



**COUNTY OF LAKE
BOARD OF SUPERVISORS**

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March 5, 2019

The Honorable Joaquin Arambula, M.D.
Chair, Assembly Budget Subcommittee #1
State Capitol, Room 5155
Sacramento, CA 95814

The Honorable Richard Pan, M.D.
Chair, Senate Budget and Fiscal Review Subcommittee #3
State Capitol, Room 5114
Sacramento, CA 95814

Re: Revised County In-Home Supportive Services Maintenance of Effort – Support

Dear Assembly Member Arambula and Senator Pan:

On behalf of Lake County, I write in strong support of the Governor's January Budget proposal to revise the County In-Home Supportive Services (IHSS) Maintenance of Effort (MOE). Our county is grateful to the Governor for the proposal which significantly increases State General Fund commitments for IHSS costs and creates a more sustainable structure for counties to manage IHSS costs.

The IHSS program provides critical services to seniors and disabled individuals to help them remain in their own homes rather than in more expensive institutional care. Counties have proudly partnered with the state and administered the IHSS program since it was realigned in 1991. In Lake County, we have a higher IHSS case load per capita than most other counties, therefore this program is absolutely critical here.

In 2017, the conclusion of the Coordinated Care Initiative also resulted in the cessation of the existing IHSS MOE and the shift of nearly \$600 million in IHSS costs from the state to counties. In response, a new IHSS MOE was negotiated through 2017-18 budget-related legislation (SB 90, Chapter 25, Statutes of 2017), which also included specific offsetting revenue, additional collective bargaining provisions, and refinement of the costs for county administration of the IHSS program.

Most significantly, SB 90 also contained a provision that required the Department of Finance to reexamine the 2017 IHSS fiscal structure during the development of the 2019-20 budget. This reopener provision was absolutely vital as beginning in 2019-20, the increased costs to counties would become unsustainable. This includes substantial Realignment revenue shortfalls that would grow each year and require counties to utilize significant county General Fund usually earmarked for local services for IHSS instead. Counties were also concerned that there would be increasing negative impacts to critical health and mental health services. In light of the repeated wildfire disasters and other financial challenges we are facing here, our General Fund could not possibly bear increased costs for IHSS.

The Department of Finance released the Senate Bill 90: 1991 Realignment Report in January and it outlines the Governor's proposed revisions to the IHSS MOE. It also includes some proposed related Realignment changes and this letter focuses on the core changes to revise the IHSS MOE and increase the state General Fund commitment. The Governor is proposing to increase the State General Fund commitment to IHSS by \$241.7 million in 2019-20, growing to \$547.3 million in 2022-23, for a total of an increased commitment of \$1.6 billion over the next four years. This is accomplished through several specific revisions to the current IHSS MOE. These changes are:

- Lowering the County IHSS MOE base in 2019-20 to \$1.56 billion,
- Reducing the MOE inflation factor from seven percent to four percent,
- Stopping the redirection of VLF growth funds from Health, Mental Health, and County Medical Services Program to Social Services,
- Ending the State General Fund IHSS mitigation,
- Returning to the original method for calculating IHSS caseload and no longer utilizing accelerated caseload growth, and
- Funding IHSS administrative costs through a General Fund allocation.

The increased State General Fund investment will provide needed fiscal relief for counties and allow our county to continue to deliver vital services on behalf of the state. The Governor's proposal does not take away all of the risk of Realignment, but dramatically improves the outlook for counties, critical social services, health, and mental health programs, and the residents we all serve for years to come.

For these reasons, the County of Lake respectfully requests your support of the Governor's IHSS MOE proposal. Thank you for your consideration.

Sincerely,

Tina Scott, Chair
Lake County Board of Supervisors

cc: Honorable Members, Assembly Budget Subcommittee #1
Honorable Members, Senate Budget and Fiscal Review Subcommittee #3
The Honorable Phil Ting, Chair, Assembly Budget Committee
The Honorable Holly Mitchell, Chair, Senate Budget and Fiscal Review Committee
Nicole Vazquez, Consultant, Assembly Budget Committee
Renita Polk, Consultant, Senate Budget and Fiscal Review Committee
Cyndi Hillery, Assembly Republican Fiscal Office
Rebecca Hamilton, Senate Republican Fiscal Office
Gail Gronert, Office of the Assembly Speaker
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Mark Newton, Legislative Analyst's Office
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Keely Bosler, Director, Department of Finance
Adam Dorsey, Department of Finance
Pat Leary, Acting Director, Department of Social Services
Tam Ma, Deputy Legislative Secretary, Office of Governor Newsom
Justin Garrett, California State Association of Counties