



# Board Agenda Item 5

DATE: February 28, 2017

TO: Board of Supervisors

SUBMITTED BY: Jean M. Rousseau, County Administrative Officer

SUBJECT: Letter Opposing Dismantling IHSS MOE

## RECOMMENDED ACTION(S):

**Authorize Chairman to execute a letter opposing the cessation of the Coordinated Care Initiative (CCI), the dismantling of the County In Home Supportive Services (IHSS) Maintenance of Effort (MOE) cost sharing arrangement, the dissolution of the Statewide IHSS Authority, and shifting IHSS collective bargaining to counties.**

On January 10, 2017, the California Department of Finance Director performed his annual costs and savings calculations related to the Coordinated Care Initiative (CCI), which indicated that CCI costs exceeded state savings. This triggered the unwinding of the CCI, which ends the county In Home Supportive Services (IHSS) Maintenance of Effort (MOE) cost sharing arrangement on June 30, 2017, resulting in an estimated \$25.3 million in additional County share for Fresno County in FY 2017-18. Approval of the recommended action allows the Chairman to sign a letter opposing dismantling the IHSS MOE and requesting the Legislature work with counties and other stakeholders to arrive at a fair solution to IHSS program funding and responsibilities and work to ensure the stability and sustainability of IHSS - and other critical general fund county services - for years to come.

## ALTERNATIVE ACTION(S):

Your Board may opt not to approve the recommended action. A letter opposing dismantling the IHSS MOE will not be executed and sent.

## FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action as this is a request to execute an opposition letter. However, should the dismantling of the IHSS MOE cost sharing arrangement proceed, the estimated impact to Fresno County is an additional \$25.3 million in County share in FY 2017-18 due to the return of the pre-MOE County share of cost, which ranges from 15% to 17.5% of federally-eligible costs.

## DISCUSSION:

The CCI and its associated components were created by legislation in 2012 (SB 1036, Chapter 45, Statutes of 2012 and AB 1471, Chapter 439, Statutes of 2012). Subsequent legislation (SB 94, Chapter 37, Statutes of 2013) required the Department of Finance Director to perform an annual calculation regarding the costs and savings related to the CCI, and to end the CCI should state costs exceed savings, with notification within the January Budget Proposal.

On January 10, Director Cohen indicated that pursuant to his calculations, CCI costs exceeded state savings by \$42.4 million, thereby triggering the unwinding of the CCI. This means that the health care side of the CCI ends

by January 1, 2018, while the county IHSS MOE cost sharing arrangement ends this fiscal year on June 30, 2017. The statute further requires the dissolution of the Statewide IHSS Authority and the return of collective bargaining for IHSS workers from the Statewide IHSS Authority to the counties. These latter two statutory requirements have already occurred, with the CCI counties receiving notification of the return of collective bargaining.

All 58 counties currently contribute to the IHSS MOE, and seven counties with CCI pilots - Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo and Santa Clara - had transferred their IHSS collective bargaining responsibilities to the Statewide Authority.

This cascade of events will cause a devastating cost shift to counties - \$623 million statewide in FY 2017-18 alone - and imperils funding for critical county health, mental health, and public safety programs. The increase in costs to Fresno County is estimated at \$25.3 million in FY 2017-18. While the current statute requires the dismantling of the CCI based upon the calculation made by the Department of Finance, the Legislature and the Governor must act to prevent these serious and far-reaching county fiscal consequences.

Counties have proudly administered the IHSS program since 1991, when it was realigned. County social workers and IHSS providers are the backbone of this social services program, which has proven to reduce care costs while also allowing seniors and disabled people to remain in their own homes rather than in nursing or institutional levels of care. Since the implementation of MOE on July 1, 2012, the IHSS program has significantly changed due to caseload growth associated with an aging population and cost increases due to State-mandated legislation including minimum wage increases scheduled through the year 2022, paid sick leave, the restoration of hours that were reduced in 2009, and federal overtime regulations.

Based on projections by the California Welfare Directors Association (CWDA), 1991 realignment caseload growth revenues will be insufficient to mitigate cost shifts to counties, thus resulting in a \$1.5 billion revenue deficit statewide by FY 2023-24. Deficits in Realignment do not relieve the county of responsibility to provide these services. It requires the county to use local general funds to fill the deficit.

ATTACHMENTS INCLUDED AND/OR ON FILE:

Opposition Letter  
IHSS MOE Presentation

CAO ANALYST:

Ronald Alexander