

## Brief Update on the Budget\*

The governor released his budget proposal for 2016-2017 last week. Here are a few highlights from his proposal that particularly affect IHSS and SSI/SSP recipients.

### IHSS

The Governor's budget proposes to continue to fund the 7% across-the-board reduction in IHSS hours (passed in 2013) with proceeds from a revised managed care organization (MCO) tax effective July 1, 2016. The Governor will be pushing hard for the passage of this revised tax. Passage will require Republication votes in both the Assembly and the Senate by the end of January. Finally, the budget assumes the revised MCO tax is in place for 3 years starting in 2016-2017.

**Implementation of the U.S. Department of Labor regulations that require overtime pay for domestic workers is estimated to cost \$700.4 million (\$331.3 million General Fund) in 2015-16 and \$942 million (\$443.8 million General Fund) annually thereafter. Chapters 29 and 488, Statutes of 2014 (SB 855 and SB 873), limit providers to a 66-hour workweek. Providers who work for multiple recipients will be paid for their travel time between recipients, up to 7 hours per week.**

### SSI/SSP

The governor's proposal is to:

1. Pass through the federal COLA (estimated at 1.7%) for the SSI portion of grants effective 1/1/17. (No cost to the state.); and
2. Provide a state COLA (estimated at 2.96%) to the SSP portion of grants effective 1/1/17. (Funded with General Fund dollars.)

Combined, these two changes would boost the maximum monthly grants for independent living, aged/disabled individuals by \$17.63 per month (with \$4.63 of this due to the SSP increase) and for similarly situated couples by \$30.73 per month (with \$11.73 of this due to the SSP increase).

From the LA Times, Jan. 7: "Advocates for the poor cheered the governor's proposed increases to cash aid for the aged, blind and disabled—the first time such grants would go up in ten years. 'This will be a huge help to the 1.3 million people with disabilities and seniors around the state who are struggling to pay the rent and get enough food to eat,' said Frank Tamborello, executive director of Hunger Action LA, adding that the increases should be even greater to account for cost of living."

Meanwhile, Assembly Members Cheryl Brown (San Bernardino) and Tony Thurmond (Richmond) have introduced a bill, AB 1584, that will increase SSI/SSP beyond the governor's \$17/month proposal. AB 1584 will increase SSI/SSP by \$21 a month each year for the next 4 years, bringing California's seniors and people with disabilities up to the poverty line. Their bill would also reinstate the Cost of Living Allowance for the state's portion of the grant (SSP, or State Supplemental Payment) which will help the benefits keep up with the actual price of rent and food.

#### Coordinated Care Initiative (CCI)

The Governor's proposed budget assumes the Coordinated Care Initiative will have a General Fund savings of \$176.1 million in 2015-16, primarily because of the MCO tax. However, required revision of the current MCO tax along with enrollment delays, higher than expected opt-out rates, and increased IHSS costs due to new overtime regulations, could affect these budget projections. Recent analysis shows that the CCI could result in net costs in 2016-17 and beyond unless there are solutions to improve participation and passage of revised MCO tax. Of these, the governor's budget specifically proposes a revised, broad-based MCO tax aligned with federal regulations. If the CCI does not generate program savings, the state will stop operations in January 2018.

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