

Exhibit B to FY 2024-25 Mid-Year Budget Report

Summary Discussion of Department Mid-Year Projections

General Government

Assessor – Net County Cost savings of \$400,000

A Net County Cost savings of \$400,000 is anticipated primarily due to savings in Salaries and Benefits from vacancies.

Auditor-Controller – Net County Cost savings of \$94,940

Revenues are projected to come in \$71,298 higher than budgeted due mainly to an increase in Mello Roos administration fee revenue and increased revenue from the Health and Human Services Agency for accounting and audit services. Expenses are projected to come in \$23,642 lower than budgeted due mainly to savings in Services and Supplies.

Board of Supervisors – No Change to Net County Cost

Chief Administrative Office – Net County Cost savings of \$181,000

The Administration and Budget Division is projecting an additional General Fund cost of \$12,000, primarily due to negotiated salary increases.

The Airports Division is projecting a \$124,000 decrease in General Fund contribution. The Placerville Airport is projected to have a decreased General Fund need of \$104,000. Revenue is increasing by \$26,000 due to changes to the fee schedule and the receipt of CalOES funding due to the Crozier fire. Expenditure savings include \$23,000 in Salaries and Benefits due to a vacancy, \$53,000 in Services and Supplies primarily due to decreased fuel purchases, and a net \$2,000 decrease in other charges.

The Georgetown Airport is projected to have a decreased General Fund need of \$20,000. Revenue is increasing by \$1,000 primarily due to changes to the fee schedule. Expenses are reduced by \$14,000 in Salary and Benefits due to a vacancy, and \$8,000 in Services and Supplies due to a reduction in fuel purchases, offset by an increase of approximately \$2,000 for beacon replacement design services.

The Wildfire Preparedness and Resilience Division is projecting \$50,000 in General Fund savings by utilizing \$145,000 in Title 3 funds to offset the cost of the Community Wildfire Protection Plan (CWPP) project. The project is budgeted as a General Fund expense; however, it has been determined that federal Title 3 funding can be used. This generates savings that offset projected increased General Fund Salaries and Benefits costs which could

not be charged to the Hazard Mitigation Grant Program (HMGP) grant because the environmental and historic review phase of the project is taking longer than anticipated. . There is the potential for additional grant revenue to be received from the Bureau of Land Management (BLM), which would result in greater General Fund savings.

The Parks, Trails, and River Management Division is projecting a General Fund savings of approximately \$19,000. Salaries and Benefits of \$35,000 are offset by a potentially reimbursable \$7,000 expense for storm repairs on the Latrobe Trail and a Proposition 68 match cost of \$9,000 for projects that were expected to be completed last fiscal year, but the remaining match budget was not rolled to this fiscal year.

The Central Services Division is projecting no change to budgeted Net County Cost.

The Emergency Medical Services Division projecting no change to budgeted Net County Cost.

County Counsel –Net County Cost savings of \$60,000

A Net County Cost savings of \$60,000 is anticipated due to increased revenues and a projected reduction in non-salary-related expenditures, primarily from reduced outside litigation utilization.

Human Resources-Risk Management – Net County Cost savings of \$266,500.

The department is projecting an increase to General Fund costs of \$52,500 in Salaries and Benefits primarily due to Board-approved salary increases and increased staff time in the Human Resources program as opposed to the Risk programs. This increase to General Fund costs will be completely offset with savings of \$319,000 in Services and Supplies. These savings are due to chargebacks to County departments for recruitment efforts and investigations which are not included in the budget to allow for sufficient appropriations in Human Resources to fund the costs.

Information Technologies – Net County Cost savings of \$1,064,100

The Department is projecting savings of \$435,000 in appropriations that will need to be carried over to FY 2025-26 for projects that are not anticipated to be completed during FY 2024-25 and \$629,100 of projected savings for reallocation. This includes Salaries & Benefits savings of \$254,200 from vacancies. A projected \$358,800 of Services and Supplies savings is primarily from reductions in travel & training costs, programming support, telecommunications expenses, data center upgrade costs, and various licensing costs.

Recorder Clerk – No anticipated change to Net County Cost.

Registrar of Voters – Net County Cost savings of \$36,472

A Net County Cost savings of \$36,472 is anticipated primarily due to savings in Salaries and Benefits from the vacant overlap Registrar of Voters position that was not utilized.

Treasurer-Tax Collector – Net County Cost savings of \$140,000

Revenues are projected to come in higher than budgeted due to an increase in the fees for delinquent taxes, as well as a significant quantity of fee collections realized during the November tax sale.

Law & Justice

Alternate Public Defender (including Indigent Defense) – No anticipated change to Net County Cost

District Attorney – Net County Cost savings of \$825,401

The department is anticipating revenues to come in lower than budgeted by \$544,578 primarily due to grant revenues awarded greater than expenditures projected for the remainder of the fiscal year of approximately \$619,882 and Public Safety Sales Tax being recognized \$122,948 lower than anticipated. These reductions in revenues are partially offset by increases in state funding due to the addition of approximately \$179,862 in Firearm Relinquishment Program funding and Peace Officer Standards and Training reimbursements that were not budgeted and other increases in miscellaneous funding sources of approximately \$18,390.

Salaries and Benefits are anticipated to have savings of \$1,387,380 due to vacancies experienced through the year and underspending grant-funded salaries. Services and Supplies are anticipated to have savings of \$55,780. Anticipated savings in Fleet mileage and bulk fuel costs of \$93,546 and standard operating costs such as copier rental and printing of \$31,703 will be partially offset by increases in travel related costs of \$40,493, PG&E costs due to rate increases of \$12,807, and standard operating costs such as door mat cleaning and online subscriptions of \$16,169. Fixed assets are anticipated to have savings of \$11,162 primarily due to a carryforward to FY 2025-26 for security hardware that is not anticipated to be received in the current year. And finally, Interfund and Intrafund Transfers are anticipated to be over budget by \$84,343. This increase is primarily due to an anticipated increase in transfers to Fleet for a department owned vehicle of \$45,000 and decreased reimbursements from HHS for the Welfare Fraud grant due to limited program activity in the amount of \$44,562.

Grand Jury – No anticipated change to Net County Cost

Probation – No anticipated change to Net County Cost

Public Defender – No anticipated change to Net County Cost

Sheriff – Net County Cost savings of \$1,000,000

The department anticipates savings of \$1,000,000 in Salaries and Benefits due to vacancies offset partially by reductions in Public Safety Sales Tax and Court Security funding.

Land Use

Agriculture – Net County Cost savings of \$80,000

A Net County Cost savings of \$80,000 in Salaries and Benefits is anticipated due to vacancies.

Environmental Management – No Change to Net County Cost

Planning and Building - Net County Cost savings of \$564,000

The General Fund programs within Planning and Building are expected to close the year with a projected savings of \$564,000, driven primarily by \$551,000 in higher-than-anticipated revenues and \$13,000 in expenditure savings.

Code Enforcement and Economic Development Divisions, which rely on Discretionary Transient Occupancy Tax (DTOT) funding, anticipate a savings of \$114,000 due to Salaries and Benefits savings.

There is no projected change to Net County Cost for the Housing, Community Economic Development Special Revenue Fund.

Surveyor – No anticipated change to Net County Cost

Transportation – Net County Cost savings of \$221,186

A Net County Cost savings of \$221,186 is anticipated due to a carry over of FEMA Hazard Mitigation Grant Program project.

The Road Fund is projected to be under budget by \$1.24 million due to decreased revenue and expenses. Federal Revenues are projected to be reduced by \$1.9 million due to \$1.3 million for the EDA Broadband project being rolled over into FY 2025-26. Additionally, FEMA revenue is reduced by \$600,000 due to projects being paid in FY 2023-24 or still to be obligated. There are projected savings in Service Charges of \$500,000 due to decreased Public Utility Inspections, Salaries and Benefits savings of \$1.77 million due to vacancies, Services and Supplies savings of \$573,000 due to the EDA Broadband project being carried over into the next Fiscal Year, and Fixed Assets of savings of \$671,000 due to the majority

of the South Lake Tahoe Fuel Tank project being carried over into the next Fiscal Year. The DTOT contribution for the EDA Broadband Project and Fallen Leaf Lake Overlay project will be carried forward to FY 2025-26.

There is no projected change to Net County Cost for Fleet, Special Districts, County Service Areas, and Zones of Benefits.

Health and Human Services

Child Support Services – No Change to Net County Cost

Health and Human Services Agency (HHS)

HHS is projecting an overall estimated decrease of \$1.2 million from budget in General Fund use. This reflects General Fund savings in all HHS Divisions. HHS is not projecting a significant change in Realignment revenue when compared to budgeted amounts. A significant amount of projected savings is due to vacancies across HHS. The agency has experienced a sustained average vacancy rate in excess of 20% over the previous four years, with divisional rates as high as 41%, compared to the pre-pandemic agency rate of 11% in FY 2018-19. Certain classification vacancies, especially licensed staff, are as high as 53%, such as Behavioral Health Clinician classifications. This staffing shortage, when combined with the added responsibilities created by new state and federal regulations, have exponentially increased the level of difficulty in serving the public and meeting mandates.

HHS Projections by Division

Administration and Financial Services – Net County Cost decrease of \$60,082

The Administration and Financial Services Department is projecting a Net County Cost savings of \$60,082 due to vacancies. HHS Administration and Financial Services Division costs are allocated to the programs based on direct program salaries through the Indirect Cost Rate Proposal (ICRP), and any over or under collections over time are addressed with a two-year carry-forward reconciliation process. Any over collections are returned to the programs in a future ICRP calculation through an increase in budgeted Net County Cost in two years.

Animal Services – Net County Cost savings of \$269,584

The Animal Services Division is projected to have a Net County Cost savings of \$211,236 from budget due to Salaries and Benefits savings from vacancies and \$58,348 in savings from the delayed purchase of a dog box that will be carried over into FY 2025-26.

Behavioral Health Division – No Change to Net County Cost

The Behavioral Health Division continues to experience an unprecedented 66% vacancy rate in its Mental Health Clinician I/IA/II position (22.2 FTE vacancies out of a 33.5 FTE allocation) and a 36% vacancy through the Department. The lack of clinical staff not only overburdens the existing staff and leads to burnout but makes it extremely difficult to effectively operate any non-mandated programs, all of which are funded by Medi-Cal, Mental Health Services Act and/or grant dollars. These are the very programs that are designed to reduce future costs by providing preventive, early intervention, and full-service partnership now to reduce mental health needs in the future. HHSa is working to secure temporary contracted out staffing support to mitigate some of the vacancies.

As part of CalAIM payment reform, on July 1, 2023, Behavioral Health Medi-Cal switched from a cost-based reimbursement model to a fee-for-service model using rates established by the State. This model eliminated the cumbersome cost reporting requirements and uncertainty of future cost report settlements and audits. The financial impact of this change has been very positive for the BHD, with FY 2023-24 Medi-Cal revenue increasing by over \$6 million (60%) from the prior fiscal year, and the current year projected to increase an additional \$3 million. For contracted services, provider rates have increased commensurate to the revenue growth, resulting in this being largely positive for internal programs.

HHSa is projecting base funding for both 1991 and 2011 Realignment but is not projecting any growth funding. For the fifth year in a row, HHSa is budgeted to transfer Realignment dollars to the Behavioral Health Division by utilizing its legislated 10% transfer authority of Public Health 1991 Realignment (\$683,000) and Social Services 2011 Realignment (\$359,000). The Agency will likely not transfer the funds as budgeted to ensure all programs have sufficient fund balance and competing priorities across programs. As was almost the case in FY 2023-24, the State's current budget tightening and economic uncertainties, could quickly cause Realignment revenues to decrease.

Community Services Division - General Fund savings of \$692,738

Community Services Division (CSD) Fund 11 programs are projected to have a General Fund savings of \$674,738. The programs include CSD Administration, Low Income Heating and Energy Assistance Programs (LIHEAP), Housing & Homelessness Programs, Adult Day Services (The Club), and Area Agency on Aging (AAA) programs, such as the Senior Center, Senior Nutrition, and Senior Legal. AAA programs are projecting a General Fund savings of \$493,147 primarily due to Salary and Benefits savings. The Community Services Administration subfund is projecting General Fund savings of \$21,623 primarily due Salary and Benefits savings. The Adult Day Services Program is projecting \$159,161 in General Fund savings. Prior to the coronavirus pandemic, the Adult Day Services fee for service collections allowed the program to operate with a General Fund cost ranging between \$400,000 and \$500,000 a year. Current fee for service revenue, with both Placerville and El

Dorado Hills facilities open the entire year, is projected to require a General Fund contribution of approximately \$666,000. The daily average attendance for both facilities is 15, a reduction from the prior year. Prior to the coronavirus pandemic, average daily attendance was about 50. The current staffing vacancies are creating the savings needed to remain within budgeted Net County Cost, but only just. Unanticipated increases in expenses, or reductions in revenues, would result in the program requiring additional General Fund contributions for the current year.

Fund 13 - Public Housing Authority (PHA) and In-Home Supportive Services Public Authority (IHSS PA) are projecting \$18,000 in Net County Cost savings. PHA is projecting an additional General Fund cost of \$79,000 related to a shortfall in the Housing Choice Voucher (HCV) Program where monthly program costs (rents, utility reimbursements, etc.) are exceeding the available revenues for the program, a nationwide issue. HHSA has secured shortfall funding, but it is unclear if shortfall funding will cover all shortfall expenses. IHSS PA is projecting a General Fund savings of \$97,000 which is primarily due to Salaries and Benefits savings.

Public Guardian Program – Net County Cost savings of \$104,324

Public Guardian is projecting \$104,324 in Net County Cost savings primarily as a result of Salaries and Benefits savings from vacancies and a slight increase in projected federal revenue.

Public Health Division – General Fund savings of \$51,254

The Public Health Division is currently projecting \$51,254 in decreased General Fund contributions primarily from savings in the California Children Services program due to estimations of slightly higher state and federal revenues compared to budget.

Social Services Division – No Change to Net County Cost

Realignment Funding, which serves as one of the primary discretionary spending sources for Social Services programming, is naturally volatile as it is sourced from Sales & Use Taxes, with a smaller portion from Vehicle License Fees. This means that periods of economic contraction result in reduced funding, which is also accompanied by a higher demand for services, as negatively affected households turn to public programs for support. Realignment revenue collections in the current year appear on track to meet or even slightly exceed prior year collections, to aid in building the fund balance necessary to continue the mandated programs in the event of an economic downturn with reduced revenue.

The majority of Child Welfare Services Programs receive federal Title IV-E open-ended reimbursement. Federal reimbursement is generally (with some exceptions) 50% of costs after applying the Non-Federal Discount Rate. The Discount Rate is calculated quarterly based on the number of federally eligible to non-federally eligible foster care cases in El Dorado County. As federal eligibility is dependent on the primary household income in

comparison to the federal income limits, increases to the California minimum wage generally results in more cases being ineligible for federal assistance. Realignment funding must then be used to replace the missing federal funding for both Foster Care Assistance and Child Welfare Program Administration. In this current year, the County has seen a slight increase in the number of federally eligible cases, allowing for greater access to federal funding support and reducing the potential burden on Realignment funds, but it is uncertain that this trend will continue.

Veteran Affairs – Net County Cost savings of \$57,375

Veteran Affairs is projecting Net County Cost savings of \$57,375 primarily due to Salaries and Benefits savings from vacancies.

Library – No Change to Net County Cost