

ASSEMBLY BILL NO. 5098
(First Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 5098 (First Reprint) with my recommendations for reconsideration.

Personal care service workers provide critical support to the elderly, sick and disabled living at home. These workers assist with daily tasks such as bathing, dressing, and meal preparation, enabling many of our most vulnerable residents to remain in their homes and live independently. Importantly, home-based care not only allows individuals who would otherwise be unable to continue living at home to remain in their communities, but is also more cost-effective than care provided in hospitals and nursing homes. As our population continues to age, and medical advancements enable people to live longer and with chronic conditions, the demand for personal care services will increase. New Jersey needs a robust workforce capable of meeting this demand.

Currently, the hourly Medicaid reimbursement rate for personal care services is just over \$16. I agree with my legislative colleagues that this is inadequate, particularly when compared to our peer states. Competitive wages are critical to recruiting and retaining quality workers and ensuring consistent, high-quality care. That is why my proposed budget increased the hourly reimbursement rate to \$17. While relatively modest, this increase recognized the need to stabilize the home health care workforce, and did so responsibly and within available resources. Importantly, the increase contained in my proposed budget was fully supported by offsetting revenues.

This bill would increase the hourly reimbursement rate for personal care services to \$20 on July 1, 2019, and to \$21 on January 1, 2020. Over the next five years, the hourly rate would

increase to \$25. Curiously, this bill and the budget passed by the Legislature, which were delivered to me on the same day, do not align. The Legislature's budget increases the hourly rate to \$19 for Fiscal Year 2020 - a full dollar below the rate prescribed in the bill for the first half of this fiscal year and two dollars below the rate prescribed for the second half. Even more perplexingly, the Legislature endorsed the rate increases outlined in this bill in spite of the fact that their budget provides just half the funding necessary to cover the cost of the \$19 hourly rate, further widening the gap between promised spending and available funding created by their budget. Indeed, the fiscal note prepared by the Office of Legislative Services ("OLS") accompanying this bill estimates a State cost of \$65.5 million in Fiscal Year 2020, while the Legislature's budget provides just \$21 million in funding. According to OLS' estimates, the bill's costs will grow to nearly \$200 million in Fiscal Year 2025.

Because the Legislature has not provided nearly enough funding to support the \$19 hourly wage contained in its budget, let alone the hourly wages contained in this bill, I cannot support it. Instead, I am recommending revisions to increase the hourly reimbursement rate to \$18, a rate that is supported by the appropriation provided by the Legislature.

I am also recommending revisions to delete the provisions of the bill increasing rates in future fiscal years. The Appropriations Clause of the New Jersey Constitution mandates that the Legislature provide for annual appropriations "in one general appropriation law covering one and the same fiscal year." See N.J. Const. (1947) Article VIII, Section II, paragraph 2. The Debt Limitation Clause of the New Jersey Constitution similarly prohibits the Legislature from creating liabilities in future

fiscal years without voter approval. See N.J. Const. (1947) Article VIII, Section II, paragraph 3. In combination, the Appropriations Clause and Debt Limitation Clause of the New Jersey Constitution interdict the Legislature from creating a debt or liability, in any manner, that binds the State to appropriate funds in future fiscal years. The mandate upon future appropriations contained in this bill is therefore unconstitutional and unenforceable.

Accordingly, I herewith return Assembly Bill No. 5098 (First Reprint) and recommend that it be amended as follows:

<u>Page 2, Title, Line 1:</u>	Delete "raising" and insert "concerning"
<u>Page 3, Section 1, Line 30:</u>	Delete "minimum" and insert "competitive"
<u>Page 4, Section 2, Line 1:</u>	Delete "On January 1 of 2020 and"
<u>Page 4, Section 2, Lines 2-7:</u>	Delete in their entirety
<u>Page 4, Section 2, Line 8:</u>	Delete "applicable CPI-W for the indicated year: on" and insert "On"
<u>Page 4, Section 2, Line 9:</u>	Delete "\$20" and insert "\$18"
<u>Page 4, Section 2, Line 9:</u>	Delete "hour;" and insert "hour."
<u>Page 4, Section 2, Line 9:</u>	Delete "on January 1, 2020, the"
<u>Page 4, Section 2, Lines 10-21:</u>	Delete in their entirety

[seal]

Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor