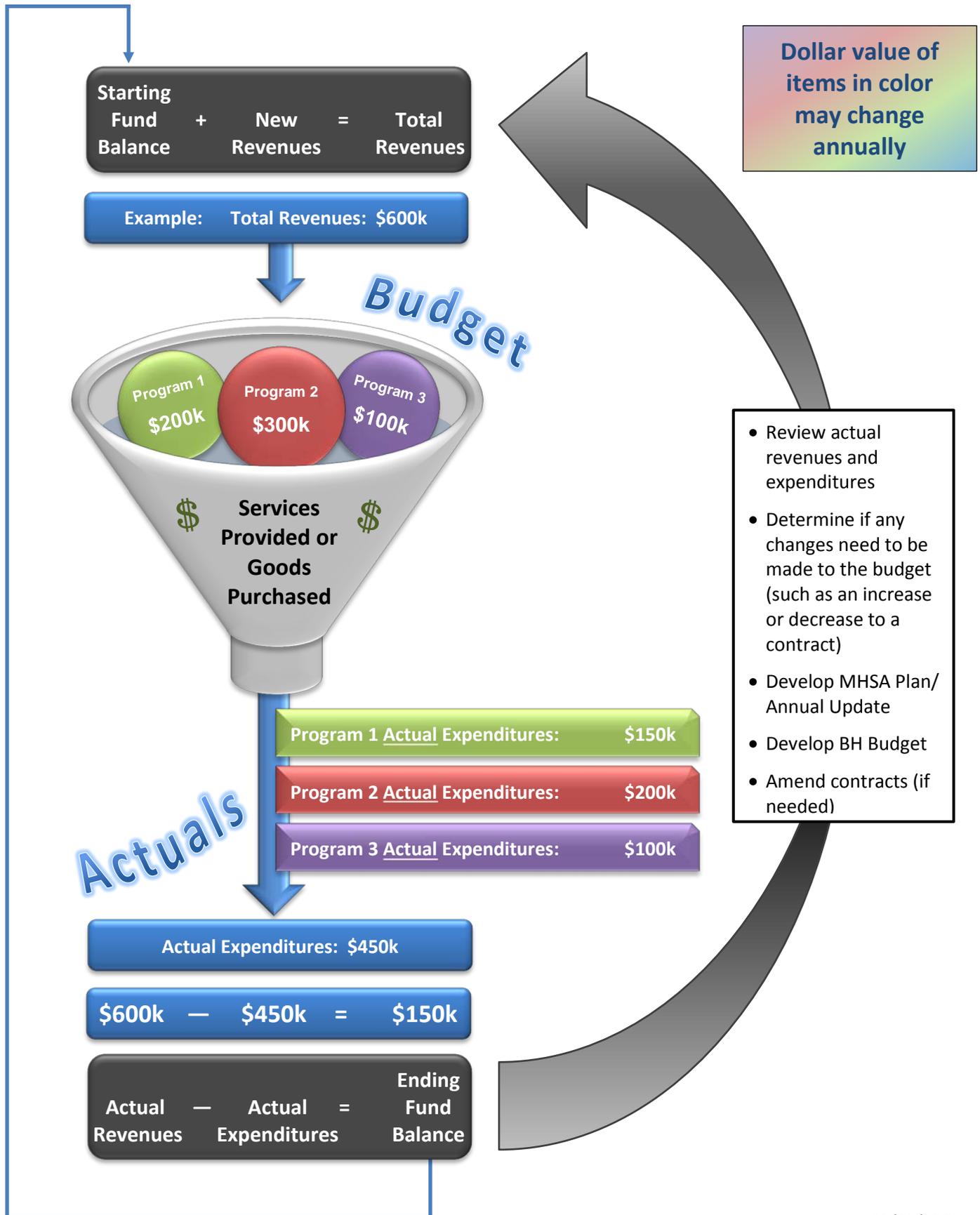


Behavioral Health (BH) Budget Cycle



Behavioral Health Budget and Contract Terminology for the Behavioral Health Commission

Term	Description
Contract Not-to-Exceed (Contract NTE)	<p>All contracts have a maximum "Contract Not-to-Exceed" (Contract NTE), meaning that for the entire duration of a contract, there is a maximum amount of funding that can be paid to the vendor.</p> <ul style="list-style-type: none"> • For example, a contract term may be for three years and have a Contract NTE of \$1,000,000. • The \$1,000,000 can be used at any level throughout the three years, but once the invoices reach \$1,000,000, no more can be paid to the vendor (unless the contract is amended). • Or, if all funds are not spent, any unspent funds become part of the fund balance at the end of the term. • We most often see these types of contracts for mandated services, for services that must first be authorized by the County before the vendor can provide the service, or for contracts that require a specific amount of money be paid per month (such as janitorial services).
Fiscal Year Not-to-Exceed (FY NTE)	<p>Some contracts may also have a "Fiscal Year NTE" (FY NTE), meaning that although the contract term may be several years, only a specific amount of funds can be spent during each fiscal year.</p> <ul style="list-style-type: none"> • For example, a contract term may be three years with a Contract NTE of \$350,000 with individual FY NTEs of \$150,000 in Year 1, \$100,000 in Year 2, and \$100,000 in Year 3. Although the total contract has a value of \$350,000 (the Contract NTE), the vendor cannot spend more each year than what is identified as the FY NTE each year. • We most often see these types of contracts for the MHSA Plan (which budgets each project annually), contracts where the services do not need to be authorized by the County before the vendor provides the service, or for contracts in a program where the budget must be closely monitored. For example: <ul style="list-style-type: none"> ○ The source of the funds may dictate the maximum amount of funding that can be spent in a fiscal year (e.g., a grant specifying only 25% of the funds can be spent each year for four years). ○ MHSA Plans are written for a three-year period, but the budget for the projects are identified for in three fiscal year segments (e.g., Big Brothers Big Sisters is budgeted at \$75,000 per fiscal year in the MHSA Plan, so the contract reflects FY NTEs of \$75,000). ○ FY NTE contracts can also be used as a budget monitoring tool since the maximum expenditures annual are more clearly defined.

Term	Description
Balance Remaining	Any money remaining on a contract during the applicable Not-to-Exceed period (i.e., Contract NTE or FY NTE). At the end of the NTE period, remaining funds become "Unspent Funds".
Unspent Funds	Any money left on a contract at the end of the applicable Not-to-Exceed period is considered "unspent" and contributes to the ending fund balance for the fiscal year.
Fund Balance	<p>The term "fund balance" applies to the overall revenues that have not been spent during a fiscal year; it does not apply to individual contracts. Fund balances roll from one year to the next year:</p> <ul style="list-style-type: none"> • The "ending fund balance" for FY 19/20 became the "starting fund balance" for FY 20/21. • The starting fund balance is part of the total revenues available to be spent in FY 20/21.
Starting Fund Balance	The amount of finding left over from the previous fiscal year that can be budgeted for the current fiscal year.
New Revenues	<p>Revenues coming into the County in the current fiscal year.</p> <ul style="list-style-type: none"> • These may include, but are not limited to, federal Medi-Cal funding, State Realignment, State MHSA funding, client share of costs, insurance payments (mainly for Crisis Services), grants, transfers from other County Departments, etc.
Total Revenues	<p>Starting Fund Balance and New Revenues provide the total amount of revenues for the fiscal year.</p> <ul style="list-style-type: none"> • The "anticipated total revenues" are used for budgeting purposes. This is the amount that is believed will be available for use during the fiscal year based on current research and historical data. • The "actual total revenues" is the amount of revenues (both fund balance and new revenues) available during the fiscal year.