

Legislature Approves 2017-18 Budget Plan

Medi-Cal Dental and Optical Restored Driver's License Suspension Repealed Expanded Eligibility for State EITC Increased Funding for EAF and Immigration Services HDAP Funding Preserved

*But No Increases in CalWORKs or SSI Grants
Affordable Housing Left Unaddressed
June 22, 2017*

The Legislature approved the state budget by the constitutional deadline this past Thursday sending the spending plan to the Governor for his approval. The Governor is expected to sign the budget and all the trailer bills. Some trailer bills are still awaiting action, including the Medi-Cal trailer bill which was held back to comply with the new 72 hour in print requirement approved by voters in the last election.

The outcomes for low income Californians were less satisfactory than in the most recent budgets. While the state budget continues to grow in size, it is not growing as quickly as in previous years and the Governor was thus less willing to expand funding for health, housing, and human services. Access to justice, however, fared well with new funding for the Equal Access Fund, One California, and elimination of license suspension for failure to pay traffic tickets.

The budget was disappointing in that it failed to address the state's growing housing and homeless crisis. While there is still some hope that the Legislature and the Governor will address the crisis before the end of the summer, they were unable to strike a deal in the budget. Similarly, there are no increases in grant amounts for either CalWORKs or SSI in this budget. A proposal by the Assembly to restore the cost of living adjustments for the two programs did not make it out of the conference committee.

CalWORKs

It was a disappointing year for CalWORKs. Proposals by WCLP and many other advocates to address deep poverty among CalWORKs families did not find support in either house or with the Governor. Grants for CalWORKs families, already at just 43 percent of the federal poverty level, are certain to fall even lower as costs increase for housing, food, and transportation. While improvements in the EITC are helpful to working CalWORKs families, 75 percent of CalWORKs households have no earnings from work.

On a macro level the CalWORKs story is even more troubling. Counties, advocates, and legislators had to push hard to partially reverse a proposed \$245 million reduction in CalWORKs funding that pays for administrative costs and welfare to work services. Nearly \$109 million of this funding was restored in the Conference Committee but still results in a \$136 million cut. This caseload driven formula will be reviewed in the next year. Additionally, with the caseload declining to near pre-recession levels, grant

funding was reduced by \$55 million. In short, funding for CalWORKs is being reduced and not being reinvested in the program.

There were some notable victories perhaps most importantly the creation of a new CalWORKs Outcome and Accountability Review system. This proposal is intended to move the program beyond the rigid work participation measurement that has governed the program for twenty years and to establish both process and outcome measures that will better reflect how the CalWORKs program is doing in helping participating families move out of poverty. The idea is that by providing the Legislature and the public with more detailed information about outcomes and requiring counties to adopt system improvement plans to address deficiencies that outcomes for families will improve over time. While not a panacea for CalWORKs, it is the first significant change in how the state measures the program since its inception in 1998.

Additionally, a small but positive investment in CalWORKs participants seeking and achieving education as a means to exit poverty was also adopted. The California Work Opportunity and Responsibility to Kids (CalWORKs) Educational Opportunity and Attainment Program will provide a supplemental education incentive grant when a CalWORKs recipient reaches an educational milestone, by completing a High School Degree or equivalent or by enrolling in a college program.

Other proposals were not as successful such as establishing a CalWORKs home visiting program or providing diapers for families participating in Welfare-to-Work activities. While both proposals were included in the Assembly plan, they were not in the Senate plan and were dropped in the Conference Committee. An effort to establish a home visiting pilot program was also unsuccessful. Similarly, proposals by the Assembly to re-establish annual cost of living adjustments in 2021 for CalWORKs and SSI were not included in the final conference proposal.

One program that did survive was the Housing and Disability Advocacy Program. This program was created as part of the No Place Like Home package from the 2016-17 budget but was never implemented by the Administration. The goal of the program is to reduce homelessness among individuals who are receiving county General Assistance but are likely eligible for the SSI program. It provides \$43 million in matching grants to counties that provide expedited SSI application services and housing assistance. Reportedly DSS will be moving forward with the program in the near future.

State EITC

The budget includes language to expand the CalEITC to include self-employed working and raise the income eligibility threshold to \$22,300 for families with children. The first change closes a major gap in the program for the growing number of self-employed workers. The second change will help families whose income is rising due to the increases in the minimum wage and who would lose eligibility for the state EITC unless the threshold was increased.

SSI

Despite strong organizing efforts by Californians for SSI at the budget hearings, no increase in the state portion of the SSI grant was proposed by either house. This disappointing outcome was made harder when the Conference Committee failed to include the Assembly's proposal to restore the SSP cost of living adjustment beginning January 1, 2021. This means that SSI grants that are currently at 90 percent of the federal poverty level will likely fall below this level in 2018. Though the federal portion of the grant is expected to increase by \$17-20 a month it will hardly offset the rising rents facing many SSI recipients. The lack of increased funding and the unavailability of CalFresh benefits for SSI recipients is causing a

rising tide of homelessness and suffering among a population that are elderly or living with disabilities and do not have the opportunity to increase their resources.

The one silver lining in the budget is supplemental report language that instructs the Legislative Analyst Office to prepare a report on options and funding needs to allow SSI recipients to be eligible for federal SNAP benefits while holding harmless families which currently receive grant funding from SSI and other grant programs.

CalFresh

Though the benefits from the CalFresh program are funded in full by the federal Supplemental Nutrition Assistance Program, the administration of the program is shared between County, State and Federal Governments. As such, some investments must be approved in the budget. We are happy to report that the budget included all three of [our proposed statutory changes](#) to prevent hunger during times of high unemployment and among people who are homeless when they are defined by the program rules to be an Able Body Adults Without Dependents (ABAWD). It does this by:

- *Ensuring Statewide Protection Against High Unemployment:* Federal law allows for a waiver of the 3 month in 3 year period ABAWD time limit during times of high unemployment. The budget will now require that all eligible counties accept the waiver.
- *Protecting Californians Who Are Homeless from Hunger:* Federal law and guidance allows California to automatically exempt people who are homeless from the ABAWD time limit. The bill requires the Department to maximize these exemptions for people who are homeless.
- *Establish a Process to Count Volunteer Work:* The ABAWD time limit applies to people not employed 20 hours a week or more or otherwise exempt. But not being fully employed does not imply unwillingness to be fully employed, only that someone else hasn't hired you to be fully employed. We are requesting that the Legislature direct, through budget action, a process to ensure participation in volunteer work is fully captured for CalFresh recipients subject to the ABAWD time limit and needing to report hours worked in order to retain their anti-hunger benefits.

The budget also included funding to launch the Hunger Free Campus Initiative which will encourage college campuses to pursue on-campus anti-hunger efforts by establishing a "Hunger Free Campus" certification for colleges that:

- Establish a Swipe Out Hunger® program which encourage college students to donate unused meal credits to students who need them and then, remaining benefits to be donated to the on campus food pantry.
- Establish an on-campus pantry or partner with a local food bank to provide regular on-campus food distributions.
- Designate a person or department on campus to make sure that the students on campus have access to accurate information about CalFresh and how to apply.

Finally, the budget included language that will establish a process by which state benefits, like a water supplement or an emergency food benefit, can be issued using a state Electronic Benefit Transfer (EBT).

There were some disappointing outcomes on CalFresh proposals too. A Senate proposal to establish a pre-enrollment program for people re-entering the community after a stay in jail or prison was included in the Conference version of the budget, but lost during negotiations with the Governor. For a copy of our proposal, [click here](#). For a copy of our full report on the topic of CalFresh Pre-Enrollment, [click here](#).

Additionally, a proposal to establish a CalFresh Employment and Training Center for Excellence proposed in the Assembly Budget was not adopted by the Senate.

Affordable Housing

California has the highest poverty rate in the nation when housing costs are factored in, has severely under produced housing units affordable to lower-income households for decades, continues to lose existing affordable units at an alarming rate, has seen a drastic decline in affordable housing funding since 2006, is experiencing unprecedented levels of gentrification and displacement, and has a well-documented homelessness crisis that continues to spiral out of control in many parts of the state.

Despite all of this, this year's budget includes no new resources for affordable housing. The Assembly budget committee proposed that the \$400 million for housing programs that was appropriated in the 2016-17 budget act be kept in the 2017-18 budget. This funding was never released because the Legislature and the Governor could not agree on a package of "by-right" housing reforms desired by the Governor. Unfortunately, this funding came out of the budget in the Conference Committee. Several members bemoaned the lack of affordable housing in the budget and time remains in the year to accomplish what is clearly needed. The question remains if the political will exists to make it happen.

Access to Justice

After five years of work WCLP and other advocates were successful in repealing the ability of traffic courts to suspend a person's driver's license because they failed to make payments on a traffic violation. This provision had caused upwards of 500,000 Californians people to lose jobs, fall into debt, and even go to jail. Strong efforts by Senator Bob Hertzberg over the past three years helped persuade Governor Brown to include the provision in his January budget. Though efforts to attach additional reforms were unsuccessful for now, Senator Hertzberg will continue to pursue his legislation, SB 185, to bring further relief to those trapped in traffic court dysfunction.

The Legal Aid Association of California (LAAC) spearheaded a successful effort to increase funding for the Equal Access Fund which provides funding to nearly 100 legal services organizations in California. The effort, supported by WCLP, ACLU, and Disability Rights California among others increased funding for the EAF by \$10 million each of the next two years. It also succeeded in directing 25 percent of cy pres funding to the EAF. This last provision was met with opposition from some non-profit organizations who receive cy pres funds and this piece of the public safety trailer bill may be reconsidered during the summer.

Immigrant advocates were also successful in securing a \$30 million increase in funding for One California. This DSS managed program provides grant funds to legal service organizations assisting immigrants become citizens. The trailed bill expands out the permissible uses of the fund in several ways by permitting a wider variety of immigration remedies. It also allows funding to be used for educational and capacity building activities and prohibits legal assistance for persons convicted of certain serious penalties.

Medi-Cal/Health

The budget fully restores adult dental benefits, which were cut in 2009, and partially restored in 2014. Beginning January 1, 2018, partial dentures, gum treatment, and rear root canals will be covered Medi-Cal benefits at a cost of \$34.8 million General Fund (GF) in 2017-18 and \$73 million GF in 2018-19. The budget also restores eyeglass coverage for adults beginning January 1, 2020 at a cost of \$12.5 million GF in 2019-20 and \$26.3 million GF ongoing. Other benefits that were cut in 2009, including audiology, chiropractic, incontinence cream & washes, podiatry, speech therapy were not restored.

The budget adopts language for the elimination of the Newly Qualified Immigrant (NQI) Affordability and Benefit Program, allowing immigrants to remain in full-scope Medi-Cal, instead of shifting to Covered California where they could face potential tax liabilities and continuity of care issues. Language also requires DHCS to seek federal Minimum Essential Coverage designation for the existing state-only full-scope Medi-Cal programs.

The budget approves up to a total of \$546 million for supplemental Medi-Cal provider rate increases in 2017-18 and up to \$800 million in 2018-19 using Proposition 56 (Tobacco Tax) Funds. Specifically for 2017-18, \$325 million for physicians, targeted at specific specialist and geographic regions, \$140 million for dentists, \$50 million for family planning services, \$27 million for ICF-DD, and \$4 million for the AIDS Waiver Program.

The budget adopts trailer bill to reauthorize and continue the key components of the Coordinated Care Initiative, including the duals demonstration project, mandatory managed care for duals, and long-term services and supports as managed care benefits.

The budget approves increased staffing for the Medi-Cal Managed Care Ombudsman Call Center for a total of 15 permanent positions (conversion of 9 limited-term positions to permanent and 6 new permanent positions). The budget also adopts language to require DHCS to collect and report data on callers and calls received.

The budget approves \$3.4 million (special funds) and 11 permanent positions to address the DMHC Help Center case backlog workload attributed to ACA implementation and consultation services on independent medical review processing.

The budget adopts third party liability trailer bill that rejects proposed revisions to the fifty percent rule, which would have allowed the department to collect all fees from third party injuries leaving the harmed beneficiary with nothing.

The budget rejects trailer bill to clarify that in the California Children's Services program, DHCS will only cover occupational therapy and physical therapy services when medically necessary.

The budget rejects trailer bill to eliminate the Child Health and Disability Program (CHDP).

The budget rejects the elimination of \$17 million for children's mental health crisis services grants to build facilities for mental health crisis services geared toward children under 21. This was approved in the 2016 Budget Act and replaces General Fund with MHSA State Administration funds.

The budget approves \$10.2 million (\$5.1 million GF; \$5.1 million federal funds) in 2016-17 to reimburse mental health plans for the costs of capturing and reporting functional assessment data as part of the Performance Outcomes System (POS) for EPSDT mental health services. Also approves \$6.2 million GF for the implementation of functional assessment tools for the POS.

The budget adopts language to extend the sunset for six years on the Consumer Participation Program to 2024 that awards advocacy and witness fees to consumer advocates who represent consumer interests in regulatory proceedings at DMHC.

The budget adopts language to implement a Graduate Medical Education program that would reimburse designated public hospitals for the costs of training health care providers. No language was included to address lack of access to UC hospitals.

The budget approves 15 permanent positions and associated cost to support workload associated with implementation of the new Federal Managed Care Rules for DHCS. There was a corresponding decrease of 18.5 positions to reflect ending DMHC inter-agency agreements with DHCS which will assume workload in response to the federal rule and other changes.

The budget adopts language to abolish the Major Risk Medical Insurance Fund and transfers the fund balance and ongoing Managed Care Administrative Fines and Penalties Fund revenue to the newly established Health Care Services Plans Fines and Penalties Fund, with prioritized funding for the Major Risk Medical Insurance Program (MRMIP).

Regrettably, efforts to raise the Medi-Cal Aged & Disabled income eligibility to an amount equivalent to other adult Medi-Cal programs and to expand Medi-Cal for all income-eligible young adults (age 19 to 26), regardless of immigration status, were not included in the budget.

Contact Our Sacramento Advocates: For more information about Western Center and our budget advocacy priorities, go to www.wclp.org.

Housing

Anya Lawler
ALawler@wclp.org, 916-282-5103

Jith Meganathan
JMeganathan@wclp.org, 916-282-5106

Health

Jen Flory
JFlory@wclp.org, 916-282-5141

Linda Nguy
LNguy@wclp.org, 916-282-5117

Human Services

Jessica Bartholow
JBartholow@wclp.org, 916-282-5119

Mike Herald
MHerald@wclp.org, 916-282-5112