



April 8, 2010

THE GOVERNOR'S PROPOSED BUDGET COULD REDUCE IHSS WORKERS' COMPENSATION BY NEARLY \$1.2 BILLION

In-Home Supportive Services (IHSS) workers help nearly 450,000 low-income seniors and people with disabilities live safely in their own homes, thereby preventing more costly out-of-home care. Nearly 370,000 IHSS workers provide a range of services, including assistance with dressing, bathing, and medications in addition to domestic tasks such as cleaning, shopping, and meal preparation. The state shares in combined IHSS wage and health benefit payments of up to \$12.10 per hour with counties and the federal government.¹ Currently, the federal government pays 61.6 percent of IHSS costs, the state pays 25.0 percent, and counties pay 13.4 percent.² In February 2009, state lawmakers capped the amount at which the state would share in the cost of IHSS workers' wages and benefits at \$10.10 per hour – \$9.50 per hour for wages and \$0.60 per hour for health benefits. In June, however, a federal district court issued a preliminary injunction prohibiting the state from implementing this reduction because the state failed to conduct a study "showing that this action would not disrupt the supply" of IHSS workers.³ The preliminary injunction remains in effect while the case is on appeal.⁴

Despite this ruling, Governor Schwarzenegger proposes to cap the state's share of IHSS workers' compensation at the state's minimum wage of \$8.00 per hour plus \$0.60 per hour for benefits effective June 1, 2010. Forty-five counties currently offer combined wages and health benefits that cost in excess of \$8.60 per hour. While counties could continue to provide compensation above the proposed level, they would have to use their own dollars to make up for lost state funding. The CBP estimates that the Governor's proposal could reduce total compensation for IHSS workers by nearly \$1.2 billion between June 2010 and June 2011.⁵

¹ Hourly compensation varies across counties. Five counties provide wage and benefit levels that exceed \$12.10 per hour.

² These sharing ratios apply up to \$12.10 per hour. Counties that choose to provide higher hourly compensation to IHSS workers pay 38.4 percent of the amount that exceeds \$12.10 per hour, with the federal government providing the remaining 61.6 percent. The American Recovery and Reinvestment Act of 2009 (ARRA) increased the federal government's share of IHSS costs from 50.0 percent to 61.6 percent between October 1, 2008 and December 31, 2010. Congress is considering extending this increased federal funding through June 30, 2011.

³ Legislative Analyst's Office, *The 2010-11 Budget: Health & Social Services – A Restricted Environment* (March 2010), p. H&HS-8.

⁴ On March 3, 2010, the US 9th Circuit Court of Appeals upheld the district court's preliminary injunction in *Dominguez v. Schwarzenegger*. The Schwarzenegger Administration subsequently filed an appeal with the US Supreme Court.

⁵ Total lost compensation includes the loss of funds attributable to the policy change included in the February 2009 budget agreement, which is assumed in the Governor's proposal. Total lost compensation would be lower to the extent that counties used their own funds to make up for lost state dollars.

Estimated County Impact of Governor's Proposal To Cap the State's Share of In-Home Supportive Services (IHSS) Workers' Wages and Health Benefits at \$8.60 Per Hour, June 2010 Through June 2011

| County | Number of IHSS Workers | IHSS Workers' Actual Hourly Compensation* | Hourly Compensation Based on February 2009 Budget Agreement** | Governor's Proposed Hourly Compensation, Effective June 1, 2010 | Potential Decrease in Hourly Compensation Under Governor's Proposal*** | Total Lost Compensation Under Governor's Proposal*** |
|-------------------|------------------------|---|---|---|--|--|
| Alameda | 16,660 | \$12.22 | \$10.10 | \$8.60 | -\$3.62 | \$106,890,000 |
| Alpine | 30 | \$8.00 | \$8.00 | \$8.00 | \$0.00 | \$0 |
| Amador | 180 | \$9.10 | \$9.10 | \$8.60 | -\$0.50 | \$112,000 |
| Butte | 2,990 | \$8.75 | \$8.75 | \$8.60 | -\$0.15 | \$865,000 |
| Calaveras | 240 | \$10.23 | \$10.10 | \$8.60 | -\$1.63 | \$732,000 |
| Colusa | 130 | \$8.00 | \$8.00 | \$8.00 | \$0.00 | \$0 |
| Contra Costa | 6,600 | \$12.72 | \$10.10 | \$8.60 | -\$4.12 | \$45,468,000 |
| Del Norte | 310 | \$9.60 | \$9.60 | \$8.60 | -\$1.00 | \$653,000 |
| El Dorado | 900 | \$9.60 | \$9.60 | \$8.60 | -\$1.00 | \$1,607,000 |
| Fresno | 10,630 | \$11.10 | \$10.10 | \$8.60 | -\$2.50 | \$49,398,000 |
| Glenn | 390 | \$8.15 | \$8.15 | \$8.15 | \$0.00 | \$0 |
| Humboldt | 1,860 | \$8.00 | \$8.00 | \$8.00 | \$0.00 | \$0 |
| Imperial | 4,280 | \$9.60 | \$9.60 | \$8.60 | -\$1.00 | \$6,734,000 |
| Inyo | 110 | \$8.00 | \$8.00 | \$8.00 | \$0.00 | \$0 |
| Kern | 3,990 | \$10.10 | \$10.10 | \$8.60 | -\$1.50 | \$9,507,000 |
| Kings | 1,360 | \$9.60 | \$9.60 | \$8.60 | -\$1.00 | \$2,198,000 |
| Lake | 1,560 | \$9.35 | \$9.35 | \$8.60 | -\$0.75 | \$2,668,000 |
| Lassen | 180 | \$8.00 | \$8.00 | \$8.00 | \$0.00 | \$0 |
| Los Angeles | 142,980 | \$9.51 | \$9.51 | \$8.60 | -\$0.91 | \$252,286,000 |
| Madera | 1,370 | \$9.80 | \$9.80 | \$8.60 | -\$1.20 | \$2,495,000 |
| Marin | 1,480 | \$12.41 | \$10.10 | \$8.60 | -\$3.81 | \$10,471,000 |
| Mariposa | 170 | \$8.00 | \$8.00 | \$8.00 | \$0.00 | \$0 |
| Mendocino | 1,370 | \$10.50 | \$10.10 | \$8.60 | -\$1.90 | \$4,469,000 |
| Merced | 2,380 | \$9.60 | \$9.60 | \$8.60 | -\$1.00 | \$3,269,000 |
| Modoc | 90 | \$8.00 | \$8.00 | \$8.00 | \$0.00 | \$0 |
| Mono | 40 | \$8.00 | \$8.00 | \$8.00 | \$0.00 | \$0 |
| Monterey | 3,220 | \$12.10 | \$10.10 | \$8.60 | -\$3.50 | \$18,603,000 |
| Napa | 1,190 | \$12.10 | \$10.10 | \$8.60 | -\$3.50 | \$4,986,000 |
| Nevada | 600 | \$9.16 | \$9.16 | \$8.60 | -\$0.56 | \$659,000 |
| Orange | 14,980 | \$9.90 | \$9.90 | \$8.60 | -\$1.30 | \$30,528,000 |
| Plumas | 230 | \$9.16 | \$9.16 | \$8.60 | -\$0.56 | \$171,000 |
| Placer | 1,840 | \$10.60 | \$10.10 | \$8.60 | -\$2.00 | \$7,376,000 |
| Riverside | 13,870 | \$10.85 | \$10.10 | \$8.60 | -\$2.25 | \$55,020,000 |
| Sacramento | 19,620 | \$11.10 | \$10.10 | \$8.60 | -\$2.50 | \$96,816,000 |
| San Benito | 410 | \$11.10 | \$10.10 | \$8.60 | -\$2.50 | \$1,675,000 |
| San Bernardino | 16,890 | \$9.63 | \$9.63 | \$8.60 | -\$1.03 | \$32,876,000 |
| San Diego | 21,070 | \$9.83 | \$9.83 | \$8.60 | -\$1.23 | \$44,197,000 |
| San Francisco**** | 18,020 | \$13.39 | \$10.10 | \$10.39 | -\$3.00 | \$91,977,000 |
| San Joaquin | 5,240 | \$10.02 | \$10.02 | \$8.60 | -\$1.42 | \$12,905,000 |
| San Luis Obispo | 1,530 | \$10.60 | \$10.10 | \$8.60 | -\$2.00 | \$5,449,000 |

| County | Number of IHSS Workers | IHSS Workers' Actual Hourly Compensation* | Hourly Compensation Based on February 2009 Budget Agreement** | Governor's Proposed Hourly Compensation, Effective June 1, 2010 | Potential Decrease in Hourly Compensation Under Governor's Proposal*** | Total Lost Compensation Under Governor's Proposal*** |
|---------------|------------------------|---|---|---|--|--|
| San Mateo | 3,150 | \$12.10 | \$10.10 | \$8.60 | -\$3.50 | \$20,039,000 |
| Santa Barbara | 2,500 | \$10.60 | \$10.10 | \$8.60 | -\$2.00 | \$7,951,000 |
| Santa Clara | 14,980 | \$14.84 | \$10.10 | \$8.60 | -\$6.24 | \$143,471,000 |
| Santa Cruz | 2,300 | \$12.10 | \$10.10 | \$8.60 | -\$3.50 | \$13,175,000 |
| Shasta | 2,420 | \$9.45 | \$9.45 | \$8.60 | -\$0.85 | \$3,467,000 |
| Sierra | 30 | \$9.16 | \$9.16 | \$8.60 | -\$0.56 | \$18,000 |
| Siskiyou | 460 | \$8.00 | \$8.00 | \$8.00 | \$0.00 | \$0 |
| Solano | 3,090 | \$12.10 | \$10.10 | \$8.60 | -\$3.50 | \$19,020,000 |
| Sonoma | 4,870 | \$12.10 | \$10.10 | \$8.60 | -\$3.50 | \$29,775,000 |
| Stanislaus | 5,000 | \$9.98 | \$9.98 | \$8.60 | -\$1.38 | \$10,933,000 |
| Sutter | 690 | \$9.35 | \$9.35 | \$8.60 | -\$0.75 | \$1,020,000 |
| Tehama | 1,010 | \$8.60 | \$8.60 | \$8.60 | \$0.00 | \$0 |
| Trinity | 150 | \$8.00 | \$8.00 | \$8.00 | \$0.00 | \$0 |
| Tulare | 2,040 | \$9.60 | \$9.60 | \$8.60 | -\$1.00 | \$3,134,000 |
| Tuolumne | 250 | \$8.00 | \$8.00 | \$8.00 | \$0.00 | \$0 |
| Ventura | 3,200 | \$10.10 | \$10.10 | \$8.60 | -\$1.50 | \$8,220,000 |
| Yolo | 1,780 | \$11.10 | \$10.10 | \$8.60 | -\$2.50 | \$7,466,000 |
| Yuba | 560 | \$10.10 | \$10.10 | \$8.60 | -\$1.50 | \$1,652,000 |
| Total | 369,440 | | | | | \$1,172,400,000 |

* Hourly wage and health benefits as of March 2010.

** Blocked by federal district court preliminary injunction.

*** Includes the impact of the reduction in hourly compensation based on the February 2009 budget agreement. Assumes, except for San Francisco, that counties would not use their own funds to make up for lost state funding.

**** The City and County of San Francisco's Minimum Wage Ordinance, adopted by the voters in 2003, requires employers to pay a wage of at least \$9.79 per hour in 2010. The \$10.39 hourly compensation level shown in this row assumes San Francisco's current minimum wage plus \$0.60 per hour for health benefits. However, the state would share in the cost of IHSS wages and health benefits in San Francisco only up to \$8.60 per hour under the Governor's proposal.

Note: Number of IHSS workers is as of February 2010 and comes from the Department of Social Services. Actual hourly compensation data are as of March 2010 and come from the California Association of Public Authorities for IHSS (CAPA). Hourly compensation levels under the February 2009 budget agreement and the Governor's proposal are CBP calculations based on CAPA data. Total lost compensation is a CBP estimate based on Legislative Analyst's Office data and reflects state, federal, and county funds that would be lost between June 2010 and June 2011. County estimates of total lost compensation are based on each county's share of the reduction in statewide monthly wages and benefits, which in turn reflects IHSS "individual provider" hours of service in December 2009 multiplied by the potential decrease in hourly compensation in each county. Numbers of IHSS providers are rounded to the nearest 10, and estimates of lost compensation are rounded to the nearest \$1,000. County figures may not sum to totals due to rounding. Source: California Association of Public Authorities for IHSS, Department of Social Services, and Legislative Analyst's Office