

MEMORANDUM

TO: Regional Steering Committee on Homelessness and Housing (RSC)
FROM: HomeBase
RE: Update on State Action
DATE: July 29, 2005

Introduction

Over the past few months there has been an increasing amount of activity at the state level, with the passage of the State budget, developments at Housing California, and progress around getting California to attend a federal Policy Academy. HomeBase is still working with Housing California to pull together a state-action focused summit for all communities in the state.

State Budget Update

Governor Schwarzenegger signed the 2005-05 State Budget into law on July 11, 2005. In March, the RSC examined some of the Governor's proposals contained in his original January budget proposal. Sharp cuts had been proposed for SSI/SSP, Medi-Cal, EHAP, and other critical supports for people who are homeless. Some of these cuts have been adopted, and some of these cuts were avoided through the work of the legislature and advocates. Further, the May Revision of the Governor's budget proposal contained a new homelessness initiative, part of which was adopted in the final budget act.

The Bad News

Cost of Living Adjustments (COLAs) for both *CalWORKS* grants and *SSI/SSP* have been suspended. The annual state COLA for *CalWORKS* grants have been suspended for two years, resulting in a freeze of the maximum grant levels for recipient families. The annual state COLA for *SSI/SSP* has also been suspended for two years. Additionally, the annual federal COLA for *SSI/SSP* will be *delayed by three months* in each of this and the next fiscal year.

The Governor vetoed the Legislature's proposed increase of \$57.1 million for county administration of *CalWORKS* and the Food Stamp Program. The state has withheld operating increases for county-run social services for years, arguably contributing to recipients being underserved locally.

The Good News

The funding for *In-Home Supportive Services (IHSS)* provider wages have been protected from proposed cuts, and scored an increase of \$1/hour from the 2004/05 level, up to \$11.10/hour. The defeated proposed cuts would have eliminated state funding for *IHSS* provider wages above state's minimum wage of \$6.75/hour.

Much of the Governor's proposal to restructure the state's *subsidized child care system* was rejected, including reduced reimbursement rates for providers and imposed time limit on CalWORKS childcare.

The *Medi-Cal* restructuring proposal was largely rejected, with the exception of the managed care proposal that would move more seniors and people with disabilities into Medi-Cal managed care plans, beginning in January 2007. Further, the Governor will seek additional federal funds for prenatal care services in the Medi-Cal and Access for Infants and Mothers (AIM) Program.

The proposed *Emergency Housing Assistance Program (EHAP)* cuts were avoided! The Governor had proposed to reduce EHAP by \$864,000 from its previous level of about \$4 million. Housing California organized a campaign collecting 320 signatures to restore the cuts to EHAP, and their and others efforts paid off. In restoring the cuts to EHAP, the Governor noted that this restoration of funds was on a "one-time basis, to continue shelter beds during a transition period while new beds are developed under my proposal to create permanent housing with supportive services for the chronically homeless."

"Governor's Chronic Homeless Initiative"

The Initiative was first announced in May as a \$53 million multi-pronged effort. The May Revision to the Budget contained the following:

- Redirect \$40 million from existing housing bonds and \$10 million from the California Housing Finance Agency (CalHFA) to create new permanent supportive housing. Expect that local government will fund services through their Proposition 63 funding.
- Direct \$2.4 million from Proposition 63 funding for two years to be used for rent subsidies (\$2 million) and to establish county collaboratives (\$400,000) at the local level to assist counties in developing projects to promote stable housing for homeless persons.
- Direct \$750,000 from the General Fund for predevelopment costs of permanent supportive housing for chronically homeless individuals.
- Direct \$250,000 from the General Fund to support state interagency coordination of homeless initiatives through the establishment of an Interagency Council.

The May Revision got mixed reviews from the Legislative Analyst's Office (LAO), including urging legislators to reject the funding for the Council, "The General Fund dollars can be better used for the budget bottom line or direct homeless assistance (e.g. EHAP grants). There is no reason why the state departments cannot coordinate their activities through existing administrative resources. This type of coordination should be expected of departments as part of their day-to-day operations."

Through the budget process, the Initiative was scaled down, resulting in the following:

- Recapture up to estimated \$35 million in Proposition 46 funds to be available from loan repayments, and redirect towards supportive housing projects targeting chronically homeless.
- Directs \$750,000 in Proposition 63 funding to be administered by the Department of Housing and Community Development (HCD) to provide predevelopment loans for the construction of, addition to, and renovation of homeless shelters.

- Directs \$125,000 from General Fund to establish a new *Governor's Council to Address Chronic Homelessness* which will “assist in the coordination and development of strategies between state, local governments, and non-profits to address the issue of homelessness.”

Last month, HCD announced its annual EHAP awards of \$34.5 million across the state for shelter operations, services, and development. At the time of the award release, HCD Director Lucy Dunn stated that “these awards are consistent with Governor Schwarzenegger’s Initiative to address homelessness.”

What Does All This Mean?

All of this action at the State level comes at a time when HomeBase and Housing California are working together to increase the capacity to organize. Housing California continues to re-commit itself to its dual mission of affordable housing and ending homelessness, and has recently hired Alameda County’s own Megan Schatz as their new Homeless Policy Director. Once again, having a staff person at Housing California dedicated to homeless issues will help the advocacy and organizing efforts of all of us.

Questions to Consider:

- What action in your local communities has taken place to advocate for or against some of these state developments?
- What should the RSC agenda be on these state developments?
- How can we support the development of permanent supportive housing without losing the funding for critical shelters and transitional housing?
- What information do you need to support action(s) you want to take?

For questions or comments, please contact Jessica Flintoft, Projects Director, HomeBase, at (415) 788-7961 ext.314 or jessica@homebaseccc.org.