

May Revise & State Budget Proposals for FY 2016-17: Impact on Alameda County Seniors and Services

On May 13, 2016, Governor Brown released his May Revise budget for California's next fiscal year 2016-17. His revised budget proposal is based on a conservative forecast of the state's improving economy and continues the fiscal austerity that characterized previous budgets, but he expresses new concern about future budget cuts if voters fail to pass an extension of Prop 30 taxes. (For details see California Budget & Policy Center's summary at www.calbudgetcenter.org)

While the Governor's proposal makes a few modest increases to supportive and health care services for seniors, it ignores the urgent need to reverse the deep cuts made over the last seven years. Over the next few weeks Assembly and Senate budget committees will finalize their own budget proposals, at which point the two houses convene their budget Conference Committee to finalize a single proposal to be negotiated with the Governor.ⁱ

The following summarizes the items in the Governor's May Revise budget and in Budget Committee actions that would directly impact seniors and senior services in Alameda County.

AULT DAY SERVICES

The Governor's May Revise budget proposal maintains the 2011 cut to Medi-Cal's CBAS rate, a rate level that is unsustainable and continues to force Adult Day Health Care providers across the state to close their doors. Nor did the Governor propose to reinstate the Older Californians Act funds for Adult Day Care and Alzheimer's Day Care Resource Centers that were eliminated in 2009.ⁱⁱ

In Alameda County, Adult Day programs provide care for 1,600 frail adults each year.

HOUSING & MENTAL HEALTH SERVICES

The Governor's May Revise budget proposal includes support for parts of the Senate's "No Place Like Home" initiative. The Governor's budget embraced redirecting money from Prop. 63 – the Mental Health Services Act – to repay \$2 billion in bonds that would support the construction of 10,000 housing units to assist people who are homeless with mental illnessⁱⁱⁱ. The Governor rejected the Senate initiatives that would have been funded by state general fund dollars, including increases to the SSI/SSP grant and SSI/housing advocacy programs. The Governor also proposed new regulations limiting local governments' ability to restrict development of new affordable housing, proposed new legislation to streamline the approval process,^{iv} and endorsed several bills.^v

The Assembly also has its own housing initiative that proposes to add 25,000 affordable housing units at a cost of approximately \$1 billion. This proposal would use general fund and because of this the Governor does not support it.

In Alameda County there is a 58,680 unit shortfall for homes affordable to very low- and extremely low-income households.^{vi} Housing cost burden is high for seniors: over 30% of senior

homeowners in Alameda County pay over 30% of their income for housing; 62% of senior renters pay over 30% of their income for housing.^{vii}

I N-HOME SUPPORTIVE SERVICES

The Governor's May Revise budget continues the full restoration of the 7% cut to IHSS consumers' hours of care.^{viii} The funding for this restoration would come from a new tax on managed care organizations, pending approval by the federal government.

The Governor proposes to continue using general fund dollars to cover the cost of overtime pay for home care workers, which started February 1, 2016.^{ix}

The Assembly and Senate Budget Committees have lined up with the Governor on the restoration of hours; however, one or both houses may propose alternative overtime implementations.

In Alameda County, over 19,000 seniors, children and adults with disabilities rely on nearly 18,000 IHSS workers to help them live safely in the community.

M EDI-CAL

The Governor's Revise budget proposal continues the 10% provider rate cuts that went into effect in 2011, a decision that continues to discourage many health care providers from contracting with Medi-Cal, and thus limits access to care for many Medi-Cal beneficiaries.

The May Revise does not address the need to restore "optional" benefits that were eliminated in 2009 – services such as audiology, podiatry, incontinence creams and washes and speech therapy – all interventions that are essential for many people living with chronic conditions. Adult dental services, which gives Medi-Cal beneficiaries access to preventative care, restorations, and full dentures, were partially restored in the 2013-14 budget. However, important services such as gum treatment and partial dentures or implants are still not covered in Medi-Cal.

Since the Medi-Cal optional benefits were eliminated, community-based organizations in Alameda County and elsewhere have been hard-pressed to find alternatives, and many people go without.

M ULTI-PURPOSE SENIOR SERVICES PROGRAM

The Governor's May Revise budget proposal does not include the \$5.1 million restoration for MSSP that advocates have sought for this Medi-Cal waivered program.^x With a rapidly growing population of older adults who are eligible for Medi-Cal covered nursing home care, funding for expanded capacity is desperately needed so that these individuals can remain safely at home.

In Alameda County, we face a critical shortage of MSSP slots – only 380 slots between the two MSSP providers in Oakland and Fremont. Hundreds of eligible seniors wait, and often die or enter nursing homes while on the wait list.

O LDER CALIFORNIANS ACT PROGRAMS

The **May Revise** budget maintains this year's small \$1 million increase for Long Term Care Ombudsman and \$2 million increase for Caregiver Resource Centers. Left out are programs that have not seen restoration since a series of devastating state cuts starting in 2008 include Alzheimer's Day Care Resource Centers, Brown Bag, Respite services, Linkages, Foster Grandparents, Senior Companions, and Senior Employment Program.

In **Alameda County**, the impact of the gradual elimination of state funding for Older Californians Act programs meant the loss of over 200 case management slots for seniors and people with disabilities (the Linkages Program) and over \$549,000 in funding each year for the last seven years.^{xi}

S UPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PROGRAM

The **Governor's May Revise** budget still includes a proposed 2.96% Cost Of Living Adjustment to the state's share of SSI/SSP starting in January of 2017. The Governor does not characterize this increase as a reinstatement of the state's annual Cost Of Living Adjustment, so this proposal is for a one-time increase.

While a step in the right direction, this proposed one-time increase does not reinstate the state's annual Cost Of Living Adjustment, nor does it meaningfully address the reality of basic living costs in California.

The proposed increase, when combined with the anticipated COLA for the federal portion of SSI, translates into a maximum increase of \$17 a month for an individual and \$31 a month for a couple. The CAPI grant levels (Cash Assistance Program for Immigrants) will increase similarly.^{xii}

The **Senate** has proposed an additional increase to the state's share of SSI/SSP in their "No Place Like Home" Initiative (see "Housing"); a use of general fund dollars that the Governor does not endorse.

Assemblywoman Cheryl Brown introduced AB 1584, a bill that would reinstate the COLA for SSP and index the maximum SSI/SSP benefit to the federal poverty level. The bill, however, has some hurdles to overcome, including a two-thirds vote (as opposed to majority vote for budget bills).

In **Alameda County**, about 54,000 seniors and adults with disabilities rely on SSI/SSP. The 2016 SSI/SSP maximum grant level for individuals is \$889 a month (currently \$1,483/month for couples).^{xiii} Today, SSI/SSP levels are 9% to 16% lower than the federal poverty level, and far below the Elder Economic Security Standard for Alameda County seniors, leaving many SSI recipients struggling to meet their most basic needs.^{xiv}

ⁱ The Conference Committee, composed of three members from the Senate and three from the Assembly, will meet at the end of May/beginning of June to iron out any differences between the two houses' budgets. If needed, the "Big Five" will step in (house leaders, budget committee leaders and the Governor). The resulting budget deal will be passed by both houses and must go to the Governor by

midnight on June 15. He may use his blue pencil to remove line items, and will sign the new budget by the end of June.

ⁱⁱ Elimination of ADCRC funding in 2009 combined with cuts in prior years resulted in a total loss of \$120,000 in annual funding for services in Alameda County.

ⁱⁱⁱ Voter-approved Proposition 63, also known as the Mental Health Services Act (MHSA), provides housing, treatment, and recovery and hope to thousands of Californians.

^{iv} While the Governor did not propose any additional funding for affordable housing programs, he did propose new legislation to streamline the approval process for multifamily housing projects located in infill areas that have an affordable component. Under the proposal, local governments would have to approve “by right” projects located near transit that have either 10% lower-income units or 5% very low-income units and projects located in other infill areas that have 20% of units affordable to those at 80% of area median income and below and that are otherwise consistent with the general plan and zoning. The goal of the proposal is to speed the approval of housing projects in order to cut costs and more rapidly increase supply.

^v The Governor endorsed three bills currently pending in the Legislature that aim to reduce barriers to housing development and increase affordability. One of those bills, AB 2501 (Bloom) is co-sponsored by Western Center and the California Rural Legal Assistance Foundation. The bill makes a variety of changes to the state’s Density Bonus Law aimed at reducing barriers to utilizing the law by developers who are willing to include affordable units in market-rate housing developments. The other two bills, AB 2299 (Bloom) and SB 1069 (Wieckowski) are both aimed at reducing barriers to the construction of second units, which can be a valuable source of lower-cost housing.

^{vi} California Housing Partnership Study, 2014.

^{vii} 2010 US Census.

^{viii} The cut was the result of a settlement of two lawsuits – one filed in 2011 that blocked the state from implementing a 20% across-the-board reduction in IHSS hours, the other filed in 2009 that blocked the termination or reduction of IHSS for many recipients based on their functional index score. Under the settlement, the state instituted a temporary 8% cut starting in July 2013. The settlement included plans to adjust to a 7% cut in July 2014, and to restore the total cut hours as early as the spring of 2015 if the State obtains federal approval of a provider fee which could bring significant new federal revenue to California.

^{ix} New federal regulations mandate overtime pay for home care workers, and require that workers be paid for time spent in transit between multiple consumers and for medical appointments. IHSS providers will be paid overtime for working more than 40 hours per week, but are limited to a 66-hour work week. Exemptions will be available for live-in family care providers who reside in the home of two or more minor or adult children or grandchildren for whom they provide services, and for recipients with extraordinary circumstances and granted on a case-by-case basis. Under either exemption the maximum number of hours a provider may work cannot exceed 360 hours per month.

^x Restoration would add 100 case management slots in Alameda County and over 2,700 slots statewide.

^{xi} Partial annual loss to Alameda County calculated based on local impact of elimination of Respite (\$10,000), Brown Bag (\$40,000), Alzheimer’s Day Care Resource Center (\$120,000), Linkages (\$228,000), Senior Companion Program (\$21,000) and Ombudsman (\$130,000).

^{xii} CAPI grants are set lower than SSI/SSP grant levels: \$10/month lower for individuals and \$20/month lower for couples.

^{xiii} SSI/SSP grant levels are the sum of the Federal share (\$733/month for an individual in 2016) plus the state share (currently at \$156 per month for an individual, the minimum level required by law and down from \$233 in January 2009).

^{xiv} 2015 Federal Poverty Guidelines are \$972/month for an individual, \$1,310/month for a couple. The Elder Economic Security Standard Index for Alameda County seniors is \$2,170/month for a single renter, \$2,888/month for a couple who rent rather than own their home.