

California's FY 2021/22 Budget: Impacts on Alameda County Seniors and Services

On June 30, Governor Newsom signed a \$196 billion General Fund Budget for the 2021/22 fiscal year, a budget that is remarkable in so many ways, including that it is \$30 billion larger than the 20/21 budget.¹ This year's state tax revenues not only proved resilient, but have grown well beyond the pre-pandemic baseline, producing a huge surplus. As a result, the new Budget makes both one-time and ongoing investments that will make tremendous progress towards addressing health disparities, the housing crisis and much needed social supports—including the most significant investments that we've ever seen to increase older Californians' access to health care and supportive services.

In a move that will prove transformative, the new Budget removes two unfair Medi-Cal policies. It eliminates the Medi-Cal asset test that has for too long prevented older and disabled Californians from accessing essential health and long-term care. In addition, it extends Medi-Cal coverage to undocumented immigrants who are age 50 and older, finally addressing health disparities that became glaringly obvious as these older members of our community faced the risk of COVID-19 without full health care coverage.

Other significant changes include the restoration of the 2,497 MSSP case management slots that were cut in 2008; a "legacy cut restoration" to state grant levels for SSI/SSP that will increase the State Supplementary Payment (SSP) over the next three years; and a \$200 million investment to expand the APS Home Safe program.

As with every budget, this budget is not without its warning signs and missteps:

This historic General Fund will soon be followed by \$5.2 billion in federal American Rescue Act investments guided by California's Home and Community-Based Services Spending Plan which is pending approval. With so much money flowing to the local level, the next year will be a critical time for stakeholders to lean in to ensure that investments are impactful and responsive to local needs.

Policy makers once again disregarded the small but powerful Supportive Services administered by the Department of Aging, providing no GF funding for case management, legal services, friendly visiting, respite, senior employment, adult day care, and senior center activities. These programs are lifelines for older people who are isolated, economically insecure, and/or at risk of losing their housing. They serve very low income as well as the "not-poor-enough" older adults who are not eligible for Medi-Cal but nonetheless need preventive, supportive and long-term care services that they cannot pay for—a demographic that is growing rapidly. To ignore this omission going forward would be irresponsible.

¹ "General Fund" dollars are basically state dollars, as opposed to federal matching dollars, so a General Fund budget amount shows the state spending and doesn't include federal dollars.

The following pages summarize the funding decisions in the new budget that will have direct impacts for seniors and senior services in Alameda County. (For a deeper analysis of the entire budget, check out www.CalBudgetCenter.org.)

A DULT DAY SERVICES

The 21/22 Budget does not provide additional funding for Medi-Cal's CBAS/Adult Day Health Care benefit. CBAS programs serve 36,000 older and disabled Californians, and mounting evidence shows that CBAS decreases use of more costly interventions such as emergency room visits, hospital admissions/re-admissions and skilled nursing care. When the pandemic hit, programs pivoted to serve limited numbers of on-site participants each day and provide virtual and telephonic services to others. Now with reopening, these critical parts of the continuum of care need to be adequately reimbursed.

We believe that the 9% rate increase that was implemented in the 2019 budget using Prop 56 funding will remain in place. That increase only partially restored a 2010 cut, and Medi-Cal's CBAS rate remains significantly lower than the cost of providing services, threatening the viability of programs across the state and limiting access to this powerful and cost-effective model.

In Alameda County over the last decade, three of the six centers that provide Adult Day Health Care under the Medi-Cal CBAS benefit have closed, and now serve fewer than 1,000 adults with complex medical, cognitive and psychological conditions. In that same time, all five Adult Day programs have closed.

The 21/22 Budget does not include any state funding specifically for Adult Day Care, nor does it restore the funding for the Alzheimer's Day Care Resource Centers (ADCRC) that was eliminated in 2009.² (The state's [proposed plan](#) for spending federal American Rescue Act funding on Home and Community-Based Services includes a plan to bring back ADRCs; this plan is due to be submitted to the Biden Administration on July 9, and requires federal approval.)

A GING AND DISABILITY RESOURCE CONNECTION GRANTS

It appears that the 2021/22 Budget includes \$7.5 million General Fund (GF) for ADRCs, extending the annual funding that was enacted in the 2019/20 budget (this allocation was named in the Governor's May Revise, but not called out in the Assembly Floor Report of July 14, so we await the release of the detailed budget for confirmation). The funds are providing grants to local Area Agencies on Aging and Independent Living Centers to plan and apply to become ADRCs, including Alameda County's. (The state's proposed American Rescue Act Home and Community-Based Services Spending Plan includes additional funding of \$5 million, but this will require federal approval.)

A LZHEIMER'S INITIATIVE

The FY 21/22 Budget adopts the Governor's proposal to invest \$17 million GF to support a 3-year coordinated approach to Alzheimer's Disease, with an emphasis on communities of color and women, who are disproportionately susceptible and the primary providers of care.

² Elimination of ADRC funding in 2009, combined with cuts in prior years, has resulted in an ongoing loss of \$120,000 annually for services in Alameda County.

\$10.2 million will be focused on local assistance, with the rest funding state operations, both designed to build public awareness and promulgate standards of care. Dubbed the Alzheimer's Disease Program, the activities will include grants focused on disproportionately impacted populations, a public awareness campaign, caregiver training programs, California Blue Zone challenge grants, and a statewide standard of dementia care. *(The state's proposed American Rescue Act spending plan includes \$25 million in federal funding to support the development of an annual cognitive health assessment for Medi-Cal beneficiaries, develops training curriculum and makes geriatric/dementia continuing education training available for all licensed health/primary care providers.)*

CAREGIVER RESOURCE CENTERS

The new Budget maintains last year's \$10 million GF increase in 2021-22 for Caregiver Resource Centers. This is part of the FY 19/20 budget allocation of \$30 million in one-time General Funds over three years to expand and improve family caregiver support services across the 11 Caregiver Resource Centers in California. CRCs serve families and caregivers of adults affected by chronic and debilitating health conditions, providing training, counseling and care planning, legal/financial consulting and respite, at low or no cost.

CALIFORNIA COMMUNITY TRANSITIONS

The new Budget allocates \$1.2 million over the next three fiscal years to maintain increased staff levels for the California Community Transitions program workload. It also institutes closer alignment between state funding for the CCT program and the federal Money Follows the Person Program funding and requirements (to align with 2020 legislation SB 214 by Senator Dodd). CCT has transitioned over 3,600 Californians with disabilities, including older adults out of nursing homes to live in the community. The program is funded by the federal Money Follows the Person program.

FOOD ASSISTANCE

The 2021-22 State Budget package includes funding for the policies proposed in [SB 107 \(Wiener\)](#) to make CalFresh easier for seniors and people with disabilities, including creating a simplified application and ensuring all required forms can be completed over the phone. Many thanks to Nourish California, their cosponsors, AARP-CA, California Association of Food Banks, San Francisco-Marin Food Bank, and community advocates across California. These advocates will be working with the California Department of Social Services, County Welfare Departments, and other CalFresh stakeholders to design and implement the shorter, simplified application.

In addition, the Budget includes almost \$262 million in one-time funding for food banks to support operations and address increases in food needs among low-income and food-insecure populations. The California Food Assistance program also received funding to modernize and prepare for expansion in 2023, aimed at meeting the nutrition needs of Californians who don't qualify for other food programs because of their immigration status.

HOME SAFE – an ADULT PROTECTIVE SERVICES PROGRAM

The 2021/22 Budget extends the APS Home Safe program through June of 2024, and invests a total of \$200 million GF over the next two years, \$92.5 Million in 21/22 and \$92.5 million in 22/23. The trailer bill language includes waiving any matching fund requirement for the entire three years, to encourage more counties to adopt Home Safe to address the needs of housing insecure and homeless older adults. Also included are flexibilities in homeless prevention approaches. We don't yet know if the flexibilities extend to lowering eligibility age.

The powerfully impactful program originated here in Alameda County, and ours is one of 24 counties that secured funding from the state for Home Safe in 2018 to ensure that elders facing homelessness, as a result of abuse, will have the support they need to stay safely housed.

HOUSING & HOMELESSNESS

The 21/22 Budget leverages California's historic budget surplus to make multi-year investments in programs that will create more affordable homes, preserve existing homes, and provide relief for residents experiencing homelessness.

The 2021/22 state budget includes the following investments:

- \$20 million to set up the [Bay Area Housing Financing Authority \(BAHFA\)](#) and fully fund its [five pilot programs](#)
- \$1.75 billion in equity to **fund 92% of stalled affordable housing developments**, enabling those that have stalled, due to a lack of tax exempt bonds, to move forward.³
- \$2.75 billion for **Project Homekey** over two years (FY 2021-22 and 22-23), providing funding to local jurisdictions to acquire hotels/motels to house people experiencing homelessness.
- \$150 million GF one-time funding for **Project Roomkey**.
- \$2 billion over two years (FY 2021-22 and 22-23) for **housing and services for people experiencing homelessness** in the form of flexible funding to local jurisdictions.
- \$500 million continuing investment in California's **low-income housing tax credits program**.
- \$500 million to **create a Foreclosure Intervention Housing Preservation Program** which, among other things, will allow nonprofit affordable housing developers to acquire and preserve 1-4 unit buildings as permanently affordable housing while keeping existing tenants housed.
- \$584 million for the **infill infrastructure grant program** to pay for housing infrastructure.

In Alameda County, over 10% of homeless people are age 65+, and the median age of the homeless population is rising as more seniors become homeless for the first time.

³ The Department of Housing and Community Development estimates that stalled affordable housing projects have \$1.9 billion in outstanding equity needs as of June 2021.

- \$300 million for **preservation of older Department of Housing & Community Development properties.**
- \$10 million for a **pilot to convert idle commercial properties into affordable housing.**
- \$45 million for the [California Housing Finance Agency's \(CalHFA\)](#) mixed income program, which **funds mixed income affordable housing developments** with an average affordability of 55% of area median income.
- \$80 million in federal funds over three years to fund **legal aid services for renters and homeowners** to avoid eviction and foreclosure.
- \$81 million for a new **accessory dwelling unit financing program.**
- \$15 million GF one-time to support the **Alameda Point Collaborative's Wellness Campus** that includes permanent supportive housing, medical respite, primary and behavioral health care, end-of-life care, intensive homeless prevention and housing placement services for homeless seniors.

In addition, Governor Newsom signed into law AB 832, which will extend the evictions moratorium for renters to September 30th. The bill and a parallel Budget allocation allow income-eligible tenants to have up to 100% of their rent owed forgiven (up from 80% originally), including prospective rent as well as utilities bills.

Collectively, these investments have the potential to make a huge difference in advancing the goals of California's Master Plan for Aging. The Plan recognizes that older adults, like people of all ages, need housing options that meet changing needs across the decades, and that "housing that allows for different household sizes, with accessible transportation options, welcoming parks and public spaces, and strong climate and disaster readiness, are foundational to well-being and continued engagement in civic, economic, and social life." Whether this goal is realized will depend on engagement and collaboration with stakeholders.

N-HOME SUPPORTIVE SERVICES

The new Budget finally eliminates the 7% across-the-board reduction to IHSS service hours, ending the constant threat that has loomed over consumers since the Great Recession. The 2021/22 Budget also invests \$8 million GF to help IHSS consumers maintain their Medi-Cal eligibility as redeterminations resume in January 2022.

The Budget invests \$200 million one-time GF to fund the Governor's Long-Term Care Career Pathways program to incentivize, support and fund career pathways for IHSS providers. In addition, the Budget maintains the current cost sharing ratio between the state and counties (35% county/65% state) that was set to flip in January 2022.

In Alameda County, over 25,500 seniors, children and people with disabilities rely on over 27,000 IHSS workers to help them live safely in the community.

MEDI-CAL

The 21/22 Budget eliminates the Medi-Cal asset test that has for too long unfairly prevented seniors and people with disabilities from accessing Medi-Cal. Since 1989, the asset test has limited seniors and people with disabilities to having assets of no more than \$2,000 for individuals, no more than \$3,000 for couples, thus weakening a household's financial stability. The asset test elimination will begin in July of 2022, with an allocation of \$105.7 million GF, and will ensure access to healthcare for thousands of seniors and people with disabilities, allowing them to have savings needed to deal with housing, emergencies and other needs.

The Budget expands comprehensive Medi-Cal coverage for income-eligible adults age 50 and over, regardless of immigration status. By allocating ongoing funding that will grow to \$1.3 billion GF, this advance will improve access to health care for approximately 235,000 Californians.

The new Budget also maintains Medi-Cal coverage for seniors and people with disabilities with incomes up to 138% of the federal poverty level, per the 2019 budget's elimination of the "senior penalty." This huge win affects an estimated 27,000 seniors. The senior penalty caused many low-income seniors on Medi-Cal to become ineligible when they turned 65, in spite of there being no change in their income.⁴

We are still working to confirm that the Budget continues ongoing funding for full adult dental services and other optional benefits, including acupuncture, optometry, occupational and physical therapy, pharmacist services, audiology and speech therapy, incontinence creams and washes, optician and optical lab services, and podiatry.⁵

In Alameda County, over 52,000 people age 65+ rely on Medi-Cal coverage. Over 9,500 of them are not covered by Medicare.

The new Budget allocates \$12 million GF one-time to expand the Medi-Medi project, to provide seniors support and guidance when transitioning from Medi-Cal to Medicare.

MULTI-PURPOSE SENIOR SERVICES PROGRAM

The new Budget increases funding for MSSP, restoring the 2,497 program slots that were eliminated in 2008. To do this, the Budget allocates \$6.3 million GF in 2021/22, and \$11.7 million in 2022/23 and ongoing. It also continues the recent rate increase, making it ongoing. The rate increase was approved in 2019, and was an investment long overdue and urgently needed to keep MSSP programs viable.

⁴ The "penalty" was the difference in Medi-Cal income eligibility levels for younger adults (at 138% of federal poverty level) vs. people age 65 and older (at approximately 122% of FPL).

⁵ Some of these benefits were subject to a 2019 Budget decision that would suspend their funding on December 31, 2021 unless the Administration determines through the 2021 Budget process that there is sufficient General Fund revenue to support all suspended programs in the subsequent two fiscal years.

We expect that the restoration will add between 48 and 100 program slots in Alameda County – a meaningful increase but still inadequate to meet the need. MSSP serves nearly 12,000 frail Californians in their homes, rather than institutions, and saves California millions of dollars annually. The program’s case management model (including a nurse, social worker and purchase of services) is highly effective at keeping clients stable. MSSP clients are 65 years and older and are certified for skilled nursing home placement which is an indication of their fragile health. At least a third of MSSP clients live alone, subsist on less than \$1,000 per month, and have complex medical and psychosocial needs that require specialized medical and social support services.

Since 2008, Alameda County has suffered a critical shortage of MSSP slots – only 380 between the two MSSP providers in Oakland and Fremont. Eligible seniors often die or enter nursing homes while waiting for a slot to open. Greater capacity is urgently needed.

OLDER CALIFORNIANS ACT PROGRAMS/CDA

The 2021/22 Budget makes significant new investments to Senior Nutrition programs administered by the California Department of Aging (CDA). The new budget makes a new \$35.1 million GF investment in Senior Nutrition, and allocates \$35 million in FY 2022/23 and ongoing, establishing a new baseline for state funding for meals-on-wheels and congregate dining programs. In addition, the Budget makes a \$40 million one-time investment in infrastructure and capacity-building for Senior Nutrition (we are still awaiting Trailer Bill language that will describe the scope of this allocation).

The Budget allocates \$50 million GF one-time for a grant program to provide access to technology for older adults (again, with the scope awaiting Trailer Bill language for clarity). Our hope is that the grant program will allow flexibility for counties to address the unique and diverse needs of their older adult residents. The Budget also increases baseline funding for Area Agencies on Aging by \$3.3 million ongoing.

The Budget makes no General Fund investments in the suite of Supportive Services that have been inadequately funded for over a decade while the state’s over-65 population has continued to grow.⁶ Local service capacity is inadequate to meet post-pandemic needs.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT

The 21/22 Budget makes a “legacy cut restoration” to state grant levels for SSI/SSP, increasing the State Supplementary Payment (SSP) over the next three years. During the Great Recession in 2009, SSP monthly grant levels were cut from \$233 to \$160. The new Budget

⁶ Programs administered by the CDA were hit by a series of devastating state cuts and eliminations in 2008-09. The Foster Grandparent, Alzheimer’s Day Care Resource Centers, Senior Companions, Linkages and Brown Bag programs were eliminated; Day Care, Senior Nutrition (congregate meals and meals on wheels), Caregiver Resource Centers, HICAP, Senior Employment, Long Term Care Ombudsman and Respite Services were cut deeply. The Great Recession cuts, over time, have added up to over \$6 million loss to Alameda County.

allocates over \$225 million in FY 21/22 to restore 25% of that cut on January 2, 2022 (equal to about \$18 per month for an individual, for an SSP level of about \$178). Further, the Budget allocates over \$450 million in FY 22/23 to restore another 25% of the cut (for a resulting SSP level of about \$196 per month for an individual).⁷ The Budget “anticipates” that 100% restoration to pre-Great Recession grant levels (\$233 a month for an individual) would take place in the 23/24 budget, but does not allocate that funding.

In Alameda County over 49,000 seniors and adults with disabilities rely on SSI/SSP. The 2020 maximum grant level for individuals was \$943 a month (the state share of that being \$160.72), putting individual recipients’ incomes more than 10% below the federal poverty level and far below the Elder Economic Security Standard. As a result, SSI recipients struggle to meet their most basic needs.

The joint federal/state program provides monthly cash assistance for 1.3 million extremely low-income Californians who are aged, blind or disabled. While Federal COLA’s continue to kick in every year, based on the current Consumer Price Index growth factors, this has not been enough to raise grant levels above the federal poverty level. Living below the federal poverty level is an impossible task in California and threatens the safety and well-being of vulnerable people.⁸ Right now, individual SSI recipients, with a total SSI/SSP monthly grant of \$954.72, are forced to live 11% below the Federal Poverty Level; if they are lucky enough to gain additional income, their SSI/SSP grants are reduced.

The Senior Services Coalition of Alameda County is a coalition of nonprofit and public organizations that provide health care and supportive services to over 79,000 seniors. We are committed to establishing an easily accessible, coordinated system of social, medical and supportive care for seniors in Alameda County.

⁷ For couples, the FY 21/22 budget will restore 25% of the 2009 cut on January 1, 2022 (equal to about \$46 per month for a couple, for an SSP level of about \$206). On January 1, 2023 the budget will restore another 25% of the cut (for a resulting SSP level of about \$252 per month).

⁸ 2019 Federal Poverty Guidelines are \$1,073.33/month for an individual, \$1,451.66/ month for a couple.