

Overall Context

- The pandemic laid bare the disproportionate health and economic burdens that low-wage workers and other low-income families, especially those of color, bear.
- It also highlighted how inadequate our social safety net is.
- An historic surplus makes new initiatives possible and foundation for a robust safety net.

- Why such a surplus now?
 - CA's wealthy got wealthier because of investment in tech and other industries that grew with pandemic-related shifts in the economy. That increased income tax funds.
 - Significant federal financial support to help states recover from the pandemic

- \$57.7 billion surplus in May Revise, after \$24.25B to replenish various reserve accounts
 - January: projected surplus \$15 billion.
 - May: has grown by an additional \$16.7 billion, just from tax receipts for Dec-March (Due date for taxes postponed this year to May 17.)
 - + \$26 billion in federal coronavirus relief
 - Broad authority on how the state may spend it
 - Education: Much of the surplus must go to K-12 and community colleges
 - Gann: \$16.2B must be returned to taxpayers under the Gann limit, which caps state spending. Exceeded for the first time in 40 years. Gov complies basically by extending the CA stimulus tax refund to families earning less than \$75K/year.
 - [Budget Highlights Link](#) and [Governor's May Revision - eBudget Link](#)

- But wait!
 - Much of the new funding is framed in terms of one-time expenditures or subject to subsequent annual appropriations.
 - Why? The state Department of Finance expects a multibillion-dollar budget deficit starting next year when federal coronavirus-related relief to the states ends and the post-pandemic economic bounce eases.
 - Still, last year, huge deficits were expected for this year, with “suspension triggers” at the ready, which never had to be pulled. Lesson: Fight.
 - WCLP and others conclude the May Revise fails to address the depth of post-pandemic needs with the resources currently available: <https://wclp.org/analysis-of-governor-newsoms-may-revision-of-californias-2021-2022-budget/>

Health

- **12-month postpartum coverage for Medi-Cal and MCAP**
 - Extended from current 60-day postpartum period
 - Regardless of immigration status
 - Includes both “regular” Medi-Cal (fee-for-service) and managed care
 - Full year cost: \$181.1 million State General Fund. Draws down 50% federal match = \$362.2 million a year
 - Included for five years, but subject to appropriation.
 - Should drop separate approps requirement and make it an entitlement for the five-year ARPA duration of federal match
 - Preparing for implementation will be key
 - Should be smooth for individuals in Pregnancy-Related Medi-Cal
 - But more challenging for persons in Full Scope: must ensure there is an effective process in place for identifying those who become pregnant/postpartum
 - Disproportionately a concern for African-Americans, who are significantly more likely to be in Full Scope Medi-Cal than in Pregnancy-Related Medi-Cal
 - Starts April 1, 2022. What happens in the meantime?
 - No Medi-Cal or MCAP discontinuances before January 1 at the earliest.
 - Discontinuance moratorium since March 2020 due to the pandemic.
 - This protection is in effect until *at least* December 31, 2021.
 - **So no postpartum (or any other) person should be losing their Medi-Cal or MCAP before the end of this year** (unless they’ve left CA, asked to be discontinued, or have died).
 - Feds will give 60-day notice before states must start redetermining cases. Will that notice come in late 2021? Or sometime in 2022?
 - May Revise includes \$73 million (\$36.5 million state funds) in each of 2021-22 and 2022-23 for county admin costs to resume annual Medi-Cal redeterminations
 - Ongoing state budget advocacy
 - MCHA and others have proposed that the state seek flexibility from CMS to continue all postpartum people on Medi-Cal and MCAP during the redetermination process, if it starts before April 1.
 - Plus all kids 0-5 throughout the redetermination process and beyond.
 - Plus maximum flexibilities for all other groups

- **Accelerated Enrollment (AE).**
 - After the CA Supreme Court ruled last July against the state, the state agreed to settle the Medi-Cal backlog case, *Rivera*, in which MCHA and one of its clients are plaintiffs. More information about the case is here: [announcement](#).
 - Under the settlement, the state must extend AE to adults applying through Covered CA (kids can get AE now) by July 1 and to both adults and children applying directly to the county in 2023.
 - AE will provide Medi-Cal in **real time** while an applicant's income is being verified. Issues with the e-verification process for income are the main reason for application delays, most of which occur for applications started in Covered CA.
 - Funded in the May Revise at \$14.3 million total funds (\$7.2 million state funds)
 - Draft implementation All County Letter for comment expected soon.

- **New Dyadic Services Benefit in Medi-Cal:** Based on the Healthy Steps model of care. Integrated physical and behavioral health screening and services to the whole family. Includes social determinants of health interventions, such as to address food insecurity and housing instability. Follow-up to ensure that families have received the services to which they've been referred is required. Funded at \$200 million total (\$100 million state funds) a year. Starting July 1, 2022.
 - **Other Mental Health:** Significant other investments in mental health services and systems infrastructure, including for youth. Funded at \$24.55 billion. But many questions about accountability and sustainability at the local level.

- **New CHW benefit:** Adds Community Health Workers to the class of individuals who can provide Medi-Cal covered services. \$16.3 million (\$6.2 million state funds) in FY 2021-22 and increasing to \$201 million (\$76 million state funds) by 2026-27. Starting July 1, 2022.

- **New Doula Medi-Cal benefit:** \$4.4 million (\$1.7 million state funds) annually at full implementation. Starting January 1, 2022.

- **Medi-Cal for people 60 regardless of immigration status**
 - Starting May 1, 2022
 - \$68 million (\$50 million state funds)
 - Additional 80,000 people covered

Justice-involved populations: Medi-Cal services starting 30 days prior to release plus funding for capacity-building to coordinate services among health, justice and SDOH agencies: Medi-Cal Providing Access and Transforming Health (PATH). One-time investment of \$200 million (\$100 million state funds). LAO and others concerned about lack of detail. What, exactly, would be done? At what cost per activity? Local sustainability?

- **Telehealth:** May Revise sets rates for audio-only telehealth services at 65%. Only providers who can also provide in-person services to patients in addition to audio will be reimbursed for synchronous and audio-only telehealth. Federal approval for FQHCs pending for this proposal. LAO proposes a sunset, since much still unknown about impacts of telehealth and disparities in access. AB 32, sponsored by several provider associations, still in play.
- **Population health management:** This initiative would centralize administrative and clinical data from the state DHCS, health plans, and providers to: 1) better identify and stratify member risks; 2) allow providers and beneficiaries to learn of what assessments or other services they may be missing that plans are required to provide; and 3) connect beneficiaries to SDOH services. One-time \$315 million (\$31.5 million state funds). Part of the CalAIM waiver proposal. Significant concern about coordination among entities and public agencies, transparency, and accountability.

Food security

- **Food banks:** No new funds added by the May Revise to the \$35 million proposed in January. Woefully inadequate. WCLP advocates for [\\$800 million in emergency food assistance](#) to all Californians, a proposal championed by Assembly member Santiago and prioritized by the Latino Caucus.
- **Free school meals:** \$150 million for the Universal Free School Meal program, a significant investment for school-age kids
- **Outreach to older adults:** \$2 million (\$1 million state funds) ongoing for CalFresh outreach
- **Access to CA-grown food:** Supports communities lacking access and the small and urban farmers wishing to serve them. \$68 million (in addition to the \$10 million in the January budget for a total of \$78 million) one-time funding. Many questions about the details.

Economic Supports

- **Guaranteed Basic Income Pilot:** \$35 million to cities and counties to establish guaranteed basic income pilot programs.
- **Golden State Stimulus II:** This measure would provide: \$600 payments for families earning up to \$75,000 who did not receive an earlier GSS payment; an additional \$500 to families with dependent children making up to \$75,000; plus \$500 to ITIN filers earning up to \$75,000 and who have a dependent. Total of \$8.1 billion.
 - Advocates are concerned this approach leaves out some of the neediest Californians: workers who don't earn enough to file taxes; undocumented people who lack an ITIN; people in General Assistance or other public health programs.

- **One Time CalWORKs Payments:** \$203 million in federal TANF Emergency Pandemic funds to provide a \$640 one-time payment to all CalWORKs households. First payment in July, second payment in 2022.
- **CalWORKs grant levels:** Would increase 5.3%. But this is still less than 50% of poverty. WCLP and others are pressing for benefits at least half of the poverty level.
- **Unaccompanied Undocumented Minors:** \$20 million in one-time funding for a pilot project to provide additional support for these youth.

Housing

- **CalWORKs Housing Support Program:** Described as a massive increase, the May Revise proposes an additional \$475 million in funding for the CalWORKs Housing Assistance Program (HSP) in each of the next two years. This is on top of the existing \$90 million in funding for the program and will include statutory changes that may allow counties to serve households before they receive a three-day notice of eviction.

Rent and Housing Relief

- \$5.2 billion in federal rental relief aid for state and local jurisdictions from the U.S. Treasury.
- \$331 million in national mortgage settlement funds for mortgage assistance for homeowners.
- \$1 billion to the California Housing Finance Agency (Cal HFA) for mortgage assistance and principal reductions.

Housing Production

- \$1.75 billion in one-time general funds to support Housing and Community Development (HCD) 6,300 affordable housing projects that are currently shovel ready
- \$81 million in one-time funds to expand CalHFA's Accessory Dwelling Units (ADU)
- \$45 million to scale up excess land development.
- \$500 million for HCD to provide planning and implementation grants to regional entities for infill developments
- \$300 million in one-time funds to sustain HCD legacy project affordability requirements

Homelessness

- \$3.5 billion in one-time funds for HomeKey to acquire and rehab more housing
 - \$1 billion earmarked for families experiencing or at risk of homelessness
- Project RoomKey Transition: \$150 million to help transition individuals from short term to permanent housing

Governor's Proposed State Budget— May Revise 2021 Edition

- \$40 million one-time state funds available over five years to Homeless Coordinating Financing Council for grants and tech assistance to jurisdictions
- \$53 million in one-time state funds to “coordinate encampment outreach services” with CalTrans to connect unhoused individuals with services
- \$280 million in state funds in both 2021-2022 and 2022-2023 to expand housing-related supports to homeless families in the child welfare system
- \$100 million in state funds to support access to health, safety, and housing support for people experiencing or at risk of Adult Protective Services involvement
- \$20 million one-time funding for deferred maintenance of farmworker rental housing.
- \$175 in state funds annually through 2023-2024 for people with disabilities who are

Homeownership

- \$100 million to expand CalHFA First Time Homebuyer Assistance Program

Thank you. Questions? Please contact Lucy Quacinella, Multiforum