



AGENDA SUBMITTAL TO SOLANO COUNTY BOARD OF SUPERVISORS

ITEM TITLE Receive a proposal to reduce the County General Fund contribution to the Health and Social Services Fund by \$3 million annually		BOARD MEETING DATE February 8, 2011	AGENDA NUMBER 15
Dept:	Health & Social Services	Supervisorial District Number	
Contact:	Patrick Duterte, Director	ALL	
Phone:	784-8400		
Published Notice Required?		Yes: _____	No: <u> X </u>
Public Hearing Required?		Yes: _____	No: <u> X </u>

DEPARTMENTAL RECOMMENDATION:

The Department of Health and Social Services (H&SS) recommends the Board receive a proposal to reduce the County General Fund (CGF) contribution to the Health and Social Services Fund by \$3 million annually.

SUMMARY:

On October 26, 2010, the Board directed H&SS to develop a plan to reduce CGF contribution by \$1 million annually; this reduction plan was approved on December 14, 2010. On December 7, 2010, the Board directed H&SS to prepare a report to reduce an additional \$3 million in CGF. The Department's fiscal strategy has been to maximize all revenues associated with State and Federal programs, in order to reduce CGF, while still providing basic services. However, the reductions in CGF, along with reduced Realignment and other State funds, has limited the Department's ability to draw down these revenues, further impacting service delivery. The reduction in funding from all sources, along with a greater demand for services, will require a fundamental restructuring of the service-delivery system and associated organizational structure. With fewer resources available, services must be targeted and coordinated in order to achieve the greatest impact. H&SS has begun the process of reorganizing the Department and will be proactive in redesigning the service-delivery system. In addition, the Governor's proposal to realign human services programs could present an opportunity to restructure programs to better meet local needs. H&SS has identified the \$ 4 million in CGF reductions as directed by the Board; however, the Department recognizes the need to develop a comprehensive plan to redesign the service-delivery system within available resources.

FINANCING:

The CGF contribution has been reduced from \$35.2 million in FY2008/09 to \$28.8 million in the final FY2010/11 budget. Approximately \$8 million in CGF is set aside for the public assistance programs; the balance of \$20.8 million in CGF in the FY2010/11 budget is used to finance H&SS operations, and has been reduced by twenty-three percent (23%) since FY2008/09. An additional \$4 million reduction in CGF represents a 36% (\$10.4 million) decrease in CGF for H&SS operations. The CGF contribution of approximately 10% is used as a match to receive Federal

million over the same time period. The reductions in CGF, and loss of Realignment funds, limit the Department's ability to draw down State and Federal revenues, compounding the impact on services provided by the Department. The attached reduction proposal includes \$2,250,000 of expenditure reductions on an annualized basis. Most of the program reductions will require adequate time to implement, including staffing reductions, notifications to clients, amending contracts, etc., and will not result in substantial savings in the current fiscal year. The proposal includes additional revenues of \$750,000 annually, which will offset CGF. Revenues in the H&SS budget are reimbursements for services provided; the December 14, 2010 report referenced above provides detailed information on how revenues are earned by the Department. The projected increases in Federal and State funding in the attached proposal are based upon full staffing, which is required in order to earn the additional revenue. H&SS anticipates that approximately \$350,000 of the additional revenue could be earned in FY2010/11.

DISCUSSION:

On December 7, 2010, the Board directed that H&SS prepare a proposal for consideration by your Board to reduce an additional \$3 million annually in CGF contribution. The Board also approved a \$1 million annualized reduction in CGF contribution to H&SS on December 14, 2010. The Department's proposal to reduce \$3 million is outlined in Attachment A. Pursuant to the Board's direction today on the \$3 million reduction proposal, the Department will return at a later date with a detailed implementation plan for Board approval.

The proposal includes new revenues for some programs, such as, Nurse Family Partnership, Public Guardian, Second Chance (new), and Safe Routes to Schools. The proposal includes reductions in services, including Immunization Clinics and the AIDS Community Education program, and elimination of programs, including SSI Advocacy, Representative Payee Services, Elder Health Clinics, and the Child Welfare Services (CWS) Community Liaison. The proposal also includes further reductions in administrative staff and reductions in various services and supply costs including travel, training, membership, and facility related expenses.

The largest proposed reduction, \$1,228,000, will impact mental health programs, primarily adult services which rely heavily on CGF. The reduction will have a major impact on the quality of life for clients, and could result in increased hospitalizations, and will impact public safety. The Intergovernmental Fund Transfer (IGT) approved by your Board on November 23, 2010, could mitigate some of the impact of the proposed \$1.2 million CGF reduction in mental health programs, if it is approved by the Federal government. In addition, the Department is exploring options to utilize Mental Health Services Act (MHSA) funds to mitigate some of the reductions, which will require stakeholder involvement in revising the MHSA plan, and ultimately State approval. Pursuant to Board direction regarding the CGF reduction proposal, the Department will return to the Board with a detailed reduction plan for mental health services, which will incorporate the use of MHSA funds, and/or IGT funds, if feasible.

ALTERNATIVES:

The Board could choose to not accept the proposal to reduce CGF by \$3 million and direct the Department return with other options for consideration at a later date. The Board could approve some of the proposed CGF reductions, and direct that the Department develop alternatives for consideration.

OTHER AGENCY INVOLVEMENT:

The Department has consulted with the County Administrator's Office in development of this proposal.

CAO RECOMMENDATION:

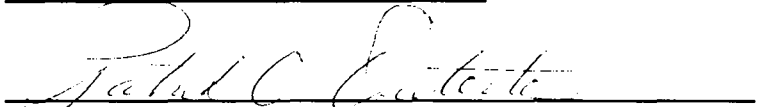
The reduction proposal sums reflects a sum of (\$3,000,000) in CGF contribution to Fund 902. It includes thoughtful initiatives, such as establishment of emergency foster home placement, which support a paradigm shift in service delivery and community partnerships. If accepted by the Board, the proposal will require the Department of H&SS to restructure their service delivery model. Furthermore, implementation of the changes will necessitate the Department returning to the Board with the detailed implementation plan including identification of positions to be deleted as part of the current \$3 million reduction target and there remain implementation actions for the initial \$1 million accepted by the Board in December 2010. Some of the proposed reductions in the attached table can and will be implemented in the remainder of FY2010/11 because the nature of the changes are more accounting and fiscal in nature or there are vacant positions that can be eliminated as part of the program service delivery restructure. The Department staff has indicated their intent to coordinate with Human Resources and the CAO to prepare a report for further action Board by FY2011/12 Third Quarter to implement the position changes and fiscal accounting changes required for the remainder of this Fiscal Year. The balance of the reductions will be implemented by July 1, 2011 and will be reflected in the FY2011/12 Department Requested Budget and the Recommended Budget.

It is understood and the Department agrees that to the extent that the General Fund continues to have a structural deficit, the Department of Health and Social Services and the County Administrative Officer's will need to identify and pursue additional GCF reductions and reexamine the Department's service delivery model and organizational structure as part of the FY2011/12 Budget preparation process.

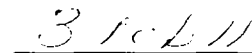
The County Administrator's Office recommends that the Board:

1. Receive and accept the proposal; and,
2. Direct staff to pursue additional County General Fund contribution reductions for the developing the FY2011/12 Recommended Budget.

DEPARTMENT HEAD SIGNATURE:



Patrick O. Duterte, Director of Health & Social Services


Date

Attachment A: H&SS \$3 million County General Fund Reduction Plan, pages 4-10

**Health and Social Services Department
\$3 Million County General Fund Reduction Proposal**

Program	Description of Reduction	Impact of Proposed Cut	Position Change (FTE)	CGF Savings	Reduced Fed/State match	CAO Notes
Public Health-Immunization Program	Elimination of stand alone Immunization Clinics; that are held throughout the year at various locations in the community and are readily accessible to families estimate 90-100 visits will be eliminated. Close PH Nursing office in Vallejo and consolidate staff in Fairfield.	Biggest impacts are a reduction of 90-100 visits per year. Clients will be able to receive immunizations at the Family Health Services (FHS) Clinics. Closing the PH Nursing office in Vallejo should have minimal impact on clients. A 0.5 FTE Nurse will be reassigned to FHS, a 0.5 FTE Office Assistant will be reassigned to Emergency Preparedness (Federal funds).	N/A	(\$75,000)	N/A	Accepted
Public Health-AIDS Community Education Program	Eliminate CGF support for the AIDS Community Education Program, reduce program scope and costs to the grant funding level.	Reduction of community outreach, and reductions in HIV test kits, as well as condoms and lubricant, safe needle use kits and educational materials.	TBD	(\$55,000)	N/A	Accepted
Mental Health	In order to meet the \$3m CGF target, the Department proposes a significant reduction in MH services. In developing this recommendation, the Department has considered the following factors: - MH receives more CGF than other H&SS Divisions.	Service levels will be further reduced in MH. Case management and support services have already been reduced to minimal level. As a result, costly inpatient stays (\$850/day) have doubled over the previous year. Impacts include: 1) increased number of clients will end up in emergency room 2) more hospitalizations; 3) Puts clients at risk of harm/suicide; 4) Longer wait time for mental health assessments/service/treatment (current wait time is 6-8 weeks).	(12.00)	(\$1,226,000)	(\$161,000)	Accepted

**Health and Social Services Department
\$3 Million County General Fund Reduction Proposal**

Program	Description of Reduction	Impact of Proposed Cut	Position Change (FTE)	CGF Savings	Reduced Fed/State match	CAO Notes
Mental Health (cont'd)		<p>Children's services will suffer also. At any given time, over 1,000 children, youth, and their families are served through these programs. The children and youth served by all of the clinics have been the victims of prenatal drug exposure, physical, sexual, and emotional abuse, domestic violence, abandonment, and other severe crimes against children. As services are decreased, there will be an increase in psychiatric hospitalizations, child abuse and abandonment, out of home placements, juvenile detentions, school failures, and the perpetuation of the crimes that were committed against these children e.g. molestation of other children. Additional impacts will result in the community and impact hospitals, law enforcement etc.</p>				
Mental Health (cont'd)		<p>Reductions in the availability of outpatient and case management services results in more crisis situations. More than 800 mental health consumers in crisis accessed Psychiatric Emergency Treatment (PET) services this past year and currently PET is providing over 1200 individual services a month.</p>				

**Health and Social Services Department
\$3 Million County General Fund Reduction Proposal**

Program	Description of Reduction	Impact of Proposed Cut	Position Change (FTE)	CGF Savings	Reduced Fed/State match	CAO Notes
Mental Health (cont'd)		Impact of the CGF cuts on MH outpatient services will be partially mitigated by the new integrated Behavioral Health Centers (BHC). As described in the Department's December 14th proposal, the BHC's will be funded via FQHC and are expected to be operational by July 2011. If the IGT is approved by the Federal government, these funds will also be available for mental health services. MHSA funds may also be available to mitigate the loss of community services and support for consumers. Use of MHSA funds requires stakeholder involvement and State approval. However, MHSA funds cannot be used to supplant local funds.				
SSI Advocacy	Eliminate Supplemental Security Income (SSI) Advocacy program, which provides free assistance with the SSI application process for Solano County residents with disabilities who are ineligible for Social Security Disability. When advocacy efforts are successful, the County may receive repayment of CGF expenditures for General Assistance (GA) and/or Mental Health Services paid while the application was pending and/or going through the multiple levels of the appeals process.	In 2010, the two SSI Advocates provided services to an average of 140 people per month. With the elimination of the program, residents will need to either be their own advocates through the application process, or pay for legal assistance from private attorneys. The County will likely lose some portion of the GA repayments which offset CGF costs. Repayments vary from month to month, and are dependent on the compliance of GA clients with Social Security deadlines and regulations. Average reimbursements for SSI Advocacy cases can vary from \$5,000 to \$15,000 per month. H&SS will monitor the SSI repayments. The Department may be able to reassign the 2.0 FTE to Fair Hearings, utilizing up spent CalWORKs funding.	(2.00)	(\$105,000)	Varies	Accepted

**Health and Social Services Department
\$3 Million County General Fund Reduction Proposal**

Program	Description of Reduction	Impact of Proposed Cut	Position Change (FTE)	CGF Savings	Reduced Fed/State match	CAO Notes
Child Protective Services (CPS) Community Liaison Program	Eliminate the Community Liaison Program that currently provides community services as follows: CPS Mandated Reporter Training for schools, hospitals, and other community organizations; Representation on Student Attendance Review Boards or other community review bodies related to children and families in need; outreach or networking with other child serving community services programs; Serves as designated person to receive and resolve complaint and special liaison for county jails and state prisons to facilitate child visitation with incarcerated parents.	CPS will not have vital community connections by having a representative on community boards, organizations and committees listed in the description. This was a position recommended by Child Welfare League of America review has proven effective in improving community relationships. The Community Liaison Coordinator position will be eliminated, and the incumbent reassigned to a recently vacated Social Service Supervisor position. Reduction of 1.0 FTE Coordinator position will also increase the remaining SS Supervisors' span of control slightly, thereby reducing Supervisors' and the agency's effectiveness and increasing the possibility of error in assessing and treating children and families.	(1.00)	(\$45,000)	(\$36,000)	Accepted
CWS Emergency Foster Care/23 Hour Receiving Center	The Receiving Center will be closed and the contract for this service discontinued. An RFP will be issued for Emergency Foster Homes which will be designated to receive children who are removed from their homes by CPS.	There will no longer be only one place for Social Workers to take children after they have been removed from their homes. The Department will contract with 24 Emergency Foster Home (EFH) beds in Vallejo, Vacaville, and Fairfield. Children will be able to stay in the EFH for a maximum of 5 days instead of only 23 hours in the Receiving Center. Foster Homes will be paid the foster care rate when a child is placed and will also receive a fee to hold beds for emergency placements. The placement costs will be partially reimbursed by Federal and State funds, which reduces the costs to the County.	N/A	(\$111,000)	N/A	Accepted

**Health and Social Services Department
\$3 Million County General Fund Reduction Proposal**

Program	Description of Reduction	Impact of Proposed Cut	Position Change (FTE)	CGF Savings	Reduced Fed/State match	CAO Notes
Public Guardian - Representative Payee Program	Eliminate the Representative Payee Program which provides money management services to 200 individuals identified by the Social Security Administration and the Veterans Fiduciary Services Program.	Many clients have mental disabilities, and/or substance abuse problem; eliminating this service could have a significant impact on their ability to remain stable in the community. A transition period would be required to transfer the cases back to the Social Security Administration or Veterans Administration. During the transition, the client's bills may not be paid timely, resulting in a loss of housing, medical care and other necessities. Mental Health Case Managers will be impacted with requests for increased assistance from these clients. The 1.0 FTE will be reassigned within ODAS.	N/A	(\$45,000)	Minimal loss of client fees	Accepted
Elder Health Clinic, Older and Disabled Adult Services	Eliminate the Elder Health Clinics that offer health screening services at Senior Centers.	Approximately 17 clinics per month will no longer be offered to elderly citizens, and referrals to health providers and social programs such as IHSS will no longer be available to persons attending these clinics. There will be fewer opportunities to identify potential victims of abuse and neglect and early signs of health problems. However, the majority of the clients served have insurance and are linked to a primary care physician for physical evaluation and treatment. The 1.0 FTE is currently vacant.	(1.00)	(\$43,000)	(\$43,000)	Accepted
Administration	Reduce staffing in the Administration Division	Eliminate 4.0 FTE - two management and 2 line positions, which will negatively impact required administrative operations. Low priority tasks will be eliminated wherever possible; processing times will increase; reduced ability to keep up with required state and federal reporting.	(4.00)	(\$207,000)	(\$150,135)	Accepted

**Health and Social Services Department
\$3 Million County General Fund Reduction Proposal**

Program	Description of Reduction	Impact of Proposed Cut	Position Change (FTE)	CGF Savings	Reduced Fed/State match	CAO Notes
Dept-wide	Reduce expense for travel, training, memberships, office supplies.	Department has already reduced these line items, and intends to further reduce to minimal level to support reduced staffing levels.	N/A	(\$80,000)	N/A	Accepted
Dept-wide	Reduce non-essential facility renovations, staff moves, etc. to reduce costs. ADA, safety related and other essential facility costs will be maintained.	In 2009, H&SS requested that invoices for facility related services be submitted to the Department for review, prior to processing by the ACO. As a result of this review, the Department has determined that costs can be reduced through internal controls, and prioritizing service requests.	N/A	(\$131,000)	N/A	Accept - recognize change in business practice which should reduce GFC to both departments
Dept-wide	Revised estimate of CGF savings for positions deleted by Board action on 10/26 & 12/14.	No additional impact.	N/A	(\$127,000)	N/A	Accept. Recognize savings in FY2011/12 budget
Public Health-Nurse Family Partnership	New federal revenues will be used to replace the CGF in this program; BOS approved a CGF contribution in September 2009 to "bridge" program funding, pending Federal approval.	Federal revenue will be used to replace the CGF in FY2011/12.	N/A	(\$200,000)	N/A	Accept, part of Board approved plan to transition program funding source now confirmed funding, reduces CGF costs
State Family Preservation Program Match	County General Fund contribution will be replaced by additional federal revenue for this program through changes in cost claims.	Recognize change implemented in FY10/11 which changes program cost calming for Family r=preservation program. Changes in coordinated claims whereby H&SS now prepares the claim for federal reimbursement for services provided by bothCWS and the Probation Department to maximize cost recovery for both departments. H&SS will be able to leverage existing CGF expenses incurred by Probation for match to federal reimbursement.	N/A	(\$119,000)	N/A	Accept, reduces CGF

**Health and Social Services Department
\$3 Million County General Fund Reduction Proposal**

Program	Description of Reduction	Impact of Proposed Cut	Position Change (FTE)	CGF Savings	Reduced Fed/State match	CAO Notes
Public Guardian	Futher reduce County General Fund for Public Guardians office through integration of Public Guardian staff activities into the County Expense Claim for Federal reimbursement.	The Public Guardian's (PG) office was organizationally integrated into the ODAS unit in July 2010, which allows the Department to claim federal reimbursement for PG staff activities that are health related, and meet federal guidelines. In the December 14th report the Department estimated an additional \$300,000 annually in federal revenue; based on actual YTD claiming. The Department estimates that an additional \$270,000 in federal reimbursement annually.	N/A	(\$270,000)	N/A	Accept , expands cost recovery with revised estimate based on YTD experience for FY2010/11
Substance Abuse	Reduce staffing in the Behavioral Health Assessment Team.	Reduction of .5 FTE in Behavioral Assessment Team will increase waiting times for treatment. Staff will be assigned to the recently awarded "Second Chance" grant.	N/A	(\$56,000)	N/A	Accepted
Public Health-Safe Routes to School Program	Office of Traffic Safety Grant will replace CGF, effective July 1, 2011.	No impact on current service level.	N/A	(\$105,000)	N/A	Accept, reduces CGF, if grant funding unsuccessful, program will be recommended for elimination in FY2011/12

TOTAL	(20.00)	(\$3,000,000)	(\$390,135)
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