



**COUNTY OF  
SAN BERNARDINO**  
**COUNTY ADMINISTRATIVE  
OFFICE**

**BOARD OF SUPERVISORS**

Robert Lovingood..... *First District*  
Janice Rutherford, Chair.....*Second District*  
James Ramos ..... *Third District*  
Gary C. Ovitt, Vice Chair ..... *Fourth District*  
Josie Gonzales ..... *Fifth District*

GREGORY C. DEVEREAUX  
Chief Executive Officer

**SAN BERNARDINO COUNTY IMPACTS**  
**GOVERNOR'S FISCAL YEAR 2014-15 PROPOSED STATE BUDGET MAY REVISE**  
May 28, 2014

On May 13, 2014, Governor Brown released his revised \$156.2 billion spending plan, which includes \$2 billion in additional costs associated with health care coverage under Medi-Cal, emergency drought assistance, and additional contributions to CalPERS. Similar to the Governor's January Budget, the May Revision contains no significant reductions to the County-administered programs, with the exception of potential impacts related to the implementation of the Affordable Care Act, revised gas tax rate and state mandate reimbursements.

**ESTIMATED COUNTY IMPACT**

\$3 MILLION REDUCTION TO HEALTH CARE PROGRAMS AS A RESULT OF REDIRECTION OF 1991 HEALTH REALIGNMENT - \$4.2 MILLION AB 109 REDUCTION REQUIRING \$2.1 MILLION GENERAL FUND BACKFILL – \$2.8 MILLION NET REDUCTION IN TRANSPORTATION FUNDING - \$6.6 MILLION HUMAN SERVICES POTENTIAL INCREASED COUNTY SHARE OF COST TO BE FUNDED THROUGH COUNTY REALIGNMENT - \$1 MILLION INCREASE FOR MANDATED PROBATION ADMINISTRATION - \$36.3 MILLION INCREASE FOR MANDATED HEALTH AND HUMAN SERVICES PROGRAM RESTORATION, OPERATIONS AND ADMINISTRATION - \$2.3 MILLION IN STATE MANDATE REIMBURSEMENT.

**GOVERNANCE AND FINANCE**

**State Mandate Reimbursement** – The May Revise includes a \$100 million repayment to local agencies towards the \$900 million owed for mandated services performed prior to 2004. Of the \$900 million in pre-2004 mandate obligations, the County of San Bernardino is owed \$18 million. **The County estimates this will result in a \$2.3 million partial repayment.**

**HEALTH AND HUMAN SERVICES**

**Affordable Care Act** – Since the January budget proposal, the Administration has adjusted their Medi-Cal caseload projections from 7.9 million (pre-ACA) to 11.5 million in 2014-15 – a 46 percent increase. The Governor's revised proposal reduces the estimated redirection of county Health Realignment funds in 2014-15 from \$900 million, proposed in January, to \$725 million. Without a comparison of actual costs and revenues, counties are unable to fully realize any savings, and therefore the County is not including projected savings in estimated impacts. **The County estimates this will result in a \$3 million reduction in 1991 Health Realignment funding.**

**Aging and Adult Services** – The proposal includes In Home Supportive Services (IHSS) maintenance of effort (MOE) 3.5% annual growth, to include IHSS Provider services, County IHSS administration, and Public Authority administrative costs. Estimated MOE amount in 2014-15 is \$42.2 million. **This represents the mandated match for provider wages and administrative funding of \$1.4 million; and equally increases the County's share of cost.**

**Behavioral Health and Substance Use Disorder Benefit Expansion** – The revised proposal reflects the January proposal to provide funding for expanded mental health and substance use disorder benefit under the Affordable Care Act. These expanded mental health benefits shall be covered by the Medi-Cal managed care plans, while the expanded substance

## State Budget Impacts

use benefits shall be covered by the Drug Medi-Cal program. **The Department of Behavioral Health estimates this will provide \$2.6 million for administrative and programmatic costs.**

**Behavioral Health Katie A Settlement** – The revised proposal adds a \$2 million placeholder for county administration costs associated with the semi-annual progress reports that are a new requirement under the settlement. **The Department of Behavioral Health estimates this will provide \$50,000 for administrative costs.**

**Behavioral Health Subaccount** - The proposal includes \$41.7 million statewide increase to the Behavioral Health Subaccount, a reduction from the January proposal of \$52.8 million. **The Department of Behavioral Health estimates this will provide \$2.2 million Early and Periodic Screening, Diagnosis and Treatment (EPSDT) growth funding and \$100,000 Drug-Medi-Cal growth funding for administrative and programmatic costs.**

**Coordination of Care Initiative** - The revised proposal reflects the January proposal to include funding for a billing system enhancement to support the eight counties participating in the Cal MediConnect pilot project to passively enroll clients who qualify for Medi-Cal and Medicare. **The Department of Behavioral Health estimates this will provide \$150,000 in administrative and programmatic funding.**

**CalFRESH Caseload Growth** - The revised proposal includes funding to support increased caseloads. **The Transitional Assistance Department estimates this will provide \$11.2 million in administrative and programmatic funding.**

**CalWORKs** - The revised proposal reflects an increase in administrative funding for Employment Services, Expanded Subsidized Employment and Family Stabilization due to a slower than originally anticipated caseload decline and expansion of programs to help transition clients into more stable employment. **The Transitional Assistance Department estimates this will provide \$5.9 million in administrative and programmatic funding.**

**Child Welfare Services, Adult Protective Services, Foster Care, and Adoption Services** – The revised proposal includes a slight reduction to the estimates for the Protective Services Subaccount revenue and results in an overall net increase over the prior year. This increase represents restoration of administrative and programmatic funding cuts that took place prior to implementation of Realignment 2011. **The Department of Children and Family Services estimates this will provide \$14.3 million in administrative and mandated programmatic funding, half of which will be set aside for future years; and increases the County's share of cost by \$5 million which is funded with Realignment.**

**Veterans Affairs** - The revised proposal does not maintain 2013-14 funding levels for outreach and expanded claims handling services. **The Department of Veterans Affairs estimates this will reduce administrative and programmatic funding by \$208,000.**

## PUBLIC SAFETY

**AB 109 Allocation** - The revised proposal includes a 6.5% decrease in available base AB 109 allocation in 2014-15 compared to 2013-14, which represents a \$4.2 million reduction to San Bernardino County. Additionally, compared to the Governor's original proposal in January, expected 2013-14 AB 109 growth allocations, which are not expected to be received by counties until October of 2014, were reduced by a total of \$13.5 million, which would result in a \$2 million reduction to the County. As 2013-14 AB 109 growth funding has not been allocated by the County and is one-time in nature, this reduction would not negatively impact departmental operations. **The County estimates the decrease in the base allocation will require the use of \$2.1 million in one-time Discretionary General Funding to help cover the shortfall in Law and Justice Group Departments' budgets and it is anticipated that the allocation will be restored in 2015-16.**

**Additional Local Jail Capacity** – The Governor's original proposal included an additional \$500 million in state lease revenue bonds for local facility construction, modeled after the SB 1022 (2012) construction program. The County applied for the first round of funding but was disqualified due to an oversight by the State Department of Finance during its independent evaluation of the proposal. **The County intends to apply for the funding upon release of the State application.**

## State Budget Impacts

**Probation** - The revised proposal includes \$11.3 million to be allocated directly to probation departments to mitigate the increment of workload associated with enhanced credit earning for non-violent, non-sexual second strikers (increasing from 20 to 30 percent) and resulting in increased Post Release Community Supervision (PRCS) provided at the county-level. **The Probation Department estimates this will provide \$1 million for associated administrative costs.**

### TRANSPORTATION

**Transportation** - The revised proposal includes early repayment of \$337 million in General Fund borrowing from transportation funding; \$100 million to counties and cities for preservation projects on the local street and road system. The budget proposal also includes estimates that the gasoline tax rate, revised under the 2011 Transportation Tax Swap, will decrease in 2014-15; this reduces revenue to San Bernardino County by \$5.4 million, from the January \$2.6 million projection. **The Department of Public Works estimates this will repay a \$2.6 million loan to the County and the reduction in gas tax will result in a loss of \$5.4 million in revenue.**

### TRIAL COURTS

The May Revision proposes an additional \$60 million to the judicial branch, for a total 2014-15 augmentation of \$160 million as part of a two-year budget stabilization strategy.