

# Annual Revenue and Expenditure Report – Proposed Budget June 30, 2020



- Budget Narrative & Notes •

## **Budget Notes**

---

The CalMHSA staff has reviewed the direction from the Board and analyzed the projected programs of CalMHSA as it relates to the projection for fiscal year 2019/20. Revenue projections have been made based upon current estimate of funds to be received and program administrative requirements have been shaped based on size and source of funds expected for each revenue stream.

### **A. Budget Assumptions and Criteria Applied**

1. This budget has been compiled based on the program and administration needed to run the organization and manage the activities requested.
2. We have presented Column B for the proposed budget for the fiscal year 2019/2020.
3. FTE for the 18/19 fiscal year has been 18.55. The proposed 19/20 Budget proposes an increase to 25.15, a result of the increase in programs like Innovative Tech, Private Fund Development (501c3 Non-Profit), LA Media and Other Programs (INN 6-8).
4. Managing the programs requested and building in the members expectations of having the staff expertise to research potential projects for CalMHSA.
5. Member relations is critical and recognizing that the membership is large/vast/varying and evolving and requires staff resources to succeed in this relationship.
6. Effort and working with associated agencies CBHDA, CIBHS, OAC, and DHCS.
7. Compliance with statutory requirements of the government code, JPA Agreement and Bylaws and DHCS.
8. Meeting member interest in CalMHSA being efficient to assist in regional or joint member projects.
9. The budgeted Direct Staffing and Indirect Costs are 8% of Revenue.

### **B. Revenue – During Fiscal year 19/20 is Estimated as**

1. PEI Sustainability is Budgeted based on prior year experience demand by program partners and the increased MHSA funding to members to support the increased demand of programs.
2. Innovations Technology Suite revenue is projected on Participation by Counties in the Pipeline for approval and expected to participate in 19/20. Cohort 2 counties have joined the Tech Suite and the revenue is based on the Participation Agreement commitments.
3. Suicide Prevention Program Revenue is based upon current participation agreements.
4. Transfers In/Out (Direct Expense) represent a pass through of the Deposits related to the AB 1299.
5. AB1299 admin fee is based on 5% of the AB 1299 deposits.
6. Other INN Programs have been targeted at \$2.8 million. Early Psychosis (5-year program for a total of 8.6m) has been confirmed, pending Participation Agreement.

## **C. Expenditures**

### **Program Service Expenditures**

1. Program Partners and Program Contracts have been budgeted at 80% of Revenues for all programs except CPBHW Fundraising, which is at 95% (not including the Transfers In - AB 1299).
2. Direct Legal Expenses include a budgeted amount related to the legal services related to the increased innovations program.

### **General and Administrative Expenses**

1. General and Administrative Staffing – Staffing services to manage the general and fiscal operations of CalMHSA. The staffing contract with George Hills increases from \$102 per FTE to \$104 per FTE for 19/20 (estimated 2% COLA).
2. Legal Expenses – CalMHSA has retained legal services to provide counsel to the board and support of the governing documents and contracts.
3. Travel and Meeting Expenses – CalMHSA is governed by a Board of Directors and has established standing committees and must comply with the Brown Act to conduct public meetings for JPA business.
4. Other Contracts – CalMHSA has entered into contracts for general information dissemination and information technology.
5. Insurance – CalMHSA procures its general liability insurance from CSAC-EIA on a policy term of July 1 to June 30. Insurance has been increased to prepare for Cyber and HIPPA coverage for 19/20.

**California Mental Health Services Authority**  
**2019/2020 Proposed Operating Budget**

	(A)	(B)
	Proposed Revised Budget (Feb 2019) 2018/2019	Proposed Budget 2019/2020
<b>Revenues:</b>		
PEI Sustainability	7,400,000	10,000,000
Innovations Tech Suite	35,857,078	23,655,750
Private Fund Development Fees	500,005	-
State Hospital Bed Program	629,314	600,000
Suicide Prevention Program	546,101	500,000
LA Media Campaign	18,385,758	12,000,000
Transfers In - AB 1299	4,000,000	5,000,000
AB 1299 - Admin Fee	200,000	250,000
Other Programs	425,000	2,787,292
<b>Total Revenues</b>	<b>67,943,256</b>	<b>54,793,042</b>
<b>Program Expenses (Direct):</b>		
Program Contracts	45,885,999	39,634,434
Program Management	3,224,832	3,872,128
Other Contracts	75,000	45,000
Legal	250,000	191,401
Transfers Out - AB 1299	4,000,000	5,000,000
Travel & Meetings	200,000	92,500
<b>Total Program Expenses</b>	<b>53,635,831</b>	<b>48,835,463</b>
<b>General &amp; Administrative Expenses (Indirect):</b>		
General & Administrative		
Staffing	1,432,080	1,135,680
Legal	100,000	60,000
Travel & Meetings	80,000	30,000
Other Contracts	25,000	25,000
Insurance	60,000	43,000
Financial Audit	25,000	15,000
<b>Total General &amp; Administrative Expenses</b>	<b>1,722,080</b>	<b>1,308,680</b>
<b>Total Expenditures</b>	<b>55,357,911</b>	<b>50,144,143</b>
<b>Net Income / (loss) From Operations</b>	<b>12,585,345</b>	<b>4,648,899</b>
Prior Year Reserves	2,648,099	2,648,099
Projected Reserves as of June 30	15,233,444	7,296,998
<b>Less: Obligated Reserves</b>	<b>(12,186,755)</b>	<b>(5,837,599)</b>
<b>Total Available Reserves at June 30</b>	<b>3,046,689</b>	<b>1,459,400</b>

Footnotes
(1)
(2)
(3)
(4)
(5)

Staffing (5)	
<b>Total Staff Cost</b>	\$ 5,007,808
<b>% of Revenue</b>	9%

#	Footnotes to Column B	Explanation
(1)	<b>PEI Sustainability</b>	Projection based on counties receiving MHSA Funds and higher demand for some program partners (e.g. Walk in Our Shoes)
(2)	<b>Innovation Tech Suite</b>	FY19/20 Revenue billing per Participation Agreement Budget
(3)	<b>LA Media Campaign</b>	New 2 year contract signed in July 2018 for \$24million. \$12M per year.
(4)	<b>Other Programs</b>	Potential new projects : INN programs. Early Psychosis

**California Mental Health Services Authority**  
**Administrative Expense Allocation**  
2019/2020 Fiscal year  
**Budget**

	General & Administrative	State Hospital Bed Program	Suicide Prevention - Regional Program	LA Media Campaign	AB 1299	PEI Sustainability Projects	Innovations Tech Suite	Other Programs	Totals	Percent of Total Expenses
<b>Revenue</b>	<b>0</b>	<b>600,000</b>	<b>500,000</b>	<b>12,000,000</b>	<b>5,250,000</b>	<b>10,000,000</b>	<b>23,655,750</b>	<b>2,787,292</b>	<b>\$ 54,793,042</b>	
<b>Direct Expenses (Direct):</b>										
Program Contracts		\$ 480,000	\$ 400,000	\$ 9,600,000		\$ 8,000,000	18,924,600	2,229,834	\$ 39,634,434	<b>87.80%</b>
Program Management - Direct	356,928	32,448	54,080	735,488	118,976	800,384	1,589,952	183,872	\$ 3,872,128	<b>8.58%</b>
Other Contracts						9,000	36,000		\$ 45,000	<b>0.10%</b>
Legal		5,001			6,000	164,400	6,000	10,000	\$ 191,401	<b>0.42%</b>
<b>Transfers Out</b>					5,000,000				\$ 5,000,000	<b>11.08%</b>
Travel & Meetings		7,000	500			30,000	45,000	10,000	\$ 92,500	<b>0.20%</b>
<b>Total Direct Expenses</b>	<b>356,928</b>	<b>524,449</b>	<b>454,580</b>	<b>10,335,488</b>	<b>5,124,976</b>	<b>9,003,784</b>	<b>20,601,552</b>	<b>2,433,706</b>	<b>48,835,463</b>	<b>97.39%</b>
<b>General &amp; Administrative (Indirect):</b>										
General & Administrative										
Staffing	698,714	43,264	21,632	118,976	43,264	123,302	54,080	32,448	1,135,680	<b>2.52%</b>
Legal	60,000	-	-			-	-	-	60,000	<b>0.13%</b>
Travel & Meetings	30,000	-	-			-	-	-	30,000	<b>0.07%</b>
Other Contracts	25,000	-	-			-	-	-	25,000	<b>0.06%</b>
Insurance	43,000	-	-			-	-	-	43,000	<b>0.10%</b>
Financial Audit	15,000	-	-			-	-	-	15,000	<b>0.03%</b>
Indirect Staff Cost Allocation to Programs	(1,152,930)	22,087	22,087	249,265	47,329	269,459	479,599	63,105	0	<b>0.00%</b>
<b>Total Indirect Expenses</b>	<b>(281,216)</b>	<b>65,351</b>	<b>43,719</b>	<b>368,241</b>	<b>90,593</b>	<b>392,761</b>	<b>533,679</b>	<b>95,553</b>	<b>1,308,680</b>	<b>2.61%</b>
<b>Total Expenditures</b>	<b>75,712</b>	<b>\$ 589,800</b>	<b>\$ 498,299</b>	<b>\$ 10,703,729</b>	<b>\$ 5,215,569</b>	<b>\$ 9,396,545</b>	<b>\$ 21,135,231</b>	<b>\$ 2,529,259</b>	<b>\$ 50,144,143</b>	<b>100.00%</b>
<b>Net Increase/(Decrease) Unexpended Funds</b>	<b>\$ (75,712)</b>	<b>\$ 10,200</b>	<b>\$ 1,701</b>	<b>\$ 1,296,271</b>	<b>\$ 34,431</b>	<b>\$ 603,455</b>	<b>\$ 2,520,519</b>	<b>\$ 258,033</b>	<b>\$ 4,648,899</b>	