

BOARD OF SUPERVISORS MEETING
March 12, 2019

“For all items NOT on the agenda”

(Each Speaker Limited to 3 Minutes)

Voluntary Sign-In Sheet

1. Cindie Fonseca ✓
2. Katie Coventry
3. David Werlin
4. NORM EHRlich ✓
5. Thalia Godinez
6. Thomas Mulder
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- 8.
- 9.
- 10.
- 11.
- 12.
- 13.
- 14.
- 15.
- 16.

20/10

Humboldt IHSS Update

Humboldt County is home to approximately 1,616 low-income seniors and people with disabilities who receive vital care from approximately 1,558 In-Home Supportive Services (IHSS) home care providers. The information below outlines the ability for the county to invest in this vital program and how investing in IHSS brings additional revenues into the county while helping to meet the demand for care.

The County Budget:

- ✓ **The Humboldt County Adopted 2018-19 Budget is healthy and structurally balanced at \$412 million**, an increase of 9% over the 2017-18 Final Budget.
- ✓ **Available Contingency funds are \$3.5 million.** In addition, the budget makes **\$4.6 million** in contributions to General Reserves.
- ✓ The County projects a **\$4.9 million surplus** General Fund balance at the end of the year.

Realignment funds to the County– Available Funding for IHSS

The state provides counties with **revenues from the sales tax and vehicle license fee (VLF)** to pay for programs in the areas of mental health, social services, and health, which were “realigned” to the counties in 1991. These dollars are commonly known as “1991 Realignment” funds.

Humboldt County’s Realignment

- ✓ Humboldt County’s **1991 Realignment for the last year is \$10.7 million**, an **increase of 8.9%** over the prior year amount of \$9.8 million. This is a **major growth** in the available realignment funding for social services programs like IHSS.
- ✓ 1991 Realignment funds allow the County to pay for programs, including IHSS, without drawing on County General Fund dollars. Humboldt County’s 1991 Realignment funds for the current year are more than sufficient to fully cover the costs of IHSS, including negotiated increases.

Costs and Benefits to the County:

- ✓ The total county IHSS Maintenance of Effort (the County’s share of the program) for Services and Administration for this year is **\$3,275,708**.
- ✓ The cost to the County of each **\$1 increase** (whether to wages or benefits) for Humboldt County IHSS workers is approximately **\$381,526 per year** (the county covers about 16% of the cost). Minimum wage increases cost the county **ZERO** and are entirely covered by State and Federal funds.
- ✓ Because federal and state funds cover 84% of the costs, for every \$1 increase in worker wages, the county covers \$0.16 – **bringing in \$0.84 of new money per \$1**. No other program offers such a return on investment. A \$1 increase in Humboldt County IHSS worker wages would generate more than \$1 million in total economic output within the county in the first year alone.

2018 Total Economic Impact for Humboldt County*

- Jobs Created: 113.56
- Earnings (from created jobs): \$4,486,384
- Value Added to GDP: \$7,820,713
- Economic Output Created: \$13,504,655.

In order to reap these economic benefits, the County only invested about 16% of what the federal and State governments contributed to the program.

Unserviced Care Hours:

- ✓ Every person who qualifies for care through the IHSS program is given a number of hours of care per month based on an in person, in-home assessment by a county social worker. These hours of care are known as “authorized” hours. This is the assessment, based on State standards of what is needed to allow that person to live independently.
- ✓ However, when there aren’t enough caregivers to meet the demand for care, hours go unfulfilled. In 2017, the statewide average of unfulfilled hours was 4%. However, **Humboldt County’s average was nearly triple the average at 11%**. Thereby indicating a gap in care. In 2018, that gap increased to 12.2%, while the statewide average dropped to 3.7%.
- ✓ If these hours were paid to providers in Humboldt County it would have brought in matching funds of nearly **three million dollars**:
 - Federal - \$1,909,692
 - State - \$1,092,725
- ✓ This gap not only puts seniors and people with disabilities at risk by not receiving the care they require, it also represents a loss in local revenues as the federal and state dollars set aside to provide this care are not being brought into the county.

- ✓ In addition to the low wage itself, one likely cause for the deficit in care in Humboldt County is the high number of people without a family member to care for them. In 2016, the Humboldt County **family care provider percentage was 53%**. The **statewide average for family care providers is closer to 77%**. We believe this creates a higher need for Humboldt County to have a vibrant registry. When workers in Humboldt County are considering employment opportunities and compare the difficult work of IHSS at minimum wage and no benefits, with virtually any other possibility, it is easy to see why they might choose different work.

Humboldt County Cost

(Starting July 1, 2019 and based on Governor's Proposed Budget)

\$1.00 Wage Supplement over Minimum Wage, starting July 1, 2019 (with no inflation factor for Fiscal Year 2019-20)

Scenario:

- 1/1/19: \$12.00 Minimum Wage
- 7/1/19: \$1.00 Wage Supplement Floats on Minimum Wage
- 2019-20 New Effective Wage: \$13.00

Results:

- ✓ Total Cost: \$2.34 million
- ✓ Federal Share of Cost: \$1.24 million
- ✓ State Share of Cost: \$708,547
- ✓ **County Share of Cost: \$381,525**

What is a Wage Supplement?

A wage supplement is an amount of money that floats above a base wage. The base wage is usually defined as the minimum wage. Twenty-five counties in California have negotiated a wage supplement which impacts over 300,000 home care workers. By negotiating a Wage Supplement, we can establish a permanent amount that wages will remain above the State minimum wage, while still having the State pay for the whole increase to the minimum wage. The amount of the Wage Supplement is added to the county's MOE, but the costs of any minimum wage increases after that are not.

Improvements for Counties in the State Budget:

The current year's budget (18-19) provided improvements for counties in IHSS by reducing their previously projected MOEs and providing more realignment money than previously expected for counties to pay those costs (for the second straight year).

Governor Newsom's Proposal for 2019-2020

- ✓ Governor Newsom has proposed a budget for 19-20 that will greatly benefit counties, both in the current costs for the IHSS program and the ongoing costs of any increases we bargain now.
- ✓ The current budget would call for a 7% increase in the MOE for all counties this coming year and (with some caveats) every year thereafter. Instead, the governor proposes a reduction of more than 10% statewide in county MOEs plus added state money for IHSS administration. There is zero inflation factor this year and in future years (starting 20-21) the 7% annual inflation factor is reduced to 4% - far below the cost of caseload growth, not to mention any costs of increases to the minimum wage.
- ✓ **Impact on a wage/benefit increase:** If the county negotiates an increase to wages and/or benefits, the county's share of the increase is added to the county's MOE. By reducing the inflation factor from 7% to 4%, the county will save money every year on the cost of the negotiated increase.

* In-Home Supportive Services (IHSS) in Humboldt County is an economic engine for the county. IHSS generates millions of dollars for the county as well as jobs. This analysis was generated by calculating the total spending by the state and Federal governments on the IHSS program in Humboldt County in 2018.

Millions of dollars sourced from the Federal and state governments were spent on IHSS wages in 2018 in Humboldt, and these dollars are then infused into the local economy in the form of personal spending by IHSS workers in the County.

Value Added is an important indicator of how an industry or segment of the economy contributes to the GDP, or in this case, the Gross Regional Product. The value added to the economy from IHSS spending in 2018 alone was approximately \$7,820,713 over the year: IHSS represents a significant portion of the County economy. The greater the wage, the more IHSS workers spend in the County, and the greater the economic impacts of the program.

Local Output represents the sum of the margins of the industries impacted by IHSS worker spending. This number is a good benchmark for showing how IHSS positively impacts other industries in the County and contributes to overall increased productivity and profits. Spending on IHSS by other governments generates state as well as local tax revenue for the County, mostly in the form of property taxes. A portion of the state tax revenues comprised by Vehicle Licensing Fees (VLF) and sales tax will additionally return to the Humboldt economy in the form of 1991 Social Services Realignment according to the state formula; this money can be used to pay for local IHSS costs.