



Update on State Budget Impacts

The FY 2010-11 State budget was passed by the Legislature and signed by the Governor on October 8, 2010, one hundred days after the start of the fiscal year. Publication of the Fiscal Issues Report occurred prior to the Governor's line item vetoes, which reduced state expenditures by \$963 million. Since the time of the original writing, County departments have preliminarily assessed the potential service level impacts of the State budget, which are attached.

Health and Human Services

While the adopted budget does not include a number of draconian cuts to certain health and human service programs, the Governor used his line item veto authority to make significant reductions to health and human service programs as detailed below:

- *Mental Health*
The Governor vetoed all \$132.9 million of funding to reimburse counties for their unreimbursed costs from FY 2004-05 through FY 2008-09 for complying with the AB 3632 mandate (Handicapped and Disabled Students I and II and Seriously Emotionally Disturbed Pupils: Out of State Mental Health Services). He also declared that the mandate on counties for FY 2010-11 is suspended. (See *attached-ADMHS*)
- *CalWORKs*
The legislative budget contained a \$375 million cut. The Governor vetoed \$365 million from CalWORKs and directed the State Department of Social Services to request a corresponding advance of Temporary Assistance for Needy Families (TANF) block grant funds from the quarter ending June 30, 2011. This action is intended to provide one-time General Fund relief without impacting the program. The Governor also vetoed \$365 million from CalWORKs State 3 child care. This reduction leaves \$128.8 million in federal funds to support Stage 3 child care services through October 2010 - effectively eliminating Stage 3 child care for the rest of the year. (See *attached- DSS*)
- *In-Home Supportive Services (IHSS)*
The adopted budget includes a \$300 million reduction in General Fund spending to IHSS. The budget imposes a new IHSS provider fee, which is estimated to bring in \$190 million in additional federal funding to the program. The budget also includes an across-the-board reduction in house for IHSS of 3.6 percent and assumes additional caseload savings based on actual caseload numbers from FY 2009-10. The 3.6 percent cut will sunset on June 30, 2012. (See *attached-DSS*)
- *Child Welfare Services*
The Governor vetoed \$80 million of General Fund restorations to the Child Welfare Services program. The Legislature restored this funding to the FY 2010-



11 budget after the Governor vetoed it when he signed the FY 2009-10 budget. (See *attached- DSS*)

- *Medi-Cal*

The budget reduces funding for county administration of Medi-Cal including \$21 million to reflect suspension of the FY 2010-11 COLA and \$42 million in growth. In addition, the Governor vetoed another \$44 million of the growth funding made available by the Legislature. SB 853, the health trailer bill, also establishes a process for developing a new methodology for the State Department of Health Care Services to annually establish the rates paid to counties for eligibility services in order to increase clarity and transparency. (See *attached- DSS*)

- *Immunizations*

The budget includes an \$18 million General Fund reduction for immunizations. (See *attached- Public Health*)

Public Safety

The FY 2010-11 state budget does not include a shift of state prison inmates to counties, as previously proposed by the Governor. However, budget bill SB 870 delays payments of \$50 million for county expenses incurred in FY 2010-11 for housing parole violators, but reimburses counties for back payments owed for previous budget years.

- *Transfer of juvenile parole responsibility*

The budget shifts responsibility for community supervision of 707(b) offenders upon their release from a Division of Juvenile Justice facility from the state to county probation. Under this plan, county probation departments will be responsible for the entire continuum of community supervision for youthful offenders by January 2014. The design of the juvenile parole supervision transfer will follow the SB 81 model, with the local court assuming jurisdiction. Funding to support the transfer of supervision responsibility will be redirected from state savings. Counties will receive allocations in to a new Juvenile Reentry Fund to support the supervision of this new population. (See *attached- Probation*)

Although the state budget was signed by the Governor, there is a potential change on the horizon. Speaker Pro Tempore Darrell Steinberg announced on October 14, 2010 that his top priority in January is to restore approximately \$500 million in health and human services line-item vetoes when a new Legislature and Governor is sworn in. Impacts to county departments would be re-assessed in the event of funding restorations.

**FY 2010-11 State Budget - Service Level Impacts
ADMHS**

Proposal	County Impact			
	Departmental Impact (Loss of Funding or Increased Cost to Provide Service)	FTE Impact	Clients Served Impact	Description of Impact to Department
Budget cut to SB90 funding which reimburses counties for their unreimbursed costs from 2004-05 through 2008-09 for complying with the AB 3632 mandate (Handicapped and Disable students and Seriously Emotionally Disturbed Pupils: Out of State Mental Health Services). The Budget also declared that the mandate on counties for the 2010-11 fiscal year is suspended.	Department did not budget any SB90 reimbursement in the FY2010/11 Budget; no fiscal impact. The Department currently manages \$1.3 million in mandated children's services under AB 3632. This change would move the mandate from ADMHS to SB County Education Office (SBCEO). ADMHS still may be contracted to provide these services; however, this would be at the discretion of SBCEO.	4.5 FTE	Approximately 72 clients.	This action suspends County Mental Health Departments' mandate for providing mental health services to Special Education students. With the collaboration of the SBCEO and Santa Barbara County Special Education Local Plan Area (SELPA), County ADMHS has been able to provide mental health services without tapping into SB90 funding by drawing down funds from the Federal Individuals with Disabilities Education Act (IDEA) first. If schools assume responsibility for mandated Individual Education Plan (IEP) identified mental health services, County ADMHS will immediately stop accepting new IEP referrals. CBOs currently contracted with ADMHS to provide mental health services for students, as defined in IEPs, will have a reduction in revenue. ADMHS services would also need to be reduced. If schools choose to contract with ADMHS to continue these services, the MOU with SBCEO will be changed to reflect the shift of the mandate to SBCEO, with ADMHS and contracted providers continuing the provision of IEP identified mental health services.

**FY 2010-11 State Budget - Service Level Impacts
Department of Social Services**

Proposal	County Impact			
	Departmental Impact (Loss/Increased Cost to Provide Service)	FTE Impact	Clients Served Impact	Description of Impact to Department
Eliminate CalWORKs stage 3 Child Care funding effective November 1, 2010: Stage 3 child care is provided to former CalWORKs recipients without a time limit so long as they meet eligibility guidelines.	The amount is unknown until further details are released.	Unknown until further details are released.	Locally, 484 children from 245 families will lose their funding to pay for child care which may result in a working parent needing to quit their job due to the lack of child care resources. Statewide 50,000 children will be impacted.	Client/Community Impact: The Governor used his line-item veto authority to eliminate Stage 3 child care effective 11/1/10 in order to add to the budget reserve. Stage 3 child care subsidies, administered through community Alternative Payment Providers (Santa Barbara County Office of Education and Santa Barbara County Children's Resource and Referral), help low-income working parents who are no longer on welfare pay for child care until their kids turn 13 or until they make too much money. Eligibility for the subsidy means that the parent is earning less than 75% of the state median income. These cuts may force working parents to quit their jobs and child care businesses may close due to decreased enrollment. Currently, Santa Barbara County receives \$3,226,000 to fund the Stage 3 child care program, so this is a significant impact to the local economy. Department Impact: Those who are not "timed out" of the welfare program (TANF/CalWORKs has a 60 month lifetime limit) could end up back on aid which means they would receive a cash grant, food stamps, Medi-Cal insurance and child care assistance through Stage 1 child care funding. This action shifts costs from a relatively reasonable cost for keeping people employed to one where the state and counties pay for people to remain on public assistance.
Reduce CalWORKs child care provider reimbursements.	The amount is unknown until further details are released.	No direct impact.	Approximately 150 families may not be able to participate in Welfare to Work activities due to the lack of child care resources.	Client/Community Impact: Reducing the Regional Market Rate ceiling from 90% of the 85th percentile to 80% of the 85th percentile will impact license-exempt providers. This cut equates to an 11% reduction in child care payments for license-exempt providers. Slightly more than half of our Stage 1 child care families utilize licensed care, whereas just under half of the families utilize license-exempt providers, the providers targeted by this cut. These large cuts may force child care providers to seek alternate professions in order to provide for their own families which will further limit access to quality child care in our county. Department Impact: If clients lose their license-exempt providers and are no longer able to work, they may be on aid longer which will ultimately result in increased costs. In addition, the County shares in the cost of aid payments while there is no County share for childcare expenditures.
In-Home Supportive Services				
In-Home Supportive Services Program: Assumes savings to the State by implementing an IHSS provider fee to draw down approximately \$190 million in additional federal funding; assuming lower-than-anticipated IHSS caseload growth for a savings of \$75 million and reducing hours of service for IHSS recipients by 3.6% for a savings of \$35 million. The reduction to hours of service would remain in effect through 11/12.	The amount is unknown until further details are released.	Unknown until further details are released.	Potentially 3,000 recipients and their providers could be impacted.	Client/Community Impact: The provider fee proposal would apply the state portion of the sales tax to IHSS provider services, generating additional revenue in the IHSS program that would draw down additional federal funds that could be used to offset GF in the program. The fee would be deducted from providers' paychecks and repaid (in the same check) with a supplemental payment of a like amount. The 3.6 percent across the board cut to authorized hours for the majority of IHSS recipients, does not contain a new exceptions process or appeal for recipients to exempt themselves from the cut. The cut will take effect 90 days after enactment of the budget and will remain in effect only until June 30, 2012. The cut results in a monthly loss of roughly 9,300 hours of services for recipients and wages for providers. For those recipients receiving the highest number of hours under Protective Supervision and Paramedical Services, this cut may result in unmet basic needs, increased risk of injury, and increased likelihood of institutionalization. Department Impact: Although there is no new exceptions or appeal process, IHSS recipients may ask for a reassessment that would increase workload in addition to responding to recipient concerns over the cut in hours increasing the workload for Social Work staff with no new funding to hire more staff. This potential increase in workload could mean that mandated reassessments may not get completed timely subjecting the department/county to fiscal sanctions. In addition, it is anticipated that the In-Home Care Network (IHCN) staff would be fielding an increased volume of calls regarding concerns and confusion over the provider tax as well as needing to find additional work due to the decreased hours.
Child Welfare Services				
Continuation of 2009-10 CWS Veto	This cut is carried forward from FY 2009-10. Santa Barbara County state CWS funding decreased approximately \$300k in FY 2009-10 compared to the FY 2008-09.	Unknown until further details are released.		Client/Community Impact: The Governor's FY 2010-11 CWS veto continues the FY 2009-10 \$80 million GF cut, but does not specify which particular programs should be cut or by how much. Department Impact: The Legislature had included the restoration of the cut for FY 10-11, but it was vetoed by the Governor. Included in the DSS FY 10-11 budget is \$1.0 million of one-time County General Fund to restore the cuts to the Child Welfare Services (CWS) and Adult Protective Services (APS) programs that resulted from the 09/10 \$80 million Governor's veto. Loss of funding in CWS would give the department no alternative but to target the Family Preservation (Voluntary Family Maintenance) program and services provided by case aides, which assist families in reunifying within regulatory timeframes. Reducing or eliminating Family Preservation services will result in an increased number of children placed in out of home care as the department would not be able to provide oversight to these high risk families. This will increase the foster care expense which has a 30%-60% County General Fund share and more importantly add direct service support FTE's will increase the work demands on social workers. This increase will impede the department's ability to meet the court mandates for each child. A result would be the court determination that we were not providing adequate services and the department would lose all federal and state matching funds, thereby increasing County General Fund expense and increasing audit risks. More importantly, children would remain in foster care for longer periods of time.
Elimination of state funding for the Seriously Emotionally Disturbed portion of the foster care administration program. This is a mandate suspension.	Unknown until further details regarding the methodology is released.	Unknown until further details are released.		Client/Community Impact: This mandate suspension is directly related the the elimination of AB 3632 Mental Health funding which suspends Mental Health's mandate to provide mental health assessments, case management, individual and group therapy, rehabilitative counseling, day treatment and medication support to students with common mental health disorders (i.e. attention deficit hyperactivity and disruptive behavior disorders, depression and bi-polar disorders) to guarantee them the right to a free appropriate public education. This responsibility will now fall back to schools, as it did prior to legislative changes in 1984. It is unclear whether the suspension will sunset. Department Impact: Because Mental Health no longer is mandated to provide these services, the legislature assumes that the SED children will no longer need the supportive services provided under the foster care program. As a result, the funding for foster care eligibility has also been suspended. Absent of further details, the real impact of this suspension in largely unknown. Since this suspension rolls back the clock on services available to this high needs population, CWS referrals/cases may rise as a result of frustrated families being unable to obtain the needed mental health services for their severely emo of services, some of these high needs children will be unable to safely remain in their home and educational environment resulting in the need for CWS intervention.

**FY 2010-11 State Budget - Service Level Impacts
Department of Social Services**

Proposal	County Impact			
	Departmental Impact (Loss/Increased Cost to Provide Service)	FTE Impact	Clients Served Impact	Description of Impact to Department
Medi-Cal				
Reduce Medi-Cal admin funding: This includes a reduction to reflect the change in methodology for calculating caseload growth and continuing the Cost-of-Doing-Business suspension in 10/11.	Unknown. Funding methodology is under development	Unknown until further details are received.	The Department will receive less funding than is needed to perform eligibility determination on our ever increasing caseloads. As a result, clients may experience an increase in the time they apply and receive benefits.	Client Impact: Clients may experience an increase wait time which will delay their ability to obtain medical care. Department Impact: The Department will receive less funding than is needed to perform eligibility determination on our ever increasing caseloads. The State budget, as vetoed by Governor, includes a total statewide cut for the partial restoration of growth funding made by the legislature. This results in the counties essentially receiving no funding for caseload growth in FY 10-11. This, compounded by the suspension of Cost of Doing Business for Medi-Cal, will result in a net reduction to Medi-Cal, once increase associated with retirement and COLAs are taken into consideration. This will only exacerbate an already heavy workload for existing workers and will delay services to clients. In addition, the Department will have a difficult time meeting mandated timelines for eligibility determination which can lead to fiscal sanctions.

**FY 2010-11 State Budget - Service Level Impacts
Public Health Department**

Proposal	County Impact			
	Departmental Impact (Loss of Funding or Increased Cost to Provide Service)	FTE Impact	Clients Served Impact	Description of Impact to Department
Reductions of vaccines for Community Health Centers	\$42,000	-		These funds were given to the County as passthrough funds to community clinics for purchasing vaccines (Santa Barbara Neighborhood Clinics, Marian Community Clinics, and the Community Health Centers of the Central Coast). This reduction will not affect immunization services in the - Public Health Department.
Reduction of the Immunization Registry program	Possible \$31,000-\$62,000	Possible .50 reduction		The PHD receives grant funding for the State Immunization Information System which is an electronic registry to track patient immunization status. Funding for this program was reduced at the State level which may result in a possible loss of \$31,000 to \$62,000. Should this occur, this may result in the reduction of a staff position from full-time to part-time. The State has not made final - decisions regarding the grant funding reductions.
Restoration of \$20 million of funding for the Cancer Detection Program	Unknown	-		This program has been closed to new enrollees since January 2010. It is anticipated that this funding - will allow the program to reopen to new enrollees and may restore services to women in the 40-49 age group. The State has not made final decisions regarding the restored funding.

**FY 2010-11 State Budget - Service Level Impacts
Probation Department**

Proposal	County Impact			
	Departmental Impact (Loss of Funding or Increased Cost to Provide Service)	FTE Impact	Clients Served Impact	Description of Impact to Department
AB 1628 (Department of Juvenile Justice Parolee Realignment)- The budget shifts responsibility for community supervision of 707(b) offenders upon their release from the Division of Juvenile Justice facility from the state to County Probation.	Initially may be cost-neutral for parole periods lasting two years or less; may require use of local or other funds to support longer parole periods or for more serious crimes or offenders with serious mental illness. *	Assuming a DJJ parolee population that is 30% of the DJJ commitment population, the County would require plus or minus 0.5 FTE.	The County would anticipate having 3-5 DJJ parolees under its supervision at any given time.	<p>This bill transfers responsibility for the supervision of wards paroled from the Division of Juvenile Justice (DJJ) from the State to county probation departments. It provides funding to support local supervision, programming, services, and incarceration activities for paroled wards. Santa Barbara County currently has 12 wards committed to the DJJ and anticipates that 6-8 wards will be committed to the DJJ on an annual basis. Parole consideration dates are flexible; thus, the County would anticipate having 3-5 DJJ parolees under its supervision at any given time. The State will provide \$15,000 per year for up to two years to supervise paroled wards. It would also provide up to \$115,000 per ward for incarceration in a local juvenile detention facility for one year.</p> <p>The likelihood of the County having to use local funds to support the supervision and incarceration of parolees increases with longer parole periods. The cost to the County in terms of incarceration is problematic as persons over the age of 19 cannot be housed in the Santa Maria Juvenile Hall. Periods of incarceration at a local county jail are permissible but not supported financially by the legislation. It appears the County may contract with other counties for bedspace in local juvenile detention facilities to take advantage of programming for older wards. The daily cost per ward for such an arrangement should be anticipated to be between \$200 and \$300. Both the supervision and incarceration funding are prorated based on the number of days supervised in the community or housed in a facility. Annually the Probation Department will report the supervision and incarceration figures to the State for the year then ended. The State will calculate the amount owed to the County for the previous year and then make the payment in two allocations to be received in October and May.</p> <p>* Due to the reimbursement structure of the AB 1628 funding, there may be a negative financial impact related to the timing of the incurrence of cost and the receipt of reimbursement.</p>