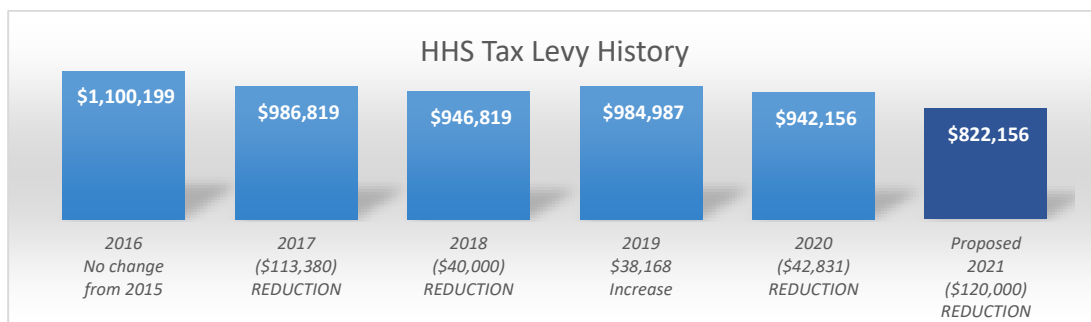


# Impact of Tax Levy Reductions on Health and Human Services 2021 Budget

Presented to the Finance and Personnel Committee by Tracy Thorsen, HHS Director on 9/16/2020

In August, Health and Human Services (HHS) submitted a proposed budget for 2021 that included \$120,000 or a 13% reduction in tax levy as requested. Following the September 1<sup>st</sup> Finance and Personnel Committee meeting, HHS along with the other three large county departments, was directed to provide information at this Finance and Personnel Committee Meeting on the impact of making an additional \$100,000 cut to the department's tax levy.

County tax levy makes up approximately 12% of the HHS funding used to cover the cost of services to the community. This is a small but very significant portion of the funding picture that allows HHS to administer State and Federal programs. Over the last five years (2017 to 2021), HHS incurred a total loss of \$278,043 in tax levy to its budget. Except for 2019 when the County Board added tax levy to keep the Nutrition Program viable, there have been continuous reductions. In order to adapt to lost county funding over the years, HHS made cuts to positions and scaled back services. Reduced community services is a factor impacting increased placement costs.



Making a \$120,000 cut to our budget was very difficult, but we were able to use several strategies in order to avoid major cuts to the services we provide to our Richland County residents. Some of those strategies will result in issues that we will need to resolve in our 2022 budget when we think our revenue picture may improve. With this \$120,000 tax levy decrease, HHS has reached the limit of cuts that we are able to sustain without substantial negative impacts on county services and operations. The impact of cutting an additional \$100,000 in tax levy from the HHS budget would have devastating effects.

## HOW TAX LEVY IS USED IN HEALTH AND HUMAN SERVICES

For some of the services that HHS is mandated to provide, there is a required county payment. Of \$822,156 in tax levy that is currently allocated to the HHS budget, the county must contribute \$246,276 as a condition of receiving specific state funding allocations for Economic Support Services, Birth to Three, Children's Long Term Support, and certain mental health programs. These are all mandated services. The tax levy contributed to the Transportation Program (\$26,700) in the ADRC budget is also committed as the County's required contribution of the transportation grants that the ADRC is in the process of submitting.

<b>HHS BUDGET BY PROGRAM UNIT</b>	<b>FULL BUDGET</b>	<b>TAX LEVY PORTION</b>	<b>REQUIRED COUNTY PMT</b>	<b>AVAILABLE FOR CONSIDERATION</b>
<i>Administrative Services</i>	968,526	258,272		258,272
<i>Aging &amp; Disability Resource Center</i>	702,935	49,537	26,700	22,837
<i>Behavioral Health Services</i>	3,070,588	156,899	93,004	63,895
<i>Child &amp; Youth Services</i>	719,856	0		0
<i>Economic Support Services</i>	915,290	153,272	153,272	0
<i>Public Health</i>	271,012	168,857		168,857
<i>Nutrition</i>	234,338	35,319		35,319
<b>TOTAL</b>	<b>\$6,882,545</b>	<b>\$822,156</b>	<b>\$272,976</b>	<b>\$549,180</b>

If further cuts were to be made they would need to be taken from the remaining tax levy (\$549,180) which is used to fund these mandated and needed services: Behavioral Health (*including Crisis, Outpatient Mental Health, and Adult Protective Services*), Public Health, and the Aging Programs (*including Elder Benefits Specialist Services, Family Caregiver Support, Medicare Outreach/Assistance, Prevention, and Elder Nutrition*), as well as the necessary administrative infrastructure that allows all of the county programs to function. Many of these programs are funded by a combination of tax levy and state or federal allocations, so eliminating expenses does not always result in a dollar for dollar savings.

## IMPACT OF CUTTING AN ADDITIONAL \$100,000 FROM HHS TAX LEVY

There are no easy choices when being asked to consider the impact of making an additional 12% cut (\$100,000) to the county's funding of Health and Human Services. There are only certain programs that can be targeted because they are the ones that receive tax levy as part of their funding. None of these are good options and any further cuts will negatively impact services to those in our community who are in the greatest need. Reducing services at a time when there are significant health and economic concerns will likely compound other problems within the county. Further reductions will also potentially create negative financial consequences elsewhere in the county's budget; specifically related to placement expenses, but cuts to tax levy also may impede our ability to capture other state and federal funding. With that in mind, this presentation outlines the impact of cutting another \$100,000 in tax levy from the HHS 2021 budget, ***but I must strongly recommend against taking action on any of these options.***

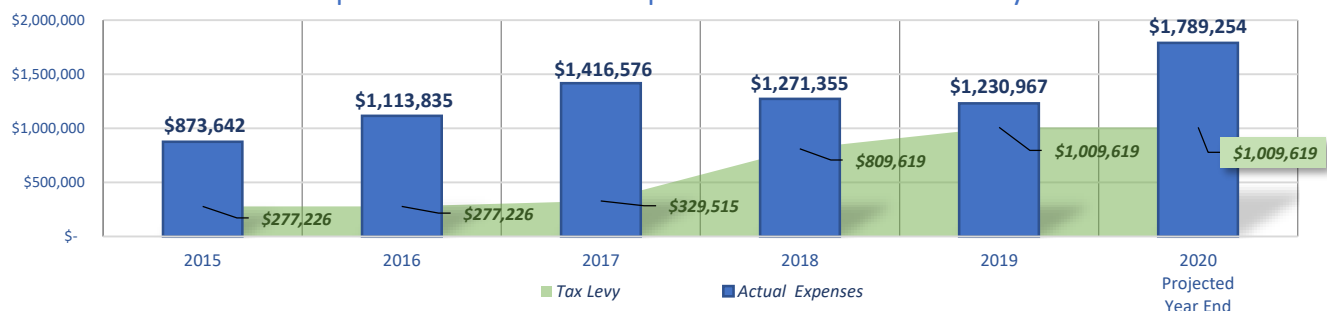
### Crisis/Adult Protective Service Position – Total Expense: \$73,100 (*\$15,345 funded by tax levy*)

The 2021 budget proposed a new Crisis/APS position to meet increased emergency needs. With the rise of crisis situations involving longer institutional stays and increased safety concerns for the growing aging population there is a need for expanding HHS ability to respond to these emergencies. Counties are mandated to provide emergency mental health services and are also responsible to investigate reports of abuse or neglect against vulnerable adults and intervene as needed. Most of the cost of a new position can be funded through Medicaid reimbursements, but some tax levy is necessary to cover the remainder of the expense. In order to meet the \$100,000 reduction in tax levy, HHS would be faced with removing this proposed new position from the 2021 budget.

#### **Impact of Reduction:**

- Savings of \$15,345 in tax levy.
- Potential safety risks to individuals who are vulnerable because of caseloads being beyond capacity.
- Delays in putting guardianships into place which could increase the risk of delaying enrollment into programs that provide funding for needed services (i.e. Family Care). The county must fund services until enrollment to these programs is made.
- Higher risk of increased placements due to less staff time available to provide community interventions or provide the necessary case management that may help shorten placement stays.

Comparison of Placement Expense and Allocated Tax Levy



**Psychiatric Services** – Total Expense: 139,000 (\$32,000 funded by tax levy)

The 2021 budget proposed maintaining existing outpatient psychiatric services (8 hours per week) and increasing the fully funded CCS psychiatric services. The actual cost of psychiatric services (like all mental health services) is greater than the tax levy portion because of our ability to bill Medicaid, Medicare, and private insurance. We also receive additional funding through a state cost reconciliation program. Some tax levy is necessary because of match requirements and because we must serve individuals who do not have an ability to pay.

Counties are mandated to provide services to individuals with mental illness or substance-use disorders, but have some flexibility to determine the type and levels of service. The risk to the county is that individuals may require hospitalization or institutionalization if sufficient services are not available in the community. It is important to find the right balance of community services to mitigate this risk. Over the last two years, HHS has been working to re-establish behavioral health services in the community as a strategy to minimize the need for placements. Having more of these services available in the community is one of the steps that the County can take to reduce the need for higher cost, longer placement stays. In order to meet the \$100,000 reduction in tax levy, HHS would be faced with reducing outpatient psychiatric services by 25% in the budget.

***Impact of Reduction:***

- *Savings of \$8,000 in tax levy (reducing 25% of the tax levy-funded service).*
- *There will be individuals who will not be able to access needed psychiatric services locally in a timely way. This may put some individuals at risk emergency hospitalization or institutional placement.*
- *There are already not enough mental health services in the community. This reduction makes mental health care less accessible in our community.*
- *This item in combination with not adding the Crisis/APS position may exacerbate the risk of increased hospitalizations and lengthier institutional stays.*

**Public Health** – Total Expense: \$65,769 (\$44,562 funded by tax levy)

The 2021 budget proposed restoring one of the vacant Public Health Nurse Positions in order to reach more stable staffing within the Public Health Unit. The unit experienced substantial cuts over recent years and is significantly understaffed. Public Health is a required county service but because it is primarily funded through tax levy and minimal state funding, it has often been targeted for cuts in order to save county tax levy. HHS faced the onset of the COVID-19 pandemic with only two Public Health staff; the Health Officer and one Public Health Nurse. This was not sufficient for normal public health duties and greatly highlighted the county's vulnerability with regard to preparedness for a public health emergency. In order to meet the \$100,000 reduction in tax levy, Public Health would be faced with not filling the needed vacant Public Health position.

***Impact of Reduction:***

- *Savings of \$44,562 in tax levy.*
- *Insufficient staffing impedes Public Health's ability to quickly and effectively respond to emergencies and leaves the community more vulnerable.*
- *Also because of insufficient staffing, the Health Officer must spend more time conducting frontline work and is unable to spend needed focus on planning, community prevention/preparedness and pursuing grant funding.*
- *Public Health staff are regularly working evenings and weekends in addition to their regular hours. Staff are at great risk of burning out without establishing stable staffing of the unit to sustain our continued response to the pandemic.*
- *There are not guarantees that necessary COVID-related response funding will continue into 2021.*

**Aging Programs** – Total Expense: \$252,636 *(\$58,156 funded by tax levy)*

The Greater Wisconsin Agency on Aging Resources, Inc. (GWAAR) administers funds and contracts with Richland County to provide programs outlined under the Older Americans Act (Title IIIB). These include Elder Benefits Specialist Services, Family Caregiver Support, Medicare Outreach/Assistance, Prevention, and Nutrition. These programs help our seniors live independently, keep connected to the community, and assure that they have access to their benefits. The Elderly Benefits Services alone had a monetary impact of nearly \$1.5 million last year.

GWAAR contracts with Richland County to provide all Title III Aging Services. There is not an option to eliminate only one of these services. To end county-operated aging services, the County Board would need to solicit public comment and pass a resolution indicating that the County would no longer provide these services to its residents. If that were to happen GWAAR would then need to find a non-profit agency to designate as the Richland Aging Unit.

***Impact of Reduction:***

- *Savings of \$58,156 in tax levy is questionable as the County would still need to make a contribution.*
- *Richland County has expertise in providing aging services and maximizing funding to assure every eligible dollar is brought into our community. Being integrated with the ADRC and Public Health Units assures that our citizens get the most comprehensive aging service. In counties where non-profit agencies are the designated aging units, services have been significantly reduced and are more disjointed. Ending county operation of aging programs would likely result in lower quality services.*
- *Ending funding for the Aging programs would take away funding that covers portions of other ADRC positions (approximately \$80,000) effectively creating a shortfall which would then require tax levy or other funding to fill the gap.*

**Administrative Services** – Total Expense: \$28,000 *(\$15,000 funded by tax levy)*

Administrative personnel include the director, two managers, three fiscal specialists, three secretary/clerical staff, one custodian and a limited-term secretary. The 2021 budget proposed restoring administrative support services by making the limited-term secretary position permanent in order to keep up with the substantial workload. The growth in Comprehensive Community Services and the response to the public health emergency has caused administrative support to be stretched thin in other areas within HHS. For HHS to operate effectively, an administrative infrastructure is necessary to support the functioning of all programs. With more than a \$6.8 million budget, HHS must have efficient administrative and financial capabilities to assure timely processing of payments, tracking of expenditures, billing for services, and claiming state and federal revenues. Administration must also monitor over \$3.5 million in contracts, manage multiple client record systems with thousands of records; process HHS payroll and manage human resource functions. HHS also offers administrative infrastructure and support to the County Administrator. Additionally, the administrative budget must cover all building operation costs, supplies, technology, attorney, audit, and insurance costs (*liability, workers compensation, property*). In order to meet the \$100,000 reduction in tax levy, Administrative Services would be faced with not continuing the limited-term position.

***Impact of Reduction:***

- *Savings of \$15,000 in tax levy.*
- *Reduction to staffing will limit the infrastructure and support to Richland County's public health response to the COVID-19 pandemic.*
- *Reductions in the Administrative budget will reduce the amount of AMSO (Administrative, Management, Support and Overhead) that the agency can claim for various programs causing greater reliance on tax levy.*
- *HHS processes very large amounts of payments so if administrative staff are stretched thin, there is the risk that timely claiming and billing will be negatively impacted thereby also negatively affecting the county's cash flow.*