



## **MHSA Update to Request CSS Plan Fund Transfer to CFTN and WET Plans; and Designate Funds to CSS Permanent Supportive Housing Program**

### **Subject:**

Approval for Amendment to MHSA Annual Update for Fiscal Year 2018/2019 and request for transfer of funds in the amount of \$1,300,000 from Community Services and Supports (CSS) to other plans within MHSA including Capital Facilities and Technological Needs (CFTN), Workforce Education and Training (WET), and the designation of \$1,600,000 to the Permanent Supportive Housing Program (Housing) within CSS.

### **Summary:**

Pursuant to Welfare and Institutions Code Section 5892(b), Tri-City Mental Health Services recommends approval for the transfers of funds in the amount of \$1,300,000 from the Community Services and Supports (CSS) Plan to CFTN, and WET. Additionally, it is recommended that \$1,600,000 be designated for one-time project use within the Housing Program. The purpose of this transfer and earmark is to provide Tri-City Mental Health Authority (TCMHA) the ability to:

- 1) Have funds available to expand its facility space and/or technology capabilities to address new programming and/or regulations as needed.
- 2) Provide funding to continue the current WET program at TCMHA through June 30, 2022.
- 3) Add funds to the Housing fund in CSS in order to be ready to capitalize on any projects that come available to develop housing and move TCMHA towards its goal, as outlined in its Master Housing Plan, of creating nearly 100 units of permanent supportive housing to meet the needs of its current and future clients who have serious mental illness and are or at-risk of homelessness.

The requested funds will be specifically allocated as follows: \$700,000 to CFTN; \$600,000 to WET; and \$1,600,000 to Housing.

### **Background:**

Pursuant to the Welfare and Institutions Code Section 5892(b), Counties may use a portion of their CSS funds for WET and CFTN Plans. It is further specified that the total amount of CSS funding used for this purpose shall not exceed 20% of the total average amount of funds allocated to that County for the previous five years.

Additionally, MHSA revenues are estimated based on tax returns and therefore difficult to predict exactly. Some years this results in there being excess funds in CSS. These excess funds, also referred to as unspent funds, are a one-time funding source and cannot prudently be used to expand or sustain on-going programs, nor create new ones.

By March 2019, the TCMHA finance staff recorded nearly 75% of the year's MHSAs revenues and CSS expenditures and identified that by June 30, 2019, the unspent CSS fund balance is projected to be \$12,938,277. The projected CSS expenditures for Fiscal Year 2019-20 are \$8,989,468 leaving an estimated balance of \$3,948,809 in unassigned funds for Fiscal Year 2018-19.

Therefore, it is the intent of Tri-City Mental Health Services to seek approval for a total of \$1.3 million in CSS funds to be transferred to CFTN and WET; and \$1.6 million be assigned specifically to Housing for the purpose of having funds available in order to: be proactive so that TCMHA is poised to take advantage of any opportunities that may arise to expand capital facilities or technology; have adequate funds in Housing plan to participate in future permanent supportive housing development in the three cities; to extend the funding of the WET plan which provides training and professional development for current staff and supports the development of careers and a future mental health field workforce from June 30, 2020 to June 30, 2022.

Once allocated to either the WET, CFTN, or Permanent Supportive Housing within CSS, in order to expend the funds, TCMHA must also conduct a public process to specifically outline the intended use of the monies and receive final approval from its Governing Board.

#### **Stakeholder Involvement:**

During this 2018-2019 Fiscal Year, TCMHA has convened a number of Stakeholder and community partner meetings to ask for input on a variety of projects including the No Place Like Home (NPLH) Homelessness Strategic Plan, the 2019-2020 MHSAs Annual Update, and the 2018 Data Notebook. An activity common across all of these meetings is to solicit feedback from community stakeholders and TCMHA staff regarding their perceived priorities for TCMHA in regards to what is needed to improve the overall system of care, how ongoing and/or new funds should be allocated, and ideas for future TCMHA programming and/or projects. Consistent across all feedback this year have been recommendations to: fund WET to insure it will continue past its current end date of 6/30/2020; set aside funds in CFTN to insure TCMHA can expand space and/or technology to keep pace with growing program needs and/or changes in regulations; invest additional funds into creating more permanent supportive housing options for TCMHA clients and their families.

In preparation for this MHSAs Update to the 2018-2019 Annual Plan, the MHSAs Projects Manager convened a meeting on April 4, 2019 to present TCMHA stakeholders, including community partners, local area residents and staff, the information from the most recent financial analysis of currently unallocated CSS funds. The Chief Financial Officer reviewed that receipt of MHSAs and Medi-Cal revenues that were higher than original budgeted estimates and the role of the MHSAs funding reversion timelines resulted in TCMHA having a surplus of CSS funds of \$2.9 million available for transfer. The top priorities identified for the TCMHA system of care during the past year were presented and meeting attendees then discussed the information and agreed on this final division of the CSS unallocated funds: \$700,000 to CFTN; \$600,000 to WET; and \$1.6 million to Housing.

These proposed funding changes to provide TCMHA opportunities to expand its capital and technology infrastructure, to insure the ongoing provision of excellent client care via staff training and professional development for both the current and a future workforce support, and secure TCMHA's ability to participate in any new permanent supportive housing projects, will be documented and posted for thirty (30) days on the TCMHA webpage for public comment and feedback. All written and verbal comments received during the open forums will be made available upon request.

**30-Day Public Notification:**

This document was posted on the TCMHA Website for 30 days for public comment.