

# Health and Human Services Agency

## RECOMMENDED BUDGET • FY 2024-25

### RECOMMENDED BUDGET

The budget for the Health and Human Services Agency (HHS) is recommended at \$224,602,823, which is a decrease of \$10,328,019 (4.4%) when compared to the FY 2023-24 Adopted Budget. Revenue totals \$211,423,619, and total staffing is 669.83 FTE positions. The majority of the change in appropriations can be attributed to Behavioral Health pandemic-related funding and a reduced amount of Realignment Fund Balance when compared to FY 2023-24 due to an accounting change where Behavioral Health Realignment funding is left in the Realignment Fund and transferred to the Mental Health Fund only when expended.

The Recommended Budget for HHS reflects General Fund support of \$13.2 million. The change to the HHS General Fund support request is a net decrease of \$455,539 over the FY 2023-24 Adopted Budget.

### AGENCY PROGRAM SUMMARY

|                    | Appropriations        | Revenues              | Total General Fund Support | Staffing      |
|--------------------|-----------------------|-----------------------|----------------------------|---------------|
| Administration     | \$ 5,566,767          | \$ 5,100,423          | \$ 466,344                 | 70.05         |
| Animal Services    | \$ 4,478,630          | \$ 1,921,690          | \$ 2,556,940               | 21.00         |
| Behavioral Health  | \$ 67,385,720         | \$ 67,369,210         | \$ 16,510                  | 129.25        |
| Community Services | \$ 32,304,681         | \$ 28,829,439         | \$ 3,475,242               | 65.43         |
| Public Guardian    | \$ 2,341,940          | \$ 150,000            | \$ 2,191,940               | 12.00         |
| Public Health      | \$ 33,816,741         | \$ 33,352,189         | \$ 464,552                 | 75.65         |
| Social Services    | \$ 77,776,780         | \$ 74,535,959         | \$ 3,240,821               | 287.35        |
| Veteran Affairs    | \$ 931,564            | \$ 164,709            | \$ 766,855                 | 7.10          |
| <b>Total</b>       | <b>\$ 224,602,823</b> | <b>\$ 211,423,619</b> | <b>\$ 13,179,204</b>       | <b>667.83</b> |

#### General Fund Budget Request

|                    | FY 2023-24<br>Adopted Budget | FY 2024-25<br>Recommended<br>Budget | Increase/<br>(Decrease) |
|--------------------|------------------------------|-------------------------------------|-------------------------|
| Administration     | \$ 216,772                   | \$ 466,344                          | \$ 249,572              |
| Animal Services    | \$ 2,448,097                 | \$ 2,556,940                        | \$ 108,843              |
| Behavioral Health  | \$ 76,510                    | \$ 16,510                           | \$ (60,000)             |
| Community Services | \$ 3,689,256                 | \$ 3,475,242                        | \$ (214,014)            |
| Public Guardian    | \$ 2,133,137                 | \$ 2,191,940                        | \$ 58,803               |
| Public Health      | \$ 464,552                   | \$ 464,552                          | \$ -                    |
| Social Services    | \$ 3,859,131                 | \$ 3,240,821                        | \$ (618,310)            |
| Veteran Affairs    | \$ 747,288                   | \$ 766,855                          | \$ 19,567               |
| <b>Total</b>       | <b>\$ 13,634,743</b>         | <b>\$ 13,179,204</b>                | <b>\$ (455,539)</b>     |

### MISSION

The Health and Human Services Agency (HHS) partners with the community on health and welfare issues. The Agency's 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.

# Health and Human Services Agency

RECOMMENDED BUDGET • FY 2024-25

---

## AGENCYWIDE PENDING ISSUES

### *Implementing State Mandates*

The Recommended Budget for HHSA incorporates a significant number of changes that are the result of State mandates that require new programs or changes to existing programs, often without additional funding. The Recommended Budget includes the building of the Permanent Navigation Center in Community Services; the implementation of Crisis Care Mobile Units, Crisis Residential Treatment services, and CARE Courts in Behavioral Health; and the implementation of CalAIM Justice Involved programming in Social Services and Behavioral Health. Many of the State mandates that HHSA are implementing include increased administrative and quality improvement processes. The Recommended Budget reflects an investment in staffing to meet these State mandates, while at the same time minimizing the impact of these programs on the General Fund.

### *State Budget Impacts on HHSA*

The Governor's January Budget proposed cuts in funding to HHSA programs in the areas of CalWORKs program administration, Expanded Subsidized Employment, Housing Support, Family Stabilization, and is considering additional deferrals of one-time multiyear allocations including Bringing Families Home, Home Safe, and the Families First Transition Act State Block Grant. Additionally, HHSA is anticipating declines in Realignment revenue due to slowing Sales and Use Tax and Vehicle License Fee collections.

Historically, the demand for government services in the community increase during economic downturns and are generally inversely proportionate to Realignment revenue collections. As the cost of basic needs rise and consumer discretionary spending declines, HHSA will be seeing an increase in cash, food, housing, and energy assistance applications, reports of violence in the home, and the demand for health, mental health, and drug and alcohol services. As such, it is important to continue to conservatively safeguard Realignment fund balances to mitigate the potential negative impacts to program service delivery and County General Fund if the economy continues to decline. Staff continue to closely monitor the State Budget and plan for any impacts it may have on HHSA programs. It is likely the Agency will have revisions to the Recommended Budget in the fall, once the State Budget has been finalized.

### *CalAIM Initiative*

The California Advancing and Innovating Medi-Cal (CalAIM) is a state initiative that went into effect on July 1, 2023. The initiative's Medi-Cal payment reform eliminates the current cost report and settlement to cost requirements and instead implements "peer" county rates. Counties are allowed to be paid in excess of their actual cost, with the excess being reinvested into counties' programs. In addition, counties are allowed to include incentive payments for quality outcomes in their contracts with service providers. CalAIM has required HHSA to adapt financial and administrative procedures to comply with CalAIM requirements. The implementation of CalAIM is ongoing and staff continue to adapt processes and closely monitor the impacts of CalAIM on costs and revenues.

### *Agency-wide Efforts to Conserve General Fund Resources*

HHSA's Recommended Budget reflects an attempt to reduce the burden on General Fund as much as possible while meeting the increased demands for mandated health and welfare services, complying with new statutory regulations, and attempting to not overburden staff. HHSA has deferred requests for needed staff including Office Assistants for Veteran Affairs and Senior Day Services, an Administrative Analyst for Animal Services, various fiscal and analyst positions for the Administration and Finance Division, and program staff for Social Services and Behavioral Health. The HHSA Executive Team is actively looking at additional cost saving and

# Health and Human Services Agency

RECOMMENDED BUDGET • FY 2024-25

---

revenue generating measures such as evaluating special revenue fund balances for allowable uses, finding ways to increase operational efficiencies through organizational flexibility, and braiding existing program funding to serve the community more holistically and efficiently. HHSA will continue to work with the Chief Administrative Office to determine feasible cost savings measures to present to the Board in the fall.

