



# NEWS RELEASE

## COUNTY OF LOS ANGELES

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### Potential Impact to Los Angeles County From the State Budget Actions

When the Governor and the Legislature enacted the FY 2008-09 and FY 2009-10 State Budget Acts in February, Los Angeles County sustained a loss of **\$253.1 million**.

As the Governor and the four legislative leaders continue negotiations to resolve the ongoing State's budget crisis, they are considering a number of NEW proposals which, if enacted, will endanger the County's fiscal stability and our ability to deliver critical health, mental health, social services and public safety services to the residents of Los Angeles County. Some of these proposals include:

1. **\$236.6 million loss** from additional reductions to various County programs;
2. **\$301.9 million loss** to the County General Fund from the suspension of Proposition 1A of 2004; and
3. **\$313.7 million (at least) loss** to the County General Fund from the proposed time limit extension of redevelopment projects.

**Additional Program Reductions:** The budget package approved by the Conference Committee, currently being considered by the Big Five, contains an estimated **\$236.6 million in reductions** which would affect various County programs including:

- \$109 million in FY 2009-10 and \$82 million in FY 2010-11 reductions of the County's share of gasoline tax revenues – the Highway User Tax Account;
- \$53.3 million reduction of projected CalWORKs Single Allocation funds;
- \$22.1 million loss from the elimination of funding for the Substance Abuse Crime Prevention Act of 2000 funds (Proposition 36);
- \$21 million loss from the elimination of funds for the Mental Health Managed Care Program;
- \$12.4 million loss from the deferral of AB 3632 Program payments;
- \$7.1 million loss from the reduction of Drug Medi-Cal Program Rates; and
- \$5.7 million loss from the reduction of HIV/AIDS Treatment and Prevention Program funds.

**Suspension of Proposition 1A of 2004:** The Big Five is considering the suspension of Proposition 1A which would allow the State to borrow \$1.98 billion from local governments. **If enacted, at least \$301.9 million in County General Fund property tax revenues would be at risk.**

**Time Limit Extensions of Redevelopment Projects:** Another State budget proposal now being considered is to allow a 1-year extension on all redevelopment projects without having to make a finding of blight in exchange for a transfer of property taxes to relieve the State's obligation to fund schools. If approved, the State would receive short-term relief, however, local governments would be the long-term losers. **It is estimated that the County would lose \$313.7 million from a 1-year extension, \$3 billion from a 10-year extension and over \$8.2 billion from a 30-year extension.**

**ESTIMATED IMPACT TO LOS ANGELES COUNTY  
FROM THE FY 2009-10 STATE BUDGET PROPOSALS**

<u>Programs:</u>	<u>Governor's May Revision Proposals</u>	<u>Budget Conference Committee</u>
<u>Health</u>		
Medi-Cal Eligibility for Legal Immigrants	(1,100,000)	0
Elimination of the Healthy Families Program	(1,500,000)	0
<u>Public Health</u>		
HIV/AIDS Treatment and Prevention	(5,890,000)	(5,700,000)
Alcohol and Other Drug Programs/Drug Medi-Cal Program	(3,900,000)	(7,100,000)
Proposition 36 Program/Offender Treatment Program	(27,000,000)	(22,100,000)
Maternal, Child and Adolescent Health Program Reductions	(1,366,000)	? <sup>(1)</sup>
CalWORKs Substance Abuse Programs Funding Loss	(16,400,000)	0
<u>Mental Health</u>		
Mental Health Managed Care Program	(21,000,000)	(21,000,000)
Mental Health Services Act (Proposition 63) Funds	0 <sup>(2)</sup>	-
Early Periodic Screening, Diagnosis and Treatment Funds	(7,000,000)	0
Elimination of the Healthy Families Program	(10,000,000)	0
CalWORKs Mental Health Services Funding Loss	(24,400,000)	0
Deferral of AB 3632 Program Payments	(12,400,000)	(12,400,000)
<u>Social Services</u>		
Reduced State Participation in IHSS Wages	26,100,000 <sup>(4)</sup>	0
IHSS Program - Reduction of Recipient Services	200,000,000 <sup>(5)</sup>	10,800,000
CalWORKs Program Reform & Safety Net Proposals	(27,200,000)	0
CalWORKs Program Elimination	(389,800,000) <sup>(6)</sup>	0
CalWORKs Single Allocation Funding Loss from Program Elimination	(585,200,000)	0
CalWORKs Single Allocation Projected Reduction	0	(53,300,000) <sup>(7)</sup>
CalWORKs Caseload Adjustment	0	131,000
Cash Assistance Program for Immigrants (CAPI) <sup>(3)</sup>	(10,300,000) <sup>(8)</sup>	0
Child Welfare Services Administration <sup>(3)</sup>	(14,300,000)	0
Foster Care and Group Home Provider Rate Reductions	13,400,000	12,300,000
Adoptions Assistance Payments	0	100,000
Redirection of Sales Tax Realignment Funds	(234,706,000) <sup>(9)</sup>	0
Elimination of Community Based Services Programs	(1,100,000)	(379,000)
Reduction in Transitional Housing Program Plus Funds	0	(314,000)
<u>General Government</u>		
Suspension of SB 90 Mandate Claims	(16,853,000)	(28,577,000) <sup>(10)</sup>
Subventions for Open Space (Williamson Act)	(36,000)	(36,000)
Reduction of Local Share of Gasoline Taxes - Public Works	(109,000,000) <sup>(11)</sup>	(109,000,000) <sup>(11)</sup>
<b>TOTAL</b>	<b>(\$1,280,951,000)</b>	<b>(\$236,575,000)</b>

Notes:

- (1) There is insufficient information to assess the impact of this Committee action. We are working with the Public Health Department to estimate County impact.
- (2) There is no impact because voters rejected Prop. 1E which would have redirected Mental Health Services Act monies to fund State mental health costs.
- (3) These May Revision proposals affecting social services programs assume an effective date of October 1, 2009.
- (4) Reflects savings from reducing IHSS provider wages in the County to the minimum wage. If the County maintains current wage, NCC would increase by \$40.7 million.
- (5) Proposal would result in net County cost savings because of reduced IHSS recipient services.
- (6) Estimate assumes 50% of CalWORKs recipients apply for and are determined eligible for the County's General Relief Program.
- (7) Estimate is based on a projected growth reduction for the CalWORKs Single Allocation. Funding reduction will affect DPSS ability to provide services.
- (8) Estimate assumes 100% of CAPI recipients apply for and are determined eligible for the County's General Relief Program.
- (9) Reflects redirection of anticipated Sales Tax Realignment revenue savings from the elimination of the CalWORKs and IHSS Programs to fund increased share of County costs for Child Welfare and Foster Care.
- (10) Estimate is based on FY 2007-08 SB 90 Mandate Claim amounts excluding law enforcement, Open Meeting Act, and election reimbursement claims.
- (11) Loss of local share of gasoline taxes would result in a loss of an additional \$82 million in FY 2010-11.

*This table represents the estimated loss/gain of State funds based upon the May Revision proposals, and Conference Committee actions. It does not reflect the actual impact on the County or a department which may assume a different level of State funding or be able to offset lost revenue.*

ESTIMATED IMPACT TO LOS ANGELES COUNTY  
FROM THE FY 2008-09 SPECIAL SESSION BUDGET AND  
THE FY 2009-10 STATE BUDGET ACT

Programs:	(A)		(B)		(A + B) Total Losses Thru June 30, 2010
	Adopted Budget FY 2008-09 <sup>(1)</sup>	Special Session Adjustments FY 2008-09	Total Losses FY 2008-09	Approved Budget FY 2009-10	
<u>Health</u>					
Medi-Cal Provider and Managed Care Rates	(\$8,738,000)	0	(\$8,738,000)	0	(\$8,738,000) <sup>(2)</sup>
Federal Safety Net Care Pool Payments	0	0	0	(14,400,000)	(14,400,000) <sup>(2)</sup>
South Los Angeles Preservation Fund	0	0	0	(10,000,000)	(10,000,000) <sup>(2)</sup>
California Healthcare for Indigents Program	(5,300,000)	0	(5,300,000)	0	(5,300,000)
Section 1931(b) Medi-Cal Eligibility	0	0	0	0	0
Medi-Cal Eligibility for Legal Immigrants	0	0	0	0	0
Medi-Cal Optional Benefits Reductions	0	0	0	(5,600,000)	(5,600,000) <sup>(2)</sup>
<u>Public Health</u>					
HIV/AIDS Treatment and Prevention	(1,200,000)	0	(1,200,000)	0	(1,200,000)
Family and Health Programs	(202,000)	0	(202,000)	0	(202,000)
Alcohol and Other Drug Programs / Drug Medi-Cal Program	(6,400,000)	0	(6,400,000)	0	(6,400,000)
Proposition 36 Program/Offender Treatment Program	(3,049,000)	0	(3,049,000)	0	(3,049,000)
Immunization Program	(81,000)	0	(81,000)	0	(81,000)
Drug Court Programs	(626,000)	0	(626,000)	0	(626,000)
Perinatal Substance Abuse Treatment Programs	(610,000)	0	(610,000)	0	(610,000)
Other Non-Medi-Cal Drug Programs	(180,000)	0	(180,000)	0	(180,000)
<u>Mental Health</u>					
Mental Health Managed Care Program	(3,800,000)	0	(3,800,000)	0	(3,800,000)
Institutes for Mental Disease	(6,300,000)	0	(6,300,000)	0	(6,300,000)
Mental Health Services Act (Proposition 63) Funds	0	0	0	(64,400,000)	(64,400,000) <sup>(4)</sup>
<u>Social Services</u>					
Adult Protective Services Administration	(2,600,000)	0	(2,600,000)	0	(2,600,000)
Medi-Cal Program Administration - Cost-of-Doing-Business	(33,400,000)	0	(33,400,000)	(15,400,000)	(48,800,000)
In-Home Supportive Services (IHSS) Administration	(5,100,000)	0	(5,100,000)	0	(5,100,000)
IHSS Program - Reduction of Recipient Services	0	0	0	0	0
Reduced State Participation in IHSS Wages	0	0	0	0	0
Food Stamps Administration	(6,900,000)	0	(6,900,000)	0	(6,900,000)
CalWORKs Program - Grant Reductions	0	0	0	0	0
CalWORKs Single Allocation Funding	(17,600,000)	0	(17,600,000)	0	(17,600,000)
Cash Assistance Program for Immigrants	0	0	0	0	0
<u>Justice and Public Safety</u>					
Juvenile Probation and Camp Funding	(8,000,000)	(13,555,000)	(21,555,000)	13,079,000	(8,476,000)
Juvenile Justice Crime Prevention Act (JJCPA) Program	(3,300,000)	(5,721,000)	(9,021,000)	5,529,000	(3,492,000)
Citizens Option for Public Safety (COPS) Program	(1,000,000)	(1,510,000)	(2,510,000)	1,459,000	(1,051,000)
Multi-Jurisdictional Methamphetamine Enforcement Grants	0	(192,000)	(192,000)	192,000	0
High Technology Theft Apprehension and Prosecution Program	0	(333,000)	(333,000)	333,000	0
Sexual Assault Felony Enforcement Program	0	(205,000)	(205,000)	205,000	0
<u>General Government</u> <sup>(5)</sup>					
Delay of Deferred Mandate Payments	(14,000,000)	0	(14,000,000)	(14,000,000)	(28,000,000)
Public Library Fund	(182,000)	0	(182,000)	0	(182,000)
Subventions for Open Space (Williamson Act)	(4,000)	0	(4,000)	0	(4,000)
<b>Total</b>	<b>(\$128,572,000)</b>	<b>(\$21,516,000)</b>	<b>(\$150,088,000)</b>	<b>(\$103,003,000)</b>	<b>(\$253,091,000)</b>

Notes:

- (1) This column reflects the budget cuts the County experienced when the FY 2008-09 State Budget Act was enacted.
- (2) If the Federal Stimulus Revenue mechanism in the amount of \$10 billion is triggered, funding for these programs would be restored.
- (3) There is insufficient data to determine the impact on the County. We are working with the State to determine the impact of this proposal.
- (4) Voter approval is required to shift Proposition 63 funds from counties to support State costs for the Early Periodic Screening, Diagnosis and Treatment Program. The County will lose an additional \$66.4 million in FY 2010-11.
- (5) The budget package contains a proposal that removes the cap on the property tax increment for a redevelopment area in the City of Glendora, which would result in the loss of \$35.3 million to the County over a 21-year period. This action would result in a County loss of \$1.15 million in FY 2008-09 and \$1.18 million in FY 2009-10.

This table represents the estimated loss/gain of State funds based upon the FY 2008-09 Adopted Budget, the FY 2008-09 Special Session Budget Adjustments and the FY 2009-10 Approved Budget. It does not reflect the actual impact on the County or a department which may assume a different level of State funding or be able to offset lost revenue.