



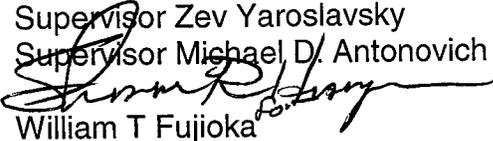
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April 10, 2009

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

AMERICAN RECOVERY AND REINVESTMENT ACT UPDATE

Priorities and Strategies to Maximize Funding

In a motion by Supervisor Molina dated March 17, 2009, your Board directed the Chief Executive Officer (CEO) to convene a working group to develop specific priorities and strategies to maximize federal funding for Los Angeles County, focusing exclusively on those areas of opportunity where the funding formulas are not determined by statute and where County proposal development and advocacy can make a difference in the successful request and receipt of these funds.

The American Recovery and Reinvestment Act (ARRA) provides Federal funding through a variety of programs. Most Federal funding for state and local governments are provided through formula grant programs, and the County will receive most of its ARRA funding through entitlement formula grant programs, as discussed in greater detail below. The County will receive its other funding through a combination of formula grants, such as the Community Development Block Grant and Workforce Investment Act programs, through which the County receives direct or State pass-through formula allocations; other state block grants, such as the State Energy Program (SEP), over which the State has decision-making authority over the use of funds; and Federal competitive grants, such as the COPS Hiring Grant Program.

Entitlement Programs

The greatest potential for maximizing funding from the ARRA for the County, by far, are from its temporary increases in the Federal Medical Assistance

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Percentage (FMAP) for Medicaid and Title IV-E Foster Care and Adoption Assistance and its newly created Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund (ECF). As indicated in the March 4, 2009 Washington, D.C. update on the ARRA, the County will receive most of its increased Federal ARRA revenue through Medicaid (Medi-Cal) and Temporary Assistance for Needy Families (TANF/CalWORKs). Under these two programs, the County's revenues and costs are not fixed, but, instead, are significantly affected by future changes in caseloads, costs, and allocations, which, in turn, are affected by State budget and policy decisions. For example, the County would receive less funding if the State were to reduce its budget deficit by decreasing State General Fund expenditures for these programs.

County departments have begun to pursue increased Federal funding for the State and County from the ARRA's temporary FMAP increases and TANF ECF in the following ways:

- Working with the State and California Association of Public Hospitals to pursue an increase in the Federal Medicaid Safety Net Care Pool funding under the existing Hospital Financing Waiver to reflect the higher actual FMAP for Medicaid between October 1, 2008 and December 31, 2010 than was assumed when Federal funding for the waiver originally was determined.
- Identifying County certified public expenditures, including for mental health services, which can be counted and used to draw down increased Federal Medicaid funds with the higher FMAP.
- Working with the State and Federal governments to continue the Title IV-E Waiver which allows the Departments of Children and Family Services and Probation to expand and/or implement critical system changes in the way child welfare services are provided to children and families. The Waiver is a capped funding allocation which expires at the end of FY 2011-12 and the County needs to renegotiate its extension prior to that time.
- Working with the State and the County Welfare Directors Association to ensure that the State's implementing guidelines for the new TANF ECF will provide that each county will receive the additional Federal ECF funding that the State will be awarded based on increased county expenditures for subsidized employment, Kin-GAP, and other services eligible for ECF funding. This ECF funding guarantee is critically important for financing the County's initiative to place up to 10,000 unemployed residents into temporary subsidized employment.

In addition, the Department of Public Social Services is working to maximize ECF funding for allowable purposes other than subsidized employment,

including current CalWORKs services that could be claimed to the ECF and current community-based services that could potentially be expanded through the ECF.

Other Programs

In addition to ARRA funding for entitlement programs, the March 4, 2009 Washington, D.C. update identified other potential ARRA revenue sources, including the Energy Efficiency and Conservation Block Grant (EECBG) through which the County's allocation is \$15.4 million. The State separately received an EECBG allocation for energy efficiency projects and activities in counties and cities that did not receive direct allocations, and a \$226.1 million allocation under the SEP over which the State has broad discretion over the use of funds. The County will be able to pursue SEP funding, administered by the California Energy Commission as well as through Federal Department of Energy Competitive Grants.

The motion cited various major funding areas included in ARRA, such as health services, employment and training, housing and economic development, disease prevention and crime prevention. The CEO directed department heads to provide data on all types of ARRA funding (whether formula or competitive) for which departments were interested or planning to apply. As of April 7, 2009, 25 departments had submitted their preliminary information. Departments are expected to update the database as the status of funding changes (for example, from a grant applied for to a grant awarded). We will review departmental responses to determine any other significant funding sources which should be included as a high priority focus area.

Strategies

The working group discussed various funding issues and identified the following strategies:

- Work with our Federal and State delegations to pursue County priorities and to maximize County funding. At the State level, ensure that the State's efforts to solve its structural deficit do not reduce County funding.
- Oppose any proposals that would reduce Medi-Cal, Title IV-E, or TANF/CalWORKs funding for the County.
- In addition to ARRA, continue to request funding from the Federal government through the normal appropriations process for the State Criminal Alien Assistance Program, Community Development Block Grant,

Ryan White AIDS program, and other programs where the County receives a disproportionate share of the funding.

- Work with our Sacramento and Washington, D.C. advocates to identify those areas where intervention by the Board or specific Board members can advance the County's priorities.
- Analyze and apply for grant opportunities to determine those which would provide maximum funding to support critical County programs and services.
- Work with departments and the Sacramento and Washington, D.C. advocates to monitor Federal and State agencies to identify legislation, regulatory actions, and budgetary adjustments to maximize program and funding opportunities.

The working group will continue to monitor opportunities and will provide updated reports to the Board on a regular basis as specific issues or action items arise. In addition, this Office will be providing frequent updates on the status of ARRA funding for which departments have applied and/or received monies.

If you have any questions, or require further information, please contact Deputy Chief Executive Officer Ellen Sandt at esandt@ceo.lacounty.gov or 213-974-1186.

WTF:EFS:ef

c: All Department Heads