

2019-20 Proposed Budget: Impact on California's Older Adults and People with Disabilities

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On January 10, 2019, California Governor Gavin Newsom released the 2019-20 proposed budget. The proposal includes modest program changes that specifically impact services for older adults and people with disabilities.



Governor Newsom's proposed budget reflects General Fund resources of \$148 billion and anticipated expenditures of \$144 billion.

Overview

On January 10, 2019, Governor Gavin Newsom released his 2019-20 proposed budget, outlining the state's projected revenues and spending plan for the fiscal year beginning on July 1, 2019, and ending June 30, 2020. The proposed budget includes total General Fund (GF) resources of \$148 billion and anticipated expenditures of \$144 billion, with the rest held in reserve. This is a very different starting point than the previous administration faced in 2011, as California had a significant budget deficit and no "rainy day fund." The proposed budget reflects no deficit, a Budget Stabilization Account* balance of \$15.3 billion, a Safety Net Reserve† balance of \$900 million, and plans to address the state's pension liabilities.^{2,3}

California Needs a Master Plan for Aging

Governor Newsom's 2019-20 proposed budget lays out a number of important investments in health care affordability and access, housing, mental health, emergency response, and child care. While these investments impact many older adults and people with disabilities, continued efforts are needed to plan for the breadth of services necessary to support older adults, people with disabilities, and caregivers as California's population ages. By 2030, the state's older adult population will increase by 4 million people, and the state's 4.5 million unpaid family caregivers continue to face significant issues in supporting the needs of their aging loved ones.^{4,5} California needs a comprehensive Master Plan for Aging to help identify risks, establish priorities, and guide the efficient use of the state's resources to ensure a stronger California for all.



Californians age 65+ will increase to **more than 9 million** by 2030, which is 20 times the growth rate of those younger than 65.

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

† The Safety Net Reserve was created in the 2018-19 budget to specifically protect safety net services during the next recession.

Proposals Impacting Older Adults and People with Disabilities

The following items reflect proposals that impact the state’s population of older adults and people with disabilities.[†]

- **In-Home Supportive Services (IHSS):** The IHSS program provides in-home personal assistance to low-income adults who are age 65 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 564,000 individuals in 2019-20, dedicating \$12.7 billion (\$4.3 billion GF) for the IHSS program.² The budget includes: the IHSS program including:
 - “Permanent” restoration of service-hour reductions: The proposed budget permanently restores the 7 percent reduction applied in 2012 starting on July 1, 2019, and dedicates \$342.3 million GF for 2019-20.²
 - County IHSS maintenance-of-effort: The proposed budget revises the IHSS county-state funding formula methodology negotiated in 2017, reducing county IHSS expenditures and increasing state costs by \$241.7 million GF in 2019-20. In future years, when a county negotiates hourly wages above the targeted minimum hourly wage of \$15, the non-federal share of cost will be split with the county paying 65 percent and the state paying 35 percent.²
 - Electronic visit verification: Under federal law, states are required to implement an electronic visit verification system for personal care services by January 1, 2020, and for home health services by January 1, 2023. The proposed budget includes \$34.9 million (\$5.3 million GF) for implementation.²
- **SSI/SSP:** In California, the Supplemental Security Income, or SSI (a federal program that provides a monthly cash benefit to low-income aged, blind, and disabled individuals) is augmented with a State Supplementary Payment (SSP) grant.

[†]A number of the items in the proposed budget related to homelessness, mental health and housing will assist specified older adults and people with disabilities who are experiencing homelessness or mental health challenges. For more information on those proposals, see the [governor’s proposed budget](#).

On average, 1.22 million people will receive benefits monthly in 2019-20. In 2019, maximum SSI/SSP grant levels are \$931 per month for individuals and \$1,564 per month for couples.² These amounts would increase to \$950 per month for individuals and \$1,593 per month for couples in 2020, including:

- **Elimination of the SSI cash-out policy:** The 2018-19 budget expanded CalFresh (California’s Supplemental Nutrition Assistance Program) eligibility to SSI recipients who had previously been prohibited from participating in the program. Prior to the policy change, SSI/SSP recipients had received a monthly \$10 supplement in lieu of CalFresh benefits. Additionally, when households with an SSI/SSP recipient applied for CalFresh, the SSI/SSP income was not included as part of the household income for the eligibility determinations. This is no longer the case. To address the loss of food benefits resulting from this policy change, the 2018-19 budget included one-time funds for affected families. The 2019-20 proposed budget includes \$86.7 million GF and makes the offset permanent.²
- **SSI advocacy:** The Housing and Disability Advocacy Program assists disabled homeless individuals with applying for disability benefit programs. The 2019-20 proposed budget includes \$25 million GF on an ongoing basis to continue implementing this program.²
- **Alzheimer’s Disease Program Grant Awards:** The proposed budget includes \$3 million GF annually on an ongoing basis to support Alzheimer’s disease research, specifically focusing on understanding the prevalence of higher Alzheimer’s rates in women and communities of color. In addition, this funding will be used to create a Governor’s Task Force on Brain Health.²
- **Traumatic Brain Injury Program:** The Traumatic Brain Injury Program provides specialized services and supports to individuals who have experienced a traumatic brain injury. In 2018, the program was extended through July 2024.⁶ The proposed budget includes \$1.2 million GF, establishing a more sustainable funding source by switching from the State Penalty Fund to GF.²
- **Whole Person Care Pilot:** Established through the 1115 Waiver, the Whole Person Care Pilot program is a federal/state partnership that coordinates health, behavioral health, and social services. The proposed budget includes a one-time augmentation of \$100 million GF available for use through June 2025. These funds are to match county investments in health and housing services for people with mental illness facing homelessness.²

Next Steps in the Budget Process

California's 2019-20 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.⁷

In May 2019, 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.⁷

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.⁸ Finally, the governor has the authority to "blue pencil" (reduce or eliminate) any appropriation contained in the budget.⁷



Key Budget Dates

- May 2019 – Release of Governor's Budget May Revision
- June 15, 2019 – Deadline for Legislature to approve final budget
- July 1, 2019 – Deadline for Governor to sign the budget

References

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7. California State Senate. How the budget process works (taken from "The Budget Process", prepared by the Senate Rules Committee). <http://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/BWORKINGS.PDF>. Accessed January 18, 2019.
8. C.A. Const. art. IV, § 12.