

KERN COUNTY IHSS PUBLIC AUTHORITY



Lito Morillo, Executive Director
5357 Truxtun Avenue, Bakersfield, CA 93309
Telephone (661) 868-1051 Facsimile (661) 868-0924

October 9, 2018

REQUEST FOR AUTHORIZATION TO INCREASE PUBLIC AUTHORITY RATES AND APPLY FOR RATE CHANGE WITH THE CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

(Fiscal Impact: None)

On January 1, 2019 a state mandated increase in the minimum wage will increase In-Home Supportive Services provider wages to \$12.00 per hour. On July 19, 2016, your Board approved the Memorandum of Understanding (MOU) between Kern County In-Home Supportive Services Public Authority and United Domestic Workers of America that maintained the previous rate of \$10.50 per hour paid to Providers for services rendered under the In-Home Supportive Services program. The term of the MOU was from March 31, 2015 through June 30, 2017, but it is still the operative agreement as negotiations with the union are ongoing. For the terms of this MOU to be implemented, the state requires written authorization from your Board for Kern County In-Home Supportive Services Public Authority to apply for a Rate Increase. These rates are based on costs per provider hour. They are used in the department's claiming process to the state for reimbursement of administrative expenses and to insure the state participates according to current law of combined wages and benefits of up to \$13.10 per hour. This rate increase will not increase the Maintenance of Effort payment due to the State because the wage increase was mandated by the state, not the county.

Along with the state mandated increase for provider wages, the Public Authority is requesting authorization to submit a rate decrease of two cents (\$0.02) in its administration rate due to reorganization of staffing and changes in allocation methods and an increase of eleven cents (\$0.11) in payroll taxes due to increases in estimated provider payroll. The following table shows the current and proposed rates:

	Current Rate	Proposed Rate
Hourly wage	\$ 11.00	\$ 12.00
Administrative	\$ 0.12	\$ 0.10
Health benefits	\$ 0.00	\$ 0.00
Payroll taxes	\$ 1.28	\$ 1.39
Overall PA	\$ 12.40	\$ 13.49

Therefore, IT IS RECOMMENDED THAT your Board approve the requested rate increase for a new overall rate of \$13.49 and authorize the Chairman to sign the attached letter to the California Department of Social Services formally requesting a rate change for the Kern County In-Home Supportive Services Public Authority.

Sincerely,

A handwritten signature in black ink, appearing to read "Lito Morillo".

Lito Morillo
Director

cc: County Administrative Office

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October 9, 2018

California Department of Social Services
Financial Management Unit
744 P Street, MS 9-9-04
Sacramento, CA 95814

RE: Memorandum of Understanding (MOU) between the Kern County In-Home Supportive Services (IHSS) Public Authority and United Domestic Workers of America.

This letter is to confirm that the Kern County Board of Supervisors, acting as the IHSS Public Authority, is requesting a rate increase to \$13.49. This consists of \$12.00 per hour for wages and benefits, \$1.39 per hour for payroll taxes and \$.10 per hour for administration. This represents an increase of \$1.00 per hour for wages and benefits, \$.11 per hour for payroll taxes and a decrease of \$.02 per hour for administration.

This Board has taken action on July 19, 2016 to approve an MOU with United Domestic Workers of America. The term of the MOU was from March 31, 2015 through June 30, 2017, but is still the operative agreement as negotiations with the union are ongoing.

The wage and benefits provisions of the MOU are as follows:

Wages: \$11.00 per hour (to be increased to \$12.00 on January 1, 2019 to reflect the new state mandated minimum wage)
Benefits: No benefit provision is included in this MOU.

Please accept this letter as confirmation that the Kern County IHSS Public Authority has approved the above referenced MOU with United Domestic Workers of America and has authorized Kern County In-Home Supportive Services Public Authority to submit the proposed rate changes to the California Department of Social Services for approval.

If your staff needs any additional information or clarification, please contact Lito Morillo, Public Authority Executive Director at (661) 868-1051.

Sincerely,

Mike Maggard, Chairman
Kern County IHSS Public Authority

**IN-HOME SUPPORTIVE SERVICES PROGRAM
PUBLIC AUTHORITY/NON-PROFIT
CONSORTIUM RATE**

To: California Department of Social Services
Adult Programs Division
Financial Management Unit
744 P Street, MS 9-11-91
Sacramento, CA 95814

COUNTY: Kern		EFFECTIVE DATE: 01-01-19
PA NAME: Kern County IHSS Public Authority		
CONTACT NAME: Fidel Campos, Administrative Services Officer		
TELEPHONE: 661-868-1053	FAX: 661- 868-0924	
ADDRESS: 5357 Truxtun Avenue Bakersfield, CA 93309		
EMAIL ADDRESS: camposf@kerncounty.com		

Please address questions regarding this form to the Financial Management Unit, at (916) 653-1908.

Please complete the Rate Table below and attach supporting documentation explaining how each component of the rate was determined. The total Public Authority (PA) and Non-profit Consortium (NPC) rate should include a rate for services (wage and benefits), payroll taxes, and a rate for administrative costs. The total rate for wages and benefits should be broken down to include an hourly wage, payroll taxes, health and non-health benefits. The State is legally authorized to share only in the costs of individual health benefits and some specific non-health benefits for IHSS providers, however, other benefits costs may be eligible for Title XIX reimbursement.

- The current State Participation cap for combined wages and health benefits for all IHSS providers in the State is \$12.10 per hour. When minimum wage increases to \$12.00 per hour (January 1, 2019), pursuant to Labor Code section 1182.12 (b) (1) (C) and beyond in subsequent years, the cap will be adjusted to equal the State minimum wage plus \$1.10 per hour.
- The State will not participate in increases to wages or employment taxes, or increases or expansions of benefits negotiated or agreed to by a PA or NPC unless provided for in the Annual Budget Act or appropriated by statute.
- No increase in wages or benefits negotiated or agreed to by a PA or NPC shall take effect until it has been approved by the State (CDSS/CDHCS) or unless provided for in the Annual Budget Act or appropriated by statute.

RATE TABLE

Hourly Wage (locally negotiated)
Hourly Wage (non-locally negotiated)
Hourly Wage (by ordinance)
Wage Supplement (one-time MOE adj)
Wage Supplement (continued--no MOE adj.)
Wage Total (sum of lines 1-5)
Health Benefits (locally negotiated)
Health Benefits (non-locally negotiated)
Health Benefits Total (sum of lines 6-7)
Non-Health Benefits _____ (type)
Payroll Taxes (FUTA,SUI,FICA)
Administrative Rate
PA/NPC Rate Total
(sum of wages, health benefits, non-health benefits, taxes, admin)

	Current Rate	Requested Rate	Difference
1	\$0.00	\$0.00	\$0.00
2	\$0.00	\$0.00	\$0.00
3	\$11.00	\$12.00	\$1.00
4	\$0.00	\$0.00	\$0.00
5	\$0.00	\$0.00	\$0.00
	\$11.00	\$12.00	\$1.00
6	\$0.00	\$0.00	\$0.00
7	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00
9	\$0.00	\$0.00	\$0.00
10	\$1.28	\$1.39	\$0.11
11	\$0.12	\$0.10	-\$0.02
	\$12.40	\$13.49	\$1.09

The State shall participate (65 percent of the non-federal share) in a cumulative total up to 10 percent of the sum of the combined total of wages or health benefits or both over a three-year period. **Check the box and sign and date on the line below if you are choosing to utilize the 10% increase over the three-year period option.**

☐ Authorizing Officer Signature _____ Date: _____

Kern County: IHSS PA Rate Worksheet

Projected yearly hours

6,467,307

#	ITEM	BUDGET	SERVICES	ADMIN	Portion of RATE
	Provider Costs				
1	IP Wages = proj yearly hours @ \$11.00 per hr	\$ 77,607,684	\$ 77,607,684		12.0000
2	IP Employer Taxes @ 11.65%	\$ 9,041,295	\$ 9,041,295		1.3980
3	Health Benefits - None	\$ -	\$ -		0.0000
		\$ -			0.0000
	Total Provider Costs	\$ 86,648,979	\$ 86,648,979		13.40
	Public Authority Administrative costs				
	Salaries & Benefits	\$ 435,109		\$ 435,109	0.07
	Overhead Expenses	\$ 187,113		\$ 187,113	0.03
	Total Public Authority Administrative costs	\$ 622,222		\$ 622,222	0.10
	TOTAL	\$ 87,271,201	\$ 86,648,979		\$ 13.49
Total hourly rate: The hourly rate is computed by adding total services costs and total administrative costs and dividing by the number of IHSS hours.					
		Services Cost	Adm Costs	Total Hours	Total PA Hourly Rate
	PA Rate	\$ 86,648,979	\$ 622,222.00 /	\$ 6,467,307 =	\$ 13.49
	Services Rate = Services Cost Divided by Total Hours	\$ 86,648,979	\$ - /	\$ 6,467,307 =	\$ 13.40
	Admin Rate = Admin Cost Divided by Total Hours		\$ 622,222.00 /	\$ 6,467,307 =	\$ 0.10

Budget Narrative
Fiscal Year 2018/2019

ITEM		BUDGET	SERVICES	ADMIN	% of hours RATE
Individual Providers					
1	IP Wages	\$ 77,607,684	\$ 77,607,684		\$ 12.0000
	Hours	6,467,307			
	Rate	\$ 12.00			
2	IP Employer Taxes	9,041,295	9,041,295		\$ 1.3980
	Rate	11.65%			
3	IP Health Plan	0	0		\$ -
PA Salaries and Benefits					
4	Administrative Salaries				
				0	
	Program Technician	2.0 FTE	89,011	89,011	
				0	
	Office Services Technician	7.0 FTE	174,304	174,304	
	Asst. Program Director	.20 FTE	18,086	18,086	
				0	
	Total Salaries	281,402		281,402	\$ 0.0435
5	Administrative Benefits and Taxes				
	Group Insurance	51,677		51,677	\$ 0.0080
	FICA	0.0620	9,265	9,265	\$ 0.0014
	Workers Comp. Ins		8,950	8,950	\$ 0.0014
	Unemployment Insurance		2,608	2,608	\$ 0.0004
	Medicare	0.0145	4,152	4,152	\$ 0.0006
	Cell Phone Allowance		0	0	\$ -
	Retirement		77,055	77,055	\$ 0.0119
	Physical Fitness Reimbursement		0	0	\$ -
	Total Admin Benefits and Taxes	153,707		153,707	
Operating Costs					
6	Communications				\$ -
	Telephone				\$ -
7	Insurance Liability				
	General Liability Insurance	15,487		15,487	\$ 0.0024
	Miscellaneous Insurance			0	
8	Maintenance Equipment			0	\$ -
9	Maintenance Building	750		750	\$ 0.0001
10	Memberships	8,912		8,912	\$ 0.0014
11	Office Expense			0	\$ -
	Office Supplies	10,850		10,850	\$ 0.0017
12	Training			0	\$ -
	Staff			0	\$ -
	Providers	0		0	\$ -
13	Professional Services: Other			0	
	Interagency Agreement			0	
	Auditor-Controller			0	
	Annual Audit Cost			0	
	CEO Office			0	
	Personnel			0	
	County Counsel	8,800		8,800	
	Risk Management			0	
	ITS	3,098		3,098	

	Communications		760		760	
	Overhead		16,397		16,397	
	Total Interagency Agreement		29,055		29,055	\$ 0.0045
14	Publications/Notices				0	\$ -
15	Rents/Lease Equipment				0	\$ -
16	Rents/Lease Building				0	\$ -
	Facility Lease Agreement		50,310		50,310	\$ 0.0078
	Security		21,272		21,272	\$ 0.0033
17	Postage		8,950		8,950	\$ 0.0014
18	SDE: Other				0	\$ -
	Marketing				0	\$ -
	Background Checks				0	\$ -
	Miscellaneous				0	\$ -
19	Caretracker Software Maintenance		16,000		16,000	\$ 0.0025
20	Transportation and Travel		4,000		4,000	\$ 0.0006
	Conferences				0	\$ -
21	Private Vehicle Mileage				0	\$ -
22	Utilities		1,405		1,405	\$ 0.0002
23	Management Information Systems		10,122		10,122	\$ 0.0016
	TOTALS			\$ 86,648,979	\$ 612,222	\$ 13.4927