

# Exhibit B to FY 2020-21 Mid-Year Budget Report

## Summary of Department Mid-Year Projections

### General Government

#### **Board of Supervisors** – Net County Cost savings of \$38,000

The Board of Supervisors is projecting savings in Salaries and Benefits of approximately \$26,000 from staffing changes. The Board is also projecting savings in Services and Supplies of \$29,000 from reduced travel costs and reduced videography contract costs. These savings are offset by a projected \$17,000 in increased facility safety improvements requested by the Board of Supervisors.

#### **Chief Administrative Office** – Net County Cost savings of \$312,326

The Chief Administrative Office Administration and Budget Division is projecting a net savings of \$71,000. This savings is from approximately \$51,000 in salary and benefits savings due to vacancies, with the remaining savings from reduced professional services.

The Parks, River, and Trails Division anticipates a net savings of \$24,000 due to the division moving to fiscal support from the Central Fiscal division, reducing salary and benefits costs.

The Central Services Division is anticipating a net savings of approximately \$199,000. This savings is primarily from salary and benefits savings in the Procurement and Contracts and Central Fiscal units due to vacancies.

The Emergency Medical Services and Preparedness Division anticipates a net savings of \$30,000 in the Vegetation Management program from services and supplies savings.

#### **Auditor-Controller** – Net County Cost savings of \$91,000

Revenues are projected to exceed budget by \$8,900, due mainly to increases in audit and accounting fee revenue related to Mello-Roos bond refinancing activity. Expenditures savings of approximately \$82,000 are attributable to Salary and Benefits savings related to vacancies and reduced travel due to the coronavirus pandemic.

#### **Treasurer-Tax Collector** – No anticipated change to Net County Cost

Although Transient Occupancy Tax revenues are uncertain due to COVID-19 related restrictions, it is not anticipated at this time that revenues will come in lower than budgeted.

**Assessor** – No anticipated change to Net County Cost

**County Counsel** – Net County Cost savings of \$120,000

It is anticipated that County Counsel will have approximately \$100,000 in salary and benefits savings due to vacancies. The remaining savings is from reduced costs for the legal practice software implementation project and unanticipated revenue to offset costs.

**Information Technologies** – Net County Cost savings of \$350,000

Information Technologies is projecting to have net savings of approximately \$350,000 for the year. This is due to the fact that the budget included approximately \$262,000 for telecommunications upgrades/projects and firewall projects which were reimbursed by CARES Act funding to support teleworking. Savings in various items net to \$18,000, and fixed asset purchases related to Tyler Accounts Receivable/General Billing function implementation for \$70,000 will be moved to FY 2021-22.

**Recorder Clerk** – No anticipated change in Net County Cost

**Elections** – Net County Cost savings of \$225,000

The Elections Department expects to exceed revenue projections by approximately \$120,000 due to higher reimbursements from districts and higher candidate filing fees than budgeted. The Department also projects net savings of approximately \$105,000 in services and supplies due to increased efficiencies as a result of new equipment and processes, and fewer days with vote centers.

**Human Resources-Risk Management** – Net County Cost savings of \$371,342

Human Resources is projecting \$311,677 in salary and benefits savings due to vacancies. The remainder of savings is in services and supplies from lower than anticipated investigations and travel costs.

## Law & Justice

**Grand Jury** – Net County Cost savings of \$10,000

It is projected that the Grand Jury will have \$10,000 in services and supplies savings from reduced travel expenses.

**Superior Court MOE** – No Change to Net County Cost

Revenues from court fines are anticipated to exceed the budget by approximately \$95,000; however, due to the revenue split with the state, much of this increase will be offset by a

payment to the state. Indigent defense conflict services are expected to exceed budget by approximately \$85,000. An additional \$1,000,000 was budgeted for a complex case that is not covered under the conflict counsel contract. A portion of this will be used to cover this overage. The remainder, if not spent this fiscal year, will need to be rebudgeted in FY 2021-22. As a result, we are not reporting these unspent funds as savings.

**District Attorney** – Net County Cost savings of \$468,000

Overall revenue is expected to fall short of budget by approximately \$113,000. This is the net result of grant awards varying from budget, offset by an anticipated increase in Public Safety Sales Tax revenue. The District Attorney is projecting \$794,000 in Salary and Benefit Savings due to vacancies. The District Attorney is proposing to use \$220,000 of the projected Salary and Benefits savings to purchase a Rapid DNA machine. This will enhance the office's technological capabilities and reduce the need for outsourcing DNA testing. The purchase will be brought to the Board jointly by the District Attorney and Sheriff for consideration. If the Board does not support the purchase, the District Attorney's Office will have \$220,000 in additional year-end savings.

**Public Defender** – Net County Cost savings of \$298,000

The Public Defender is projecting salary and benefits savings of \$230,000 due to staff turnover and funding included in the budget for negotiated salary and benefit increases that have not been realized. Services and supplies savings will be approximately \$47,000, due to decreased travel and staff development expenses. In addition, Public Safety Sales Tax is expected to come in higher than budgeted by approximately \$21,000.

**Sheriff** – Net County Cost savings of \$3,500,000

The bulk of savings is expected in Salaries and Benefits, due to vacancies and staff turnover. Services and Supplies are expected to come in approximately \$700,000 below budget, and Fixed Assets \$130,000 below budget. Public Safety Sales Tax is anticipated to exceed budget, offsetting reduced revenues in other areas. This savings estimate includes an estimated \$200,000 of General Fund support for trial court security services. These services are funded by Public Safety Realignment revenue from the state; however, the cost of the services exceeds the service level defined by the agreement with the Court. Negotiations are ongoing between the Sheriff and the Court; however additional General Fund assistance may be needed in FY 2021-22, as well.

**Probation** – Net County Cost savings of \$187,000

Overall, revenues are projected to fall short of budget by approximately \$150,000. The majority of this is related to the Stepping Up grant, and is offset by reduced expenditures. Total expenditures are projected to be under budget by \$337,000. In addition to reduced expenditures related to the Stepping Up program as noted above, Services and Supplies

are reduced across several line items. The reductions are related to reduced need for some services and supplies due to a lower than anticipated population in the Juvenile Treatment Center, and decreases in travel, staff development, fuel, and other expenses related to changes in practices due to the coronavirus pandemic.

## Land Use and Development Services

**Surveyor** – Net County Cost savings of \$41,598

Revenue for the Surveyor's Office is projected at \$21,648 below budget. This will be offset by savings of approximately \$63,246 primarily due to savings in Geographic Information Systems licensing costs and computer equipment, and the budget overall is projected to have a Net County Cost savings of \$41,598.

**Agriculture** – No change to Net County Cost

**Transportation** – General Fund Increase of \$77,000

Fund Type 10 – (General Fund) – County Engineer – Due to time and materials revenue being projected at less than budgeted, it is projected that Net County Cost in this Org will be approximately \$77,000 over budget. The Department is preparing an item to bring to the Board on March 9<sup>th</sup> to reduce staff in order to make up for this shortfall. With approval of the staffing changes, it is anticipated that the Department will meet their budgeted net county cost of \$122,577.

Fund Type 11 (Special Revenue Fund) – It is projected that the Road Fund will be within budget.

Fund Type 32 (Internal Service Fund) – Fleet Operations – It is projected that Fleet will be under budget for revenue and expenses by approximately \$104,000, primarily due to other department vehicle use billings projected to be under budget.

**Planning and Building** – Net County Cost savings of \$365,753

Planning and Building – Fund Type 10 (General Fund) – It is projected that, overall, Building and Planning Orgs in this Fund Type will be under budget. Revenues are anticipated to be under budget by approximately \$1,040,000 primarily due to decreased permit activity and project billings. Expenditures are also anticipated to be under budget due to savings in services and supplies and salary costs by approximately \$1,398,000. Additionally, the Cemeteries program will realize a savings of \$7,753. As a result, it is projected that Net County Cost for programs in this Fund Type will be \$365,753 less than budgeted.

Fund Type 11 (Special Revenue Fund) - Housing, Community Economic Development – No Change to Net County Cost. This fund type is projected to be under budget by approximately \$70,000, primarily due to higher than budgeted interest.

**Environmental Management** – Decrease in Net County Cost by \$136,000 (from \$0).

Fund Type 10 (General Fund) – General Fund contribution of \$136,000.

Environmental Management Orgs in this fund type will be less than budgeted by approximately \$136,000 due to salary savings. The net County cost for the Environmental Management – General Fund budget units was budgeted at zero.

Fund Type 13 – (Special Revenue Fund – Special Districts, Snow Removal, Vector Control) – It is projected that, overall, Environmental Management Orgs in this fund type will be under budget by approximately \$463,000, primarily due to higher service charges revenue, salary savings, and non-use of contingency and reserves budget.

## Health and Human Services

### **Health and Human Services Agency (HHSA)**

HHSA is projecting to have net savings in all divisions except for Behavioral Health. General Fund savings are projected at \$1.2M. The Behavioral Health division is currently projecting an increase in General Fund of \$1.3M, due to reduced Federal Medi-Cal funding in Traditional services and Substance Use Disorder Services (SUDS) programs. Overall, HHSA is currently projecting a net increase to the General Fund of \$100,000. The Department Director will discuss options and recommended solutions to resolve this issue at the Board meeting on February 23rd. A summary of General Fund projections by division is provided in the next section below.

The COVID-19 Pandemic continues to have a profound impact on HHSA's ability to provide services and supports to our community. The pandemic has also had a similar impact on both the need for and the expenditure of our Realignment funding, making our ability to accurately project future needs and outcomes even more difficult.

Some examples of the programmatic and client impacts of COVID-19 include the following:

- The ongoing closure of our Adult Day Program to include both the Gilmore & Spring Street locations as well as the furlough of our staff working in this program;
- Our Housing & Homelessness Program's participation in "Project Roomkey" effort to house and case manage our most vulnerable homeless individuals at two separate locations within the county;

- Our Protective Services Division, which includes Child Welfare Services, Adult Protective Services and In Home Support Service (IHSS) has had a focus on working through the impacts of COVID-19, while continuing to protect and care for these very vulnerable populations;
- Our Self-Sufficiency Division includes our Employment Services, CalFresh, CalWORKS & General Assistance. In some cases, these programs have seen upwards of a 200%-300% increase in applications during the COVID-19 Pandemic;
- Our Behavioral Health Division has seen increases in requests for services during the COVID-19 Pandemic. The California Department of Health Care Services (DHCS) has approved telehealth services to behavioral health clients, which has allowed HHSA to provide increased services to children during the stressful effects of distance learning;
- Our Administration & Fiscal Division has worked tirelessly on the coordination of numerous contracts and agreements to support our programmatic response to COVID-19;
- Our Public Health Division has been the most impacted division within the Agency during the COVID-19 Pandemic, as they are providing our most direct response to include but not limited to activities such as contact tracing, case investigations, testing and vaccinations. Working with the Sheriff's Department and other Fire personnel on two separate stints in the Emergency Operations Center during this COVID response has been another major part of this effort. Their assistance has been exceptional.

## **HHSA FY 2020-2021 Budget and Projections by Division**

### **HHSA Administration (Dept. 50)** – Net County Cost savings of \$79,000

HHSA Administration Department projects to have total revenues of \$3 million and expenditures of \$3.2 million, resulting in a Net County Cost of \$197,000. This is a savings of \$79,000 from budget, due primarily to lower than budgeted salary and benefits expenditures.

### **Social Services Department (Dept. 51)** – Net County Cost savings of \$12,000

The Social Services Department (SSD) projects revenues of \$57.5 million and expenditures of \$60.4 million, with an estimated Net County Cost of \$2.9 million, which results in a Net County Cost savings of \$12,000. This is a result of client services savings in General Assistance and vacancies in the Child Welfare Services, Adult Protective Services and Income Maintenance programs of \$97,000, offset by an increase in County Only Foster Care of \$85,000.

### **Community Services Department (Dept. 52)** – General Fund savings of \$546,000

The Community Services Department (CSD) consists of two fund types: Fund 11 – Community Service programs, and Fund 13 – Public Housing Authority (PHA) and In-Home Supportive Services Public Authority (IHSS PA). Total revenues for CSD are projected at \$15.6 million and expenditures are projected at \$15.6 million. The General Fund contribution is projected to be \$2 million, which represents General Fund savings of savings of **\$546,000**.

**Community Services Department (CSD) Programs:** General Fund savings of **\$484,000**

CSD Fund 11 programs are projected to have a General Fund savings of \$484,000. The programs include CSD Admin, Low Income Heating and Energy Assistance Programs (LIHEAP), Housing & Homelessness Programs, Area Agency on Aging (AAA) programs, such as the Senior Center, Senior Nutrition, Senior Legal, and Adult Day Services (The Club). Significant savings are outlined below:

- **Area Agency on Aging (AAA):** Mostly due to staff vacancies, AAA programs are projecting a General Fund savings of **\$77,000**;
- **Adult Day Services (The Club):** The COVID-19 pandemic resulted in the closure of our Adult Day program, in order to ensure the safety of our clients. As a result, there is an estimated General Fund savings of **\$320,000**. While the Board of Supervisors has agreed to continue this closure through March 2021, this projection is assuming that the two sites could potentially remain closed through the end of the fiscal year. In the absence of fee revenue, General Fund will be covering fixed costs and health benefits of furloughed staff;
- **CS Admin, CSBG and LIHEAP:** Due to savings in staffing, the CS Admin sub fund which also includes CSBG and LIHEAP is projecting General Fund savings of **\$87,000**.

**Public Housing Authority (PHA) and In Home Supportive Services Public Authority (IHSS PA):** General Fund savings of **\$62,000**

These programs are projected to need \$119,000 in General Fund contributions, which represents a General Fund savings of \$62,000 when compared to budget.

- **PHA:** PHA is projecting a General Fund savings of **\$22,000**. This is mostly due to slight savings in staffing.
- **IHSS PA:** IHSS PA is projecting a General Fund savings of **\$39,000**. This is mostly due to savings in staffing costs.

**Behavioral Health Department (Dept. 53)** – General Fund Increase of \$1.3 million

The Behavioral Health Division (BHD) consists of three sub-funds consisting of Traditional, Mental Health Services Act (MHSA), and Substance Use Disorder Services (SUDS) programs. Total projected revenues for the BHD are \$31.2 million and expenses are projected at \$32.5 million, with a legislated General Fund contribution of \$16,000. At this time HHS is projecting a funding deficit in this division. Behavioral Health is expected to fully expend its realignment fund balance this year which will result in a revenue shortfall of (\$1.3 million). There are several factors that contribute to this deficit primarily related to the lack of budgeted federal revenue from Medi-Cal billable services and an increase in realignment funded services.

The BHD is projected to operate within current expenditure budget appropriations in MHSA and SUDS; however, it is projected to receive \$2.5 million less than budget in Federal Medi-Cal revenue in Traditional and SUDS programs, and over expend appropriations in Traditional services, resulting in the need to obtain \$1.3 million in revenue from alternative sources. The areas noted below continue to be budgetary concerns for the Behavioral Health Division:

- **Increasing Adult Placement Expenditures-Traditional:** Institutes of Mental Disease (IMD) placement costs of conserved Public Guardian clients is projected to increase 12% compared to FY 19-20; however, the budget had assumed a 10% reduction from the prior year. The net effect of a reduced budget with an increase in actual cost is a projection of IMD expenditures coming in \$830,000 over budget.
- **Decreasing Medi-Cal Revenue for Psychiatric Health Facility (PHF) Services-Traditional:** The PHF is experiencing a 5% reduction in filled bed days when compared to FY 19-20 and a 10% decrease when compared to FY 18-19. At the same time, it is experiencing a 23% increase in non-billable “administrative” bed days when compared to FY 19-20 and a 127% increase when compared to FY 18-19. Administrative bed days are days in which a conserved client no longer meets the acute medical necessity requirements for placement at the PHF but cannot be moved out until a bed is made available in an appropriate, less restrictive facility. The combined effect of decreased bed days and increased non-billable administrative days is a projection of \$760,000 less in Medi-Cal revenue for PHF services than budgeted.
- **Increasing Contracted Traditional Children’s Services-Traditional/MHSA:** Children’s behavioral health clients/services are designated as either MHSA or Traditional, based upon client treatment plans. Both MHSA and Traditional services receive approximately 50% Medi-Cal reimbursement with the remainder coming from either MHSA or Realignment, respectively. In FY 2019-20 the BHD was able to shift many clients from Traditional to MHSA, resulting in a reduction in contracted Traditional children’s services from \$1.9 million in FY 2018-19 to \$1.2 million in FY 19-20. The FY 20-21 budget of \$900,000 assumed a continued reduction in contracted Traditional children’s services; however, services have actually begun to shift in the opposite direction, away from MHSA and toward Traditional. As a result,



projected expenditures are nearly \$1 million over budget. This increase in expenditures is offset by an increase in Medi-Cal revenue of approximately 50%, resulting in a Realignment-funded net cost increase of \$500,000.

- **Significantly Under Budget for Medi-Cal Revenue for Behavioral Health SUDS Staff Services-SUDS:** BHD SUDS staff began providing Medi-Cal billable services under the DMC-ODS Waiver in January 2020. Based on the original DMC-ODS plan sent to the State and management forecasts of staff activities, the FY 20-21 budget estimated Medi-Cal revenues for these services to be \$1.4 million. Our Behavioral Health Director is very concerned that while it might appear as if there is not enough of a demand for these services within the community, she believes that the community need for services is much higher than the current demand being experienced. She feels as if the community may not be fully aware of these services. The result is a current Medi-Cal revenue projection of only \$150,000 for these services, a difference of \$1.25 million from budget.
- **One-Time Reduction to the Substance Abuse Block Grant (SABG) Allocation-SUDS:** The annual Federal SABG Allocation of just over \$1 million has historically been administered using the Federal Fiscal Year of October–September. During the State Fiscal Year 2018-19, the State moved from an advance to a reimbursement payment for SABG funding. It was within a July 2020 correspondence from the State that they clarified that the State had also moved the claiming period from a seven quarter to four quarter reporting period. As a result, many California counties were unable to receive reimbursement for the last claiming period. The changes at the Center for Medicare and Medicaid Services (CMS) impacted the ability for the state to process payments. HHS fiscal managers met with the state and provided proof of contract compliance, but the lack of federal funding prevents the state from reimbursing the county. The result of this timing and reporting period change was that the BHD was unable to claim and receive \$400,000 of the SABG allocation for prior fiscal year's activities.

**Public Health Department (Dept. 54)** – General Fund savings of \$192,000

Total revenues for the Department are projected at \$14.5 million and total expenditures are projected at \$14.5 million, with a projected use of General Fund of \$4.5 million which is a savings of \$192,000 compared to the budget. This savings is primarily due to salary savings from vacancies and redirection of staff in the Community Nursing California Children Services (CCS) Administration/Diagnostics program to COVID-related activities.

- **Economic Impact of the COVID-19 Pandemic:** There is unprecedented uncertainty in the economic forecast for the Public Health Division's operations. The Public Health workload significantly increased due to the COVID response. A portion of the increased costs will be covered by one-time COVID funding including CARES Act, FEMA reimbursement and ELC Grant funds. Any expenditures that are not funded by FEMA or COVID relief, such as the Epidemiology and Laboratory Capacity (ELC)

grant, will become PH realignment funded. The Public Health staff, who have been redirected to emergency operations, are unable to maintain regular responsibilities. This may require additional resources and realignment funding to address any backlog of regular work assignments. With the expiration of the CARES Act Funding and the ongoing nature of the COVID-19 pandemic, our PH Realignment fund balance may be needed to pay for testing, contact tracing, case investigation, vaccination-related activities, and other related expenses.

**Animal Services (Dept. 55)** – Net County Cost savings of \$200,000

Animal Services (AS) has total projected revenues of \$1.5 million and expenses of \$3.4 million, resulting in a Net County Cost of \$1.9 million. This is a projected Net County Cost savings of approximately \$200,000, due to savings related to staff vacancies.

**Public Guardian Program (Dept. 56)** – Net County Cost savings of \$104,000

Public Guardian (PG) is projecting revenues at approximately \$148,000 and expenditures at \$1.7 million, with the projected Net County Cost to be \$1.6 million with a \$104,000 Net County Cost savings from budget. Although Charges for Services are expected to be lower than budget due to new legislation regarding collection of fees for services, most of this is offset by increases in revenue from other sources. Net savings are attributed to vacancies as well as the audit payback to the state for prior period Targeted Case Management (TCM) audits of approximately \$90,000 being moved to FY 2021-22.

**Veteran Affairs (Dept. 42)** – Net County Cost savings of \$79,000

Veteran Affairs is projecting revenues at \$92,000 and expenditures at \$650,000, with the projected Net County Cost to be \$558,000, which is a savings of \$79,000 compared to budget. The savings is due primarily to staff vacancies.

**Library** – Net County Cost increase of \$7,753

The department is projecting a net increase in spending compared to budget. This is comprised of an over-expenditure for janitorial cleaning costs related to COVID-19 of \$27,714, offset by savings related to a CEQA project for the museum that was approved but will not occur.

**Child Support Services** – Net County Cost savings of \$3,700

The department is projecting \$50,000 in salary savings due to staff vacancies, thereby reducing their state allocation. They will also have savings of \$3,700 to the General Fund due to lower than projected tuition reimbursement costs.