

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

928



FROM: Executive Office

SUBMITTAL DATE:
September 1, 2009

SUBJECT: State Budget Revision Impacts to County Departments

RECOMMENDED MOTION: That the Board of Supervisors receive and file this update on the impacts to County Agencies and Departments as a result of revisions to the State budget.

BACKGROUND: On July 28, 2009 the Governor signed the revised state budget which included significant cuts to county programs. Transportation, public safety, child welfare, in-home supportive services, Medi-Cal administration and health services will all experience reduced funding levels. This report provides a summary of impacts to county programs as a result of cuts from the state.

Continued on page 2

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FINANCIAL DATA

Current F.Y. Total Cost:	\$	In Current Year Budget:
Current F.Y. Net County Cost:	\$	Budget Adjustment:
Annual Net County Cost:	\$	For Fiscal Year:

SOURCE OF FUNDS:

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

BY: *Dean Deines*
Dean Deines

Consent
 Policy
 Consent
 Policy

Dept Recomm.:
 Per Exec. Ofc.:

Prev. Agn. Ref.:

District:

Agenda Number:

3.8

Departmental Concurrence

HEALTH AND HUMAN SERVICES

Public Health

Maternal, Child and Adolescent Health Programs (MCAH)

The budget eliminates the state general funding and the federal match from Title XIX, an estimated revenue loss of \$1.4 million, for three programs in the MCAH Branch.

Impact to County:

- Adolescent Family Life will eliminate case management services to 950 pregnant/parenting teens and their children; and, outreach and education for teen pregnancy and STD prevention to 8,000 community members
- Black Infant Health will no longer serve 185 "at risk" pregnant and parenting African-American women; and, no longer provide outreach and education to 5,000 community members each year
- MCAH county allocation will necessitate reorganization and elimination of management and infrastructure for MCAH; and, remaining programs and administrative responsibility will be transferred to other areas within the department

The reduction in program funding, services and reorganization impacted 31 staff positions. The department reassigned qualified staff into vacant funded positions and was able to reduce the number of staff impacted by layoffs to 16.

HIV/AIDS Programs

State general fund cuts will impact six HIV/AIDS programs for an estimated revenue loss of \$700,000.

Impact to County:

- Education and Prevention: community level outreach contacts will decrease from 10,000 to 6,300; individual outreach contacts will decrease from 3,000 to 2,000; and prevention of positive test programs will decrease from 500 to 315
- HIV Testing: testing clinics will reduce from 10 to 6; number of individuals tested will decrease from 5,000 to 3,000; and the number of positives tested and referred into health care will decrease from 90 to 63
- Early Intervention Services: number of high risk patients with a positive HIV test under intensive risk reduction therapy will be reduced from 40 to 28; and the wait time for medical and social work appointments will increase from 1 week to 1.5 weeks
- Subcontracts to four community based organizations for education, prevention and testing in the amount of \$444,704 ended June 30, 2009
- Funding the state allocated directly to the County and Community Based Organizations (CBOs) will now be allocated to the County as a block grant. The County will allocate funding to CBOs according to services needed including clinical services, home health, transportation and food.

The reduction in program funding and services will impact nine staff positions. The department reassigned qualified staff into vacant funded positions and no staff were laid off.

Animal Services

Suspension of Hayden Mandate

The Hayden mandate allowed county's to submit reimbursement claims for required services that were not previously reimbursed. In FY 7/8 slightly over \$1 million was reimbursed to the general fund. As a result of the suspension, the department will no longer receive reimbursement for required services.

Impact to County:

- Potential reduction of \$1 million in general fund revenue
- The department continues to evaluate impacts to services

Department of Public Social Services

Medi-Cal Administration

The state Medi-Cal budget was developed to include additional funding for caseload growth. As a result, state cuts to administration will be offset by additional funding received due to FY 8/9 caseload growth increases. Pending final allocations from the state, the department estimates an increase of \$3.8 million in Medi-Cal funding.

Impact to County:

- No cuts to services due to reduced funding for administration
- Potential for caseload growth funding to reduce impact

Child Welfare Services (CWS)

The state has not determined how cuts are to be allocated to CWS at the local level. The department estimates that county funding for FY 9/10 will decrease by \$11.2 million. However, the department continues to improve federal claiming for CWS expenditures and anticipates that federal funding will offset the state reduction by \$4 million. The net impact to the department is estimated to be a reduction in program funding of \$7.2 million.

Impact to County:

- Reduced state funding of \$11.2 million will be partially mitigate by a \$4 million increase in federal funding

Foster Care

The state budget included 10% rate cuts to Foster Family Agencies (FFA) and Group Home (GH) providers effective October 1, 2009. Depending on overall foster care placement trends, the decrease in the cost for services paid by the County to FFA and GH, may generate \$2.5 million in county general fund savings.

Impact to County:

- Potential general fund savings of \$2.5 million

CalWORKs Administration

Similar to the Medi-Cal budget, the state included additional funding related to caseload growth for CalWORKs. As a result, state reductions to the CalWORKs programs are partially mitigated by additional funding due to FY 8/9 caseload growth at the local level. The net impact to the County is a reduction in program

funding of \$8.3 million. In addition, the department is projecting budget savings of \$6.3 million related to declining CalWORKs childcare caseload which could significantly mitigate the state funding reductions. The state budget also included program changes to CalWORKs which will likely affect the level of client services.

Impact to County:

- Reduced state funding of \$8.3 million may be partially mitigate by \$6.3 million due to caseload decreases in other categories.
- Program changes will likely impact client services but details are unknown

CalWORKs COLA

Statewide, CalWORKs grants were reduced by four percent, saving the state \$147 million. The department reduced FY9/10 appropriations by \$7.9 million which will generate county general fund savings of \$205,000.

Impact to County:

- None at this time

In-Home Supportive Services (IHSS)

The budget eliminated domestic and related services for recipients with functional index (FI) needs below level 4 and all services for recipients with FI needs below level 2. Although additional information is needed from the state, the department's initial estimate is that 9%, or approximately 1,480 of the 16,446 participants seen monthly will no longer be eligible for services. The decrease in caseload might result in a \$2.9 million savings to the general fund; however, the department is awaiting direction from the state regarding the process for terminating services as well as whether clients will have appeal rights, both of which could significantly impact the timing of service changes.

Impact to County:

- Additional information is needed from the state regarding the termination of services to clients, estimated to be 9% of current caseload
- Depending on timing of reductions in services and termination of recipients from the program, it is estimated that \$2.9 million in general fund savings may be achieved

Public Authority - IHSS

The IHSS Public Authority budget was cut by 57.6%. This results in an estimated loss of \$2 million in program funding to the County. It remains unclear as to what the state's assumptions were related to this cut. The department is awaiting further direction about the changes in services that are expected with this reduction. At the same time, the department is aware of additional responsibilities and funding that should be forthcoming regarding background checks for providers, fingerprinting of consumers and investigation of fraud.

Impact to County:

- Reduced state funding of \$2 million to Public Authority
- Further direction is needed from the state regarding impacts to services
- Additional responsibilities and funding related to background checks, fingerprinting and fraud investigation are yet to be provided by the state

Centralized Eligibility

The budget requires a comprehensive implementation plan for a single statewide enrollment and eligibility determination system to be phased in over three years. No current year budget impact is anticipated. A Stakeholders group is to be convened to assess the feasibility of the proposal.

Impact to County:

- Unknown at this time

Mental Health

Managed Care Program

Program funding for various County mental health programs was reduced from \$8.2 million to \$4.1 million. The cut will be partially mitigated due to an unanticipated increase of \$1.1 million in Medi-Cal revenue. Additionally, vacant administrative positions are expected to generate savings of \$850,000. The remaining \$2.1 million will be offset with one-time Proposition 63 funds that will only be available this fiscal year.

Impact to County:

- Reduced state funding of \$4.1 million will be fully mitigated using a combination of increased federal funds, salary savings and one-time Proposition 63 funding

AB 3632 Deferral

The state deferred payment to the County of approximately \$1.7 million for mandated mental health services to students with serious emotional disturbances enrolled in special education.

Impact to County:

- Deferral of \$1.7 million for one year

Early and Periodic Screening, Diagnosis and Treatment (EPSDT) The budget reduced statewide EPSDT program funding by \$28 million. However, the State Department of Mental Health has indicated that this reduction is an adjustment to the state administration only and will not affect counties.

Impact to County:

- None at this time

Substance Abuse and Crime Prevention Act (Prop. 36)

The budget eliminates \$2.5 million of state support to the County.

Impact to County:

- Treatment to 1,481 clients provided by 26 contractors will be discontinued.
- Eligible defendants referred by the courts will be placed on waiting lists.
- Reduction in services to probation caseloads.
- Elimination of aftercare services and reductions to the length of treatment from one year to four months.
- Outpatient and residential waiting lists will be 4-8 weeks for services.
- Substance abuse treatment slots have been reduced by 3,500.

Miscellaneous

Inland Empire Health Plan (IEHP) refers eligible healthy families' beneficiaries with serious emotional disturbance to the County mental health department for services. IEHP projects a 36% reduction in qualified beneficiaries resulting from the state budget cut. This means a reduction of services to 136 clients currently served by the department with a revenue loss of approximately \$216,000.

Impact to County:

- Revenue decrease of \$216,000
- Service reduction to 136 current clients

RCRMC

Medi-Cal Program

The hospital estimates a funding reduction of \$250,000 due to state budget cuts. RCRMC anticipates that they will be able to absorb the reduction.

Impact to County:

- Reduced Medi-Cal funding of \$250,000.

Proposition 99

The hospital anticipated elimination of funding for this program and adjusted revenue in the FY 09/10 budget accordingly.

Impact to County:

- None at this time.

Office on Aging

State Community Based Service Programs (CBSP)

The budget eliminated \$388,924 in funding for four County programs effective October 1, 2009. These reductions could potentially impact staffing levels, administrative oversight and support for these programs, and ultimately direct service levels to clients.

Impact to County:

- Linkages Program: elimination of care management and community-based supportive services which served 161 at risk, functionally disabled persons in FY 8/9
- Respite Purchase of Service: elimination of in-home respite care which provided 794 hours of respite for informal/family caregivers in FY 8/9
- Alzheimer's Day Care Resource Center: day care, disease information/education and supportive services will be discontinued. Services were accessed by 1,660 individuals and families in FY 8/9
- Brown Bag Program: elimination of this food program that served 9,000 seniors in FY8-9

PUBLIC WAYS AND FACILITIES

The revised budget borrows eight percent of the ad valorem property tax revenues apportioned to the county for FY 2008/09 with the suspension of Proposition 1A. The funds will be repaid, with interest, by June 30, 2013 and the state budget sets forth securitization options for local governments. The County

may choose to participate in a pooled securitization or lend its Prop 1A to the State and be repaid with interest.

Transportation Department

Highway User Tax Account (HUTA)

Although the state fully funded HUTA, payment to the County of approximately \$13 million is expected to be deferred and paid in two installments, at the end of September and the end of April. This may delay the delivery of some capital projects.

Impact to County:

- Deferral of \$13 million, partial payment due in late September with balance in late April

Proposition 42

Proposition 42 was fully funded, however the first two quarterly payments due to the County totaling approximately \$7 million, will be deferred with payment expected in May 2010. This may defer delivery of certain projects (such as pavement resurfacing) until later in the fiscal year.

Impact to County:

- Deferral of \$7 million until May 2010

Proposition 1B Local Streets and Roads

The budget includes the final appropriation of Proposition 1B funds which are critical for road paving projects. The County's share of this funding is approximately \$22 million. New language requires a county to spend down their road fund balance to an amount that is no more than three months of anticipated apportionments of HUTA funds prior to receiving the final Proposition 1B payment. This limitation will indefinitely defer the Proposition 1B payment to the County. The Proposition 1B funds are critical for road paving projects.

Impact to County:

- Indefinite deferral of \$22 million

Planning

Suspension of Williamson Act

The budget suspended subvention payments to local governments. The Williamson Act creates an arrangement whereby landowners contract with the County to voluntarily restrict land to agricultural and open space uses. In return, restricted parcels are assessed for property tax purposes at a rate consistent with their actual use rather than potential market value. The suspension of Williamson Act subvention payments to local governments will reduce County general fund revenue by approximately \$200,000.

Impact to County:

- Reduced general fund revenue of \$200,000

Flood Control and Water Conservation District

Suspension of Proposition 1A

Property tax revenue to the district will be reduced by approximately \$4.5 million due to the suspension of Proposition 1A. No impacts to operations including staffing and the delivery of public health and safety services are anticipated.

Impact to County:

- Reduced property tax revenue of \$4.5 million

Regional Parks and Open-Space District

Suspension of Proposition 1A

Property tax revenue to the district will be reduced by approximately \$375,000 as a result of the suspension of Proposition 1A. No impacts to daily operation are anticipated.

Impact to County:

- Reduced property tax revenue of \$375,000.

Redevelopment Agency

The shift of redevelopment funds to the State Educational Revenue Augmentation Fund (SERAF) will have an estimated impact of over \$31 million, or 65% of the agency's non-housing budget. The final amount is expected to be announced in November of 2009, with payment to the state likely due in May of 2010.

The loss of more than \$31 million of the agency's non-housing revenue will create a structural deficit of approximately \$25 million for the year. However, the agency maintains a reasonable balance of funds, and sufficient funds are available from prior years to mitigate the \$31 million payment.

Impact to County:

- Payment to the state of \$31 million. Agency has sufficient fund balance to mitigate the loss of funds

Registrar of Voters

The budget does not address reimbursing the County for the May 19, 2009 election.

Impact to County:

- It is unknown if the election cost of \$1.9 million will be reimbursed.

ADMINISTRATION OF JUSTICE

Probation

Proposition 36

Funding for Proposition 36 allows qualifying defendants convicted of non-violent drug offenses to receive probation and treatment in lieu of incarceration. The elimination of funding will result in reduced revenue of \$745,000 and will impact nine sworn positions.

Impact to County:

- Supervision and monitoring will suffer due to increased caseloads
- Information to the courts on offender enrollment and progress in treatment will no longer be provided
- Staff reductions will impact the preparation of violation of probation reports

Public Defender

Mandated Reimbursements

The department continues to explore how FY 9/10 suspended mandates will impact service levels and revenue.

Impact to County:

- Unknown at this time

Sheriff

Trial Courts – Court Security

The one-day a month closure of courts will impact security contracts between the Sheriff's department and the court. In addition, revised budget limits use an average cost for salary and benefits rather than actual costs.

Reductions to Corrections

Impacts due to cuts to the Department of Corrections are primarily unknown at this time and will be addressed by the Legislature.

Impact to County:

- Unknown at this time

District Attorney

Sexually Violent Predators

Funding for this program is deleted. Department continues to evaluate the impacts to service levels and staffing.

Impact to County:

- Unknown at this time