

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 1/4/06
Department Name: Public Health
Department No.: 041
Agenda Date: 2/7/06
Placement: Departmental
Estimate Time: 30 minutes
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors
FROM: Elliot Schulman, MD, MPH, Director and Health Officer
Public Health Department Director
STAFF CONTACT: Michele Mickiewicz
Public Health Department Deputy Director, x5446
SUBJECT: Tobacco Settlement Advisory Committee (TSAC) funding recommendations for FY 2006-07, changes to TSAC membership, term limits, and follow up response to the 2004-05 Santa Barbara County Civil Grand Jury report on TSAC

Recommendation(s):

That the Board of Supervisors:

- A. Preliminarily approve one of three funding allocation options recommended by the Tobacco Settlement Advisory Committee (TSAC) for allocation of the FY 2006-07 tobacco settlement revenues. Final approval of the selected option will be made by the Board during the budget hearings for Fiscal Year 2006-07.

Option 1:

Receive a recommendation to allocate 100% of anticipated FY 2006-07 tobacco settlement revenues (estimated at \$4,411,671) plus interest projected to be earned in FY 2005-06 (estimated at \$122,788 for a total of \$4,534,459) as described in the table below; or

Option 2:

Adopt the allocation recommendations in the table below with a reduction of 5% (\$222,188) to be deposited into the TSAC endowment and reduce each allocation in Option 1 by approximately 5%; or

Option 3:

Adopt the allocation recommendations in the table below with a reduction of 10% (\$443,924) to be deposited into the TSAC endowment and reduce each allocation in Option 1 by approximately 10%.

| Description | Option 1: 0% Endowment | Option 2: 5% Endowment | Option 3: 10% Endowment |
|--|---------------------------|---------------------------|----------------------------|
| Family Service Agency - 211 After-Hours Web-Based Access | 50,000 | 47,550 | 45,105 |
| Hospital/Emergency Room Care | 925,000 | 879,675 | 834,443 |
| Emergency Room Physician Care | 220,000 | 209,220 | 198,462 |
| Primary & Specialty Care | 850,000 | 808,350 | 766,785 |
| SB Regional Health Authority Foundation – Healthy KIDS | 200,000 | 190,200 | 180,420 |
| PHD –Child Health & Disability Prevention Dental Care | 35,000 | 33,285 | 31,574 |
| PHD – Medically Indigent Adult (MIA) Services | 75,000 | 71,325 | 67,658 |
| PHD – Specialty Clinic Care | 60,000 | 57,060 | 54,126 |
| PHD – Nursing Inequity Salary Adjustments | 500,000 | 475,500 | 451,050 |
| PHD – Staffing Infrastructure | 140,300 | 133,425 | 126,565 |
| PHD - Tobacco Prevention Settlement Program | 691,000 | 657,141 | 623,351 |
| Santa Barbara-Ventura Counties Dental Care Foundation | 25,785 | 24,522 | 23,261 |
| ADMHS – Psychiatric Crisis and Recovery Services | 317,374 | 301,823 | 286,303 |
| ADMHS – Psychiatric Nursing Inequity Salary Adjustments | 130,000 | 123,630 | 117,273 |
| Council on Alcohol and Drug Abuse – Detox Treatment | 75,000 | 71,325 | 67,658 |
| SB Neighborhood Clinics – Outreach and Hepatitis C | 100,000 | 95,100 | 90,210 |
| TSAC Administration Overhead and Evaluation | 140,000 | 133,140 | 126,294 |
| Grand Total | \$4,534,459 | \$4,312,271 | \$4,090,535 |
| Projected Endowment Balance as of 6/30/06 | 5,369,605 | 5,592,138 | 5,814,669 |

- B. Receive a recommendation to decrease funding proportionately for options recommended in Section A in the event that the funding received is less than projected and allocate to the Public Health and Alcohol, Drug and Mental Health Departments for infrastructure (60% to PHD and 40% to ADMHS), any funding received above projected revenues and any unexpended funding;
- C. Adopt the following changes to the membership of the Tobacco Settlement Advisory Committee (TSAC):
1. Expand TSAC membership from 9 to 11 members. The recommended membership would be as follows with changes bolded:
 - Public Health Department Director (Chair)
 - Alcohol, Drug, & Mental Health Services Director
 - Board of Supervisors First 5 Commission Representative
 - Hospital Representative
 - CEASE (Coalition Engaged in a Smoke-Free Effort) Representative
 - SB County Medical Society Representative
 - Lung Association/Cancer Society Representative
 - Youth Representative (UCSB/SB City College or Alan Hancock College alternating)
 - ~~South Coast Watershed Alliance Representative~~
 - **Community Clinics Representative (alternating between Marian Community Clinics/ SB Neighborhood Clinics)**
 - **Advisory Board on Alcohol & Drug Problems / Mental Health Commission Representative (alternating north/south)**
 - **County Executive Office Representative**

2. Establish term limits for 8 TSAC members (all members except the Public Health Department Director; Alcohol, Drug, and Mental Health Department Director, and Board of Supervisors First 5 Commission representative)

D. Receive a follow up report to the 2004-05 Santa Barbara County Civil Grand Jury recommendations on the Tobacco Settlement Advisory Committee.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with:

Goal No. 2. A Safe and Healthy Community in Which to Live, Work, and Visit

Goal No. 5. A High Quality of Life for All Residents, and

Goal No. 7. A Community that Fosters the Safety and Well-Being of Families and Children.

Executive Summary and Discussion:

Tobacco settlement funding is received by Santa Barbara County as a result of litigation against the tobacco industry to recover the costs of tobacco-related illness. These funds were directed by the Board to be used for county health needs and programs.

The Tobacco Settlement Advisory Committee met five times between June and December to conduct committee business. The recommendations before the Board relate to funding allocations and follow up responses to items put forward by the 2004-05 Santa Barbara County Civil Grand Jury in its report on the Tobacco Settlement Advisory Committee. The Public Health Department and the Board of Supervisors responded to this report in June of 2005 and three of the recommendations (membership, term limits, and endowment funding) required further analysis with the results to be submitted to the Board of Supervisors per Section 933.05(b) of the California Penal Code. These items are addressed in this board letter and are expanded in Attachment 1: Follow Up Responses to Grand Jury which the Board is requested to receive under Recommendation D.

When the Board created TSAC in 2000, it directed that an endowment be created for future health needs with 20% of tobacco settlement revenues be placed into this endowment annually for 12 years. For FY 2005-06, TSAC did not include a recommendation to fund the endowment as the need for funding existing health needs was so great. The Board of Supervisors approved this recommendation in December 2005 and in the subsequent budget hearings.

The Grand Jury report recommended that the Board of Supervisors maintain the 20% level of funding to the endowment. In their report, the Grand Jury indicated that tobacco settlement funding would no longer be available after 2025. In fact, Santa Barbara County expects to receive tobacco settlement funding into perpetuity. While having an endowment for future health needs is a prudent strategy, there is a less urgent need to build endowment balances by 2025.

Consequently for FY 2006-07, TSAC once again is recommending eliminating or reducing endowment funding due to the high level of health needs that exist in the County. As a result, TSAC has put forward 3 options for endowment funding in 06-07 which are summarized in the chart under Recommendation A.

- 1) 0% endowment funding
- 2) 5% endowment funding
- 3) 10% endowment funding

The Board is requested to give preliminary approval to Option 1, 2, or 3. The option preferred by TSAC is Option 1. As in the past, final approval will be made by the Board during the budget hearings in June 2006.

TSAC is also recommending changing the TSAC membership and establishing term limits for TSAC members (See Attachment 2 – Proposed TSAC Membership & Term Limits). This is in response to the Grand Jury recommendation on membership and the resignation of the representative from the South Coast Watershed Alliance in October of 2005. The recommended membership brings a broader representation in the health and mental health areas and expands geographic representation; adding a member from the County Executive's Office strengthens the important link between TSAC and the County's strategic needs and priorities.

TSAC also is recommending term limits that would apply to 8 of 11 TSAC members. Permanent seats are recommended for the Directors of the Public Health and Alcohol, Drug, and Mental Health Departments, and the Board of Supervisors First 5 Commission representative. If approved by the Board, these 8 representatives will follow the term limit schedule recommended by TSAC and included as Attachment 2. When a TSAC member's term expires, the organization that the member represents will put forward a recommended replacement that would then be brought to the Board of Supervisors for approval.

Mandates and Service Levels:

There are no mandates regarding the allocation and use of tobacco settlement funds. TSAC allocations will provide direct medical, dental, and mental health care, will promote access to care, will provide access to after-hours crisis information and tobacco cessation, education, and prevention services. These services are monitored through the performance measures in each contract or Memorandum of Understanding.

The results of further study on Grand Jury recommendations are required to be submitted to the Board of Supervisors per Section 933.05(b) of the California Penal Code.

Fiscal and Facilities Impacts:

Approval of this action will not increase the Public Health Department's use of General Fund or Special Revenue Fund resources. In addition, the direct and indirect costs for the administration of the Tobacco Settlement Funds are estimated at \$140,000 for FY 2006-07. These costs will be fully funded through Tobacco Settlement funds.

As mentioned in the Executive Summary, should the amounts made available during FY 2005-06 for the proposed FY 2006-07 TSAC allocations fall below \$4,534,459, the funding recommendations listed in item A will be decreased accordingly. Should the amounts made available be more than \$4,534,459 the funds will be allocated for the infrastructure needs of the Public Health and Alcohol, Drug and Mental Health departments.

Special Instructions:

Please return a copy of the minute order to PHD Contracts Unit, 300 North San Antonio Road, Building 8, Santa Barbara, CA 93110 **Attn: Margaret Granger (805) 681 5367** AND

Please send the Grand Jury one copy of Attachment 1: "Follow Up Response to the Grand Jury Report."

Concurrences:

None required.

Attachments:

Attachment 1: Follow Up Responses to Grand Jury

Attachment 2: Proposed TSAC Membership & Term Limits