



LOS ANGELES COUNTY COMMISSION ON HIV

**STATE
BUDGET CUTS
BRIEF #4**
Update: June 16, 2009

Understanding Federal, State and Local Budgeting/Allocations Processes

In these times of economic uncertainty, budget cuts and other financial hardships, numerous budget processes are occurring simultaneously and causing significant confusion—even for those who are working directly in the service delivery system(s) that the various budgetary decisions will impact. As a result, this brief has been developed, concurrent with other briefs about State budget cuts, to explain the various processes at the federal, state and local levels, and their possible outcomes, impacts and consequences.

Federal Funding:

At the federal level, funding for local and statewide HIV/AIDS services is more promising than it has been in recent years. Funds for two of the three primary HIV revenue streams are on track to be increased during the federal FY 2010 budget cycle (October 2009 – September 2010): Ryan White funds are proposed to be increased by 2.4%, or \$54 million, and Centers for Disease Control and Prevention (CDC) prevention services are expected to be increased by 5.4%, or \$53.9 million. Regrettably, increased funding for Housing Opportunities for Persons With AIDS (HOPWA) has not been proposed for FY 2010.

Due to increased funding at the federal level, because the County and State surveillance system continue to mature and contribute more case reports to national case counts, and because LA County submitted a highly competitive application this past year, LA

County received an increase in Ryan White funding of 7.4% to \$35,910,442 for FY 2009 (March 2009 – February 2010). Local CDC funding for prevention services remained stable at \$12,800,172 and HOPWA funding was increased by 3.1% to \$10,764,091 for the 2009 program year.

In the early part of the calendar year, Congress approved the President's budget, which included stimulus funding for federal and state purposes. California is expected to receive \$8+ billion in stimulus funding, which will be used in numerous ways. However, those stimulus funds come with conditions such as restricting changes to Medi-Cal eligibility requirements (see *State Budget Cuts Brief #3*, June 9, 2009).

State Funding:

The worst budgetary news is occurring at the State level, as the Governor and State legislators grapple with a budget deficit estimated at \$21 - \$24 billion. Due to the results from the May 19, 2009 special election, the Governor is not considering any revenue enhancement (e.g., taxes, revenue increases) strategies.

As a result, the Governor has proposed a series of devastating cuts to State services and programs, including to HIV/AIDS services run by the State Office of AIDS (see *State Budget Cuts Brief #2*, May 30, 2009) and to other programs that will negatively impact people with HIV/AIDS (see *State Budget Cuts Brief #3*).

The State Legislature's Conference Committee on the Budget has responded with its own budget cut proposal(s)—including some of the Governor's proposals, alternative strategies, and proposals differing from the Governor's recommendations. The Conference Committee proposals will be summarized in an updated brief shortly.

Following the Conference Committee's action, both the State Assembly and State Senate must approve the Conference Committee's budget proposal. After approval by both houses, the Legislature's budget proposal is sent to the Governor for his signature. The Governor has the power to cut ("blue pencil") specific line items from the budget the Legislature has sent to him. Once he signs the budget—with or without any "blue-pencil" cuts—the budget becomes effective.

Reports that the State will be completely out of money at various points in July are fueling the accelerated pace at which these decisions are being made. At this point in time, the President and Congress (federal level) have not demonstrated an interest in helping the state out of its financial crisis with additional loans and/or grants.

Local Funding:

Local resources are impacted by both federal and State funding levels. Due to proposed State budget cuts, care and treatment (medical outpatient, oral health, home-based care and medications, among other programs) and prevention services could be impacted. Contrary to State resources, federal Ryan White funding for the local service delivery system has been increased this year—but the Ryan White amount received in LA varies annually.

At the local level, the Commission on HIV is responsible for deciding what proportions of the annual Ryan White award are allocated for various services. The Commission determines the allocations a year in advance in order to give its administrative partner,

Office of AIDS Programs and Policy (OAPP), time to solicit new services, if needed. In addition, HIV/ AIDS services are supported with the County's Net County Cost ("NCC") funds (similar to County general funds), determined by OAPP.

Currently, the Commission is considering allocations for FY 2010 (March 2010 – February 2011). While the Ryan White award has been increased for the current year, there is no certainty that it will be the same level the following year (for which allocations are being determined). Also, because the number of clients entering the Ryan White-funded system of care is rising and State budget cuts are jeopardizing medical and clinical services, local Ryan White funds may need to be shifted to support those and related services. That may mean that Ryan White funds for other services are decreased (OAPP makes its decisions about NCC funds independently). When the Commission determines allocations, it considers client need first and then if other resources can be used to pay for the services, among other factors. The Commission will conclude its allocation decisions in the summer 2009, but may revise them in 2010 as information about the funding for 2010 is verified.

Additionally and separately, OAPP is contracting new prevention services, funded by the CDC, State and other resources. Following the recommendations of the HIV Prevention Plan 2009-2013, OAPP has begun shifting a greater proportion of its available prevention resources from Health Education/Risk Reduction (HE/RR) to HIV Counseling and Testing (HCT) services. Agencies have been notified of those new contracts, and the resulting changes—but contracts may change following final State budget cuts.

by **Craig Vincent-Jones, Kyle Baker**