

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 8/23/06
Department Name: Public Health
Department No.: 041
Agenda Date: 9/12/06
Placement: Administrative
Estimate Time:
Continued Item:
If Yes, date from:

TO: Board of Supervisors
FROM: Elliot Schulman, MD, MPH, Director and Health Officer
Public Health Department
STAFF CONTACT: Michele Mickiewicz, MPH
Public Health Department Deputy Director, x5446
SUBJECT: Tobacco Settlement Advisory Committee report on funding shortfall and revised (TSAC) funding recommendations for FY 2006-07

Recommendation(s):

That the Board of Supervisors:

Approve the revised funding allocations recommended by the Tobacco Settlement Advisory Committee (TSAC) for allocation of the FY 2006-07 tobacco settlement revenues.

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 submitted three options for funding allocations to your Board on February 7, 2006. The Board proposed an alternative option redistributing 1% of the funds. This funding alternative was adopted with the budget on June 16, 2006. Since adoption of the budget, a funding shortfall was announced by the State Attorney General's Office.

The funding shortfall is related to litigation that has been initiated by the tobacco industry against the Attorney General's Office. The lawsuit contends that the Attorney General's Office has not ensured that new tobacco companies are in compliance with the terms of the Master Settlement Agreement and that the parties to the original settlement agreement have suffered a decrease in market share. The litigation may

take a few years to resolve. In the meantime, lawsuits are expected to be filed annually that will divert funds each year to a “disputed payments” account. The Attorney General has held approximately 12% in the “disputed payments” account (for FY 2006-07) withholding these funds from the counties and resulting in a shortfall to each county. Santa Barbara County’s share of the shortfall is \$416,346.

The TSAC met on August 10, 2006 to review options to address the funding shortfall. The recommendation that was approved by the Board of Supervisors in June 16, 2006 was to decrease each recommended allocation proportionately if there was a funding shortfall and that if there were unexpended funds, these funds would be used for PHD and ADMHS infrastructure needs. The Committee wanted to revisit this recommendation and voted to recommend utilization of unexpended FY 2005-06 funds (\$155,609) and FY 2006-07 Endowment interest (projected \$223,420) to reduce the shortfall from \$416,346 to \$37,317.

The following chart indicates the Board’s adopted allocation and the revised allocations for the funded agencies that TSAC is now recommending:

Description	Board approved allocation	Adjusted Allocation for funding shortfall	Remaining shortfall
Family Service Agency - 211 After-Hours Web-Based Access	94,845	94,064	781
Hospital/Emergency Room Care	915,750	908,214	7,536
Emergency Room Physician Care	217,800	216,008	1,792
Primary & Specialty Care	841,500	834,575	6,925
SB Regional Health Authority Foundation – Healthy KIDS	198,000	196,371	1,629
PHD –Child Health & Disability Prevention Dental Care	34,650	34,365	285
PHD – Medically Indigent Adult (MIA) Services	74,250	73,639	611
PHD – Specialty Clinic Care	59,400	58,911	489
PHD – Nursing Inequity Salary Adjustments	495,000	490,926	4,074
PHD – Staffing Infrastructure	138,897	137,754	1,143
PHD - Tobacco Prevention Settlement Program	684,090	678,460	5,630
Santa Barbara-Ventura Counties Dental Care Foundation	25,527	25,317	210
ADMHS – Psychiatric Crisis and Recovery Services	314,200	311,614	2,586
ADMHS – Psychiatric Nursing Inequity Salary Adjustments	128,700	127,641	1,059
Council on Alcohol and Drug Abuse – Detox Treatment	74,250	73,639	611
SB Neighborhood Clinics – Outreach and Hepatitis C	99,000	98,185	815
TSAC Administration Overhead and Evaluation	138,600	137,459	1,141
Grand Total	\$4,534,459	\$4,497,142	\$37,317

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.

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. As was discussed in the Executive Summary section, the TSAC is proposing to use the unused funds from FY 05-06 TSAC allocations and the projected interest earned on the TSAC Endowment Account to offset as much of the unanticipated funding shortfall as possible. Based on the

current projections of Endowment interest, this could leave a minimal shortfall, estimated at \$37,317 (representing a 0.008% reduction in funding), for the FY 06-07 TSAC allocations. If the interest earned is higher, the shortfall could be less or even fully cured. In the event that the interest earned is less than anticipated, the FY 06-07 TSAC allocations will be reduced proportionally.

There are no facilities impacts to this action.

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**

Concurrences:

None required.