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CLARK COUNTY
WASHINGTON

AUDITOR
GREG KIMSEY

MEMORANDUM

Date: **October 21, 2009**

To: **Clark County Board of County Commissioners**

From: **John Ingram, Finance Director, Clark County Auditor's Office**

Subject: **Mental Health/Substance Abuse Sales Taxes, Collected and Expended**

On December 6, 2006, the Clark County Board of County Commissioner's (BOCC) approved a resolution, number 2006-12-07 amending Clark County Code section 3.12, authorizing a one tenth of a percent sales tax to be used in support of the county's mental health and substance abuse programs. Monies collected "shall be used solely for the purpose of providing new or expanded chemical dependency or mental health treatment services and for the operation of new or expanded therapeutic court programs". While supplanting program dollars is not allowed, this revenue source can be used to replace expired grant funding, for example, to continue a program that would otherwise be discontinued. County staff has represented to us that all expenditures other than to replace expired grant funding is for new or expanded services.

The County Administrator, in presenting the budget to the Commissioners, wrote in his transmittal memorandum, in part, "There is no more serious problem facing the county than the methamphetamine crisis. … It is creating county-wide problems involving child abuse, public health, and education." See appendix B for the complete text.

The County Auditor, by resolution, is to make an annual report of financial accountability to BOCC regarding how funds have been collected, expended, and utilized. This memorandum provides information on the collection of the mental health and substance abuse sales tax and expenditures made from those collections. Utilization information is being provided separately, under a contract with Washington State University, which is providing specific outcome information on program areas.

Methodology

The Auditor's Office performed a "compilation" to produce this report. In other words, our work gathering information on the collection and expenditures of this sales tax was not performed as an audit. Data was obtained from the Budget Office on decision

packages and final budget amounts approved; Financial Services provided revenue and expense data from the financial management system. Individual departments were consulted to obtain additional clarification as needed to understand the financial records.

Mental Health/Substance Abuse Sales Tax

Pursuant to RCW 82.14.460, this sales tax revenue is to be used for the purpose of providing new or expanded chemical dependency or mental health treatment services and for the operation of new or expanded therapeutic court programs. Senate Bill 6791-2007-08 provides additional clarifications, allowing funding from this tax to replace lapsed federal funding previously provided for the operation or delivery of services and programs for mental health and substance abuse services.

New or expanded services can include, but are not limited to, treatment services, case management, and housing as a component of coordinated chemical dependency or mental health treatment programs or services. Services include drug courts as well as in- and out-patient substance abuse and mental health treatment services, and are offered by the county through the Department of Community Services (DCS), District Court, Superior Court, and the Sheriff's Office.

Activities to be funded with this sales tax were determined by the Enhanced Treatment/Therapeutic Court Advisory Group, which met monthly throughout 2007. This group was comprised of county officials, attorneys, lawyers, court officials, and members of the community, including county staff that provides the types of services under consideration.

In addition to the sales taxes used to fund activities, other funds are available in support of some of these same programs – those from the county's general fund along with mental health and substance abuse grants.

Revenues Received and Transferred in Support of Activities

The adopted budget for 2007/2008 includes $11 million in revenues for the new one tenth sales taxes. The tax, passed by resolution 2006-12-07, went into effect in 2007, after the ordinance was passed. The first receipt of revenues by the county occurred in April/May 2007, but no expenditures, or transfers of collected taxes, were made until 2008. All tax revenues are placed into a separate fund (the Mental Health/Substance Abuse fund 1033) until they are transferred to either the general fund and/or DCS funds (funds number 1952 and 1954) to cover expenses.

Transfers were made in 2008 to the various departments and offices, including to the City of Vancouver for support of police and attorney cost increases based on the services to be provided by these tax dollars. During a review of dollars spent in 2008, it was determined that $335,475 more was transferred for substance abuse services than was required to be reimbursed. In 2009, those funds were returned to the Mental Health/Substance Abuse fund.

The following table presents amounts transferred net of the amount returned in 2009, and the balance as it would then have been at the end of 2008.

Table 1: Mental Health/Substance Abuse Fund Budget to Actual 2007 and 2008

	Budget[1]	Actual
2007		
Tax Revenues	$5,500,000	$3,281,100
Expended	0	0
Fund Balance, December 2007	$5,500,000	$3,281,100
2008		
Tax Revenues	$5,500,000	$5,327,486
Total Tax Receipts	$11,000,000	$8,608,586
Transfer to other county funds	6,571,537	5,626,648
Transfer to City of Vancouver	189,327	189,327
Payment to WSU	25,000	14,123
Total Expended	6,785,864	5,830,098
Fund Balance, December 2008	$4,214,136	$2,778,488

Approved Staffing and Activities

The original 2007/2008 county budget contained no expenditures for monies collected from this new sales tax. In 2007, the county formed an "implementation committee" of major stakeholders – the Enhanced Treatment/Therapeutic Court Advisory Group -- to plan what activities should be funded with the new revenues. This committee met periodically to discuss and examine the types of activities that would meet the intention of the tax and would not result in supplanting existing activities. In addition to selected activities, 11 new positions were approved to be funded with the tax receipts, including additional Judges and related support staff. These were approved in the budget supplemental, dated January 29, 2008.

The following table shows the number and type of FTE's that were approved and hired in 2008.

Table 2: Approved Staffing/FTE's for Mental Health/Substance Abuse Activities

Department/Office	Staffing	FTE
Clerk's Office	Court Assistant II	1
District Court	Drug Court Commissioner	1
	Drug Court Coordinator	1
	Court Judicial Assistant	1
Superior Court	Administrative Assistant for Drug Court Coordinator	1
	Court Judge	1
	Court Judicial Assistant, Legal Secretary II	1
	Therapeutic Specialty Court Coordinator	1
Prosecuting Attorney	Deputy PA for Superior Drug Court	1
Juvenile Court	Probation Counselors for Drug Court	2
Total FTE/positions		11

[1] Budget is taken from the January 2008 Budget Supplemental.

No dollars were expended in 2007 out of the Mental Health/Substance Abuse fund during the creation of this list of approved services and activities, yet, some treatment services were being provided. Backfill dollars for these activities were approved and subsequently provided in 2008.

All activities to be funded were assigned one "reporting category" code in the financial system so expenditures could be tracked. While this worked well for the total amount expended, individual amounts for specific programs and activities were difficult to extract from the financial records. Going forward, reporting categories will be provided for each program or project to better facilitate access to amounts expended. Actual expenditures are shown in appendix A.

The following table shows the types of activities and funding sources by department/office. Not all activities or actions were funded entirely from the sales tax (Fund 1033). The General Fund (0001), Mental Health Fund (1952), and Substance Abuse Fund (1954) all provided some level of support. Actual expenditures are shown in appendix A.

Table 3: Activities and Funding Sources for Approved Activities

Department/ Office	**Activities/FTE**		**Funding Sources**
Clerk's Office	Court Assistant II	Staffing in support of the Superior Court Drug Courts; filling, calendars, minutes and records as required by law.	General Fund 0001 Sales Tax 1033
District Court	Drug Court Commissioner	Recommended to have a commissioner rather than a judge to handle the increased workload associated with the Therapeutic Courts.	General Fund 0001 Sales Tax 1033
	Drug Court Coordinator	The coordinator position manages the specialty courts in District Court; may need additional positions for Superior Court at a later date.	General Fund 0001 Sales Tax 1033
	Court Judicial Assistant	Assistant position in support of the new District Court Drug Court Commissioner. (see above)	General Fund 0001 Sales Tax 1033
	Increase Defender funding for District Drug Court	Increased funding in support of individuals processed through the expanded District Courts' Drug Court.	General Fund 0001 Sales Tax 1033
Superior Court	Administrative Assistant for Drug Court Coordinator	An assistant to schedule, keep records, etc. for Superior Court's drug court coordinator.	General Fund 0001 Sales Tax 1033
	Court Judge	A judge was recommended to handle the increased workload associated with the expanded Therapeutic Courts. The state pays ½ of the judge's salary and benefits.	General Fund 0001 Sales Tax 1033
	Court Judicial Assistant, Legal Secretary II	A required Judicial Assistant in support of the new Judge. (see above)	General Fund 0001 Sales Tax 1033
	Therapeutic Specialty Court Coordinators	The first coordinator for Superior Courts Therapeutic Specialty Court.	General Fund 0001 Sales Tax 1033

Department/ Office	Activities/FTE		Funding Sources
	Indigent Defender increases for Drug Court	Increased funding in support of juveniles processed through the expanded Superior Courts' Drug Court.	General Fund 0001 Sales Tax 1033
Prosecuting Attorney	Deputy PA for Superior Drug Court	The PA's office requested an additional deputy PA in support of both Superior and District Court drug programs.	General Fund 0001 Sales Tax 1033
Juvenile Court	Probation Counselors for Drug Court	Probation Counselors needed in support for expanded Superior Court Drug Court	General Fund 0001 Sales Tax 1033
Sheriff's Office	Sheriff's Overtime to cover expanded drug court	The Sheriff's Office requested funding for a deputy in Juvenile drug court.	General Fund 0001 Sales Tax 1033
DCS	Acute Detox Services	In support of the "unfunded" demand for Detoxification Services at the Center for Community Health. These funds will provide 8 beds in 2008.	Sales Tax 1033 Substance Abuse 1954
	COACHES – Community Based Program Grant	Funding for the Community Based proposal from Children's Center for the COACHES program – connected to the NetSmart[2] system for recording and monitoring service provisions, this helps ensure unduplicated services from the delivery systems.	Sales Tax 1033 Mental Health 1952
	Co-occurring Methamphetamine Expanded Treatment (COMET) Program	To continue/expand the COMET program in 2007 (backfill) and 2008; provides services at Lifeline Connections following the end of federal funding October 2007. COMET targets individuals who are non-Medicaid eligible.	Sales Tax 1033 Mental Health 1952
	Community Based program – ESD 112/114 Treatment Grant	Provision of substance abuse treatment for youth between the ages of 11 to 18; ESD 112/114 will be connected to the NetSmart system for recording and monitoring services provided.	Sales Tax 1033 Substance Abuse 1954
	DCS costs for Drug Court Expansion	In support of the increased inpatient and outpatient treatment costs for new caseloads stemming from expansion of Superior Court's Drug Court.	Sales Tax 1033 Substance Abuse 1954
	DCS costs for DC Domestic Violence (DV) Court Proposal	To fund expected increases in both inpatient and outpatient treatment for new caseloads stemming from the expansion of the DV Court.	Sales Tax 1033 Substance Abuse 1954
	DCS costs for DC Track 1 High Intensity	In support of the increased inpatient and outpatient treatment costs for new caseloads stemming from the expansion of District Court's Substance Abuse Court, Track 1 High Intensity proposal.	Sales Tax 1033 Substance Abuse 1954
	DCS costs for DC Track 2 Low Intensity	In support of the increased inpatient and outpatient treatment costs for new caseloads stemming from the expansion	Sales Tax 1033 Substance Abuse 1954

[2] NetSmart is the management information system used by the Department of Community Services to record information on services provided for various mental health and substance abuse programs.

Department/ Office	Activities/FTE		Funding Sources
		of District Court's Substance Abuse Court, Track 2 Low Intensity proposal.	
	DCS costs of Family Court Proposal	In support of the increased inpatient and outpatient treatment costs for new caseloads stemming from expansion of Superior Court's Family Court.	Sales Tax 1033 Substance Abuse 1954
	DCS costs of Juvenile Court Proposal	In support of the increased inpatient and outpatient treatment costs for new caseloads stemming from expansion of Superior Court's Juvenile Court.	Sales Tax 1033 Substance Abuse 1954
	Expanded Outpatient Services	To fund the expected increases in outpatient caseload for the expansion of the county' Alcohol and Drug program services in 2008.	Sales Tax 1033 Substance Abuse 1954
	Hotel Hope	To continue funding Medicaid services in Hotel Hope (with 16 inpatient beds) rather than cutting outpatient services for Medicaid clients. These funds replace federal funding previously received.	Sales Tax 1033 Mental Health 1952
	Inpatient Care	To support increased inpatient treatment capacity at the Center for Community Health adult inpatient unity operated by Lifeline Connections. This funding will support intensive inpatient treatment beds (residential).	Sales Tax 1033 Substance Abuse 1954
	Transitional Housing	Land use lease with VA for the construction of transitional housing for residents receiving services through the county's Program for Assertive Community Treatment (PACT).	Sales Tax 1033 Mental Health 1952
Backfills for work performed in 2007	Inpatient Treatment 2007 Backfill	One-time funding to replace ADATSA grant funding for treatment beds (2,011 bed days).	Sales Tax 1033 Substance Abuse 1954
	Detox 2007 Backfill	A one-time request to fund 8 of the16 Detox beds (840 bed days) at the Center for Community Health covering the period of July – Dec 2007.	Sales Tax 1033 Mental Health 1952
City of Vancouver	Funding for Police and Attorney costs	Both the City of Vancouver Police and the City Attorney's will incur increased costs due to the expanded drug court programs. Funding will pay for one police officer one day each week and half an attorney plus assistant. Additional funding of $39,000 is for increase indigent defense costs.	General Fund 0001 Sales Tax 1033
WSU	Contract for program evaluation	The county has contracted with Washington State University for program evaluation of funded programs to provide specific outcome data.	General Fund 0001 Sales Tax 1033

Source: Approved decision packages submitted in the Supplemental Appropriation for 2008 Mental Health Sales Tax Expenditure Budget, dated January 29, 2008.

Appendix A: Budget to Actual

Note: all expenditures were made in 2008.

Department/Office	FTE		Expenditures	
	Budget	Actual	Budget[3]	Actual
Clerk's Office				
Position: Court Assistant	**1**	**1**	**$ 50,022**	**$ 40,554**
District Court				
Position: Commissioner	1	1		
Position: Drug Court Coordinator	1	1		
Position: Judicial Assistant	1	1		
Total positions	**3**	**3**	**259,876**	**190,834**
Superior Court				
Position: Administrative Assistant for Drug Court	1	1		
Position: Superior Court Judge	1	1		
Position: Superior Court Judicial Assistant	1	1		
Position: Therapeutic Specialty Court Coordinators	1	1		
Total Positions	**4**	**4**	**279,716**	**171,557**
Indigent Defender funding increases			89,000	67,833
Prosecuting Attorney				
Position: Deputy PA to support Drug Courts	**1**	**1**	**115,369**	**2,690**
Juvenile Court				
Positions: Probation Counselors to support expanded Drug Court	**2**	**2**	**172,914**	**145,278**
Sheriff's Office				
Overtime covering expanded Drug Courts, Juvenile			17,458	0
Department of Community Services				
Acute Detox Services			390,094	381,864
COACHES – Community based program grant			99,000	48,844
COMET Program			650,000	611,574
Community Based Program – ESD 112/114 Treatment Grant			165,658	24,427
Costs for Drug Court Expansion			57,235	6,661
Costs for Domestic Violence Court Proposal			65,411	22,547
Costs for Track 1 High Intensity			49,058	78,133
Costs for Track 2 Low Intensity			105,583	61,389
Costs of Family Court Proposal			40,882	200,077
Costs of Juvenile Court Proposal			367,939	171,489
Expanded Outpatient Services			457,124	624,870
Hotel Hope			1,600,000	1,600,000
Inpatient Care			766,500	568,422
Transitional Housing			140,000	0
Backfill				
Inpatient Treatment 2007			309,694	303,160
COMET Program Backfill			165,000	149,774
Detox Backfill			158,004	154,670
City of Vancouver				
Police and Attorney costs			189,327	189,327
WSU				
Contract for program evaluation			25,000	14,123
Totals	**11**	**11**	**$6,785,864**	**$5,830,098**
Percent of Budget to Actual				**86%**
Actual Expenditures for Positions funded				**$550,913**
Actual Expenditures for Backfill Activities (2007)				**$607,604**

Table Note: Differences are due to rounding.

[3] The budget numbers are taken from the January 2008 supplemental and were not adjusted for the October 2008 budget supplemental.

Appendix B: 2007/2008 Recommended Budget Transmittal Memo

On November 7, 2006, the County Administrator issued a transmittal memorandum to the Board of County Commissioners regarding the 2007/2008 Recommended Budget. Under the caption: Keeping Children and Families Safe, the Administrator wrote:

"Confronting Meth – There is no more serious problem facing the county than the methamphetamine crisis. Meth strains law enforcement and is overwhelming mental health and social service systems. It is creating county-wide problems involving child abuse, public health, and education. To build stronger systems and confront these problems, the legislature has authorized the Omnibus Mental Health and Substance Abuse Reform Act –SB5763, ('The Meth Tax'). The county may now levy 1/10 of 1 % sales tax that applies to all areas of the county.

"This option is recommended. If we can implement major course corrections now to address this problem we will avoid more draconian and expensive solutions in the future."