



**Allocations & Expenditures Webinar**  
Substance Abuse Prevention and Treatment Block Grant (SABG)  
&  
Community Mental Health Services Block Grant (MHBG)

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Jeanette Trigeiro | Program Fiscal Unit  
Justin Whitcomb | Program Administration Unit

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**Poll Question**

Hand on your heart - are you  
wearing PJs right now?


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## Overview

- SABG historic spending
- SABG SFY 2019-20 spending
- SABG administrative updates
- MHBG historic spending
- MHBG SFY 2019-20 spending
- SABG & MHBG Telehealth Infrastructure RFA

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## SABG Historic Spending

- DHCS reverted to SAMHSA \$31M+ of SABG in the last 3 years of available data (based on settled cost report data)
- SAMHSA has been tracking DHCS awards closely
  - SAMHSA has indicated future award amounts could be reduced based on reversions
  - DHCS has met with SAMHSA repeatedly and provided several justifications, attempting to prevent reductions
- Through SFY 2019-20 Q2 (7/1/19 – 12/31/20): Balance of \$24.4 million (FFY 2019 Award)
- Estimate expending entire FFY 2019 Award
  - Resulting from administrative updates

### SABG

■ SABG Award Amount ■ SABG Unexpended



Year	SABG Award Amount	SABG Unexpended
2014-15	\$226,964,793	\$12,700,000
2015-16	\$229,673,088	\$13,000,000
2016-17	\$226,956,793	\$5,500,000

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## Administrative Updates Overview

- Payment in arrears
- Change from contract to applications
- Single SFY allocations
- Future SFY allocations based on actual expenditures from prior SFY
- Unexpended county allocations will be reallocated by DHCS after Q4 invoices are received to Statewide Projects
- Indirect Cost Rate Policy
- Invoicing Updates

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## Administrative Updates Payment in Arrears

- **Previous methodology:** County allocations paid in advance
- **Current methodology:** Payment in arrears (IN: 18-057)
  - Began in SFY 2018-19 Q3
  - Due to SAMHSA guidance
    - Advance payments to contractors are not allowable
- Allows DHCS to understand spending trends in real-time
  - DHCS can assess spending and reallocate funds prior to grant expiration
- Minimizes reversion, as data will be identical to settled cost reports
- Limits audit findings, as DHCS reviews submitted invoices for SABG allowable service codes prior to payment

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## Administrative Updates

### Contracts ➡ County Applications

- Information Notice: [20-026](#)
- State Fiscal Year (SFY) 2020-21 SABG County Application
  - Current SABG contract ends June 30, 2020
  - SABG will be incorporated into the County Performance Contract for SFY 2020-21
  - County will submit SABG application similar to MHBG
  - SABG funding flexibility will mirror MHBG flexibility
    - Budget and Scope of Work changes won't require formal contract amendment
      - Reduces time to incorporate contract revisions from months to days
  - DHCS will have more effective oversight of SABG funds and spending, reducing potential for State and Federal audit findings

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## Administrative Updates

### SFY = FFY Award Allocations

- **Previous methodology:** Counties given SFY allocations and specified FFY Award expenditure periods
- **Current methodology:** Align FFY Award to SFY
  - Spend oldest FFY Award first
  - Minimizes tracking complexity for counties
  - DHCS will track federal award and ensure full expenditure
  - Counties notified which FFY Award paid for Cost Reporting
  - FFY 2020 Award funds SFY 2020-21 allocations
    - No carryover into next SFY

#### Exhibit B A02

##### E. Expenditure Period

SABG funds are allocated based upon the Federal Grant award period. These funds must be expended for activities authorized pursuant to 42 USC Sections 300x-21 through 300x-66, and Title 45 CFR 96.120 et seq., within the availability period of the grant award. Any SABG funds that have not been expended by the Contractor at the end of the expenditure period identified below shall be returned to DHCS for subsequent return to the Federal Government.

1. The expenditure period of the FFY 2015 award is October 1, 2014 through June 30, 2016.
2. The expenditure period of the FFY 2016 award is October 1, 2015 through June 30, 2017.
3. The expenditure period of the FFY 2017 award is October 1, 2016 through June 30, 2018.
4. The expenditure period of the FFY 2018 award is October 1, 2017 through June 30, 2019.
5. The expenditure period of the FFY 2019 award is October 1, 2018 through June 30, 2020.

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## Poll Question

What is the main challenge that your county has experienced in spending down SABG and/or MHBG funding?

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## Administrative Updates Actual Expenditures

- Future SFY allocations based on **actual expenditures** from previous SFY
- SFY 2021-22 allocations will be based on actual expenditures of SFY 2019-20 and SFY 2020-21 Q1 and Q2
  - Using larger data set due to COVID-19
- Each county's expenditures assessed individually
- Up to the amount available for county allocations (approx. \$231 million)
  - Maximum or “Up to” county allocation will correspond to changes of total SABG award (+/-)

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## Administrative Updates Statewide Projects

- Ensure any unspent allocations are utilized to fully draw down FFY Awards
- Unexpended county allocations will be reallocated after Q4 invoices are received
- Address Statewide needs in ways that allow quick rollout of funds for impact projects
- County providers will be eligible for Statewide funding opportunities
- SABG SFY 2020-21 unobligated portion will be allocated to telehealth infrastructure development project
  - Will not affect county SFY 2020-21 allocations
  - Telehealth RFA was released in July 2020

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## Administrative Updates Indirect Cost Rate Policy

- Information Notice: [20-020](#)
- Applies to all federal formulary and discretionary grants
  - SABG
  - MHBG
  - PATH
  - SPF-PFS
  - SOR 1 and SOR 2
  - Emergency COVID-19 Grant
- Requires submission of ICR Certification (3 options)
  1. Federally negotiated ICR: Submit copy of federal approval
  2. 10 percent rate: certify entity does not possess negotiated federal ICR
  3. Negotiated rate: up to 25 percent w/submission of: ICR type, methodology type, and distribution base used in calculating proposed ICR
- Takes effect following SFY (for 3 years)
  - SFY 2021-22 ICR Certification due December 31, 2020
- SFY 2020-21 ICR Certification due September 1, 2020
  - Applied retroactively to July 1, 2020
- Submit form and documentation to [ICRCertification@dhcs.ca.gov](mailto:ICRCertification@dhcs.ca.gov)

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## Administrative Updates SABG Invoicing Updates

- Name Change
- Single FFY against which counties may charge
- DHCS will notify Counties in SFY 2019-20
  - If different from request
- DocuSign or other electronic signature
- SFY 2020-21 SABG Invoice due dates:
  - SFY 2020-21 Q1-Q4 invoices are due within 45 days of quarter end
    - The preliminary allocation IN incorrectly states SFY 2020-21 Q4 will be due within 60 days
      - A final allocation IN will be published in July with revised due dates following enactment of the California State Budget
    - Due to COVID-19, SFY 2019-20 Q4 will be due within 60 days (September 1) to allow for reconciliation
- Send SABG Invoice submissions and questions regarding SABG Invoicing to [SABG@dhcs.ca.gov](mailto:SABG@dhcs.ca.gov)
- Released to counties with forthcoming Allocation IN


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## Administrative Updates MHBG Invoicing Updates

- Single FFY against which counties may charge – elimination of Q5 in SFY 2020-21
- Elimination of duplicative Planning Estimate, Initial Allocation, Final Allocation worksheets
- DocuSign or other electronic signature for all documents - paperless
- SFY 2020-21 MHBG Invoice due dates:
  - SFY 2020-21 Q1-Q3 invoices are due 20 days after quarter end
    - October 20th, January 20th, April 20<sup>th</sup>
  - SFY 2020-21 Q4 invoices are due 30 days after quarter end – July 31<sup>st</sup>
    - Allows additional time for counties to reconcile YTD expenditures
- Revised quarterly financial report form – two forms to one
  - Simplifies quarterly reporting to reduce error rates and lessen administrative burden
  - Provides categorical expenditure information (staffing, supplies, etc.)
- Year End Cost Report forms in process of being approved
  - One Excel workbook; multiple worksheets
  - Greatly simplifies reporting process
  - Provides DHCS with additional categorical expenditure information in both summary form and per program

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## MHBG Historic Spending


- DHCS reverted to SAMHSA ~\$29M of MHBG over the last 3 years
- MHBG FFY 2019 Award expires 9/30/20
- Total Award
  - \$93M
- Through Q3 (7/1/19 – 3/31/20): Balance of ~\$28M
- Estimated Q4 Expenditures: \$20M
- Estimated Q5 Expenditures: \$3.2M
  - SFY 19/20 Q5 Quarterly Expenditure Reports are due 8/31/2020
- Estimated Unspent Balance: ~\$4.8M

### MHBG

■ MHBG Award Amount ■ MHBG Unexpended




Year	MHBG Award Amount	MHBG Unexpended
2016-17	\$70,473,953	\$6,200,000
2017-18	\$90,295,477	\$9,200,000
2018-19	\$88,079,667	\$13,600,000



## Statewide Project Telehealth Infrastructure RFA

- **Addressing statewide needs**
  - Provider-requested support
  - One-time expenditures
  - Developing, enhancing, expanding provider telehealth infrastructure
- **Allowable equipment for providers**
  - Laptops, desktops, monitors, software licenses, webcams, headsets, tablets, cellphones, etc.
- **Funding sources**
  - SABG: ~\$4M Unobligated FFY 20
  - MHBG: ~4.8M Unspent FFY 19
- **Released on 7/1/2020**
  - Activities begin by 9/30/2020







## Poll Question

Has your county expanded telehealth options for mental health and substance use services as a result of the COVID-19 public health emergency?

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## Questions & Resources

- **Questions**
  - SABG Policy and Fiscal questions can be sent to [SABG@dhcs.ca.gov](mailto:SABG@dhcs.ca.gov)
  - MHBG Policy and Fiscal questions can be sent to [MHBG@dhcs.ca.gov](mailto:MHBG@dhcs.ca.gov)
- **Resources**
  - [Payment in Arrears IN 18-057](#)
  - [SABG County Application IN 20-026](#)
  - [Indirect Cost Rate IN 20-020](#)
  - [DHCS BH COVID-19 Page](#)
  - [SABG Preliminary Allocation IN 20-034](#)
  - SABG Final Allocation IN - Forthcoming

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