

County Of Sonoma Agenda Item Summary Report

Clerk of the Board Use Only
Meeting Date **Held Until**
 / / / /
Agenda Item No: **Agenda Item No:**
 _____ _____

Department: Health Services

4/5 Vote Required

Contact:
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Phone:
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Board Date:
10/06/2009

Deadline for Board Action:

AGENDA SHORT TITLE: FY 09-10 State Budget Reductions

REQUESTED BOARD ACTION:

Accept update from the Department of Health Services regarding FY 09-10 State funding reductions and request for approval of \$3.9 million in service reductions, revenue enhancements, and funding source adjustments.

Approve resolution authorizing budgetary adjustments to the FY 09-10 Final Budget within the Special Revenue Fund – Department of Health Services in the amount of (\$646,789), requiring four-fifths vote.

Approve resolution authorizing budgetary adjustments to the FY 09-10 Final Budget within the Special Revenue Fund – Department of Health Services in the amount of (\$124,255), requiring four-fifths vote.

Approve resolution authorizing budgetary adjustments to the FY 09-10 Final Budget within the Special Revenue Fund – Department of Health Services in the amount of (\$928,128).

Approve resolution authorizing budgetary adjustments to the FY 09-10 Final Budget within the Special Revenue Fund – Department of Health Services in the amount of (\$692,782).

Approve resolution authorizing budgetary adjustments to the FY 09-10 Final Budget within the Special Revenue Fund – Department of Health Services and the County General Fund Appropriations for Contingencies in the amount of \$251,076, requiring four-fifths vote.

Authorize the Director of Health Services, in coordination with the Sonoma County Human Resources Department, to implement layoff proceedings for up to 8.30 FTEs within the Department of Health Services in accordance with Civil Service Rule: 11: Layoffs.

Approve resolution amending the Departmental Allocation List, Department of Health Services, deleting 11.23 FTE positions effective the dates set forth in the attached resolution.

CURRENT FISCAL YEAR FINANCIAL IMPACT

<u>EXPENDITURES</u>		<u>ADD'L FUNDS REQUIRING BOARD APPROVAL</u>	
Estimated Cost	\$ 251,076	Contingencies	\$ 251,076
		(Fund Name: General Fund)	
Amount Budgeted	\$ 2,391,954	Unanticipated Revenue	\$ (2,391,954)
		(Source: State Revenue)	
Other Avail Approp (Explain Below)	\$ 0	Other Transfer(s)	\$ 0
		(Source:)	
Additional Requested:	\$ (2,140,878)	Additional Funds Requested:	\$ (2,140,878)

Explanation (if required):

Prior Board Action: 1/27/09 January 2009 Realignment Plan; 6/18/09 Approved FY 09-10 Department budget; 8/25/09 Approved Reduction in AODS Program.

Alternatives – Results of Non-Approval: 1) Lost opportunity to implement timely cost reductions and provide update regarding FY 09-10 state funding; 2) Board could direct use of realignment or County general fund reserves to mitigate loss of State revenue.

Background:***Introduction***

The Department of Health Services (Department) has regularly updated the Board on Department financing challenges. Department programs and services are funded by over 120 revenue sources which are categorized into state and federal revenues, realignment, county general fund contribution, fees and inter-county revenues. In the last two fiscal years, the Department has reduced its budget by \$23 million, including the reduction of 102 full time equivalent (FTE) positions.

On June 18, 2009 the Board of Supervisors approved the Department's FY 09-10 Final Budget which included a \$6.7 million decline in state, federal, county and realignment funding resulting in a deletion of 46 FTE staff positions. All five of the Department's operating divisions and its Administrative Services Unit were impacted. Attachment A provides a summary of state, federal, general fund reductions the Department has already implemented. Some of the programs impacted by the state reductions are listed below.

1. Children's Medical Services Program - FY 09-10 Final Budget, page 163
2. Public Health Laboratory - FY 09-10 Final Budget, page 163
3. HIV Testing and Outreach - FY 09-10 Final Budget, page 164
4. Environmental Health State Illegal Disposal Grant - FY 09-10 Final Budget, page 165
5. Administrative Services Medi-Cal Administrative Revenue - FY 09-10 Final Budget, page 165

These reductions resulted in increased Public Health Nurse case loads and reduced support for children in foster care. Additionally there was a reduction in school based STD and pregnancy prevention presentations, and redesign and prioritization of prevention outreach programs to serve only those most at risk. The state funding reductions have also delayed for up to several weeks authorization for physical and occupational therapy and medical equipment for approximately 20-30 children.

July 2009 Amended State Budget Reductions

As a result of the failure of California ballot measures in May 2009 and a continued decline in the economy, the State incurred an additional \$24 billion deficit in FY 09-10. In July 2009, the Governor signed an amended State budget which included a total of \$16 billion in additional reductions. The impact of these reductions were not identified in the County's FY 09-10 Final Budget adopted by the Board on June 18, 2009.

The purpose of this Board item is to provide an update on the new FY 09-10 reductions in State funding and to seek Board authority to implement further reductions in FY 09-10. Based on the most current data provided by the State, the Department projects the amended State budget will further reduce Department revenue in FY 09-10 by an additional \$3.9 million. The actions proposed in this Board item are necessary to align program costs with available State revenue.

The Department does not recommend use of realignment to backfill state reductions. Use of realignment has declined and sales tax revenue and vehicle license fees are down by 17% since FY 06-07. These reductions have had a significant impact on the Department's programs and services. Additionally, AODS services are not eligible for use of realignment. The Department will return in the Fall 2009 with its annual Realignment Plan that if approved will require additional program and staff reductions.

Please see page 3 for fiscal impact.

Table 1 below provides a summary of the Department's proposed actions related to this reduction in state revenue. For an assessment of client and staff impacts, please see Attachment B.

Table 1: Summary of Reductions/Revenue Enhancements By Division		
a. Public Health Division		
1. Staff Reductions		\$288,000
2. Additional Staff Reductions (future Board Action)		\$216,000
3. Revenue Enhancement		\$49,000
4. Contract Reductions		\$22,000
5. Reimbursement to emergency physician for uncompensated care		\$475,000
6. Extra-help/Services & Supplies		\$102,000
7. Additional Services & Supplies (future Board Action)		\$29,000
	Public Health Total	\$1,181,000
b. Mental Health Division		
1. Staff Reductions		\$101,000
2. Revenue Enhancement		\$161,000
3. Funding source adjustments		\$426,000
4. Services & Supplies		\$18,000
	Mental Health Total	\$706,000
c. AODS Division		
1. Staff Reductions		\$49,000
2. Revenue Enhancement		\$594,000
3. Prior Board Action		\$121,000
4. Reduced funding to Drug-MediCal providers		\$119,000
5. SACPA Contract Reductions		\$229,000
6. Services and Supplies		\$214,000
	AODS Total	\$1,326,000
d. Prevention & Planning Division		
1. Staff Reductions		\$254,000
2. Contract Reductions		\$300,000
3. Services & Supplies		\$112,000
	Prevention & Planning Total	\$666,000
e. Environmental Health Division		
1. No State Reductions at this time	Environmental Health Total	\$0
f. Administrative Services Unit		
1. Staff Reductions		\$114,000
	Administrative Services Unit Total	\$114,000
	Total Reductions/Revenue Enhancements	\$3,993,000

General Fund

Despite the action proposed in this Board Item, the Department will incur fiscal and program obligations for the first four months of FY 09-10. To mitigate further use of realignment revenue to backfill reductions in state revenue, on September 15, 2009, the Board approved one time use of general fund revenue in the amount of \$331,188. Additionally the Board provided add-back funds to AODS in the amount of \$284,000 for Starting Point and Treatment Alternatives for Safer Communities.

At the September 15, 2009, Board of Supervisors meeting, the Department was asked to work with the CAO to identify an option for how additional General Funds could be used to mitigate reductions in AODS services in FY 09-10. In the approved FY 09-10 budget, the AODS division experienced \$1.2 million reduction in General Fund revenues, of which \$284,000 was added back for a total General Fund reduction of \$916,000. Additionally, as noted above, this Board item includes an additional \$1.3 million in State reductions in AODS funding for a total reduction in FY 09 of \$2.2 million. This has resulted in increased wait times of up to 3 months for clients, lack of available funded treatment beds and outpatient slots, about 250 clients without services, and the deletion of 12.45 FTE positions. In total, as a result of reduced State and County revenue, AODS has cut back contract services with community providers by over \$350,000.

The Department requests the Board approve an additional \$251,076 in General Funds to be used for AODS community

provider and treatment services including perinatal residential and day care rehabilitative treatment, community treatment beds for non-criminal justice women, Latinos, and women and children, and for sober living and transitional housing for men and women.

The providers below are members of the Sonoma County AODS network of care and represent diverse community-based providers who were chosen for additional funding because they serve men, women, women and children, Latinos, adolescents, the homeless, public inebriate, and criminal justice clients. Every day this network of care provides AODS services to about 4,500 clients. Increased funding will help local AODS treatment providers remain prepared for any increased funding through health care reform or as a result of legislative action.

The chart below provides a description of contracted AODS treatment services that will be provided with the \$251,076 proposed increase in General Fund revenue:

Table 2: Additional AODS Services	
AODS Treatment Provider/Program	Contracted Services
a. Women's Recovery Services	
1. Women/children Treatment Beds	823 bed days for 9 non-criminal justice women/children
2. Women Transition Housing	274 bed days for 2 non-criminal justice women
b. Athena House	
1. Residential Treatment Beds	823 bed days for 7 non-criminal justice female clients
c. Interfaith Shelter:	
1. Sober Living Housing	548 bed days for 3 non-criminal justice clients
d. Latino Commission on AOD Abuse	
1. Male Residential Treatment	548 bed days for 6 non-criminal justice Latino clients
e. Drug Abuse Alternative Center	
1. Perinatal Day Care Rehab Program	3 Day Care Outpatient Treatment Slots
2. Community Residential Beds	660 bed days for 7 non-criminal justice clients
3. Community Outpatient Slots	6 clients for 90 day intensive treatment slots
4. Perinatal Slot	1 perinatal outpatient slot

The Board's approval of additional general fund use at this time will have a significant impact on some of the most vulnerable in our community increasing access to perinatal services, day care rehabilitation services, women and children. Use of additional general fund will decrease waiting times for clients from three months to several weeks, provide interim stability to the local AODS network of care and prevent a decline in the capacity of the local system of providers during a time when the economic downturn has increased the demand for services. Additionally, this funding will have an impact on jail population in that some of the individuals receiving community-based treatment will not enter the criminal justice system. Additionally, stabilization of the AODS network of care assures a diverse set of local providers will be available to continue to provide client programs for the jail population.

Staffing Impact

This Board item requests the reduction of 11.23 FTE permanent positions of which 2.93 FTE are vacant, and 8.30 FTE are filled. The Department anticipates these actions may result in layoffs of up to 8.30 FTE positions. (Please see the resolution amending the Department Allocation List and Attachment B for details.)

The Department will continue to work with the Human Resources Department to identify opportunities to avoid layoffs and to address the impact on employees. To the extent that layoffs are unavoidable, the Department will work with Human Resources to implement layoff proceedings in accordance with Civil Service Rule 11 (Layoffs).

The staffing reductions identified in this report are difficult, but necessary to avoid further reductions to programs and staff. As information is received from the State, it is likely the Department will need to return to this Board for further action. In addition, the Department will return in the Fall 2009 with its annual Realignment Plan. The Department is currently projecting an additional \$1.7 million in reductions due to decreased vehicle license fees and sales tax revenues.

Fiscal Impact

The FY 09-10 state budget reduction of \$3.9 million results in a current fiscal year impact of \$2,140,878. The variance between the state budget reduction and the current fiscal year impact is \$1.76 million. This difference is attributed to

revenue enhancements (\$804,000), funding source adjustments (\$426,000), prior board action (\$121,000), future board action (\$245,000), Department's request for additional County General funds (\$251,000) and offset by an additional loss of fee-for-service revenue of \$90,000.

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Attachments: FY 09-10 Budget Reductions - Implemented (Attachment A); State Budget Reductions: Summary of Impacts (Attachment B); Resolution Amending Departmental Allocation List: Department of Health Services; Resolution Authorizing Budgetary Adjustment (\$124,255) Resolution Authorizing Budgetary Adjustment (\$646,789); Resolution Authorizing Budgetary Adjustment (\$1,173,273); Resolution Authorizing Budgetary Adjustment (\$692,782); and Resolution Authorizing Budgetary Adjustment of \$251,076

On File With Clerk: None.

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Board Action (If other than "Requested")

Vote:

rev. 8/24/2009