

**Napa Valley Non-Profit Coalition Budget Cuts Analysis
Health and Human Services Agency**

Introduction

The Napa Valley Non-Profit Coalition conducted a budget exercise during the scheduled May 2011 membership meeting. Coalition members and Napa County Health and Human Services Agency (HHS) worked collaboratively to identify potential fiscal challenges for the upcoming fiscal year. This report captures the information that was shared at that meeting. It is not exhaustive, and does not cover all potential fiscal threats to the non-profit community for FY 2011-2012.

Background: Proposed and Enacted Budget Cuts for FY 2011-2012

There are three major proposed State budget plans for FY 2011-2012: Governor Jerry Brown’s proposal; Republican’s proposal; and the Legislative Analyst Office (LAO) (all cuts, no tax extensions or creation) recommendations. The table below provides a brief summary of the types of funding cuts outlined in each proposal that relate to HHS services:

Table-1: Summary of Proposed State Budget Cuts to HHS Services

HHS: Service Category	Governor J. Brown Budget Proposal	Republican Budget Proposal	LAO Recommendations
Overall Cut to HHS	20% Reduction to funding for HHS Programs FY 2011-2012 (enacted).	Upheld Governor Brown’s proposal: 20% reduction.	Additional 5% cut to funding for HHS Programs FY 2011-2012.
Public Health	Reduction in AIDS Drug Assistance Program funding for FY 2011-2012; modifications to eligibility requirements. Reduction in Every Woman Counts Program funding. Shift a percentage of First Five funding to General Fund.	Shift an increased percentage of Prop 10 (First Five) funds to the General Fund. Shift Prop 99 funding (Tobacco Control Program) to fund direct health care service costs related to smoking.	
Mental Health	Diversion of \$861M from undisbursed funds from the Mental Health Services Act (MSHA) to backfill ESPDT, AB 3632, and Mental Health Managed Care. Elimination of Dept. of Mental Health (realignment).	Shift an increased percentage of Prop 63 (MHA) funds to the General Fund.	
Homeless & Housing	Elimination of State Redevelopment Agency (REDA).	Upheld Governor’s Brown proposal: Eliminate REDA	Upheld Governor Brown’s proposal: eliminate REDA

HHS: Service Category	Governor J. Brown Budget Proposal	Republican Budget Proposal	LAO Recommendations
Child Welfare	Realignment of child welfare services, adoption, and foster care to counties.	Realignment of child welfare services, adoption, and foster care to counties.	Redirect \$6.6M from Adoption Assistance Program (AAP) to Child Welfare Services.
Alcohol and Drug	Elimination of State department of Alcohol and Drug (realignment).	Elimination of State department of Alcohol and Drug (realignment).	Elimination of funding for drug treatment programs.
Comprehensive Services for Older Adults (CSOA)	Required certification from licensed health professionals to receive In-Home Supportive Services (IHSS). Elimination of mandate and funding for IHSS Advisory Committee. Elimination of Adult Day Health Care and related benefits. Reduce State support of County Veteran Services Offices by \$7.3M.	Required certification from licensed health professionals to receive In-Home Supportive Services (IHSS). Elimination of mandate and funding for IHSS Advisory Committee. Elimination of Adult Day Health Care and related benefits.	Elimination of Adult Protective Services. Reduction in state participation in IHSS wages to minimum wage.
Self-Sufficiency	CalWORKs: 8% grant cut; reduction in adult aid timeframes; cuts to “child only” cases; \$167M cut to funding for county administration and contracts; restrictions to eligibility criteria. Child Care: 15% funding cut; restrictions to eligibility criteria; 10% co-pay increase.	CalWORKs: 8% grant cut; reduction in adult aid timeframes; cuts to “child only” cases; \$167M cut to funding for county administration and contracts; restrictions to eligibility criteria. Child Care: 15% funding cut; restrictions to eligibility criteria; 10% co-pay increase.	Elimination of CalWORKs Food Assistance Program for immigrants. Elimination of CalWORKs program for teen parents.

At the federal level, there are even more budget cuts that have been enacted or have been proposed to occur in FY 2011-2012:

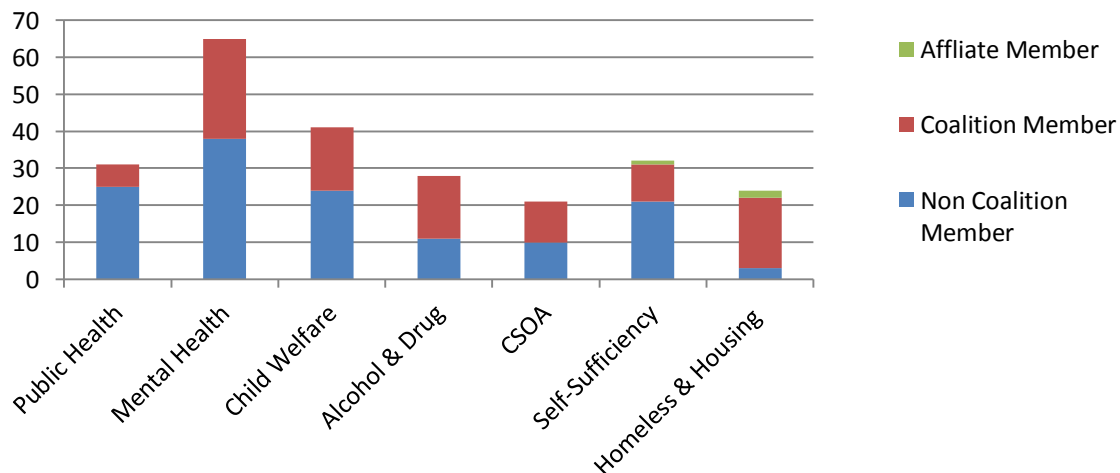
- Employment Services: \$800M reduction
- Health Services
 - ~\$600M (+/-) reduction in funding for Community Health Care Centers
 - ~\$640M (+/-) reduction: other health related cuts
 - \$1.045B cut to HIV, Hepatitis, STD, and TB prevention
 - \$400M cut to other Public Health related functions
- Health Related Agencies Cuts/Reduction in Budgets
 - Centers of Disease Control and Prevention: \$69M
 - National Institutes of Health: \$50M
 - Substance Abuse and Mental Health Services Administration (SAMSHA): \$45M
 - Research on Health Costs Quality and Outcomes: \$78M
 - Administration on Aging: \$16M
- Low Income Housing and Energy Assistance Program: \$390M reduction
- Community Block Grant Programs: \$43M reduction
- Education: \$1.58B reduction
- Community Service Programs
 - AmeriCorps: \$23M reduction
 - Learn and Serve America: \$40M reduction

During the meeting on May 18, 2011, the group discussed the aforementioned information, and determined which programs and service areas will be at highest risk of being impacted by the several fiscal cuts that are proposed at the state and federal level.

Data & Results

HHSA partners with the non-profit community in order to provide quality services to the public. Currently, HHSA has 242 contracts for health-related services; approximately 45% of these contracts are with Coalition members:

Graph 1: HHSA Contractual Agreements



The proposed state and federal cuts will directly targets specific programs and services provided by Coalition member organizations. The preceding sections will provide specific details regarding program cuts, and will highlight non-profit coalition member organizations that may be affected.

Public Health: Coalition Member Organizations

Currently, HHSa has 31 contractual agreements for public health related services to the public; 19% of those services are provided by Coalition member organizations. Cuts proposed at the state and federal level will impact children and family programs, prevention programs, indigent medical care, and the public health division as a whole:

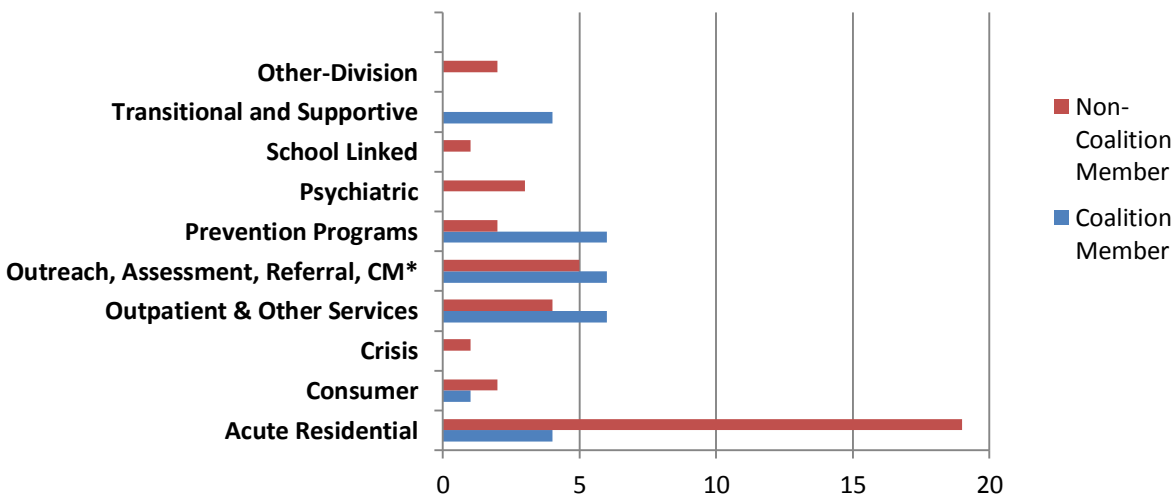
Table-2: Public Health Cuts: Coalition Member Organizations

Coalition Member	Service Area	State/ Federal Proposed Cuts
Cope Family Center, Inc.	Children & Family Programs	Republican, LAO/Federal
Napa Valley Child Advocacy Network, Inc.	Children & Family Programs	Republican, LAO/Federal
Queen of the Valley Medical Center	Children & Family Programs	Republican, LAO/Federal
St. Helena Hospital	Children & Family Programs	Republican, LAO/Federal
NEWS	Prevention Programs	Republican, LAO/Federal
Clinic Olé	Indigent Medical Care	Governor J. Brown, Republican, LAO/Federal

Mental Health: Coalition Member Organizations

HHSa has 65 contracts that relate to mental health services; approximately 42% of the agreements are with Coalition members:

Graph 2: HHSa Mental Health Programs



*CM stands for Case Management

The severity of enacted and proposed cuts at the state and federal level for mental health services will have adverse affects upon HHSA service delivery, and will jeopardize the service delivery of nearly 30 Coalition member organizations.

Child Welfare: Coalition Member Organizations

The group identified 41 contracts at HHSA that relate to child welfare services, with approximately 41% of these agreements being Coalition member contracts. Although, the State budget proposals do not suggest major cuts to child welfare programs, ancillary cuts made by the state and federal government to programs that interface with child welfare will indirectly affect it services. Table-2 depicts the child welfare programs that will be indirectly impacted by cuts to other programs:

Table-2: Child Welfare Service (CWS) Programs Facing Cuts

Coalition Member	Service Area	State/ Federal Proposed Cuts
Aldea, Inc.	Emergency , Foster Care	Governor, Republican, LAO
Child Start, Inc.	Family Preservation	Governor, Republican
Alternatives for Better Living	Treatment Services	Governor, Republican
On the Move, Inc.	Foster Care, Other CWS Programs	Governor, Republican, LAO
Lilliput Children's Services	Foster Care	Governor, Republican, LAO
Legal Aid	Foster Care, Other CWS Programs	Governor, Republican, LAO
Big Brothers, Big Sisters	Foster Care	Governor, Republican, LAO
Family Service of Napa Valley	Treatment Services	Governor, Republican
Queen of the Valley Hospital	Other CWS Programs	Governor, Republican
Napa Valley Child Advocacy Network, Inc.	Other CWS Programs	Governor, Republican
Cope Family Center, Inc.	Other CWS Programs	Governor, Republican
Community Resources for Children	Other CWS Programs	Governor, Republican

Alcohol and Drug: Coalition Member Organizations

Currently, HHSA has 28 contracts for alcohol and drug related services; 17 of which are held by coalition member organizations. Alcohol and Drug Programs have been underfunded in prior years, and this upcoming fiscal year will be no exception. State funding has been restricted, and Governor Brown has proposed the elimination of the State Alcohol and Drug Program. The Legislative Analyst Office recommends the elimination of funding for alcohol and drug programs, and that the fiscal responsibility rest solely with local government. Outpatient services, prevention programs, outreach, assessment, referral programs, and court programs will be jeopardized.

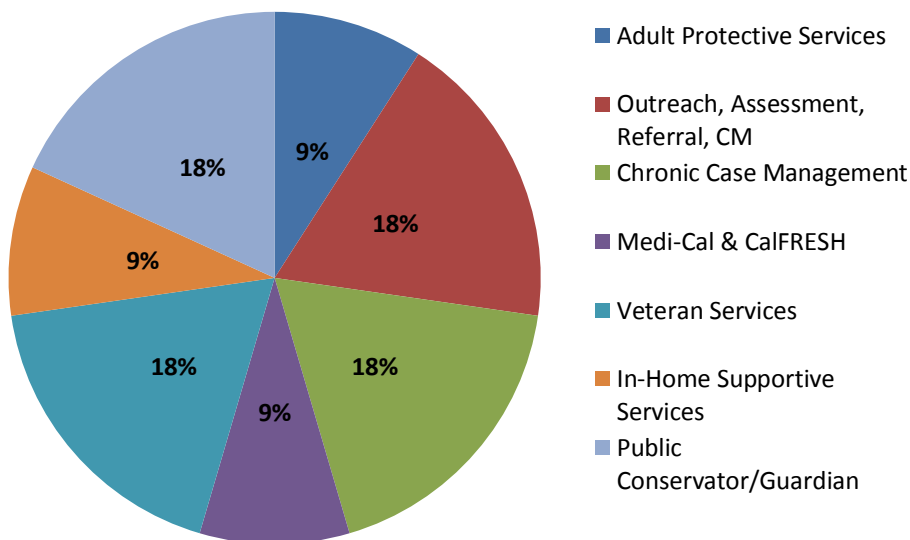
The following Coalition member organizations would be impacted fiscally by the proposed alcohol and drug program cuts and realignment:

- Child Start
- Big Brothers, Big Sisters
- On the Move, Inc.
- St. Helena Family Center
- Calistoga Family Center
- CANV
- Wolfe Center, Inc.
- Boys and Girls Club, Inc.
- NEWS
- Puertas Abiertas
- Alternatives to Better Living, Inc.
- Legal Aid

Comprehensive Services for Older Adults (CSOA): Coalition Member Organizations

Approximately 52% of HSA CSOA service-related contracts are with Coalition member organizations. Coalition members provide a range of CSOA services:

Graph 3- CSOA: Coalition Member Services



Several CSOA programs that are provided by Coalition members are at risk of receiving substantial budgetary cuts under the Governor’s budget proposal and the Legislative Analyst Office (LAO) recommendations, which include: the elimination of Adult Day Health Care services; elimination of Adult Protective Services; and the reduction of State funding to County Veteran Services Offices. The federal government is proposing a \$16M cut to the Administration on Aging. Such budget cuts will have ramifications, and will affect the following Coalition member organizations:

- Legal Aid
- Area Agency on Aging
- Napa Valley Hospice and Adult Day Service
- Family Service of Napa Valley

- Rianda House

Self-Sufficiency: Coalition Member Organizations

Many of the proposed cuts to self-sufficiency services directly affect the beneficiaries: reduction in grants, stricter eligibility criteria, and reduction of aid timeframes from 60 months to 48 months. However, the proposed cuts will impact the way coalition member organizations deliver services to this particular population. LAO recommendations propose even deeper cuts: the elimination of CalWORKS food assistance program for immigrants; and the elimination of CalWORKS teen parent programs. Table-3 depicts the likely programs and Coalition member organizations that will be affected by the proposed state and/or federal cuts:

Table-3: Self-Sufficiency Programs-Proposed Cuts

Coalition Member	Service Area	State/ Federal Proposed Cuts
Puertas Abiertas	General Assistance	Governor, Republican
Napa Valley Child Advocacy Network, Inc.	General Assistance, Medi-Cal Eligibility	Governor, Republican
Community Resources for Children	General Assistance	Governor, Republican
Cope Family Center, Inc.	General Assistance, Employment Services	Governor, Republican
Rianda House Senior Activity Center	General Assistance	Governor, Republican
CANV	Employment Services	Governor, Republican
Buckelew Programs, Inc.	Employment Services	Governor, Republican,
On the Move, Inc.	Employment Services	Governor, Republican, LAO
Legal Aid	Employment Services	Governor, Republican

Homeless and Housing Services: Coalition Member Organizations

Historically, homeless and housing services were under the jurisdiction of counties and cities. This provides some explanation why the state budget proposals do not depict any direct cuts to homeless and housing services. However, the State’s actions to eliminate the Redevelopment Agency will have ramifications to homeless and housing services. Also, several reductions to grant programs at the federal level have been proposed: community block grants reduction of \$43M; and the Low Income Housing and Energy Assistance Program reduction of \$390M. These funds are crucial to local programs to maintain adequate service delivery to the homeless and/or transitional housing population. HHSA currently has 24 contracts for homeless and housing services; approximately 79% of these contractual agreements are with Coalition member organizations. The reduction of grant funding for these services could potentially have adverse effects on the following Coalition member organizations:

- CANV
- NEWS
- Housing-HPRP
- Catholic Charities
- Legal Aid
- Puertas Abiertas

- Napa Valley Community Housing
- Cope Family Center, Inc.
- Family Service of Napa Valley
- Progress Foundation, Inc.
- Buckelew Programs

Non HHS A Programs: Proposed Cuts of Interests to Coalition Member Organizations

Additional fiscal threats were identified by Coalition members and HHS A:

Table-4: Non-HHS A Programs: Cuts to Other Service Areas

State/Federal Proposed Budget Cut	Service Area	Coalition Member
State: Elimination of Redevelopment Agency Federal: \$390M reduction to Low Income Housing and Energy Assistance Program	Neighborhood Development	On the Move, Inc. Napa Valley Hospice and Adult Day Services (NVHADS) Arts Council Napa Valley
State: \$200M reduction to court system; elimination of support to certain grant programs; realignment of court security, adult parole, and juvenile justice programs to counties.	Criminal Justice Family Court Services	Alternatives to Better Living Legal Aid Family Service of Napa Valley Cope Family Center, Inc. Boys and Girls Club
State: LAO recommends \$4.5B cut to education if Governor’s budget proposal does not pass. Federal: \$1.58B reduction to education	Education	Boys and Girls Club Arts Council Napa Valley On the Move, Inc. Cope Family Center, Inc. Puertas Abiertas Big Brothers, Big Sisters CANV, NVHADS Napa Valley Child Advocacy Network, Inc. Rianda House Alternatives to Better Living CyberMill Technology Center
State: \$591M deduction to the Department of Developmental Services (system wide); \$174M reduction to regional centers; \$15M reduction to developmental centers	Developmental Services	NVHADS Napa Valley Child Advocacy Network, Inc. Vine Village United Cerebral Palsy of the North Bay (UCPNB) Napa Spinal Cord Injury Network Moving Forward Towards Independence

Concerns: Coalition Member Organizations

Additional data was gathered from Coalition members for other anticipated fiscal challenges for the upcoming year:

- Big Brothers, Big Sisters: federal cuts to AmeriCorps Vista; federal cut to grant funded mentoring program for youth with incarcerated parents/guardians.
- Napa Access Supervised Visitation Program (Family Court Services): funding has been capped; however service need continues to rise.
- State Proposition 63 (Mental Health Services Act) funding: proposed to be redirected; will eliminate local prevention services (People Empowering People solely funded by Prop. 63 dollars).
- Increasing costs for doing business.
- Decreased donor bases; increased competition amongst non-profit community for donations from the public.
- Cuts to Medi-Cal reimbursement rates.
- Napa Valley Advocacy Network: increased referrals due to cuts to AB 3632 funding; loss of \$50K for Behavioral Health Program (Master Settlement Agreement funding).
- Potential State Proposition 99 funding cuts to local providers; future of Master Settlement Agreement (MSA) funding for non-profits.
- Cuts impacting preventive services push clients to higher costs.
- Wolfe Center: cuts to probation funding for outpatient, juvenile services, and juvenile drug court; ESPDT funding cuts.
- Area Agency on Aging: elimination of funding for adult day health care services; will not be able to continue to provide these services.
- UCPNB: reduction of grant revenue for developmental services; elimination of funding for therapeutic recreation services; reduction of SSI to employees with disabilities; 4.25% funding reduction for employment services.
- Cuts to State Proposition 49: after-school programs and activities
- Clinic Olé: significant loss of State funding (adult dental, grants, etc.); Medi-Cal caps to visits per year will increase need; federal cuts to health centers.
- Moving Forward Towards Independence: additional cuts to developmental services will further exacerbate funding issues (already funding 30% below actual costs to operate developmental programs).
- Decrease in funds available from Napa County and foundations because they will focus on funding and providing for “basic needs.”
- Funding for NapaHelp.Info has been eliminated.
- Significant reductions to the court and criminal justice programs are anticipated.
- Developmental services: not eligible for previous grants received in the past as funders refocus on safety net needs.
- Annual raffle tickets sales decreased.
- Arts Council Napa Valley: elimination of Redevelopment Agency of Napa may endanger current contracts worth \$15K.

- On the Move, Inc- education cuts will increase classroom sizes; no counselors; afterschool child care not available.
- CANV: federal reduction of Community Block Grant funding; closing infant CTR

Findings

Several Coalition member organizations provide an array of services to the public that cross several HHSA service areas (e.g. public health, mental health, self-sufficiency, etc.). Consequently, Coalition member organizations that do provide more than one type of service to the public may be in danger of receiving several reductions to their budget coming from federal and state legislation. Indeed this will impact service delivery, and HHSA's ability to effectively and efficiently serve the public.

Conclusion

The data collected during the budget exercise between Coalition members and HHSA provided a brief overview of the funding challenges that may occur for the upcoming fiscal year. Certain portions of the Governor's budget plan have been passed through the legislative process (cuts to Medi-Cal, CalWORKS and CalFRESH benefits), while many portions of the budget remain uncertain (realignment). Likewise, many funding reductions at the federal level remain an uncertainty.