



Overview of 2019-20 County IHSS MOE November 2019

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The Governor's proposal to revise the County In-Home Supportive Services (IHSS) Maintenance of Effort (MOE) was enacted into law in Senate Bill 80 (Chapter 27, Statutes of 2019). The new IHSS MOE creates a more sustainable fiscal structure for counties to manage IHSS costs and continue to deliver vital services on behalf of the state. This resource provides a high level overview of the major provisions in SB 80 related to the IHSS MOE. Please see CSAC's *2019-20 IHSS MOE County Amounts Methodology Brief* for specific details about how the county amounts of the rebased MOE were determined. Please see *IHSS Wages and Bargaining Provisions Brief*, which CSAC produced jointly with the County Welfare Directors Association and the California Association of Public Authorities, for full details about all of the provisions of SB 80 that relate to wages, benefits, MOE adjustments, and collective bargaining.

Advocacy for Sustainable IHSS Structure

As part of the legislation that established the 2017 IHSS MOE, CSAC advocated for a provision that required the Department of Finance to reexamine the IHSS fiscal structure during the development of the 2019-20 budget. Specifically, the Department of Finance was required to submit findings and recommendations to the Legislature by January 2019 on several elements including the availability of 1991 Realignment funds to cover program costs, the growth of IHSS, the impact of the IHSS MOE on health and mental health programs, and the status of collective bargaining. The Department of Finance's [Senate Bill 90: 1991 Realignment Report](#) contains the recommendations that were included in the Governor's IHSS MOE proposal and enacted into law in SB 80.

CSAC partnered with counties, county affiliates, and other stakeholders for nearly two years to advocate for a more sustainable fiscal structure for counties to manage IHSS costs and continue to deliver other important health and behavioral health services on behalf of the state. SB 80 accomplishes those goals and CSAC is grateful to the Governor and the Legislature for this outcome.

2019-20 Statewide IHSS MOE

Senate Bill 80 establishes a new 2019-20 County IHSS MOE with a statewide amount of \$1.56 billion. The Department of Finance determined this new amount by fully following through existing law at the time through the end of 2018-19 to develop a 2019-20 MOE prior to the rebased amount. That MOE total was \$2.06 billion and results from the 2018-19 MOE, MOE adjustments for local wage and benefit increases in 2018-19, and the seven percent inflation factor. Once that amount was determined, the Department of Finance calculated the incremental increase over 2018-19, incorporated the available 1991 Realignment revenues, and determined a new lowered MOE base that would fit within the Realignment revenues available to counties.

In addition to lowering the MOE, SB 80 also lowers the annual inflation factor from seven percent to four percent. The County IHSS MOE will only increase by the annual inflation factor and the county share of any locally negotiated wage and benefit increases. The new MOE contains only one MOE component for services, and does not have the four separate MOE components (Services, County Administration, Public Authority Administration, Case Management Information and Payrolling System) that were included in the 2017 MOE. The State will fund IHSS administrative costs through a General Fund allocation. Counties will be responsible for any administrative costs above the State General Fund allocation for administrative costs.

State General Fund Commitment

The new MOE is made possible by a significantly increased and ongoing State General Fund commitment for IHSS. The state is contributing nearly \$300 million more for IHSS costs in 2019-20, which grows to more than \$600 million in 2022-23. Over the first four years of this new structure, the state's commitment has grown by \$1.86 billion from what it would have been under prior legislation.

IHSS Mitigations

With the lowered MOE and the increased State General Fund commitment, the new IHSS MOE is nearly \$500 million lower in 2019-20 than it would have been under prior legislation and fits within available 1991 Realignment revenues. Therefore, the IHSS mitigations, or offsetting revenue, that existed under the 2017 IHSS MOE are not included with the new MOE. The State General Fund offset ended as the state is now covering an increased share of IHSS costs rather than providing an offset to counties. The redirection of vehicle license fee (VLF) growth funds from Health, Mental Health, and County Medical Services Program to Social Services ends earlier than outlined under prior legislation. The final year for the redirection of this VLF growth was the 2018-19 Realignment year. The process of accelerated caseload growth for IHSS is also discontinued after the 2018-19 Realignment year. IHSS caseload growth costs will now be included within the overall Social Services caseload growth calculation and two-year cycle. This is the same process that existed prior to the 2017 IHSS MOE.