

Mental Health Liaison Meeting

Budget Deep Dive

Date of Meeting: March 19, 2024

Attendees:

CON	DPH	OCOH
<ul style="list-style-type: none">Radhika Mehlotra	<ul style="list-style-type: none">Kelly KirkpatrickEmily GibbsDavid Edelman	<ul style="list-style-type: none">Jennifer Friedenbach

1. Welcome and Introductions

2. Fiscal Update on Mental Health

- Unspent OCOH Balance – Mid-Year Budget Update**

The mid-year budget update showed \$139M in the projected year-end total balance (including acquisition) in the Mental Health service area.

- How has the March revenue update affected this balance amount?
 - What portion of this balance is entirely uncommitted and available for new or expanded programs? Please delineate one-time vs. ongoing.
- DPH will provide concrete updates at next week's regular OCOH Committee meeting on 3/28.
- Structural Deficit**
 - What strategies does DPH intend to leverage to tackle the structural deficit in Mental Health (\$100M of annual expenditures vs. \$70M of annual revenue)?
 - Given, the incoming revenue trends, the spending plan is \$100M ongoing cost; however, only \$70M ongoing revenue, which has resulted in a ~\$30M ongoing structural deficit.
 - Closing the gap requires leveraging one-time fund "balances" that are made up of the acquisition fund (~\$110M available) and all other fund balances (~\$30M).
 - Of that ~\$110M within the acquisition fund, approximately \$60 - \$70M is earmarked for planned projections, leaving \$40 - \$50M available:
 - \$10M for crisis stabilization unit on Hyde and Geary
 - \$10M Treasure Island Beds
 - \$40M-\$50M needed for assisted living dual diagnosis project, mental health service center site acquisition
 - In the last two years, DPH hasn't had to leverage the acquisition fund to balance but this time around, must dip into the acquisition fund to balance the Mental Health service area's structural deficit.
 - Member Friedenbach had a follow-up question: are there any things that were funded last year that have not been deployed yet, and are those funds being used to balance the structural deficit?

- DPH response: Upcoming budget maintains spending plan at the \$100M planned
- Side note: this year, DPH likely to spend \$80M (hiring/contracting delays some underspending)
 1. Underspending: TAY beds and crisis stabilization unit on Hyde and Geary
 2. TAY RFP for TAY behavioral health linkage team – services to begin in May
- So far in the fund, DPH has been largely able to rely on underspending since implementation was still underway
- Now operating will surpass revenue – now will use a combination of acquisition fund balance and underspending to maintain services and to continue to make headway on the implementation plan
- Beyond the two-year budget, spending plan will need to be adjusted
 - Finding operational savings and leaning on program performance information to make decisions
 - *Member Friedenbach mentioned that she wants the committee to hear from those who receive services to pair with program performance (in the form of listening sessions)*
 - DPH will report back on user data that they plan to gather to help inform spending plans over the following three years (utilization and user input information)
- **Maintain Current Programming**
 - How much funding is needed in FY24-25 and FY25-26 to **maintain** current programming? Please delineate one-time vs. ongoing.
 - Based on the March revenue update, will there be enough funding to cover the cost of maintaining current programming, including any inflationary costs?
 - If not, are there any other sources available to cover the cost of maintaining current programming? If so, what are those sources (underspend from prior year years/fund balance, reserves, acquisition, or any other unearmarked/uncommitted funds)? Please indicate whether these sources are available one-time or on an ongoing basis.
 - DPH plans to leverage its acquisition fund and fund balances to maintain all previously budgeted programming in the Mental Health service area.
- **Planned Programming – Delayed**
 - What **delayed** programs are expected to start in FY24-25 and FY25-26? What are their funding commitments (amount and nature)?
 - Based on the March revenue update, should the Committee consider choices to delay further or not move forward at all, to generate savings to maintain current programming?
 - In FY23-24 there is ~\$20M of underspending that can be attributed to hiring and contracting delays. But the department plans to continue to implement.
- **Planned Programming – New**
 - Is there any **new programming** that is expected to start in FY24-25 and FY25-26? If so, are there any **new costs** associated with that programming?

- Based on the March revenue update, will there be enough funding to cover the cost of new programming?
- If not, where are the decision points to delay new programming or make policy decisions to not move forward at all, to generate savings to maintain current programming?
- No new programming was discussed.
- **State/Federal Funding**
 - Are there possible OCOH funds that will get supplanted by State/federal funding over the two budget years and generate savings in the fund?
 - Are there opportunities for DPH to leverage OCOH funds to increase state revenue, including but not limited to CalAIM?
 - The fate of State Proposition 1 is still undecided, so the implications are unknown.
 - State budget protects much of the health funding, but funding for capital is much more tenuous and therefore, unreliable for the department to plan around.

3. Next Steps

- March 28, 2024 – Committee narrows in on budget priorities at OCOH Committee Meeting
- Early April – Convening of Liaisons and other interested Committee members to discuss and propose budget recommendations
- April 25, 2024 – Committee determines final set of budget recommendations for the Mayor, HSH HOC, and DPH HC