

IHSS Changes: The Next Step



Friday, April 6, 2018
10:00 – 10:45 a.m.

Justin Garrett, California State Association of Counties
Eileen Cubanski, County Welfare Directors Association

Agenda

- I. Welcome and Overview
- II. County IHSS MOE and Offsetting Revenue
- III. Collective Bargaining Provisions
- IV. What to Expect at May Revise
- V. Questions

I. Overview

2017-18 IHSS Implementation

- New County IHSS MOE (July 2017)
- CSAC IHSS Webinar (September 2017)
- IHSS clean-up legislation AB 130 (September 2017)
- Redirected VLF and Sales Tax Growth (October 2017)
- CFL on MOE and State General Fund (November 2017)
- Initial Accelerated Caseload Growth (November 2017)
- CSAC IHSS Training (November 2017)
- Governor's budget proposal (January 2018)
- IHSS clean-up legislation AB 110 (March 2018)

II. County IHSS MOE and Offsetting Revenue

January Budget Proposal

- Updated several estimates that are relevant to 2017-18 IHSS implementation
- IHSS services costs for 2017-18 are estimated to be lower than in the final budget adopted last summer – results in a County IHSS MOE decrease of \$29 million
- 1991 Realignment sales tax revenues revised – increase in estimated 2017-18 growth from \$58.6 million to \$166.9 million

Accelerated Caseload Growth

- Prior to SB 90/AB 130, sales tax growth is paid out at the end of the realignment year
- This anticipated growth will now be paid to counties throughout the year to offset increased IHSS costs
- Only IHSS caseload is accelerated, all other social services programs will continue 2-year caseload growth process
- Caseload growth is still paid first
- IHSS costs not covered by accelerated caseload growth included in regular caseload growth

Accelerated Caseload Growth

- Accelerated amount included in 2017-18 sales tax base for social services
- Will be paid each month with normal sales tax base payments
- The overall amount being paid out as 2017-18 sales tax base will now be higher, meaning the percentages for all subaccounts need to be adjusted to ensure the accurate base amount is paid

Accelerated Caseload Growth

- Prior 2017-18 sales tax growth estimate was \$58.6 million, full amount accelerated
- Included in November through February payments
- County percent shares aligned with offsetting revenue percent shares

Accelerated Caseload Growth

- Calculated that new statewide total is \$114.1 million of the projected \$166.9 million
- New amount included starting with March payments
- Remaining projected sales tax growth would be available to cover regular caseload growth
- For CMSP counties, can carry over CMSP redirected growth amount to subsequent years when there are increased costs
- Also factored in the portion of State General Fund that comes from 2017-18 AB 85/Family Support VLF Growth

Accelerated Caseload Growth

- County percent shares of accelerated caseload growth will need to adjust
- Payments will reflect what counties need to get to correct new base amount at the end of the year
- Maximizes amount that can be utilized to offset IHSS costs
- Important to remember that revenues still need to come in as projected, the out year concerns when the increased costs will be difficult for counties to manage, and that the offsetting revenue includes redirected Realignment growth that would have gone to Health and Mental Health programs

Determining County Amounts

- Three pieces of information needed to calculate how much each county receives each month in accelerated caseload growth
 - The proportion of the statewide total amount of sales tax revenues that are distributed to the state social services subaccount including accelerated caseload growth
 - The proportion of the statewide total amount of sales tax revenues that would have been distributed to the state social services subaccount without accelerated caseload growth
 - The county's share of the total statewide amount of accelerated caseload growth

Determining County Amounts

To calculate the amount of accelerated sales tax revenue for your county:

1. Multiply the monthly total sales tax revenues (after the monthly \$93.4 million payment to mental health per SB 1020) by the proportion of sales tax revenues to be distributed to the state social services subaccount both including the accelerated caseload growth and without the accelerated caseload growth
2. Subtract the two numbers from step 1 to determine the statewide total amount of accelerated caseload growth for that month
3. Multiply the statewide total amount of accelerated caseload growth for the month from step 2 by your county's share of the accelerated caseload growth

Determining County Amounts

- Estimated amount of accelerated caseload growth will be updated each January and May with updates to 1991 Realignment sales tax revenue estimates
- This means the distribution of sales tax revenues among the state subaccounts will change (likely in February and June)

Determining County Amounts

- The county's share of the statewide total amount of accelerated caseload growth will also change based upon the updated revenue estimates and the amount of IHSS MOE costs for that fiscal year that remain unfunded
- We will provide needed data at each point in time for counties to do these calculations

Family Support VLF Growth

- State's \$400 million General Fund contribution is partially from AB 85/Family Support VLF Growth
- The 2016-17 growth amount of \$16.9 million was provided to counties as part of the General Fund contribution, but also erroneously being included in 2017-18 Social Services base
- Needs to follow Realignment Statute and should go the Health and CMSP bases
- The General Fund contribution will need to be updated in the IHSS Services MOE billing
- Base adjustments will occur in April

Family Support Sales Tax Growth

- Similar issue with AB 85/Family Support sales tax growth
- These revenues were not redirected for IHSS costs, but the 2016-17 amount of \$6.2 million was erroneously being included in 2017-18 Social Services base
- Needs to follow Realignment Statute and should go the Health and CMSP bases
- Base adjustments will occur in April

III. Collective Bargaining Provisions

AB 110

- Mid-year budget clean-up legislation
- Ongoing discussions with Department of Finance and Department of Social Services on implementation of wage supplement
- This resolves the issue of subsequent applications of the wage supplement
- Outcome is consistent with original understanding, protects pending agreement, and avoids future costs for counties that utilize wage supplement

State Approval

- AB 110 included new provision that the Department of Social Services must review the rate change request for compliance with state law
- State indicated this provision was needed given complexity of new bargaining provisions

Wage Supplement

- Wage supplement is specified amount that is in addition to the county provider wage
- One-time MOE adjustment when wage supplement is first negotiated and applied
- Annual inflator applies to MOE adjustment
- State participation depends on where county's wage is in relation to state participation cap
- No MOE adjustments for subsequent applications of wage supplement

Subsequent Applications

- AB 110 clarifies that subsequent applications of the wage supplement occur when state minimum wage passes the county provider wage absent the wage supplement amount
- For example, a county has a provider wage of \$11.75 and negotiates a \$0.50 supplement, bringing total amount provider is paid to \$12.25
- The \$0.50 supplement will be subsequently applied when state minimum wage increases to \$12.00 and passes the \$11.75 amount

Wage Supplement Example

County at minimum wage

	1/1/18	1/1/19	1/1/20	1/1/21
State minimum wage	\$11.00	\$12.00	\$13.00	\$14.00
County provider wage	\$11.00	\$12.00	\$13.00	\$14.00
Wage supplement	\$0.50	\$0.50	\$0.50	\$0.50
Total amount IHSS provider is paid	\$11.50	\$12.50	\$13.50	\$14.50

Wage Supplement Example

County above minimum wage and below participation cap

	1/1/18	1/1/19	1/1/20	1/1/21
State minimum wage	\$11.00	\$12.00	\$13.00	\$14.00
County provider wage	\$11.60	\$12.00	\$13.00	\$14.00
Wage supplement	\$0.50	\$0.50	\$0.50	\$0.50
Total amount IHSS provider is paid	\$12.10	\$12.50	\$13.50	\$14.50

Wage Supplement Example

County above participation cap

	1/1/18	1/1/19	1/1/20	1/1/21
State minimum wage	\$11.00	\$12.00	\$13.00	\$14.00
County provider wage	\$12.50	\$12.50	\$13.00	\$14.00
Wage supplement	\$1.00	\$1.00	\$1.00	\$1.00
Total amount IHSS provider is paid	\$13.50	\$13.50	\$14.00	\$15.00

Highest Wage Paid Provision

- AB 110 also specified that a wage supplement must be added to the highest wage paid in the county as of June 30, 2017
- Issue came up during implementation about shifting between wages and benefits within existing approved rate
- In particular, state was concerned about counties shifting within the rate from wages to health benefits and then making up the wage reduction with a supplement because over the long run, this leads to higher State GF costs
- AB 110 exempts rate change requests submitted prior to January 1, 2018 from this provision to protect pending agreement

IV. What to Expect at May Revise

County IHSS MOE

- May Revise will include updated estimate for 2017-18 IHSS costs
- CSAC secured provision that MOE can be adjusted downward if IHSS services costs are lower than enacted 2017-18 budget
- If costs are lower in the May Revise, then this adjustment will occur
- Result in lower 2017-18 costs and smaller increase from the inflation factor in subsequent years

Accelerated Caseload Growth

- May Revise will also include updated estimate for 2017-18 1991 Realignment sales tax growth
- Accelerated caseload growth amount will need to be adjusted to reflect any change to the 2017-18 County MOE due to reduced IHSS services costs (if they are still estimated to reduce)
- May also need to be adjusted based on updated 1991 Realignment sales tax growth estimate

Questions

- Justin Garrett, jgarrett@counties.org
- Eileen Cubanski, ecubanski@cwda.org
