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POLICY MANUAL

State Board-of Behavioral Health and Developmental Services
Department of Behavioral Health and Developmental Services

POLICY 6005(FIN)94-2 Retention of Unspent State Funds by Community Services Boards

Authority

Board Minutes Dated: July 27, 1994
Effective Date: July 1, 1994
Approved by Board Chairman: James G. Lumpkin

References

Realizing the Vision: Barriers to an Integrated System, Department of Mental Health, Mental Retardation and Substance Abuse Services, January 27, 1993
State Board Policy 4018 (CSB) 86-9 Community Services Performance Contracts
Community Services Performance Contract
§§ 37.2-508, 37.2-509, 37.2-608 and 37.2-611 of the Code of Virginia (1950)

Supercedes

STATE BOARD POLICY 3002 (CO) 86-16 System-wide Staff Training

Background

Before FY 1995, the Department applied year-end balances of unspent state funds at community services boards and the behavioral health authority, hereafter referred to as CSBs, to the next year's state fund allocations for CSBs so that the state appropriation and balances equaled state awards. If state balances reported in the fall were below the estimates projected in the previous spring's budget deliberations, a deficit could occur. This happened in FY 1993, and a deficit was averted only by a transfer of funds to the CSB appropriation.

Realizing the Vision: Barriers to an Integrated System, the Visions Task Force report, recommended preserving any unbudgeted and unspent revenues within the system. The Visions Financial Resources Committee proposed amending § 37.1-199(a) of the Code of Virginia so that CSBs could retain unspent revenues to expand and enhance services. The State Board supported this amendment, but it was not introduced, based on a determination that it could be implemented administratively.

Subsequently, the Virginia Association of Community Services Boards and the Department developed a proposal, the basis for this policy, that prevented future deficits, instituted a budget process in which CSB awards equaled the state appropriation, and implemented the Visions recommendation.

The Code of Virginia §§37.2-508 and 37.2-608 outlines the performance contract as the identified contracting mechanism the Department shall use to develop and initiate negotiation of community services requirements, oversight and monitoring

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of all state-controlled funds awarded to the community services boards.

State Board POLICY 4018 (CSB) 86-9 Community Services Performance Contracts recognizes the community services performance contract as the primary accountability mechanism between the Department and individual CSBs. The performance contract governs balances of unspent state general funds with detail and enforceability while incorporating substantive protections to both prevent future deficits and limit accrual of funds to support effective and efficient allocations of resources.

Purpose

To define the ability of CSBs to retain balances of unspent state general funds through the performance contract process.

Policy

It is the policy of the Board that:

- requirements for balances of unspent state general funds must be defined in the performance contract and changes must be negotiated through the Department's performance contract process in collaboration with the CSBs. The performance contract may:
    - allow CSBs to retain balances of unspent state general funds after the end of the fiscal year in which the Department granted those funds;
    - define the maximum acceptable amount of each balance of unspent state general fund that a CSB may accumulate and define the maximum total accumulation of state general funds.
    - define the process for balances of unspent state general funds to be expended in accordance with spending plans to be established between the Department and CSB.
- the Department may allocate the funds in the CSB state appropriation applying estimated year-end balances of unspent state general funds to the next year's CSB awards of state general funds as permitted under §§ 37.2-509 and 37.2-611 after consultation with the CSB to ensure mutual awareness and understanding of the impact to the budget of the CSB;
- Pursuant to the General Assembly Appropriations Act prohibition against using state funds to supplant the funds provided by local governments for existing services, there should be no reduction of local matching funds as a result of a CSB's retention of any balances of unspent state general funds; and
- if a CSB generates significant balances of unspent state general funds, and is not able to develop a viable spending plan in collaboration with the Department, it may have to return a portion or all of its balances to the

Department or its state fund allocations in the next fiscal year may be reduced. The Department shall consult with the CSB prior to taking action to ensure mutual awareness and understanding of the impact of the proposed action to the budget of the CSB.

Finally, it is the policy of the Board that the Community Services Performance Contract shall contain principles and procedures for the more effective and consistent utilization of balances of unspent state general funds from previous fiscal years by CSBs.