

Health and Human Services Agency

RECOMMENDED BUDGET • FY 2020-21

MISSION

The El Dorado Health and Human Services Agency (HHSA) is a Department of El Dorado County that partners with the community on health and welfare issues. The Agency mission is with integrity and respect, to provide effective, efficient, collaborative services that strengthen, empower and protect individuals, families and communities, thereby enhancing their quality of life.

AGENCY PROGRAM SUMMARY

| | Appropriations | Revenues | General Fund Support | Staffing |
|--------------------|-----------------------|-----------------------|-----------------------------|-----------------|
| Administration | \$ 3,937,687 | \$ 3,674,748 | \$ 262,939 | 61.30 |
| Social Services | \$ 66,537,298 | \$ 63,364,207 | \$ 3,173,091 | 272.15 |
| Community Services | \$ 16,946,466 | \$ 16,946,466 | \$ 2,645,125 | 57.98 |
| Behavioral Health | \$ 44,626,089 | \$ 44,626,089 | \$ 16,510 | 117.05 |
| Public Health | \$ 27,104,481 | \$ 27,104,481 | \$ 4,941,339 | 65.95 |
| Animal Services | \$ 3,433,566 | \$ 1,517,117 | \$ 1,916,449 | 20.10 |
| Public Guardian | \$ 2,013,620 | \$ 234,000 | \$ 1,779,620 | 12.00 |
| Veteran Affairs | \$ 744,132 | \$ 95,313 | \$ 648,819 | 6.10 |
| Total | \$ 165,343,339 | \$ 157,562,421 | \$ 15,383,892 | 612.63 |

HHSA Agency-wide Update

HHSA leadership continues to evaluate the status of Agency initiatives as the Agency progresses in updating its strategic plan, to include aspects of the County strategic plan as well as those initiatives unique to HHSA, while improving the overall health and well-being of the organization.

The Agency is dedicated to the provision of effective, efficient and collaborative services that strengthen, empower and protect individuals, families and the community. HHSA's vision is to "Transform Lives and Improve Futures."

Agency Budget Summary

The HHSA Recommended Budget is comprised of \$165.3 million in appropriations, \$157.6 million in revenue, and total staffing of 612.63 Full Time Equivalent (FTE) positions. The recommendation reflects a Net County Cost (NCC) of \$7.8 million and a General Fund Contribution (GFC) of \$7.6 million, for the total General Fund support of \$15.4 million. The change to the HHSA General Fund (GF) support request is a net increase of \$3.4 million over the FY 2019-20 Adopted Budget. The net increase in GF is primarily related to the Administrative Department's reduced collection of revenue through the Indirect Cost Rate (\$2.4 million) which is detailed in the Administration and Financial Services Department section.

New services, pending issues and policy considerations are summarized within the HHSA department section to which they pertain.

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General Fund Budget Request

| | FY 2019-20 Adopted Budget | FY 2020-21 Requested Budget | Increase/ (Decrease) |
|--------------------|------------------------------|-----------------------------------|-------------------------|
| Administration | \$ (2,168,637) | \$ 262,939 | \$ 2,431,576 |
| Social Services | \$ 2,527,696 | \$ 3,173,091 | \$ 645,395 |
| Community Services | \$ 2,679,845 | \$ 2,645,125 | \$ (34,720) |
| Behavioral Health | \$ 16,510 | \$ 16,510 | \$ - |
| Public Health | \$ 4,583,157 | \$ 4,941,339 | \$ 358,182 |
| Animal Services | \$ 2,123,039 | \$ 1,916,449 | \$ (206,590) |
| Public Guardian | \$ 1,686,664 | \$ 1,779,620 | \$ 92,956 |
| Veteran Affairs | \$ 518,759 | \$ 648,819 | \$ 130,060 |
| Total | \$ 11,967,033 | \$ 15,383,892 | \$ 3,416,859 |

AGENCY-WIDE PENDING ISSUES

COVID-19 Pandemic

The economic impacts from the COVID-19 public health emergency have created an influx of new clients into the HHSA programs. Along with the increase in clients, emergency federal and state revenues have been issued for Social Services, Community Services, Behavioral Health, Public Health and Homeless Prevention Programs.

The Area on Aging provided emergency funding for the Senior Nutrition Program to serve a larger number of meals. Senior Nutrition restructured congregate meals into a take-out model to continue to provide meals while observing social distancing for our most vulnerable populations.

Social Services received a funding allocation augmentation in anticipation of increased workloads and increased need for cash assistance and supportive services. The number of applications for food and cash assistance has significantly increased since March 2020 when shelter in place orders were implemented.

For the homeless population, the State issued a number of emergency funds and restructured the use of current grants to provide non-congregate placement for homeless individuals who may have been exposed to COVID-19 or who are in the vulnerable population category. The funds will be used for securing motel/hotel shelter space, meals, and other supportive services.

To provide financial security to the behavioral health provider networks, the State Department of Health Care Services (DHCS) is working with the Centers for Medicare and Medicaid Services (CMS) to provide flexibility in regulations surrounding how services can be delivered to clients. This made Telehealth a successful tool to continue to serve our Medi-Cal recipients. The federal reimbursement rate for Medi-Cal services is temporarily increased by 6.2% to support the continuation of program services. HHSA is providing financial relief to our children's specialty mental health service providers through temporary contract amendments that allow for payments to be made in advance of services with a cost report settlement provision at the end of the fiscal year.

Also, as additional State and Federal grants become available, HHSA will continue to apply for the funding to mitigate the financial effects of the outbreak.

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The fiscal impact of the COVID-19 economic downturn will become more apparent when State tax revenue and vehicle license fee collections are calculated in early summer. HHSa relies heavily on 1991 and 2011 Realignment which is composed of sales tax and vehicle license fees, and the Mental Health Services Act funding which comes from a 1% tax on personal income over \$1 million, as determined by Proposition 63. At this time, the increase in federal and state funding will provide an offset to the reduced tax collections, but we are unable to project the final reduction amount as circumstances are constantly changing. Realignment and MHSa funding for our programs tends to be inversely related to the service needs of the community. When the economy is good and revenues are high the need for services decreases. When the economy falls and revenues decline the community need for services increases.

The extent of the impact is unknown at the time of this Budget Recommendation. The HHSa Department plans to make budget changes during the Adopted Budget process in fall of 2020, as the financial impact of the pandemic begins to be realized.

General Fund Contributions

HHSa has been absorbing the majority of its cost increases with available State, Federal, and Realignment funding. Over the years, as some general operating costs have increased, HHSa has worked to keep the increase in County General Fund contributions to a minimum. The Agency has seen budget pressures grow in General Fund programs such as Animal Services and Public Guardian. These programs operate with a minimum of program and office support staff, compared to current service levels. To meet a status quo budget, programs have maintained their staffing levels and have deferred needed equipment purchases and other facility upgrades.

Increases for CalPERS Retirement, wage increases, and other cost applied charges were absorbed in the programmatic departments by employing staffing vacancy factors, primarily in Social Services, and reducing the operations budget based on prior year spending. The significant savings from the reduced Indirect Cost Rate in FY 2020-21 for HHSa has permitted the vacancy rate to be reduced, allowing programs to increase staffing. As costs increase, HHSa will continue to employ a vacancy rate to balance its budget and to minimize what could be an increasing impact to the General Fund.

1991 Realignment

1991 Realignment revenues fund the County's share of cost for realigned programs in three different HHSa areas: Public Health, Behavioral Health, and Social Services. Historically, 1991 Social Services Realignment has been insufficient to fund the County's share of programmatic expenditures. With the current State changes to the In-Home Supportive Services (IHSS) program funding and the discontinuance of the Coordinated Care Initiative, combined with general cost increases such as CalPERS retirement, HHSa is seeing a continued limitation in available 1991 Realignment resources to fund mandated programs.

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The Budget for the Health and Human Services Agency is recommended at \$165,343,339, which is an increase of \$3,069,291 (1.9%) when compared to the FY 2019-20 Adopted Budget. The recommended budget includes adjustments to complete the final transfer of Emergency Medical Services (EMS) functions, including moving the EMS fund and ambulance billing services, from the Public Health Department to the Chief Administrative Office (CAO). These programs will be discussed as part of the CAO Recommended Budget.