORKs: Family Stabilization Reversion/Reduction	Ongoing		0.0	71.2	71.2	71.2	71.2
GB	5180	Department of Social Services	Home Safe Program Delay	One-Time		65.0		-65.0		
GB	5180	Department of Social Services	Bringing Families Home Program Delay	One-Time		80.0		-80.0		

All of the Governor’s Budget January proposals were continued in the May Revision.

**Governor’s Additional May Revision Proposals**

MR	0530	California Health and Human Services Agency	CalHHS Health and Human Services Innovation Accelerator	One-Time		1.0			42.0	32.0
MR	4170	Department of Aging	Older Californians Act	Limited Term (multiple years)			37.2	37.2	37.2	
MR	4170	Department of Aging	Older Adult Behavioral Health	Limited Term (multiple years)		5.4	20.0	10.0		
MR	4300	Department of Developmental Services	Tribal Engagement and Outreach for Early Start Services	Ongoing			0.8	0.8	0.8	0.8
MR	4300	Department of Developmental Services	Health and Safety Waiver Application Assistance	Ongoing			3.0	3.0	3.0	3.0
MR	4300	Department of Developmental Services	Direct Support Professional Internship Program	One-Time	20.0					
MR	4300	Department of Developmental Services	Emergency Preparedness Resources	Ongoing			1.1	1.1	1.1	1.1
MR	5180	Department of Social Services	Foster Care Permanent Rate Structure	One-Time					425.0	647.0
MR	5180	Department of Social Services	Housing and Disability Advocacy Program	One-Time					50.0	
MR	5180	Department of Social Services	Bringing Families Home Program	One-Time					80.0	
MR	5180	Department of Social Services	Home Safe Program	One-Time					65.0	
MR	5180	Department of Social Services	In-Home Supportive Services Permanent Backup Provider System	Ongoing			11.6	11.6	11.6	11.6
MR	5180	Department of Social Services	Adult Protective Services Expansion	Ongoing			40.0	40.0	40.0	40.0
MR	5180	Department of Social Services	Adult Protective Services Training	Ongoing			4.8	4.8	4.8	4.8
MR	5180	Department of Social Services	Minimum Nutrition Benefit Pilot	One-Time			15.0			
MR	5180	Department of Social Services	Work Incentive Nutrition Supplement Program	Ongoing					25.0	25.0
MR	5180	Department of Social Services	Foster Care Caregiver Approvals	Ongoing			50.0	50.0	50.0	50.0
MR	5180	Department of Social Services	CalWORKs Home Visiting Program	Ongoing			47.1	47.3	47.6	47.9
MR	5180	Department of Social Services	CalWORKs Mental Health and Substance Abuse Services	Ongoing			126.0	126.0	126.0	126.0
MR	5180	Department of Social Services	Child Care Slot Expansion	Limited Term (multiple years)			489.0	951.0	1,500.0	1,500.0
MR	5180	Department of Social Services	Child Care Emergency Child Care Bridge Program Expansion	Ongoing			34.8	34.8	34.8	34.8
MR	5180	Department of Social Services	In-Home Supportive Services for Undocument Individuals	Ongoing			94.7	94.7	94.7	94.7
MR	5180	Department of Social Services	Child Care General Fund Offset - Federal Funds and Cannabis Fund	One-Time		596.8	375.5			
MR	5180	Department of Social Services	CalWORKs Single Allocation	One-Time			272.0			
MR	5180	Department of Social Services	Rapid Response	One-Time			29.0			
MR	5180	Department of Social Services	California Food Assistance Program Expansion	Ongoing			31.2	114.6	128.8	45.9
			Total			315.0	867.3	2,685.5	1,885.7	2,906.7
									3,031.3	

## CalWORKs

**May Revision Cuts.** The Governor's May Revision proposes the following reductions under the California Department of Social Services (CDSS) to the CalWORKs program:

- **Reduces the CalWORKs Single Allocation.** The May Revision proposes to reduce the Employment Services component of the 2024-25 Single Allocation by \$272 million General Fund one-time. The counties state that over the two-year period of 2023-24 and 2024-25, the Single Allocation is proposed to be cut by \$355.3 million (including the other related cuts), which is a 21.2 percent reduction compared to the amount provided in the 2023 Budget. Based on current expenditure levels, the Single Allocation would be underfunded by over \$300 million in 2024-25.
- **Cuts the CalWORKs Home Visiting Program.** The May Revision cuts the CalWORKs Home Visiting Program by \$47.1 million ongoing. The total budget for CalWORKs Home Visiting Services in 2023-24 is \$97.6 million. The program began as a pilot and became permanent in 2018. The program is operative in 41 counties serving an average of 3,400 families per month in 2023. There are 81,639 projected eligible cases in 2024-25.
- **Eliminates CalWORKs Mental Health and Substance Use Disorder Services.** The May Revision eliminates all funding – \$126 million ongoing – for CalWORKs mental health and substance use disorder services. This program provides mental health and substance use disorder treatment to CalWORKs participants and was implemented in 1998. This elimination will discontinue services to 5,628 parents, of whom 5,098 (90.5 percent) are receiving mental health services in this program.

**Cuts Included in Governor's January Budget.** The Governor's January Budget included the following budget cuts, which were discussed in this Subcommittee at the March 20, 2024 hearing:

- **Full Withdrawal of the Safety Net Reserve:** Draws down the full Safety Net Reserve (\$900 million), while proposing large-scale program cuts to the CalWORKs program, contrary to the intent of the Safety Net Reserve. The intent as codified in state law was to use the funds to assure that CalWORKs and Medi-Cal were funded when their caseloads increased in an economic downturn. As countercyclical programs, these programs are expected to expand in a downturn, and the Safety Net was intended to provide resources to help address this and avoid cuts to these core programs during such an economic period.
- **CalWORKs Single Allocation Eligibility Administration:** Cut of \$40.8 million to CalWORKs eligibility administration functions. This cut is in addition to other proposed cuts to the Single Allocation.
- **CalWORKs Family Stabilization Program:** Elimination of the CalWORKs Family Stabilization Program, for \$71 million ongoing. The May Revision restores 2023-24 funding to \$55 million but continues to eliminate all funding beginning in 2024-25. To receive services in Family Stabilization, a family is experiencing homelessness or imminent risk of

homelessness, lacks safety due to domestic violence, and/or has untreated or undertreated behavioral needs. Family Stabilization served 44,000 families in 2022-23.

- **CalWORKs Subsidized Employment Program:** Elimination of the CalWORKs Subsidized Employment Program, for \$134.1 million ongoing. The May Revision restores 2023-24 funding to \$134.1 million but continues to eliminate all funding beginning in 2024-25. The average number of monthly slots is 8,250 per month, which will be the number of impacted recipients.
- **CalWORKs Employment Services Intensive Case Management:** Freeze of a planned increase to caseworker hours for intensive cases, for \$47 million ongoing. The hours were increased to resource the case management needed to address the multiple barriers that many CalWORKs families face, including lack of educational attainment, lack of job skills, lack of transportation, lack of child care, domestic violence, behavioral health needs, etc.

**Budget Solution Adopted in Early Action.** The Early Action package included the following solutions under CDSS:

- **CalWORKs Single Allocation Unspent Balance from 2022-23.** The Early Action package approved the Governor's proposal to revert the unspent balance (\$336.6 million) of the CalWORKs Single Allocation from 2022-23. The May Revision erodes this reversion by \$41.6 million, meaning that the full amount was not available to be reverted from the prior year.

### **CalFresh and Food Programs**

**May Revision Cuts.** The Governor's May Revision includes the following budget reductions under CDSS for CalFresh and Food Programs:

- **Delays California Food Assistance Program Expansion.** The May Revision proposes to delay the planned expansion of the California Food Assistance Program (CFAP) to adults age 55 and over regardless of immigration status by two years, to 2027-28. Implementation is currently scheduled for October 2025. This results in approximately \$30 million savings in 2024-25 and \$114 million in 2025-26. It is anticipated that 75,000 people would receive this benefit once implemented.
- **Cancels the CalFresh Minimum Benefit Pilot Program.** The May Revision proposes to cancel the CalFresh Minimum Benefit Pilot Program, which would provide a \$50 minimum food benefit to certain households. This was approved in the 2023 Budget Act. This generates \$15 million in one-time savings. The pilot has not yet been implemented.
- **Eliminates the Work Incentive Nutrition Supplement (WINS) Program.** The May Revision proposes to end the WINS program, which provides a supplemental \$10 monthly benefit to approximately 124,000 CalFresh households. This generates \$25 million in ongoing savings. WINS assisted California with meeting federal Work Participation Rate (WPR) requirements. Recent federal legislation allows California to use a Caseload

Reduction Credit (CRC) standard that no longer necessitates the use of WINS. The Administration proposes to repeal the WINS statute, which is not necessary to achieve the savings.

## Child Welfare

**May Revision Cuts.** The Governor's May Revision includes the following child welfare budget reductions under CDSS:

- **Eliminates \$50 million ongoing funding for Resource Family Caregiver Approvals.** The May Revision eliminates \$50 million ongoing for county child welfare agencies to complete caregiver approvals for foster caregivers, primarily relative caregivers. This funding was implemented in 2022, after the Legislature worked to secure this funding as a Legislative ask in both the 2020 and 2021 Budgets. The statutorily required timeline for approval is 90 days, however the current average number of days to approval is 134 days, with the median being 108 days. The RFA process has historically been a delayed one, as the Continuum of Care Reform (CCR) has implemented over time.
- **Proposes Permanent Foster Care Rate Structure to be Subject to a "Trigger."** The May Revision makes the proposed permanent foster care rate structure subject to a "trigger" based on the availability of General Fund in spring 2026. Current law requires the state to adopt a permanent foster care rate structure by January 1, 2025. The May Revision scores savings of \$425 million in 2026-27 and \$647 million in 2027-28 aligning to this trigger, stripping resources in the out-years that had been included for the new rate structure (though this was not previously attested to by the Administration in the Governor's January Budget). There is related proposed trailer bill, discussed later in this document.
- **Cuts \$80 million from the Bringing Families Home Program, originally proposed to be delayed to 2025-26.** The Bringing Families Home program provides support maintaining and securing stable housing for families involved in the child welfare system who are homeless or at risk of experiencing homelessness. A recent evaluation of this program found that participation in the program increased family reunification among families with children in foster care when they began receiving services through Bringing Families Home. Bringing Families Home was supported by one-time multi-year investments in the Budget Acts of 2021 and 2022. This solution was proposed as a delay in the Governor's January budget and is now proposed as a cut. When remaining 2021 and 2022 funding for this program expires in 2025, this program will end. The Department of Finance reported at the Subcommittee's hearing on May 16, 2024 that \$87.8 million remains for Bringing Families Home (this amount was the original 2022 allocation).
- **Cuts Funding for the Emergency Child Care Bridge Program.** The May Revision proposes to reduce funding for the Emergency Child Care Bridge Program, which provides subsidized child care slots to children recently placed in foster care on an emergency basis, by \$34.8 million ongoing.

**Cuts Included in Governor’s January Budget.** The Governor’s January budget includes the following budget solutions under CDSS, which were covered in this Subcommittee on April 3, 2024:

- **Supervised Independent Living Placement (SILP) Housing Supplement:** Elimination of \$25 million (\$18.8 million General Fund) for the SILP Housing Supplement to help transition-age youth in foster care pay for housing. As of October 1, 2023, there are approximately 3,000 non-minor dependent (NMD) youth placed in SILPs. Research shows 1 in 5 youth in extended foster care experience homelessness. California’s 25 most expensive counties are home to 81 percent of the state’s NMDs.
- **LA Public Health Nursing Early Intervention Program:** Elimination of \$8.3 million beginning in 2024-25 to eliminate state funding for LA County’s Public Health Nursing Early Intervention Program for children at risk of medical neglect. Initially funded as part of the 2019 Budget, the program has been slow to implement, with expenditures being approximately \$200,000 in November 2023 and no families served to date.
- **Family Urgent Response System (FURS):** Elimination of the FURS program, which provides 24/7 support and in-person response to help stabilize a foster care placement, for \$30 million ongoing. The statewide hotline implemented in March 2021 and counties implemented their mobile response teams in July 2021. FURS receives approximately 5,000 requests for help annually from current and former foster youth and their caregivers. As of October 1, 2023, there are 45,044 youth in foster care.

### **In-Home Supportive Services**

**May Revision Cuts.** The Governor’s May Revision includes the following In-Home Supportive Services (IHSS) budget solutions under CDSS:

- **Eliminates In-Home Supportive Services (IHSS) Benefits Based on Immigration Status.** The May Revision eliminates the IHSS Medi-Cal benefit for undocumented individuals of all ages, resulting in \$94.7 million savings. This would discontinue these services, which are required to be attested to being necessary by a health care provider, for 2,968 current undocumented consumers.
- **Eliminates the IHSS Backup Provider System.** The May Revision eliminates the IHSS Backup Provider System, which was implemented in 2022 and provides a way for IHSS recipients to receive backup care, scoring \$11.6 million in ongoing savings. This emergency backup system implemented October 1, 2022 and the total cases assisted currently averages less than 110 individuals per month. It is a nascent program, so utilization may increase in future years as the pace of the program increases. While 72 percent of recipients receive care from a relative provider, the program was created to facilitate emergency backup when the primary provider is suddenly unavailable and to connect a consumer to a provider when transitioning from a hospital or nursing home stay back into their home.

- **Reduces \$60 Million in Federal Funds from IHSS Career Pathways.** The May Revision reduces federal Home and Community-Based Services spending on the IHSS Career Pathways Program by \$60 million. The May Revision proposes to shift the \$60 million in federal funds into the Department of Developmental Services Rate Reform implementation, which frees up an equal amount of General Fund. Of the \$295 million in federal funds originally allocated for IHSS Career Pathways Program, approximately \$203.5 million remained as of March 31, 2024. As of March 31, 2024, 18,509 providers have completed at least one training class and CDSS has processed 443,635 claims for training time, as well as incentive payments.

### **Adult Protective Services and CDSS Housing Programs**

**May Revision Cuts.** The Governor's May Revision includes the following budget solutions under Adult Protective Services:

- **Cuts Funding for Adult Protective Services Expansion.** The May Revision cuts funding for the expansion of Adult Protective Services (APS) by \$40 million ongoing. APS provides case management services for adults who are suffering from abuse and self-neglect to keep them safe and, ideally, to remain in their homes in the community. The expansion to individuals ages 60 to 64 (before the eligibility was 65 and older), which began in 2021, increased eligibility and allowed for longer-term case management for APS cases. Total funding for the APS expansion in 2023-24 is \$79.1 million (\$69.3 million General Fund). In 2019, for the 60-64 age group, there were 920 cases per month, and in 2023 this doubled to 1700 cases per month. The claiming in APS is generalized across all ages, so this reduction is expected to result in service reductions across the entire program, as demand for services is expected to increase as the trends indicate.
- **Eliminates Funding for Statewide Training for Adult Protective Services.** The May Revision proposes to eliminate \$4.8 million in all ongoing funding for Adult Protective Services Training, which provides a curriculum for all Adult Protective Services social workers. The training also supports county Public Administrators, Guardians, and Conservators (PA/PG/PC), allowing them to remain prepared to meet the needs of California's growing aging and disabled populations. State law mandates that the PA/PG/PC receive continuing education training every four years. This training was initially implemented in 2001.
- **Cuts \$65 Million from the Home Safe Program and \$50 million from the Housing and Disability Advocacy Program.** The May Revision proposes to cut \$65 million from the Home Safe Program, which provides housing support to adults in Adult Protective Services (APS), and \$50 million from the Housing and Disability Advocacy Program (HDAP), which provides housing and help applying for federal disability benefits for older and disabled adults. These programs were augmented with significant one-time funding in the 2021 and 2022 budget acts. The Governor's January budget proposed to delay this funding for these programs to 2025-26; the May Revision instead proposes to cut those amounts. HDAP is supported by \$25 million in ongoing funds; however, Home Safe has no ongoing fund source and the program would come to an end in 2025. Of those receiving Home Safe services, 85

percent retained housing post-exit from the program. The Department of Finance reported at the Subcommittee's hearing on May 16, 2024 that \$87.8 million remains for Home Safe and \$140.5 million for HDAP, as was the original 2022 allocation. For context, 48 percent of single homeless adults are 50 or older. Between 2017 and 2023, for adults 65 and older, there has been a 166 percent increase in homelessness and for adults 50-64 years of age, there has been a 79 percent increase.

### **California Department of Aging – Governor's May Revision**

**May Revision Cuts.** The Governor's May Revision includes the following budget cuts under the California Department of Aging (CDA):

- **Elimination of Older Californians Act Modernization Funding for Senior Nutrition.** The May Revision proposes to eliminate all remaining funding (\$37.2 million in 2024-25, 2025-26, and 2026-27, for a total of \$111.6 million) for the Older Californians Act Modernization. The 2022 Budget Act included \$186 million over three years to restore local services and supports for older adults that were reduced during the Great Recession; the 2023 Budget Act spread this funding out over five years instead of the original three years. This funding was intended to enable the local Area Agencies on Aging (AAAs) to continue to serve new meal participants brought on during the COVID pandemic. When comparing 2022-23 nutrition budget levels to 2024-25 proposed budget levels, there is a net decline of \$5 million. The \$37 million would have covered that gap, as well as funding associated with expiration of local COVID nutrition programs.
- **Elimination of Older Adult Behavioral Health Program.** The May Revision proposes to eliminate funding for the Older Adult Behavioral Health Program as follows: \$5.4 million in 2023-24, \$20 million in 2024-25, and \$8.4 million in 2025-26. The 2023 Budget Act included \$50 million over three years to advance behavioral health for older adults: \$30.3 million to local partners for older adult behavioral health capacity building; \$4.5 million to allow for continued operation of the statewide Older Adult Friendship Line; and \$10.5 million for an older adult behavioral health stigma reduction media campaign.

**CDA Budget Solution Adopted in Early Action.** The 2024 Early Action package included the following solution under CDA:

- **Cancellation of Healthier at Home Pilot Program.** The Early Action package included \$11.9 million General Fund savings to cancel the Healthier at Home Pilot Program. The pilot had not yet started due to operational challenges.

### **Immigration and Equity Programs**

**May Revision Cuts.** The Governor's May Revision includes the following budget cut under the Rapid Response Program:

- **Cuts Funding for Rapid Response Program.** The May Revision proposes to cut \$29 million in funding for the Rapid Response program, which funds humanitarian response at

the southern border. The Early Action package included a re-appropriation to carry over remaining funding for the Rapid Response Program from the 2021 (\$17.4 million from the original \$105.2 million) and 2022 Budget Acts (\$62 million from the original \$175 million). A third round of funding of \$150 million was provided in the 2023 Budget Act.

**Cuts Included in Governor's January Budget.** The Governor's January budget includes the following budget solutions under CDSS, which were covered in this Subcommittee on March 20, 2024:

- **Temporary Protected Status Program:** Elimination of the supplemental immigration services funding for those with Temporary Protected Status (TPS), for \$10 million ongoing. This \$10 million annual allocation started in the 2018 Budget and the cumulative \$30 million from the last three years has been fully encumbered. Services provide include legal consultations, application assistance for immigration benefits, legal representation in court or administrative immigration proceedings, education and outreach to immigrant communities, legal training and technical assistance, and capacity building funding for immigration legal service providers. In 2022-23, the funding has provided over 2,500 legal services for individuals with TPS.
- **California State University (CSU) Immigration Legal Services:** Significant reduction of \$5.2 million ongoing for immigration legal services for CSU students and families, decreasing the allocation from \$7 million to \$1.8 million annually. When the administration was asked why this reduction was made, they responded that it was to bring the CSUs in line with the impacted student population at the University of California (UC) campuses. The CSU program serves 23 campuses across the state with an estimated population of over 10,000 undocumented students, compared to the UC's 9 campuses with an estimated like population of approximately 4,000. Given the difference in the impacted student population, the higher current amount for CSUs is justified and the cut would create a severe inequity.

**CDSS Budget Solution Adopted in Early Action.** The Early Action package included the following solutions under CDSS:

- **Rapid Response Program Carryover.** The Early Action package included a re-appropriation to carry over remaining funding for the Rapid Response Program from the 2021 and 2022 Budget Acts. These amounts are noted above.

### **Department of Developmental Services – May Revision.**

**May Revision Cuts.** The May Revision includes \$15.4 billion (\$10 billion General Fund) for DDS in 2024-25; a net increase of \$1.9 billion (\$2 billion General Fund) over the updated 2023-24 budget, which is a 14.5 percent total fund increase. The primary reasons for this increase from the current year to the budget year are projected caseload/utilization increases and the expiration of temporary federal funding, and corresponding General Fund backfill.

**DDS Solutions Adopted in Early Action.** The Early Action package included the following solution under DDS:

- **Delay of Preschool Inclusion Grants.** The Early Action package approved the Governor's proposed delay of \$10 million annually for funding to support preschools in serving children with disabilities. The grants had not implemented.

**Cuts Included in Governor's January Budget.** The Governor's January budget includes the following budget solution under DDS, which was covered in this Subcommittee on February 28, 2024:

- **Delay of DDS Service Provider Rate Reform.** The Governor's budget proposes to delay the final phase of DDS Service Provider rate reform (currently scheduled for July 1, 2024), which generates \$1 billion (\$612.5 million General Fund) in savings in 2024-25. The 2022 Budget accelerated the implementation timeline for rate reform from five to four years, with the full funding of rate models pursuant to the 2019 Rate Study going into effect July 1, 2024, with a service provider's base rate equal to 90 percent of its rate model and up to 10 percent of the rate model available as a quality incentive payment is the provider achieves specified performance and outcome targets. The proposed delay to July 1, 2025 has been universally denounced by the IDD stakeholder community as an enormous step back, with negative consequences for access to services and supports as identified in the Individual Program Plan developed by regional centers. Providers state that they have been waiting for these rate increases since the rate study was embarked upon in 2016.

**May Revision Cuts.** The May Revision includes the following budget solutions under the Department of Developmental Services (DDS):

- **Regional Centers – Health and Safety Waiver Assistance.** The May Revision proposes to reduce funding for resources to assist individuals and families in applying for health and safety waivers by \$4.4 million (\$3 million General Fund) ongoing. This solution includes accompanying trailer bill language. The impacts of this reduction on those applying for health and safety waivers, particularly for non-English speaking persons and families served, is unknown at this time.
- **Emergency Preparedness Resources.** The May Revision proposes a reduction of \$1.1 million ongoing for procuring emergency preparedness supplies and informational materials for individuals.
- **Tribal Engagement for Early Start Services.** The May Revision proposes a reduction of \$750,000 ongoing tribal engagement for early start services. These are new dollars that were proposed, and not called out by the department, in the Governor's January budget. These new dollars have not yet implemented, and a base of \$500,000 would remain after this reduction for these purposes.
- **Direct Service Professional Internship Program.** The May Revision proposes a reduction of \$20 million General Fund one-time to cancel the Direct Service Professional Internship program. The 2022 Budget Act included \$22.5 million for this program. This solution includes accompanying trailer bill language.

**Additional May Revision Changes.** Caseload adjustments, local assistance estimates changes, provisional (budget bill) language proposals, and investments to implement chaptered legislation were also included in the May Revision. Please see the Subcommittee's agenda from May 16, 2024 for more information.

**Trailer Bills – Governor's May Revision.** The May Revision includes the following new trailer bills in Human Services. Because there are many new proposals for trailer bill consideration, these are summarized here with information provided by the Administration. Please see the Department of Finance website for all proposed trailer bill language being forwarded both for the May Revision and the Governor's January Budget.

- **Permanent Foster Care Rate Structure.** This trailer bill makes various changes to the department's proposed permanent foster care rate structure based on stakeholder feedback received after the initial version was published in February. A host of stakeholders, including counties, Short-Term Residential Therapeutic Program (STRTP) providers, Foster Family Agencies, and child welfare advocates continue to raise concerns with many components of the revised trailer bill. These concerns include, but are not limited to, the application of the Immediate Needs component of the new rate structure, the solvency of STRTPs and FFAs before and after the implementation of rate reform, and the additional state bureaucracy and third-party arrangements upon which substantial portions of the new structure will be reliant. There remain significant questions about the readiness of the state to implement if the Child and Adolescent Needs and Strengths (CANS) assessments are not currently completed on a timely basis upon a child's entry into foster care or on a regular basis (every six months) after, as no current timeliness data has been shared by the Administration. The same question about timeliness applies to the Child and Family Teams meetings that are currently required under state law. These concerns drive the question of what can be done minimally in the 2024 Budget to allow for the augmented \$14.5 million one-time in 2024-25 in the Governor's proposal for automation to move forward, while allowing more time for the Administration to work with all stakeholders toward devising a policy that is more workable, and allowing for appropriate legislative involvement in the crafting of the policy, to ultimately implement the new rate system.
- **Information Sharing for Small Family Child Care Homes.** This trailer bill seeks to amend Health and Safety Code section 1596.86 to increase the accessibility and transparency of licensed small family daycare home information. It would bring CDSS into compliance with federal funding requirements for consumer and provider education by making specified information for licensed small family daycare homes publicly available to parents searching for child care options for their children. This language also proposes to make technical conforming changes to Government Code section 7927.305.
- **Facility Inclusion for Community Care Expansion Preservation Program.** This trailer bill authorizes CDSS to accept an alternative legally enforceable agreement in lieu of a deed restriction for a facility awarded Community Care Expansion (CCE) funding and that seeks to receive Capitalized Operating Subsidy Reserve (COSR) funds, to demonstrate the requirement to provide licensed residential care for at least the term of the reserve. This

statutory amendment will allow licensed facility operators who have operational gaps and are at risk of closure to have greater access to operational funds from the CCE program. According to the Administration, this change helps restore equity between facility operators who own their facility and those who lease the property where they operate their licensed facility, particularly for operators participating in the CCE Preservation Program. No budgetary resources are required to enact this proposed amendment.

- **Federal Reporting and Communication Requirements with National Center for Missing and Exploited Children.** This trailer bill would update state law to: (1) mirror the additional federal reporting and communication requirements on states, for county child welfare agencies and probation departments when reporting missing youth to law enforcement authorities for entry into the National Crime Information Center (NCIC) database and the National Center for Missing and Exploited Children (NCMEC), and (2) clarify counties are authorized to share information from juvenile case files with the NCMEC, a nonprofit entity.
- **Specialized Care Increment Eligibility.** This trailer bill would allow Tribes with a Title IV-E agreement with the state to create their own Specialized Care Increment (SCI) rate-setting system for children under their jurisdiction. The proposed changes also explicitly clarify that children under county jurisdiction placed in a tribally approved home may receive the county's SCI, where applicable.
- **Resource Family Approval Program Alignment with Emergency Caregiver Funding Program.** This trailer bill would align the 90-day Resource Family Approval (RFA) application processing time frame with the 120-day Emergency Caregiver (EC) Funding time frame.
- **State and Federal Kinship Guardianship Assistance Payment Program Alignment.** This trailer bill would: (1) eliminate the \$10,000 cash savings and personal property asset limits for children and nonminor beneficiaries of the state- and federally-funded Kinship Guardianship Assistance Payment (Kin-GAP) programs, and (2) clarify income and property received after the start date of aid shall be disregarded. These limits are not required by federal law and are barriers to saving for a successful transition to adulthood for children and non-minors who receive KinGAP benefits.
- **Excellence in Family Finding, Engagement, and Support Program.** This trailer bill would authorize a participating county or tribe in the Excellence in Family Finding, Engagement, and Support (EFFES) Program, which does not have sufficient caseload, as determined by the CDSS, for a full-time family-finding worker to submit a written request to CDSS for authorization to use program funding for a portion of a full-time position for family-finding activities. According to the Administration, this helps alleviate challenges for small counties and tribes and removes a barrier preventing these counties and tribes from accessing one-time funding for the program.
- **SNAP Reimbursement.** Existing law provides for the establishment of a statewide electronic benefits transfer (EBT) system, administered by the State Department of Social

Services, for the purpose of providing financial and nutrition assistance benefits. Existing state regulations, under the 2020 *Ortega v. Johnson* appellate court ruling, allow for the replacement of CalFresh food benefits, known federally as the Supplemental Nutrition Assistance Program (SNAP), and California Food Assistance Program (CFAP) food benefits that have been stolen via electronic theft using state funds. Existing federal law provides for the replacement of SNAP benefits, and Disaster SNAP benefits, known in California as Disaster CalFresh, that have been stolen via electronic theft, such as EBT card skimming, cloning, scamming, and other similar fraudulent methods between October 1, 2022 through September 30, 2024 using federal funds. This trailer bill codifies the policy for reimbursing electronically stolen CalFresh food benefits that was established under federal guidance, thereby overriding the former state benefit replacement policy established as a result of the *Ortega* court ruling and allowing for continuity of the current policy. The proposal also stops state-funded replacements of stolen CalFresh, if at any point federally funded replacements are again available.

- **Tribal Nutrition Assistance Program.** This trailer bill would remove language referencing the Food Distribution Program on Indian Reservations (FDPIR) from the Tribal Nutrition Assistance Program (TNAP) authorizing statute in Welfare and Institutions Code Section 18936. Removal of the FDPIR verbiage from statute ensures access to TNAP funds to combat food insecurity in Native American communities across California, as intended when TNAP was authorized.
- **CalWORKs Intensive Case Management Hourly Increase Pause.** This trailer bill removes the requirement that intensive case management hours budgeted per case per month increase from 8.75 to 10 hours for 2024-25. This aligns with the proposed Governor's Budget solution to freeze case management hours, associated with \$47 million in ongoing savings.
- **California Food Assistance Program (CFAP) Elimination of Comparable Disqualification.** This trailer bill would eliminate the Welfare-to-Work (WTW) comparable disqualification policy for the California Food Assistance Program (CFAP) to maintain alignment with current CalFresh policy and ensure equity between CFAP and CalFresh recipients. CalFresh is set to eliminate comparable disqualifications for WTW sanctions effective August 1, 2024. Currently, the change proposed is set to occur in 2027-28. This trailer bill would expedite eliminating the requirement in order to avoid CFAP and CalFresh misalignment.
- **Family Reunification Delay Implementation.** AB 135 (Chapter 85, Statutes of 2021) enhanced CalWORKs Family Reunification (FR) services by authorizing a cash grant and child care services to families who have a child removed from the home and have been determined eligible for FR, effective July 1, 2022. Due to unforeseen challenges in implementing these policy changes, CDSS did not issue the instructions until November 2023 through All County Letter (ACL) 23-94, which initiated the CalSAWS automation process. CalSAWS notified CDSS that automation is anticipated to be completed in November 2024. This proposal seeks to extend the implementation date of eligibility for the cash grant and child care services from July 1, 2022, to July 1, 2024, or when CalSAWS is

able to automate the features necessary for implementation, to be consistent with the updated timing of implementation.

- **CalWORKs MAP Increase.** This trailer bill would effectuate the 0.3 percent increase to the CalWORKs Maximum Aid Payment, effective October 1, 2024. This is a smaller amount than the 0.8 percent grant increase projected at Governor's Budget.
- **Data Sharing to Quantify the Impacts of the Safety Net on the Whole Californian.** This trailer bill provides statutory authority for CDSS to receive data to measure and report outcomes related to housing stability of Californians currently or potentially participating in CDSS programs, including but not limited to CalFresh, CalWORKs, housing and homelessness programs, and Guaranteed Income.
- **IHSS Permanent Backup Provider System.** This trailer bill would sunset existing law establishing the statewide permanent backup provider system to implement the May Revision proposal to eliminate funding for this program.
- **Work Incentive Nutrition Supplement (WINS) Program.** At the time of this writing, this trailer bill was pending.
- **IHSS for Undocumented Individuals.** At the time of this writing, this trailer bill was pending. This trailer bill proposal is intended to correspond to the elimination proposal.
- **Provisional Eligibility Assessments.** DDS proposes statutory changes to address efficiencies in the number of assessments required for children referred for early intervention services who may be provisionally eligible for regional center services.
- **Health and Safety Waiver Assistance.** DDS proposes trailer bill to align with the proposed cut to health and safety waiver assistance. At the time of this writing, this trailer bill proposal was not available.
- **Direct Service Professional Internship Program.** DDS proposes trailer bill to align with the proposed cancellation of the Direct Services Professional Internship Program. At the time of this writing, this trailer bill was not available.
- **California Child Support Automation System Annual Reporting Requirements Repeal.** This trailer bill proposal seeks to repeal this reporting requirement.
- **Improved Performance Incentives Repeal.** This trailer bill proposal seeks to repeal this incentive program, which has been suspended year after year.

## **Human Services & Education – Childcare**

The May Revision proposes to “pause” growth in child care slot access, with the final goal of 200,000 new child care spaces to serve children. Their budget estimate would freeze at an estimated 119,000 new slots, since the 2021-22 Budget Act goal. All prior funding not serving children in child care and preschool would be swept for Budget solutions.

Additionally, the Administration has articulated four goals for the 2024-25 Budget Act, regarding child care slot expansion fiscal policy:

- 1) Delay service start date of new General Child Care slots.
- 2) Create new cost methodology for estimating the Budget Year costs for new General Child Care and CAPPs slots.
- 3) Sweep General Fund savings for CCTR underspending in 2022-23 and Current Year.
- 4) Create new Budget Bill language authority for increasing child care slots beyond Budget appropriations.

### ***Challenges for the Assembly***

In the midst of the pandemic, California has appropriated funding for a historic 146,000 new child care slots to the overall care system. It is crucial to fully understand the dynamics of each delay in providing childcare services with these funds; child care waitlists remain long and each delay point may be resolvable in future expansions.

The January Budget proposal also appears to assume the legality of contractual authority without Budget Authority, for increased child care services. It is unclear how local contractors could interpret a contractual increase that is subject to the Budget Act, without sufficient appropriation authority. What would provide contractors with actual authority to increase services on July 1<sup>st</sup> of a Budget Year?

This agenda and other publications are available on the Assembly Budget Committee’s website at: [Sub 2 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Nicole Vazquez and Erin Gabel.