

# 2018-2019 Proposed Budget: Impact on California's Older Adults and People with Disabilities

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On January 10, 2018, California Governor Edmund G. Brown, Jr., released the proposed 2018-2019 budget. The proposal includes modest program changes that impact services for older adults and people with disabilities. The main item missing in this proposal is a master plan for an aging California.



Governor Brown's proposed 2018-2019 budget reflects General Fund resources of \$135 billion and anticipated expenditures of \$131 billion.

## Overview

On January 10, 2018, the California Department of Finance (DOF) released the 2018-2019 proposed budget from Governor Edmund G. Brown, Jr., outlining the state's projected revenues and spending plan for the fiscal year beginning on July 1, 2018, and ending June 30, 2019. The proposed budget includes total General Fund (GF) resources of \$135 billion and anticipated expenditures of \$131 billion. It also includes a \$5 billion deposit to the Budget Stabilization Account\* (\$3.5 billion above the required level), bringing the account balance to about \$13 billion in preparation for potential risks, such as a recession and federal policy changes (i.e., tax reform and changes to Medicaid).<sup>2</sup>

## What's Missing: A Master Plan

The proposed 2018-2019 budget misses the mark in preparing the state to meet the needs of its burgeoning population of older adults, people with disabilities, and family caregivers. At nearly six million people, the population of California residents age 65 and older is projected to grow to roughly nine million in the next 10 years, with the largest growth occurring in the 85 and older age group.<sup>3</sup> As California's population ages, the demand for health care, long-term services and supports (LTSS), and caregiver training will continue to increase. Meanwhile, years of budget cuts have eroded the service delivery system, the state has failed to develop a universal assessment tool to identify people's most basic aging needs, and workforce shortages continue. The state's lack of planning carries dire implications for all Californians, the infrastructure, service delivery, and state finances.

## What's in the Proposed Budget?

The budget includes the following items that impact older adults and people with disabilities:

- **In-Home Supportive Services (IHSS):** The IHSS program provides in-home personal care assistance to low-income adults who are either 65 years of age and older, blind, or disabled, and to children who are blind or disabled. Services include assistance with bathing, feeding, dressing, and/or domestic services such as shopping, cooking, and housework so that individuals can remain safely in their own homes. The proposed budget estimates that IHSS will serve approximately 545,180 individuals in 2018-2020 with \$11 billion (\$4 billion GF) for the IHSS program including:

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\* The Budget Stabilization Account is often referred to as the "Rainy Day Fund," in accordance with Proposition 2, the voter-approved Constitutional amendment.<sup>1</sup>

- An increase of \$28 million GF for county IHSS administrative costs to reflect the revised workload and budget assumptions;
  - \$50 million GF to implement the eight hours of paid sick leave for IHSS providers starting July 1, 2018; and
  - An increase in IHSS expenditures of \$280 million (\$119 million GF) to reflect the impact of the state minimum hourly wage increase to \$12 in 2019.<sup>2</sup>
- **Medi-Cal dental services:** The proposed budget includes \$212 million (\$80 million GF) to restore full dental services eliminated during the recession to Medi-Cal eligible adults.<sup>2</sup>
  - **Assisted Living Waiver:** The proposed budget includes funding to increase the number of Assisted Living Waiver slots from 3,744 in 2017 to 4,744 in 2018, and 5,744 in 2019. Sixty percent of new enrollments will be reserved for individuals transitioning from institutional settings after residing in them for at least 90 consecutive days. This change requires legislative approval, as well as a waiver amendment approved by CMS.<sup>4</sup>
  - **Alzheimer's Disease Program Grant Awards:** The proposed budget includes \$3.2 million (\$3.1 million GF) to support current research and expand areas of focus for research that contributes to better understanding of causes and care for people with Alzheimer's disease, as well as support for families impacted by it.<sup>5</sup>
  - **Skilled nursing facility direct care hours:** The 2017 Budget Act increased the number of direct care services hours to 3.5 per patient day, with a minimum of 2.4 hours provided by certified nursing assistants. The proposed 2018-2019 budget includes \$4.5 million to expand training slots for certified nursing assistants to support skilled nursing facilities in meeting new staffing requirements.<sup>2</sup>
  - **Regulatory oversight of health care facilities in Los Angeles County:** The Department of Public Health is in the process of developing a contract with Los Angeles County to assume regulatory oversight of specified health care facilities, including nursing facilities, beginning in 2019-2020. The contract would include pay-for-performance metrics, such as quantity, quality, and service. This work will cost more than the current contract, requiring a supplemental fee. The budget includes statutory language to assess the supplemental fee.<sup>2</sup>
  - **SSI/SSP:** In California, the Supplemental Security Income (SSI: a federal program that provides a monthly cash benefit to low-income aged, blind, and disabled persons) is augmented with a

State Supplementary Payment (SSP) grant. The budget proposes to pass on the federal cost of living adjustment for the SSI portion, but does not provide a cost of living increase for SSP.<sup>2</sup>

The average monthly caseload is estimated to be 1.3 million recipients in 2018-2019 (70 percent people with disabilities, 28.6 percent older adults, and 1.4 percent people who are blind). In 2018, maximum SSI/SSP grant levels are \$910 per month for individuals and \$1,532 per month for couples, increasing to \$930 per month for individuals and \$1,541 per month for couples in 2019.<sup>2</sup>

## Next Steps in the Budget Process

California's 2018-2019 Governor's Budget requires approval by the Senate and the Assembly. The Legislature will deliberate the budget through a series of budget subcommittee hearings in each house, from March through May.

In May 2018, the governor will release an updated revenue forecast, referred to as the "May Revision," which accounts for changes in revenues and proposed changes to expenditures within the January budget. Each subcommittee votes on its respective issue area(s) in the budget and submits a report to the full budget committee for a vote. From the floor, each house's budget bill is referred to a joint budget conference committee where differences between the houses can be resolved. The conference committee votes on a compromise version, which if passed, is sent to the floor of each house simultaneously.

By law, the Legislature must approve the budget by June 15 in time for the governor to sign it by July 1. California's constitution requires a majority (50 percent plus one) vote of each house of the Legislature, and a forfeiture in pay to legislators if the budget is not enacted by the June 15 deadline.<sup>6</sup> Finally, the governor has the authority to "blue pencil" (reduce or eliminate) any appropriation contained in the budget.<sup>7</sup>



### Key Budget Dates

- May 2018 – Release of Governor's Budget May Revision
- June 15, 2018 – Deadline for Legislature to approve final budget
- July 1, 2018 – Deadline for Governor to sign the budget

## References

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6. C.A. Const. art. IV, § 12.
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