

Date of Hearing: March 4, 2014

ASSEMBLY COMMITTEE ON AGING AND LONG-TERM CARE

Mariko Yamada, Chair

AB 1534 (Linder) – As Introduced: January 21, 2014

SUBJECT: Area agencies on aging: independent living centers: funding.

SUMMARY: Establishes a continuous appropriation of federal funds appropriated to the State of California for the purposes of supporting independent living centers (ILC's) and area agencies on aging (AAA's). Specifically, this bill:

- 1) Creates a continuous appropriation of federal funds appropriated to the State of California Federal Trust Fund from the United States Treasury for support of ILC's and AAA's. This continuous appropriation would provide the California Department of Aging (CDA) and the California Department of Rehabilitation (DOR) the funds necessary to administer programs operated by AAA's and ILC's during fiscal years in which the state Budget Act is not enacted by July 1.
- 2) Allows the Department of Finance to reduce the applicable Budget Act appropriations by the amount of any payment made by the Federal Trust Fund to CDA and DOR under this statute.
- 3) Provides that if the state Budget Act is not enacted by July 1 and the continuous appropriation is triggered, that the first payment will be made to CDA and DOR by July 15. Subsequent payments are to be made by the 15th of each month, until the state Budget Act is enacted.
- 4) Declares this act to be an urgency statute in order that AAA's and ILC's may avoid interruptions and disruptions of service if the Budget Act of 2011 is not enacted in a timely manner.

EXISTING LAW:

- 1) Establishes the federal Rehabilitation Act, which, among other things, empowers individuals with disabilities to maximize employment, economic self-sufficiency, independence, inclusion and integration into society through statewide workforce investment systems, independent living centers and services, research, training, demonstration projects and the guarantee of equal opportunity.
- 2) Establishes DOR as the overseer of the 29 ILCs and independent living services.
- 3) Establishes the federal Older American's Act, which, among other things, establishes a nation-wide network of state units on aging and AAAs to deliver home and community-based programs for older adults and their caregivers. Programs include nutrition, information and assistance, elder abuse prevention and caregiver support.
- 4) Establishes the Mello-Grandlund Older Californians Act which provides state-funded programs and services for older adults and people with disabilities.

- 5) Establishes CDA as the state unit on aging, and overseer of California's 33 AAAs.
- 6) Establishes continuous appropriations via the Medical Providers Interim Payment Fund to Medi-Cal providers, the AIDS drug assistance programs, and developmental services programs in the event the state budget is not passed by July 1.

FISCAL EFFECT: Takes effect immediately as an urgency statute.

COMMENTS:

California has 33 AAAs, which provide services that are essential to the health and well-being of older adults, such as basic nutrition, transportation, in-home assistance, and caregiver support. AAAs in communities across the state are tasked to plan, coordinate and offer services that help older adults remain in their homes.

Funds for these programs come from the federal Older Americans Act, the state's Older Californians Act, and county, city, and grant sources. Approximately 80 percent of the money for AAA programs is appropriated to the state from the federal government.

California also has 29 ILCs, which provide services to people with disabilities enabling them to remain in their own homes and communities by supporting projects and activities carried out in a manner consistent with the principles of respect for individual dignity, personal responsibility, and self-determination. Additionally, ILCs support the pursuit of meaningful careers, based upon the informed choice of individuals with disabilities. An ILC is a consumer-centered, community-based, non-residential, private non-profit entity that is designed and operated within a local community by individuals with disabilities. One hundred percent of the funding for ILCs is from federal sources.

Author's Statement:

According to the author, "the stream of funds to both AAAs and ILCs is dependent upon the passage of the state budget. When the state budget is late, all funds—even those already received by the state from the federal government for the express purposes of supporting AAAs and ILCs are frozen. Federal Funds should not be held back from being distributed, especially when these programs rely on them as their primary funding source. The inability of the legislature to pass a budget on or before the fiscal deadline should not come at the cost of denying the elderly and disabled in our communities the services they need."

Proponents argue that many of these programs operate on very tight budgets and cannot continue unless bills are paid in a timely manner. In some cases, local service providers must secure lines of credit from banks in order to avoid shutting down vital services. Although AAAs receive the funding from the state after the budget is passed, they are not reimbursed for the interest accrued on the lines of credit, nor can they use the federal or state dollars to pay for the interest accrued.

According to the author, this bill ensures that vital services to people living with disabilities and striving for independence through personal responsibility and self-determination, along with the vast population of frail, elderly persons are not forced into temporary segregation, food insecurity and isolation when the budget is delayed. This bill would avoid this by continuing to

appropriate federal funds for these services if the annual state budget is not enacted by July 1 of the fiscal year.

Prior Legislation:

In recent years, a number of bills creating a continuous appropriation for CDA or DOR have been introduced. Both the Assembly Appropriations Committee and the Senate Appropriations Committee have policies to recommend any bill containing a continuous appropriation be placed on the respective committee's suspense file. Each of the following bills was held on the suspense file of the Appropriations Committee of its house of origin. These include:

SB 657 (Ortiz) of 1999, AB 2552 (Daucher) of 2002, and AB 1 (Berg) of 2003, all allowed for the continuous appropriation of federal funds for AAAs in the event of a state budget delay. SB 657 was held in the Senate Appropriations Committee and both AB 2552 and AB 1 were held in the Assembly Appropriations Committee.

AB 1928 (Berg) of 2006, AB 322 (Anderson) of 2007, AB 885 (Nestande) of 2009, and AB 533 (Yamada) of 2011 all allowed for the continuous appropriation of federal funds for both AAAs and ILCs. Each bill was held in the Assembly Appropriations Committee.

AB 2608 (Davis) of 2008 allowed for a continuous appropriation for DOR. AB 2608 was held in the Assembly Appropriations Committee.

AB 561 (Scott), Chapter 993, Statutes of 1998, enacted a funding mechanism to protect Medi-Cal providers, developmental disabilities service providers, and the AIDS drug assistance program in the event of a budget delay. This measure provided for a loan of up to \$1 billion in state General Funds and up to \$1 billion in federal funds to the Medical Providers Interim Payment Fund to continue making payments to specified providers until the state budget is passed.

In 2003, AB 41 (Daucher) was introduced to establish a similar mechanism, the Senior Citizens Interim Payment Fund. AB 41 was held in the Assembly Appropriations Committee.

Appropriations Committee Policy on Continuous Appropriations:

In the most recent analysis of the continuous appropriation mechanism proposed to bridge funding gaps for AAA and ILC programs, the Assembly Committee on Appropriations stated the following: "*(T)he proposed continuous appropriation of Federal Trust Funds to CDA and DOR in the absence of an enacted state budget is contrary to the general policy of this Committee to avoid continuous appropriations. More than \$500 million in Federal Trust Funds per year are disbursed for these two departments combined.*"

Proposition 25:

On November 2, 2010, California voters enacted Proposition 25, the "Majority Vote for the Legislature to Pass the Budget Act," as an initiated constitutional amendment. Proposition 25 ends the previous requirement in the state that two-thirds of the members of the California State Legislature had to vote in favor of the state's budget in order for the budget to be enacted.

Proposition 25 also requires state legislators to forfeit their pay in years where they have failed to pass a budget in a timely fashion.

Since the passage of Proposition 25 in 2010, no state budget has been delayed. This raises the question as to what the existing problem is that AB 1534 is intended to address.

Amendment:

On page 3, line 8, replace "2011" with "2014".

REGISTERED SUPPORT / OPPOSITION:

Support

California Communities United Institute
California Association of Area Agencies on Aging
National Association of Social Workers – California Chapter

Opposition

None on file.

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