

2024-25 May Revision Overview



Presented to:

Child Welfare Policy Roundtable

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What is the LAO?

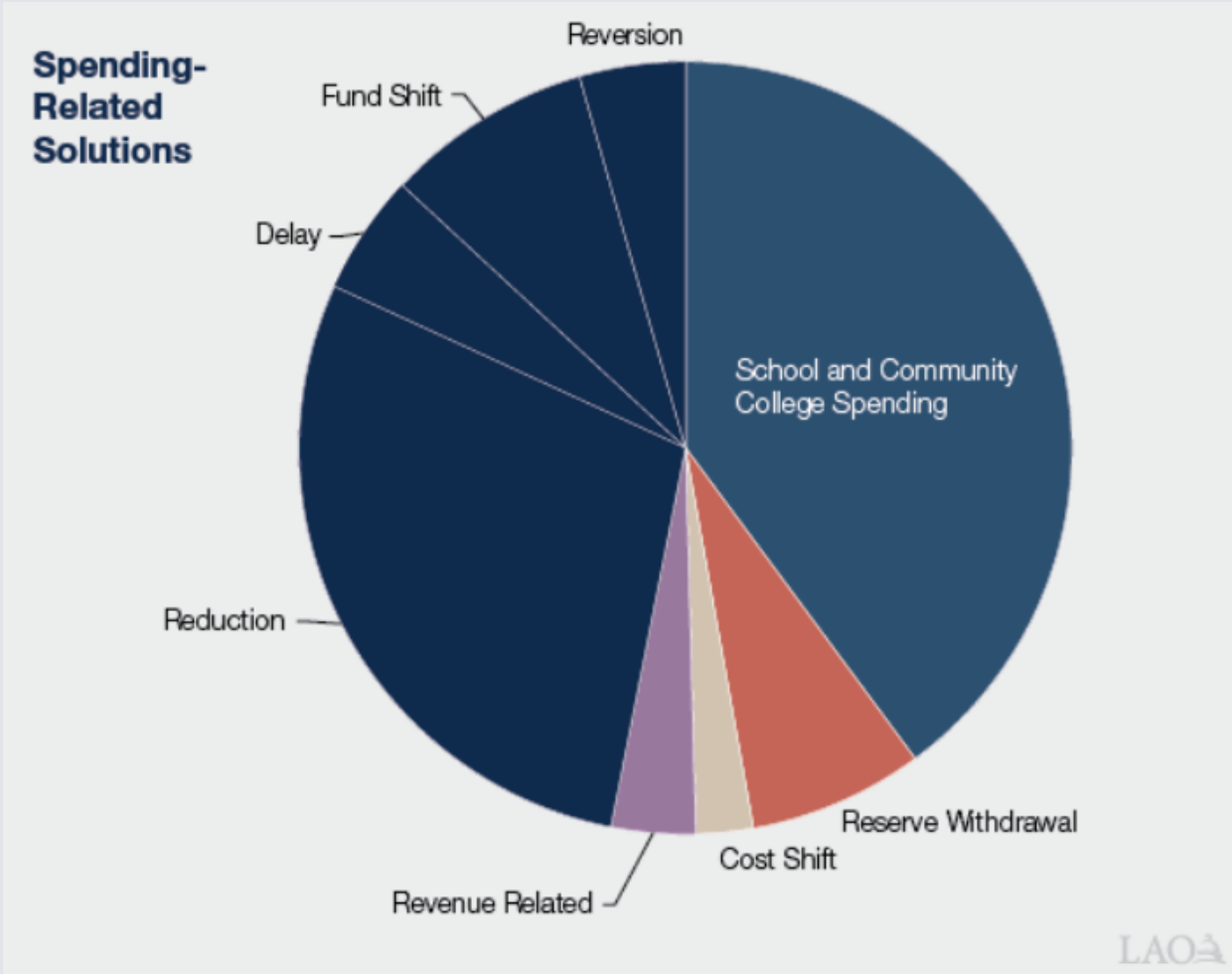
- Non-partisan office providing fiscal and policy guidance to the Legislature.
- Work closely with budget and policy committees, and respond to requests from individual members' offices.
- Legislature's "eyes and ears."
- Ballot analysis work.

2024-25 Budget Landscape as of May Revision

Budget Problem Has Shrunk

- In January, Governor estimated \$38 billion deficit. May Revision proposal estimates \$27 billion.
 - Administration and Legislature adopted early action budget package that addressed \$17.3 billion.
 - May Revision proposes lower new discretionary spending (around \$1 billion, down from \$1.2 billion).
 - These deficit reduction actions are somewhat offset by revenues that have come in a bit lower than projected, and higher projected caseloads for some programs (Medi-Cal).

How the May Revision Addresses the Deficit



State General Fund Summary

(Dollars in billions)

	<i>2023-24 Revised</i>	<i>2024-25 Proposed</i>
Prior year's balance	\$46	\$10
Revenues & transfers	\$189	\$205
Expenditures	\$226	\$201
Ending balance	\$10	\$14
Expenditures for:		
»HHS	\$73.6	\$70.2
»DSS	\$20.9	\$19.4
»CWS & FC	\$1.056	\$0.891

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Child Welfare

2024-25 Proposed Child Welfare Local Assistance Funding (Under DSS)

(Dollars in millions)

	Total	Federal	State	County	Reimbursement
2024 May Revision:					
2023-24 Revised Budget	\$9,672	\$3,301	\$1,056	\$5,059	\$256
2024-25 Proposal	9,845	3,470	891	5,231	253
Change From 2023-24 to 2024-25	\$173	\$169	-\$165	\$173	-\$4

Note: Includes associated automation costs.

AAP = Adoption Assistance Program; KinGAP = Kinship Guardianship Assistance Payment; and ARC = Approved Relative Caregiver.

2024-25 Key Changes: New Proposals

(Dollars in millions)

<i>Item</i>	May Revision 2024-25:		Legislative Budget Package:
	<i>Total Funds</i>	<i>General Fund</i>	
Proposed reduction: Bringing Families Home	(80)	(80)	Rejects reduction, and instead converts to a delay
Proposed reduction: Foster care caregiver approval funding	(50)	(50)	Rejects reduction.
Proposed reduction: Emergency child care bridge reduction	(35)	(35)	Rejects reduction.
Proposed reduction: FURS	(31)	(30)	Rejects reduction.
Proposed reduction: LA County public health nurse pilot	(8)	(8)	Approves as budgeted.
Proposed reduction: Housing supplement for SILPs	(1)	(1)	Approves as budgeted.
Proposed augmentation: CCR Permanent Rates automation	14	14	Approves initial automation funding as budgeted. Makes some modifications to placeholder trailer bill for the permanent rates proposal.

2024-25 Key Changes: Augmentations Based on Current Law

(Dollars in millions)

<i>Item</i>	<i>Total Funds</i>	<i>General Fund</i>
CWS-CARES project increase	45	23
BH-CONNECT	17	13
Net changes in CCR costs	72	41

2024-25 Key Changes: Reductions Based on Current Law

(Dollars in millions)

<i>Item</i>	<i>Total Funds</i>	<i>General Fund</i>
Child welfare stabilization funding for Los Angeles County	(100)	(100)
Flexible funds to support home-based foster care	(50)	(50)
CWS-CARES and CalSAWS interface	(25)	(25)
COVID-19 temporary eFMAP	(25)	-
Foster Family Agencies one-time rate increase	(10)	(8)

CCR Permanent Foster Care Rates

- As part of overall CCR implementation, interim Level of Care rates began implementing in 2017.
 - Under statute, interim rates expire Dec. 31, 2024. Permanent rates structure must be in place by Jan. 1, 2025.
- DSS proposed permanent structure and statutory language.
 - Updated language at May Revision addresses some feedback. Conversations ongoing.
 - Legislature's package rejects trigger and adds reporting.
 - Implementation of new rates likely cannot begin until 2026-27 earliest.
 - Cost impact estimated around \$1 billion at full implementation.

Thank you!

Questions?

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