

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
3.66
(ID # 3752)

MEETING DATE:

Tuesday, March 7, 2017

FROM : PUBLIC SOCIAL SERVICES:

SUBJECT: PUBLIC SOCIAL SERVICES: Status of the IHSS Cost Shift to Counties. [Districts: All];
[\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the following report regarding the status of the State's reinstatement of the county share of cost for the IHSS Program.


Susan Von Zabern, Director of Public Social Services 3/7/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Washington duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Washington and Ashley
Nays: None
Absent: None
Date: March 7, 2017
xc: DPSS

Kecia Harper-Ihem
Clerk of the Board

By: 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS:			Budget Adjustment:	No
			For Fiscal Year:	17/18

C.E.O. RECOMMENDATION: Approve.

BACKGROUND:

Summary

In conjunction with the release of the Governor's Proposed Budget for FY 17/18, the Administration announced that they had triggered the unwinding of the Coordinated Care Initiative effective July 1, 2017. The effects of this decision include reinstatement of the county share of cost for the IHSS program and return of collective bargaining to counties for IHSS providers.

With the implementation of CCI in FY 12/13, a Maintenance of Effort (MOE) level of funding was established for all counties that included an annual escalator. Any increases in IHSS program expenditures in excess of the MOE were to be paid by the State. In the ensuing years, the IHSS program continued to experience caseload growth as well as program changes that have increased expenditures. The program changes include the State's approval to increase the minimum wage incrementally over the next several years, the requirement that IHSS providers are subject to FLSA requirements, which entitle them to overtime as well as reimbursement for some travel related expenses, and the State's reinstatement of a 7% cut in service hours.

As a result, the State's decision to unwind the CCI shifts more than \$600 million dollars in costs to counties effective July 1, 2017. Based on projected caseload growth and increasing program costs, the additional burden shifted to counties is projected to exceed \$1.5 billion dollars by FY 23/24.

This program was originally funded under 1991 Realignment, which is supported primarily with sales tax revenues. In the intervening years when the counties were held to the MOE, counties only received growth in Realignment funding associated with the annual escalator. As a result, there isn't funding available within 1991 Realignment to cover this cost shift.

The primary vehicle for funding this cost would be through the growth in Realignment revenues. However, the State is projecting that sales tax revenues will be growing at a slower rate. As a result, there will be an immediate shortfall in funding compounded by an

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ongoing and growing shortfall in the years to follow, such that Realignment funding will never catch up.

In the meantime, since IHSS is an entitlement program and counties have little to no ability to control program and expenditure growth, counties are faced with possibly cutting programs and services across all areas, unless the State takes steps to address the revenue shortfall.

For Riverside County, this shortfall is estimated to be \$40 million in FY 17/18 and could reasonably grow to more than \$135 million by FY 23/24.

Counties recently met with the Administration to clarify the financial impact associated with this change and explore opportunities for increasing the cost-effectiveness of CCI; however, the Administration has not shown any interest in reinstating CCI and has not offered any alternatives that would mitigate the burden placed on counties. With this level of uncertainty, counties see no other choice but to ensure that the Legislature is fully informed of the devastating impacts this will have on existing county services and to prepare to seek a legislative remedy. We have communicated our concerns to our legislative delegation and are following up with meetings to ensure that they have a complete understanding of the impacts. In the meantime, CSAC continues to engage in discussions with the Administration with the hope of reaching an agreement.

In the accompanying presentation, DPSS outlines the projected caseload growth in the IHSS program, which is growing at a faster rate in Riverside County than the state as a whole; the projected growth in Realignment funding and the remaining shortfall; and potential operational impacts associated with shifting funding from other programs to cover the shortfall.

Impact on Residents and Businesses

In the absence of State relief, the cost shift from the State will require significant ongoing reductions in existing programs and services that will detrimentally impact residents and businesses for the foreseeable future.


Jennifer Sargent, Principal Management Analyst 3/2/2017