



Legislation Text

File #: 21-0409, **Version:** 1

Health and Human Services Agency recommending the Board:

- 1) Adopt and authorize the Chair to sign Resolution **039-2021** thereby finding that, in accordance with Welfare and Institutions Code 17600.20(d), the transfer of realignment revenues to be the most cost-effective use of available revenues to maximize client outcomes, and
 - a) Authorizing the transfer of up to ten percent (10%), not to exceed \$400,000, of Fiscal Year 2020-21 realignment revenue from the 1991 Public Health Local Revenue Fund to the 1991 Mental Health Local Revenue Fund; and
 - b) Authorizing the transfer of up to ten percent (10%), not to exceed \$250,000, of the realignment revenue from the 2011 Social Services Local Revenue Fund to the 2011 Behavioral Health Local Revenue Fund, and up to ten percent (10%), not to exceed \$920,000, of the Social Services 1991 Local Revenue Funds to the 1991 Mental Health Local Revenue Fund for a total not to exceed \$1,570,000; and
- 2) Approve and authorize the attached budget transfer request, thereby approving the aforementioned transfer of Realignment revenues and increasing the realignment budgets for Social Services, Behavioral Health, and Public Health, due to higher than originally budgeted State funding.

FUNDING: Behavioral Health, Public Health and Social Services Realignment and Federal Social Services funding.

DISCUSSION / BACKGROUND:

The Health and Human Services Agency (HHS) has a complex and diverse program mix funded by an equally diverse funding structure: grants, State funding, Federal funding, numerous realignment accounts, fees for services, and donations. The HHS fiscal year (FY) 2020-21 Recommended Budget submitted in February 2020 was a projection based on assumptions developed from historical trends, and anticipated funding based on a unique year. After the budget was approved new information became available such as: the final State budget, ending fund balances, roll over grant funding, and a budget deficit in the Behavioral Health Division. The attached budget transfer request is being submitted to address items that have been identified as revenue and appropriation issues in FY 2020-21.

California state 1991 and 2011 realignment legislation allows for a 10% transfer between the Public Health, Social Services and Behavioral Health realignment funds to allow counties funding flexibility for mandated services and operations. HHS communicated to the Board in its mid-year report that the Behavioral Health Department is heavily impacted by the Coronavirus Pandemic (COVID 19) and requires the 10% Transfer from Social Services of \$1.53 million and Public Health of \$400,000 to fund FY 2020-21 operations. The total transfer to Behavioral Health is \$1.57 million. The associated appropriation increase is to Health Services in Behavioral Health.

The transfer from Public Health will have a minimal effect on Public Health due to higher than budgeted realignment revenues for the current fiscal year and the overall health of the fund balance; programs will continue to provide services without any impact. The transfer from Social Services will

not impact the program's ability to provide services in the current fiscal year but it will have an impact to the future of fund balance. While it is possible these numbers could change, for FY 2021/21 HHSA is estimating the year will end with Behavioral Health fund balance of approximately \$800,000, Public Health fund balance of \$7.5 million and Social Services fund balance of approximately \$2.3 million after this transfer has been completed. Staff will continue to closely monitor realignment usage across the agency to ensure the most effective and appropriate use of these funds for our community.

The attached Budget Transfer Request is an increase to budgeted realignment revenues and appropriations according to current State projections and actual revenue receipts; and to initiate the 10% Transfer Authority from Public Health and Social Services Divisions to the Behavioral Health Division, as allowed by statute, to offset the current year Behavioral Health funding shortfall.

Realignment revenues receipts are higher than the budgeted amounts. During the FY 2020-21 Adopted Budget submissions, the state projections for sales tax and vehicle license fees expected a significant decrease from FY 2019-20. The State was projecting 12% - 14% Realignment collection shortages that were partially offset by a State General Fund Backfill to help mitigate negative cash flow impacts. The actual revenue collections are higher than budgeted, and the FY 2021-22 state budget is projecting that collections will remain at current levels for the remainder of FY 2020-21. HHSA requests increasing the realignment budgets for Social Services by \$2.45 million offset by a reduction in Federal revenue of \$1.28 million (based upon current collections) which nets to a revenue increase to Social Services of \$1.17 million. HHSA requests increasing the realignment budgets for Behavioral Health by \$510,000 and Public Health by \$500,000. The increased revenue receipts require a budget transfer to allow the revenue to be received and transferred to the operating divisions.

Supporting legislation regarding the 10% Transfer Authority:

The statute for 1991 Realignment states *“Although funds are deposited into the three separate accounts in each county, the realignment statute allows for transfers of dollars among these accounts in certain circumstances. These transfers allow counties to adjust program allocations to best meet their service obligations.*

Each county is allowed to transfer up to 10 percent of any account's annual allocation to the other two accounts. In order to take advantage of this provision, the county must document at a public meeting that the decision is being made to ensure the most cost-effective provision of services. Each county may transfer an additional 10 percent from the health account to the social services account under specified conditions. Each county may also transfer an additional 10 percent from the social services account to the mental health or health accounts under specified conditions. All transfers apply for only the year in which they are made, with future allocations based on the pre-transfer amounts.

The statute for 2011 Realignment states *(4) Each county treasurer, and city and county treasurer, or other appropriate official, shall create the Protective Services Subaccount and the Behavioral Health Subaccount within the Support Services Account.*

(A) Any county or city and county may only annually reallocate money between subaccounts in the Support Services Account, provided that the reallocation may not exceed 10 percent of the amount deposited in the immediately preceding fiscal year in the subaccount in the Support Services Account with the lowest balance.

(B) A county or city and county shall, at a regularly scheduled public hearing of its governing body, document that any decision to make any change in its allocation between the Protective Services Subaccount or Behavioral Health Subaccount moneys among services, facilities, programs, or providers as a result of reallocating funds pursuant to subparagraph (A) was based on the most cost effective use of available resources to maximize client outcomes.

(C) Any reallocation made pursuant to this paragraph shall only be in effect for the fiscal year in which the reallocation is made, and the reallocation shall be neither a permanent allocation nor a permanent funding source for any program or service receiving funds from the reallocation.

(D) Any county or city and county that reallocates funds pursuant to this paragraph shall forward a copy of the documentation in subparagraph (B) to the Controller. The Controller shall make an annual report to the fiscal committees of the Legislature of transfers made and shall forward copies of the documentation to other interested parties upon request.

ALTERNATIVES:

The Board could decline to approve and authorize the realignment budget transfer that initiates the 10% Transfer Authority, if declined the Behavioral Health Department will have a funding shortage in Fiscal Year 2020-21 and 2021-22.

PRIOR BOARD ACTION:

- 1) February 23, 2009, 09-0220, Resolution to Transfer Realignment Funds
- 2) June 22, 2010, 10-0186, Transfer Realignment Funds from Health to Mental Health
- 3) February 23, 2021, 21-0246, Mid-Year Budget Report

OTHER DEPARTMENT / AGENCY INVOLVEMENT:

N/A

CAO RECOMMENDATION:

Approve as recommended.

FINANCIAL IMPACT:

This Budget Transfer Request transfers Realignment funding from Public Health and Social Services to Behavioral Health in the amount of \$1,570,000; should this item not be approved it would result in a shortfall in Behavioral Health funding and could require a General Fund contribution.

In addition, the attached Budget Transfer Request increases the realignment budgets for Social Services by \$2.45 million, offset by a reduction in Federal revenue of \$1.28 million which nets to a revenue increase to Social Services of \$1.17 million; Behavioral Health by \$510,000; and Public Health by \$500,000. There is no change to Net County Cost.

CLERK OF THE BOARD FOLLOW UP ACTIONS

- 1) Clerk of the Board to obtain signature of Chair on the attached Resolution, and provide a certified copy to the Health and Human Services Agency Fiscal Unit at 3507 Briw Road, Placerville, CA.
- 2) Clerk of the Board to obtain signature of the Chair on attached Budget Transfer Request and submit signed Budget Transfer Requests to the Chief Administrative Office for processing.

STRATEGIC PLAN COMPONENT:

Good governance.

CONTACT

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