

HUMAN SERVICES

DEPARTMENT OF SOCIAL SERVICES

- **Implementation of Continuum of Care Reform.** Last year, the Legislature passed AB 403 (Stone), Chapter 773, Statutes of 2015 to implement the Continuum of Care Reform (CCR), which seeks to improve the assessment of child and families, emphasize home-based family care, support placement with available services, and increase transparency for child outcomes. The May Revision increases funding for the implementation of the CCR by \$59.9 million General Fund in 2016-17. Combined with funding in the Department of Health Care Services, the May Revision includes \$127.3 million General Fund to implement the CCR.
- **Restoration of IHSS Seven Percent Reduction.** The Governor's budget proposed to use a portion of the revenues from a restructuring of the existing Managed Care Organization (MCO) tax to restore the seven-percent across-the-board reduction to IHSS. However, the MCO tax, as passed on February 29, 2016, did not include the seven-percent restoration. The May Revision proposes using \$265.8 million General Fund for the restoration of the seven-percent reduction, while still tying it to the MCO tax; the restoration will remain in effect until June 30, 2019, when the tax is scheduled to expire.
- **Minimum Wage Increase.** SB 3 (Leno), Chapter 4, Statutes of 2016, increases the state minimum wage to \$10.50 on January 1, 2017, increasing annually until it reaches \$15 for most employers by 2022. SB 3 also provides three paid sick leave days to IHSS workers, beginning July 2018. The May Revision includes increased expenditures in IHSS of \$18.4 million General Fund and a decrease in CalWORKs expenditures of \$6 million General Fund to reflect the initial 50-cent increase in the minimum wage.
- **In-Home Supportive Services (IHSS).** Due to increases in caseload, hours per case, and costs per hour, the May Revision increases funding for the program by \$131.7 million General Fund in the current year and \$183.1 million General Fund in budget year.

- **IHSS Funding and Revised Implementation Schedule.** In September 2013, the U.S. Department of Labor issued a final rule, effective January 1, 2015, which requires overtime pay for domestic workers and payment for activities not previously eligible for compensation, such as travel time between multiple recipients, wait time associated with medical accompaniment, and time spent in mandatory provider training. However, due to various court actions, the final rule was implemented in California effective February 1, 2016. The May Revision reflects a decrease of \$65.8 million General Fund in 2015-16 resulting from the revised implementation schedule. These savings are used to offset other increased IHSS costs.
- **Funding for IHSS Overtime Exemptions.** SB 855 (Committee on Budget and Fiscal Review), Chapters 29, Statutes of 2014, established a limit of 66 hours per week for IHSS providers, based on the statutory maximum of 283 hours a month for IHSS recipients, and limited travel time for providers to seven hours a week. However, since the release of the Governor's budget, the department has issued guidance to counties establishing two exemptions to the overtime cap to ensure continuity of care and allow IHSS recipients to remain safely in their own homes. The May Revision includes an increase of \$22.3 million General Fund in 2016-17 to reflect costs associated with exempting providers who meet specified criteria from IHSS overtime restrictions.
- **CalWORKs Grant Increase.** The May Revision includes a 1.4 percent increase to CalWORKs grants, effective October 1, 2016, due to an increase in 1991-92 State-Local Realignment revenue projections. The Child Poverty and Family Supplemental Support Subaccount of the Local Revenue Fund is projected to have an ending balance of \$47.4 million in 2016-17.
- **Caseload for CalWORKs.** The May Revision proposes to increase General Fund and federal Temporary Assistance for Needy Families (TANF) block grant by \$28.4 million in 2016-17 to reflect updated caseload and average cost per case projections.
- **Caseload for SSI/SSP.** The May Revision proposes to decrease funding by \$44 million in 2016-17 to reflect updated caseload and average cost per case projections. The May Revision continues to fund a one-time cost-of-living increase to the SSP portion of the SSI/SSP grant, as proposed in the Governor's Budget.

DEPARTMENT OF DEVELOPMENTAL SERVICES

- **Proposed Developmental Center Closures.** The May Revision includes trailer bill language to (1) extend special managed care provisions to Medi-Cal eligible individuals that are transitioning from developmental centers into the community; (2) provide an exemption to allow developmental center employees working at facilities slated for closure to go through the process of becoming community-based service providers, and (3) provide retention incentives for developmental center staff during the closure process.
- **Regional Center Services.** The May Revision proposes an additional \$6.6 million General Fund for regional center and department resources to implement the changes authorized by AB 1 X2 (Thurmond), Chapter 3, Statutes of 2016. These resources would be used to oversee the implementation of programs to reduce disparities and competitive integrated employment activities, contract for a provider rate study, and report on adjustments to provider rates.
- **Minimum Wage.** The May Revision includes an increase of \$12 million General Fund to reflect the impact of the \$0.50 increase in the state minimum hourly wage, effective January 1, 2017 pursuant to SB 3 (Leno), Chapter 4, Statutes of 2016.
- **Behavioral Health Treatment.** The May Revision includes a decrease of \$75.8 million General Fund to reflect transitioning responsibility for the provision of these services to the Medi-Cal program from the Department of Developmental Services.

ISSUE 39: ADDITIONAL PLACEHOLDER TRAILER BILL LANGUAGE

The Subcommittee also wishes to adopt the following various placeholder trailer bill language to:

- Require that reports of injuries, death, restraint usage, and incidents of seclusion, for example, at community facilities be reported to the federally mandated protection and advocacy agency;
- Limit the use of seclusion and restraints in community facilities licensed by the Department of Social Services;
- Ensure Regional Center consultation with stakeholders in developing proposals for the \$11 million authorized in the special session; and
- Ensure that self-determination local advisory committees which provide oversight of the Self Determination Program can provide outreach and training about the Self Determination Program

These proposals were originally heard at this Subcommittee's hearing on May 18th.

Staff Recommendation: Adopt as placeholder trailer bill language.
