



Health and Human Services Policy Committee
Thursday, May 17 • 10:45 a.m. – 12:15 p.m.
Room 306 • Sacramento Convention Center
1400 J Street • Sacramento, CA 95814

Supervisor Das Williams, Santa Barbara County, Chair
Supervisor Jeff Griffiths, Inyo County, Vice Chair

Note: This policy committee meeting is an in-person meeting only and is being held as part of the CSAC 2018 Legislative Conference.

- 10:45 a.m. **I. Welcome and Introductions**
Supervisor Das Williams, Committee Chair, Santa Barbara County
Supervisor Jeff Griffiths, Committee Vice Chair, Inyo County
- 10:50 a.m. **II. In-Home Supportive Services Update**
Justin Garrett, CSAC Legislative Representative
Elizabeth Marsolais, CSAC Legislative Analyst
- 10:55 a.m. **III. HHS Legislative Update**
Farah McDaid Ting, CSAC Legislative Representative
Justin Garrett, CSAC Legislative Representative
Elizabeth Marsolais, CSAC Legislative Analyst
- 11:05 a.m. **IV. Governor’s 2018-19 May Revision**
- Human Services Issues
Justin Garrett, CSAC Legislative Representative
Elizabeth Marsolais, CSAC Legislative Analyst

 - Health and Behavioral Health Issues
Farah McDaid Ting, CSAC Legislative Representative
Elizabeth Marsolais, CSAC Legislative Analyst
- 11:20 a.m. **V. County Homelessness Funding & Surrounding Issues**
Supervisor Andrew Do, Orange County
Farah McDaid Ting, CSAC Legislative Representative
Justin Garrett, CSAC Legislative Representative
Elizabeth Marsolais, CSAC Legislative Analyst
- 11:30 a.m. **VI. California Goes It Alone: Single Payer, Rate Regulation, and Coverage Expansion Efforts in the Golden State**
Anthony Wright and/or Tam Ma, Health Access California
Laurel Lucia, UC Berkeley Labor Center
Tom Joseph, Paragon Government Relations

ATTACHMENTS

In-Home Supportive Services Update

Attachment One CSAC Memo: In-Home Supportive Services Update

Attachment Two IHSS Wages and Bargaining Brief (March 2018)

HHS Legislative Update

Attachment Three CSAC Memo: Health and Human Services Legislative Update

Attachment Four Fact Sheet: Mental Health Services Act – The State Could Better Ensure the Effective Use of Mental Health Services Act Funding

Governor’s 2018-19 May Revision

Attachment Five CSAC Memo: Governor’s 2018-19 May Revision

County Homelessness Funding and Surrounding Issues

Attachment Six..... CSAC Memo: County Homelessness Funding and Surrounding Issues

Attachment Seven..... CSAC, CWDA, UCC Joint Letter to Governor Brown: Opportunities to Invest in Affordable Housing and Combat Homelessness (March 15, 2018)

California Goes It Alone: Single Payer, Rate Regulation, and Coverage Expansion Efforts in the Golden State

Attachment Eight..... CSAC Memo: California Goes It Alone: Single Payer, Rate Regulation, and Coverage Expansion Efforts in the Golden State

Attachment One

Memo: In-Home Supportive Services Update



May 3, 2018

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To: Members of the Health and Human Services Policy Committee

From: Justin Garrett, Legislative Representative, Human Services
Elizabeth Marsolais, Legislative Analyst, Health and Human Services

RE: In-Home Supportive Services Update

Implementation. Counties continue to diligently implement the significant changes to the In-Home Supportive Services (IHSS) fiscal structure that were enacted in 2017-18 budget legislation (SB 90, Chapter 25, Statutes of 2017). These changes included a new county maintenance of effort (MOE), additional collective bargaining provisions, refinement of the costs for county administration of the IHSS program, and include specific revenues to offset the increased IHSS costs, including State General Fund, as well as the redirection of 1991 Realignment growth revenues that would have otherwise been used to support health and mental health programs.

One recent implementation update relates to accelerated caseload growth. A certain amount of the anticipated 2017-18 1991 Realignment sales tax growth will be accelerated to counties throughout 2017-18 instead of being distributed at the end of the realignment year, in order to help counties offset IHSS costs throughout the current year. The January budget proposal included revised 1991 Realignment revenue estimates and CSAC worked with the Department of Finance to update the amount that should be accelerated to counties. The new statewide amount to accelerate is \$114.1 million. This increased amount was included in the 1991 Realignment sales tax base for the Social Services subaccount beginning with the March payments.

Another recent effort relates to IHSS clean-up language that was included in AB 110, which was signed into law on March 13. The clean-up language outlines how subsequent applications of the wage supplement will work and includes other related changes to the collective bargaining provisions. CSAC's advocacy efforts resulted in ensuring the language on subsequent applications of the wage supplement was consistent with our original understanding, protecting any pending collective bargaining agreements, and avoiding future costs for counties that utilize the wage supplement.

In partnership with the County Welfare Directors Association (CWDA) and California Association of Public Authorities (CAPA), CSAC produced a document last year that provided detailed explanations and guidance on all the significant collective bargaining changes. An updated version of *IHSS Wages and Bargaining Brief* that incorporates the AB 110 changes is attached.

CSAC also hosted a webinar in partnership with CWDA on April 6 to provide training to county staff on implementation issues, including the accelerated caseload growth and recent collective bargaining clarifications. Nearly 400 county staff signed up to participate in the training and a recording is available at <http://www.counties.org/csac-webinar-library>.

May Revision. The Governor's May Revision is anticipated to include a revised estimate of 2017-18 IHSS costs. CSAC secured a provision in 2017-18 budget legislation that allows the MOE to be adjusted downward if IHSS Services costs are lower than the amount in the enacted 2017-18 budget. If costs are lower in the May Revision, this adjustment will occur. The May Revision will also include an update for

estimated 2017-18 1991 Realignment sales tax growth, which has implications for accelerated caseload growth. Staff will provide an update on these items at our May 17 HHS Policy Committee meeting.

IHSS Working Group. While counties are striving to manage the first two years of this new MOE, there are still significant concerns about the anticipated impacts of this new IHSS funding structure in the out years. CSAC was successful in advocating for a critical reopener provision that requires the Administration to consult with CSAC and other affected stakeholders to reexamine the new IHSS funding structure as part of the development of the 2019-20 budget.

CSAC has formed an IHSS Working Group that is being co-chaired by Supervisor James Gore (Sonoma County) and Supervisor Ken Yeager (Santa Clara County). Other members of the IHSS Working Group include Supervisors, County Administrative/Executive Officers, and representatives from county affiliates. The primary goal of the IHSS Working Group is to utilize the reopener provision to evaluate options and advocate for the long-term solution that counties need to successfully administer IHSS and other realigned programs on behalf of the state.

Next Steps. CSAC will continue to partner with the Department of Social Services and the Department of Finance on implementation efforts, especially related to needed updates that will come from the revised revenue projections in the Governor's May Revision. In addition, CSAC will provide continued email updates, resources, and training opportunities so that counties have the information they need in order to manage these changes locally.

Attachment:

IHSS Wages and Bargaining Brief (March 2018)

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Attachment Two

IHSS Wages and Bargaining Brief (March 2018)



IHSS Wages and Bargaining Provisions Brief

March 2018

The In-Home Supportive Services (IHSS) trailer bill SB 90 (Chapter 25, Statutes of 2017) and the Health and Human Services clean-up trailer bill AB 130 (Chapter 251, Statutes of 2017) both contained provisions related to bargaining with IHSS provider unions. In addition, recently adopted legislation, AB 110 (Chapter 8, Statutes of 2018), contained additional clean-up provisions on the bargaining provisions. These statutes provide additional tools for counties to utilize when negotiating locally, but also put in place new requirements and timelines related to bargaining with IHSS provider unions. The provisions are complex and each county will need to make important decisions based on the tools that are available and the local bargaining situation. To assist counties in those efforts, this document provides an overview of the significant new wage and bargaining provisions. We will continue to engage with the Administration on implementation, including on how the MOE adjustment calculations will work, and to advocate for an All County Letter and County Fiscal Letter that provides the official and detailed guidance that counties need related to wages and bargaining.

Statewide Perspective on Collective Bargaining

Currently, many counties are in negotiations with IHSS provider unions. In addition to understanding the new bargaining provisions, counties will need to take into account the IHSS cost shift and offsetting revenue for 2017-18 and the outlook for subsequent years. At the statewide level, the California Department of Social Services (CDSS) is required to submit a report to the fiscal committees of the Legislature on the status of all IHSS provider bargaining contracts in every county by April 1, 2018.

The Statewide Authority that was responsible for collective bargaining in the seven pilot counties under the Coordinated Care Initiative has been dissolved and the IHSS Employer-Employee Relations Act has been repealed. All counties must meet the requirements of Welfare and Institutions Code § 12302.25 to act as or establish an employer of record for IHSS and to meet and confer pursuant to the Meyers-Milius-Brown Act. Most counties have established a Public Authority to fulfill these requirements.

State Approval Needed to Change IHSS Provider Wages & Benefits

The state must review and approve the Public Authority rate for wages, health benefits, and other economic terms of a local bargaining agreement before the changes can take effect. It is important to note that the state has never denied a rate increase. Counties must provide CDSS with documentation of the County Board of Supervisors' approval of the proposed public authority or nonprofit consortium rate. Increases or decreases to the hourly wage and/or health benefits will not take effect until the both CDSS and the Department of Health Care Services have determined that the increase is consistent with federal law to ensure federal financial participation. In addition, AB 110 clarifies that CDSS must also review the increase for compliance with state law. The rate increases will go into effect on the first day of the month after the month that final approval by the state is granted. Counties should keep in mind that the state approval process can take up to 60 days. A request to change the Public Authority rate

must be made at least 60 calendar days, but not more than 90 calendar days, prior to the requested effective date of the change.

If the economic terms of the contract are not approved by the state, the county is required to pay the entire nonfederal share of the cost of the new increase in wages, benefits and taxes. Most counties have included language in their labor contracts to ensure that if the state does not approve the rates or other economic terms, the county is not required to implement the related rate increase(s). Counties may wish to consider this issue when negotiating contracts.

State Financial Participation in Wages and Benefits

Under the provisions of SB 90/AB 130, there are a few variables that determine the amount of state financial participation in IHSS provider wages and benefits. The state will participate in 65 percent of the nonfederal share of costs of wages and health benefits up to \$12.10 per hour, which is the current state participation cap. Once the state minimum wage increases to \$12.00 per hour, the cap on state participation will rise to \$13.10 per hour, \$1.10 above the increased state minimum wage. It will continue to rise to \$1.10 above the increased state minimum wage for subsequent increases in the state minimum wage. It's important to remember that the sum of the hourly wage plus the amount of the hourly rate for health benefits establishes the total amount that determines the level of state financial participation. For example, if a county has a provider wage of \$11.60 per hour and provides health benefits of \$0.50 per hour, then the county would be at the state participation cap. Counties will pay the entire nonfederal share of costs for any wage or benefit increase that is above this cap. However, there is a new provision that will allow limited state participation above this cap and that is detailed below in the *State Participation above the Cap* section.

MOE Adjustment for Wage and Health Benefit Increases

The County IHSS MOE will be adjusted for the annualized cost of increases in provider wages or health benefits that are locally negotiated, mediated or imposed on or after July 1, 2017, including those increases that result from being adopted by a local ordinance. The MOE adjustment shall reflect the County's share of costs for the wage increases, 35 percent of the nonfederal share up to the state participation cap and 100 percent of the nonfederal share for amounts above the cap. The annualized MOE adjustment will be calculated based on the county's 2017-18 paid IHSS hours and the appropriate cost-sharing ratio that results from the inflation factors that have occurred to that point. The Department of Finance is required to consult with CSAC on the process for these MOE adjustments and those discussions are in progress.

Wage Supplement

A new tool available to counties is the ability to negotiate a wage supplement, which is a specified amount that is in addition to the county provider wage. When a wage supplement is first negotiated and applied, there is a one-time adjustment to the County IHSS MOE for the amount of the wage supplement. The annual inflation factor will apply to any MOE adjustments. For subsequent applications of the wage supplement, there is no adjustment to the County IHSS MOE. The state participation in the nonfederal costs of the wage supplement depends on where the county's wage is in relation to the state participation cap and if the county is using another tool to garner state participation above the cap. See the *County Implications* section for more information.

The recent IHSS clean-up bill, AB 110, outlines how the subsequent applications of the wage supplement will work. AB 110 specifies that a wage supplement will be subsequently applied when the state minimum wage equals or exceeds the county provider wage absent the wage

supplement amount. This is consistent with how CSAC, CWDA, and CAPA understood the wage supplement would work and with our advocacy efforts during implementation. AB 110 also outlines that a wage supplement must be added to the highest wage paid in the county since June 30, 2017. Finally, it provides an exception to these provisions for those agreements submitted to CDSS prior to January 1, 2018.

As an example of how the subsequent applications of the wage supplement will work, if a county's provider wage is \$11.75 per hour and the county negotiates a \$0.50 wage supplement, the amount the IHSS provider is paid would increase to \$12.25 per hour (\$11.75 provider wage plus \$0.50 supplement) and there would be a one-time MOE adjustment. When the minimum wage increases to \$12.00 per hour, it passes the provider wage absent the wage supplement of \$11.75 per hour and the wage supplement would be subsequently applied, bringing the total wage to \$12.50 per hour (\$12.00 provider wage from new minimum wage plus \$0.50 supplement). There would be no MOE adjustment for this subsequent application of the wage supplement. It is important to note that the wage supplement does not maintain a specific difference between state minimum wage and what the IHSS provider is paid. Rather, it is a set amount that is applied whenever the state minimum wage equals or exceeds the provider wage absent the supplement amount. See the *County Implications* section for tables demonstrating how the wage supplement works.

State Participation above the Cap (10 Percent Over Three Years)

There is a new tool available to allow the state to participate in the nonfederal share of costs of a wage increase for counties that are above the state participation cap, currently at \$12.10 per hour and rising to \$1.10 per hour above the state minimum wage after the minimum wage increases to \$12.00 per hour and for subsequent minimum wage increases. The state will participate in a cumulative total of up to a 10 percent increase in the sum of the combined total of changes in wages or health benefits, or both over a three-year period. For example, if a county's provider wage is \$12.50 per hour and benefits are \$0.50 per hour, the total wages and benefits are \$13.00 per hour. This means the county could secure state participation in up to a \$1.30 increase over three years. State participation will be at the sharing ratio of 65 percent of the nonfederal share. The state will participate in the nonfederal costs of provider wage and/or health benefit increases provided during no more than two, three-year periods. After that point, for any subsequent provider wages and health benefit increases provided by the county, the county will pay the entire nonfederal share. The second three-year period must begin after the first three-year period has ended. In addition, a 10 percent increase above the state participation cap is required to begin prior to January 1, 2022, when state minimum wage reaches \$15.00 per hour. The County IHSS MOE will be adjusted based on the 35 percent county share of the nonfederal cost in the wage increase, for up to a 10 percent increase over three years, and 100 percent of the nonfederal share of costs of the provider wages and health benefit provided above that 10 percent amount. When submitting a rate increase for approval, counties must specify and select that they are utilizing this tool to secure state participation above the cap. Counties are able to utilize this tool in conjunction with the wage supplement to secure state participation in part or all of a wage supplement that is above the cap. See the *County Implications* section for more information.

County Implications

All counties are eligible to negotiate a wage supplement. All counties that have individual provider wages and health benefits currently equal to or above the state participation cap or that increase to an amount equal to or above the cap, are eligible to utilize the 10 percent over three years state participation provision. Counties are also able to utilize the wage supplement in conjunction with the 10 percent over three years provision to secure state participation in a

wage supplement above the state participation cap up to that 10 percent amount. The fiscal impacts and practical implications of these two new tools differ depending on the county's provider wage and health benefits. The below section describes the options and considerations for counties depending on how their county provider wage and health benefits relates to the minimum wage and the state participation cap.

Counties at state minimum wage

The state will participate in the nonfederal costs of the wage supplement at the state-county sharing ratio of 65/35 up to the point that the wage supplement takes the county's combined provider wages and health benefits above the state participation cap. The one-time adjustment to the MOE shall be equal to 35 percent of the nonfederal share of costs. For counties currently at the state minimum wage, negotiating a wage supplement can be an effective tool for potentially securing a provider wage that is a set amount above the minimum wage and will continue to stay that amount above the minimum wage as minimum wage increases. For example, if a county negotiates a \$0.50 supplement, then the amount the IHSS provider is paid would increase to \$11.50 per hour (\$11.00 provider wage plus \$0.50 supplement) with the one-time MOE adjustment at 35 percent county share. When the state minimum wage increases to \$12.00 per hour, there would be a subsequent application of the wage supplement as it passes the \$11.00 provider wage absent the supplement and the overall county wage would increase to \$12.50 (\$12.00 provider wage plus \$0.50 supplement) with no MOE adjustment for the subsequent application of the wage supplement. This would occur again when the minimum wage increases to \$13.00 per hour. This example is shown below.

	1/1/2018	1/1/2019	1/1/2020	1/1/2021
State minimum wage	\$11.00	\$12.00	\$13.00	\$14.00
County Provider Wage	\$11.00	\$12.00	\$13.00	\$14.00
Wage supplement	\$0.50	\$0.50	\$0.50	\$0.50
Total amount IHSS provider is paid	\$11.50	\$12.50	\$13.50	\$14.50

Counties above minimum wage and below the state participation cap

For these counties, the state will participate in the nonfederal costs of the wage supplement and the one-time MOE adjustment at the state-county sharing ratio of 65/35 up to the point that the wage supplement takes the county's combined provider wages and health benefits above the state participation cap. For example, if a county's provider wage is \$11.75 per hour and the county negotiates a \$0.50 supplement, then the overall wage would increase to \$12.25 per hour (\$11.75 provider wage plus \$0.50 supplement) with the one-time MOE adjustment. The \$0.50 wage supplement would be subsequently applied when the state minimum wage reaches \$12.00 per hour, passing the provider wage absent the supplement of \$11.75 per hour. When the minimum wage reaches \$13.00 per hour, the wage supplement would be subsequently applied again. This example is shown below.

	1/1/2018	1/1/2019	1/1/2020	1/1/2021
State minimum wage	\$11.00	\$12.00	\$13.00	\$14.00
County Provider Wage	\$11.75	\$12.00	\$13.00	\$14.00
Wage supplement	\$0.50	\$0.50	\$0.50	\$0.50
Total amount IHSS provider is paid	\$12.25	\$12.50	\$13.50	\$14.50

Once a county's combined provider wage and health benefits is equal to or above the state participation cap, the county is responsible for the entire nonfederal share of cost for increases above that amount. If the wage supplement takes the county's combined provider wage and

health benefits above the state participation cap, the county is responsible for the entire nonfederal share of cost for the amount of the wage supplement that is above the state participation cap. However, these counties would now be able to utilize the 10 percent over three years provision. Counties can utilize this tool in conjunction with the wage supplement to secure state participation in that amount. For these counties, if the wage supplement goes above the state participation cap, but is an amount that is within the 10 percent range, counties are able to use these tools together to secure state participation. This provision can also be used for a standalone wage increase that secures state participation in an amount up to 10 percent over three years.

Counties at or above the state participation cap

The new 10 percent over three years provision provides a specific new tool for these counties. Prior to this provision, the state did not participate in any of the nonfederal costs of a provider wage or health benefit that was above the state participation cap. These counties will now be able to secure 65 percent state participation in a cumulative total of up to a 10 percent increase in the sum of the combined total of changes in wages or health benefits, or both over a three-year period. Counties can use this tool for a standalone wage increase. For example, if a county’s provider wage is \$12.50 per hour and benefits are \$0.50 per hour, the total wages and benefits are at \$13.00 per hour. This means the county could secure state participation in up to a \$1.30 increase over three years.

These counties are also eligible to negotiate a wage supplement. However, the cost of the wage supplement and the one-time MOE adjustment will be at 100 percent county share of the nonfederal share unless the county also utilizes the 10 percent over three years provision. For example, if a county’s provider wage is \$12.50 per hour with benefits of \$0.30 per hour and the county negotiates a \$1.00 supplement, then the total amount the IHSS provider is paid would increase to \$13.50 per hour (\$12.50 provider wage plus \$1.00 supplement). If the county utilizes the 10 percent over three years provision in conjunction with this wage supplement, then there would be a one-time MOE adjustment at 35 percent county share as this supplement falls within the 10 percent amount of \$1.28 (10 percent of the total \$12.80 in provider wages and health benefits). The \$1.00 wage supplement would not apply again until the state minimum wage increases to \$13.00 per hour and passes the county’s provider wage absent the wage supplement of \$12.50 per hour. At that point, the overall wage would go to \$14.00 per hour (\$13.00 county provider wage plus \$1.00 supplement) with no MOE adjustment for the subsequent application of the \$1.00 supplement. This example is shown below.

	1/1/2018	1/1/2019	1/1/2020	1/1/2021
State minimum wage	\$11.00	\$12.00	\$13.00	\$14.00
County Provider Wage	\$12.50	\$12.50	\$13.00	\$14.00
Wage supplement	\$1.00	\$1.00	\$1.00	\$1.00
Total amount IHSS provider is paid	\$13.50	\$13.50	\$14.00	\$15.00

County Bargaining Options

The below table describes the options for counties depending on their current wage and the availability of state participation for each of those options. All references to county share of costs are to the nonfederal share.

	Traditional Bargaining	Wage Supplement	10 Percent over Three Years
Counties at minimum wage	MOE adjusted at 35% county share up to the point that county provider wage & health benefits goes above the state participation cap, then MOE adjusted at 100% county share for the remaining amount	Wage supplement added on top of county base wage and MOE adjusted one-time at 35% county share; No MOE adjustment for subsequent applications of wage supplement If wage supplement takes overall county wage and benefits above the state participation cap, then amount above the cap is at 100% county share or the county can utilize the 10 percent over three years provision to secure state participation in this amount; see below for more details	n/a until the county provider wage & health benefits reaches the state participation cap; see below for more details
Counties above minimum wage and below the state participation cap	MOE adjusted at 35% county share up to the point that county provider wage & health benefits goes above the state participation cap, then MOE adjusted at 100% county share for the remaining amount	Wage supplement added on top of county base wage and MOE adjusted one-time at 35% county share; No MOE adjustment for subsequent applications of wage supplement If wage supplement takes overall county wage and benefits above the state participation cap, then amount above the cap is at 100% county share or the county can utilize the 10 percent over three years provision to secure state participation in this amount; see below for more details	n/a until the county provider wage & health benefits reaches the state participation cap; see below for more details
Counties at or above the state participation cap	MOE adjusted at 100% county share	Wage supplement added on top of county provider wage and MOE adjusted one-time at 100% county share; No MOE adjustment for subsequent applications of wage supplement If county utilizes 10 percent over three years in conjunction with wage supplement, then wage supplement added on top of county provider wage and MOE adjusted one-time at 35% county share up to the 10 percent amount and 100% county share for any amount above that 10 percent; No MOE adjustment for subsequent applications of wage supplement	MOE adjusted at 35% county share up to a 10 percent increase of the county provider wage and benefits over a three year period; any increase above the 10 percent amount is at 100% county share

Procedures to Resolve Differences in Collective Bargaining

The new statute also contains special procedures to help the parties reach agreement on a new Memorandum of Understanding (MOU). After January 1, 2018, either the Public Authority or the union representing IHSS workers may request mediation to be conducted by State Mediation & Conciliation Services, which is a division of the Public Employment Relations Board (PERB). Mediators have no authority to impose a settlement, but can be useful in helping the parties look at the problem from a new perspective and find common ground. Unlike the Meyers-Milias-Brown Act, mediation is required if only one party initiates the request; neither the employer nor the union can block mediation. State Mediation & Conciliation Services will designate a pool of no more than five qualified individuals with relevant subject matter expertise, priority given to IHSS expertise, to serve as mediators or on a factfinding panel. The mediation shall take place within 15 business days from when it was requested. If there is no agreement on a mediator, State Mediation & Conciliation Services will appoint one from the pool.

If no agreement is reached through mediation, then the parties will move to factfinding. It is also possible to bypass mediation and move directly to factfinding if both parties agree. With the assistance of State Mediation & Conciliation Services, a factfinding panel is appointed which reviews both parties' proposals, holds hearings and ultimately recommends a settlement. The factfinding panel must recommend advisory terms of settlement within 30 days after being appointed by State Mediation & Conciliation Services. Either party may then request post-factfinding mediation, which shall take place within 15 days. The findings of fact and recommended settlement terms will not be made public until mediation has finished.

When the services of a mediator or factfinding panel are utilized, the costs will be split equally between the parties. Timelines can be extended if there are no individuals available to serve as mediators or on a factfinding panel.

Attachment Three

Memo: Health and Human Services Legislative Update



May 3, 2018

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To: Members of the Health and Human Services Policy Committee

From: Farrah McDaid Ting, Legislative Representative, Health and Behavioral Health
Justin Garrett, Legislative Representative, Human Services
Elizabeth Marsolais, Legislative Analyst, Health and Human Services

RE: Health and Human Services Legislative Update

Background. There are several important legislative deadlines coming up in the next few months as the Legislature heads towards its summer recess that begins on July 6. The Appropriations Committees will hold their Suspense File hearings prior to the May 25 fiscal committee deadline in the first house. Due to cost concerns, many bills get held in the Appropriations Committees or significantly amended at that time. All bills must be passed by their house of origin by the June 1 deadline. Any bills that fail to meet these deadlines will not proceed in the legislative process, unless they are the subject of rule waivers. CSAC staff is engaging on a wide range of legislative issues, such as homelessness, child welfare services, sober living homes, and more. A more detailed discussion of bills on key topics of interest to the Policy Committee is below.

Conservatorship Issues. Interest in conservatorship issues is high in the Legislature this year, as policymakers and counties seek solutions for those living without shelter who may not be able to care for themselves. CSAC is working to gain clarification on each of the current conservatorship proposals with an eye on the potential fiscal impacts for counties.

Conservatorship activities are funded in a variety of ways, but since the responsibility to provide these services is not mandated by the state, the fiscal impacts may ultimately be borne by each county's General Fund. Conservatorship activities are handled by each county's Public Guardian (PG) or Public Conservator (PC), but the location and organization of each PG/PA office varies across the state. The proposals in the Legislature take a variety of approaches, but most seek to make it easier to conserve people under the state's Lanterman-Petris-Short Act (LPS Act). A person can be conserved for a year if a PG/PC recommends and a court agrees that they are gravely disabled due to mental illness. The county conservator is responsible for the conservatee's care and protection, housing, and health care, including involuntary mental health treatment.

Besides the county cost for conservatorship activities, the lack of placement options for conservatees remains a top issue and is closely tied with the overall lack of housing for at-risk populations in the state. This supply issue is not addressed by any of the current conservatorship proposals. CSAC is working on a comprehensive housing proposal in response to the homelessness crisis, but creating secure and affordable placement options for conservatees will likely be a longer-term effort.

CSAC is committed to working with counties and legislators on each of the conservatorship measures outlined below:

- **AB 1971 (Santiago)** is sponsored by the Los Angeles County Board of Supervisors, and would amend the LPS Act by expanding the current statutory definition of gravely disabled to include a physical health condition. This would allow a county to conserve a person who refuses to seek medical care despite being at risk of harm or death. At the time of this writing, AB 1971 has

been referred to the Assembly Appropriations Committee, but has not yet been set for hearing. CSAC Position: Pending

- **AB 2156 (Chen)** was materially similar to AB 1971 above. Assembly Member Chen has agreed to merge his AB 2156 with AB 1971. CSAC Position: Pending
- **AB 2236 (Maienschein)** would clarify that a conservatorship continues until terminated by the death of the conservatee. At the time of this writing, it has passed the Assembly and been referred to the Senate Judiciary Committee. CSAC Position: Watch
- **SB 931 (Hertzberg)** is sponsored by the Los Angeles District Attorney's Office. It seeks to clarify that a county conservatorship investigator may begin investigations while a person is in custody in a county jail, which simply affirms what is current law. The CSAC Administration of Justice team has taken a support position on the measure. At the time of this writing, SB 931 has passed the Senate and is awaiting assignment to a committee in the Assembly. CSAC Position: Support
- **SB 1011 (Roth)** would require a petition to establish a limited conservatorship for a person with developmental disabilities to be supported by separately filed additional information that specifies whether a proposed conservatee has received certain kinds of social and educational services. At the time of this writing, the bill has not yet been heard in the Senate Judiciary Committee. CSAC Position: Pending
- **SB 1045 (Weiner)** is sponsored by the San Francisco Mayor's office. It was amended on May 1 to broaden the scope of who can be conserved, including those with substance use disorders, and to make it optional for counties to join. CSAC is continuing to engage with the author as the bill takes shape. At the time of this writing, SB 1045 has been referred to the Senate Appropriations Committee. CSAC Position: Pending
- **SB 1095 (Anderson)** would delete a restriction on the court's ability to order certain revocation matters to the public guardian, thereby increasing the workload of county PGs and PCs. It was placed on the Senate Appropriations Committee's Suspense File on April 30. CSAC Position: Watch

Homelessness. The Legislature is discussing several proposals related to homelessness and strategies for addressing California's homelessness crisis. For more details on these proposals and how CSAC is engaging with the state on issues related to homelessness, please see the agenda item on County Homelessness Funding and Surrounding Issues.

Mental Health Services Act. The Legislature's interest in Mental Health Services Act (MHSA) funding and programs continues to expand, especially in light of a Bureau of State Audits (BSA) report released in March. The BSA examined the role of key state agencies in the implementation of the MHSA and examined three counties (Alameda, Riverside, and San Diego) on how they accounted for and spent the funding.

The audit found that the Department of Health Care Services (DHCS) has not provided effective direction to local mental health agencies on how to spend MHSA funds, which has impacted the ability of local mental health agencies to use MHSA funds. Additionally, the audit reports that DHCS inadequately oversees the MHSA funds received by local mental health agencies, such as not enforcing reporting deadline or establishing a guideline for reserves. The report also notes that only one of the 59 mental health agencies submitted the FY 2015-16 annual report on time, and CSAC, along with the

County Behavioral Health Directors Association (CBHDA), has been working to help resolve the reporting issues and guidance questions.

There are several active bills that touch on the MHSA, including:

- **AB 2287 (Kiley)** would require the Mental Health Services and Oversight Accountability Commission to develop a state and local government transparency and accountability strategy. At the time of this writing, AB 2287 is awaiting hearing in the Assembly Appropriations Committee. CSAC Position: Pending.
- **AB 2843 (Gloria)** would reallocate unspent MHSA revenues to cities, special districts, school districts, and other public entities. At the time of this writing, it is awaiting hearing in the Assembly Appropriations Committee. CSAC Position: Oppose.
- **SB 688 (Moorlach)** is co-sponsored by CBHDA and would increase transparency by requiring counties to submit MHSA revenue and expenditure reports in accordance with generally accepted accounting principles, including electronic readability standards. At the time of this writing, SB 688 has not yet been heard by the Senate Health Committee. CSAC Position: Pending.
- **SB 1004 (Wiener)** would establish priorities for MHSA prevention and early intervention funding, including for college students. At the time of this writing, SB 1004 has not yet been heard by the Senate Appropriations Committee. CSAC Position: Concerns.
- **SB 1206 (De León)** would place the No Place Like Home Act of 2018 on the November statewide ballot. CSAC supported the No Place Like Home program in 2016, which would divert some MHSA funding into a competitive grant program to assist counties in building permanent supportive housing for those living with mental illness. At the time of this writing, SB 1206 is awaiting a hearing in the Senate Appropriations Committee. CSAC Position: Support.

Other Bills of Interest. In addition to the above policy areas with numerous legislative proposals, CSAC is engaging on many bills across the range of health and human services issues. Below are descriptions of a few of these bills of interest.

- **AB 2043 (Arambula)** would establish a Family Urgent Response System to provide immediate response to current or former foster youth and their caregivers in times of emotional crisis. CSAC is supporting this bill, which is co-sponsored by the County Welfare Directors Association (CWDA), CBHDA, and Children Now. AB 2043 is awaiting hearing in the Assembly Appropriations Committee. CSAC Position: Support.
- **AB 3224 (Thurmond)** would codify in state law that eligibility determinations for Medi-Cal, CalWORKs, and CalFresh must be conducted by county merit or civil service employees. CSAC has adopted a neutral position on this bill. AB 3224 is consistent with how counties operate, but CSAC does not think the bill is necessary given that it simply places in statute an existing practice that is not at risk of changing. In addition, CSAC would oppose any expansion of this bill to impact services beyond eligibility determinations. AB 3224 was passed by the Assembly on April 30 and will now be considered by the Senate. CSAC Position: Neutral.

Attachment:

Fact Sheet: Mental Health Services Act – The State Could Better Ensure the Effective Use of Mental Health Services Act Funding

Additional Material:

Bureau of State Audits Report: “Mental Health Services Act – The State Could Better Ensure the Effective Use of Mental Health Services Act Funding” (February 27, 2018):
<https://www.bsa.ca.gov/pdfs/reports/2017-117.pdf>

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Attachment Four

Fact Sheet: Mental Health Services Act – The State Could Better Ensure the Effective Use of Mental Health Services Act Funding



Mental Health Services Act

The State Could Better Ensure the Effective Use of Mental Health Services Act Funding

Background

To provide effective services and treatment for those who suffer from mental illness or who are at risk of mental illness, in 2004 California voters approved Proposition 63—the Mental Health Services Act (MHSA). The act imposes a 1 percent income tax on individuals earning more than \$1 million a year in order to expand existing mental health programs and services at the local level. In fiscal year 2015–16, the MHSA generated \$1.5 billion, of which the State allocated \$1.4 billion to the 59 county and local mental health agencies (local mental health agencies). We evaluated how two state entities, the Department of Health Care Services (Health Care Services) and the Mental Health Services Oversight and Accountability Commission (Oversight Commission), oversee MHSA funding. We also assessed how three local mental health agencies—Alameda, Riverside, and San Diego counties—monitor projects that they support with MHSA funding.

Key Recommendations

- Health Care Services should do the following:
 - » Ensure that local mental health agencies spend MHSA funds in a timely manner by implementing policies and processes to reallocate any MHSA funds that are unspent within the statutory time frames, clarify that the interest earned on unspent MHSA funds is subject to reversion requirements, and establish an acceptable MHSA reserve level.
 - » Regularly analyze fund balances to identify excess fund balances and distribute those funds accordingly.
 - » Implement fiscal and program oversight of local mental health agencies.
- The Oversight Commission should continue discussions on innovative approaches to meeting requirements of the MHSA, complete internal program review processes, and establish statewide outcome metrics.

Key Findings

- Health Care Services has not provided effective direction to local mental health agencies on how to spend MHSA funds.
 - » It has not developed a process for recovering MHSA funds from local mental health agencies after time frames for spending the funds have elapsed—agencies maintain excessive MHSA reserves and have accumulated \$2.5 billion in unspent funds as of fiscal year 2015–16 of which they should have returned over \$230 million to be redistributed to agencies.
 - » There is no guidance in how local mental health agencies should treat interest they earn on MHSA funds and thus, agencies accumulated over \$80 million in interest on unspent MHSA funds. Also, the three agencies we visited did not have policies on how to spend interest earned.
 - » Because it has not required local mental health agencies to adhere to a standard reserve level, agencies hold reserves of MHSA funds—\$535 million as of fiscal year 2015–16.
 - » Although it knew of a \$225 million fund balance in the state Mental Health Services Fund, it had not determined whether the balance was owed to local mental health agencies or was an accounting error.
- Health Care Services inadequately oversees the MHSA funds that local mental health agencies receive.
 - » It has not enforced reporting deadlines—only one of the 59 agencies submitted its fiscal year 2015–16 annual report on time.
 - » Although it developed a fiscal audit process in 2014, its audits focus on data and processes that are at least seven years old, and has yet to develop regulations to allow agencies to appeal findings.
- Although the Oversight Commission is implementing processes to evaluate the effectiveness of MHSA-funding programs, it still needs to develop guidance on the Innovation program approval process, complete an internal process for reviewing reports to ensure data is reliable and timely, and develop metrics to evaluate the outcome of the triage grants on a statewide level.

Attachment Five

Memo: Governor's 2018-19 May Revision



May 3, 2018

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To: Members of the Health and Human Services Policy Committee

From: Farrah McDaid Ting, Legislative Representative, Health and Behavioral Health
Justin Garrett, Legislative Representative, Human Services
Elizabeth Marsolais, Legislative Analyst, Health and Human Services

RE: **Governor's 2018-19 May Revision**

The Governor's May Revision to the January Budget proposal is anticipated to be released in the days prior to the policy committee meeting. The CSAC HHS Team is lobbying a number of HHS-related budget issues and we include descriptions below, along with a chart outlining CSAC's efforts.

All of the budget proposals were heard and held open by the relevant budget subcommittees in the spring. The final outcome for them will depend on updates in the May Revision, action by the budget committees in the coming weeks, and final negotiations with the Administration. At the HHS Policy Committee meeting, staff will provide the committee with an update on health and human services budget issues, as well as CSAC budget priorities, based on the May Revision.

Homelessness. Legislators are focusing on homelessness issues like never before, which comes as a relief to local governments, which have been grappling with this critical issue for years now. With the increased focus on this issue and the significant state surplus, now is the time for a state investment to support local efforts. CSAC is advocating for a comprehensive package to invest in affordable housing and combat homelessness in our communities.

A detailed description of the different elements of the CSAC homelessness proposal is contained in the memo for the County Homelessness Funding and Surrounding Issues agenda item. Overall, the county budget request is for \$1.3 billion and would include funding for jump starting No Place Like Home funding that will be used for permanent supportive housing, building new affordable units, and providing targeted investments for specific populations including seniors, survivors of domestic violence, youth, and residents affected by natural disasters.

Continuum of Care Reform. CSAC is supporting several proposals related to continued implementation of Continuum of Care Reform (CCR). The CCR effort enacted significant changes in the child welfare program that are intended to reduce the use of congregate care, increase the availability of trauma-informed services, and improve outcomes for foster youth.

The primary CCR-related budget ask CSAC is supporting is for additional funding for increased county workload to implement these reforms. Specifically, CSAC, in partnership with the County Welfare Directors Association (CWDA) and the Service Employees International Union (SEIU), is requesting \$54.8 million State General Funds in 2018-19 to fund implementation activities required of county social workers to clear long backlogs in the Resource Family Approval (RFA) process, support these caregivers through the Level of Care rate setting process, and support individual child and youth assessments to promote positive outcomes.

Another significant proposal that CSAC is engaging on relates to the new RFA process. This process is designed to better prepare foster parents for caring for abused and neglected children and youth, but

features increased requirements which have increased the length of time it takes for families to be approved to care for foster children. As relative caregivers and non-related extended family members caring for children are not eligible for payments until they are approved, this has placed a financial burden on those families who are caring for children for a significant length of time while they are waiting for approval under the new system. CSAC supported a temporary fix and funding for this issue that was adopted through AB 110 earlier in 2018. However, those provisions become inoperative on June 30, 2018 and there is work underway to develop a long-term solution.

In addition, we are also supporting the below CCR budget proposals:

- \$15 million State General Funds in 2018-19 and \$30 million ongoing to establish the Family Urgent Response System, which would provide foster youth and their caregivers with the immediate support they need during times of emotional crisis. This proposal is co-sponsored by CWDA, the County Behavioral Health Directors Association (CBHDA), and Children Now.
- Maintain the current level of funding for Foster Parent Retention, Recruitment, and Support (FRRS) funding, which supports resource families.
- \$8.6 million for county Mental Health Plan (MHP) implementation of CCR including participation in Child and Family Teams (CFTs), mental health assessments for youth prior to placement in Short Term Residential Therapeutic Programs (STRTPs), and CCR training.
- \$7.5 million for a foster youth development and diversion proposal that would provide training and programs to help keep vulnerable youth out of the justice system.

IHSS Administration Funding. The 2017-18 budget included a provision that required the Department of Finance to work with counties to develop a new methodology for calculating county costs to administer the IHSS program. The January budget proposal included a proposed state General Fund commitment for IHSS Administration based on a new methodology. This funding amount was offset by the elimination of one-time funding, with the net result of nearly flat funding with the current year. While significant progress was made through the end of last year on revising this methodology, the work was not complete and further discussion was still needed. In partnership with CWDA and the California Association of Public Authorities (CAPA), CSAC is engaging in ongoing conversations to develop new budgeting methodologies and advocate for the appropriate amount of funding for county administration and Public Authority administration of the IHSS program.

In addition to the administration funding issue, CSAC is also supporting two other IHSS-related items in the 2018-19 budget. First, CSAC supports providing \$2.5 million State General Funds to address the backlog of pending county priority automation changes in the IHSS automation system known as Case Management, Information and Payrolling System (CMIPS). In addition, CSAC supports a request from the California Department of Social Services (CDSS) for additional staffing resources to support implementation of the recent IHSS changes. These resources will help CDSS to produce timely official guidance to counties, as well as provide technical assistance and timely review of collective bargaining agreements that are submitted by counties.

CalWORKs Single Allocation. The California Work Opportunity and Responsibility to Kids (CalWORKs) Single Allocation is the funding that the state provides to counties to administer the CalWORKs program and funds local eligibility activities, employment and supportive services, and child care for CalWORKs recipients. The 2017-18 budget restored \$108.9 million of the proposed \$248 million cut and included a provision that required CDSS to work with CWDA to develop a new budgeting methodology. A new methodology revising the current caseload-driven budget methodology is necessary to insulate counties and beneficiaries from experiencing huge swings in year-to-year funding levels.

The overall funding level for the Single Allocation in the January budget proposal represents a \$56.5 million cut from current year funding and CSAC supports restoration of this proposed cut. While good progress has been made, the required budgeting methodology conversations are not yet completed. Restoring the proposed cut will ensure funding stability and allow time for the continued methodology discussions with the Brown Administration. Counties are already experiencing service reductions and staffing reductions due to cuts from prior years and an additional cut will exacerbate those reductions. In addition, it will leave counties unprepared for the next recession, when there will be increased demand for CalWORKs.

There is one additional CalWORKs item that CSAC is engaging on in the budget. CSAC supports a proposal for \$3.5 million State General Funds to provide education support payments to youth in CalWORKs households upon graduation from high school.

Medi-Cal Administration Funding. The January budget proposal outlined a new methodology for county costs to administer the Medi-Cal program. This methodology includes an annual cost of living adjustment and would result in increased funding of \$54.8 million in 2018-19. CSAC supports this methodology and the additional funding it provides in 2018-19. CSAC staff has concerns with a proposal to end the reallocation of unspent funds, which would eliminate the flexibility to ensure that this funding is appropriately distributed among counties. This reallocation is critical for counties and CSAC will advocate for maintaining this flexibility in ongoing discussions to address this issue.

County Child Support Programs. CSAC supports a proposal from a number of counties to provide \$42.8 million State General Fund to those counties with historically underfunded child support programs. The child support program provides essential services to families by helping them obtain child support payments, which can often lead to individuals becoming self-sufficient and help to address the significant poverty issues in these counties. The allocation formula for county child support programs was established in 2002 and is based on the amount the county District Attorney's office had previously funded, as opposed to caseload, performance, or other considerations. This has led to significant variations in the amount of funding between counties. While there remains a critical need to address the overall distribution among counties and statewide funding levels, providing the \$42.8 million can bring the 14 historically underfunded counties up to minimum levels.

340B Prescription Drug Program. The Governor, along with the Department of Health Care Services, is proposing to discontinue the state's administration of the federal Medicaid 340B Drug Pricing program, a move that could increase costs for some county public hospitals, health clinics, and even jails.

The 340B program allows health entities, such as public hospitals, to purchase specific prescription medications in bulk and with special pricing. The reimbursement process is handled by DHCS, which last year discovered irregularities in some of the contracting for 340B drugs and pricing. This resulted in the state owing several million dollars to the federal government.

Because of some of these administrative issues and concern over the complexity of the program, the Governor proposed in January to end the program starting July 1, 2019. CSAC is continuing to work with county affiliates and other stakeholders on this issue and is seeking a solution to allow continued county participation in this cost-saving program.

Health and Human Services Budget Issues. The below chart contains a snapshot of all of the above described budget issues that the Health and Human Services team is engaging on for the 2018-19 budget. Taken together, these budget requests call for state investments of \$1.3 billion to combat homelessness and several hundred million dollars to support implementation, administration and new program initiatives for critical health and human services programs at the county level.

Budget Issue	Amount of Funding or Specific Ask
Homelessness Package – <ul style="list-style-type: none"> • Building affordable housing • Jump start No Place Like Home • Youth (two separate proposals) • Survivors of domestic violence • Residents affected by natural disasters • Chronically homeless • Housing subsidies/vouchers • Landlord liaison program • Seniors (Home Safe proposal) 	\$1.3 billion total <ul style="list-style-type: none"> • \$700 million • \$300 million • \$50 million/\$60 million • \$50 million • \$25 million • \$15 million
Continuum of Care Reform <ul style="list-style-type: none"> • County social worker implementation • Payments at time of placement • Family Urgent Response System • Foster Parent Retention, Recruitment, and Support • County Mental Health Plan (MHP) implementation • Foster youth development and diversion 	<ul style="list-style-type: none"> • \$54.8 million • TBD • \$15 million (2018-19) • TBD • \$8.6 million • \$7.5 million
In-Home Supportive Services <ul style="list-style-type: none"> • County and Public Authority Administration • CMIPS backlog • CDSS staffing 	<ul style="list-style-type: none"> • TBD • \$2.5 million • TBD
CalWORKs <ul style="list-style-type: none"> • Restoration of Single Allocation • Youth education support payments 	<ul style="list-style-type: none"> • \$56.5 million • \$3.5 million
Medi-Cal Administration	Support new methodology and maintain flexibility to reallocate unspent funds
County Child Support Programs	Provide \$42.8 million to 14 historically underfunded counties
340B Prescription Drug Program	Reject Administration’s proposal and engage stakeholders on a solution

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Attachment Six

Memo: County Homelessness Funding and Surrounding Issues



May 3, 2018

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To: Members of the Health and Human Services Policy Committee

From: Farrah McDaid Ting, Legislative Representative, Health and Behavioral Health
Justin Garrett, Legislative Representative, Human Services
Elizabeth Marsolais, Legislative Analyst, Health and Human Services

RE: County Homelessness Funding and Surrounding Issues

Background. Affordable housing and homelessness issues are the number one priority for counties. Around the state, counties are not only working to address the growing number of homeless individuals in parks, on the streets, and along our rivers, but also to prevent homelessness in one of the most expensive states in the nation. California’s significant supply and demand problem when it comes to affordable housing is a substantial contributing factor to homelessness. Right now, 2.2 million extremely low-income and very low-income renter households are competing for only 664,000 affordable rental units.

However, providing more affordable housing is not the only solution. Counties, as partners of the state in administering critical human services, health, and behavioral health services, also recognize the key role of integrated services and supports for the range of populations who are homeless or facing homelessness. Counties have experience with groundbreaking programs such as the Housing Support Program in CalWORKs and Whole Person Care – programs developed by counties to encourage rapid rehousing and provide integrated case management for individuals who are living with a complex mix of health and behavioral health diagnoses.

County Homelessness Budget Proposal. Given the scope of the crisis, counties are in need of additional resources from the state to address the issue of homelessness in their communities. In this spirit, CSAC, along with the County Welfare Directors Association of California (CWDA) and the Urban Counties of California (UCC), developed a \$1.3 billion [comprehensive package](#) to invest State General Fund dollars in affordable housing and combat homelessness in communities across California. The comprehensive package will help create over 10,000 affordable housing units and provide wide-ranging services to Californians who have lost shelter or are on the verge of becoming homeless. The specific requests from the budget letter are below. For additional details, please see the attached copy of the budget letter.

- Jump start the No Place Like Home program with at least \$300 million
- Build new affordable rental units with a one-time allocation of \$700 million to the Multifamily Housing Program within the Department of Housing and Community Development
- Provide counties \$25 million in housing subsidies and/or vouchers to be administered at the county level for extremely low income persons
- Provide counties \$25 million in grant funding for a landlord outreach and liaison program
- Provide \$15 million for Home Safe, a homelessness prevention program for victims of elder and dependent adult abuse and neglect
- Provide \$50 million to a new Domestic and Sexual Violence Prevention Complementary Services Fund

- Provide \$25 million for grants to assist with data management, personnel, and case management services to counties to address the chronically homeless population
- Provide \$50 million to create additional housing opportunities for homeless youth
- Provide \$25 million to address housing impacts for thousands of residents affected by disasters

CSAC Regional Meeting. Additionally, CSAC recently hosted a regional meeting in the Inland Empire to bring counties together to discuss innovative solutions to combat homelessness in Southern California. At the most recent regional meeting in March, Los Angeles, San Bernardino, and Orange Counties discussed their efforts to combat homelessness. The counties discussed emergency preparedness and disaster response on homelessness; homeless outreach teams; the public health aspects of homelessness; and how counties create comprehensive provider networks for coordinating homeless services.

Attendees heard from a wide range of speakers on these issues. Susan Price, the Director of Care Coordination for Orange County, explained to the group how Orange County is addressing short- and long-term problems surrounding homelessness. Additionally, the group heard from Christy Madden, the Senior Deputy Executive Officer for Ventura County, on tools and principles of performance-based funding strategies related to projects that support reentry.

Joint Homelessness Taskforce. Learning from other local governments has been key to the Joint Homelessness Task Force that CSAC and the League of California Cities (LCC) created last year to work on homelessness. In February, the joint task force released a report that focuses on solutions that cities and counties can implement to help address the growing issue of homelessness. The HHS Policy Committee heard a presentation on the report during its March call. The [report is designed as a toolkit](#) for cities and counties. Specifically, the report:

- Highlights funding sources local governments are using to address homelessness
- Contains valuable information as to how to create a comprehensive homeless plan
- Lays out best practices and promising practices that local governments are using to address homelessness

Two additional all-day workshops are being planned on the results of the report. CSAC staff will keep the HHS Policy Committee updated on the dates and locations of those events.

Legislative Proposals. The legislature is also engaging on homelessness. There is a wide range of proposals before the Legislature, including placing the No Place Like Home Program on the November 2018 ballot for voter approval and standalone funding requests.

Comprehensive Package. Senate Bill 912 by Senator Jim Beall would provide \$2 billion for homelessness and target the funding to many of the same elements identified in the county homelessness budget proposal. CSAC, along with UCC, the Rural County Representatives of California (RCRC), the County Behavioral Health Directors Association (CBHDA), and CWDA support SB 912, which will be heard by the Senate Appropriations Committee on May 7.

New Legislative Action on No Place Like Home. Senate Bill 1206 by Senator Kevin De León was amended in April to place a measure on the November 2018 ballot that would ask voters to approve the No Place Like Home program as a valid use of MHSA funds, among other provisions. There is ongoing litigation pending to validate No Place Like Home as a valid use of Mental Health Services Act (MHSA) Funds.

The use of a ballot measure to affirm the use of MHSA funds in the No Place Like Home program is an alternate way to proceed from the pending validation litigation. CSAC, along with county partners, will engage on this measure and provide additional information as it becomes available.

HCD's Preliminary Plan to Distribute First Year SB 2 Homeless Funding. The Department of Housing and Community Development (HCD) unveiled a plan in April for distributing the first year of homelessness funding available pursuant to SB 2 (Chapter 364, Statutes of 2017) by modifying their existing Emergency Solutions Grant (ESG) program.

Department staff presented the proposal verbally in April to the Assembly Budget Subcommittee No. 4 on State Administration. The proposal would allocate first year SB 2 homelessness funds to local governments on a formula basis through each county or region's Continuum of Care (CoC).

A proposed funding formula was included in [trailer bill language](#) released by the Department of Finance earlier this year. Eligible uses for the funding would be based on a modified version of the existing ESG program. According to the HCD staff presentation, the modified program would allow local governments to use the funding for:

- Rental assistance
- 15-year capitalized operating reserves for supportive housing
- Local programs that establish flexible housing subsidy pools
- Operating support for short-term emergency solutions (e.g. navigation centers)
- Landlord incentives (e.g. providing funding to property owners willing to accept Housing Choice Vouchers while a renter is waiting for approval of their voucher)
- Homelessness planning
- Data systems

The first two quarters of funding for SB 2 are expected to be available in July and are estimated at \$129 million. The Department would modify the ESG program through a public process in advance of the funding, with a goal of putting out guidelines for a 30-day comment period on June 1. HCD testified that they would plan to issue a Notice of Funding Availability for these one-time funds by July, with funding being distributed by August.

Members of the Assembly Budget Subcommittee No. 4 seemed open to HCD's proposal and asked that accountability and outcome measures also be included. CSAC, along with UCC and CBHDA, testified that flexibility for the funding is key and that disbursing the funding to counties as soon as possible is a priority. We will continue to evaluate the HCD proposal, including any written information, once it becomes available.

Bills that Provide Funding to Only Cities. CSAC joined a coalition with other county affiliates to request that AB 3171 (Ting) and AB 3085 (Calderon) be amended to include counties as being eligible to receive funding under the bills. CSAC, UCC, RCRC, CBHDA, the County Health Executives Association of California (CHEAC), and the California State Association of Public Administrators, Public Guardians, and Public Conservators (CAPAPGPC), jointly requested that California's counties be included for Homeless Persons Services Block Grant funding in AB 3171 and AB 3085.

AB 3171 would establish the Local Homelessness Solutions Program for the purpose of providing matching funds to cities to create innovative and immediate solutions to the problems created by homelessness including, but not limited to, state and local social services and healthcare systems. The

policy committee hearing for AB 3171 was canceled at the request of the author as they work with stakeholders, including CSAC, on the proposal and pursue funding through the budget process. AB 3085 would establish the New Beginnings California Program for the purpose of providing funding to cities, continuums of care, and counties to implement or expand employment programs for homeless individuals. AB 3085 was amended on May 1 to include counties as an eligible funding entity.

Homeless Youth. In addition to the homeless youth funding request in the comprehensive budget package, CSAC is also supporting SB 918 (Wiener). This bill would create the Office of Homeless Youth within HCD to establish goals to prevent youth homelessness, improve the health and safety of youth experiencing homelessness, and increase system integration to help prevent homelessness for youth involved in the child welfare system or the juvenile justice system. In addition, SB 918 would establish \$60 million in grants for local entities to create or enhance programs to address youth homelessness. CSAC submitted a joint support letter with CWDA, CBHDA, and UCC, and is also supporting the companion budget request for this funding. SB 918 will be heard by the Senate Appropriations Committee on May 7.

Attachment:

- CSAC, CWDA, UCC Joint Letter to Governor Brown: Opportunities to Invest in Affordable Housing and Combat Homelessness (March 15, 2018)

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Attachment Seven

CSAC, CWDA, UCC Joint Letter to Governor Brown: Opportunities to Invest in Affordable Housing and Combat Homelessness (March 15, 2018)



March 15, 2018

The Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol
Sacramento, CA 95814

RE: Opportunities to Invest in Affordable Housing and Combat Homelessness

Dear Governor Brown,

The California State Association of Counties (CSAC), California Welfare Directors Association (CWDA) and Urban Counties of California (UCC), is pleased to present a comprehensive package to invest in affordable housing and combat homelessness in our communities. Affordable housing and homelessness issues are the number one priority for our members, and counties around the state are not only working to address the growing number of homeless individuals in parks, on the streets, and along our rivers, but also to prevent homelessness in one of the most expensive states in the nation.

CSAC joined with the League of California Cities in 2016 to form a first of its kind Joint Task Force on Homelessness and was pleased to release our final report on March 1, 2018 highlighting best and promising practices local governments are developing to address homelessness. The Task Force's work highlights the importance of cities and counties working together to address homelessness in our communities. Unfortunately, during that collaboration, which proved that counties and cities are both facing many of the same challenges surrounding homelessness, the number of unsheltered persons continued to rise.

California's significant supply and demand problem when it comes to affordable housing is a substantial contributing factor to homelessness. Right now, 2.2 million extremely low-income and very low-income renter households are competing for only 664,000 affordable rental units. Our comprehensive package will help create over 10,000 affordable housing units and provide wide-ranging services to Californians who have lost shelter or are on the verge of becoming homeless.

However, providing more affordable housing is not the only solution. Counties, as partners of the state in administering critical human, health, and behavioral health services, also recognize the key role of integrated services and supports for the range of populations who are homeless or facing homelessness. Our members have experience with groundbreaking programs such as the Housing Support Program in CalWORKs and Whole Person Care – programs developed by counties to encourage rapid rehousing and provide integrated case management for individuals who are living with a complex mix of health and behavioral health diagnoses.

While counties are working to address the affordable housing crisis and prevent and decrease homelessness every day, we are requesting additional assistance to combat these statewide problems. To that end, we are

proposing a comprehensive funding and policy package to address the critical need for affordable housing as well as integrated services. By working with our cities, community organizations, and the state, counties believe that it is possible to create accessible housing and comprehensive programs within our communities, and ensure that all residents have a safe place to live.

CSAC, CWDA and UCC BUDGET PROPOSALS ON HOMELESSNESS

Jump Start No Place Like Home: Counties worked closely with the Legislature in the design of the No Place Like Home Program (NPLH) in 2016. This innovative framework will incentivize counties to construct or refurbish permanent supportive housing units by using up to \$2 billion in Mental Health Services Act-backed bonds. However, the program is currently stalled by a lengthy lawsuit.

Counties are eager to provide permanent supportive housing units and the need for this type of services-based housing is at critical levels. All that is needed is the funding. CSAC is asking the Legislature and Governor to provide an augmentation of at least **\$300 million** to begin implementing NPLH. This will ensure that counties begin work on permanent supportive housing units as soon as possible. By simply taking the first step to fund NPLH now, the Legislature will ensure new supportive housing units become a reality. Based on Proposition 1C data, we estimate that this funding could support the creation of up to 3,500 supportive housing units.

Build New Affordable Rental Units: SB 2 (Atkins, 2017) will provide ongoing funding for the development of affordable homes beginning in 2019 and SB 3 (Beall, 2017) will generate \$3 billion for a variety of housing programs if approved by the voters in November 2018. Unfortunately for the growing number of rent-burdened Californians, these gains will be offset by recent federal actions. The federal tax bill immediately reduced the value of low income housing tax credits for investors, resulting in a loss of potentially hundreds of millions in tax credit equity in 2018.

California can mitigate this year's loss and get started on building new affordable homes now by making a one-time allocation of **\$700 million** to the Multifamily Housing Program within the Department of Housing and Community Development. Based on Proposition 1C data, we estimate that this single augmentation could result in the creation of up to 10,000 multifamily housing units.

Supplement SB 2 Homelessness Funding: Counties are grateful to Senate President pro Tempore Elect Toni Atkins and the Legislature for recognizing the critical need for affordable housing in our communities as well as the need for immediate funding for related homelessness services in the first

year of the SB 2 program. Counties can leverage numerous systems to offer a comprehensive menu of services, all in an effort to improve the long-term shelter and health opportunities for people in our communities. Many counties are already well underway in their efforts to reduce homelessness. SB 2's infusion of one-time funding in this calendar year could be a game changer for many of these efforts, but SB 2 should be supplemented with additional targeted investments in homeless services and prevention:

- Provide Housing Subsidies/Vouchers: Provide counties **\$25 million** in housing subsidies and/or vouchers to be administered at the county level for extremely low-income persons. Counties can partner with Continuums of Care and cities to undertake outreach and navigator activities aimed at identifying those at risk of homelessness, such as families, those who are released from a health care or psychiatric facility, reentry candidates, and foster youth. For those who qualify, funding would be

available for a specified period of time to subsidize their rent or assist with security deposit costs, which will allow participants to qualify for fair market housing.

- Landlord Liaison Program: Counties can create “new” affordable housing units with **\$25 million** in funding for a landlord outreach and liaison grant program. County liaisons contact landlords, and coupled with the housing subsidies and vouchers as well as deposit assistance outlined above, guarantee that participating tenants can afford the rent. The liaison would also be available to contact 24 hours a day and specialize in addressing any tenant/landlord issues that might arise. Several counties have found significant success with this innovative model, which creates more units without the capital costs associated with procurement, design, construction, and maintenance.
- Seniors at Risk of Homelessness: Counties support the current **\$15 million** budget proposal for Home Safe, a homelessness prevention demonstration grant program for victims of elder and dependent adult abuse and neglect served by county-run Adult Protective Services. Home Safe counties would identify clients at risk of losing their homes and provide services including short-term rental and utility assistance, immediate mental health treatment, and intensive case management to ensure clients are able to maintain their homes.
- Survivors of Domestic Violence: Survivors of domestic violence often require rapid rehousing services. Counties support Senator Beall’s proposal to allocate **\$50 million** to a new Domestic and Sexual Violence Prevention Complementary Services Fund within the California Office of Emergency Services to provide housing and services for survivors of domestic violence.
- Chronically Homeless: Innovative programs like Whole Person Care seek to identify and serve the most chronically homeless population, many of which also frequently access public safety, emergency, and hospital systems. There is no single solution to serving this hardest-to-serve population, but counties are seeking **\$25 million** for grants to assist with data management, personnel, and case management services to continue their ongoing work. This grant funding for tackling the chronically homeless issue is critical for all 58 counties. Each county, no matter how large or small, needs assistance in developing and operating a long-term effort to house the chronically homeless.
- Youth Experiencing Homelessness: Counties support the current **\$50 million** budget proposal to work towards providing additional housing opportunities for homeless youth. Providing an additional \$50 million in funding for the Homeless Youth Multifamily Housing Program which provides low interest loans to developers of affordable housing that contain units for homeless youth.
- Residents Affected by Natural Disasters: Counties support an allocation of **\$25 million** to address impacts to housing for thousands of residents affected by disasters. Thousands of homes were destroyed or damaged by the 2017 wildfires and mudslides. Initial data indicates that up to 20% of homeowners are uninsured and up to 40% of homeowners are underinsured. The scale of these disasters has strained the supply of construction workers and materials throughout California, creating localized shortages and escalating costs to rebuild. Insurance settlements based on normal recovery costs are woefully inadequate, and the cost to rebuild will far exceed insurance coverage due to labor and material shortages and increased building codes. To help property owners rebuild, low or no interest loans are needed to normalize the cost of construction and to rebuild up to current California standards. In some counties, approximately 40% of the household displaced by recent disasters were

renters. With vacancy rates of less than 2% prior to the fires, renters have few long-term housing options. Rebuilding, supplementing and subsidizing affordable housing stock for renters is critically and immediately needed.

SUPPORT FOR COMPLEMENTARY LEGISLATIVE EFFORTS

Streamlining Permitting Process for Supportive Housing: There are several measures that seek to streamline local activities for the development of affordable and supportive housing projects. Counties are ready to engage to ensure that the development process for much-needed supportive housing units is as expeditious as possible.

Counties also strongly support efforts to ease the siting of the whole continuum of housing, from facilities such as hospitals and psychiatric hospitals to criminal justice reentry centers, substance use disorder treatment centers, short term residential treatment programs, supportive housing, and board and care facilities.

In closing, California’s counties are uniquely positioned to leverage public safety, health and human services, behavioral health, housing, transportation, code enforcement, and even parks and recreation, and animal control resources to tackle this problem in a comprehensive way. Our package of solutions is designed to address the needs of the continuum of those living with housing insecurity: the chronically homeless, the recently homeless, and those teetering on the edge of living without shelter.

We appreciate your attention to this urgent issue and stand ready to collaborate with your Administration and the Legislature to enact and fund a comprehensive array of homelessness and affordable housing solutions. We also appreciate your willingness to partner with counties to overcome significant challenges, and look forward to working together to address the homelessness crisis in our communities.

Sincerely,

Matthew Cate
CSAC Executive Director

Frank Mecca
CWDA Executive Director

Jolena Voorhis
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Attachment Eight

Memo: California Goes It Alone: Single Payer, Rate Regulation, and Coverage Expansion Efforts in the Golden State



May 3, 2018

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To: Members of the Health and Human Services Policy Committee

From: Farrah McDaid Ting, Legislative Representative, Health and Behavioral Health
Elizabeth Marsolais, Legislative Analyst, Health and Human Services

RE: California Goes It Alone: Single Payer, Rate Regulation, and Coverage Expansion Efforts in the Golden State

Introduction. As the clamor to repeal the Affordable Care Act (ACA) tapered off in Washington, D.C., discussions regarding universal health care have ramped up here in California.

Various interest groups, including counties, health advocates, and providers, are engaged in efforts to expand coverage and access statewide, as well as reduce the cost and improve the affordability for health care services overall.

Background. California and its counties continues to stand at the forefront of ACA implementation, reducing the state’s uninsured population from more than 7 million in 2014 down to about 3 million today. Despite significant efforts at both the state and county level, bringing the remaining uninsured into the health care system has proved difficult. Nearly half of the remaining uninsured are undocumented adults, while the other half appears to consist primarily of healthy “young invincibles” and families who are wary of the health insurance industry or medical profession – or both.

California spends nearly \$400 billion on health care, with Medi-Cal comprising \$100 billion and Medicare comprising about \$75 billion of that spending. Total Medi-Cal spending currently represents 35 percent of the state’s total expenditures, surpassing expenditures for both education and corrections and making health care the largest single expense for the state.

Counties play a key role in the health care system as employers, purchasers, and providers of health care to employees and the public. Counties and county residents also assist in funding Medi-Cal through 1991 Realignment funding, local tax initiatives, First 5 funding, and other new taxes such as e-cigarettes and cannabis. Because of the multi-faceted involvement of counties in the health care delivery system in California, CSAC must remain at the forefront of all discussions regarding this complex issue.

Current California Health Care Reform Efforts

Single Payer. The California Nurses Association (CNA) fired the first shot in the debate with their SB 562 (Lara and Atkins) – The Healthy California Act, which would dismantle the current health care system in favor of a state-run single payer system for all residents. Under SB 562, the state would reinvest all funding currently spent in both the private health insurance market and Medi-Cal to design, oversee, and finance a statewide single payer system.

Significant questions about the viability and financing of such a system stymied the bill in the Assembly, where Speaker Anthony Rendon held the bill. He has since suffered the nurses’ wrath, with demonstrations and other grassroots efforts targeted in his district and even at his home occurring almost weekly.

These scorched-earth tactics have alienated the nurses from the larger Democratic health care reform movement, but one of the co-authors of the bill – Senator Toni Atkins – is now the Senate President pro Tempore.

Joint Committee on Health Care. Due to pressure from the nurses, Speaker Rendon appointed a Select Joint Committee on Health Care Delivery Systems and Universal Coverage last fall. Chaired by Assembly Members Jim Wood and Joaquin Arambula, the Committee met for five lengthy hearings to identify gaps in coverage in California primarily among undocumented adults and healthy “young invincibles” – and address questions about the high costs of the state’s current health care delivery system.

The Committee released a report in March titled “A Path to Universal Coverage and Unified Health Care Financing in California.” It contained fewer recommendations for wholesale change than expected, instead mostly recommending a series of short-term improvements to California’s health care system, including:

- Expand Medi-Cal eligibility and Covered California financial assistance to undocumented adults
- Provide enhanced affordability assistance for Covered California
- Create a state individual mandate
- Stabilize or expand health plan competition via a “public option”
- Increase health care workforce, including behavioral health workforce, and accessibility in rural areas
- Require cost information to be public

Other Proposals. Many of these recommendations have been explored in other venues, including in stakeholder groups convened by the Insure the Uninsured Project (ITUP). That group issued a report in March as well, “[Exploring Public Options in California](#),” which went into additional detail about a state-financed public option for all who need health care coverage. The California Health Care Foundation (CHCF), also released a report outlining the options for making the state’s health care system more affordable to the 1.2 million residents who qualify for health insurance through Covered California, but remain uninsured. Titled “[California’s Policy Options for Making Individual Market Coverage More Affordable](#),” the report recommends that the state consider subsidizing premium costs, co-pay costs, and deductible costs. It also recommends that the state extend eligibility for these subsidies to those affected by the “family glitch,” in which an employer offers coverage to an employee that is unaffordable for additional family members.

Health4All California Coalition. Health Access California, a leading health advocacy group, leapt into the fray in February with a new coalition of health and labor groups operating under the “Care4All California” umbrella. They are currently sponsoring a raft of legislative vehicles to address cost, affordability, and coverage in the Golden State, including legislation to enact most of the Select Joint Committee on Health Care Delivery Systems and Universal Coverage’s recommendations. Perhaps the most prominent – and controversial – bill in the Care4All California package is AB 3087 (Kalra), which would appoint a state commission to regulate and set health care rates charged by health care providers and hospitals. Known as the “rate regulation bill,” AB 3087 has engendered significant opposition. The Assembly Health Committee passed AB 3087 on a party line vote (11-4) on April 24 after a three-hour hearing and strong opposition from doctors, hospitals, and health care plans. The bill will be heard next in the Assembly Appropriations Committee.

Federal Changes. At the federal level, the Trump Administration and Congress was successful in eliminating the ACA penalty for failing to purchase or acquire health insurance through the \$1.5 trillion “Tax Cuts and Jobs Act” last December and effective in 2019. However, the ACA individual mandate remains on the books.

President Trump also signed an Executive Order to loosen the consumer rules under the ACA, thereby allowing interstate health care plans, private association health plans, and access to limited-term or short duration plans, all of which had been prohibited under the ACA. The effects of the Executive Order remain to be seen in California.

Conclusion. As discussed above, California’s counties must be included in any proposal to expand coverage, increase access, or change the current financing of the health care system. Counties also support funding for local public health and behavioral health systems as part of any reform. Workforce issues also continue to plague the health and behavioral health systems, and any reform must take into account the unique geographic needs of our counties and the people they serve.

Additional Materials:

Text of SB 562 (Lara and Atkins):

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB562

Assembly Select Joint Committee on Health Care Delivery Systems and Universal Coverage webpage:

<http://healthcare.assembly.ca.gov/>

Assembly Select Joint Committee on Health Care Delivery Systems and Universal Coverage: “[A Path To Universal Coverage And Unified Health Care Financing In California](#)” (March 12, 2018):

http://healthcare.assembly.ca.gov/sites/healthcare.assembly.ca.gov/files/Report%20Final%203_13_18.pdf

Insure the Uninsured Project Report: “[Exploring Public Options in California](#)” (March 20, 2018):

<http://www.itup.org/exploring-public-options-california/>

California Health Care Foundation: “[California’s Policy Options for Making Individual Market Coverage More Affordable](#)” (March 5, 2018):

<https://www.chcf.org/blog/californias-policy-options-for-making-individual-market-coverage-more-affordable/>

Care4All California Coalition Legislative Priorities: <http://care4allca.org/legislative-priorities/>

Presidential Executive Order Promoting Healthcare Choice and Competition Across the United States (October 12, 2017): <https://www.whitehouse.gov/presidential-actions/presidential-executive-order-promoting-healthcare-choice-competition-across-united-states/>

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