

FY 2017-19 Budget Workshop Board Inquiry Form

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Inquiry Number: 04

Department: Social Services
 Date: 4/10/17
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Request/Question:

What is the rationale given by the State regarding the reduction of funding in CalFresh, CalWORKs, WIOA and IHSS?

The bullets below provide the requested rationale for reduced State funding. However, in addition to the ongoing State allocation reductions, the following factors are also contributors to local programmatic reductions:

- 1) Salary and benefit increases,
 - 2) Prior utilization of one-time Incentive funds which replaced reduced CalWORKs allocation in the current year,
 - 3) Prior utilization of CalFresh redistribution funding available from other Counties,
 - 4) Anticipated, but ultimately unrealized, Medi-Cal reimbursements for eligibility worker 5% equity adjustment approved in 2015 (\$900,000),
 - 5) Increase in reimbursement of County cost allocation and direct charges from support departments.
- CalFresh: Statewide, the CalFresh caseload is, for the first time in 15 years, projected to decrease in 2017-18 by 0.8% over 2016-17. However, based on data from the California Dept of Social Services, Santa Barbara County caseload increased by 10% in the 4th quarter of FY 15-16 over prior year 4th quarter, compared to a statewide decrease of -0.5% for the same time period. The statewide caseload decrease contributes to a decrease in CalFresh Administration funding by 6%. The impact to the County would be a loss of \$329,343 of State funding. Total loss of funding, including Fed/State/County would be approximately \$870,000. This funding reduction, combined with the 5 factors above, create the \$6.7 million service level reduction in the CalFresh program.
 - CalWORKs: The overall CalWORKs caseload continues to decrease, which is attributed to ongoing economic improvements in California. The Statewide caseload is projected to be 459,173 in 2017-18, a 5.4% decrease from 2016-17 final caseload estimates. Our caseload has decreased 9.5% year to date but the amount of effort per case has increased over the past couple of years as we try to deal with the barriers families have in achieving self-sufficiency. The caseload decreases result in a proposed reduction to the Single Allocation of 10%. The impact to the County would be a loss of approximately \$1.8 million. This funding reduction, combined with the 5 factors above, create the \$4.0 million service level reduction in the CalWORKs program.
 - WIOA: This is a federally funded program and receives no State funding. The reduction is based on reductions at the Federal level, specifically, a 0.1901% reduction built into the Further Continuing Appropriations Act of 2017. These allocations are based on the estimated allotment levels issued by the U.S. Department of Labor. The impact to the County is a loss of approximately \$182,000.
 - IHSS: The State has eliminated the IHSS MOE and has reinstated a 35 percent county share of all nonfederal IHSS program costs, which increases the local share of cost by \$630 million statewide. The impact to the County is an increase of an estimated \$2.47 million.
 - The Coordinated Care Initiative (CCI), which includes the Cal MediConnect demonstration project, allows dual-eligible individuals (those who are eligible to receive both Medi-Cal and Medicare) to receive coordinated services encompassing medical, behavioral health, long-term services and supports, and home and community-based services (including IHSS) from a single health plan. This pilot was implemented in seven counties --- Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara --- and was implemented in conjunction with a requirement for most other dual eligibles statewide to enroll into managed care plans.
 - When the CCI was created, it also included a shift of collective bargaining responsibility for IHSS from counties to the state as the CCI was implemented in a county, along with a maintenance-of-effort requirement in place of the traditional county share of IHSS costs, which applied to all counties (even those that did not participate in CCI).
 - Under current law, the Director of Finance is required to annually determine whether CCI is cost-effective. If CCI is determined to be not cost-effective, the program automatically ceases operation in the following fiscal year. After signaling concerns each year in the budget since 2015, the newly proposed budget estimates that CCI will no longer be cost-effective. As a result of this formal declaration, the CCI program will be discontinued in 2017-18 (effective December 31, 2017, pursuant to the current statutory timeframes).
 - The discontinuance of the CCI would end the county maintenance-of-effort (MOE) in IHSS and reinstate a 35 percent county share of all nonfederal IHSS program costs effective July 1, 2017. These costs reflect the overall growth in IHSS spending since 2011-12 (the base year for the MOE), which includes cost drivers such as an increasing statewide minimum wage and the implementation of Fair Labor Standards Act (FLSA) overtime regulations. As these cost drivers and new policies (for example, paid sick leave for IHSS providers starting July 1, 2018) continue to increase IHSS costs, the county share of cost will continue to grow.