

COUNTY OF SACRAMENTO CALIFORNIA

For the Agenda of:
June 17, 2008

To: Board of Supervisors
From: Department of Health and Human Services
Subject: Report Back On Cutting Programs That Are Heavily Subvented
Contact: Lynn Frank, Director, 875-2002

BACKGROUND

The Department of Health and Human Services has six operating Divisions: Primary Health Services, Mental Health, Senior and Adults, Child Protective Services, Alcohol and Drugs, and Public Health. These Divisions have a multitude of funding sources and many of the programs receive matching funds. A large majority of the programs are also mandated. Only the Alcohol and Drug Division receives no County General Fund dollars.

The Department prepared its Fiscal Year 2008-09 budget based on prior year expenditures, adding personnel and other unavoidable cost increases, and then subtracting last year's one time expenditures. Other adjustments were subsequently made to budget based on input from the Office of Budget and Debt Management. \$55.2 million in General Fund would be needed to fund a "no growth" budget. The Fiscal Year 2008-09 County General Fund allocation to the Department was \$39.8 million, requiring a reduction of County cost of \$15.4 million.

DISCUSSION

The Department simply could not find enough reductions in the heavily County funded programs to reduce the Net County Cost by \$15.4 million without severely compromising services to our mandated populations. Therefore, it became necessary to look at reducing other programs even though some of those programs received matching funding.

The Department developed budget guidelines to assist in making the reductions. The guidelines included consideration of:

- Preservation of programs for individuals least able to care for themselves (Adult Protective Services, Child Protective Services, and In Home Supportive Services).
- Required maintenance of effort.
- Impact of the reduction on the population served and the service network, including the availability of other services in the community.
- Legal mandates for the program and the level of this mandate.
- Loss of matching revenue.

Each Division within the Department of Health and Human Services was provided with a County Cost reduction target taking into account the above guidelines. The goal was to preserve those programs most critical to the Divisions' missions. The Divisions were also asked to look for cost savings by restructuring existing programs. In many programs the loss of county funds also resulted in a loss of federal and/or state revenue. In the Division of Mental Health, County General Fund dollars above the required maintenance of effort were cut. This \$5 million General Fund loss was magnified by the loss of \$900,000 in program revenue. It was not feasible to take the full \$5 million from the adult programs, but the children's programs have much better funding ratios so, in some cases, substantial revenue was lost. This same scenario is true in Public Health where cutting \$2.6 million General Fund dollars resulted in a \$600,000 loss of revenue. The loss of revenue in CPS is even more dramatic where we lost \$1.3 million in revenue by cutting \$1.9 million in County Cost. None of these decisions were easy. But, programs with the highest County Cost cannot be completely eliminated. The community needs a balance in what services remain.

The Department tried to ensure that the most vulnerable individuals would continue to receive needed services and that those programs without specific mandates were reduced before mandated service reductions. We believe that the reductions presented have the least impact to service provision while recognizing that the impacts are significant in terms of service provision and lost revenue.

Respectfully submitted,

APPROVED:
TERRY SCHUTTEN
County Executive

LYNN FRANK, Director
Department of Health and Human Services

By: _____
PENELOPE CLARKE, Administrator
Countywide Services Agency