
COUNTY ADMINISTRATOR'S BUDGET MESSAGE

DATE: May 27, 2008
TO: Board of Supervisors
FROM: Michael D. Johnson, County Administrator
SUBJECT: FY2008/09 Proposed Budget

Staff recommends that the Board of Supervisors conduct Budget Hearings beginning at 10:00 a.m., June 24, 2008, and approve a Final Budget at the conclusion of the Hearings.

Included in the budget message are the following four budget related sections: 1) Budget Overview, 2) Financial Summary, 3) Funding for Strategic Plan Implementation, and 4) State Budget Impacts.

Budget Overview

The FY2008/09 Proposed Budget reflects that Solano County is in stable condition. It allows for moderate growth in County programs consistent with the Budget Policies and County Strategic Plan, while exercising prudence and sound fiscal judgment. The Proposed Budget uses prior year savings, established as Reserves/designation, to fund Capital Renewal Projects and accrual leave payoffs in anticipation of employee retirements.

Increased operational costs account for much of the Proposed Budget's growth. The FY2008/09 Proposed Budget reflects cost-of-living and step increases for employee salaries, increases in health and retirement costs and other overhead costs. The Proposed Budget also reflects a minimal growth of revenues – particularly in sales and property taxes.

The Proposed Budget totals \$955,082,892. This amount represents a decrease of (\$63,608,036), or (6%), when compared to the FY2007/08 Final Budget. The budget includes the following changes:

- General Fund totals \$260.3 million, a decrease of (\$10.3) million, or (4%);
- Public Safety Fund totals \$155.5 million and reflects a \$4.8 million, or 3% increase;
- Health and Social Services Fund contains \$263 million and reflects an increase of \$1.6 million, or less than 1%; and
- Other Funds total \$275.8 million, a (\$59.8) million, or (18%) decrease.

The Proposed Budget is financed by application of a \$90.1 million Fund Balance of which \$38.7 million is from the General Fund. While the Fund Balance projection for FY2007/08 is not as

healthy as FY2006/07, it is still a result of the year-round spending discipline exercised by County Departments. Solano County employees continue to deliver high quality services in an efficient and cost-effective manner.

To the extent possible, the Proposed Budget reflects the Governor's assumptions in the State's January 2008 budget document as further refined by the May Revise. The Proposed Budget assumes that funding for Health and Social Services programs will be at the level proposed in the Governor's original January budget with additional modifications when more appropriate information is available. The County could receive significantly more or less than projected upon State budget adoption.

The Proposed Budget provides for a workforce of 3,111 FTE positions, excluding extra help positions. In cases where positions have been vacant and unfunded for a year, such positions are being recommended for deletion consistent with the Board policy on unfunded vacancies.

Listed below are significant changes in the FY2007/08 Proposed Budget:

General Fund:

- General Revenue: As a result of the current real estate market, the Assessor estimates approximately 40,000 properties within Solano County will be reassessed pursuant to Proposition 8. These reassessments will reduce the assessed value subject to the 1% property tax. Consequently, the secured property tax revenue projections, included in the various funds in the FY2008/09 Proposed Budget, will decrease from what is currently recommended.

The Assessor's Office expects to complete the Proposition 8 reviews by the middle of June. Subsequently, the Auditor will re-compute the property tax projections and the revised property tax revenue allocations. Staff will provide the information to the Board during the FY2008/09 Budget Hearings.

- General Services is increased by \$1,375,785 primarily due to Salaries and Benefits, including staffing increases approved by the Board during FY2007/08 for a net of 3.0 positions, plus the addition of 2.0 new positions in the Proposed Budget.
- Registrar of Voters is decreased by (\$1) million in appropriations due to three elections in FY2007/08 instead of one in FY2008/09.
- General Expenditures are \$7.3 million higher as Public Safety, Health and Social Services (H&SS) and other programs and require more General Fund Contributions. The budget also includes \$6.2 million from Deferred Maintenance designation to remodel the Old Library and the Law and Justice Center exterior wall painting and renovation projects.
- The Recorder's overall appropriation is decreased by (\$2.2) million resulting from the change in budgeting practice that account for costs in the Recorder's Special Revenue Fund.
- On February 13, 2007, the Board approved the new General Fund Reserve, Contingency and Other "designations" policy. The new policy increased the General Fund Reserve target level to 10% of the County's total budget, excluding inter-fund transfers. The Proposed Budget contains \$46.6 million in reserves. It is at the same level as FY2007/08. The General Fund Reserve level is still under the new policy target.

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- Contingencies include \$20 million for unforeseen needs that may arise during the fiscal year and \$10 million in State Fiscal Uncertainty as the State multi-billion dollar budget crisis remains unresolved despite gathering pressure from all sides for a solution.

Public Safety Funds:

The Public Safety Fund increases by \$4.8 million, or 3%. Most of this increase is in Salaries and Benefits for cost-of-living adjustments, which includes 5.5 FTE new positions to support increased criminal caseloads and other areas of Public Safety, combined with increases in cost of doing business to support the jail and juvenile hall functions.

Health and Social Services:

H&SS incorporates moderate increases of \$1.6 million, or less than 1%, in expenditures and revenues to begin laying the groundwork for potential reductions in State Funding in FY2008/09. Salaries and Benefits are increased less than 2% to reflect cost-of-living increases and factors in additional salary savings in anticipation of delays in State reimbursements.

Other Funds:

- Library Fund is reduced by (\$2.4) million primarily by Contingency of (\$1.5) million and contribution to Suisun City Library of (\$900,000).
- The Accumulated Capital Outlay Fund is decreased by (\$88.8) million due to the exclusion of funding for Claybank Adult Detention Facility Expansion.
- Tobacco Settlement Securitization provides \$53 million from its Reserves to finance the H&SS Twin Campus. Net increase is \$49.5 million.
- Road Fund is (\$3.7) million lower due to fewer road projects.
- First 5 Solano decrease of (\$1.3) due to no appropriation for Reserves.
- Tobacco Settlement Fund reflects reduction of (\$2) million.
- H&SS Capital Projects reflect \$5.6 million increase to recognize \$53.6 million from Tobacco Securitization Fund as a means to finance instead of proceeds of bonds.
- Public Facility Fees decreased by (\$4.5) million less transfer out to Public Facility Fee capital projects.
- Pension Obligation Bond (POB) is decreased by (\$5.8) million due to a lower POB rate plus fewer funded positions because of the hiring freeze.
- Government Center Debt Services Fund is reduced by (\$5) million. This is a reduction in interest payment due to the refinancing of the 2002 COP.

Financial Summary

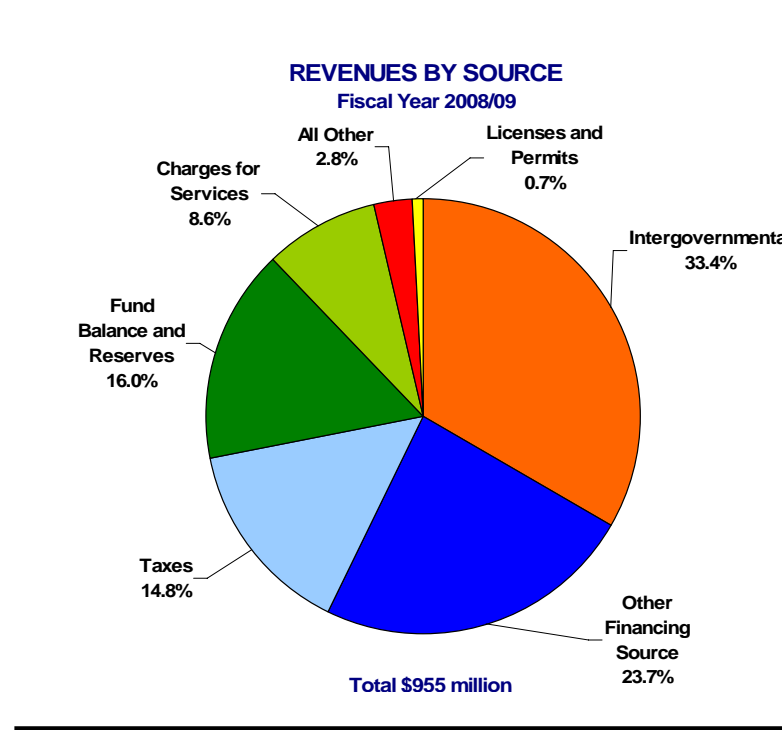
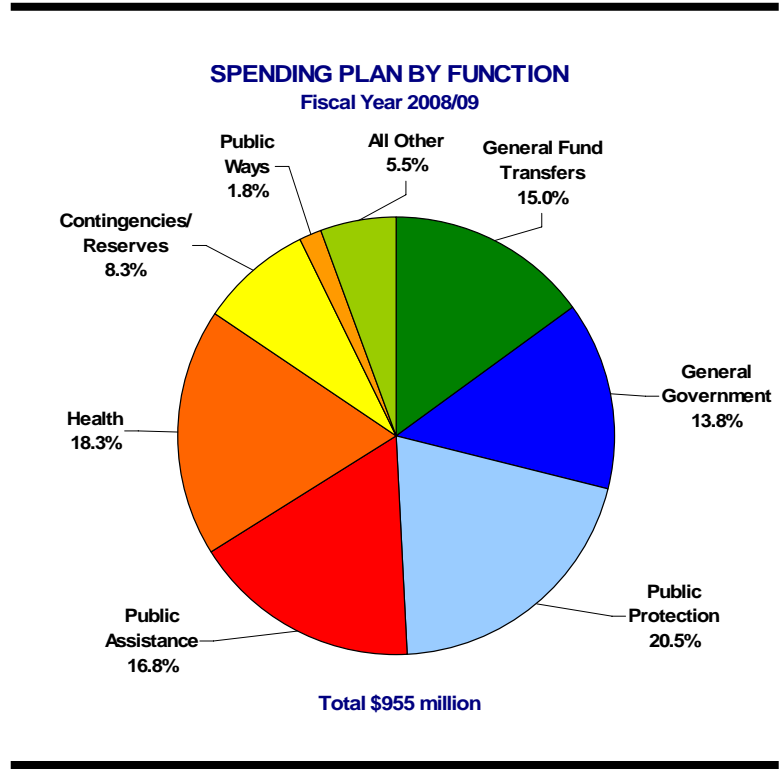
The Spending Plan by Function graph portrays a total of \$955 million. As shown, the graph indicates the percent of total for each of the functional areas required within the County Budget.

As shown, Public Protection represents the single largest category of County expenditures at 20.5%. Health, the second largest, represents 18.3% of the total.

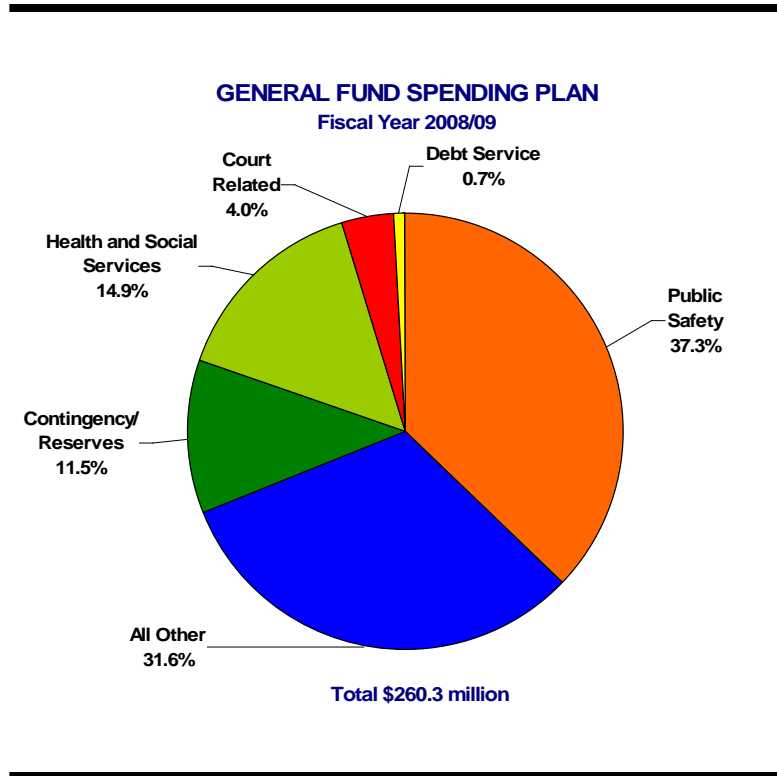
Revenues by Source graph indicates the sources of funding to finance the Budget.

The County Budget's single largest revenue source is Intergovernmental Revenue from State and Federal Agencies.

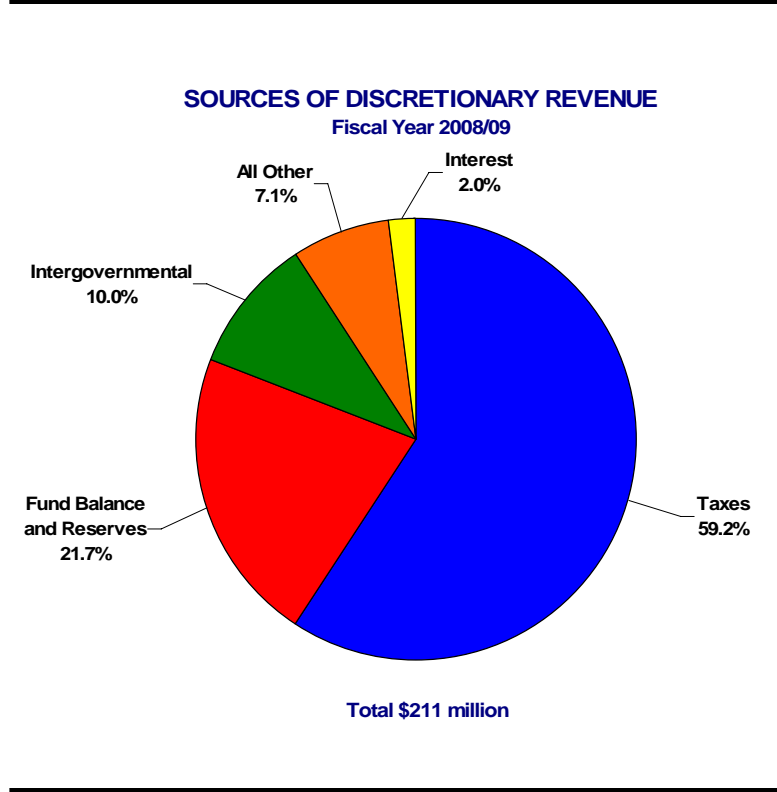
The County receives these revenues from State and Federal agencies, generally with specific requirements for the funds' expenditures. Intergovernmental Revenue represents 33.4% of the total, followed by Other Financing Sources at 23.7%. Taxes provide 14.8%, Fund Balances and Reserves 16% and Charges for Services 8.6%. The All Other category represents 2.8%. Licenses and Permits bring in less than 1% of the County's funding.



The General Fund Spending Plan graph portrays a total of \$260.3 million. As shown, the Public Safety category represents the single largest category of expenditures at 37.3%. This category includes the Sheriff, District Attorney, Public and Conflict Defender, Other Defense and Probation. The All Other category represents 31.6%. Departments listed under the All Other category include Agricultural Commissioner, Animal Care, Resource Management, LAFCo, Legislative, Administrative and Financing. H&SS is the third largest category of General Fund use at 14.9% of the total. The County's Courts Maintenance of Effort (MOE) is 4% of the total.



The Sources of Discretionary Revenue graph provides information concerning General Fund financing for County operations. Discretionary revenues are those revenues which are not collected in direct response to services provided. This includes countywide property taxes as well as Intergovernmental Aid that comes to the County without restrictions as to specific program use. These non-program revenues are reflected in the General Revenue budget. Program revenues resulting from such activities as the issuances of building permits, marriage licenses, etc., are shown within the operating departments.



The single largest category is Taxes at 59.2%. This category includes all property taxes - secured, unsecured, supplemental, utility roll, property tax in lieu of Vehicle License Fee (VLF), as well as sales tax receipts. A 2% revenue increase is projected in the property tax categories.

The next largest category is Fund Balance and Reserves. The General Fund projected Fund Balance at the end of FY2007/08 becomes a means of financing for the FY2008/09 Proposed Budget at \$38.8 million, to which is added \$7.1 million from Reserves. This amount represents 21.7% of the total for FY2008/09 General Fund Discretionary Revenue.

The third largest category, Intergovernmental Aid, represents 10% of the total. Included within this category are revenues such as Homeowners Exemption and State Stabilization fund.

County Strategic Plan Implementation

The FY2008/09 Proposed Budget supports the County Strategic Plan (Plan), adopted formally by the Board of Supervisors on December 11, 2007. A key priority in the Budget is financially supporting the Goals, Catalytic Projects, Strategic Objectives and departmental activities consistent with the Plan.

Following is a description of each of the Goals and Catalytic Projects:

- Goal: Improve the health and well-being of those who live and work here

The Catalytic Project for this goal is the Healthy Communities Initiative. Under this Initiative, the County will encourage healthy, active lifestyles by promoting change toward wellness through health programs, partnering with schools, hospitals and cities, early intervention with children and families, and by encouraging environmentally friendly building and business activities. As a large employer, the County will continue to model the importance of health and wellness throughout its workforce by implementing a comprehensive employee wellness policy and programs.

- Goal: Ensure responsible and sustainable land use

The Catalytic Project for this goal is an Intergovernmental Planning Collaborative where the County working with the cities, education, workforce training and business leaders, nonprofit providers and interested citizens helps create a high quality of life in Solano County. This is anticipated to be accomplished by completing the County's General Plan Update, providing the dialogue and leadership on economic development and agricultural issues, focusing on green businesses, and removing unnecessary regulatory and procedural barriers to development.

- Goal: Maintain a safe community

The Catalytic Project focuses on a Comprehensive Crime Prevention, Intervention and Re-entry system in Solano County. The County and its partners will offer services, programs and projects that move from incarceration to an integrated approach aimed at eliminating recidivism and reducing the growing need for jail beds. A First Felony Pilot program and the re-establishment of Adult Drug Court are two of the key projects for this goal. Activities related to gang and methamphetamine prevention, juvenile recidivism and positive parenting are parts of the integrated systems approach. Emergency preparedness will continue to play a key role in maintaining a safe community.

- Goal: Invest in and for the future

The Catalytic Project for this goal is Optimal Service Design and Delivery. Focused both internally and externally, work efforts involve customer service training, resident and employee satisfaction surveys and focus groups as well as other organizational development programs such as succession planning and training in evaluation and employee-development strategies. Continuity of operations, technology investments, asset management and the financing of capital projects and renewal efforts also are emphasized. Service delivery methods emphasizing performance measurement and continuous improvement are also to be incorporated into service models.

The chart below summarizes the County's strategic initiatives included in the budget and the funding allocated for their support during FY2007/08 and FY2008/09. Expenditures of \$116,675,417 are proposed as the County's financial commitment to Strategic Plan implementation in FY2008/09. Expenditures of \$211,637,503 in FY2007/08 included monies for the construction of the Claybank Jail Expansion which was delayed by the Board due to conditions in the financial market and the economic outlook.

Solano County Strategic Plan Funding Summary

Goal: Improve the health and well-being of those who live and work here			
Catalytic Project: Health and Well-being - Healthy Communities Initiative	Collaborating Departments	FY2007/08 Funding	FY2008/09 Funding
Proactive enforcement of consumer and environmental laws	District Attorney	1,052,367	1,224,517
Develop comprehensive County employee wellness policy and program	Employee Development & Training/County Administrator's Office/Health and Social Services	381,475	627,660
Increase Children's Readiness for School	First 5 Solano	869,000	883,790
Information & referral and home visiting services via 9 family resource centers	First 5 Solano	911,000	951,330
Ensure quality child care opportunities available for children 0-5	First 5 Solano	329,000	407,870
BabyFirst Solano: Increase health outcomes for pregnant teens, African-American women and pregnant women at risk of using or abusing substances	First 5 Solano/Health and Social Services	1,432,000	1,474,960
Increased mental health screenings, assessments and services for children 0-5	First 5 Solano/Health and Social Services	570,000	571,650
Reduce rates of alcohol, tobacco and other drugs	Health and Social Services	1,500,000	1,500,000
Transitional Youth Gap Analysis	Health and Social Services	60,000	0
Outreach and enrollment to ensure 97% of children have insurance	Health and Social Services/County Administrator's Office/First 5 Solano	1,001,197	1,170,000
Smile in Style dental hygiene services for school age children	Health and Social Services	602,487	378,479
Increase access to fresh fruits and vegetables	Health and Social Services	35,280	51,156
Develop Community Health Worker program for obesity, provide education on chronic diseases and pre- and post-natal care	Health and Social Services	0	104,000
Support Solano Coalition for Better Health's Million Pound Challenge	Health and Social Services	55,900	86,500
Develop partnerships to fund school fitness and wellness activities and increase physical activities in schools	Health and Social Services	15,000	100,000
Conduct presentations on obesity rates, chronic disease, the importance of increasing physical activity for children and families; Increase Walk to School Days	Health and Social Services	14,450	14,450
Build a new Nature Center at Lake Solano Park	General Services Parks Division	1,590,003	725,000
Conduct a Family Justice Center feasibility study	Probation - Office of Family Violence Prevention	20,000	0
Release Medication Pilot Project (10-14 day non-refillable supply)	Sheriff's Office	25,000	12,500
Subtotal for health and well-being objectives		10,464,159	10,283,862

Goal: Ensure responsible and sustainable land use			
Catalytic Project: Intergovernmental Planning Collaborative	Collaborating Departments	FY2007/08 Funding	FY2008/09 Funding
Contract with Solano Economic Development Corporation for economic studies; increase Solano EDC membership	County Administrator's Office	154,600	180,525
Conduct Economic and Youth Summits	County Administrator's Office	12,500	15,000
Loan for Regional Transportation Projects	County Administrator's Office/Resource Management - Public Works	1,689,000	68,000
Road/Transportation Study regarding Public Facility Fees funding	County Administrator's Office/Resource Management - Public Works	27,000	60,000
Nut Tree Airport Land Use and Master Plan	General Services	366,000	100,000
Animal Care Master Plan	General Services	118,325	0
Expand park and open space opportunities with Solano Land Trust including Lynch Canyon Pilot	General Services	265,656	226,445
Establish supported housing for transitional age youth	Health and Social Services	22,500	550,000
Update General Plan	Resource Management	919,050	100,000
Green Business Program	Resource Management - Integrated Solid Waste	40,692	35,676
Housing Authority/Section 8	Resource Management - Planning	2,169,602	2,169,602
HOME Program	Resource Management - Planning	77,000	67,000
Homeacres Loan Program	Resource Management - Planning	4,500	116,000
Subtotal for intergovernmental planning collaborative objectives		5,866,425	3,688,248

Goal: Maintain a safe community			
Catalytic Project: Comprehensive Crime Prevention, Intervention and Re-entry System	Collaborating Departments	FY2007/08 Funding	FY2008/09 Funding
Sol-NET (decreased due to loss of grant funding)	District Attorney/Sheriff's Office	529,596	460,990
Multidisciplinary Interview Center and Visitations Plus program	District Attorney	301,113	291,791
Crime Victim Assistance	District Attorney	588,717	617,956
Real Estate Fraud	District Attorney	289,327	309,103
Implement "First Felony" Pilot Program including substance abuse, mental health programs, parenting skills, vocational and general education and job placement services; and partner with churches and community resource services for coaching, housing, health needs, outreach and connection to other services	Health and Social Services/County Administrator's Office	0	213,100
Re-establish Adult Drug Court while continuing both Juvenile Drug Court and Family Drug Court	Health and Social Services	0	130,537
Avian Pandemic planning and bioterrorism prevention	Health and Social Services	394,291	424,526
Conduct positive parenting, no spanking workshops	Probation - Office of Family Violence Prevention/First 5 Solano/Health and Social Services	10,105	7,150
Drug Awareness Program in junior high schools	Public Defender	15,000	15,000

Catalytic Project: Comprehensive Crime Prevention, Intervention and Re-entry System	Collaborating Departments	FY2007/08 Funding	FY2008/09 Funding
Build additional jail facilities at Claybank	Sheriff's Office/County Administrator's Office/General Services	77,695,385	0
Claybank Expansion Transition Team	Sheriff's Office	657,099	67,344
Methamphetamine Prevention and Enforcement programs including young adult offenders supervision	Sheriff's Office/Probation	1,347,214	1,618,086
Drug and Alcohol program for the inmates (IWF)	Sheriff's Office	285,000	285,000
GED program for the Inmates (IWF)	Sheriff's Office	125,897	62,949
Subtotal for Comprehensive Crime Prevention Project Objectives		82,238,744	4,503,531

Goal: Invest resources in and for the future			
Catalytic Project: Optimal Service Design and Delivery	Collaborating Departments	FY2007/08 Funding	FY2008/09 Funding
Determine Accrued Leave Liability for the next 5 years, totaling \$8.5 million	Auditor-Controller/County Administrator's Office	2,381,370	800,000
General Fund Contingency in support of Board adopted policy for State uncertainties	County Administrator's Office/Auditor-Controller	10,000,000	10,000,000
General Fund Contingency	County Administrator's Office/Auditor-Controller	22,300,000	20,000,000
Implement Statewide Child Support and Enforcement System	Child Support Services	500,000	0
Establish service benchmarks for County programs	County Administrator's Office	125,000	62,000
Produce County Annual Report	County Administrator's Office	25,000	21,450
Redesign County website	Department of Information Technology	443,000	
Establish a 311 Call Center	Department of Information Technology	800,000	1,710,449
Data Protection and Disaster Recovery Project	Department of Information Technology	1,707,000	723,000
Build new County facilities in Vallejo and public health lab in Fairfield (South County Project)	General Services	52,380,000	38,435,128
Establish William J. Carroll Government Center Campus in Vacaville	General Services	1,223,950	15,250,727
Meet requirements of California Solar Based Incentive program (rebate amount from State); Transferred performance based incentive to vendor as part of contract (received benefit to rate for power purchase)	General Services	4,900,000	0
Solano Conference Center project	General Services	3,000,000	793,190
Acquire real estate adjacent to Nut Tree Airport	General Services	1,000,000	0
Central Services Master Plan	General Services	150,000	0
Deferred Maintenance Reserves for capital renewal	General Services/County Administrator's Office	10,000,000	6,260,242
Institute Client-Centered Outcome-Based Business Process Analysis	Health & Social Services/County Administrator's Office	225,000	144,050
Assess the need for Continuity of Operations Plans for each core service and department; Develop strategies, services and technologies to reduce the County's exposure and vulnerability; Help protect mission critical operations against diverse downtime threats; and Ease recovery if an unforeseeable catastrophe strikes	Health and Social Services	25,000	50,700

Catalytic Project: Optimal Service Design and Delivery	Collaborating Departments	FY2007/08 Funding	FY2008/09 Funding
BEST, an employment and eligibility service delivery program, implementation emphasizing performance measurement, continuous service improvement	Health and Social Services	1,464,655	3,681,710
Expand Training and Succession Planning opportunities	Human Resources	235,000	235,000
Management Review of Public and Conflict Defender Offices	Public Defender	45,000	0
Conduct a Process Improvement Study	Resource Management	100,000	0
Implement automation of retail food facility inspections	Resource Management	20,000	15,000
Inspection of hazardous materials business plans and wastes at farms	Resource Management/Agriculture Department	14,500	15,000
Emergency Preparedness kits and brochures	Sheriff's Office	3,700	2,130
Subtotal for Optimal Service Design and Delivery Objectives		113,068,175	98,199,776
GRAND TOTAL		211,637,503	116,675,417

State Budget Impacts – May Revise FY2008/09

The Governor released the May Revise on May 14, 2008. As outlined in the document, California's structural deficit persists. When the budget was released in January, the projected State deficit for FY2008/09 was \$14.5 billion. Slower rates of economic growth, softening State revenues and increased costs have widened the budget gap. Included in the May Revise is the Department of Finance estimate of the deficit at \$17.2 billion. The Legislative Analyst's Office subsequently announced their independent calculation and determined the deficit is \$22 billion. The single largest factor contributing to the increase in the projected budget gap is a (\$6.0 billion) decrease in estimated General Fund revenues (i.e., income, corporate and sales taxes). Note that the \$17.2 billion deficit is after the Legislature made (\$7 billion) in reductions during the Special Session called by the Governor in January.

The Governor included several proposals to "fix" the State budget process. There are four key points:

1. **Budget Stabilization Act.** The Governor continues to support a constitutional amendment for the establishment of a Revenue Stabilization Fund (RSF) where one-time and non-sustainable revenues would be deposited. The funds would then be used in times of slow revenues. The May Revise includes \$5.1 billion to start the fund.
2. **Lottery Revenues.** The California State Lottery plays a big part in the May Revise. The Governor has proposed that the State sell bonds by promising future Lottery revenues to investors. The Governor's Office has proposed borrowing \$15 billion over a three-year period. The Legislature and California voters would have to approve the Lottery proposal. The measure would require that the \$15 billion be used as a reserve with 40% earmarked for education and the balance for other programs.
3. **Temporary Sales Tax Trigger.** The Governor has proposed a 1% sales tax if the Lottery proposal is either not passed or fails to generate the projected \$5.1 billion in revenue needed to balance the FY2008/09 Budget. The increase would expire when the RSF fund balance reaches 15% of the General Fund or on June 30, 2011, whichever occurs first.
4. **Tax Modernization Commission.** The Governor outlined his intention to issue an Executive Order to establish a bipartisan commission to undertake an examination of California's tax laws. The Commission would be charged with recommending ways to stabilize state revenues and improve the State's economic status.

State budget proposes the following actions that may directly impact Solano County:

General Government

- **Williamson Act:** The proposed 10% cut to the Williamson Act Subventions remains in the Governor's budget. The subventions partially backfill property tax revenue that local governments forfeit when contracts are signed by landowners to not develop land.

Impact to Solano County is an estimated decrease in revenues of (\$71,000) if the cuts are enacted.

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- Election Reimbursement: Included in the May Revise is \$89.6 million to reimburse counties for the special February 2008 Presidential Primary Election. This is a change from the budget proposed in January.

Impact to Solano County is estimated at approximately \$740,000 for this reimbursement during FY2008/09.

Public Protection

- Prisoner Release: Early release of 22,000 inmates is no longer being considered by the Department of Corrections and Rehabilitation. Per the May Revise, Corrections has reportedly seen a declining prison population, which eliminates the consideration of the early release program.
- Parole Reform: The Governor's proposal to implement parole reform measures remains. It proposes to place non-violent, non-serious and non-sexual offenders on "summary parole." Summary parole would offer no active supervision by the State and would subject parolees to minimal parole conditions (i.e., no regular reporting to a Parole Office and no regularly scheduled drug testing).
- Justice-related Programs: Minimal changes to justice-related programs appear in the May Revise; however, the across-the-board 10% budget reductions still remain. Impacted programs include the Citizens' Option for Public Safety (COPS), Juvenile Justice Crime Prevention Act (JJCPA), Juvenile Probation Camp Funding, Booking Fees, and Cal-MMET Program.

Impact to Solano County for these five programs is an estimated decrease in revenues of (\$293,000) to the Sheriff and (\$134,000) to Probation in FY2008/09.

- State Parks: Removed in the May Revise is a proposal to close 48 State Parks, including two in Solano County (Benicia Capitol State Historical Park and the Benicia State Recreation Area). Funding to restore the park program will come from increased park fees and General Fund contributions.

Health and Social Services

One key point stands out in the May Revise. There will be more cuts to the Health and Social Services Programs. These are in addition to the proposed cuts that were detailed in the Midyear Financial Report presented to the Board of Supervisors on February 5, 2008. At that time, the Department of Health and Social Services (H&SS) staff estimated the impact to their budget in FY2008/09 would be \$6 million. Note that estimated reductions listed are for State funding only. The State funding cuts may also impact the amount of Federal revenues. Details of the revised budget are detailed below.

- In-Home Supportive Services (IHSS): Reduces State participation in provider wages to the minimum wage of \$8.00/hour plus \$0.60/hour for benefits. Replaces a proposal to reduce domestic service hours for all recipients with a new proposal that (1) limits eligibility for domestic services to the most severely disabled and (2) increase share-of-cost payments for higher functioning recipients.

Impact if the Solano County considers maintaining IHSS wages at the current level would require an additional \$2,600,000 in County Contribution in the H&SS budget. If the additional \$1.00 per hour in IHSS provider wages that was approved in the most recent MOU is included, the County Contribution increases to \$4,700,000 in FY2008/09.

- CalWORKs: Reduces grants by 5%, conditions eligibility on face-to-face interviews every six months, and deletes cost-of-living adjustments (COLA) that were scheduled for October 2008.
- Supplement Security Income/Supplemental Security Program: The May Reviser does not pass on a January 2009 COLA and also eliminates the State-only cash assistance program for legal immigrants.
- Managed Care. Provides \$170 million to fund rate increases for Medi-Cal managed health care plans.
- Medi-Cal Eligibility. Lowers the allowable income level for persons applying for Medi-Cal eligibility, thereby reducing caseload and generating budget savings for FY2008/09 and subsequent years.
- Medi-Cal Changes for Immigrant. Proposes to save money by implementing a monthly eligibility requirement for emergency services for undocumented immigrants. Also limits benefits for newly qualified immigrants and to same level of benefits currently provided to noncitizens.

Impact to Solano County related to all H&SS programs (except IHSS) is an estimated decrease in revenue of approximately (\$3,940,000) for FY2008/09.

Transportation

- Proposition 42. The Governor continues to fully fund Prop 42 in FY2008/09. Note, however, that Statewide revenue estimates have been lowered (\$60 million).

Impact to Solano County is now estimated at approximately \$3,200,000 for FY2008/09.

- Proposition 1B. The Governor's proposal continues to not fund the local streets and road accounts for FY2008/09.

Solano County was allocated approximately \$4.5 million from Prop 1B in FY2007/08.