



Legislation Details (With Text)

File #: 16-0423 **Version:** 1

Type: Agenda Item **Status:** Approved

File created: 4/18/2016 **In control:** Board of Supervisors

On agenda: 6/14/2016 **Final action:** 6/14/2016

Title: Health and Human Services Agency (HHSA), Administration and Finance Division, recommending the Board authorize the Chair to sign the following Budget Transfer Requests increasing revenues and appropriations in Department 15, the Health and Welfare Realignment Special Revenue Funds, Public Health, Mental Health and Environmental Management due to unanticipated 1991 Public Health Realignment Sales Tax and Vehicle License Fee revenues and increasing revenue and appropriations by \$456,964 in social services to recognize unanticipated 1991 Social Services Realignment Sales Tax Caseload Growth revenues. (4/5 vote required)

FUNDING: 1991 Realignment.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - Public Health Realignment BT 6-14-16, 2. B - Budget transfer Request 6-14-16, 3. Executed Budget Transfer, 4. Executed Budget Transfer

Date	Ver.	Action By	Action	Result
6/14/2016	1	Board of Supervisors	Approved	Pass

Health and Human Services Agency (HHSA), Administration and Finance Division, recommending the Board authorize the Chair to sign the following Budget Transfer Requests increasing revenues and appropriations in Department 15, the Health and Welfare Realignment Special Revenue Funds, Public Health, Mental Health and Environmental Management due to unanticipated 1991 Public Health Realignment Sales Tax and Vehicle License Fee revenues and increasing revenue and appropriations by \$456,964 in social services to recognize unanticipated 1991 Social Services Realignment Sales Tax Caseload Growth revenues. (4/5 vote required)

FUNDING: 1991 Realignment.

DEPARTMENT RECOMMENDATION:

Due to unanticipated 1991 Realignment revenue increases that were identified after the Board adopted the Fiscal Year 2015-16 budget, the Health and Human Services agency (HHSA) is recommending the Board authorize the Chair to sign Budget Transfer Requests increasing revenues and appropriations in the Public Health, Environmental Management, Mental Health and Social Services divisions.

DISCUSSION/BACKGROUND:

Public Health

Public Health 1991 Realignment revenues are difficult to project due to the methodology used by the State which is based on the economic volatility of the State sales tax and vehicle license collections. As a result, HHSA will always be conservative in these projections. As a result, HHSA underestimated the amount of actual Public Health revenue by \$460,730.

In addition, California State Assembly Bill 85 addressed the changes in the low-income and indigent insurance coverage moving from the County Medical Services Program to the Affordable Care Act. The shift of Realignment revenues resulted in a shift from sales tax revenue to vehicle license fee revenue. HHSa did not budget sufficient appropriations to account for this shift in revenue due to the lack of State direction at the time the Fiscal Year 2015/16 budget was adopted. As a result, this budget transfer request includes an additional \$400,000 increase in revenue and appropriations in the Public Health Division, with a corresponding decrease in various Special Revenue Funds and ensures accurate accounting of the Realignment revenue. The \$400,000 includes funding related to Public Health, Environmental Management and Mental Health programs.

Mental Health

Projecting 1991 Realignment Revenue for the Mental Health Division is also difficult for the same reasons identified above. As a result, at the time the Fiscal Year 2015-16 budget was adopted, HHSa underestimated the actual revenue by \$488,103. Approval of this Budget Transfer Request will account for the additional revenue and appropriations in the Mental Health Division's budget.

Social Services Division

Social Services 1991 Realignment Caseload Growth revenues are generally not budgeted due to the unpredictable nature of the revenue. Therefore, it is necessary to increase revenues and appropriations as the growth is received. The allocation of the additional revenue includes an increase in appropriations totaling \$456,964 for Social Services operating and administrative expenses in programs.

At this time HHSa does not anticipate spending any of this additional revenue between now and the end of the fiscal year unless there is an unexpected increase in costs within Public Health, Mental Health or Social Services. As a result, this revenue will carry over as fund balance into Fiscal Year 2016/17, and any requests to spend the additional revenue will be identified during the budget addenda process.

ALTERNATIVES:

Disapproval of these Budget Transfer Requests will result in HHSa being unable to allocate additional 1991 Realignment funding to Public Health programs, Environmental Management, Mental Health and Social Services in Fiscal Year 2015-16, the year the revenue was received.

FINANCIAL IMPACT:

This Budget Transfer increases revenue and appropriations by \$860,730 in the Public Health budget, and a decrease to Net County Cost totaling \$13,977. The Mental Health Division receives an increase in revenue and appropriations totaling \$488,013, with no change to Net County Cost. The Social Services Division increases revenue and appropriations by \$456,964, which will result in either a reduction to Net County Cost or potentially used to establish a Social Services reserve fund depending on the direction of the Board during the Fiscal Year 2016/17 budget workshops.

Clerk of the Board Follow-up Actions:

- 1) Clerk of the Board to obtain Chair's signature on the Budget Transfer Request.
- 2) Clerk of the Board to forward signed Budget Transfer to Auditor-Controller's Office for processing.

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