Board Agenda Item 52

DATE: May 20, 2025

TO: Board of Supervisors

SUBMITTED BY: Sanja Bugay, Director, Department of Social Services
David Tan, Executive Director, In-Home Supportive Services Public Authority

SUBJECT: Memorandum of Understanding for Service Employees International Union Local 2015

RECOMMENDED ACTION(S):

Sitting as the In-Home Supportive Services Public Authority Governing Board:

1. **Approve the Memorandum of Understanding (MOU) between the In-Home Supportive Services Public Authority and Service Employees International Union Local 2015, effective upon approval by the Public Authority Governing Board through three years from execution; and**

2. **Contingent upon approval of action one, review and approve FY 2024-25 In-Home Supportive Services Public Authority Rate Change Request Packet (State Form SOC 449) for submission to the California Department of Social Services.**

Sitting as the County of Fresno Board of Supervisors:

1. **Approve the Memorandum of Understanding (MOU) between the In-Home Supportive Services Public Authority and Service Employees International Union Local 2015, effective upon approval by the Public Authority Governing Board through three years from execution; and**

2. **Contingent upon approval of action one, review and approve FY 2024-25 In-Home Supportive Services Public Authority Rate Change Request Packet (State Form SOC 449) for submission to the California Department of Social Services.**

There is additional ongoing Net County Cost associated with the Recommended Action of $8,469,569 starting with FY 2025-26 and upon the State approval of the recommendations. Approval of recommended action one allows for the execution of a new MOU with Service Employees International Union Local 2015 (SEIU 2015) which will increase the current wage supplement of $0.60 by an additional $1.25 for a total increase of $1.85 above minimum wage to the In-Home Supportive Service (IHSS) provider wages; and an increase to the current hourly health benefit contribution of $0.85 by an additional $0.15 for a $1.00 total health benefit, effective the first of the month following, and contingent upon, State Approval. Approval of recommended action two, which is contingent upon approval of recommended action one, will allow the County of Fresno to be reimbursed by the State for IHSS Public Authority (IHSS PA) Administrative and IHSS health benefits costs. This item is County wide.

ALTERNATIVE ACTION(S):

If your Board does not approve the recommended action, the terms and conditions from the previous MOU which expired December 31, 2022, will remain in effect, and contract negotiations will continue.

FISCAL IMPACT:

The County negotiated minimum wage supplement would result in an adjustment to the County IHSS Maintenance of Effort (MOE), thereby increasing the yearly County's share of cost for the program.

The negotiated cost increases of an additional $1.25 in wage and $0.15 in health benefit contribution, increases the total cost of this program from an estimated $909,755,968 to an estimated $1,012,715,698 or a $102,959,730 overall increase.

The total cost for this program is offset with Federal financial participation under Title XIX of the Federal Social Security Act, as the services are part of the Medicaid program costs. Per Welfare and Institution Code (WIC) 12306.1, the nonfederal share of cost is normally offset with 65% State general funds, and 35% county local funds, up to a State maximum participation cap, anything above the State participation cap becomes 100% county local responsibility. Effective July 1, 2019, per WIC 12306.16 the 35% county share of total program cost was rolled into a rebased County IHSS Maintenance of Effort (MOE) yearly amount, which is increased by a 4% inflation factor every year. This change has protected the county from total program cost increases based on increased IHSS cases and corresponding provider paid hours. However, any increases in negotiated wage and/or benefits do permanently increase the MOE according to the non-federal cost sharing ratios and State participation maximum indicated under WIC 12306.16(d). Any changes to Federal financial participation will adjust the State, and may adjust the County, share of cost.

For FY 2024-25, the Department has a County MOE of $56,497,158 in the IHSS Assistance Org 6420; cost is offset with 1991 Realignment and NCC. Approval of the rate change is needed for Federal and State reimbursements. Due to the approval process which can take 60 days the rate change is expected to occur on July 1, 2025 or at a later date. In FY 2025-26, the new County MOE would be expected to increase to $67,226,703, an $8,469,569 increase over the Preliminary Fresno County MOE. If this increase is not approved the total FY 2025-26 MOE will be $58,757,044. Any costs above County MOE are 100% offset with Federal Title XIX and State General Funds.

The requested IHSS PA rate of $20.96 per hour is composed of a) negotiated IHSS provider hourly wages, a $16.50 minimum wage base, an existing wage supplement of $0.60, and an additional $1.25 wage supplement ($18.35), b) negotiated hourly health benefit rate ($1.00), c) associated hourly payroll taxes ($1.51), and d) hourly IHSS PA Administrative cost reimbursement ($0.10) which is based on the FY 2025-26 Public Authority Recommended Budget (Org 5611).

The cost of the $1.40 increase in provider wage and benefit rate for FY 2025-26 increases the total cost of the program in Fresno County by an estimated $102,959,730. The increase includes wages, health benefits and payroll taxes and will be funded with a blend of Federal ($54,609,088), State ($39,880,983) and County ($8,469,659) funds.

DISCUSSION:

Your Board's representatives have met and conferred with representatives from SEIU 2015 regarding a successor MOU with the IHSS PA since the previous agreement expired in December 2022. After over two (2) years and multiple bargaining sessions, the IHSS PA and SEIU 2015 have reached a tentative agreement. The tentative agreement was ratified by SEIU 2015 membership on May 15, 2025.

The significant components of the successor MOU, effective upon approval by the IHSS PA Governing Board through three (3) years from date of execution, unless otherwise noted, include the following:

- MOU Term: Through three (3) years from execution, the statutory maximum under Welfare and Institutions Code (WIC) 12302.1.
- Wage: The base wage for providers shall be the State or Federal minimum wage, whichever is highest. ·
- Wage Supplement: $1.85 supplement to minimum wage.
- Health Benefit: $1.00 hourly health benefit.
- General MOU Updates: Update or deletion of MOU language, and update of IHSS PA business processes.

As indicated in the WIC section 12306.1 the State shall pay 65% and the County shall pay 35% of the non-federal share of wage and benefits increase up to the State cap of $1.10 above minimum wage. For a County that is at or above the State cap per hour in combined wages and individual health benefits, the State shall participate in a cumulative total of up to 10% within a three (3) year period in the sum of the combined wages and individual health benefits. As the negotiated increases are within the 10% provision, this allows the County to maintain the County funding share at 35% and the State to continue to fund 65% of the cost increase. This provision is available to Counties for no more than two (2) three (3) year periods that commence after January 1, 2022, after which point the County shall pay 100% of the non-federal share of any future increases. As IHSS wages prior to new negotiated rates already exceed the State Participation cap per Welfare & Institution Code 12306.1, there will be a one-time adjustment to the County IHSS MOE equal to 35% of the non-federal share of the wage and benefit increases

The agreement before you increase IHSS total provider wage and health benefit rate from $17.95, which is currently $1.45 above minimum wage to a new total provider wage and health benefit rate of $19.35 which is $2.85 above minimum wage. The current provider wage is increasing from the current rate of $17.10 per hour to $18.35 per hour. The monthly health insurance premium payment to Healthcare Employees/Employers Trust Fund which is utilized to purchase health insurance for some service providers will increase by $0.15 to a rate of $1.00 per paid hour. The monthly health benefit premium is equivalent to the average of the previous three (3) months paid hours multiplied by the hourly benefit rate. This cost will vary depending on monthly paid hours, in the current year prior to the increase this cost was estimated to be $34,981,752 yearly with an average of $2,915,146 monthly cost.

The IHSS Public Authority Rate Request Packet is required by the State to make necessary changes in the Case Management Information Payrolling System (CMIPS) to issue correct wages to the providers. The rate packet also serves as the approval mechanism to ensure total cost increases to the IHSS program are offset with Federal financial participation and for the non-federal share of total cost increase to be offset with State funds and County funds. Additionally, it allows for the County to receive State and Federal reimbursement for expenditures associated with the IHSS provider health benefits, IHSS Public Authority and to ensure correct billing by the State to the County for the MOE. The Rate Request Packet approval by the State takes approximately sixty (60) days.

OTHER REVIEWING AGENCIES:

The In-Home Supportive Services Advisory Committee has been advised of the tentative agreement.

REFERENCE MATERIAL:

BAI #34.1, January 21, 2020
BAI #20, April 29, 2014
BAI Addendum C, May 25, 2010
BAI #18, September 26, 2006

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Memorandum of Understanding with SEIU 2015
On file with Clerk - Rate Change Request Packet (SOC 449)

CAO ANALYST:

Ron Alexander