



Monterey County

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: BC 20-088

July 29, 2020

Introduced: 7/17/2020

Current Status: Agenda Ready

Version: 1

Matter Type: Budget Committee

Receive a report on the Mental Health Services Act (MHSA) fund balance.

RECOMMENDATION:

It is recommended that the Budget Committee of the Board of Supervisors:
Receive a report on the Mental Health Services Act (MHSA) fund balance.

SUMMARY/DISCUSSION:

At the October 2019 Budget Committee meeting, the Health Department presented an overview of Proposition 63, the Mental Health Services Act (MHSA), and the current status of MHSA reserves. During the presentation staff indicated that new developments affecting MHSA fund balance would be presented to the Budget Committee, which occurred during the January 2020 meeting. It was requested at that time that the MHSA fund balance be reported on a quarterly basis. This report serves to provide the Budget Committee an update on the fund balance, additional information regarding the MHSA, and potential impacts on the fund balance.

The MHSA fund balance as of July 14, 2020 is \$29,061,724. This represents an increase of \$6,002,150 since this balance was last reported in May 2020. Fluctuations in this fund are common. This fund balance is within normal operating limits.

A comprehensive review of the MHSA 2017-18 through 2019-20 Three-Year Program and Expenditure Plan was recently completed. A combination of revenue actuals exceeding estimates and actual expenditures being below estimates enabled a transfer of funds from the Community Services & Supports component to the Capital Facilities & Technology Needs and Workforce Education & Training components, as well as into the Local Prudent Reserve. This transfer is intended to fund important capital improvement projects, training and staff retention initiatives, as well as minimize the risk of these funds being subject to reversion in the future. This transfer is included in the MHSA FY20 Annual Update Mid-Year Adjustment, which has been approved by the Board of Supervisors.

Spending in MHSA funded programs for fiscal year 2019-20 had been occurring as planned from July through February. However, due to the COVID-19 public health emergency, the delivery of services for the remainder of the FY had been disrupted due to school closures, client cancellations, and other factors.

As the impact to revenue receipts of Sales Tax Realignment and Federal Financial Participation are currently unknown, it is anticipated that MHSA funds may be utilized to help fund ongoing operations. The Bureau is monitoring all funding streams closely and will adjust where necessary as soon as the

need is identified. The Bureau will apprise the Budget Office of these developments and will seek its collaboration on any required actions.

In a reaction to COVID-19 pressures, MHSA regulations and requirements have recently been updated by the State as part of a budget trailer bill (AB81: Quality Assurance Fee and MHSA Relief). This bill offers the following substantive changes:

- Funds identified as subject to reversion by Counties as of July 1, 2019 and July 1, 2020 would instead be subject to reversion on July 1, 2021;
- Counties are now allowed to determine the amount of funds to allocate across the Community Services & Supports service categories for FY 2020-21, and;
- The deadline for Counties to submit 3-year program and expenditure plans or annual updates to the State is now July 1, 2021.

Future modifications to the MHSA and potential local impacts will be reported to the Committee in future reports.

There is no immediate risk of MHSA funds being subject to reversion to the State.

OTHER AGENCY INVOLVEMENT:

No other departments were involved.

FINANCING:

There will be no impact to the General Fund in receiving this report.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

☐Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

☒Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.

☒Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

☐Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

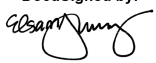
☐Public Safety:

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- Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

Prepared by: Jon Drake, Assistant Bureau Chief, 755-4357

Approved by:

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