

## Summary of Health and Social Services Preliminary Proposal to Reduce County General Fund Contribution by \$1 million

November 29, 2010

On October 26, 2010, the Board directed the Department of Health and Social Services (H&SS) to prepare a proposal reducing the Department's General Fund Contribution by an additional \$1 million annually. H&SS, in consultation with the CAO, has developed the outline and concept for the requested \$1 million in General Fund Contributions and will bring under a separate report to the Board on December 14, 2010 the detailed proposal for the Board's consideration.

The Department's proposal as outlined will reach the Board's target through a combination of program changes to enhance revenues and proposed actions that will reduce general fund expenditures by eliminating several additional vacant positions and a reduction in management positions. In summary, the proposal for a \$1 million General Fund NCC budget reduction plan would reduce General Fund staffing costs by \$350,000 and generate \$650,000 in new revenues /revised cost recoveries.

For the Board's review in the context of this Agenda Item, H&SS has provided background information on the current general fund contribution to H&SS programs, including a breakout of the \$28.8 million General Fund Net county cost for the Department and an overview of the approach the department proposes in general terms. The H&SS information provided follows below:

### Background:

In order to minimize County General Fund (CGF) costs, H&SS attempts to maximize all revenues associated with State and Federal programs and mandates. The \$29 million CGF contribution in the FY2010/11 H&SS budget (not including \$2.55 million in General Fund monies used to fund programs formerly supported by Tobacco Master Settlement Agreement revenues) represents 10.7% of the Department's total financing.

Of the \$28.8 million in CGF, \$22.3 million is allocated for two purposes: \$14.2 million for "maintenance of effort" (MOE) and mandated local match, and \$8.1 million for the County's required share of public assistance costs and the remaining \$6.5 million funds a range of services provided by the department.

MOE and mandated match requirements are related to the State-local Realignment enacted in 1992, which shifted human service program responsibility to the counties, and dedicated sales tax and vehicle license fee revenue to provide a portion of the local match. Over the past several years, local match, both Realignment and County General Fund Contributions have decreased and program generated revenues have increased as the table below summarizes the changes:

<u>H&amp;SS Financing</u>	<u>FY2008/09</u>	<u>FY2009/10</u>	<u>Difference</u>
County General Fund	\$35,000,000	\$29,000,000	(\$6,000,000)
Realignment	\$42,000,000	\$36,000,000	(\$6,000,000)
Program Revenue	<u>\$185,000,000</u>	<u>\$203,000,000</u>	\$18,000,000
Total	\$265,000,000	\$267,000,000	

Program revenue, consisting of State and Federal funds, is earned either through staff time studies or billable units of service. Outlined on September 21, 2010 in the budget workshop and reflected the Mandated/Non Mandated functional tables and charts prepared by the department, following is the breakout for the \$28.8 million in General Fund contribution to H&SS Department programs:

Administration: \$2 million

Public Guardian: \$2 million

Behavioral Health (includes Mental Health and Substance Abuse services): \$6.9 million

Health Services (includes Public Health and Family Health Service clinics): \$3.5 million

Social Services (includes Child Welfare, Older and Disabled Adults and IHSS): \$7.1 million

Assistance Programs (includes Foster Care, Cash Assistance): \$7.3 million

(includes \$2.5 million in IHSS provider wages and \$3 million in General Assistance)

In addition to the above appropriations from Fund 902, other County contributions to human service programs include:

General Fund backfill to Fund 239 for Tobacco MSA programs: \$2.55 million

IHSS Administration and benefit costs in Fund 152: \$562,000

#### Department of Health & Social Services Proposal Overview:

The Department has identified two new strategies to earn up to \$750,000 in additional Federal funding: 1) establishing FQHC Behavioral Health Centers (BHC) at the former primary care clinic sites in Vallejo & Fairfield; and, 2) obtaining reimbursement for specific allowable costs of Public Guardian operations through the Welfare Claim to Federal social services funding.

In addition, the Department has recommended the county participate and pursue the Intergovernmental Transfer (IGT) for Mental Health related services approved by the Board at its November 23 meeting. The IGT would enable the County to draw down \$5.7 million in federal funds for the two year period FY2009/10 and FY2010/11. Once these revenues are received, the funds can be used over several years to mitigate future funding losses for mental health services.

In order to achieve these revenue goals, H&SS has requested restoration of several vacant fiscal staff positions deleted on October 26, 2010. The positions requested provide the support necessary to claim reimbursement based on staff time reporting, billing MediCal and other payors, preparing required Federal fiscal reporting, ensuring compliance with regulations, and monitoring receipt and use of funds. Restoration of the 3.0 FTE fiscal line staff positions would be offset by the elimination of (3.0) vacant FTE management positions identified in the vacant position status report under consideration by the Board for 12/7/10 as follows:

Delete: (1.0) EMS Administrator; (1.0) Substance Abuse Administrator; (1.0) Mental Health Medical Director

Restore: 1.0 Senior Accountant; 1.0 Accountant and 1.0 Account Clerk II

The CAO supports elimination of (3.0) management positions as set forth above and the restoration of 3.0 FTE fiscal positions, in classifications to be determined by Human Resources rather than as specified by the Department.

The estimated additional revenues referenced above already reflect deduction of the cost of the positions for which restoration is sought.

Proposal for H&SS organizational changes for December 14 - for Board consideration and action

H&SS has developed an organizational re-structuring plan in order to “right-size”, reduce CGF, and meet increasing service demands. The plan includes the immediate elimination of (3.25) FTE Senior Management and (2.0) FTE Middle Management positions, and deletion of an additional (5.0) FTE management positions on or before July 1, 2011. The elimination of these positions will result in \$350,000 in CGF savings.

The following organizational changes will be implemented immediately following Board consideration on December 14, 2010: transfer responsibility for substance abuse programs to Health Services; combine the Emergency Medical Services (EMS) program with other public health emergency response programs; integrate the two new BHCs into the existing FHS primary care clinics. Existing managers in Health Services will pick up additional duties, and (3.0) management positions will be deleted. Additional restructuring and management reductions will occur over the next six months.