



2019-20 IHSS MOE County Amounts Methodology Brief

August 2019

1100 K Street
Suite 101
Sacramento
California
95814

Telephone
916.327.7500

Facsimile
916.441.5507

The Governor's proposal to revise the county In-Home Supportive Services (IHSS) Maintenance of Effort (MOE) was enacted into law in Senate Bill 80 (Chapter 27, Statutes of 2019). The new MOE creates a more sustainable fiscal structure for counties to manage IHSS costs and continue to deliver vital services on behalf of the state. CSAC partnered with counties over the past two years to work towards achieving this outcome and is grateful to the Governor and the Legislature for the proposal and legislation that will accomplish this goal.

One of the first tasks to implement the rebased MOE is to determine the individual county MOE amounts. The Department of Finance is required to consult with CSAC on making these determinations. This document outlines the methodology that was utilized to determine the individual county amounts of the rebased 2019-20 IHSS MOE.

Process for Developing Methodology

CSAC formed an IHSS MOE Subcommittee of the existing CSAC IHSS Working Group to secure county input in developing the recommended MOE amounts. The Subcommittee was co-chaired Mono County Supervisor John Peters and Napa County Supervisor Belia Ramos, who co-chair CSAC's IHSS Working Group, and included County Administrative Officers (CAOs) from rural, suburban, and urban counties, as well as county technical experts. Once the Subcommittee developed the recommendations, all CAOs were briefed and CSAC's officers gave their approval for moving forward with the methodology. The recommended MOE amounts were then shared with the Administration for their consideration. The Department of Finance and Department of Social Services have confirmed that they are moving forward with implementing the recommended amounts.

2019-20 Statewide IHSS MOE

Senate Bill 80 establishes the statewide 2019-20 County IHSS MOE at \$1.563 billion. The Department of Finance determined this new amount by fully following through existing law at the time through the end of 2018-19 to develop a 2019-20 MOE prior to the rebased amount. That MOE total was \$2.06 billion and results from the 2018-19 MOE, MOE adjustments for local wage and benefit increases in 2018-19, and the seven percent inflation factor.

Once that amount was determined, the Department of Finance calculated the incremental increase over 2018-19, incorporated the available 1991 Realignment revenues, and determined a new lowered MOE base that would fit within the Realignment revenues available to counties. This \$1.563 billion amount becomes the new County MOE in 2019-20 and only increases from there by a lowered annual four percent inflation factor and adjustments for local wage and benefit increases. The lowered County MOE is made possible by an increased State General Fund commitment for IHSS costs that is ongoing and that totals nearly \$2 billion in the first four years of this new structure. The State General Fund offset, redirected vehicle license fee (VLF) growth, and accelerated caseload growth mitigations that existed under the prior 2017 MOE end under the new MOE. The 2019-20 MOE contains only one MOE component for services, and does not have the four separate MOE components that were previously included.

IHSS MOE Methodology

The IHSS MOE methodology distributes the nearly \$500 million decrease to get from the \$2.06 billion MOE prior to the rebase to the final rebased MOE of \$1.563 billion.

Step One: Remove County Specific Increases from End of State General Fund Mitigation and Seven Percent Inflation Factor in the Same Manner they were Added

For the first step, a starting point was established that incorporated the existing county MOE and how the increased costs were added prior to the rebase. While the MOE is being lowered by nearly \$500 million from what it would have been, the increased amount over the final 2018-19 MOE after MOE adjustments for local wage and benefit increases were added directly results from specific individual county amounts. The methodology reflects that these amounts needed to be removed in the exact same manner. The \$330 million increase that would result from the end of the State General Fund mitigation and the \$134.8 million increase that would result from the seven percent inflation factor were removed from the \$2.06 billion total MOE amount prior to the rebase in the same county-by-county manner that they were added.

The result of this is a statewide starting point of \$1.595 billion with corresponding individual county starting points that add to this total. This starting point is only \$32.1 million higher than the final rebased 2019-20 MOE amount of \$1.563 billion. Below is a table that demonstrates this statewide starting point.

2019-20 IHSS MOE

2018-19 County MOE after General Fund Mitigation	\$1.523 billion
2018-19 Annualized MOE Adjustments	\$72.4 million
Increase to MOE from End of General Fund Mitigation	\$330 million
Increase to MOE from Seven Percent Inflation Factor	\$134.8 million
Total 2019-20 Prior to Rebase	\$2.06 billion
Remove General Fund Mitigation Increase	-\$330 million
Remove Inflation Factor Increase	-\$134.8 million
Starting Point for Determining Rebased County Amounts	\$1.595 billion
Difference from Starting Point to Rebased 2019-20 MOE	-\$32.1 million
Rebased 2019-20 MOE	\$1.563 billion

Step Two: Provide Equal Percent Decline for Every County for Remaining MOE Decrease

Once this starting point was established, the next task was to determine how to distribute the remaining \$32.1 million decrease among the 58 counties. This calculates to a statewide decrease of 2.01 percent from the starting point to the final MOE amount. The methodology will provide every county with this same 2.01 percent decrease from the individual county starting point amounts to the individual county final MOE amounts.

In addition to the results described above, this methodology also accomplishes the following outcomes:

- The full annualized MOE adjustment amount was added to the MOE for any county that increased wages or benefits in 2017-18 or 2018-19.
- Any county that did not increase wages or benefits in 2018-19 will have a 2019-20 MOE amount that is lower than the county's 2018-19 MOE after General Fund offset.
- Any county that did increase wages or benefits in 2018-19 will have a 2019-20 MOE amount that is lower than the sum of the county's 2018-19 MOE after General Fund offset and the annualized MOE adjustment for that wage or benefit increase.