

May Revision of the 2018-2019 Budget: Impact on California's Older Adults and People with Disabilities

Fact Sheet • May 2018

On May 11, 2018, California Governor Edmund G. Brown, Jr. released the May Revision of the 2018-2019 budget. The May Revision includes a significant increase in revenues and modest program investments for older adults and people with disabilities. Despite these investments, the state still has no overarching master strategy to meet the needs of an aging California.



The May Revision reflects General Fund (GF) resources of \$142 billion and anticipated expenditures of \$138 billion.

Overview

On May 11, 2018, Governor Edmund G. Brown, Jr. released an updated budget forecast for the 2018-2019 budget, referred to as the “May Revision,” which accounts for changes in revenues and proposed changes to expenditures from the January budget. The May Revision reflects a revenue increase of \$3.7 billion above the January projections, and an \$8 billion General Fund (GF) surplus from fiscal year 2017-2018 for a total of \$142 billion in GF resources.¹ The May Revision includes \$138 billion in GF expenditures, leaving a reserve of \$3.2 billion GF for the fiscal year beginning on July 1, 2018, and ending June 30, 2019.^{1,2} The Budget Stabilization Account, referred to as the Rainy Day Fund, is projected to increase to \$13.8 billion.¹ As part of the May Revision, the governor proposes an additional \$4 billion in new, one-time GF spending in fiscal year 2018-2019 for infrastructure, homelessness, and mental health investments.

Still Missing: A Master Plan

While the May Revision incorporated several key social and infrastructure investments, it unfortunately misses a critical opportunity to develop a system-wide master strategy for its burgeoning population of older adults, people with disabilities, and family caregivers. California’s 6 million residents age 65 and older is projected to grow to over 9 million by 2030, with the largest growth occurring in the 85-and-older age group.³ As our state’s population ages, the demand for health care, long-term services and supports (LTSS), and caregiver training will continue to increase, while investments in these areas have fallen short in the last 10 years. Planning is not only good policy, but it aligns with the interests of California’s voters. Recent [polling data](#) show that more than two-thirds of likely voters feel the state is not prepared to address the health and support needs of its fast-growing older adult population. Over 80 percent say they are more likely to support a gubernatorial candidate with a vision and a long-term investment plan to address California’s aging population. Now is the time for the state to outline its master plan to meet the needs of California’s aging population.⁴

83% of California Voters Support Candidates with a Vision and Plan for Older Adults



Updates to the Governor's Proposed 2018-2019 Budget

The following items impacting older adults and people with disabilities were included in the Governor's January budget proposal, with modifications noted from the May Revision:

- **In-Home Supportive Services (IHSS):** The IHSS program provides in-home personal care assistance to low-income adults who are: age 65 years and older; blind, or disabled; and to children who are blind or disabled. The May Revision reflects increases of \$105.6 million GF for 2017-2018 and \$174.7 million GF in 2018-2019, due to higher costs associated with IHSS overtime and average costs per person. It anticipates approximately 544,000 individuals being served in 2018-2019.¹ Accounting for both new enrollments and increased costs per person, the total IHSS expenditures are estimated to be \$11.6 billion in 2018-2019 (\$3.8 billion GF and \$7.8 billion federal/county reimbursement).⁹
- **SSI/SSP:** The Supplemental Security Income (SSI) is a federal program that provides a monthly cash benefit to low-income aged, blind, and disabled persons, and is augmented in California with a State Supplementary Payment (SSP) grant. The January budget included the federal SSI cost-of-living adjustment, but did not include a similar adjustment for the SSP portion. 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 2019.¹⁰ The May Revision reflects a 4 percent decrease in the number of SSI/SSP recipients to approximately 1.25 million, thereby reducing the state's SSI/SSP budget by \$21.9 million GF in 2017-2018 and \$34.4 million GF in 2018-2019.¹ The total SSI/SSP expenditures for 2018-2019 are projected to be \$9.9 billion total funds (\$7.1 billion federal funds and \$2.8 billion GF).⁹

Unchanged since Governor's January budget proposal:

- **Adult Dental:** Restoration of full dental services for Medi-Cal eligible adults
- **Assisted Living Waiver:** Increased capacity by 2,000 slots to 5,744 total slots
- **Alzheimer's Research:** Funding to the Alzheimer's Disease Program for research
- **Skilled Nursing Facilities:** Expanded training slots for certified nursing assistants to meet new staffing level requirements

New Investments Reflected in the May Revision

The May Revision includes \$125 million in new investments impacting older adults and people with disabilities, as follows:

- **California Earned Income Tax Credit Expansion (EITC):** The California EITC is the state personal income tax provision that gives a tax credit to individuals and families who earn less than \$22,300, under specified conditions. The May Revision expands the EITC to working individuals ages 18-25 and ages 65 and older. The income ceiling is increased to \$24,960 so that more employees working up to full time (at the 2019 minimum wage rate of \$12 per hour) would qualify for the tax credit. These expansions are expected to cost \$60 million GF in 2018-2019, and benefit more than 700,000 households.²
- **Adult Protective Services (APS) – Home Safe Pilot Program:** The APS program assists adults who are victims of abuse, neglect, or exploitation. County APS agencies investigate and evaluate abuse cases, and arrange for services including counseling, money management, out-of-home placement, and conservatorship. The May Revision includes a one-time investment of \$15 million GF to fund a three-year APS pilot program for older adults experiencing or at-risk of homelessness. The program would provide temporary housing rental or utility assistance, housing repairs, landlord mediation, and case management. Participating counties would be required to provide a local match for participation.¹
- **Medi-Cal Whole Person Care Pilot – Homeless and Mental Health Funding:** The Whole Person Care Pilot seeks to coordinate health care, behavioral health, and social services of individuals with high needs in participating regions throughout the state. The May Revision includes \$50 million GF in one-time funding to participating counties and local entities for multidisciplinary teams to provide intensive outreach, treatment, and related services for homeless adults with mental illness.⁵
- **California Senior Legislature:** Established in state statute in 1980 by former Senator Henry Mello, the [California Senior Legislature](#) (CSL) is a volunteer body whose primary mission is to develop legislative concepts and formal proposals at the state and federal levels, and advocate for laws implementing the ideas.⁶ Funding for CSL has primarily been through individuals' contributions on the California State Voluntary Tax Contribution Form yet in recent years, the funding levels have not been sufficient to meet organizational needs.⁷ The May Revision includes \$300,000 GF to continue CSL.⁸

Next Steps in the Budget Process

Budget subcommittees will review the Governor’s May Revision and schedule hearings through the end of May. Each subcommittee will vote on budget items contained within its respective issue area(s) and submit a report for vote in the full budget committee. Next, the full membership of the Senate and Assembly will vote on the full budget bill. Each chamber’s budget bill will be referred to a joint budget conference committee where differences between the Senate and Assembly versions will be resolved. The Conference Committee then votes on the proposed version, which, if passed, is sent to the floor of the Assembly and Senate simultaneously. By law, the Legislature must approve the budget by June 15. The governor has the authority to “blue pencil” (reduce or eliminate) any appropriation contained in the budget prior to signing it by July 1, 2018.^{11,12}



Key Budget Dates

- 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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