

COUNTY OF SACRAMENTO
CALIFORNIA

For the Agenda of:
May 3, 2004

TO: Board of Supervisors

FROM: Department of Health and Human Services

SUBJECT: 04-036 – Reallocation Of Fiscal Year 2003-04 Realignment Revenues In The Countywide Services Agency

CONTACT: James W. Hunt (875-2002)

Overview

Assembly Bill 1491 (Fiscal Year 1991-92) established the realignment of certain health, mental health and social services programs. Realignment law allows the transfer of up to 10% of revenues between local trust funds. The Department proposes to transfer 10% of the Fiscal Year 2003-04 Mental Health Realignment Revenue to the Public Health Trust Fund.

Recommendations

1. Adopt the attached Resolution authorizing the transfer of \$4,780,000 from the Mental Health Trust Fund to the Public Health Trust Fund.
2. Find that the transfer of Realignment revenues is the most cost-effective use of available revenues to maximize client outcomes.

Measures/Evaluation

N/A

Fiscal Impact

Approval of this recommendation will improve the County General Fund balance by \$4,780,000.

BACKGROUND:

The State Legislature enacted Assembly Bill 1491 in Fiscal Year 1991-92 to give counties a source of funding for their public health, mental health, and certain social services programs. The revenue to fund these programs comes from a ½ cent sales tax and a portion of the Vehicle License Fees.

Welfare and Institutions Code Section 17600 created the Local Revenue Fund. Each County receives realignment funds from the State Local Revenue Fund. Accordingly, each County must establish a Local Health and Welfare Trust Fund, which has three separate accounts; the mental health account, the social services account, and the health account.

Section 17600.20(a) of Assembly Bill 1491 states: “Any county or city may reallocate money among accounts in the Local Health and Welfare Trust Fund, not to exceed 10% of the amount deposited in the account from which the funds are reallocated for that fiscal year.” In addition, the legislation requires the Board of Supervisors to hold a regularly scheduled public hearing to document the reallocation of Realignment revenue. The Board must also make a finding that the reallocation is the “most cost-effective use of available resources to maximize client outcome.”

DISCUSSION:

The Department of Health and Human Services proposes a Fiscal Year 2003-04 transfer of \$4,780,000 from the Mental Health Trust Fund to the Health Trust Fund. This transfer will contribute to the funding of mandated medically indigent health services. Estimated net County cost of medical treatment for medically indigent clients is approximately \$18.4 million for Fiscal Year 2003-04.

The Mental Health programs, while requiring a maintenance of effort, have flexible Realignment revenues, a portion of which the Department could transfer to fund other mandated health or social services programs. The Department will satisfy the maintenance of effort, and this transfer represents 10% of the total Mental Health Realignment revenues projected for Fiscal Year 2003-04. This transfer is equal to the statutory transfer limit. The actual transfer amount will be 10% of the Mental Health Realignment actual total receipts for Fiscal Year 2003-04. Testimony will be provided at the Fiscal Year 2004-05 budget hearings demonstrating the cost-effectiveness of the transfer.

Measures/Evaluation

N/A

FINANCIAL ANALYSIS:

The Fiscal Year 2003-04 transfer of \$4,780,000 in Realignment revenue from the Mental Health Trust Fund to the Health Trust Fund will fund an equal amount of medical care for County-responsible indigent patients. This will reduce costs to the County General Fund by \$4,780,000.

Respectfully submitted,

APPROVED:

JAMES W. HUNT, Director
Department of Health and Human Services

TERRY SCHUTTEN
County Executive

By _____
PENELOPE CLARKE, Administrator
Countywide Services Agency

RESOLUTION NUMBER _____

BE IT RESOLVED AND ORDERED that the Chair of the Board of Supervisors authorizes and directs the transfer of \$4,780,000 in Fiscal Year 2003-04 Realignment revenue from the Mental Health Trust Fund to the Public Health Trust Fund.

BE IT FURTHER RESOLVED AND ORDERED that the Board of Supervisors find this transfer of Realignment revenues to be the most cost-effective use of available revenues to maximize client outcomes.

On a motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento, State of California, this _____ day of _____, 2004, by the following vote, to wit:

AYES: Supervisors

NOES: Supervisors

ABSENT: Supervisor

Chair of the Board of Supervisors
of Sacramento County, California

(SEAL)

ATTEST: _____

Clerk, Board of Supervisors