

CLARK COUNTY STAFF REPORT

DEPARTMENT: Budget Office

DATE: September 25, 2018

REQUESTED ACTION: Clark County Council approval to adopt a formal fund balance policy for the Mental Health Sales Tax Fund.

Consent Hearing County Manager

BACKGROUND

One of Clark County's top priorities is to maintain its long-term financial stability. To achieve this priority, fiscal best practices indicate it is necessary to maintain appropriate reserve levels. Adopting a formal fund balance policy for the Mental Health Sales Tax Fund will help ensure the County meets its financial and service obligations associated with the respective funds.

Fund balance policies establish and maintain appropriate reserve levels to ensure the continued delivery of County services, address emergencies, address temporary revenue shortfalls, and provide stability during economic cycles. These policies provide guidelines for preparation and deliberation of the County budget. Sufficient reserves will provide adequate cash flow, maintain the County's good standing with bond rating agencies, keep the County's interest rates as low as possible, and provide continuity in service delivery.

The County's current practice is to follow industry guidance to establish an appropriate fund balance. Recent guidance recommends using a risk-based analysis to determine an entity specific fund balance level. In general, the factors included in a risk-based analysis that are specific to Clark County include operational funding requirements, revenue volatility, and emergency reserves. The following specific factors have been considered for this fund:

- It is recommended policy that this fund maintains an unassigned reserve balance consisting of three considerations: cash flow needed for operations, reserves to address revenue volatility, and cash revenues not available due to fund balance accrual methodology.
- This policy has been reviewed by the Mental Health Sales Tax Funding Advisory Board and includes the Advisory Board's feedback and recommendations.

There will be a specific Fund Manager designated for each Fund Balance Policy.

- Each fund will be managed and monitored by the Fund Manager who will, as needed, consult and collaborate with the County's Finance Team (County Manager, Budget Director and representatives from Human Resources, Auditor and Treasurer's Offices).
- The Fund Manager will report on the current and projected reserve levels on an annual basis or as needed.
- The Fund Manager will be responsible for reviewing the Fund Balance Policy on an annual basis and communicating any necessary changes or updates to the County Manager and the Clark County Council.

Action requested: Clark County Council approval to adopt a formal fund balance policy for the Mental Health Sales Tax Fund [Attachment A].

Additional supporting documentation provided includes:

- Fund Balance Policies Project Guide & Checklist (accompanying document to all fund balance policies)
- Mental Health Sales Tax Fund Balance Update (June 18, 2018)
- Fund Balance Policies Project Executive Summary (April 9, 2018)
- Resolution 2018-02-18 establishing the Mental Health Sales Tax Funding Advisory Board
- Work Session Materials (January 31, 2018)

COUNCIL POLICY IMPLICATIONS

A fund balance policy establishes minimum levels for designated funds to ensure stable service delivery, meet future needs, and protect against financial instability.

The Clark County Council has the authority to direct the use of these funds and can revise directives through a resolution, as desired.

The Clark County Council has the authority to approve this policy.

ADMINISTRATIVE POLICY IMPLICATIONS

N/A

COMMUNITY OUTREACH

These recommendations relate to an internal support matter. Community outreach or participation was not a consideration.

BUDGET IMPLICATIONS

The reserved fund balance level established in this policy will be reviewed, assessed and recalculated on an annual basis. The Clark County Mental Health Sales Tax Funding Advisory Board was created in 2018 through Resolution #2018-02-18 to recommend to the county manager how to prioritize new funding requests. This expert advisory input serves the county manager when preparing the recommended budget for the Council.


YES	NO	
		Action falls within existing budget capacity.
		Action falls within existing budget capacity but requires a change of purpose within existing appropriation
		Additional budget capacity is necessary and will be requested at the next supplemental. If YES, please complete the budget impact statement. If YES, this action will be referred to the county council with a recommendation from the county manager.

BUDGET DETAILS

Local Fund Dollar Amount	
Grant Fund Dollar Amount	
Account	Mental Health Sales Tax Fund 1033,
Company Name	

DISTRIBUTION:

Board staff will post all staff reports to The Grid. <http://www.clark.wa.gov/thegrid/>


Emily M. Zwetzig
Budget Director

Telephone: External 1-564-397-5092 Internal X5092

APPROVED: 
CLARK COUNTY, WASHINGTON
CLARK COUNTY COUNCIL

DATE: Sept. 25, 2018

SR# 154-18



APPROVED: _____
Shawn Hennessee, County Manager

DATE: _____



[ATTACHMENT A]

CLARK COUNTY FINANCIAL POLICY

Policy Name	Mental Health Sales Tax Fund Balance Reserve Policy	Policy No.	FB-01	Date Adopted	MM/DD/YY
Approval Authority	Clark County Council	Policy Origination Date	February 27, 2018		
Responsible Department/Office	Budget Office Auditor's Office	Responsible Elected Official/Director/Board	Budget Office Auditor's Office <i>New Requests: Mental Health Sales Tax Advisory Board</i>		
Fund Manager	County Budget Director County Finance Officer	Policy Revision No.	v1-0	Date Revised	04/11/18
Fund No.	1033	Fund Type	Special Revenue Fund		

1. **Fund Description:** The Mental Health Sales Tax Fund was established in 2006 to account for a countywide one-tenth of one percent treatment sales tax passed in Clark County. The sales tax is collected for the purpose of funding substance abuse programs, expanded mental health treatment, and enhanced substance abuse court programs. The fund is intended to support programs in the continuum of mental health treatment, including prevention and outreach programs specifically targeting people who show signs of or have high risk factors associated with mental health or chemical dependency disorders.
 - a. **Legal References (All Applicable Federal, State, and Local Laws).**
 - i. Washington State Legislature E2SSB-5763
 - ii. RCW 82.14.460: Sales and use tax for chemical dependency or mental health treatment or therapeutic courts.
 - b. **Major Revenue Source(s):** The sole source of revenue is the countywide one tenth of one percent treatment sales tax (mental health and substance abuse).
2. **Uses.**
 - a. **Permissible Uses.** Counties are provided some level of flexibility to choose the types of programs funded. Some guidelines provided include:
 - i. Funding used for programs and services is not limited to treatment services
 - ii. Funding must serve County resident where sales tax collected
 - iii. Funding must have a connection to behavioral health (mental health and substance use)
 - iv. Eligible program areas are intervention, treatment, aftercare, outreach, support services such as housing, transportation, case management, and prevention (as of 2013)
 - v. Funding must support new or expanded programs
 - vi. Funding may support service and operation delivery for therapeutic courts
 - vii. Funding is meant to be flexible
 - viii. After 2016, no supplanting is allowed, only expansion or development of new programs and services
 - b. **Current Use of Fund.**
 - i. Behavioral Health Services: mental health and chemical dependency services for youth, veteran support services, peer support recovery services, and community-based treatment services

- ii. Therapeutic Specialty Courts: supervision, family treatment court, adult drug court, juvenile recovery court, substance abuse court, veterans court and mental health court
- iii. Nurse Family Partnership Program
- iv. Juvenile Detention Alternative Initiative Program

The Clark County Mental Health Sales Tax Funding Advisory Board was created in 2018 through Resolution #2018-02-18 to recommend to the county manager how to prioritize new funding requests. This expert advisory input serves the county manager when preparing the recommended budget for the Council.

The Clark County Council has the authority to direct the use of these funds and can revise directives through a resolution, as desired.

- 3. **Revenue Volatility.** Sales tax revenue is very sensitive to economic conditions, and is considered volatile. Adequate reserves are therefore very important to ensure the continuity of operations during times of economic downturn.
- 4. **Fund Reserve.** The County will maintain a Mental Health Sales Tax Fund unassigned reserve balance consisting of three considerations: cash flow needed for operations, reserves to address revenue volatility, and cash revenues not available due to fund balance accrual methodology. The fund balance reserve amount shall be calculated and reassessed on an annual basis.

As a benchmark, GFOA’s Best Practice framework of risk assessment is based on the risk management cycle: identify risks; assessing risks; identifying risk mitigation approaches; assessing expected risk reduction; and selecting and implementing a mitigation method. The framework focuses primarily on risk retention, or using reserves, to manage risk. However, the framework also encourages considering how other risk management methods might alleviate the need to retain risk. In general and at a minimum, GFOA advises maintaining an unrestricted fund balance of 15% to 20% (60 days) of operating revenues.

- a. **Cash Flow for Operations:** The reserve shall provide sufficient cash flow for quarterly transfers and existing funding obligations to continue services for clients in treatment. The cash flow reserve component shall be based on 25% of the current budgeted year’s transfers.
 - b. **Revenue Stability:** To provide stability from economic volatility, the Mental Health Sales Tax Fund shall maintain a reserve equal to four months’ worth of actual expenditures based on the monthly average of the prior fiscal year period.
 - c. **Fund Balance Accrual Methodology:** To account for actual revenue collection that is offset by the required accrual methodology, the Mental Health Sales Tax Fund shall maintain a reserve equal to two months’ worth of actual cash received based on the monthly average of the prior fiscal year period.
- 5. See addendum for example of calculation.
 - 6. **Revision History**

Revision	Date	Description of changes	Requested By
v1-0	04/11/18	Final policy draft for Clark County Council review and adoption.	County Manager

Mental Health Sales Tax Fund Balance Reserve Policy Calculation Addendum

-Information prepared by the Budget Office-

2017 Total Budgeted Transfers:	\$ 4,865,004		2017 Total Expenditures: \$ 6,805,522
2017 Monthly Expenditure Average:	\$ 565,704		
2017 Monthly Average of Actual Cash Received:	\$ 664,647		

Cash Flow for Operations:	<i>The reserve shall provide sufficient cash flow for quarterly transfers and existing funding obligations to continue services for clients in treatment. The cash flow reserve component shall be based on 25% of the current budgeted year's transfers.</i>	\$ 1,216,251
Revenue Stability:	<i>To provide stability from economic volatility, the Mental Health Sales Tax Fund shall maintain a reserve equal to four months' worth of actual expenditures based on the monthly average of the prior fiscal year period.</i>	\$ 2,262,817
Fund Balance Accrual Methodology:	<i>To account for actual revenue collection that is offset by the required accrual methodology, the Mental Health Sales Tax Fund shall maintain a reserve equal to two months' worth of actual cash received based on the monthly average of the prior fiscal year period.</i>	\$ 1,329,295
Total Annual Fund Balance Amount:		\$ 4,808,362



FUND BALANCE POLICIES PROJECT GUIDE & CHECKLIST

General Information & Best Practices

What is Fund Balance? Fund balance is an accounting term to describe the difference between a fund's assets and liabilities. Different categories of funds include General Fund, Special Revenue Funds, Debt Services Funds, Capital Projects Funds, Enterprise Funds, Internal Services Funds, Agency Funds, and Clearing Funds.

A fund balance policy establishes minimum levels for designated funds to ensure stable service delivery, meet future needs, and protect against financial instability.

The Government Finance Officers Association (GFOA) recommends that governments formally adopt financial policies. Financial policies are central to a strategic, long-term approach to financial management. The key financial policies that are recommended are general fund reserves, reserves in other funds, revenues, expenditures, operating budget, capital asset management, long-term financial planning, debt, investment, accounting and financial reporting, risk management and internal controls, local economic development, and procurement. One of the primary reasons for establishing a policy for fund balance is to provide sufficient cash flow to meet operating needs. Local government revenues are often cyclical in nature. For example, many jurisdictions depend primarily on property tax revenues. This revenue is due from property owners twice a year on April 30 and October 31. Similarly, a water utility fund might receive a significant portion of its revenues during the summer irrigation and watering season. But these entities must meet their financial obligations year-round, which would be difficult, if not impossible, without maintaining a certain minimum fund balance.

For GAAP accounting and reporting entities, fund balance describes the net position of local government funds. There is a distinction made between governmental fund and business-type activities when calculating net position (see BARS, GAAP, Net Position, and Statement of Net Position), but it is intended to measure financial resources currently available.

Overarching Fund Balance Policy Statements Applicable to all Fund Balance Policies

1. **Goals and Objectives.** To provide a framework of definitions, procedures, and guidelines for the management of fund balances in order to ensure the County's fiscal stability, creditworthiness of its debt and to establish a clear, consistently applied method to calculate fund balance.
2. **Policy Statement.** Clark County shall establish clear policy and procedures for developing, appropriating, and managing its operating budget and capital program. This includes a policy for calculating and establishing year-end fund balance targets intended to ensure fiscal stability.
3. **Reason for Policy.** Creation and adoption of financial policies are a key component of Clark County's Vision, Mission, and Strategic Actions. Financial policies help ensure long-term financial stability, a balanced budget, and establishment of the appropriate reserves.

4. **Statement of Scope.** Fund Balance Policies are intended to establish and maintain appropriate reserve levels to ensure the continued delivery of County services, address emergencies, address temporary revenue shortfalls, and provide stability during economic cycles. Each policy provides guidelines during the preparation of and deliberations of the County budget. Sufficient reserve funds will be managed to provide adequate cash flow, maintain the County's good standing with bond rating agencies, keep the County's interest rates as low as possible, and provide continuity in service delivery. The County shall maintain adequate cash reserves in each fund to maintain a positive cash position at any time during a fiscal year and at year-end.
5. **Responsibility.** There will be a specific Fund Manager designated for each Fund Balance Policy.
 - Each fund will be managed and monitored by the Fund Manager who will, as needed, consult and collaborate with the County's Finance Team (County Manager, Budget Director and representatives from Human Resources, Auditor and Treasurer's Offices).
 - The Fund Manager will report on the current and projected level of the reserve funds on an annual basis or as needed.
 - The Fund Manager will be responsible for reviewing the Fund Balance Policy on an annual basis and communicating any necessary changes or updates to the County Manager and Clark County Council.

Policy Development & Checklist

The Finance Team has developed a template and instructions that will be used to standardize all fund balance policies. This template addresses the key components recommended by the GFOA and other leading industry resources.

Key Components of Fund Balance Policies

A fund balance policy establishes minimum levels for designated funds to ensure stable service delivery, meet future needs, and protect against financial instability. The policy should include the following components:

- Goals and objectives
- References
- Purpose of policy
- Statement of scope
- Provisions (Address Key Question in next section)
 - Appropriate fund balance level
 - Use and replenishment of funds
- Administrative information

Fund Balance policies should address the following:

- ✓ Volatility of revenue source.
- ✓ Establish intent for special purpose.
- ✓ Establish target level of reserve.
- ✓ Define maximum level of reserves.
- ✓ Use and replenishment of funds.
- ✓ Identify source of funding.
- ✓ Define allowable expenditures.
- ✓ Strength of collection practices.
- ✓ Historical consumption of inventories and prepaids.
- ✓ Support from general government.
- ✓ Transfers out.
- ✓ Cash cycles/cash flow needs.

- ✓ Customer concentration.
- ✓ Demand for services/business cycle activity.
- ✓ Control over rates and revenues/revenue volatility.
- ✓ Revenue constraints due to backlog of work.
- ✓ Asset age and condition.
- ✓ Volatility of expenses.
- ✓ Control over expenses.
- ✓ Management plans for working capital.
- ✓ Debt position.

Types of County Funds

General Fund (Governmental Funds) 0000-1999: The General Fund is used mainly to account for the County's general purpose or "unrestricted" revenues. Like most government entities, Clark County has one general fund. This is the County's largest single fund, & serves as the primary operating fund.

Special Revenue Funds (Governmental Funds) 0000-1999: Special Revenue Funds are established pursuant to State statutes or local ordinances in order to segregate resources that are designed to be used for specified purposes.

Debt Service Funds (Governmental Funds) 2000-2999: Debt Service Funds are established to account for the accumulation of resources and the payment of expenditures, principal, and interest for certain debt service arrangements.

Capital Projects Funds (Governmental Funds) 3000-3999: Capital Project Funds are established to account for financial resources used for the acquisition of systems and equipment, as well as the acquisition or construction of major capital facilities.

Enterprise Funds (Non-Governmental Funds) 4000-4999: Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (expenses, including depreciation) or providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Services Funds 5000-5999: Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (expenses, including depreciation) or providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Funds 6000-6999: Fiduciary Funds are used to account for assets held by Clark County as an agent or trustee for other entities and cannot be used to support the County's own programs. Investment Trust Funds report the external portion of the County's investments. Agency Funds are clearing accounts employed to account for assets held by Clark County in its role as custodian and are often offset by an equal, related liability.

Clearing Funds 8000-8999: Clearing Funds are funds used to monitor money that passes between Departments/Offices and the Treasurer's Office. These funds are in the process of clearing and reconciliation through a central processing mechanism.

H:\Financial Policies and Guidelines\Fund Balance Policies\Fund Balance Policies Guide & Checklist.docx

Mental Health Sales Tax Funding Advisory Board - Fund Balance Update

- Information prepared by the Budget Office -

June 18, 2018

Available fund balance (millions)	2017-2018
Beginning Fund Balance	\$ 6.4
Revenue Budget	\$ 16.2
Expense Budget	\$ (14.4)
Projected Ending Fund Balance for 2017-2018	\$ 8.2

Available fund balance (millions)	2019
Estimated Beginning Fund Balance	\$ 8.2
Fund Balance Policy Reserve Amount	\$ (4.8)
Revenue Budget	\$ 8.9
Expense Budget	\$ (6.6)
Projected Available Fund Balance for 2019*	\$ 5.8

\$ 2.4 This is the gap between projected ongoing revenues and expenses for the biennium. This is the amount proposed by the Budget Office to make available for on-going new funding requests.

*Of the projected available fund balance, \$2.4 million is available for on-going requests and \$3.4 million is available for one-time requests.



FUND BALANCE POLICIES PROJECT EXECUTIVE SUMMARY

Who & What?

The Budget Office and Auditor's Office have been given approval by the Interim County Manager to proceed with the **Fund Balance Policies Project**.

A fund balance or reserve policy establishes minimum levels for designated funds. At a minimum, policies should include scope and purpose; appropriate fund balance level; and use and replenishment of funds. At this time, the only fund balance policy currently in place is for the General Fund.

The approach will be multi-staged, starting with high priority funds based on importance/risk. The first stage will include major operational and internal service funds such as real estate excise tax funds, building fund, roads fund, mental health sales tax fund, facilities fund, etc. (see attached list).

Why?

The creation and adoption of fund balance policies has multiple benefits:

- ensuring stable service delivery
- meeting future needs
- protecting against financial instability.

How?

The first stage is to develop fund balance policies for major operational and internal service funds such as real estate excise tax funds, building fund, roads fund, mental health sales tax fund, facilities fund, etc.

The process of formulating proposed policies will be a collaborative effort between finance, budget and departmental staff. The analysis will include critical elements such as cash flow needs, volatility of revenue and expenses, existing debt position, existing binding commitments, capital replacement needs, prepaid items, personnel related liabilities, etc.

Once the analysis is complete, results will be presented to the County Manager, who will then use the findings to inform recommendations to the Council. The Council will ultimately decide whether to adopt the policies.

Timeline and Next Steps

This project commenced in late fall of 2017 with the goal to adopt fund balance policies for all of the 12 high risk priority funds by December 31, 2018. At this time, the project team has drafted 3 fund balance policies that are ready for review and approval by the council.

1. **Fund 3056: Real Estate Excise Tax (REET1):** The reserve recommended is a fund balance equal to the subsequent 12 months' debt payment requirements that are paid through this fund. In addition, \$1 million should be held in reserve each year in the event that there is a need to backstop the Exhibit Hall Reserve Fund required payments.
2. **Fund 3083: Real Estate Excise Tax (REET 2):** The reserve recommended is a fund balance equal to the subsequent 12 months' debt payment requirements that are paid through this fund. In addition, \$1 million should be held in reserve each year in the event that there is a need to take additional REET 2 funding for maintenance and debt services on REET 1 eligible debt.
3. **Fund 1033: Mental Health Sales Tax:** It is recommended policy this fund maintains an unassigned reserve balance consisting of three considerations: cash flow needed for operations, reserves to address revenue volatility, and cash revenues not available due to fund balance accrual methodology. This policy is currently under review by the Mental Health Sales Tax Funding Advisory Board for feedback and recommendations.

CLARK COUNTY STAFF REPORT

DEPARTMENT: County Manager's Office

DATE: February 27, 2018

REQUESTED ACTION: Create a Mental Health Sales Tax Funding Advisory Board

Consent Hearing County Manager

BACKGROUND

E2SSB-5763 became law in the State of Washington in 2005 to address the increasing number of individuals with mental health disorders, substance abuse and co-occurring mental health and substance abuse disorders. The legislature subsequently enacted a one tenth of one percent treatment sales tax to provide services and support to this population. In 2007 Clark County passed a countywide one tenth of one percent treatment sales tax, the proceeds of which are spent after appropriation by the Clark County Council.

In 2017 a task force was created to recommend to the council guiding principles and criteria to help in decision making for new funding requests. The task force recommended a continuing Mental Health Sales Tax Funding Advisory Board for the dual purposes of:

1. Creating a formal process for collecting and evaluating new funding requests; and
2. Providing advisory input to the county manager's recommend budget to the county council.

The council concurred with this recommendation and decided to create a funding advisory board.

COUNCIL POLICY IMPLICATIONS

The advisory board provides guidance to the county manager as she\he prepares the manager's recommended budget for use of mental health sales tax funds. The council receives the manager's recommended budget, and takes action to support or deny the recommendation.

The advisory board supports the decision making process but does not limit the council's decision making authority.

ADMINISTRATIVE POLICY IMPLICATIONS

The advisory board provides guidance to the county manager as she\he prepares the manager's recommended budget for use of mental health sales tax funds. The manager receives the funding board's input and takes action to support or deny the recommendation.

The advisory board supports the decision making process but does not limit the manager's decision making authority.

COMMUNITY OUTREACH

None

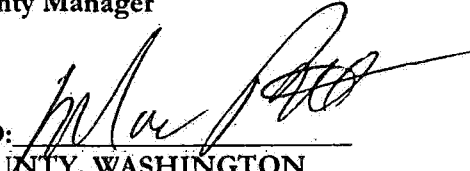
BUDGET IMPLICATIONS

YES	NO	
X		Action falls within existing budget capacity.
		Action falls within existing budget capacity but requires a change of purpose within existing appropriation
		Additional budget capacity is necessary and will be requested at the next supplemental. If YES, please complete the budget impact statement. If YES, this action will be referred to the county council with a recommendation from the county manager.

DISTRIBUTION:

Board staff will post all staff reports to The Grid. <http://www.clark.wa.gov/thegrid/>

Jim Rumpeltes
Interim County Manager

APPROVED: 
CLARK COUNTY, WASHINGTON
BOARD OF COUNTY COUNCILORS

DATE: 2-27-18
SR# 47-18



ADMINISTRATIVE POLICY IMPLICATIONS

The advisory board provides guidance to the county manager as she\he prepares the manager's recommended budget for use of mental health sales tax funds. The manager receives the funding board's input and takes action to support or deny the recommendation.

The advisory board supports the decision making process but does not limit the manager's decision making authority.

COMMUNITY OUTREACH

None

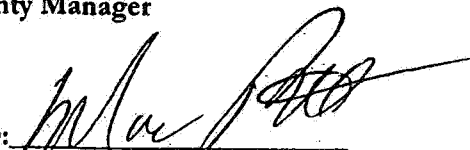
BUDGET IMPLICATIONS

YES	NO	
X		Action falls within existing budget capacity.
		Action falls within existing budget capacity but requires a change of purpose within existing appropriation
		Additional budget capacity is necessary and will be requested at the next supplemental. If YES, please complete the budget impact statement. If YES, this action will be referred to the county council with a recommendation from the county manager.

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Jim Rumpeltes
Interim County Manager

APPROVED: 
CLARK COUNTY, WASHINGTON
BOARD OF COUNTY COUNCILORS

DATE: 2-27-18

SR# 47-18



Resolution 2018-02-18

A resolution to create a Clark County Mental Health Sales Tax Funding Advisory Board

WHEREAS E2SSB-5763 became law in the State of Washington in 2005 to address the increasing number of individuals with mental health disorders, substance abuse and co-occurring mental health and substance abuse disorders ; and

WHEREAS a one tenth of one percent treatment sales tax was subsequently enacted by the state to provide services and support to this population; and

WEREAS in 2007 Clark County passed a countywide one tenth of one percent treatment sales tax, the proceeds of which may be spent after appropriation by the Clark County Council; and

WHEREAS the 2017 mental health sales tax budget was \$7.1 million and supported many key programs within the county; and

WHEREAS: in 2017 a task force was created to recommend to the council guiding principles and criteria to help in decision making for new funding requests;

WHEREAS: the task force recommended a continuing Mental Health Sales Tax Advisory Board for the dual purposes of:

Creating a formal process for collecting and evaluating new funding requests; and
Providing advisory input to the county manager's recommend budget to the county council.

THEREFORE BE IT RESOLVED

The Clark County Council creates a Mental Health Sales Tax Advisory Board for the dual purposes of:

1. Creating a formal process for collecting and evaluating new funding requests for mental health sales tax revenue; and
2. Providing advisory input to the county manager's recommended budget to the county council.

BE IT ALSO RESOLVED:

Mental Health Sales Tax Advisory Board members include these officials or their designees:

1. Superior Court Judge (1)
2. Community Services Department Director (1)
3. Community Services Mental Health\Substance Abuse Programs (1)
4. Public Health Director (1)
5. County Budget Director (1)

- 6. District Court Administrator (1)
- 7. Juvenile Justice Administrator (1)
- 8. County Council (2)
 - a. Countywide representative
 - b. Urban representative

BE IT ALSO RESOLVED

The task force shall:

- 1. Follow the eligible use requirements in RCW 82.14.460.
- 2. Ensure a functional community continuum of care by maximizing local resources with other funding systems.
- 3. Recommend a reserve policy and fund requests using this policy.

Signed this 27th day of February, 2018

Attest:

[Signature]
Clerk to the Council

CLARK COUNTY COUNCIL
CLARK COUNTY, WASHINGTON

[Signature]
Marc Boldt, Chair

Approved as to form only:
ANTHONY F. GOLIK
Prosecuting Attorney

By: *[Signature]*
Prosecuting Attorney

Jeanne E. Stewart, Councilor

Julie Olson, Councilor

John Blom, Councilor

Eileen Quiring, Councilor



- 6. District Court Administrator (1)
- 7. Juvenile Justice Administrator (1)
- 8. County Council (2)
 - a. Countywide representative
 - b. Urban representative

BE IT ALSO RESOLVED

The task force shall:

- 1. Follow the eligible use requirements in RCW 82.14.460.
- 2. Ensure a functional community continuum of care by maximizing local resources with other funding systems.
- 3. Recommend a reserve policy and fund requests using this policy.


Signed this 27th day of February, 2018

Attest:



 Clerk to the Council

CLARK COUNTY COUNCIL
 CLARK COUNTY, WASHINGTON



 Marc Boldt, Chair

Approved as to form only:
 ANTHONY F. GOLIK
 Prosecuting Attorney

By: 

 Prosecuting Attorney

 Jeanne E. Stewart, Councilor

 Julie Olson, Councilor

 John Blom, Councilor

 Eileen Quiring, Councilor



Clark County, WA Mental Health Sales Tax

**Work Session presented to the Clark County Council
Clark County, WA**

Presented by:

Jim Rumpeltes, Interim County Manager

Vanessa Gaston, Director of Community Services

Emily Zwetzig, Budget Office Analyst

January 31, 2018



Work Session goal

For the County Manager to receive permission from the Clark County Council to designate a Mental Health Sales Tax Advisory Board that will:

- Create a formal process for collecting and evaluating new funding requests
- Provide advisory input to the county manager as he develops his recommended budget to the Clark County Council



Agenda

- Background, legal statute, tax rate & permissible uses
- Overview of mental health sales tax revenues
 - ✓ History and forecast of revenues and expenditures
 - ✓ Expenditure overview
 - ✓ Fund balance reserve considerations
- Task Force recommendations
- Discussion & Clark County Council feedback



Background

- Legislature passed E2SSB-5763 into law in 2005
 - The purpose is to address increasing numbers of individuals with mental health disorders, substance use and co-occurring mental and substance abuse disorders.
 - The 1/10th of 1% sales tax was subsequently enacted to provide support and services to this population.



Background cont.

- Clark County passed a countywide one tenth of one percent treatment sales tax in 2007 and created a community task force to help the County determine which programs to fund in 2008.
- Funds may only be spent after appropriation by the Clark County Council.



Criteria outlined in RCW 82.14.460

RCW 82.14.460: Sales and use tax for substance use and mental health treatment services or therapeutic courts

- Must serve County resident where sales tax collected
- Must be a connection to behavioral health (mental health and substance use)
- Eligible program areas are intervention, treatment, aftercare, outreach, support services such as housing, transportation, case management, and prevention (as of 2013)
- Support new or expanded programs
- Service and operation delivery for therapeutic courts
- Funding is meant to be flexible
- After 2016, no supplanting is allowed, only expansion or development of new programs and services



Factors to consider

- Ensure community continuum of care is functional by maximizing local resources with other funding sources to address service gaps within the behavioral health system.
- Address any potential changes coming from Federal and State Government.



Current Status

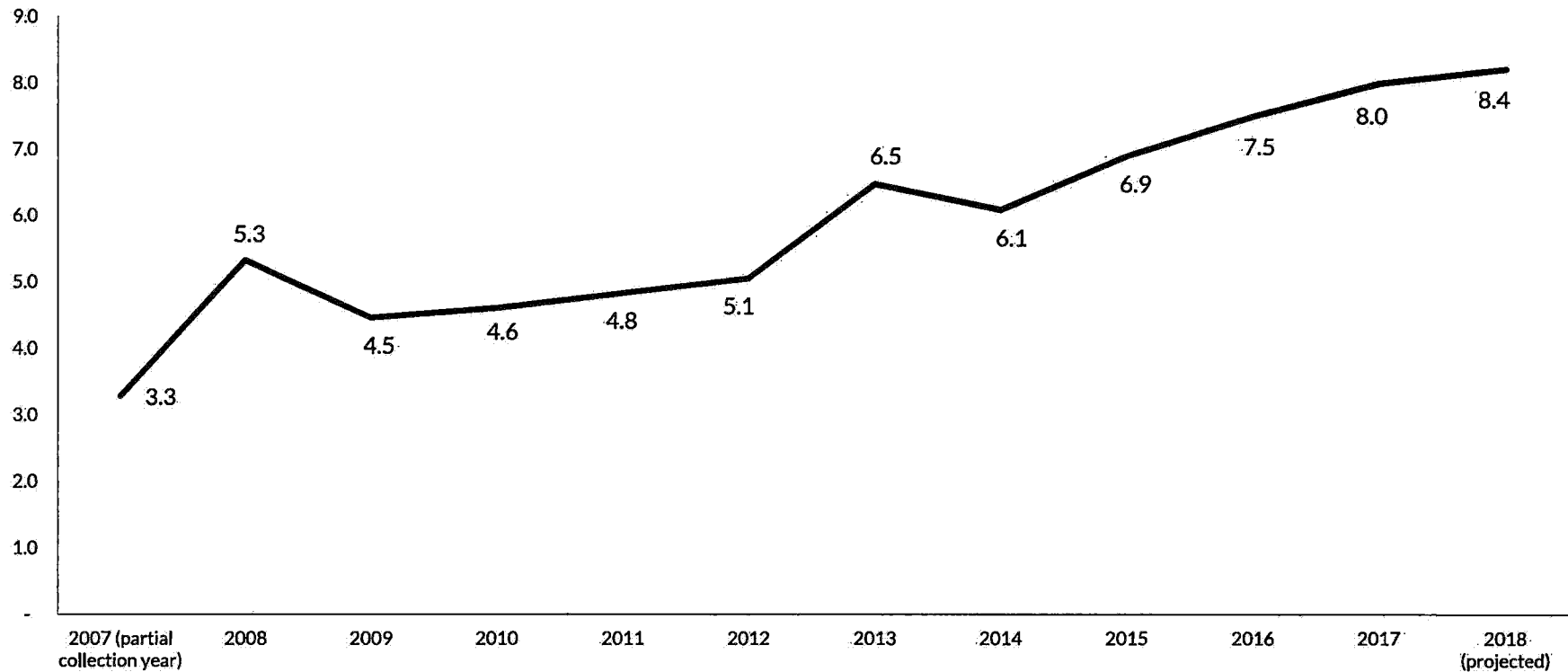
The following stakeholders receive mental health sales tax dollars on an on-going or one-time basis:

- Community Services
- Public Health
- District Court
- Superior Court
- Sheriff's Office
- Clerk's Office
- Juvenile
- Prosecuting Attorney's Office
- Indigent Defense
- City of Vancouver Prosecuting Attorney



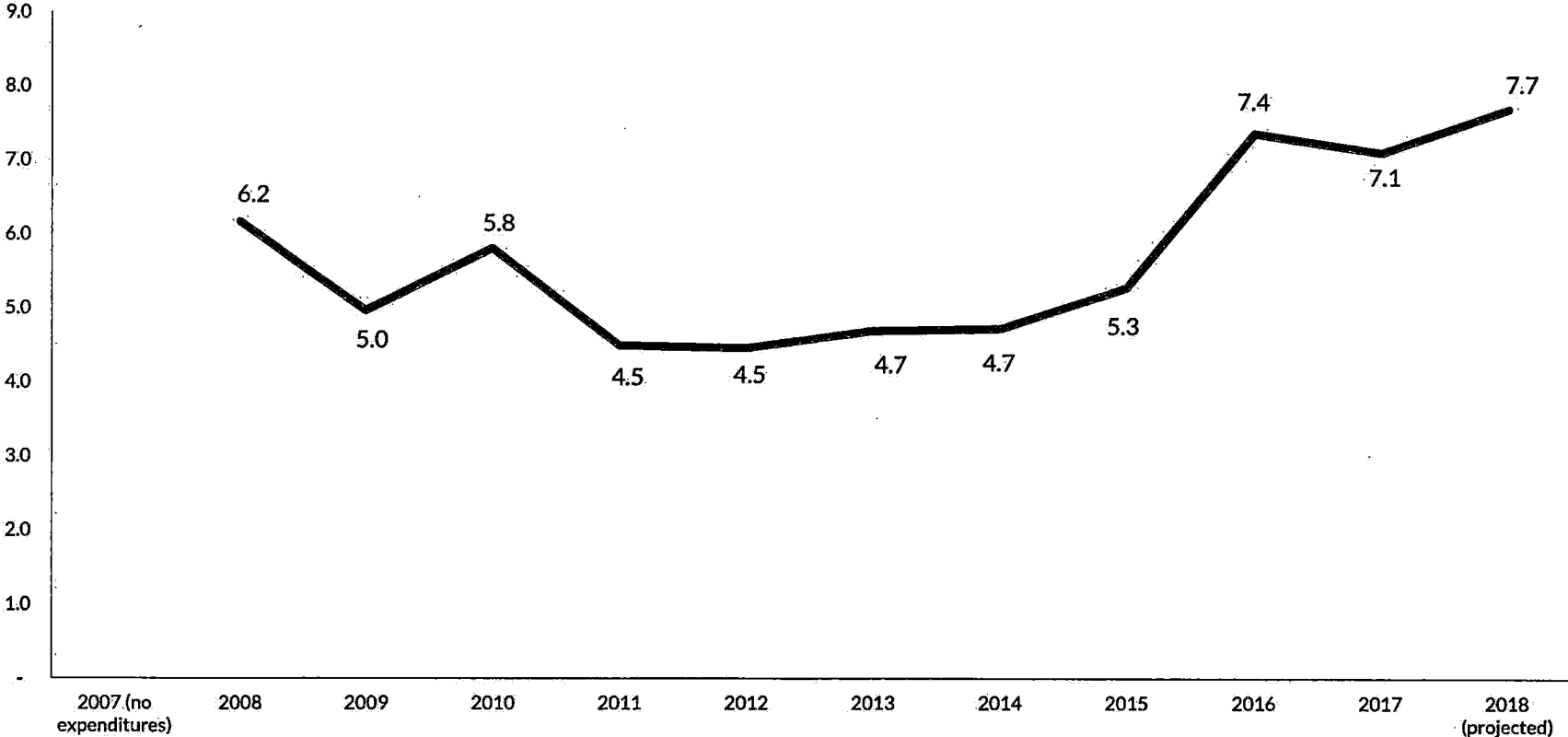
Annual mental health sales tax revenues (millions)

Sales tax is very sensitive to economic trends and therefore volatile. Revenues are forecasted at \$8.4 million in 2018.



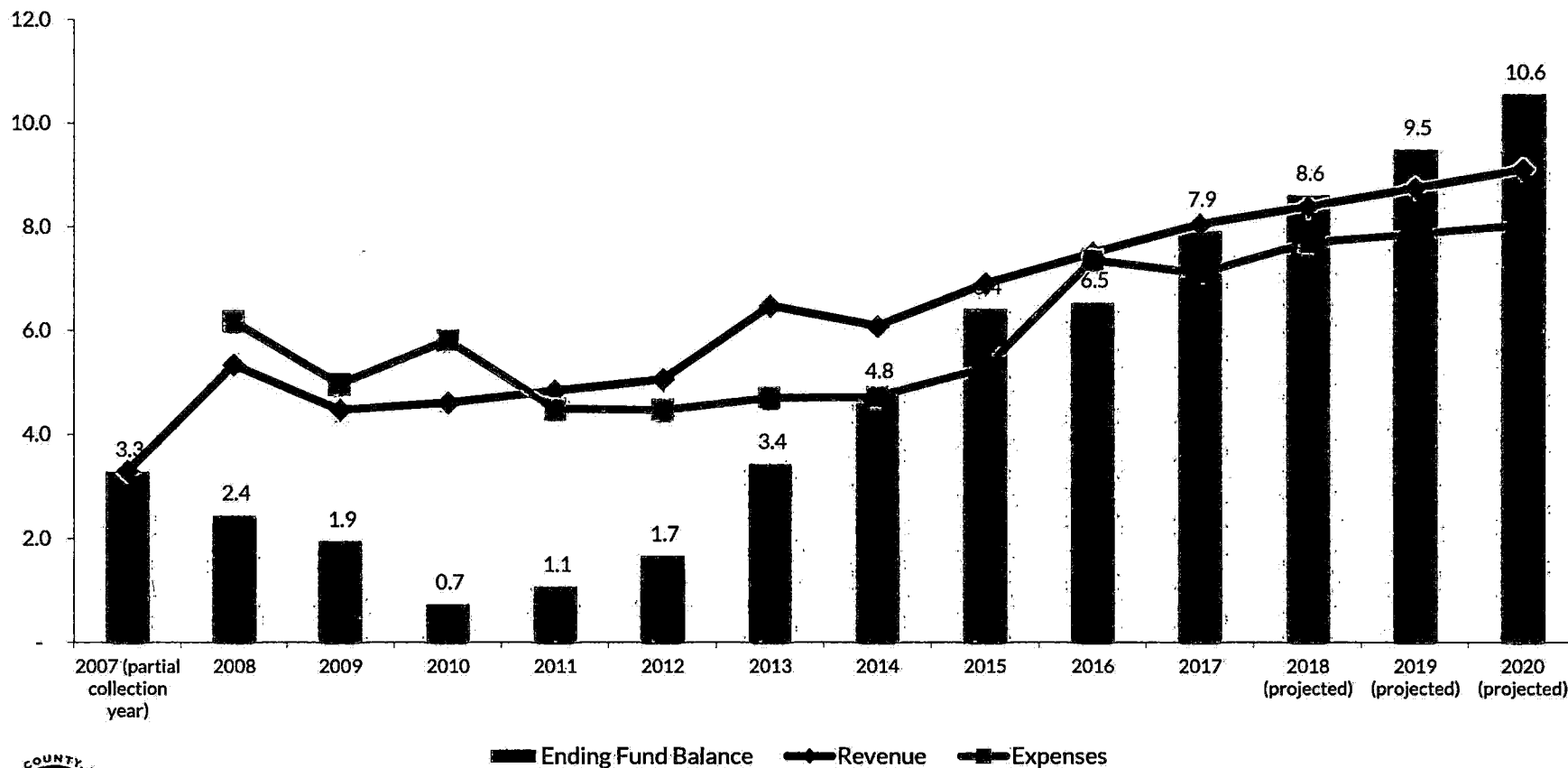
Annual mental health sales tax expenditures (millions)

Expenses are forecasted at \$7.7 million in 2018.



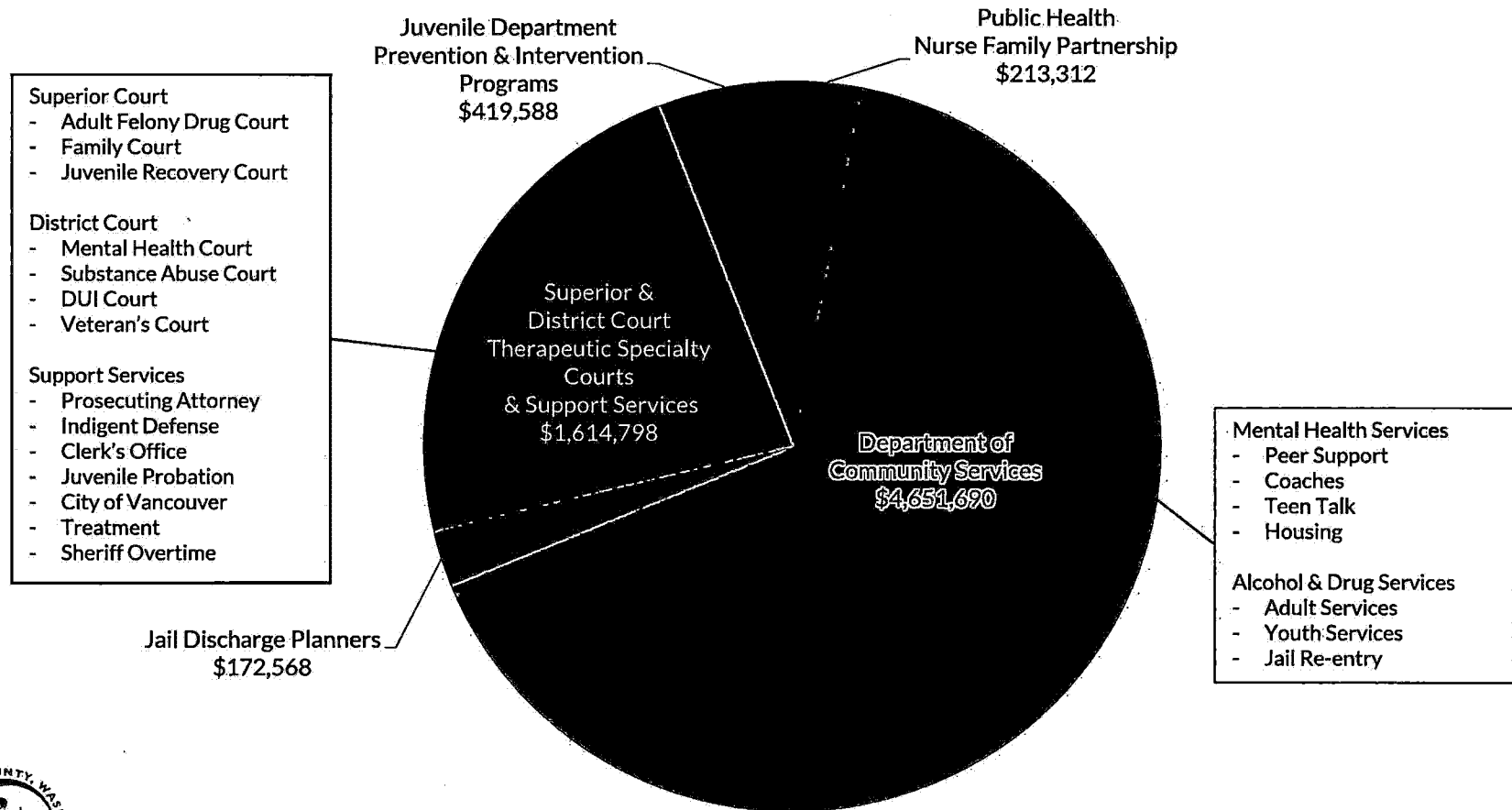
Fund balance history & forecast (in millions)

Ending fund balance is forecasted at \$8.6 million in 2018.



Annual mental health sales tax cost of programs and services

The 2017 annual expense budget totaled \$7.1 million and supported many key programs and services within the county.



Mental health sales tax fund reserve policy

Important considerations for adequate mental health sales tax fund reserves include:

- sufficient cash for quarterly transfers to Community Services
- the volatility of the revenue
- existing funding obligations to continue multi-year program services for clients currently in treatment, should revenue decline



Task Force created

In early 2017, a task force was established by the former County Manager, with support of the County Chair, to recommend guiding principles and criteria to the Clark County Council to help in the decision-making process to prioritize awards for new funding requests.

Task Force participants:

- Chair Marc Boldt-Clark County Council
- Honorable James Rulli-Superior Court Judge
- Vanessa Gaston- Community Services
- DeDe Sieler-Community Services
- Dr. Alan Melnick-Public Health
- Brad Alberts-District Court
- Christine Simonsmeier-Juvenile Justice



Task Force recommendations

- Create an on-going Advisory Board consisting of subject matter experts to assess new mental health sales tax funding requests and provide qualitative feedback to the county manager on highest and best uses for new funding appropriation
- The Advisory Board should be made up of representatives from original Task Force consortium
- The Advisory Board would collect and evaluate new funding requests and present recommendations to the county manager as he develops his recommended budget to the Clark County Council



Suggested criteria for approval of new funding requests

- Align with Clark County Council priorities for use of funding
- Payer of last resort no other funding available
- No supplanting of expenses per State law
- Data available to support need
- Best Practice/Research based preferred
- No duplication of services
- Performance outcomes identified
- Serve low income at-risk populations
- Should align with the County's values identified in the Strategic Plan
- Ability to leverage other funding
- Program/Service should be accessible to all County residents



Clark County Council discussion

- Questions / Clarifications
- Advisory Board feedback





Clark County Mental Health Sales Tax Program Descriptions

Public Health

Nurse Family Partnership

The Nurse Family Partnership is an evidence-based, intensive home visiting program for high risk, first time pregnant women, beginning during pregnancy and continuing until the child is aged 2. More than half of the clients are teenagers, all are low income, and most have mental health or substance use disorders. The nurses assess their clients for depression, stress, anxiety and substance use, provide education and referrals for life skills development, substance use disorder treatment and mental health services, and they provide crisis intervention related to housing, domestic violence and mental health issues. Results include a 67% reduction in childhood behavioral and intellectual problems by age 6, and a 59% reduction in juvenile arrests by age 15.

Department of Community Services

Behavioral Health Community Based Treatment

Funds accessible behavioral health treatment by contracted providers for individuals with income at or below 220% of the Federal Poverty Level who do not meet criteria for any other insurance coverage. Contracted services include the Coaches program which is specialized training and support to children in meth affected families based on the results obtained through neuropsychological testing. Other contracted services include detox, substance use inpatient and outpatient treatment and treatment-related services for low-income and indigent Clark County residents not eligible for Medicaid or other insurance and may be involved in a therapeutic specialty court.

Behavioral Health Recovery Support Services

Provides support services for individuals seeking treatment for substance use problems, including short-term rental assistance for clean and sober housing, jail re-entry services, peer-to-peer services, parenting classes and life skills training. Behavioral Health peer to peer services include the WarmLine operating every evening offering someone to talk to when dealing with a crisis, REACH Center offers a safe and sober place to receive self-help classes, recovery groups, trainings, volunteer opportunities, social activities, computer classes, etc., and the Val Ogden Center which provides assistance for education, employment and referrals to community resources.

Youth Behavioral Health Prevention

Improves health of youth by planning and administering behavioral health programs that address the prevention of substance abuse and violence and the promotion of mental health and healthy relationships. Programs operate under a strength-based, youth-driven system of care. Programs include Teen Talk, Safe Communities Task Force, Strong Teens Against Substance Hazards and Abuse (STASHA) and Mentoring 4 Results.

Behavioral Health Housing Support

Provides housing support services for individuals with behavioral health disorders who are experiencing chronic homelessness to aid their move into permanent housing. Includes short-term rental assistance, case management, outreach, creation of housing units, etc.

Superior Court Therapeutic Specialty Courts & Support Services

Clark County Adult Drug Court

The mission of the Clark County Adult Drug Court is to provide effective substance abuse and/or co-occurring treatment services to eligible non-violent felony offenders whom are determined to be at high risk to reoffend if underlying disorders are not treated, thereby reducing crime and improving the quality of life and safety in our community. By providing behavioral health treatment, skill-building classes, recovery support services and court supervision, the participants take accountability for their actions and allow precious resources to be reallocated to provide an effective alternative to traditional prosecution and incarceration of non-violent/non-sex felony level offenders and reduce costs within the County's criminal justice system. Drug Court currently receives federal grant funding through 2020 with an evaluation component.

Family Treatment Court

The Family Treatment Court program focuses on child dependency cases and is designed to improve the safety and well-being of children in the dependency system. Through a collaborative approach, several community agencies partner with the child welfare and court system to provide comprehensive and individualized services for parents and their families. Family Treatment Court complies with the RCW 82.14.460 mandate to operate a therapeutic court for dependency proceedings designed to be effective for the court's size, location, and resources. The goals are to increase reunification of children with their parents; decrease length of time children spend as dependents; increase recovery and stability of parents and decrease re-entry of family into child protective services. Family Treatment Court currently is receiving federal funds through 2022 with an evaluation component.

Juvenile Recovery Court

Clark County Juvenile Recovery Court is a program focused on reducing substance abuse and criminal behavior in youth while increasing personal responsibility through intense court intervention and treatment. Juveniles struggling with substance abuse and/or co-occurring mental health disorders facing legal charges are offered the opportunity to enter behavioral health treatment as well as a variety of additional services, like education programs, family counseling, job training, mental health services, and recreational/ prosocial activities. Throughout the program, building skills and putting together a network of support is emphasized.

Juvenile Recovery Court Probation Counselors

1.5 FTE provide intense supervision services to moderate/high risk youth experiencing significant chemical dependency issues. Regular duties include: weekly contact with youth, family and team; support and engagement with youth and family focused on treatment and recovery, academic and prosocial life skills; perform home, school and community contacts and referrals, weekly team staffing and court recommendations.

Juvenile Department Prevention & Intervention Programs

Post-Doctoral Fellowship Program

This is a 12 month psychology fellowship program that provides two doctoral candidates the opportunity to complete required hours for licensure. Fellows work under the supervision of our Clinical Psychologist and provide services to youth by performing psychological assessments/evaluations, as well as individual and group counseling/therapy, that support treatment plans, school interventions and court recommendations. Fellows support detention staff with behavioral management plans for in-custody high risk youth with significant behavioral/mental health disorders. This program is a partnership with Evergreen School District where fellows spend half of their hours at various schools within the district providing similar community based services with the idea of targeting at risk youth before they reach the juvenile justice system.

Detention Alternative Programs

4 Probation Associate positions staff community based detention alternatives designed for youth who are a low risk to community safety. Youth experience meaningful accountability through pro-social community service, skill building and evidenced based intervention programming. Clark County offers three forms of

alternatives: 1) Community Support, an enhanced house arrest program that support pre-sentenced youth and their families 7 days a week with extended evening hours; 2) Weekend Reporting, a community based program providing skill building classes and community service for 8 hours a day every weekend, and 3) Extended Weekend Reporting, an expanded Weekend Reporting Program scheduled from Friday through Monday with similar programming to Weekend Reporting. 60% of youth referred to detention alternatives have been diagnosed with mental health and/or substance abuse issues.

District Court Therapeutic Specialty Courts & Support Services

Mental Health Court

Mental Health Court diverts defendants with significant mental illness out of jail and reduces cycling through the criminal justice system by connecting the participants with services for their mental health needs. The program is a minimum of 16 months in length and is offered to offenders with a primary diagnosis of a serious mental illness. Participants appear in court frequently based on compliance and progress through the four-phase system. While participating in the MHC, they will receive case management assistance that can help refer them to other community services such as housing assistance, inpatient and/or outpatient treatment services, medication management, help applying for benefits, or job training assistance.

Beginning 01/01/2018, MHC transitioned to a pre-plea program. Up to 15 Superior Court clients may be brought into the court. Those who successfully complete the program will have the benefit of not having a conviction on their records.

Substance Abuse Court

For those who admit to having a drug and/or alcohol problem and want to make changes in their lives, the Substance Abuse Court (SAC) may be the answer. Through a coordinated strategy of court personnel, probation staff, and treatment providers, participants will receive drug and alcohol evaluation, treatment, and supervision to help make healthier choices.

The year long, post-conviction program is designed into four phases. Through the use of incentives and sanctions, the SAC team will monitor and help guide participants to keep on track with court and probation conditions, as well as head in the right direction of program completion. The court setting is designed to promote public safety, reduce recidivism, and reduce cycle of addiction.

DUI Court

DUI Court is an accountability court dedicated to changing the behavior of hardcore DUI offenders. The goal is to protect public safety by using the highly successful Drug Court model that uses accountability and long-term treatment. Clark County's DUI Court began in October 2017 as an offshoot of Substance Abuse Court. Clients with two or more DUI convictions are now channeled into DUI Court rather than SAC. While the two programs have much in common with their phase structure, DUI Court also offers support accessing the enhanced driver's license restoration program, alternative transportation goal setting and planning, and free Decision Points-DUI cognitive behavioral therapy.

Veterans Court

Clark County's Veterans Therapeutic Court provides a means to successfully rehabilitate veterans by diverting them from the traditional criminal justice system and providing them with the tools they need to lead productive and law-abiding lives through treatment, rehabilitative programming, reinforcement and judicial monitoring.

The post-conviction program is an alternative treatment and sentencing option for defendants suffering from an underlying substance abuse and/or co-occurring mental illness and facing misdemeanor criminal charges. Veterans are identified early through specialized screening tools. They must voluntarily participate in a judicially supervised treatment plan developed by a team of court staff, probation and law enforcement officers, veteran resource professionals, and treatment professionals. The program is divided into four phases and is a minimum of one year in length.

Fund 1033 (Mental Health)
2017 Expense Budget
\$7,120,137

