



2019-20 STATE BUDGET June 13, 2019

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TO: CSAC Board of Directors
County Administrative Officers
CSAC Corporate Partners

FROM: Graham Knaus, CSAC Executive Director
Darby Kernan, CSAC Deputy Executive Director of Legislative Affairs

RE: **Legislature Sends Budget Bill to Governor**

Today the Legislature passed the 2019-20 Budget Act, two days ahead of the constitutional deadline. The Budget Bill (AB 74) now sits with Governor Newsom awaiting final signature. Several important budget trailer bills will soon follow, some of which are still being finalized and released (see “Additional Resources” for a chart of trailer bills currently in print). The Budget pays down long-term debts and liabilities and sets-aside additional funding in reserves to prepare for the next recession. Consistent with this general approach of fiscal prudence, the Governor and Legislature sought to limit new, discretionary spending included in the Budget to primarily one-time or limited-term expenditures to maintain a balanced budget in the out-years.

County priority proposals included in the Governor’s May Revision remain largely intact in the 2019-20 Budget Act, with any modifications further discussed in the individual policy sections. Key county issues in the Budget include:

- \$750 million for planning grants and housing-related infrastructure.
- \$650 million for homeless emergency aid (trailer bill language has not yet been finalized or released).
- \$296.7 million in 2019-20 and \$1.86 billion over the next four years in order to revise the County IHSS Maintenance of Effort to create a sustainable IHSS fiscal structure for counties.
- Three child welfare investments, each totaling more than \$20 million, to help counties provide housing assistance, offer immediate support in times of crisis, and recruit resource families.

- Protection of local public health funding by defending the AB 85 diversion ratio for the 35 County Medical Services Program counties and Placer, Sacramento, Santa Barbara, and Stanislaus Counties.
- Flexibility for the Governor’s \$100 million in housing funding for existing county Whole Person Care pilot programs and \$20 million for additional counties to join in the innovative model.
- \$40 million in one-time State General Fund for local public health infectious disease activities;
- Additional disaster relief funding to counties, including updated property tax backfill resources, direct local assistance and public safety power shutoff resources.
- A funding solution to address clean drinking water needs in California that will allocate both cap and trade and General Fund resources, avoiding the previously proposed tax on public water system users.

Please see the following policy sections for details on Budget items of importance to counties or contact your [CSAC legislative staff](#).

Administration of Justice

Judicial Branch

The Budget includes increased funding for a variety of justice related priorities. First, the Budget invests a combination of federal reimbursements, which are estimated to be \$34 million, and \$20 million ongoing General Fund, totaling \$54 million, for dependency counsel. The total dependency counsel funding due to these augmentations will be \$190.7 million annually. The Budget additionally provides \$30.4 million General Fund in 2019-20, and \$36.5 million General Fund in 2020-21 and ongoing, to allocate 25 trial court judgeships. Finally, the Budget includes \$75 million General Fund to be allocated over a two-year period by the Judicial Council to fund the implementation, operation, or evaluation of programs or efforts in 8 to 10 courts related to pretrial decision-making. The Judicial Council has released a request for proposals, which can be found at www.courts.ca.gov/pretrialpilotprogram.htm.

Law Enforcement Training

The Budget includes \$34.9 million ongoing to Peace Officer Standards and Training (POST) to restore the department to previous funding levels, provide training, and local assistance. The Budget, additionally, includes a provision, requiring that POST prioritize \$20 million in 2019-20 and 2020-21 for use of force and de-escalation training.

The Budget also includes funding for the Standards and Training for Corrections Program, which assists local corrections agencies in improving professional training for local law enforcement. The funding source historically has been from criminal fine and fee revenue but has drastically

been reduced over the past several years. In 2018-19 support for the program was shifted to General Fund and the Budget includes \$6.2 million ongoing General Fund to restore the program to a level more consistent with historical funding.

Victim Impact Programs

The Budget provides \$30 million one-time General Fund for 2019-20, as well as \$9 million in 2020-21 and ongoing, to the California Violence Intervention and Prevention Program. Of the amount appropriated for 2019-20, \$3 million must be set aside for competitive grants to cities with populations of 40,000 or less. This program provides grants to eligible cities and community-based organizations to support services such as community education, diversion programs, outreach to at-risk transitional age youth, and violence reduction models.

California Department of Corrections and Rehabilitation

The final Budget appropriates over \$12 billion to the California Department of Corrections and Rehabilitation (CDCR). The Budget includes a plan to implement an Integrated Substance Use Disorder Treatment program that would be provided at all CDCR facilities. The Budget also provides funding for a variety of initiatives to help offenders as they transition from prison to the community. To this end, the Budget includes \$50 million ongoing for community-based organization reentry and housing support for formerly incarcerated individuals, increased rehabilitative programming in correctional settings, as well as therapeutic communities at the Division of Juvenile Justice (DJJ). Finally, the Budget moves DJJ from CDCR to a new department under the California Health and Human Services Agency. The new department will be named the Department of Youth and Community Restoration. The final language includes the convening, no later than October 1, 2019, of a new committee under the Child Welfare Council to provide input and recommendations related to the Department of Youth and Community Restoration's policies and programs that promote a commitment to improving youth outcomes, reducing youth detention, and reducing recidivism.

Proposition 47

Proposition 47 was passed by the voters in November 2014, which requires misdemeanor rather than felony sentencing for certain property and drug crimes and permitted inmates previously sentenced for these reclassified crimes to petition for resentencing. The Department of Finance currently estimates the net savings of \$78.4 million General Fund for Proposition 47. These funds will be allocated according to the formula outlined in the initiative.

SB 678 (Chapter 608, Statutes of 2009) Funding

Based on the revised formula established in 2015-16, the Budget includes \$112.8 million to continue the Community Corrections Performance Incentive Grant Program.

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Post Release Community Supervision (PRCS)

The Budget includes \$14.8 million for county probation departments to supervise the temporary increase in the average daily population of offenders on Post Release Community Supervision (PRCS) as a result of the implementation of Proposition 57.

Department of Justice (DOJ): Forensic Services

The Budget allocates \$2 million General Fund on a one-time basis to be available for local law enforcement grants to ensure that a law enforcement agency submits sexual assault forensic evidence to a crime lab.

Human Trafficking Programs

The Budget includes \$10 million ongoing for the Governor's Office of Emergency Services (OES) to continue funding for the Human Trafficking Victim Assistance Program. The program assists victims of human trafficking recover from the trauma they have experienced. Grant recipients provide comprehensive safety and supportive services, including a 24-hour crisis hotline, emergency shelter, temporary housing, emergency food and clothing, counseling, transportation, legal assistance, and referrals to existing local resources. OES, through a competitive grant process, currently funds 21 projects with \$10 million.

Agriculture, Environment and Natural Resources

Cap and Trade Funding

The Budget includes a total of \$1.4 billion in Greenhouse Gas Reduction Fund (GGRF) also known as Cap-and-Trade spending. Investments are detailed below, but include a compromise to fund clean drinking water programs, for a total of \$100 million, and \$26 million for short-lived climate pollutants, a funding category critical for organic waste diversion and infrastructure. CSAC strongly supported increased funding for waste diversion, including funds to specifically help with organic waste diversion.

In addition, this year's GGRF plan also includes \$60 million to the Strategic Growth Council for the Transformative Climate Communities program. This program supports integrated, community-scale housing, transit-oriented development, and neighborhood projects that reduce emissions in some of the state's most disadvantaged areas. This year's expenditure plan also includes \$2 million to the Strategic Growth Council for technical assistance for disadvantaged communities.

See chart below for specific Cap and Trade Expenditure Plan details from this year's Budget.

Final 2019-2020 Cap & Trade Expenditure Fund Chart

Investment Category	Department	Program	Total (In Mil.)
Air Toxic and Criteria Air Pollutants	Air Resources Board	AB 617 – Community Air Protection & Local Programs to Reduce Air Pollution	\$245
		AB 617 – Local Air District Implementation	\$20
		Technical Assistance to Community Groups	\$10
Low Carbon Transportation	Air Resources Board	Clean Vehicle Rebate Project	\$238
		Clean Trucks, Buses, & Off-Road Freight Equipment	\$182
		Enhanced Fleet Modernization Program, School Buses & Transportation Equity Projects	\$65
		Agriculture Diesel Engine Replacement & Upgrades	\$65
Climate Smart Agriculture	Department of Food and Agriculture	Healthy Soils Program	\$28
		Methane Reduction	\$34
Healthy Forests	CAL FIRE	Healthy & Resilient Forests (SB 901)	\$165
		Forest Carbon Plan: Prescribed Burns and Fuel Reduction Projects	\$35

		(SB 901)	
		Wildland-Urban Interface and Other Fire Prevention Activity	\$10
		Urban Forestry	\$10
Short-Lived Climate Pollutants	CalRecycle	Waste Diversion	\$25
	Air Resources Board	Fluorinated Refrigerants	\$1
Integrated Climate Action: Mitigation & Resilience	Strategic Growth Council	Transformative Climate Communities	\$60
	Natural Resources Agency	Urban Greening	\$30
	Coastal Commission & SF Bay Conservation and Development Commission	Coastal Resilience	\$3
	Community Services & Development	Low-Income Weatherization	\$10
	California Conservation Corps	Energy Corps	\$6
Workforce Training	Workforce Development Board	Preparing Workers for a Carbon-Neutral Economy	\$35
Climate and Clean Energy Research	Strategic Growth Council	Climate Change Research	\$5

		Technical Assistance to Disadvantaged Communities	\$2
	California Environmental Protection Agency & Air Resources Board	Transition to a Carbon-Neutral Economy & Zero-Emission Vehicle Strategy	\$3
Safe Drinking Water	State Water Board	Safe Drinking Water	\$100
TOTAL:			\$1.387 Billion

Clean Drinking Water

The Legislature agreed to allocate \$100 million to the State Water Board to fund programs that help provide clean drinking water across the state. This allocation is a culmination of several years of debate, and provides a compromise that does not include a tax on users of public water systems.

In addition to the initial \$100 million GGRF allocation, the Legislature also voted to create a five percent GGRF continuous allocation to the Safe and Affordable Drinking Water Fund starting in 2020-2021. This continuous allocation will be capped at \$130 million per year. The Legislature also agreed to provide a backstop allocation from the state’s General Fund, should the five percent continuous allocation fall below \$130 million in a given year. This backstop will be available starting in 2023-24 and will sunset in 2030. This year’s Budget also includes \$30 million General Fund allocation for safe drinking water programs and \$3.4 million for the State Water Resources Control Board for administrative costs.

Emergency Response

The Budget includes approximately \$184 million for emergency response. This includes funding for public safety power shutdowns; ongoing funding for the state’s mutual aid system; additional funds to build a statewide public safety radio system; funding for the final phase of the build-out for the California Earthquake Early Warning System; and funding to support disaster preparedness efforts.

Public Safety Power Shutoff Funding

The Budget includes a \$75 million allocation to the Office of Emergency Services (OES) to help the state prepare for an expected increase in the number of public safety power shutoffs. These shutoffs will be part of a larger effort to decrease the likelihood of wildfires caused by utility powerlines. The [California Public Utilities Commission is currently finalizing the development of regulations that will guide Investor Owned Utilities \(IOUs\) in the event of purposeful public safety shutdown](#). OES will be required to submit two reports to the Legislature on how the \$75 million in funds were spent. The first report is due on February 1st, 2021, and the second is due February 1st, 2023. CSAC will work with OES to help provide counties an opportunity to access these funds.

Emergency Mutual Aid, Notifications & Earthquake Early Warning

The Budget includes \$25 million in ongoing funding for the State's mutual aid system. This \$25 million will help with both prepositioning of resources before disasters and also for direct emergency response. The Budget also includes \$60 million to build a statewide public safety radio system to improve emergency response technology and \$16.3 million for the final phase of the build-out of the California Earthquake Early Warning System.

Direct Local Assistance

CSAC has advocated for direct assistance to counties impacted by disasters throughout the year. The final Budget includes nearly \$51 million in relief for local governments impacted by recent disasters. A significant amount of this funding will go directly to counties. That funding includes \$15 million for disaster impacted counties and an additional \$518,000 to backfill property taxes (this is in addition to \$31.3 million provided in AB 72 (Committee on Budget, Chapter 1, Statutes of 2019)). The Budget also includes \$10 million to support communities impacted by the Camp Fire and \$2 million for the Butte County Fire Department. Finally, the Budget also includes \$21 million for local disaster and emergency preparedness plans.

Next Generation 9-1-1

Trailer bill language (AB 96/SB 96) would transition the existing 9-1-1 system to a Next Generation 9-1-1 infrastructure and enact funding language. In 2017, more than 28 million calls were placed to 9-1-1, representing approximately 77,000 calls per day—an increase of nearly 30 percent since 2010. The current system is over-burdened and has an average of 15 network outages per month, which equates to 255 hours a month that 9-1-1 was not working.

The current system is long overdue for a significant upgrade, but there has been a lack of funding to do these upgrades. Specially, the existing funding formula only allows the state to charge a small fee on intrastate voice telephone communication services originating within the state of California. Because the increased use of text messaging and other forms of communication have reduced the number of voice calls, in recent years there has been a steady decrease in the revenues collected and deposited into the State Emergency Telephone Number

Account (SETNA) that funds California's 9-1-1 system. This is not sustainable and is of significant concern in an era when 9-1-1 calls are on the rise.

This legislation creates a flat-rate fee structure and will allow California to sustain the existing 9-1-1 system while transitioning to Next Generation 9-1-1. This new system will utilize digital rather than analog, offering additional paths for calls to reach 9-1-1 operators if cables are damaged by a natural disaster. This legislation also allows revenue generated to be utilized to fund "subsequent technologies, and interfaces needed to send information, including, but not limited to, alerts and warnings, to potential 9-1-1 callers." Finally, the Budget included \$60 million General Fund to begin improvement in the 9-1-1 system.

Cannabis Trailer Bill

The Legislature is still reviewing the cannabis trailer bill, and is expected to take action on this measure next week. This bill would allow state licensing authorities to continue to issue provisional licenses to qualified applicants until 2025, and would extend the CEQA exemption for local jurisdictions' cannabis program until 2021. However, there has been push-back from the environmental community on the length of the extension for provisional license. CSAC is also seeking an administration remedy to the state and local license verification process under the provisional license process. However, we are supporting the measure. In addition, the bill includes increased enforcement measures that authorize the State to issue citations and to assess administrative fines up to \$30,000 for illegal activity. Finally, the bill includes updated provisions to enhance the local cannabis equity grant program.

Government Finance and Administration

Sales and Use Taxes

Earlier this year, there were proposal being considered to exempt diapers and feminine hygiene products from sales taxes, in perpetuity. The Budget that now heads to the Governor includes this sales tax exemption, but with a sunset of only two years.

Counties have followed this proposal closely and successfully advocated for a reimbursement for the 2011 realignment portion of the sales tax.

Economic Development and Taxes

The Budget includes a significant expansion to the California Earned Income Tax Credit (EITC), subject to the adoption of a tax conformity package. The total EITC program will grow from approximately \$400 million to approximately \$1.2 billion, which includes a new supplemental

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payment of \$1,000 to qualified filers with a child or children under the age of six. This proposal is being actively negotiated and CSAC will provide updates on any changes.

Paid Family Leave

Trailer bill language increases the maximum duration of a Paid Family Leave benefit claim from six weeks to eight weeks, effective July 1, 2020. This expansion is proposed to be funded by decreasing the minimum reserve in the Disability Insurance Fund by 15 percent. The trailer bill also establishes a task force which will examine options for further expanding the program so that all babies can be cared for by a parent or close relative for up to six months. The task force will provide recommendations by November for consideration in the 2020-21 Budget.

Redevelopment Bond Funds

Late in the budget process, a proposal arose to allow redevelopment successor agencies to use remaining bond proceeds from bonds issued in 2011 to fund affordable housing projects. CSAC was part of a coalition to oppose this proposal, which would have redirected property tax revenues from counties and other local agencies to pay for these projects, to the tune of about \$2 billion. Those losses, and the housing, would have been concentrated in about three dozen communities where former redevelopment agencies incurred new debt after the dissolution of redevelopment agencies had already been announced.

Fortunately for the affected counties, the proposal was rejected by the Budget Conference Committee and is not included in the Budget.

Disaster Relief

As previously discussed, the Budget also includes approximately \$51 million for relief in local governments impacted by recent disasters. This includes:

- \$518,000 to backfill property taxes for certain counties (in addition to \$31.3 million provided in AB 72 (Committee on Budget, Chapter 1, Statutes of 2019)
- \$10 million to support communities impacted by the Camp Fire;
- \$15 million to support disaster-impacted counties;
- \$1.5 million for flood relief in the city of Sebastopol;
- \$800,000 for the town of Paradise for environmental documentation preparation; and
- \$2 million for the Butte County Fire Department.

Additionally, the Budget provides \$21 million in local disaster and emergency preparedness efforts.

County Voting Systems

The 2018-19 Budget provided \$134 million one-time General Fund to counties to replace voting systems and to strengthen the security of California's election technology. That funding

provided reimbursement to counties by matching funds spent by counties on voting system upgrades.

The 2019-20 Budget builds on last year's investment by including an additional one-time General Fund investment of nearly \$120 million to benefit local governments, to provide:

- \$10 million for voter information guides and voter registration;
- \$87.3 million to reimburse counties for voting system replacement costs;
- \$20 million to be available to counties with contracts funded in part by the Help America Vote Act of 2002; and
- \$3.8 in California Voter's Choice Act funding to support outreach and education efforts in counties using the Vote Center election models.

Census 2020 Outreach

The Budget includes over \$80 million in additional funding for Census 2020 outreach. The decennial census is one of the main factors that determine how hundreds of billions of dollars of federal assistance are distributed, including highway funding, Section 8 housing vouchers, and special education grants. This additional funding—a combination of the Governor's proposal and the Legislature's augmentation—will be used for various strategies to reach California's hard-to-count populations.

Broadband Infrastructure

Absent from the Budget is a comprehensive plan to expand deployment of broadband technologies throughout California, particularly in unserved and underserved areas of the state. The Governor noted that he will be submitting a five-year infrastructure plan to the Legislature this year, and he intends to host a subsequent event to present that broader proposal. As of June 13th, that proposal has still not yet been released.

Health and Human Services

HUMAN SERVICES

In-Home Supportive Services

The Legislature adopted the May Revision estimates for In-Home Supportive Services (IHSS) program costs.

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IHSS MOE Proposal

The Governor's proposal to revise the County IHSS Maintenance of Effort (MOE) was adopted by the Budget Conference Committee and is included in the Human Services omnibus budget trailer bill (AB 80/SB 80). CSAC partnered with counties, the Administration, and the Legislature over the past two years to create a more sustainable fiscal structure for IHSS and is grateful for this outcome that will accomplish that goal. Over the coming weeks and months, CSAC will work on implementation of the new IHSS MOE and provide resources and training opportunities for counties.

MOE Structure: The core provisions to revise the MOE have not changed since the January Budget proposal. The trailer bill will enact several major changes to the current IHSS MOE structure. These changes are:

- Lowering the County IHSS MOE base in 2019-20 to \$1.56 billion,
- Reducing the MOE annual inflation factor from seven percent to four percent,
- Stopping the redirection of vehicle license fee (VLF) growth funds from Health, Mental Health, and County Medical Services Program to Social Services,
- Ending the State General Fund IHSS mitigation,
- Returning to the original method for calculating IHSS caseload and no longer utilizing accelerated caseload growth, and
- Funding IHSS administrative costs through a General Fund allocation.

Impacts on Counties: All of these MOE changes are made possible through an increased State General Fund commitment for IHSS above current law of \$296.7 million in 2019-20 and \$1.86 billion over the first four years of this new structure. The Department of Finance projects that there are sufficient Realignment revenues starting in 2019-20 to fully cover the new lowered County IHSS MOE base and projects no Realignment shortfalls through 2021-22. Under the current structure, there were projections of Realignment shortfalls of several hundred million dollars in the coming years. For county MOE amounts, the trailer bill requires the Department of Finance to consult with CSAC on determining the individual county share of the lowered MOE amount.

MOE Adjustments: There are several provisions related to MOE adjustments for locally negotiated wage and benefit increases. These include:

- Maintaining the existing wage supplement tool that allows a county to negotiate a wage increase as a supplement, which is then subsequently applied when state minimum wage equals or exceeds the county provider wage absent the supplement amount,

- Maintaining the existing tool to allow limited state participation in local wage and health benefit increases above the state participation cap over a three year period with the current requirement that it must begin prior to January 1, 2022,
- Increasing the county share of costs for locally negotiated wage and benefit increases from 35 percent of the nonfederal share to 65 percent of the nonfederal share starting on January 1, 2022 when state minimum wage reaches \$15.00 per hour,
- Eliminating the state participation cap on the date that the county share of costs for locally negotiated wage and benefit increases changes to 65 percent of the nonfederal share, and
- Requiring MOE adjustments for future increases in the costs of health benefit premiums that result from collective bargaining agreements submitted to the Department of Social Services after July 1, 2019.

IHSS Collective Bargaining: AB 80/SB 80 will also include provisions related to IHSS collective bargaining. CSAC was able to successfully ensure that the Administration rejected the earlier collective bargaining proposal from the United Domestic Workers of America (UDW) that was adopted by the Legislature. Compared to the final outcome described below, that proposal would have required more significant and ongoing financial consequences that would have applied even if unions have not fully utilized existing IHSS bargaining tools to help reach an agreement. While the UDW proposal was not included in the final budget agreement, the Administration and Legislature were committed to including provisions related to collective bargaining. CSAC worked to push back on numerous harmful proposals and ensure the best possible outcome for counties, which is described below.

- Creation of a one-time 1991 Realignment withholding related to IHSS collective bargaining.
- A county would be subject to the withholding only if all of the conditions listed below are met.
 - A county and provider union have completed the full IHSS mediation and fact finding process,
 - The fact finding panel has issued recommended settlement terms that are more favorable to the union,
 - The county has an expired IHSS collective bargaining agreement, and
 - The county and union have not reached an agreement within 90 days after the release of the fact finding recommendations.
- The language that authorizes the withholding will not take effect until October 1, 2019 and will become inoperative on January 1, 2021.

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- For any county that has already gone through mediation and fact finding with recommended settlement terms issued prior to June 30, 2019, the county will have 90 days to reach an agreement or the withholding will occur on October 1, 2019.
- The withholding will be equivalent to one percent of a county's 2018-19 IHSS MOE amount prior to any of the offsets that were received.
 - The withholding will occur through an adjustment to the county's Social Services Realignment base.
 - The Social Services Realignment base will be restored by the amount of the withholding in the next fiscal year.
- The language will require reports to the Legislature on the status of IHSS collective bargaining by January 10, 2020 and May 14, 2020.
 - Both CSAC and employee organizations will be required to be consulted on the reports.

IHSS Hours Restoration

The Budget Conference Committee adopted a continued restoration of the seven percent reduction in IHSS service hours. This restoration will continue through December 31, 2021 as proposed by the Governor in the May Revision.

Child Welfare Services

Family Urgent Response System

The budget trailer bill includes language to enact the Family Urgent Response System (FURS). The program will be funded at \$15 million in 2019-20 and \$30 million annually. The action does include a program suspension on December 31, 2021, which was attached to numerous budget requests. The suspension will not occur if the Director of Finance determines that General Fund revenues are projected to exceed expenditures. FURS will provide foster youth and their caregivers with the immediate support they need during times of emotional crisis, and link youth and families to needed supports and services to help stabilize the situation. The County Welfare Directors Association (CWDA) and County Behavioral Health Directors Association (CBHDA) are sponsors of the FURS request and CSAC has supported this effort for the last two years.

Bringing Families Home

The Budget Conference Committee adopted the Assembly version of the Bringing Families Home (BFH) program, which will provide the full \$25 million requested amount. CSAC co-sponsored this request along with CWDA and other partner organizations. This funding will continue and expand the existing BFH Program, which was set to expire on June 30, 2019. The BFH program provides critical housing-related supports to child-welfare involved families and those at risk of homelessness in support of family reunification and family maintenance efforts.

FPRRS Funding

The Legislature adopted the Governor's May Revision proposal for a one-time increase of \$21.6 million for Foster Parent Recruitment, Retention, and Support (FPRRS). In partnership with CWDA, the Chief Probation Officers of California (CPOC), and other partner organizations, CSAC had advocated for increased FPRRS funding, which was set to be eliminated in 2019-20. This funding will help counties continue critical recruitment and retention efforts to build the capacity of caregivers and support the children and youth in their care.

Child and Adolescent Needs and Strengths Assessment

The Budget Conference Committee adopted the Assembly version of tracking Child and Adolescent Needs and Strengths (CANS) tool expenditures. The budget trailer bill will require the Department of Social Services to track the utilization, workload, and costs associated with implementation of the CANS assessment and to incorporate any necessary budget changes into the 2020-21 Budget.

Payment at the Time of Placement

The Legislature adopted and expanded upon the Governor's May Revision proposal related to emergency assistance payments to caregivers who are caring for children and nonminor dependents while awaiting approval as a resource family. The Governor proposed to extend the timeframe from three months to four months for these emergency assistance payments in 2019-20 and included \$21.7 million General Fund and federal Temporary Assistance for Needy Families (TANF) block grants in 2019-20 for this purpose. The Legislature included additional language in AB 80/SB 80 to allow for these payments to be extended for up to 365 days for good cause if the delay in resource family approval is outside of the county's control.

Continuum of Care Reform Group Home Extension

AB 80/SB 80 would allow for the Department of Social Services to grant an extension for group homes for one year beyond the December 31, 2019 deadline. The process outlined requires county child welfare departments to submit a written request and meet certain requirements.

Housing Assistance for Foster Youth

The Legislature adopted \$8 million General Fund to provide housing support for older foster youth and \$5 million for housing navigators to assist young adults aged 18 to 21 with securing and maintaining housing, with priority given to foster youth.

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CalWORKs

CalWORKs Single Allocation

The California Work Opportunity and Responsibility to Kids (CalWORKs) Single Allocation is funding provided by the state to counties to administer the CalWORKs program. The Legislature approved the Governor's May Revision proposal for an ongoing increase of \$41.4 million General Fund and federal TANF block grant funds. This reflects progress toward the adoption of a revised methodology to budget for the employment services component of the Single Allocation. The trailer bill requires the Department of Social Services to work with counties and CWDA to continue developing the budgeting methodology for the employment services component. The May Revision also proposed to separate the Stage One child care component from the Single Allocation in 2019-20. The budget trailer bill will delay the separation of Stage One childcare from the Single Allocation until 2020-21.

Stage One Child Care

The budget agreement includes a revised estimate above the May Revision to expand CalWORKs Stage One child care, which provides child care services for current CalWORKs recipients while they participate in employment related activities. The adopted amount includes \$56.4 million in 2019-20 and \$70.5 million ongoing to expand Stage One eligibility to 12 months.

CalWORKs Outcomes and Accountability Review

The Budget provides an increase of \$13.2 million General Fund and federal TANF block grant funds related to the CalWORKs Outcomes and Accountability Review (Cal-OAR). This funding is for counties to conduct continuous quality improvement activities consistent with implementation of this important reform.

CalWORKs Grants

The budget agreement includes \$347.6 million General Fund to increase CalWORKs grants for an assistance unit of one to 50 percent of the 2019 federal poverty level (FPL) and to 48 percent for all other assistance units. The 2018-19 Budget agreement included a 10 percent increase to grants effective April 1, 2019, and this budget will increase grant levels to these new amounts effective October 1, 2019.

CalWORKs Asset Limits

The Legislature adopted a \$7.5 million General Fund investment for 2019-20 and \$30 million ongoing funding with trailer bill language to increase the asset limit and vehicle limit in determining CalWORKs eligibility. Families who have more than \$2,250 in assets or a vehicle worth more than \$9,500 are not eligible for CalWORKs benefits, despite their income. The additional funding will increase the asset limit to \$10,000 and the vehicle limit to \$25,000, permitting additional eligibility to low-income families.

Increased Earned-Income Disregard and the Income Reporting Threshold

The Budget will provide \$6.8 million in 2019-20, \$74.4 million in 2020-21, \$85.7 million in 2021-22, and \$99 million in 2022-23 to increase the earned-income disregard (EID) and the income reporting threshold (IRT). EID is the amount of income excluded when determining families' monthly CalWORKs grants. The IRT is the level of income a CalWORKs recipient can earn before their grant amounts are decreased or terminated. The increase in both the EID and IRT level will allow CalWORKs families to continue to receive financial support while working towards self-sufficiency.

CalWORKs Home Visiting Initiative

The Budget increases the investment to \$89.6 million in 2019-20 for the CalWORKs Home Visiting Initiative for parents in the CalWORKs program with children under the age of two. The CalWORKs Home Visiting Initiative leverages existing evidence-based program models to help achieve positive health and development outcomes for pregnant and parenting women and their families, to expand their future educational and economic opportunities, and to help them exit poverty.

CalWORKs Homeless Assistance Program

The Budget includes \$14.6 million in 2019-20 and \$27.6 million for the CalWORKs Temporary Homeless Assistance Program. The investment will remove the 16-consecutive day payment requirement, allowing families experiencing homelessness to receive temporary homeless assistance for up to a cumulative 16 days per year.

CalFresh

County Administration Funding

The Legislature adopted the Governor's proposed \$15 million increase for county administration funding for the expansion of CalFresh eligibility for SSI recipients. CSAC supported CWDA's request for this increased funding. The Budget Conference Committee also adopted language for inclusion in AB 80/SB 80 related to CalFresh budgeting and workload. The trailer bill will require the Department of Social Services to work with stakeholders, including CWDA, to update the CalFresh budgeting methodology. In addition, budget bill language will require county welfare agencies to submit monthly data on workload and cost trends related to CalFresh enrollment.

Disaster CalFresh

The Legislature adopted \$900,000 to allow the California Department of Social Services to automate Disaster CalFresh eligibility determinations. The current process relies heavily on county welfare departments to manually track applications and determinations. CSAC was

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supportive of this funding that will eliminate this administratively onerous process and support faster issuance of benefits to those impacted by a disaster.

Child Support Programs

The Budget includes an increase of \$56 million General Fund (\$19.1 million General Fund and \$36.9 million federal funds) for local county child support agencies (LCSAs) in 2019-20. The trailer bill language indicates that this funding will be provided through an interim methodology for 2019-20 instead of a new methodology as proposed by the Governor. The Department of Child Support Services will be required to work with stakeholders, including the Child Support Directors Association, to propose updates to this methodology by February 1, 2020, toward the implementation of an ongoing methodology in 2020-21. CSAC has supported efforts in each of the past two years to increase funding for LCSAs.

Adult Protective Services Training

The budget agreement includes \$5.8 million over the next three years to continue and expand training for Adult Protective Services (APS) staff and Public Administrators, Public Guardians, and Public Conservators (PA|PG|PC). In 2016, the Governor and Legislature provided a \$3 million one-time investment to implement the needed training infrastructure, with that funding expiring this fiscal year. CSAC supported the request from CWDA and CAPAPGPC for this additional investment that will continue the training for APS and PA|PG|PC staff to meet the growing demands for their services.

Medi-Cal County Administration

The Legislature adopted the Governor's proposed increase of \$68.3 million for Medi-Cal county administration. The 2018-19 Budget established the new Medi-Cal County Administration methodology that includes an annual adjustment based on the California Consumer Price Index and this increase results from that adjustment.

HEALTH

Health Care Expansion for Undocumented Young Adults, AB 85 Changes

Governor Newsom was successful in his proposal to expand Medi-Cal coverage to undocumented young adults aged 19 to 25, with a start date of January 1, 2020, and an estimated cost in the budget year of \$98 million.

The state estimates about 90,000 young adults would qualify, but many of them – about 75,000 – already qualify for restricted-scope Medi-Cal, mostly related to prenatal and labor and delivery care. The annualized cost for this population is estimated at \$190 million, all of which must be covered by State General Fund dollars.

As part of the proposed expansion to undocumented young adults, the Governor set his sights on capturing any county savings that could result. In January, he proposed changes to the AB 85 (Chapter 24, Statutes of 2013) diversion ratio for the County Medical Services Program (CMSP) Board and so-called Article 13 Counties (Placer, Sacramento, Santa Barbara, and Stanislaus) from 60 state/40 county to 75 state/25 county. The increased redirection of critical 1991 Realignment Health funding would have severely impacted local public health efforts.

In May, the Governor indicated that he was rescinding his proposal to change the AB 85 ratio for the Article 13 Counties, and in budget hearings at the end of May, the Governor also relented on the proposal for the CMSP Board. This means that Article 13 Counties will not experience a change in their 60/40 ratio as a result of the expansion of Medi-Cal to undocumented young adults. For the CMSP Board, the Governor will divert all 1991 Realignment funding until the Board spends down their reserves to two years' worth of operating costs, at which time the 60/40 ratio will be reinstated.

As for the regular annual AB 85 redirection, the Governor estimates \$617.7 million in AB 85 redirections from counties in 2019-20. This funding is statutorily required to offset state CalWORKs costs. While this is \$155.5 million lower than last year, the Governor estimates that the state will gain \$315 million from the 2016-17 AB 85 True Up.

Whole Person Care

The Governor is a strong supporter of the county Whole Person Care (WPC) model, and the Budget includes two infusions of State General Fund to counties: \$100 million to help provide housing options, including rental assistance, for WPC participants with mental illness or a county's target population upon approval by the Department of Health Care Services (DHCS), and \$20 million in funding for counties that wish to erect the Whole Person Care model. The funding would flow through DHCS, which would also provide support and technical assistance to participating counties. Both funding streams must be expended by June 30, 2025. Please see the Homelessness Section for more information on homelessness funding.

BEHAVIORAL HEALTH

Please see the IHSS Section to review the Governor's proposal to end 1991 Realignment growth redirections from mental health and public health that were enacted under the 2017 IHSS MOE deal. Growth for mental health and public health will no longer be redirected to social services starting with the 2019-20 growth. Counties wish to thank the Governor for recognizing the critical need for mental health and public health growth funding at the local level.

ACTION

No Place Like Home Program

In January, the Governor wanted to expedite the allocation of No Place Like Home (NPLH) grant allocations to counties to build permanent supportive housing for those who are homeless or at risk of homelessness, and those who are living with a severe mental illness. The Department of Housing and Community Development has subsequently released revised guidelines for the first round of NPLH funding, but it is not yet clear when or how much funding will be available. The Governor has indicated that he wants the funding in round one to be disbursed in 2019-20, but the State Treasurer's Office is still in the process of developing and packaging the bond sale, which is required to provide revenue for the NPLH grants to counties. CSAC will continue to work with the Administration and Treasurer as this process moves forward.

Managed Care Sanctions

A late-breaking trailer bill proposed by DHCS would have given the Department broad authority to impose significant sanctions and penalties on managed care plans, including county Mental Health Plans. After much negotiation and concerns raised by both houses of the Legislature about the urgency and need for the language, the Department decided to only move forward with a section of the language pertaining to children's health preventative services, which only pertains to the health managed care plans. CSAC will participate in continued discussions over the summer regarding the Department's effort to increase its sanction authority.

Technical Change for MHSa Innovation Funding

The County Behavioral Health Directors Association proposed a technical change to the timeline for expenditure of approved Mental Health Services Act (MHSa) innovation projects. Under current law, counties have three years to expend MHSa funding. This change, in AB 79/SB 79 trailer bill language, allows counties to expend identified innovation funding over the life of an approved innovation project, which sometimes may run longer than three years. This gives counties more flexibility and will help them plan and implement more innovation projects. CSAC supported the proposal, and it was approved in both houses.

Mental Health Workforce Funding

While the Governor and Legislature had proposed funding from a variety of sources to increase both the health and behavioral health workforce, in the end they compromised by earmarking at total of \$50 million State General Fund for the following:

- \$46.3 million for Mental Health Workforce Development
- \$1 million for scholarships for former foster youth who want to work in the behavioral health field
- \$2.7 million for psychiatry fellowships.

Children's Crisis Residential Programs

CSAC had supported a proposal to change the licensing designation for the new Children's Crisis

Residential Programs authorized under AB 501 (Chapter 704, Statutes of 2017) to Psychiatric Residential Treatment Facilities, which would then allow counties to draw down federal funding for costs, including board and care, related to the new program. The Senate supported the proposal, but the Assembly took no action, and the proposal ultimately did not survive the Conference Committee process.

Early Psychosis Grants

Governor Newsom had proposed \$25 million in one-time General Fund grants for early screening and treatment of psychosis to flow through DHCS. However, the Legislature modified his proposal, instead allocating \$20 million in state Mental Health Services Fund dollars for the existing Early Psychosis Intervention Plus program at the Mental Health Services Oversight and Accountability Commission. Further, the Legislature agreed to allow State General Fund dollars to be used in the future for this purpose.

Mental Health Crisis Line

The May Revision includes an investment of \$3.6 million Mental Health Services Fund for a statewide mental health crisis line operated by a nonprofit in San Francisco. This crisis line will be staffed by individual responders who can provide peer support to intervene during critical emotional crisis. The proposed investment would issue the funds annually to the Department of Health Care Services for three years. The investment will help to fill the gap in providing immediate access to behavioral support intervention.

PUBLIC HEALTH

Infectious Disease Prevention for County Public Health Departments

The Governor included a one-time \$40 million General Fund investment to support local health departments in meeting the rising communicable disease needs of their communities, and the Legislature approved the expenditure. Of the \$40 million, \$4 million will be retained by the state Department of Public Health for administration of the funding as well as local grants to counties. Also, \$1 million will be earmarked for Tribal health entities. The funding will be available in a lump sum in the budget year, but counties will have three years to spend it. This proposal was championed by the County Health Executives Association of California and the Health Officers Association of California.

Alzheimer's Disease Grants

The Governor proposed \$10 million in State General Fund to support the early detection and timely diagnosis of Alzheimer's Disease. The Conference Committee approved \$5 million for

this purpose and rejected a proposal to divert another \$5 million for Alzheimer’s respite care. CSAC supported the proposal for the early detection and timely diagnosis grants.

HIV, STD, and Hepatitis C Funding

CSAC supported the Governor’s proposal for \$2 million State General Fund ongoing for Sexually Transmitted Disease (STD) Prevention. However, the Senate and Assembly moved to also add funding for HIV and Hepatitis C prevention. In the end, the Legislature and Governor agreed to direct \$5 million in ongoing State General Fund for each of the three prevention efforts. Further, CSAC and other county affiliates were successful in ensuring the maximum flexibility for spending or contracting with community-based organizations on local efforts.

Housing and Homelessness

Housing

The Budget dedicates a total of \$750 million in one-time funding to local governments to increase housing production. It provides \$250 million for planning grants to help local jurisdictions work through the Regional Housing Needs Assessment 6th Cycle. It includes \$500 million for housing-related infrastructure.

The Budget also expands CalHFA’s mixed-income loan program and the state’s Low Income Housing Tax Credit program. It appropriates \$500 million in one-time funding for the mixed-income loan program. The Budget provides a one-time investment of \$500 million to expand the state’s Low Income Housing Tax Credit program.

Trailer bill language reflecting the housing investments agreed upon by the Governor and Legislature as part of the budget package is expected to be released next week.

Homelessness

As proposed in the Governor’s May Revision, and adopted by budget subcommittees in the Senate and Assembly, the budget bill includes \$650 million for homeless emergency aid. However, the budget trailer bill that will identify the allocation of these funds has not been finalized and released. This trailer bill will also identify the allowable uses of the funds and the planning and application requirements. Once those details are known, CSAC will provide an update.

The Budget also includes the following homelessness-related investments:

- \$120 million for county Whole Person Care to help provide housing options for participants and to expand to more counties
- \$25 million for the Bringing Families Home program

- \$14.6 million ongoing for the CalWORKs Homeless Assistance Program and trailer bill language to allow the use of assistance for up to 16 cumulative days
- \$8 million to provide housing support for older foster youth
- \$5 million to support housing navigators to help young adults aged 18 to 21 secure and maintain housing, with priority given to foster youth
- \$5.6 million for the Los Angeles Homeless Service Authority's work in Service Project Area 3
- \$5 million for grants to limit barriers for homeless individuals with pets
- \$1 million to fund Encinitas, Carlsbad, Oceanside, and Vista with \$250,000 each for homelessness prevention and intervention services in partnership with the Community Resource Center

If you would like to receive the Budget Action Bulletin electronically, please e-mail Karen Schmelzer, CSAC Legislative Assistant at kschmelzer@counties.org.

ADDITIONAL RESOURCES

Below is a list of trailer bills currently in print. This list will further expand in the coming days as more agreements are reached between the Governor and the Legislature. CSAC will provide updates as critical trailer bills are finalized.

Trailer Bill	Topic/Summary
AB-76	Education finance: constitutional minimum funding obligation: inflation and cost-of-living adjustments.
AB-77	Higher education trailer bill.
AB-79	Mental health.
AB-80	Human services omnibus.
AB-81	Developmental services.
AB-82	State Government.
AB-83	Employment.
AB-84	Political Reform Act of 1974: online filing system.
AB-85	Public resources: omnibus trailer bill.
AB-87	Transportation.
AB-90	Public employees' retirement.
AB-92	Taxation.
AB-94	Public Safety: omnibus.
AB-95	Courts.
AB-96	Emergency Telephone Users Surcharge Act.
AB-97	Cannabis.

AB-102	State employees: memorandum of understanding.
AB-104	Corrections facilities: financing.

ACTION