

## POLICY MANUAL

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

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

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<b>Authority</b>	Board Minutes Dated: <u>July 27, 1994</u> Effective Date: <u>July 1, 1994</u> Approved by Board Chairman: <u>James G. Lumpkin</u>
<b>References</b>	<i>Realizing the Vision: Barriers to an Integrated System</i> , 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 and § 37.2-509 of the Code of Virginia (1950)
<b>Supersedes</b>	STATE BOARD POLICY 3002 (CO) 86-16 System-wide Staff Training
<b>Background</b>	<p>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.</p> <p><i>Realizing the Vision: Barriers to an Integrated System</i>, 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.</p> <p>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.</p>
<b>Purpose</b>	To establish the ability of CSBs to retain balances of unspent state general funds.

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**Policy**

It is the policy of the Board that:

- the Department shall allow CSBs to retain balances of unspent state general funds after the end of the fiscal year in which the Department granted those funds;
- the Department shall allocate the funds in the CSB state appropriation without applying estimated year-end balances of unspent state general funds to the next year's CSB awards of state general funds;
- based on 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 delivers less than the levels of services in its final approved Community Services Performance Contract, established pursuant to § 37.2-508 of the Code of Virginia and State Board Policy 4018, while generating significant balances of unspent state general funds, it may have to return some of its balances to the Department or its state fund allocations in the next fiscal year may be reduced.

It is also the policy of Board that the Department shall apply procedures, which are authorized by § 37.2-509 of the Code of Virginia and are consistent with those in the Community Services Performance Contract, to retrieve unspent state general funds from or reduce future state general fund allocations to a CSB that delivers less than the levels of services in its final approved Performance Contract while generating significant balances of unspent state general funds.

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 unexpended state general fund balances from previous fiscal years by CSBs.

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