

State Budget Bulletin - June 16, 2014

Legislature Takes Historic Steps to Address Poverty in State Budget

Yesterday, the California Legislature passed the state's main budget bill and many companion "trailer bills" for fiscal year (FY) 2014-15. This budget package is a result of negotiations between Governor Jerry Brown and legislative leaders and includes several historic advancements for poor Californians, including lifting the lifetime ban for people with prior drug-felony convictions from receiving basic needs assistance and food help when they are complying with their probation or parole, providing an ongoing source of funding for affordable housing, and providing comprehensive health coverage for low-income pregnant women. It represents a \$156.4 billion budget package for the fiscal year which begins July 1, 2014.

Below is a summary of major budget actions affecting low-income care Californians in the areas of housing, human services and health. We will follow with more detailed analyses in each of the areas.

Housing

Two major housing funding mechanisms are included in the budget. First, at least 10% of future (FY 2015-16 and beyond) **Cap-and-Trade auction revenues are to be spent on affordable housing** developments that reduce Greenhouse Gas emissions (GHGs). This funding could reach into the hundreds of millions of dollars per year. Affordable housing that reduces GHGs has been typically described as transit-oriented development, but the budget language (SB 862) is not so limited and would likely include developments in walkable communities, as well as zero net-energy use affordable developments. For FY 2014-15, which uses a dollar amount formula instead of a percentage, \$130 million was designated for GHG-reducing affordable housing production.

Second, the Legislature appropriated **\$100 million in General Fund monies for the Department of Housing's Multifamily Housing Program (MHP)**, HCD's major funding program. Half will go into the regular MHP program and half for the MHP-Supportive Housing program. The latter program focuses on the production of permanent supportive housing for persons that are homeless and of extremely low incomes. This is the first significant General Fund appropriation for any state housing program in fourteen years.

Additional housing funds for GHG reduction includes **\$75 million this year for low-income weatherization**, both for homeowners and properties with low-income tenants. In future years, weatherization will be an eligible use for the 40% of Cap-and-Trade proceeds not allocated in this year's budget.

The budget also includes **implementation of Prop. 41** which authorizes \$600 million in general obligation bonds for affordable multifamily supportive housing to relieve homelessness, affordable transitional housing, affordable rental housing, or related facilities for veterans and their families

Finally, the overall budget package appropriates \$10 million for rental and utility **assistance for households affected by the drought.**

Human Services

CalWORKs Grant Increase (SB 855 - WIC 11450.025)

The budget provides a 5% CalWORKs grant increase effective April 1, 2015. This is the second year in a row that a 5% grant increase has been provided. When implemented the grant for a family of three will be approximately \$703 a month. This is equal to 42.6% of the Federal Poverty Level (FPL) for a family of three.

Repeal of Lifetime Ban of Basic Needs & Work Training for People With a Prior Drug-Felony Conviction (AB 1468 - WIC 11251.3, WIC 18901.3, WIC 17012.5)

As part of the state's response to the prison overcrowding lawsuit, the Legislature and the Administration agreed on a \$137 million Recidivism Reduction package. This package includes language that fully repeals the bar on providing CalWORKs work support, child care and basic needs assistance as well as federal food assistance through CalFresh to families where an adult has a prior drug felony conviction as long as they are complying with their probation or parole. These optional bans have been in place since 1997 and are known to increase recidivism and hardship among very poor children. In addition, the ban on non-health assistance under WIC Section 17000 is repealed for adults without children who have a prior drug-related felony conviction, provided they are complying with probation or parole. These provisions will take effect on April 1, 2015.

Child Care for Children in CalWORKs & Working Homes

More than 1.2 million California children from low-income families are missing out on the critical early learning opportunities that support their future success and life opportunities. The Child Care Law Center reports that more than \$1 billion and 110,000 child care slots were slashed from the budget between 2008-2012. California begins in this budget to add back slots by investing \$264 million to its early education and child care programs. The most dramatic change is in the area of non-CalWORKs child care, which sees a major expansion of the California State Preschool Program (CSPP) for low-income 3 and 4 year olds as well as an expansion of full-day child care for eligible children who attend the

program. The FY 2014-2015 budget year restores 13,000 of the lost 110,000 child care slots: 11,500 slots for children in the CSPP (4,000 of these slots become effective June 15, 2015); 1,000 General Child Care Program slots, which use contracted facilities to provide child care for eligible children ages 0-12; and 500 voucher-based Alternative Payment Program (APP) slots.

The budget offers a modest improvement in rates paid to subsidized child care providers, following years of stagnation, restores the Early Start Program for children with developmental delays, and adds much needed funding for quality improvement grants, and facility and professional development. Finally, through the repeal of the lifetime ban on CalWORKs for parents with a prior drug-related felony conviction when they are complying with their probation or parole, young children in these households will be newly entitled to child care when their parents participate in welfare-to-work.

CalWORKs Rapid Re-Housing (AB 855 - WIC 11330)

The budget creates a new \$20 million program to provide "rapid re-housing" for CalWORKs families that are homeless or at risk of homelessness. It is available to all CalWORKs families and the \$100 asset rule of the homeless assistance program does not apply. This program will be available to counties who apply based on criteria developed by the Department of Social Services and stakeholders.

CalFresh Improvements - Heat and Eat, Categorical Eligibility and Disaster Relief

The budget invests \$9.3 in General Fund for a State Energy Assistance Subsidy Benefit (Heat and Eat) for low-income Californians in order to continue drawing down over \$275 million in federally funded CalFresh benefits which, in turn, leverages nearly \$500 million in economic impact. The budget language awards \$20 in state utility assistance annually to approximately 15% of the CalFresh recipients who do not already reach the \$469 Shelter Expenses Deduction cap without a Standard Utility Allowance (SUA) or who cannot meet the SUA verification without this assistance. This investment closed a loophole for 390,000 Californians created by the Federal Agricultural Act of 2014.

The budget takes advantage of a federal option to extend SNAP eligibility to all households whose income falls below 200% FPL. This option, known as Broad Based Categorical Eligibility (BBCE), [is utilized by 40 states.](#) BBCE will allow counties to simplify application and renewal while extending federal anti-hunger benefits to more working families and families with young children in childcare.

Finally, the budget includes an augmentation of \$14.3 million to support the increases in CalFresh participation that have accompanied implementation of the Affordable Care Act (ACA) and allows for additional augmentations in the event that it is needed to support the administration of, and maximize assistance received through, Disaster CalFresh following a declaration of disaster.

Health

The health care provisions of the budget are contained in SB 857 and 870. The budget maintains many of the spending levels proposed in the Governor's May Revision but the Legislature adopted a lower Medi-Cal enrollment estimate that results in a savings of \$342 million. Key provisions are as follows:

Coverage for Pregnant Women. Pregnant women with incomes up to 138% FPL will qualify for full-scope Medi-Cal coverage (note: federal approval will be required for women between 109 and 138% FPL). Women with incomes between 139 and 213% FPL will have the option to both enroll in a Covered California qualified health plan and have pregnancy Medi-Cal as a "wrap" program. For women with both coverage, Medi-Cal will pay the premiums and co-pays for their Covered California plan and cover services not provided by the plan.

The budget calls for a stakeholder process to provide **Applied Behavioral Analysis** (ABA) services for children with autism on Medi-Cal if required by the federal government. Currently all health plans except Medi-Cal plans are required to provide ABA services.

The budget includes some changes to the functions of the **Office of the Patient Advocate** and a requirement that the Department of Managed Health Care contract with community based organizations to provide consumer assistance.

MRMIB (Managed Risk Medical Insurance Board) is eliminated with the remaining programs administered by MRMIB transferred to DHCS including MRMIP. The AIM-Linked Infants Program is renamed the "Medi-Cal Access Program."

The Black Infant Health Program is once again funded, at \$4 million.

Changes made to the **Medi-Cal list of contract specialty drugs** are not subject to review and approval from the Department of Managed Health Care.

Fresno County has a five-year delay to repay the Transportation Investment Fund as long as it continues to provide medical services to indigent individuals regardless of immigration status (part of SB 853, the Omnibus Transportation Trailer Bill).

Several items the Legislature took action on were ultimately not included in the budget as follows:

- No action to restore "**optional**" **Medi-Cal benefits** including acupuncture, audiology, chiropractic, incontinence cream & washes, optician/optical lab, podiatry, speech therapy and all dental services for adults.
- No action to increase **Medi-Cal provider reimbursement rates**.
- No action to add additional positions to the **Medi-Cal Managed Care Ombudsman Program** which helps Medi-Cal beneficiaries understand their managed care benefits and resolve issues with managed care plans though the state has doubled the number of Medi-Cal beneficiaries in managed care plans.

- The Administration refused to accept \$6 million in grant funding offered by The California Endowment which would have brought federal matching funds to assist individuals with their Medi-Cal renewals.

For more information:

Housing

Brian Augusta baugusta@wclp.org, 916-541-3395

Human Services

Mike Herald mherald@wclp.org, 916-282-5112 / 916-844-6263

Jessica Bartholow jbartholow@wclp.org, 916-400-1948

Health

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

Elizabeth Landsberg elandsberg@wclp.org, 916-282-5118 / 916-844-6264