

## **Various County Departments**

The Budget proposes to suspend various mandates except for most mandates related to law enforcement or property taxes. Consistent with the Governor's focus on streamlining government and providing local flexibility, the Budget proposes to repeal dozens of the approximately 50 mandates that have been suspended for the past two years or more. Many of the activities required by these mandates have become common practice and should not be mandated by the state. The Governor's proposed budget will not have any direct impacts on most County Departments. Functions that support or provide service to other county departments may be impacted by cuts to Employment and Human Services Department – but these impacts are difficult to quantify at this point.

## **Public Works/General Services**

Transportation – No impacts to the gas tax. The reorganization of the Transportation Departments into one Transportation Agency instead of the current organization under Business Transportation and Housing should bring more focus to the State's Transportation Program which should be positive. This may have some impacts on local grant programs, depending on implementation.

Flood Control/Water Resources – We do not receive direct funding from the State for Flood Control Programs – however interesting to note that the Department of Water Resources budget includes an increase of \$25.4 million California Water Resources Development Bond Fund and 135 positions for preliminary engineering work to support the Delta Habitat Conservation and Conveyance Program. Also – under the ballot trigger reductions - the Department of Water Resource's flood control programs would be reduced by 20 percent, or approximately \$6.6 million, if the Governor's tax proposal is not approved in November. These programs include floodplain mapping and risk awareness. Again, we get no direct funding – but if this cut goes through, grant programs could be cut.

The elimination of Redevelopment agencies will affect our work load in design and construction in delivering Redevelopment Projects. However, this will not have an impact on staffing levels as we have a backlog of capital projects, including some large federally funded bridges to replace the work lost from RDA.

## **Health Services**

The Governor's proposed budget includes the following proposals for changes to the health care delivery system:

The Governor's Budget requires the State Department of Health Care Services to expand the four-county dual pilot program to eight to ten counties and enroll 800,000 individuals with dual eligibility into managed care starting January 1, 2013. State Savings: \$678 million in 2012-13; \$1 billion in 2013-14.

The Budget also proposes to expand Medi-Cal Managed Care to all counties starting June 2013. All dual eligible individuals will be enrolled on a rolling basis as the counties transfer from fee-for-service to managed care. They also propose an open enrollment period for all Medi-Cal managed care beneficiaries, instead of allowing the month-to-month enrollment changes under the current program.

Federally Qualified Health Centers with Medi-Cal managed care contracts will be funded under a performance, risk-based payment model instead of the current prospective payment system.

The Healthy Families program (CHIP) will be moved into Medi-Cal and the rates will be decreased by 25.7 percent effective October 1, 2012.

There is an extension of the hospital fee (\$255 million GF in 2011-12; \$472 million in 2012-13) and gross premium tax on Medi-Cal managed care plans (\$161.8 million in 2012-13 and \$259.1 million in 2013-14).

Nursing homes will have their 10% provider rate reduction restored (\$171.2 million GF) and supplemental payments totaling \$245.6 million GF.

There will be a new Department of State Hospitals to operate the long-term care facilities for the mentally ill and sexually violent predators. All other functions of the Department of Mental Health and Department of Alcohol and Drug will be absorbed by the Department of Health Care Services.

At this time, the Health Services Department is unable to determine what the local impact of the above proposals will be on Contra Costa County until additional information becomes available. The Department will continue to monitor these proposals and their impacts on the County throughout the State budget process as additional information becomes available.

## **Employment & Human Services**

### **In-Home Supportive Services**

#### **Across-the-Board Service Reductions**

##### **Governor's Proposal:**

The proposed FY 12-13 budget adjusts projected savings from the delayed implementation of the 20 percent across-the-board reduction scheduled for January 1, 2012 but was delayed due to the court injunction. The adjusted budget savings assumes implementation of the 20 percent cut on April 1, 2012. Resulting in a \$39.4 million GF savings in the current year and \$179 million in the 12-13 budget years. The budget also includes a set-aside to fully fund the program in the event that the court rules in favor of the plaintiffs and against the state.

##### **Contra Costa County Impact:**

A 20% reduction in IHSS authorized hours will result in the loss of approximately 1.4 million hours. Many providers will be forced to leave their jobs and find employment elsewhere leaving the consumers at risk of out of home placement. For some providers who have minor children and are only to contracted for a few hours will be forced to apply for Food Stamps (Cal Fresh), Medi-Cal or some other form of assistance. Some providers may apply for GA if their income drops low enough. GA costs would then be borne by the county in total.

#### **Medication Dispensing Pilot and IHSS Trigger**

##### **Governor's Proposal:**

The proposed FY 12-13 budget repeals statute implementing automated medication dispensing machines pilot program for IHSS recipients. This may result in an additional across-the-board cut in IHSS effective October 1, 2012. The cuts will further reduced hours to IHSS clients if the pilot failed to achieve a net GF savings of \$140 million. The pilot was authorized for the current budget year but was never implemented.

##### **Contra Costa County Impact:**

Pilot was not implemented. If the pilot is implemented it could result in additional cuts to client hours due to lack of state funding. County share could be increased if the state does not participate.

## Elimination of Domestic and Related Services to Certain Recipients

### Governor's Proposal:

The proposed FY 12-13 budget eliminates domestic and related services to recipients who are living with others in a shared-housing situation effective July 1, 2012. An exception is provided for households consisting entirely of IHSS recipients, and IHSS recipients whose need cannot be met by a household member due to a medically-verified condition. Domestic and related services would no longer be allowed, under any circumstance, for children receiving IHSS benefits and living with their parent(s). This cut was proposed in previous budget proposals and, as in the past, raises significant legal questions since in many cases there is no legal obligation for other individuals who happen to be living with the IHSS recipient to provide care. This proposal is expected to impact 254,000 recipients, and will cut IHSS services by \$461.5 million (\$163.8 million GF).

### Contra Costa County Impact:

The County provides funding to 4,581 eligible recipients with shared living arrangement. The Governor's proposal would eliminate services to this population and this would reduce the County share by \$236,600

## Program Integrity Funding and Projected Savings

### Governor's Proposal:

The proposed FY 12-13 budget includes a \$10 million GF reduction for county program integrity efforts resulting from the trigger cut implemented as a result of the 2011-12 budget agreement. The reduction was effective January 1, 2012 and the FY 12-13 budget proposes to make it permanent. The FY 12-13 budget also projects \$469.7 million (\$151.6 million GF) savings as a result of existing county program integrity efforts.

### Contra Costa County Impact:

The elimination of the additional Program Integrity Funding will severely limit the ability for the County to investigate and prosecute IHSS Fraud. Revenue loss will be approximately \$537,879. County may save \$97,236.

## Additional Budget Adjustments in IHSS

### Governor's Proposal:

The proposed FY 12-13 budget includes decreased savings as a result of delayed implementation of the IHSS Provider Fee (by six months), the Community First Choice Option (CFCO) (by two months), and Health Certification Form (by two months). The combined erosion of savings (including Medication Dispensing pilot elimination) equal \$231 million GF. The CFCO, savings is projected to be \$108.5 million GF in the current year and \$145.1 million GF in 2012-13, and county savings is estimated to be \$68.9 million.

### Contra Costa County Impact:

Additional reductions in client hours will result from delays in implementation of these in programs and limit state participation.

### Governor's Proposal:

The proposed FY 12-13 budget reduces county administration by \$27.4 million to \$284.6 million (\$100.3 million GF). The budget attributes this to lower caseload in the program.

The budget year projects new administrative costs associated with implementation of the following activities:

- Domestic and Related Services proposal, \$9.5 million (\$3.3 million GF)
- Adult Day Health Care transition to Community Based Adult Services (CBAS) effective March 1, 2012, \$1.0 million (\$354,000 GF)

**Contra Costa County Impact:**

The IHSS Caseload has steadily decreased over the last two years. Impact may be minimal due to staffing vacancies and lower caseload.

Integration of IHSS into Managed Care

**Governor's Proposal:**

During calendar year 2013 (which includes the full budget year 2012-13 and six months of budget year 2013-14), the budget proposes that County IHSS programs continue perform existing functions that include intakes, assessments, and authorization of services. Starting January 1, 2014, managed care plans will either contract with the county to administer IHSS services or may take over this function from the county. The budget notes additional work will be necessary to design a program that incorporates:

1. Consumer protections for acute, long-term care, and a home and community-based services within managed care;
2. Uniform assessment tool for home and community-based services; and
3. Consumer choice and protection when selecting their IHSS provider.

**Contra Costa County Impact:**

Impacts unknown until details are determined.

**Adult Protective Services**

Continuation of 10% cut

**Governor's Proposal:**

The proposed FY 12-13 budget continues the consolidation and reallocation of funding to counties through realignment. Total funding is proposed at \$136.3 million (\$54.6 million GF) for the budget year which incorporates the County Services Block Grant and continues to reflect the ten percent reduction of \$13 million (\$6.1 million GF).

**Contra Costa County Impact:**

The county will continue to lose \$157 thousand.

**CalWORKs**

Time Limit

**Governor's Proposal:**

The proposed FY 12-13 budget restructures the CalWORKs program into two components, CalWORKs Basic and CalWORKs Plus. CalWORKs Basic, which takes effect October 2012, reduces the time-a recipient is eligible for benefits from 48 months to 24 months. This provision applies to all recipients not fully meeting the federal work participation requirements (WPR) through unsubsidized employment. The determination of the 24 months of aid will be determined on a retroactive basis. Recipients meeting the federal WPR through unsubsidized employment will be eligible for the CalWORKs Plus component. These recipients will continue to receive 48-months of aid and services. All currently aided eligible CalWORKs adults not fully meeting the federal WPR through unsubsidized employment will continue to be eligible for up to six months (or through March 2013) for welfare-to-work and child care services following the October 2012 implementation of CalWORKs Basic. The Single Allocation will be increased by \$35.6 million to provide services to these individuals.

Contra Costa County Impact:

An estimated total of 1,005 families (or 19.6% of the total CalWORKs Welfare-to-Work caseload of 5,154) may reach their 24-month time limit and will lose their maximum CalWORKs benefits by the end of FY12-13.

Child Only Grant Reduction

Governor's Proposal:

The proposed FY 12-13 budget includes a new Child Maintenance Program which incorporates a 27% reduction in child-only grants. This program will replace the current child-only component of CalWORKs including the safety net. There will be an annual reporting requirement as well as an annual well child exam to remain eligible for aid in the Child Maintenance Program.

Contra Costa County Impact:

An estimated 10,250 children will be adversely impacted with this proposed grant reduction. The average child-only cash aid grant will change from \$463 to \$392, a \$71 reduction. This reduction will have a considerable adverse impact on the basic living and security needs (housing, food, etc.) of these families and children who are already living in poverty

Disenrollment of sanctioned CalWORKs recipients.

Governor's Proposal:

The proposed FY 12-13 budget dis-enrolls, from CalWORKs, clients who are in "sanction status" for three cumulative months in any twelve (12) month period.

Contra Costa County Impact:

As of July 1, 2012, approximately 900 CalWORKs recipients will be dis-enrolled as a result of this provision. This action will cause their case to go into Child Maintenance.

Increased income disregard for select CalWORKs recipients

Governor's Proposal:

The proposed FY 12-13 budget increase the "earned income disregard" for recipients in CalWORKs Plus component, effective April 2013. The higher "earned income disregard (\$200)" will remain in effect for recipients in the safety net as long as they continue to meet federal WPR.

Contra Costa County Impact:

Less than 1% of the Welfare-to-Work population is expected to be fully engaged through unsubsidized employment. As a result, only 175 recipients may receive the proposed higher earned income disregard. This will allow those participants to continue receiving CalWORKs benefits during a time when they otherwise would have lost their benefits due to earnings.

\$50 supplemental work bonus

Governor's Proposal:

The proposed FY 12-13 budget includes a new \$50 per month supplemental work bonus to working families receiving CalFresh benefits or child care, but who are not in the CalWORKs program, effective July 1, 2012.

Contra Costa County Impact:

An estimated 7,604 families may be eligible for the proposed work bonus.

## **CalWORKs – Child Care**

### Subsidized Child Care Eligibility Change

#### **Governor's Proposal:**

The proposed FY 12-13 budget provides subsidized child care (i.e., general child care outside of CalWORKs) only to those individuals who meet federal CalWORKs work participation requirements, whether or not the family ever participates in CalWORKs, for savings of \$293.6 million GF and elimination of about 46,300 child care slots.

#### **Contra Costa County Impact:**

Impact is unknown at this time.

### Administrative Restructuring of Child Care

#### **Governor's Proposal:**

The proposed FY 12-13 budget shifts child care eligibility and payment functions from alternative payment programs and Title 5 centers to the counties. Counties may contract with these agencies to provide the payment function. All eligible families would receive a voucher for payment to a provider of their own choice. This will shift responsibility for services for approximately 142,000 children from the California Department of Education (CDE) to the counties. The CDE would continue to administer preschool programs.

#### **Contra Costa County Impact:**

Impact is unknown at this time. The Community Services Bureau's part-day and full-day programs are included in one contract.

### Reduce Income Eligibility Ceiling

#### **Governor's Proposal:**

The proposed FY 12-13 budget includes \$43.9 million in GF savings and \$24.1 million in Proposition 98 savings resulting from reduce income eligibility ceiling. The income eligibility ceiling is reduced from 70 percent of the state median income (SMI) to 61.5 percent of the SMI for a family size of three. This reduction will eliminate about 15,700 slots. .

#### **Contra Costa County Impact:**

Approximately 72 children/67 families will be impacted by this reduction.

### Reduce Reimbursement Rate Ceiling

#### **Governor's Proposal:**

The proposed FY 12-13 budget includes \$17.1 million GF savings resulting from a reduction of the reimbursement rate ceilings for voucher-based programs. The reimbursement rate is to be reduced from the 85th percentile of the private pay market based on 2005 market survey data to the 50th percentile based on 2009 survey data.

#### **Contra Costa County Impact:**

Impact is unknown at this time.

### New Licensed-Exempt Provider Requirement

#### Governor's Proposal:

The proposed FY 12-13 budget requires licensed-exempt providers to meet certain health and safety requirements to be eligible for reimbursement.

#### Contra Costa County Impact:

Impact is unknown at this time.

### **CalFresh**

#### Governor's Proposal:

The proposed FY 12-13 budget adjusts county funding for CalFresh Administration for 2012-13 to reflect actual expenditure patterns over the past few years, resulting in a reduction to county administration.

#### Contra Costa County Impact:

Impact is unknown at this time.

### **Child Welfare Services and Foster Care**

#### Administration

#### Governor's Proposal:

The proposed FY 12-13 budget anticipates Foster Care administrative costs to be \$51.1 million (\$17.6 million GF) in the current year, \$48.7 million (17.5 million GF) in the budget year. Administrative costs for Child Welfare Basic are estimated at \$824.7 million (\$278.5 million GF) in 2011-12, and \$794.1 million (\$295.7 million GF) in 2012-13, reflecting lower direct and emergency shelter costs

#### Contra Costa County Impact:

Foster Care and Child Welfare Services Admin are funded via 2011 Realignment and, therefore, will receive the State portion via sales tax revenues, not via these estimates

#### AB 12 Administration

#### Governor's Proposal:

The proposed FY 12-13 budget increases funding in the budget year to reflect continued implementation of AB 12. In FY 2012-13, administrative costs are proposed to increase by \$5.9 million (\$2.9 million GF), to \$6.8 million (\$3.3 million GF).

#### Contra Costa County Impact:

Impact is unknown at this time.

### Continuation of Suspension of Child Support Pass-thru to Counties

#### Governor's Proposal:

The proposed FY 12-13 budget continues the suspension of Child Support collections previously used to offset federal, state and county shares of assistance costs for child support cases.

Contra Costa County Impact:

The suspension of child support collections will result in an increased cost to EHSD of \$600K in FY 12/13.

## **Community Services – Child Care**

### Reduction in the standard reimbursement rate

Governor's Proposal:

The proposed FY 12-13 budget reduces the standard reimbursement rate by 10% for California Department of Education contractors.

Contra Costa County Impact:

The decreased funding of \$1,084,590 will result in a loss of 132 childcare slots and 19.8 Child Care provider FTEs.

## **Medi-Cal Administration**

### Shift of Healthy Families into Medi-Cal

Governor's Proposal:

The proposed FY 12-13 budget shifts children currently in Healthy Families to Medi-Cal. with an anticipated 7.9% caseload increase. State spending in the Medi-Cal program is expected to drop from \$15.4 billion in the current year to \$15.1 billion in the FY 12-13, as a result of various savings proposals. Without these proposals, costs would grow by approximately 3.4 percent, to \$15.9 billion GF.

Proposed Shift of Healthy Families into Medi-Cal – Similar to last year's May Revision proposal, the Administration is proposing to move all children currently enrolled in Healthy Families to the Medi-Cal program. This would affect about 875,000 children and be phased in over a nine-month period, starting in October 2012. This shift would coincide with movement of other programs currently administered by the Managed Risk Medical Insurance Board over to the Department of Health Care Services, and the ultimate elimination of the board by July 1, 2013.

Contra Costa County Impact:

Healthy Families recipients will shift into Medi-Cal, this will increase EHSD's Medi-Cal caseload. EHSD will work with Health Services on this transition. Fiscal and program impact cannot be determined at this time.

### Managed Care Expansion and Annual Enrollment

Governor's Proposal:

The proposed FY 12-13 budget expands managed care to all 58 counties starting in June 2012, resulting in GF savings of \$2.7 million in 2012-13 and \$8.8 million in 2013-14. This proposal is coupled with a proposal to change from the current structure, in which beneficiaries can change managed care plans once per month or up to 12 times per year, to a more private-sector like system providing for annual open enrollment periods that require individuals to receive care for the entire year from their chosen plan. The annual enrollment period proposal appears to require federal approval.

Contra Costa County Impact:

Impact is unknown at this time.



## **Phase 2 Realignment**

### Base Funding

#### Governor's Proposal:

The proposed FY 12-13 budget base realignment funding in each subaccount should not experience a year-over-year decrease. A statutory mechanism should be in place to deal with the possibility of a year's base being short due to significantly reduced revenues. The timing of the programs' inclusion in 2011 realignment and the implementation scheduled should affect base funding for each program. The base should be a rolling base for each subaccount, meaning that a year's base funding plus growth becomes the subsequent year's base. The 1991 Mental Health programs should continue to receive revenue based on its 1991 formula.

#### Contra Costa County Impact:

Waiting for CWDA staff analysis. It appears this would protect each Subaccount, year-to-year.

### Growth Funding

#### Governor's Proposal:

The proposed FY 12-13 budget realignment funding for program growth should be distributed on a roughly proportional basis, first among accounts, then by subaccounts. Within each subaccount, federally required programs should receive priority for funding if warranted by caseload and costs. Growth funding for the Child Welfare Services (CWS) program is a priority once base programs have been established. Over time, CWS should receive an additional \$200 million.

#### Contra Costa County Impact:

Waiting for CWDA staff analysis. It appears this would allocate growth to the Account & subaccounts levels and give priority to federal mandated programs and also establish CWS as a priority once base funding is achieved in all other Subaccounts.

### Transferability

#### Governor's Proposal:

The proposed FY 12-13 budget provides flexibility with realignment; counties may have the ability to transfer a maximum of 10 percent of the lesser subaccount between the subaccounts within the Support Services Account. Beginning in 2015-16, there should be a local option to transfer a portion of the growth among subaccounts within the Law Enforcement Services Account. Transfers should be for one year only and not increase the base of any program.

#### Contra Costa County Impact:

Waiting for CWDA staff analysis. It appears this could benefit certain Children & Family Services Sub Accounts (e.g. Foster Care Admin) that have been chronically underfunded.

### Reserve Account

#### Governor's Proposal:

The proposed FY 12-13 budget provides some cushion for fluctuations in future revenue, a Reserve Account should be established when Sales and Use Tax revenues exceed a specified threshold.

#### Contra Costa County Impact:

Waiting for CWDA staff analysis.