

## SUMMARY OF SUPPLEMENTAL ADJUSTMENTS TO FY2018/19 RECOMMENDED BUDGET

On May 24, 2018 the Solano County Administrator issued the FY2018/19 Recommended Budget, which is available on the Solano County website at [www.solanocounty.com](http://www.solanocounty.com). Since that time additional budget adjustments impacting FY2018/19 have been identified by County Departments. These additional budget adjustments subject to the County Budget Act are reflected in the Supplemental Budget recommended by the County Administrator.

FY2018/19 Recommended Budget	\$1,016,433,937
FY2018/19 Supplemental Budget	<u>48,752,257</u>
Total FY2018/19 Recommended & Supplemental Budget	<u>\$1,065,186,194</u>

The Supplemental Adjustments to the FY2018/19 Recommended Budget are comprised of the following sections:

1. Supplemental Adjustments - New Appropriations and Budgeted Revenues – Subject to the Budget Act. The Board is being asked to consider approving a net increase to the Recommended Budget of \$33,878,106 as a result of changes or new information subsequent to the compilation of the Recommended Budget.
2. Supplemental Adjustments due to Re-budgeting of FY2017/18 projects, programs, etc – Subject to Budget Act. The Board is being asked to consider approving a net increase to the Recommended Budget of \$14,874,151 based on additional information subsequent to compilation of the Recommended Budget. These projects and programs have been previously approved by the Board or are ongoing programs for which changes to the Recommended Budget will more accurately reflect the expected results of FY2017/18.

### Significant Pending Issues

#### CalWORKs – Single Allocation and CalFresh Administration

The FY2018/19 State Budget Conference Committee outcomes include an additional \$23.5 million in one-time funding to restore the CalWORKs Single Allocation cut proposed in the Governor’s May Revise. The funding brings the FY2018/19 Single Allocation back up to its FY2017/18 amount; however, FY2017/18 funding was a 7% cut from FY2016/17 and resulted in Budget reductions in FY2017/18. Health and Social Services (H&SS) has estimated the impact of both funding at the FY2017/18 level and the Governor’s proposed cut during the preparation of the Recommended Budget and both scenarios resulted in projections for overspending in CalWORKs. H&SS also estimated the impact of the estimated FY2018/19 County allocation for the CalFresh program which is approximately \$200,000 below the FY2017/18 level. This scenario also resulted in projected overspending in CalFresh.

Therefore, as a result of the H&SS analysis during FY2017/18 the Department reviewed and deleted unfunded vacant positions over 6 months and included additional vacant position deletions in the Recommended Budget, primarily in the Employment and Eligibility Division, in order to balance the revenue shortfall with projected expenditures. These reductions were feasible because the County CalWORKs and CalFresh caseloads have declined when compared to a few years ago during the economic recession. The Department will continue to monitor both programs’ expenditures throughout the upcoming fiscal year.

#### CalFresh Waiver Phase Out

In FY2010/11 the State legislature implemented the CalFresh Match Waiver. Counties must first expend their share of CalFresh administrative costs (15% share of costs) in order to receive State reimbursement (35% share of costs). In turn, the State must expend its share of costs in order to received federal reimbursement (50% share of costs). During recessionary years counties were unable to achieve the required 15% local match, resulting in the loss of State, and therefore federal, reimbursements. The State’s CalFresh Match Waiver allowed counties to pay a Maintenance of Effort, typically a much lower amount, in lieu of the full 15% share of cost. The Waiver still resulted in a loss of federal funding but to a much lesser degree than was being lost under the 15% share of cost requirement. The Waiver also increased the State’s share of cost as the State contributed a larger share of costs in order to secure federal funding. As the economy improved, the Wavier was phased out by gradually transferring back to counties the full 15% local share of program costs requirement over a three-year period with FY2017/18 the final year of the Waiver. County paybacks resulting from this phase out, if required, occur in the second year after each fiscal year close out. The Solano County local amount due in FY2018/19 for FY2016/17 is \$305,595 and the amount for FY2017/18, due in FY2019/20, is estimated to be \$703,559. The effect of the phase out is the addition and redirection of County General Fund contribution or share of cost increase for CalFresh. Any redirection of County General Fund to CalFresh

requires an additional draw on 1991 Social Services Realignment to support CalWORKs. 1991 Social Services Realignment is the same account that is utilized for the In-Home Supportive Services Maintenance of Effort and it is possible that the revenues received from 1991 Social Services Realignment may be insufficient to fully fund mandated programs in future years, resulting in the need for program changes or additional General Fund contributions

#### In-Home Supportive Services (IHSS)

The FY2018/19 State Budget Conference Committee outcomes include an increase of \$15.4 million above the Governor's May Revise to fund IHSS Administration. The amount remains below the amount necessary to cover statewide administration costs but is expected to partially reduce County overspending in IHSS Administration costs for FY2018/19. Also included in the Budget agreement is a reduction of approximately \$15 million statewide in the FY2017/18 IHSS MOE, the base year for the new IHSS structure. The reduction in MOE funding will reduce 1991 Realignment Vehicle License Fee redirected caseload growth already remitted to counties and it is possible that some counties may have financial exposures; however, the recalculated allocations are not yet available.

The County anticipates sufficient funding through FY2018/19 redirected 1991 Realignment Public Health and Mental Health funds, rollover redirected 1991 Realignment funds from FY2017/18, and the State General Fund offset to cover the increase in the IHSS MOE in FY2018/19 but the County will need to direct additional revenues to IHSS, potentially both County General Fund and 1991 Public Health Realignment in order to cover the increase in the IHSS MOE beginning in FY2019/20. Also, because the current IHSS structure takes substantial 1991 Realignment funding from Public Health and Mental Health, those divisions will be required to make operational changes going forward in order to bring expenditures in line with the revenue shortfall.

#### County Medical Services Program (CMSP)

The CMSP Board voted to waive FY2018/19 CMSP Participation fees for the health care program. Staff is recommending re-programming of the one-time savings in General Fund health related obligation from CMSP of \$809,548 to other health related needs for FY2018/19. Included in more detail under Attachment D – Contributions to Non-County Agencies but includes: \$197,500 to the Clinic Consortium to support healthcare for the uninsured with a requirement for quarterly data reporting; \$150,000 to Solano Coalition for Better Health for contract services to provide outreach and education to generate well-baby visits; \$70,000 to CAP Solano JPA for a cities/County partnership to continue implementation of the Coordinated Entry system; \$20,000 increase in the contribution to the Food Bank of Contra Costa /Solano; \$372,048 for housing support services with \$45,000 of this amount for a contract with HomeBase to provide technical assistance, training and grant writing to help pursue the 2017 Housing package.

#### State - Local Homelessness Funding Agreement

The Governor and Legislative leaders have announced a \$700 million budget package to provide State General Funding to local governments to combat homelessness. This package includes \$350 million in funds for a Homeless Emergency Aid Program distributed through Continuums of Care operating in each county. The estimate for the Continuum of Care (CoC) in Solano County is \$4,917,500. Under the reported agreement these funds would be distributed to Continuums of Care, who would then distribute the funding to cities and the counties who have declared a shelter crisis, demonstrated collaboration, and submit an application to the Continuum of Care by December 31, 2018. The funding would then be awarded by January 31, 2019. Continuums of Care are structured differently throughout the State; therefore, the mechanism for distributing the funds will vary and it is not guaranteed that cities and counties, including Solano County and its seven cities, will receive the funding to expand homelessness alternatives or long term solutions. It will require additional local collaboration and partnerships.

#### Mandated Cost State Reimbursement

The May Revision includes a proposal to repay counties for the costs of providing certain mandates under the SB90 claim and documentation process for the period of 2004 to 2011, some of which have since expired or been repealed. The proposed allocation totals \$282.2 million plus interest statewide. The majority of the funds, over \$250 million, are to pay debt related to AB 3632 mandates, which required certain services for seriously emotionally disturbed children. These services were previously provided by counties using local General Fund but were subsequently shifted to schools pursuant to the federal program requirements and are now included in State funding to schools. The Governor's budget summary states that counties "are expected to use the repayment toward services for youth," however the funds are a repayment for costs already incurred by the General Fund, and not restricted to any purpose. Solano County's anticipated allocation is \$7.1 million plus interest. The Supplemental Budget adjustments includes the recognition of some of this revenue and the recommendation for the allocation of these funds to address Mental Health, Homeless and infrastructure needs as follows:

- \$3 million to Health and Social Services, Mental Health services to be placed in a reserve for the Board to consider in the coming months as the need to maintain capacity and increase capacity in this area of services.
- \$1 million to Health and Social Services to be placed in a reserve account for permanent supportive housing pending funding partners and identifying housing options and solutions the Board can consider in the coming year.
- \$2.25 million to Accumulated Capital Outlay, for necessary infrastructure repairs related to Law & Justice.
- \$750,000 to Accumulated Capital Outlay, for the construction of a communications tower on the Solano County Fairgrounds to expand and complete the Countywide OES communications system.

Vallejo Early Childhood Center

While the Governor's Budget includes funding for childcare slots there is no additional funding for children's solutions. The First 5 Solano Children and Families Commission has an identified goal of establishing a Vallejo Early Childhood Center to focus family support through the provision of an innovative place-based hub to engage families and equip parents in a safe and supportive environment where children can learn, play and grow. First 5 staff have researched multiple site locations and are currently working on a tentative location in Vallejo where additional funds for tenant improvements will be needed. The estimate for those tenant improvements is approximately \$200,000 and the Commission has not yet confirmed a funding source for these improvements so staff will likely be returning to the Board of Supervisors for further consideration.

Fund Developer

The work by Health and Social Services and First 5 Solano Children and Families Commission staff on the topic of non-profit capacity and previous studies of Foundation giving highlighted the challenges facing Solano County in generating the necessary resources to serve the local community and suggested the concept of a Fund Developer to facilitate resource development. This concept and the cost have not been fully developed and are not included in the budget at this time and may need to come back to the Board in early FY2018/19.

County of Solano  
 FY2018/19 Recommended Budget Hearing  
 Summary of Supplemental Budget Adjustments

**Section 1 - Supplemental Adjustments to the Recommended Budget (Subject to the Budget Act)**

Fund	Budget Unit	Department	Appropriations	To Reserve & To/(From) Contingency	Total Appropriations (Including To Reserve & Contingency)	Revenue & From Reserve	Increase/ (Decrease) General Fund Cost	To/(From) Fund Balance
001	1008	BOS Administration	24,791		24,791		24,791	
	1101	General Revenue				7,163,353	(7,163,353)	
	1117	General Services	85,000		85,000	60,000	25,000	
	1150	Assessor Recorder	158,795		158,795	158,795		
	1200	Auditor-Controller	51,173		51,173	51,173		
	1300	Treasurer Tax Collector	85,170		85,170	85,170		
	1903	General Expenditures	10,448,414	10,000,000	20,448,414	13,345,000	7,103,414	
	1904	Survey / Engineer				11,184	(11,184)	
	2830	Agricultural Weights & Measures	30,640		30,640	0	30,640	
	2910	Resource Management	26,227		26,227	150,205	(123,978)	
		<b>Total Fund 001</b>	<b>10,910,210</b>	<b>10,000,000</b>	<b>20,910,210</b>	<b>21,024,880</b>	<b>(114,670)</b>	
004	6300	Library	200,000	(200,000)				
		<b>Total Fund 004</b>	<b>200,000</b>	<b>(200,000)</b>				
006	1700	Accumulated Capital Outlay	6,345,000		6,345,000	6,345,000		
		<b>Total Fund 006</b>	<b>6,345,000</b>		<b>6,345,000</b>	<b>6,345,000</b>		
035	8035	Juv. Hall Rec. Ward Welfare Fund	10,000		10,000	10,000		
		<b>Total Fund 035</b>	<b>10,000</b>		<b>10,000</b>	<b>10,000</b>		
101	3010	Public Works/Road Fund	910,000		910,000	701,918		(208,082)
		<b>Total Fund 101</b>	<b>910,000</b>		<b>910,000</b>	<b>701,918</b>		<b>(208,082)</b>
151	1570	First 5 Solano - Grants/Programs	40,000		40,000	40,000		
		<b>Total Fund 151</b>	<b>40,000</b>		<b>40,000</b>	<b>40,000</b>		
153	1530	First 5 Solano	90,000		90,000	90,000		
		<b>Total Fund 153</b>	<b>90,000</b>		<b>90,000</b>	<b>90,000</b>		
370	1870	DoIT	350,522		350,522	350,522		
		<b>Total Fund 370*</b>	<b>350,522</b>		<b>350,522</b>	<b>350,522</b>		
900	6530	Public Defender	45,000		45,000	45,000		
	6550	Sheriff	127,662		127,662	127,662		
	6650	Probation	33,887		33,887	33,887		
		<b>Total Fund 900</b>	<b>206,549</b>		<b>206,549</b>	<b>206,549</b>		
902	7501	H&SS	947,834	4,000,000	4,947,834	4,947,834		
		<b>Total Fund 902</b>	<b>947,834</b>	<b>4,000,000</b>	<b>4,947,834</b>	<b>4,947,834</b>		
906	9600	H&SS/MHSA	418,513		418,513	418,513		
		<b>Total Fund 906</b>	<b>418,513</b>		<b>418,513</b>	<b>418,513</b>		
		<b>Total Adjustments</b>	<b>20,428,628</b>	<b>13,800,000</b>	<b>34,228,628</b>	<b>34,135,216</b>	<b>(114,670)</b>	<b>(208,082)</b>
		<b>Total Adjustments Subject to Budget Act</b>	<b>20,078,106</b>	<b>13,800,000</b>	<b>33,878,106</b>	<b>33,784,694</b>	<b>(114,670)</b>	<b>(208,082)</b>

**Section 2 - Supplemental Adjustments to the Recommended Budget - Re-Budgeted from FY2017/18**

Fund	Budget Unit	Department	Appropriations	To Reserve & Contingency/Fund Balance	Total Appropriations (Including To Reserve & Contingency)	Revenue	Increase/ (Decrease) General Fund Cost	To/From Fund Balance
006	1700	Accumulated Capital Outlay	6,034,015		6,034,015	6,034,015		
		<b>Total Fund 006</b>	<b>6,034,015</b>		<b>6,034,015</b>	<b>6,034,015</b>		
016	7000	Parks & Recreation	69,000		69,000			(69,000)
		<b>Total Fund 016</b>	<b>69,000</b>		<b>69,000</b>			<b>(69,000)</b>
256	2535 /2536	Sheriff EMPG / Flood Grants	143,137		143,137	143,137		
		<b>Total Fund 256</b>	<b>143,137</b>		<b>143,137</b>	<b>143,137</b>		
370	1870	DoIT	85,000		85,000	85,000		
		<b>Total Fund 370*</b>	<b>85,000</b>		<b>85,000</b>	<b>85,000</b>		
900	6550	Sheriff	143,287		143,287	143,287		
		<b>Total Fund 900</b>	<b>143,287</b>		<b>143,287</b>	<b>143,287</b>		
902	7880	H&SS	4,983,095	3,501,617	8,484,712	8,484,712		
		<b>Total Fund 902</b>	<b>4,983,095</b>	<b>3,501,617</b>	<b>8,484,712</b>	<b>8,484,712</b>		
		<b>Total Re-budgets</b>	<b>11,457,534</b>	<b>3,501,617</b>	<b>14,959,151</b>	<b>14,890,151</b>	<b>0</b>	<b>(69,000)</b>
		<b>Total Re-budgets Subject to Budget Act</b>	<b>11,372,534</b>	<b>3,501,617</b>	<b>14,874,151</b>	<b>14,805,151</b>	<b>0</b>	<b>(69,000)</b>
		<b>Total Adjustments &amp; Re-budgets Subject to Budget Act</b>	<b>31,450,640</b>	<b>17,301,617</b>	<b>48,752,257</b>	<b>48,589,845</b>	<b>(114,670)</b>	<b>(277,082)</b>

\* Not Subject to Budget Act