1991 Realignment

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Overview

• What is 1991 Realignment?

• How does 1991 Realignment work?

• What policy changes have impacted 1991 Realignment?

• What are the impacts on counties?
What is 1991 Realignment?

• 1991 Realignment is the transfer of funding responsibility for approximately $2.2 billion (at the time) of health, mental health, and social services costs from the state to counties

• In exchange, counties receive dedicated funding sources to cover those transferred costs and some flexibility in spending the funds in order to meet local needs
Realigned Health Programs

Public Health

• AB 8 County Health Services

County Indigent Health Programs

• Welfare and Institutions Code Section 17000 obligation
• Direct health care services provided at county public hospitals and clinics or through contracting with private providers
• Previously funded through state allocations.
## Examples

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<tr>
<th>Public Health</th>
<th>Inpatient</th>
<th>Outpatient</th>
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<td>Health Education</td>
<td>General Acute Care</td>
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<td>Communicable Disease Control</td>
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<td>Health Screening</td>
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Funding Sources

Sales Tax

Vehicle License Fees
Rolling Base Provision

• “Rolling” base: base funding + growth funding = next fiscal year’s base

• No base restoration – if base funding level is not met in any fiscal year then next fiscal year’s base starts out lower
1991 Realignment Base Determination: Base met, growth available

Example:

Year 1 Base $100 + Year 1 Growth $10 = Year 2 Base $110

1991 Realignment Base Determination: Base not met, growth unavailable

Example:

Year 1 Base $100 → Actual Sales Tax comes in lower than base $90 → Year 2 Base $90
Major Policy Changes

- 2011 Realignment
- AB 85 (2013)
- IHSS Mitigation (2017)
2011 Realignment

- Realignment of public safety and social services programs
- Dedicated VLF and Sales Tax Funding
- Pushed for greater integration of behavioral health
- No new revenues for health
AB 85

State redirected a significant amount of health realignment in response to the passage of the Affordable Care Act.

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<tr>
<th>Public Hospital Counties</th>
<th>Article 13 Counties</th>
<th>CMSP Counties</th>
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<tr>
<td>Formula Option: Redirects (Revenues – Cost) x 80%</td>
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<td>Counties redirect their jurisdictional risk amount</td>
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<td>60/40 Option: Redirects 60% of realignment revenues</td>
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<td>CMSP Board: redirects difference between jurisdictional risk and 60%</td>
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IHSS Mitigation

State diverted Sales Tax and VLF growth as part of the county mitigation in response to discontinuing the longstanding county MOE.

• Diverted 100% of 2016-17 Sales Tax Growth

• Diverts 100% of health, mental health and CMSP VLF Growth for 3 years (2016-17 through 2018-19).

• Diverts 50% of health, mental health and CMSP VLF Growth for 2 years (2019-20 through FY 2020-2021).
Impacts to Health Funding

• Stagnant and/or slower growth of funds

• Too soon to fully understand impacts of IHSS mitigation

• County projections indicate serious budget challenges facing local health departments

• Less matching funds available to draw down FFP.
1991 Realignment – Sales Tax Distributions

Sales Tax
Source: ½ cent Sales Tax

Sales Tax Base Account

Mental Health Subaccount
CalWORKs MOE

Social Services Subaccount
County Allocations

Health Subaccount
Family Support Subaccount

CMSP (Base Account)
CMSP (County Shares)

Child Poverty & Family Supplemental Support Subaccount

Caseload Subaccount
(1st call on Growth)

CMSP Growth
(2nd call on Growth)

General Growth
(remaining Growth)

Sales Tax Growth Account
(Revenues in Excess of Base Payments)

Mental Health

Health

Child Poverty & Family Supplemental Support
1991 Realignment – Vehicle License Fee Distributions

Vehicle License Fee
Source: 74.9% Vehicle License Fees

VLF Base Account

- Mental Health Subaccount
  - CalWORKs MOE

Social Services Subaccount

Health Subaccount

CMSP (Base Account)

- Child Poverty & Family Supplemental Support Subaccount
  - CMSP Growth (1st call on Growth)

VLF Growth Account
(Revenues in Excess of Base Payments)

- General Growth (remaining Growth)
  - Mental Health
  - Health
  - Child Poverty & Family Supplemental Support

County Allocations

Family Support Subaccount

CMSP (County Shares)
Questions?

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