



MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE OFFICE
COUNTY OF PLACER

TO: Honorable Board of Supervisors

FROM: Thomas Miller, County Executive Officer
By: Bekki Riggan, Principal Management Analyst
Richard J. Burton, M.D., M.P.H., Director of Health & Human Services

DATE: May 6, 2008

SUBJECT: Placer County Health and Human Services Department Fiscal Year 2008-09
Budget Workshop

ACTION REQUESTED

Your Board is respectfully requested to conduct a workshop to discuss \$9.6 million in service reductions currently reflected within the FY 2008-09 Health and Human Services (HHS) Proposed Budget. Additionally, your Board is requested to identify service priorities within those reductions for consideration of potential restoration.

BACKGROUND

On March 18, 2008, your Board received a presentation which highlighted the need for a service reduction of \$9.6 million to operate within the Department's anticipated FY 2008-09 funding levels. The County Executive Office and HHS have jointly developed four decision packages for your Board's review and consideration during the workshop. These packages range from implementation of the full \$9.6 million in service reductions as identified in the FY 2008-09 Proposed Budget to full restoration of FY 2007-08 service levels.

In addition, the Workshop discussion will highlight actions being considered by other Counties, review past efforts implemented by the department to constrain costs, detail General Fund utilization and highlight the anticipated impacts to HHS programs and services. At the conclusion of the workshop, we will seek Board direction on potential service restoration.

Based on the priorities and direction provided by your Board at the workshop, the County Executive Office will work with HHS on the development of a preliminary funding approach, and will return with a plan for your approval and inclusion in the Final Budget.

FISCAL IMPACT

The FY 2008-09 Proposed Budget for HHS reflects \$9.6 million in service reductions necessary to operate within currently anticipated funding levels. Full restoration of these services would require a \$6.1 million General Fund augmentation, which would result in \$3.5 million funding restoration from the State. Any partial General Fund restoration would generate a proportionate State funding and associated service level restoration.

PLACER COUNTY

Health and Human Services Workshop

**County Executive Office / Health and Human Services
May 6, 2008**

Agenda for Today

- ✓ Review FY 2008-09 HHS Funding Concerns
- ✓ Actions Being Considered by Other Counties
- ✓ Actions Already Taken by Placer HHS
- ✓ GF Utilization within HHS
- ✓ Anticipated Program / Service Impact
- ✓ Consideration of Options
- ✓ BOS Direction

Current HHS Funding Concerns

- ✓ Review of HHS FY 08-09 Proposed Budget
- ✓ \$9.6M Service Reduction - *Could Worsen in Governor's May Revise or Final Budget*
- ✓ 7th Year of Inadequate State / Federal Funding for Mandated Services:
 - *\$5M/year - \$35M shortfall since 2001*
- ✓ Increased Need for County General Fund

County Budget News Stories

“Solano supervisors seek fix for shortfall in health programs”

Vacaville Reporter, March 24, 2008

“Hard-pressed El Dorado County plans cuts to health, other services”

Sacramento Bee, March 13, 2008

“County (Shasta) awaits lean year”

Redding Record Searchlight, April 4, 2008

“Budget ax swings across Santa Cruz County - services on block”

Mercury News, April 4, 2008

“Riverside County threatens to pull out of Medi-Cal mental health program”

The Press-Enterprise, April 1, 2008

“County (Sacramento) starts work to shrink rising deficit”

Sacramento Bee, February 6, 2008

“Stanislaus County’s poor facing health cuts”

The Modesto Bee, March 18, 2008

“\$80 million in Los Angeles County health department cuts proposed”

Los Angeles Daily News, March 28, 2008

Actions Other Counties Are Considering

- ✓ Reducing Staff and Service Levels
- ✓ Seeking New Revenue Sources
- ✓ Increasing Use of Private Contracts
- ✓ Restructuring Responsibilities with State
- ✓ Conducting Hearings to Reduce Services
- ✓ Use of Reserves
- ✓ Mandatory Time Off / Work Furloughs
- ✓ Staff Layoffs

Comparisons with Other Counties

| COUNTY | Reducing Staffing/ Service Levels | Seeking New Revenue Sources | Increasing Utilization of Private Contracts | Restructure Responsibility With State |
|---------------|-----------------------------------|-----------------------------|---|---------------------------------------|
| Alameda | X | | | |
| Albany | X | | | |
| Los Angeles | X | X | X | |
| Butte | X | | | |
| Contra Costa | X | | | |
| Placer | X | X | X | X |
| Maricopa | X | | | X |
| Sacramento | X | | | |
| San Francisco | X | | | |
| Santa Cruz | X | | | |
| Illinois | X | | | |
| Mississippi | X | | | |
| Utah | X | | | |

Data Source: CSAC Newsroom website and Digital Clipping Service

Comparisons with Other Counties

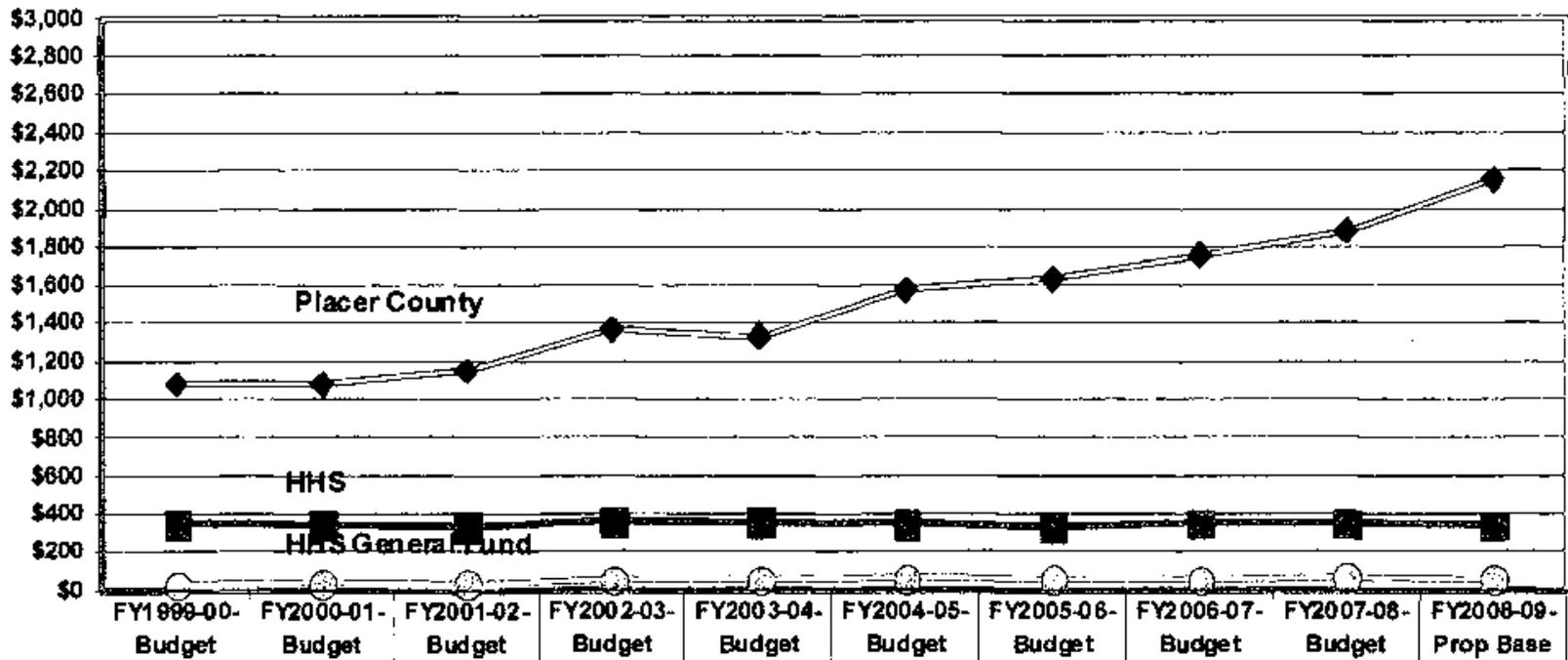
| COUNTY | Mandatory Work Furloughs | Using Reserves | Layoffs | Hearings to Reduce Services |
|----------------|--------------------------|----------------|-----------|-----------------------------|
| Humboldt | | | X | X |
| Kern | | X | | |
| Los Angeles | | | | |
| Maricopa | | | X | |
| San Diego | | X | | |
| Placer | | X | X? | X? |
| San Joaquin | | X | | |
| San Mateo | | | | |
| San Francisco | X | X | X | |
| Sanjose | | X | | |
| Alameda | | X | X | |
| San Bernardino | | | | X |
| Clark | | | | X |

Data Source: CSAC Newsroom website and Digital Clipping Service

Actions Placer County HHS Has Already Taken

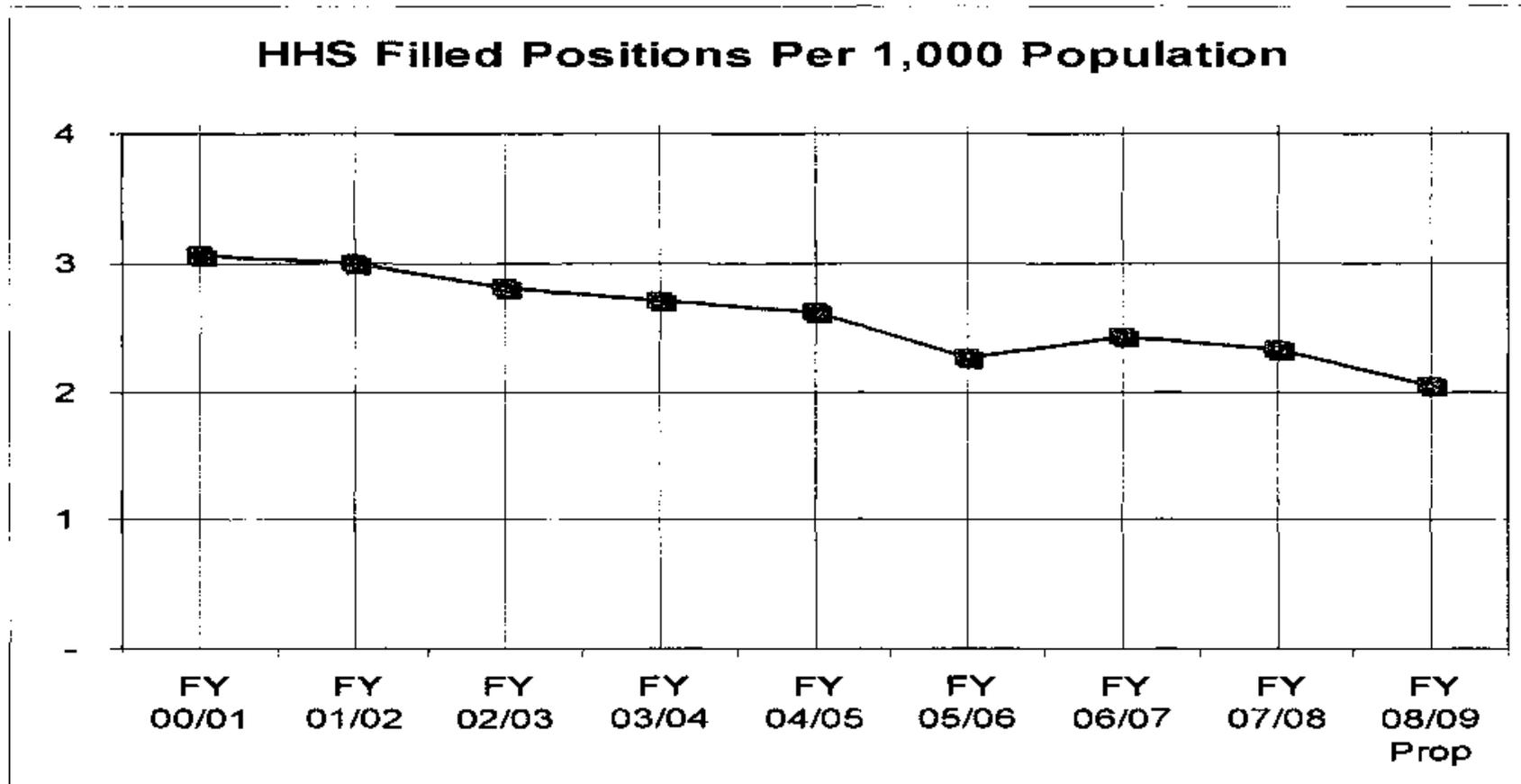
- ✓ Reduced Staffing Through Attrition and Maintaining Vacancies
- ✓ Reduced Service Levels and Increased Staff / Client Caseloads
- ✓ Changes in Service Delivery Models
- ✓ Sought / Received New Revenue Sources
- ✓ Extensive Use of Private Contracts

Expenditures Per Capita



| | FY1999-00- Budget | FY2000-01- Budget | FY2001-02- Budget | FY2002-03- Budget | FY2003-04- Budget | FY2004-05- Budget | FY2005-06- Budget | FY2006-07- Budget | FY2007-08- Budget | FY2008-09- Prop Base |
|----------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------------|
| ◆ Total County | \$1,084 | \$1,083 | \$1,153 | \$1,366 | \$1,336 | \$1,573 | \$1,628 | \$1,751 | \$1,884 | \$2,151 |
| ■ Total HHS | \$347 | \$341 | \$332 | \$358 | \$355 | \$348 | \$329 | \$351 | \$350 | \$338 |
| ○ Total HHS GF | \$37 | \$45 | \$40 | \$58 | \$61 | \$68 | \$62 | \$58 | \$73 | \$64 |

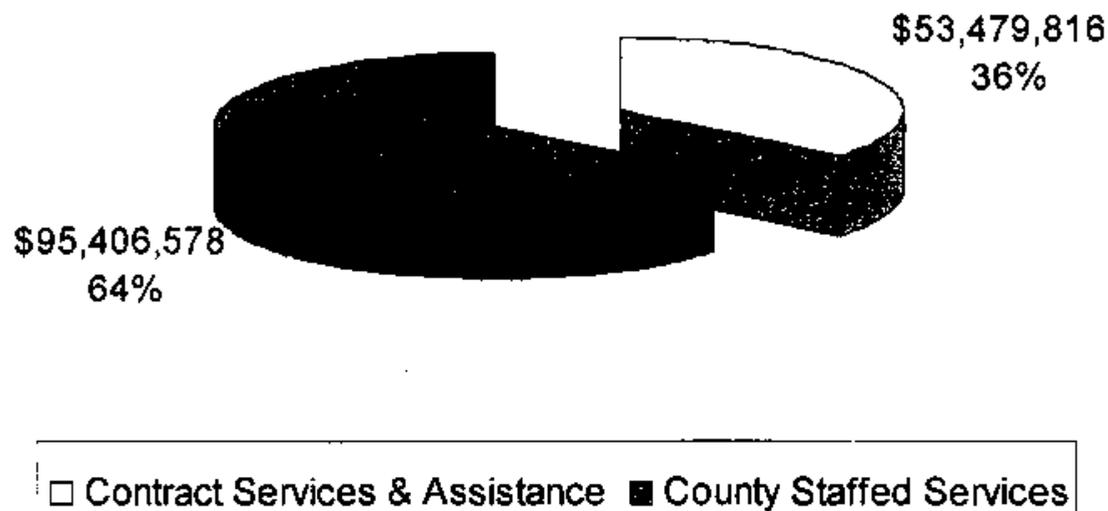
Staffing Trends



- The FY 2008-09 Proposed Budget reflects a 33% reduction in per capita staffing over the past nine years.

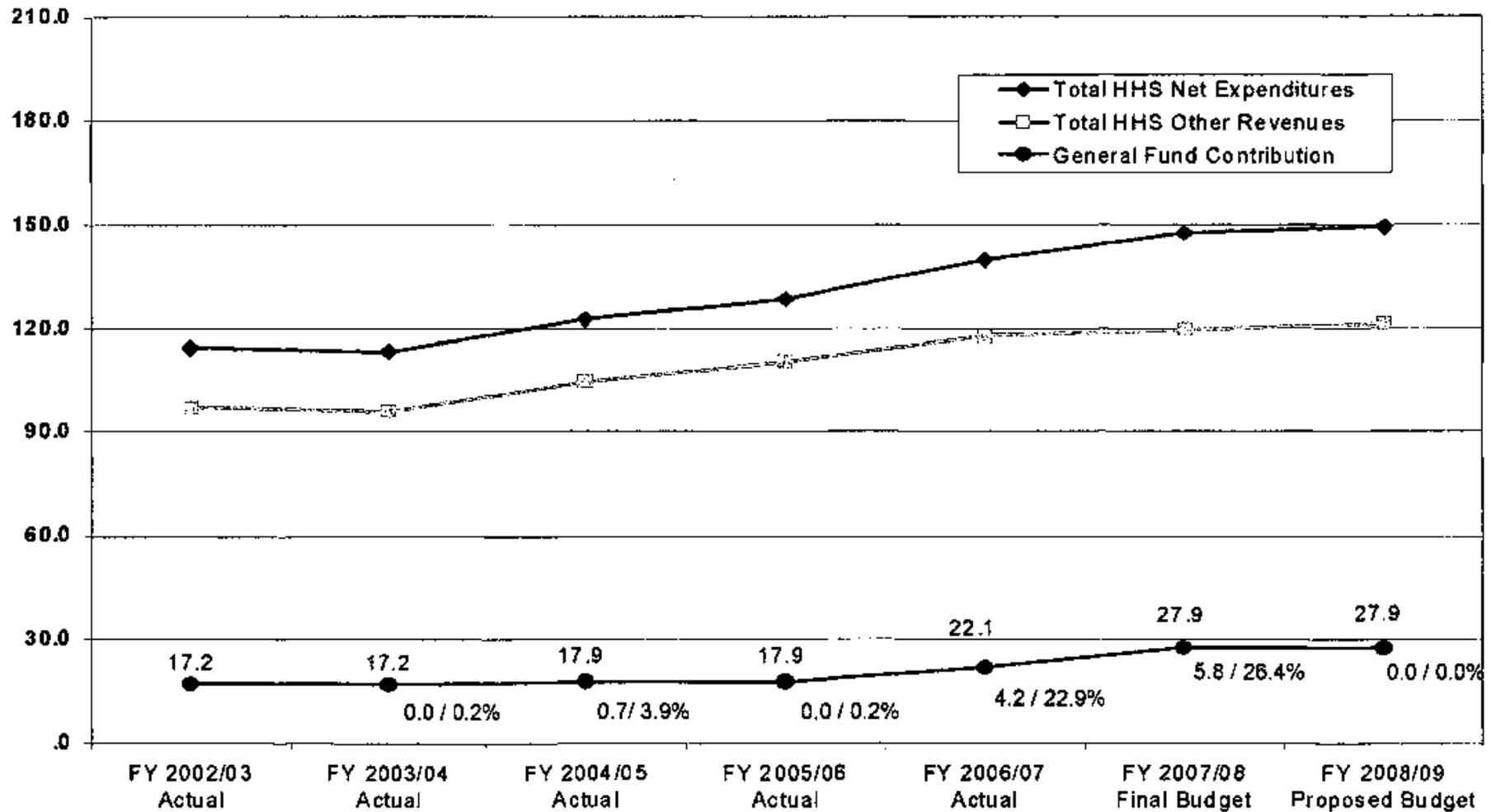
Contract and County Staff Delivered Services

2008-09 Estimated Contract & County Delivered Services



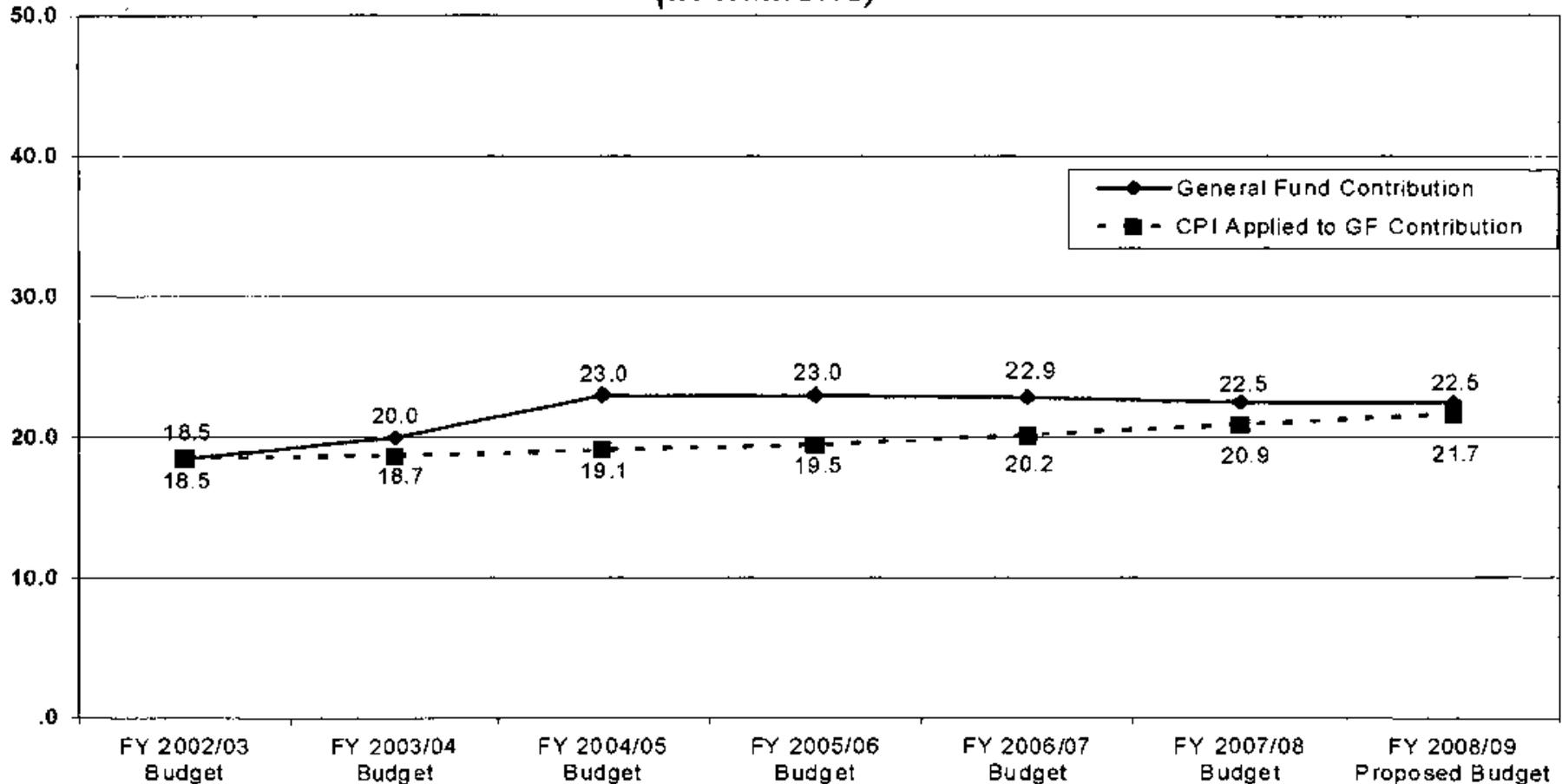
HHS Expenditures, Revenues and General Fund Contribution

(in millions)



HHS General Fund Contribution Budget Comparison to CPI

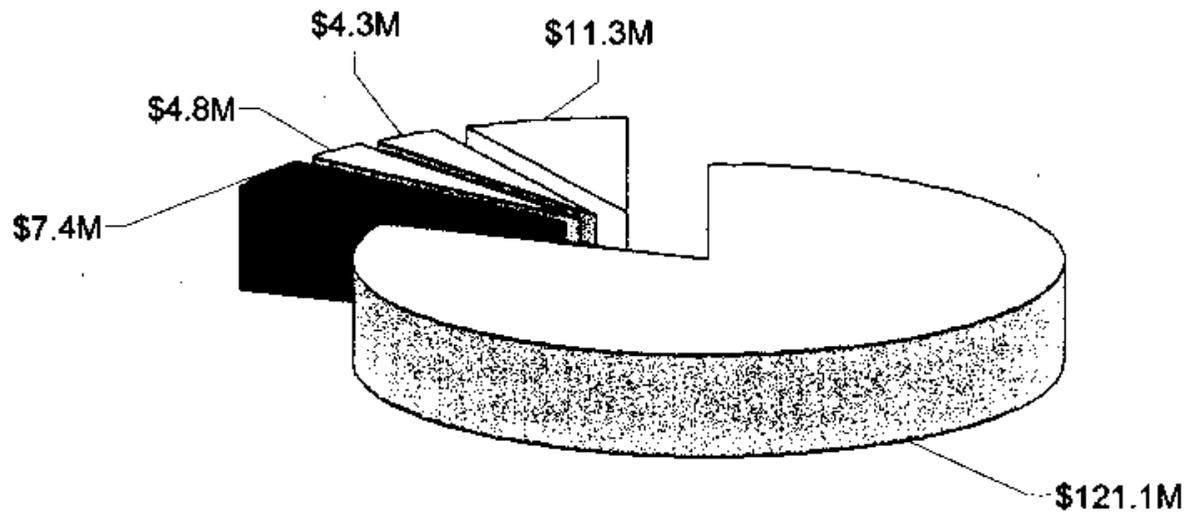
(in millions)



Note: Adjustments were made to the GF contribution level to reflect recent accounting shifts for IT costs and increased OPEB costs.

HHS Funding Sources General Fund/State and Federal

2008-09 HHS Financing of Services - \$148.9 Million



- State/Federal Funding
- GF Mandated MOE's & Required County Match
- GF Mandated Direct Aid - Non-Discretionary Service Levels
- GF Mandated Local Programs (Env Health & Animal Services) - BOS Directed Service Levels
- GF Mandated State/Federal Programs - BOS Directed Service Levels

HHS General Fund Distribution

| FY 2008-09 Proposed Budget | | |
|--|-----------------|---------------|
| Total Expenditures | | 148.9 Million |
| Total Revenues | | 121.1 Million |
| Net General Fund Cost | | 27.8 Million |
| | <i>Millions</i> | |
| | 2007-08 | 2008-09 |
| GF Mandated MOE's & Required County Match | \$7.4 | \$7.4 |
| GF Mandated Direct Aid - Non-Discretionary Service Levels | \$4.2 | \$4.8 |
| GF Mandated Local Programs - BOS Directed Service Levels (Environmental Health & Animal Services) | \$4.3 | \$4.3 |
| GF Mandated State/Federal Programs - BOS Directed Service Levels | \$11.5 | \$11.3 |

Utilization of County General Fund

- ✓ HHS Total Department Funding - \$148.9M
 - ✓ \$121M State / Federal Sources, \$27.8M GF
- ✓ Of the \$27.8M GF, \$11.3M Available for Mandated Programs with Locally Determined Service Levels
- ✓ Population Driven Growth in Mandatory Aid Services of Roughly \$1M/year Limits Funding Available for Local Direction

Summary Points

- ✓ Recognition Statewide of Across the Board Structural Funding Deficits within HHS
- ✓ Significant Cost Containment Efforts Already Taken by Placer HHS (\$35M in 7 years)
- ✓ Need for Continued Strategic Changes
- ✓ Although FY 2008-09 Proposed Budget is Balanced, Requires Severe Service Impacts
 - Transition Funding may be Necessary

Decision Package Components

✓ Service Impacts

- Three Tiers of Program Restoration
- Associated Administrative, Fiscal, & IT Support

✓ Fiscal Implications

- County General Fund
- External Funding Sources

✓ Personnel Implications

- Attrition
- Mandatory Time Off / Furlough
- Reassignment Flexibility
- Layoffs

Decision Packages

✓ **Decision Package #1**

- *\$9.6M Service Reduction – Proposed Budget*

✓ **Decision Package #2**

- *Restores Tier 1 Services*
- *Restores \$2.9M of Service (\$2.1M GF Augmentation)*

✓ **Decision Package #3**

- *Restores Tier 2 Services*
- *Restores \$6.3M of Service (\$4.3M GF Augmentation)*

✓ **Decision Package #4**

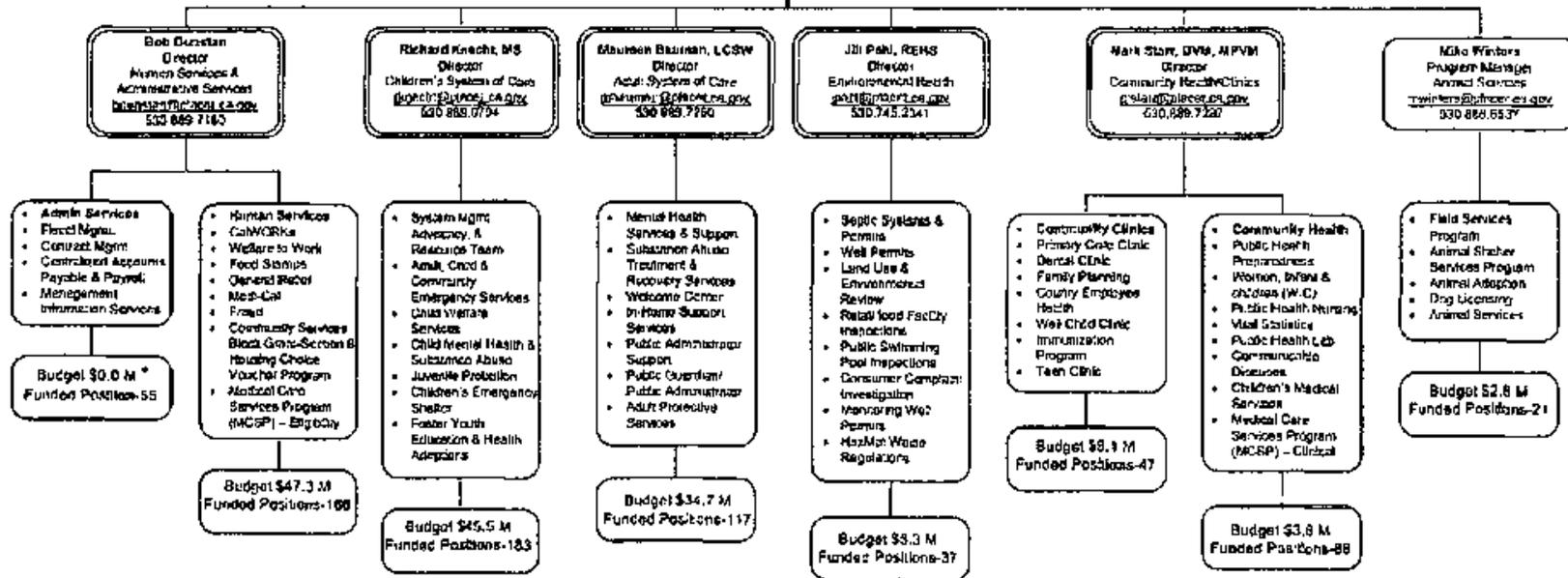
- *Restores Tier 3 Services*
- *Restores \$9.6M of Service (\$6.1M GF Augmentation)*



Placer County Health & Human Services Department

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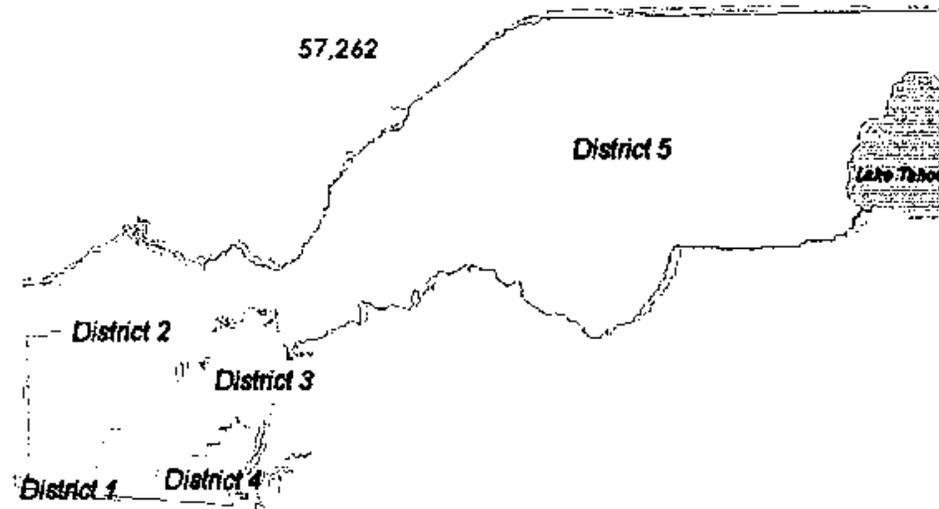
Does not include In Home Support Services (IHSS) Public Authority
 Positions listed are those funded per 08/09 Base Budget
 * Administrative/MIS Services \$6.9 M Budget is Cost-Applied to Divisions

Placer County

2008 Health & Human Services - Client Services

- Adult Mental Health & Substance Abuse 6,026
- Animal Services 7,824
- Child Mental Health & Substance Abuse 4,764
- Community Clinic 6,703
- Community Health (Public Health Services) 2,575
- Environmental Health 5,003
- Human Services (Temp. Assistance & Employment Services) 21,764
- Medically Indigent Adult 2,603

Totals 57,262



Criteria for Decision Package Strategies

- ✓ Maintain Focus on Historic Priorities
- ✓ Assure Public Safety
- ✓ Maximize Federal, State and Other Non-County Fiscal Reimbursement
- ✓ Meet Mandates and Assure Services to Those with Greatest Need
- ✓ Implement Organizational Changes to Assure Sustainable Business Operations

Decision Package Components

✓ Service Impacts

- 1) Youth Protection & Mental Health Services
- 2) Adult Protection, Substance Abuse & Mental Health Services
- 3) Adult and Child Physical Health Services
- 4) Community Public Health Protection
- 5) Employment and Health Insurance Services

Service Impacts

1) *Youth Protection & Mental Health Services*

- 50% Increase in Cases Per Worker
- 2.1M** ➤ Delayed Investigations
- Minimal Staffing of Emergency Shelter
- 4.3M** ➤ Decreased Supervision of Staff
- Delayed Court Reports
- 6.1M** ➤ Decreased Quality Assurance / Improvements
- Delayed Vehicle and Computer Replacements

Service Impacts

2) *Adult Protection, Substance Abuse and Mental Health Services*

- 2.1M** ➤ Eliminate Pharmacy Assistance
- 2.1M** ➤ 50% Increase in Adult Protective Caseload Per Worker
- 4.3M** ➤ Transfer 300 with Psychiatric Disabilities to Clinic
- 4.3M** ➤ Provide Only Crisis Intervention & Group Therapy
- 4.3M** ➤ Delayed Investigations
- 4.3M** ➤ Decreased Quality Assurance / Improvements
- 6.1M** ➤ Increase Reassessment from 12 to 18 Months

Service Impacts

3) *Adult & Child Physical Health Services*

- 2.1M** ➤ Delayed Patient Care & Reduced Provider Efficiency
- 6.1M** ➤ Decreased Quality Assurance / Improvements
- 6.1M** ➤ Eliminate Hospitalist Contracts

Service Impacts

4) *Community Public Health Protection*

- 2.1M** ➤ Delayed Communicable Disease Investigations
- 4.3M** ➤ Reduced Health Education to Teens & Young Families
- 6.1M** ➤ Reduced Laboratory Supervision
- Delayed Laboratory Testing

Service Impacts

5) *Employment & Health Insurance Services*

2.1M ➤ Reduced Eligibility Oversight

4.3M ➤ Delayed Eligibility

➤ Eliminate Business Advantage Network

6.1M ➤ Decreased Quality Assurance / Improvement

➤ Decreased Employment Training

➤ Eliminate Food Stamps for Adults Without Children

Decision Package Review

✓ Decision Package #1

- *\$9.6M Service Reduction – Proposed Budget*

✓ Decision Package #2

- *Restores Tier 1 Services*
- *Restores \$2.9M of Service (\$2.1M GF Augmentation)*

✓ Decision Package #3

- *Restores Tier 2 Services*
- *Restores \$6.3M of Service (\$4.3M GF Augmentation)*

✓ Decision Package #4

- *Restores Tier 3 Services*
- *Restores \$9.6M of Service (\$6.1M GF Augmentation)*

Decision Package Review

| 2008-09 BOS Decision Packages | | | | |
|-------------------------------|------------------------------|---------------------------|--------------------|-------------------------|
| Decision Package | Model | General Fund Augmentation | Associated Revenue | Total Cumulative Impact |
| #1 | Proposed Budget | \$0 | (\$3.5 million) | (\$9.6 million) |
| #2 | Proposed Budget Augmentation | \$2.1 million | \$.8 million | \$2.9 million |
| #3 | Proposed Budget Augmentation | \$4.3 million | \$2.0 million | \$6.3 million |
| #4 | Proposed Budget Augmentation | \$6.1 million | \$3.5 million | \$9.6 million |

Note: Decision Package Models #1, #2 and #3 will require some level of one-time, transitional funding - to be determined.

31

Board of Supervisors

Comments and Discussion