



ISLAND COUNTY PUBLIC HEALTH

P.O. Box 5000
Coupeville, WA 98239
www.islandcounty.net/health

MEMORANDUM

DATE: September 12, 2010

TO: Board of Island County Commissioners
Elaine Marlow, Budget Director

FROM: Keith Higman, MPH
Health Services Director

SUBJECT: Narrative – 2011 Health Department Budget

Introduction

Please find attached a balanced 2011 budget for Public Health Pooling. The budget does not represent recommended levels of public health services, but rather, responds to a continuing financial challenge associated with the current state of the economy, reductions in building activity in Island County, reductions in state and federal grant funding for public health programs, a directed 40% reduction in Current Expense support for public health programs and an ever-increasing cost of providing vital public health services. We have taken a very conservative approach in developing this budget as you will see from a number of our assumptions and have had to identify a number of significant reductions in order to present a balanced budget. The proposed 2011 Public Health Pooling budget represents a 26.7% reduction from our 2010 budget.

Over the past three years significant steps have been taken to reduce expenditures while attempting to maintain program services. We have reduced expenditures related to travel, training and vehicles. For the third straight year we will not be contributing to our automobile or computer replacement reserve funds. We have consolidated services on South Whidbey and are looking at ways of delivering more services through electronic means and sharing information across our website. In early 2009, eight positions were eliminated in Public Health, and in mid-2009, we made additional adjustments to balance our budget. Staff continue to work at reduced hours and Cost of Living Adjustments have not been afforded since 2008.

Administration

PO Box 5000, Coupeville, WA 98239-5000 (1 NE 6th Street)
From N. Whidbey 360.679.7350 From S. Whidbey 360.321.5111 x 7350
From Camano Island 360.629.4522 x 7350 FAX 360.679.7390

This year we were able to identify additional revenue sources that allowed us to maintain mid-2009 levels of service. The influx of federal H1N1 Influenza funding and additional grant funds from the Department of Ecology offset decreases in other sources of revenue. Public Health Pooling receives revenue from three primary sources. Approximately even contributions (40% each) come from state and federal grants and fees for service. Some fees are collected in Community and Family Health but are the major source of revenue in Environmental Health. The remaining 20% of Public Health Pooling Revenue comes from the Current Expense Fund as both dedicated and undedicated contributions. All three sources of funding are decreasing as we move into 2011.

The following narrative provides detailed descriptions of the assumptions that we used to develop the budget and facts as we know them that affect programs, services or the Public Health Pooling budget. These assumptions are consistent with what we know about grant funding for 2011 given the beginning of a new biennium on July 1, 2011 and the Current Expense direction provided in the budget call dated 8/19/2010.

The 2011 proposed Public Health Pooling budget could only be balanced by taking a number of actions necessary to match expenditures with available revenue. Following the description of assumptions and facts, a detailed list of budgetary actions is presented by program to balance the budget including an updated organization chart and programmatic implications of those reductions. We are respectful of the Board's concern over ever-increasing fees for services. We have exhausted all reserve funds, have identified every maintenance and operation change possible to reduce expenditures, and have minimized our expenditures for professional services. Therefore, all proposed options for balancing this budget involve reductions or elimination of salaries and benefits for Public Health staff.

Facts and Assumptions

A number of assumptions were made as the Public Health Pooling budget was being prepared. The assumptions and facts are as follows:

General Assumptions

- We assume that the 2011 total Current Expense contribution to Public Health Pooling will be reduced by 40% after eliminating the Children's Commission funding - \$361,391.
- We are assuming a 15% increase in the cost of medical insurance plans assuming 2010 consumption rates.
- We have budgeted for Full-Time Equivalent hours at 40/week.

Administration

PO Box 5000, Coupeville, WA 98239-5000 (1 NE 6th Street)
From N. Whidbey 360.679.7350 From S. Whidbey 360.321.5111 x 7350
From Camano Island 360.629.4522 x 7350 FAX 360.679.7390

- Blue Ribbon Commission funds allocated to Public Health under the Consolidated Contract, Blue Ribbon – Local Health funds, will continue in 2011. Unless the next state legislative session allocates future funding for local health programs we will lose these important state dollars in 2012.

Administration

- We have included changes to the Island County Service Charge consistent with the direction from the Budget Director for support of IFAS.

Environmental Health

- Fee revenue, associated with new construction, continues to be significantly reduced compared to past years (pre-2008). Fee revenue for 2011 is proposed to remain consistent with 2010 actuals. No fee increases are proposed for the 2011 budget.
- The Island County Solid Waste contribution to the Solid Waste Program is proposed to remain consistent with past levels of contribution.
- The Department of Ecology Watershed Planning grant will expire by the end of 2010. No revenue from this significant grant source is included in the proposed 2011 budget.
- We assume the Current Expense contribution to Resource Enhancement will be reduced by 40% (\$116,137 = 2010 contribution with a 40% reduction).
- We assume that the 2011 On-site Operations and Maintenance Program will be funded through fee revenue excluding any Current Expense funding for the Homeowner Septic Training Program (\$18,000 = 2010 contribution with a 40% reduction).
- The Department of Ecology Ala Spit grant expires on June 30, 2011 so staff resources in support of that revenue source are for a period of six months in the proposed budget.
- The Department of Ecology Coordinated Prevention and Site Hazard Assessment grants were reduced during the current grant cycle. As such, existing appropriations will be consumed by the end of 2010. Although the next legislative session may appropriate new funds for the next state biennial budget beginning on July 1, 2011, no revenue for these grant sources has been included in the proposed 2011 budget.
- Environmental Health staff negotiated a reduced cost for the laboratory analysis of water quality samples by 15%.

Administration

**PO Box 5000, Coupeville, WA 98239-5000 (1 NE 6th Street)
 From N. Whidbey 360.679.7350 From S. Whidbey 360.321.5111 x 7350
 From Camano Island 360.629.4522 x 7350 FAX 360.679.7390**

- We assume all sources of grant funds other than those specifically referenced will remain consistent with past values and will make adjustments as new information comes to light.

Community and Family Health (Nursing)

- 2011 state and federal grant sources have been reduced for a number of Community and Family Health programs. Reductions will be realized in Oral Health, Maternal Support Services, HIV/AIDS, Family Planning, Public Health Emergency Preparedness and Response, Early Family Support Services, and the Early Intervention Program.
- On 9/02/2010 we were informed that federal H1N1 revenue has been extended until July, 2011. Pursuant to this extension, CDC has announced that any unused revenue may be expended in 2011. We anticipate that we may have unspent 2010 allocation; however, insufficient time is available prior to completing the proposed 2011 budget to include it in this proposal. We may request an amendment in the future.
- On 8/17/10 we received notice from the United States Department of Agriculture (USDA) that the reimbursement rate for Women, Infant and Child (WIC) participants will be increased from \$160/participant to \$185/participant starting January 1, 2011. This increase will result in approximately \$50,000 of projected new revenue in 2011. We have included this revenue in our proposed 2011 budget and are recommending continuation of this program.
- We have received notice that Island County has been awarded a Supplemental Nutrition Assistance Program – Education (SNAP-Ed) grant from the USDA. The funding is \$36,392 for the period of October 1, 2010 to September 30, 2011. Some of these funds would support work in Community and Family Health but have not been included in the 2011 proposed budget because they may be subject to future appropriation.

Assessment and Healthy Communities

- We assume that the 2011 Current Expense contribution to the Children's Commission will be eliminated.
- State grant funds supporting our Tobacco Program continue to be reduced as the state legislature attempts to balance the state budget.
- We have received notice that Island County has been awarded a Supplemental Nutrition Assistance Program – Education (SNAP-Ed) grant from the USDA. The funding is \$36,392 for the period of October 1, 2010 to September 30, 2011. Some of these funds

Administration

PO Box 5000, Coupeville, WA 98239-5000 (1 NE 6th Street)
From N. Whidbey 360.679.7350 From S. Whidbey 360.321.5111 x 7350
From Camano Island 360.629.4522 x 7350 FAX 360.679.7390

would support work in Assessment and Healthy Communities but have not been included in the 2011 proposed budget because they may be subject to future appropriation.

- We assume all sources of grant funds other than those specifically referenced will remain consistent with past values and we will make adjustments as new information comes to light.

We understand that these assumptions and facts affect the department's budget and any errors associated with these assumptions must be addressed prior to finalizing the budget.

2011 Proposed Budget

As identified in the previous section a number of influencing factors are coming together and challenging our 2011 budget development process. Elimination of the Children's Commission and a 40% reduction in Current Expense funding for Public Health Pooling will reduce available revenue by \$260,928. The department's Management Team has evaluated the entire budget to identify and reduce wherever possible maintenance and operation costs, professional service costs, capital costs and implement organizational efficiencies. After having completed that exercise and reducing Current Expense support by 40%, Public Health Pooling will be \$544,260 in deficit. Environmental Health Services account for \$216,719 of the deficit; Community and Family Health (Nursing) accounts for \$296,961 of the deficit; and Assessment and Health Communities accounts for \$30,580 of the deficit. The deficit not attributable to the reduction in Current Expense support is associated with reduced fees, reductions in state and federal grant revenue, and increases in medical premiums, salary increases and the cost of good and services.

The proposed 2011 Public Health Pooling budget is balanced. In order to address the \$544,260 deficit significant reductions in expenditures must be identified in order to balance the budget. The following recommendations, actions and outcomes are recommended in order to balance the 2011 Public Health Pooling budget (see Table I). Should additional revenue or additional cost savings be realized prior to the adoption of the budget, we would respectfully request an opportunity to amend this proposal.

2011 budget narrative.doc

Administration

PO Box 5000, Coupeville, WA 98239-5000 (1 NE 6th Street)
From N. Whidbey 360.679.7350 From S. Whidbey 360.321.5111 x 7350
From Camano Island 360.629.4522 x 7350 FAX 360.679.7390

TABLE I
Public Health Pooling
2011 Budget Actions

Administration			
Program	Action	Fiscal Impact	Service Adjustment
Accounting Support	Reduce Departmental Assistant (Accounting) from 1.0 FTE to 0.68 FTE	Savings to Administration = \$34,079	Reduced support for departmental accounting functions.
Environmental Health			
Program	Action	Fiscal Impact	Service Adjustment
Liquid Waste	Eliminate EHS III (Camano)	Savings to EH = \$70,907	Reduction in direct service availability to Camano Island residents. On-site services would be provided by the remaining two sanitarians from Whidbey Island. Food Program Services and Solid Waste Services would also be provided through Whidbey Island Staff. Reduces staffing in the Camano Annex to 0.5 FTE EH Tech which may require future elimination of all Public Health staffing of the facility.
Liquid Waste	Increase EHS III – On-site from 0.8 FTE to 1 FTE	Increases expenditures by \$13,241	Increases capacity to provide On-site Program services on Camano absent a resident sanitarian.
Living Environment/Solid Waste	Eliminate EHS II	Savings to EH = \$59,170	Elimination of the Site Hazard Assessment Program which responds to releases of contaminant to air, water or soil, responds to clandestine drug labs (meth labs) and conducts site hazard assessments of known or suspected contaminated properties. Elimination of Coordinated Prevention Grant. Significant reduction in response solid waste complaint. Only high priority complaints would receive response activity. One FTE would be assigned all activity associated with school inspections, pool inspections, solid waste facility permitting and inspections, mobile home park inspections, and solid waste complaint investigation for the entire county.
Resource Enhancement	Eliminate Water Quality Manager position	Savings to EH = \$86,644	Reduced oversight of Resource Enhancement activities, program planning and development and community outreach. All duties would be transferred to the Environmental Health Director. 15% reduced sampling

TABLE I
Public Health Pooling
2011 Budget Actions

			effort in support of the county's Critical Areas Ordinance annually even though costs of analysis have been negotiated to a lower rate.
Watershed Planning	Reduce 0.75 FTE to six months	Savings to EH = \$30,570	Elimination of efforts in Watershed Planning. Elimination of staff to the Water Resource Advisory Committee.
Community & Family Health (Nursing)			
Program	Action	Fiscal Impact	Service Adjustment
Communicable Disease/HIV/AIDS/PHEPR	Eliminate Public Health Coordinator - Camano	Savings to CFH = \$58,340	Reduced communicable disease surveillance and response, reduced services testing and counseling possible HIV clients, reduced capacity to respond to public health emergencies, reduces staffing in the Camano Family Resource Center to 1 FTE.
WIC	Reduce Public Health Coordinator – Nutritionist from 0.8 FTE to 0.25 FTE	Savings to CFH = \$47,603	Reduced nutrition counseling to WIC participants limited to only the most high-risks clients. Reduced translation services to WIC clients as the current Nutritionist is bi-lingual.
WIC	Elimination of 0.725 WIC Clerk Certifier	Savings to CFH = \$27,959	Reduced capacity to certify and process WIC clients. WIC clients will experience longer waiting times for appointments.
Maternal Support Services	Elimination of Public Health Nurse II 0.8 FTE	Savings to CFH = \$61,611	Elimination of the Maternal Support Services Program which served 272 pregnant and post-partum mothers last year. Loss of \$50,000 of state grant funds to deliver services to new and expectant mothers.
Welcome New Baby/Oral Health/MSS	Elimination of Public Health Nurse II 1.0 FTE	Savings to CFH = \$73,749	Elimination of the Welcome New Baby Program in Island County which provides nurse home visits to new mothers, provides financial and staff support to Partners in Island County for Early Learning, provides financial and staff support for Children's Day, and provides financial and staff support for Baby Connections (parenting classes).
Flu	Elimination of program	Savings to CFH = \$22,544	With a reduction in Current Expense support Public Health can no longer subsidize the flu program. The BOH has adopted a fee schedule for the delivery of vaccine to the

TABLE I
Public Health Pooling
2011 Budget Actions

			community which enables as close to cost recovery as possible. We do not compete in the market place with other providers for the delivery of vaccine except for influenza. Because other providers use the influenza vaccine as a loss leader to sell other goods and services, Public Health is required to lower our price in the marketplace below our cost of delivery or deliver the vaccine on a sliding scale. Unless supported by additional outside revenue (e.g. CDC H1N1 funding) consumers will have to procure their influenza vaccine from primary care providers or retail marketers.
Assessment and Healthy Communities			
Program	Action	Fiscal Impact	Service Adjustment
Children's Commission	Eliminate funding for Children's Commission and eliminate 0.4 FTE Public Health Coordinator	Savings to AHC = \$24,584	Elimination of financial and staff support for the Island County Children's Commission.

ISLAND COUNTY
PUBLIC HEALTH
ORGANIZATIONAL CHART
September 3, 2010

KEY:
POSITION ELIMINATION
FTE CHANGE

