
Governor's May Revise Budget Proposal for FY 2018-19: Potential Impacts on Alameda County Seniors and Services

On May 11, 2018 Governor Jerry Brown released his "May Revise" budget proposal for California's 2018-19, the fiscal year that will begin July 1, 2018. While the economic forecast for the state has improved significantly since January, the Governor remains true to form with a spending plan focused on building the state's reserves.

However, the Governor's revised spending plan does make a handful of additional investments over his January budget proposal. These include \$2 billion for deferred maintenance for California's higher education, correctional facilities, flood control, courts, hospitals and parks; and \$423 million in additional funding to address homelessness.

In addition, the Governor proposes two new investments that addresses the needs of older adults. The first raises the income limit and expands the state's Earned Income Tax Credit to include people age 65 and older. The second invests \$15 million in the Adult Protective Services Home Safe pilot to prevent homelessness among victims of abuse and neglect.

In the big picture, the Governor ignores the deepening poverty of older Californians, their growing numbers, and the urgent need to invest in the aging services ecosystem. He includes nothing to address low SSI/SSP grant levels, replace federal cuts to HICAP, or build adequate capacity for Adult Day Services, senior nutrition or other programs that are needed to improve life and health outcomes for older Californians.

The following summarizes the items in the Governor's revised proposal that could directly impact seniors and senior services in Alameda County. (For a deeper analysis of the entire May Revise proposal, check out www.CalBudgetCenter.org.)

A DULT DAY SERVICES

The May Revise maintains the Governor's neglect of Adult Day Services. His proposal does not increase 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 or turn away from serving Medi-Cal beneficiaries. Nor is CBAS included in the list of programs slated for Prop 56 Medi-Cal provider payments (see Medi-Cal section). The Governor's proposal lacks any increases in funding for Adult Day Care, nor does it restore the funding for the Alzheimer's Day Care Resource Centers that was eliminated in 2009.ⁱ

In Alameda County, Adult Day programs provide care for over 1,700 frail older adults and people with disabilities each year.

A DULT PROTECTIVE SERVICES

The Governor's May Revise adds \$15 million in one-time funding for the APS Home Safe program, a pilot to provide rapid rehousing and other services for victims of abuse or neglect who are facing eviction or are homeless. The funding would be available to counties that provide matching funds. Unfortunately, the Governor's trailer bill has pared down the description of the program and may have unintentionally excluded three populations from eligibility.ⁱⁱ California Welfare Directors Association and other advocates are working to fix this problem.

In Alameda County, APS is housed in Alameda County's Adult & Aging Services Department along with the Public Guardian and Public Administrator, and responds to over 5,700 reports of abuse of elderly and dependent adults a year.

Sticking with his January proposal, the Governor includes a bit less than a 4% increase in 2011 Realignment's Protective Services subaccount, a funding category that includes Adult Protective Services. Annual increases in 2011 Realignment dollars over time have enabled Alameda County to build capacity in APS in order to respond to growing needs. Because counties have discretion about how to spend increases and can transfer between subaccounts, there is no guarantee that the state's 2018-19 increase would be spent on APS.

California Community Transitions (CCT)

The Governor's May Revise fails to invest in Community Care Transitions, a program that has transitioned over 3,600 Californians with disabilities, including older adults, out of nursing homes to live in the community. CCT had been funded by the federal Money Follows the Person – funding that has lapsed. Without state funding, CCT will cease to exist in 2020.

EARNED INCOME TAX CREDIT (EITC)

In his May Revise proposal, the Governor extends the CalEITC to low-earning older and younger adults who are currently ineligible for the credit. Since the CalEITC was created in 2015, it has conformed to the age requirements of the federal EITC. This means that workers with incomes low enough to qualify for the state credit cannot benefit from the CalEITC if they are younger than age 25 or older than age 64 unless they have qualifying children. The May Revision eliminates this age requirement, allowing childless adults and non-custodial parents who are just starting out in the workforce, as well as those who are working beyond the traditional retirement age, to qualify for the state tax credit beginning in tax year 2018.

In Alameda County, 17.7 percent of people who are age 65 and older are employed, many in part-time and low-wage jobs that help them to make ends meet.

HOUSING & HOMELESSNESS

The May Revise proposes **\$423 million in funding to address homelessness** in addition to January's budget proposal to implement the components of the housing package that the legislature passed last year. The new funding would be used for one-time investments in emergency homeless aid block grants, homelessness programs within CalWorks, and programs addressing homelessness among youth and victims of domestic violence. (The proposed APS Home Safe funding is a part of the new \$423 million funding proposal.)

The Governor's proposed housing package allocates \$245 million from the new real estate transaction fee for affordable housing and homelessness services. It provides \$3 million to the Department of Housing and Community Development to implement the housing package. And it anticipates voter approval of a \$4 billion housing bond that will be on the November ballot, allocating \$277 million toward low-income multi-family housing development, rehabilitation and preservation. For more information on the housing package, go to hcd.ca.gov/policy-research/lhp.shtml.

In Alameda County there is a 58,680 unit shortfall for homes affordable to very low-income households. Housing cost burden is high for seniors: over 30% of senior homeowners pay over 30% of their income for housing; 66% of senior renters pay over 30% of their income (US Census).

In the May Revise the Governor recommends that the No Place Like Home program be placed on the November ballot in order to move this 2016, \$2 billion bond measure forward. It has been stalled by a legal challenge about the use of Mental Health Services Act funding to repay the bond. The program would fund permanent supportive housing for people with mental illness who are homeless or at risk of homelessness.

IN-HOME SUPPORTIVE SERVICES

The Governor's budget still includes **\$11.2 billion for IHSS**, \$3.6 billion of it in General Fund dollars. This is a 7.7% increase in General Fund costs for the program over the current fiscal year. Three changes are behind the increase: The average monthly caseload is estimated to increase by 5.4% to 545,000 people. The proposal covers the state minimum hourly wage increase from \$11 to \$12, effective January 1, 2019 (this will not impact Alameda County, where IHSS provider wages are \$12.50/hour). And the proposal includes \$29.9 million state funds to implement eight paid sick leave hours for IHSS providers beginning on July 1, 2018.

In Alameda County, over 22,000 older people, children and people with disabilities rely on over 21,000 IHSS workers to help them live safely in the community.

MEDI-CAL

The May Revise does not include removing the Medi-Cal senior penalty. This is a difference in Medi-Cal income eligibility levels for younger adults vs. people age 65 and older, and it means that low income seniors who were eligible for Medi-Cal when they were 64 become ineligible when they turn 65, in spite of there being no change in their income. The

state Assembly has prioritized removing the senior penalty, but the Governor’s revised budget fails to make this obvious investment in equity and health care.

As in January’s proposal, May Revise allocates 2016 Prop 56 tobacco tax revenues to Medi-Cal. In FY 18-19 this would target over \$649 million for supplemental payments and rate increases for providers, and to partially fund new growth in the Medi-Cal program. Included is a proposal to spend \$64.5 million (\$31.6 million from Prop 56, the rest federal match) for a 50-percent rate increase and associated increases in utilization for home health providers that provide medically necessary in-home services to children and adults in the fee-for-service system and through home and community-based services waivers. The increase would be effective July 1, 2018.

The Governor also promises that California will restore Medi-Cal’s optometric and optical services for adults starting January 1, 2020 (part of the FY 17-18 budget legislation), but his

In Alameda County, over 47,000 people age 65+ rely on Medi-Cal coverage.

May Revise doesn’t propose to restore any other “optional” benefits. In 2009 the state budget eliminated services such as audiology, podiatry, incontinence creams and washes and speech therapy – all interventions that are essential for many people living with chronic conditions.

Take-Away: While California is making headway in covering needed services and addressing the problem of low rates that discourage health care providers and limit access, the state has a blind spot when it comes to Adult Day Health Care and the “optional” benefits that are highly effective at helping seniors remain in the community and out of acute care settings.

MULTI-PURPOSE SENIOR SERVICES PROGRAM

The Governor’s May Revise does not increase funding for MSSP. Advocates are seeking a \$5.1 million increase for this Medi-Cal waived program,ⁱⁱⁱ a request that is being considered by the Senate and Assembly budget committees. MSSP’s case management model (nurse/social worker) is highly effective in helping older adults who are eligible for Medi-Cal covered nursing home care remain safely at home at a fraction of the cost of a SNF. Funding to keep these programs robust and to expand capacity is long overdue.

In Alameda County we face a critical shortage of MSSP slots – only 380 between the two MSSP providers in Oakland and Fremont. Eligible seniors may die or enter nursing homes while waiting for a slot to open.

OLDER CALIFORNIANS ACT PROGRAMS

Like his January proposal, the Governor’s May Revise does not even include a sentence about the programs administered by the Department of Aging. These programs have not seen increases in state funding – other than occasional one-time increases – since a series of devastating state cuts and eliminations in 2008-09, including Alzheimer’s Day Care Resource Centers, Senior Nutrition (congregate meals and meals on wheels), Caregiver Resource Centers, Long Term Care Ombudsman, Brown Bag, Respite Services, Linkages, Foster Grandparents, Senior Companions, HICAP and Senior Employment.^{iv}

Take-Away: The governor has ignored the pressing need to adequately fund the aging services that will help the growing number of older Californians and their family caregivers meet the challenges of aging. The state's failure to recognize and address the needs of older people is alarming. California needs to invest in the aging services infrastructure so that Californians will have the support they need to live safe and healthy lives in their communities.

Alameda County currently receives approximately \$6 million a year in mostly federal funding through the Older Americans Act to provide services to over 65,000 county residents.

S KILLED NURSING FACILITIES

The Governor's May Revise maintains his proposal of \$4.5 million to support the expansion of training slots for the certified nursing assistant workforce to support SNFs in meeting the requirements of SB 97. The new law increases the minimum number of direct care services hours in skilled nursing facilities from 3.2 to 3.5 hours per patient day starting on July 1, 2018, and specifies that a minimum of 2.4 hours per patient day must be provided by certified nurse assistants.

S UPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT

The Governor's May Revise maintains the freeze on SSP, the state's share of SSI/SSP grants for over 1.3 million low-income seniors and people with disabilities. This would keep the maximum grant levels the same – at \$910/month for an individual and \$1,532 for a couple – until an anticipated federal Cost Of Living Increase takes effect in January 2019.^v Grant levels for Cash Assistance Program for Immigrants (CAPI) would follow suit, not increasing until the federal COLA kicks in.

The Governor's proposed \$2.8 billion General Fund budget for SSI/SSP represents a 1.2% decrease from the current fiscal year, the result of an estimated decrease in the average monthly caseload. This decrease – in the face of growing poverty among seniors – is at least in part a function of the SSI income and assets eligibility levels falling farther and farther behind other measures of poverty over time.

In Alameda County about 50,000 seniors and adults with disabilities rely on SSI/SSP. The 2018 maximum grant level for individuals is \$910 a month, putting individual recipients' incomes at 10% lower than the federal poverty level and far below the Elder Economic Security Standard. Translation: many SSI recipients struggle to meet their most basic needs.

Background: During the Great Recession, policymakers eliminated the annual state COLA and cut the SSP portion of the monthly grant to the minimum allowed by federal law (from \$233 to \$156 for individuals and from \$568 to \$396 for couples). In 2016, the state provided a 2.76 percent increase to the state's SSP portion, increasing grant levels by \$4.32 per month for individuals and \$10.94 per month for couples. CAPI grant levels were increased similarly.^{vi}

Take-Away: California must address reinstating an annual Cost Of Living Adjustment in order to meaningfully address the reality of basic living costs in California.^{vii}

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

ⁱ 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.

ⁱⁱ The May Revise description of APS Home Safe may unintentionally exclude three populations from eligibility: Those living in short-term housing arrangements, such as hotels, motels, and temporary stays with family members; those at imminent risk of receiving a termination notice; and those with a living situation that is at the root of their abuse or neglect issue, posing an imminent health and safety risk (e.g. those living with an abuser, or those living in unsanitary and harmful conditions).

ⁱⁱⁱ For many years advocates have sought restoration of MSSP funding that was cut a decade ago so that the number of participants could be increased statewide. This year, with many MSSP programs so underfunded that they face closure, advocates are seeking funding to increase the reimbursement rate.

^{iv} The annual loss to Alameda County of the State's 2008 cuts is \$549,000 – calculated based on local impact of elimination of Older Californians Act funding for 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).

^v The federal cost of living adjustments are based on the current Consumer Price Index growth factors, and are projected to be 2.6 percent for 2019. As a result, the maximum SSI/SSP monthly grant levels will likely increase by about \$20 and \$29 for individuals and couples, respectively, effective January 2019.

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

^{vii} 2018 Federal Poverty Guidelines are \$1,011.67/month for an individual, \$1,371.67/ month for a couple. The 2015 Elder Economic Security Standard Index for Alameda County seniors is \$2,273/month for a single renter, \$2,991/month for a couple who rent rather than own their home.