



June 14, 2017

1100 K Street  
Suite 101  
Sacramento  
California  
95814

Telephone  
916.327.7500

Facsimile  
916.441.5507

**SENATE FLOOR ALERT****AB 106 (Ting) – 1991 Realignment Legislation and IHSS Maintenance of Effort****As Amended on June 12, 2017 – SUPPORT****SB 90 (Committee on Budget and Fiscal Review) – 1991 Realignment Legislation and IHSS Maintenance of Effort****As Amended on June 11, 2017 – SUPPORT****Senate Floor**

The California State Association of Counties (CSAC) has a SUPPORT position on AB 106 by Assembly Member Phil Ting and SB 90 by the Committee on Budget and Fiscal Review. Both of these bills would implement the Governor's May Revision proposal to mitigate the fiscal impact of the elimination of the In Home Supportive Services (IHSS) Maintenance of Effort (MOE) for counties.

This proposal reflects a significant improvement over the January Budget which included the end of the CCI resulting in the statutorily required shift of nearly \$600 million in new IHSS costs to counties. The May Revision updates the estimates of new IHSS costs to \$592.2 million in 2017-18. The proposal directs State General Fund dollars – \$400 million in the first year and \$1.1 billion over four years – toward IHSS program costs. The proposal and this implementing legislation also include the following:

- A new county IHSS maintenance of effort (MOE).
- A starting annual inflator rate of zero percent in 2017-18, rising to five percent in the second year, and then seven percent annually thereafter, with a mechanism to reduce the inflator in years with no or very limited revenue growth.
- Redirection of all 1991 Realignment Vehicle License Fee (VLF) growth funding over three years, and then half of these revenues in years four and five, to further offset IHSS costs. This redirection would preserve existing base funding for Health and Mental Health services but impact growth for these subaccounts over the next five years. The proposal also encompasses VLF growth supporting the County Medical Services Program (CMSP), but would redirect the funding to help mitigate impacts in the 35 CMSP counties, including many of the smallest counties in the state.
- Institute an annually adjusted cap on funding for local IHSS Administration (IHSS social workers) and activities related to determining eligibility for the program along with a commitment to update the methodology that determines the appropriate level of state funding.
- Returns wage and benefit bargaining for IHSS providers to all counties, with adjustments to local bargaining that include increases to the state participation cap on wages and benefits and language to allow an appeal to the Public Employees Relations Board in any county without a completed bargaining agreement within nine months.
- A requirement to reexamine the funding structure during the development of the 2019-20 budget in consultation with counties and other impacted stakeholders.

Counties are also appreciative of the provisions that can help address the potential for significant county hardship, which include providing low-interest loans to counties,

reducing rates for inpatient services paid out of county mental health funds, and forgiving the potential impacts of a fiscal error made by the State Board of Equalization through Fiscal Year 2015-16. The legislation would also change how counties are reimbursed for IHSS costs from a lengthy accrual process to a month-by-month payment schedule, which would ensure that counties are reimbursed for IHSS activities in a timely manner. These mitigations, coupled with the Governor's ongoing contribution of State General Fund toward IHSS costs, provide counties with critical funding and flexibility to operate the IHSS program for the next two years.

After year 2018-19, however, our members have significant concerns with the proposed seven percent annual increase in the county MOE. While an MOE offers predictability to counties, and counties appreciate the inclusion of such a structure within the proposal, the high inflator starting in year three is not sustainable for counties. A seven percent annual increase in costs would not only immediately exhaust all available 1991 Realignment revenues, but would also force counties to cut vital health, mental health, social services, and public safety programs. Given these out-year concerns, counties welcome the "look-back" provisions to evaluate the sustainability of the 1991 Realignment structure, including the County MOE, inflation factor, and alignment between Realignment revenues and program costs.

While there are numerous provisions and complexities within this proposal, the result of this plan would be a significantly reduced overall county contribution for IHSS costs compared to the January budget. CSAC is committed to working with the Legislature, the Administration and other stakeholders, including county affiliates, labor organizations, and mental health and health advocates, to reexamine the path forward after year two. Large federal and state uncertainties may be known at that time, and counties remain committed to ensuring a sustainable IHSS program in California.

It is for these reasons that CSAC supports AB 106 and SB 90 and respectfully requests your "Aye" vote. Should you or your staff have questions about our position, please do not hesitate to contact Graham Knaus at 916-650-8109 or [gknaus@counties.org](mailto:gknaus@counties.org).

cc: Honorable Members, California State Senate  
Craig Cornett, Chief Fiscal Advisor, Office of Pro tem Kevin de León  
Theresa Peña, Consultant, Senate Budget and Fiscal Review Committee  
Marjorie Swartz, Consultant, Office of Pro tem Kevin de León  
Jennifer Troia, Consultant, Office of Pro tem Kevin de León  
Chris Woods, Office of Assembly Speaker Rendon  
Gail Gronert, Office of Assembly Speaker Rendon  
Nicole Vasquez, Consultant, Assembly Budget Committee  
Donna Campbell, Deputy Secretary of Legislative Affairs, Office of the Governor  
Amy Costa, Deputy Director, Department of Finance  
Will Lightbourne, Director, Department of Social Services  
Jennifer Kent, Director, Department of Health Care Services  
Ginni Bella Navarre, Legislative Analyst's Office  
Carolyn Chu, Legislative Analyst's Office  
Jackie Barocio, Legislative Analyst's Office  
Cyndi Hillery, Assembly Republican Fiscal Office  
Kirk Feely, Senate Republican Caucus  
Joe Parra, Senate Republican Caucus  
Anthony Archie, Assembly Republican Fiscal Office  
Peter Anderson, Assembly Republican Caucus  
Mary Bellamy, Assembly Republican Caucus