

2003 Realignment Of Health Programs

LEGISLATIVE ANALYST'S OFFICE

Presented To:

Senate Health and Human Services Committee

And

Budget and Fiscal Review Subcommittee No. 3





The Administration's Realignment Plan

Dollars in Millions

Programs	Cost Shift ^a	Level of County Discretion
Health Programs		
Medi-Cal benefits	\$1,620 ^b	Minimal
Medi-Cal long-term care	1,400	Minimal
Substance abuse treatment programs and drug courts	230	Partial
Integrated Services for Homeless and Children's System of Care	75	Full
Public health	68 ^c	Partial
Subtotal	(\$3,393)	
Social Services Programs		
In-Home Supportive Services and administration	\$1,171	Partial
Child Welfare Services	610	Partial
CalWORKS (administration and services)	547 ^d	Partial
Foster Care grants	460	Minimal
Foster Care administration	34	Partial
Food stamp administration	268	Partial
Adoptions Assistance	217	Minimal
Programs for immigrants	110	Full
Adult protective services	61	Full
Kin-GAP	19	Minimal
Subtotal	(\$3,497)	
Child Care		
Required child care matching payments	\$498	Partial
Discretionary child care	470 ^e	Full
Court Security		
	\$300	Partial
Total^f	\$8,154	
^a Represents 100 percent cost shift unless other wise noted (excluding federal funds). ^b 15 percent cost shift to counties. ^c In addition, counties would receive \$78 million in Proposition 99 and federal funds. ^d 50 percent cost shift to counties. ^e In addition, counties would receive \$63 million in additional realignment revenue and \$863 million in federal funds. ^f Detail may not total due to rounding.		



Overarching Considerations Relating to Realignment

- Realigning Some State-County Programs Makes Sense
- Programs, Not Taxes, Should Be the Focus of Realignment
- Realignment Plans Are Not Easily Changed
- Counties Will Need Control Over Realigned Programs
- Roughly Match Revenues and Expenditures
- Details Matter in Designing the Structure of Realignment
- Achieving General Consensus Will Be Critical



Factors to Weigh in Assigning Program Responsibilities



Programs where statewide uniformity is vital, where statewide benefits are the overriding concern, or where the primary purpose of the program is income redistribution—usually are more effectively controlled and funded by the state.

- Reduces inappropriate service level variation.
- Focuses state attention on programs integral to state goals.
- Allows income support programs to reflect the resources of the state—not a single county.



Programs where innovation, responsiveness to community interests, and efficiency are paramount—usually are more effectively controlled by local governments.

- Facilitates citizen access to the decision-making process and encourages experimentation.
- Allows community standards and priorities to influence allocation of scarce resources.



Coordination of closely linked programs is facilitated when all programs are controlled and funded by one level of government, usually local government.

- Increases attention to programmatic outcomes.
- Reduces incentives for cost shifting among programs.



If state and local governments share a program's costs, the state's share should reflect its level of program control. If the costs of closely linked programs are shared, the cost sharing arrangements should be similar across programs.

- Increases accountability to the public.
- Promotes efficiency in expenditures and discourages inappropriate cost shifting.



Developing a 2003 Realignment Plan: Which Programs Should Be on the Legislature's List for Consideration?

In Millions

Program	LAO Recommendation		Page Discussed
	Consider	Remove	
Health Programs—Administration's Plan			
Medi-Cal benefits	—	\$1,620	138
Medi-Cal long-term care	\$1,400 ^a	—	139
Public health	68	—	140
Integrated Services for Homeless and Children's System of Care	75	—	141
Substance abuse treatment programs and drug courts	230	—	142
Additional Programs—Suggested by LAO			
50 percent county share of Medi-Cal administration	\$304	—	138
Other long-term care programs	210 ^a	—	139
Battered Women's Shelter Program	24	—	140
EPSDT	381	—	141
Mental health managed care	213	—	141
Other mental health	39	—	141
Social Services Programs—Administration's Plan			
Child Welfare Services	\$610	—	145
Foster Care grants and administration	494	—	145
Adoptions assistance	217	—	145
Adult protective services	61	—	148
Kin-GAP	19	—	145
CalWORKs (administration and services)	547	—	145
Food Stamp administration	134	\$134	146
In-Home Supportive Services and administration	275	896	147
Programs for Immigrants	—	110	147
Additional Programs—Suggested by LAO			
Adoptions Program	\$41	—	145
25 percent county share of CalWORKs grants	750	—	145
25 percent county share of automation projects	42	—	148

Continued



Developing a 2003 Realignment Plan: Which Programs Should Be on the Legislature's List for Consideration? *(continued)*

In Millions

Program	LAO Recommendation		Page Discussed
	Consider	Remove	
Child Care—Administration's Plan	\$968	—	149
Criminal Justice-Administration's Plan			
Court security	—	\$300	150
Additional Programs—Suggested by LAO			
Juvenile Justice	\$337	—	151
Adult Parole	435	—	151
Adult Parole-Return to Custody	807	—	151
COPS	116	—	151
Juvenile Justice Challenge Grants	116	—	151
13 Amended Mandates^b—Suggested by LAO	140	—	152
Totals	\$9,053	\$3,060	
Administration	\$5,098	\$3,060	
LAO	3,955	—	

^a This program shift could not be implemented in 2003-04.

^b No funding is provided in Governor's 2003-04 budget, but spending obligation is a constitutional requirement.



Estimated Ongoing Costs of Governor's Proposed Realigned Programs

Dollars in Millions

	2003-04	Average Growth 2003-04 Through 2007-08
Major Social Services		
IHSS	\$1,171	12.6%
Foster Care/Food Stamps Administration	306	6.7
CAPI	95	4.9
Foster Care grants	460	2.8
Adoptions assistance	217	13.6
CWS	596	2.9
CalWORKs	547	—
CFAP	15	-7.5
Subtotals-Social Services	(\$3,407)	(7.2%)
Health Programs		
Medi-Cal 15% cost share	\$1,620	7.9%
Long-term care	1,400	7.4
Health programs	124	2.8
DADP local programs	219	2.2
Subtotals-Health Programs	(\$3,363)	(7.2%)
Court Security	\$300	7.9%
Child Care^a	\$1,189	8.5%
Total-Itemized Programs	\$8,259	7.4%

^a Includes an additional \$158 million in 2003-04 in order to fully fund program.