



**SAINT LOUIS MHB
JANUARY 2023 BOARD RETREAT**

**Status Update on Strategic Discussion Items
November 16, 2023**

Strategic Issue 1: Considering Changes to Reserves’ Policy – Reducing the percentage threshold and determining how additional funding made available might be used for one-time purposes

Current Reserves’ Policy

MHB has established a fiscal policy which requires maintaining a net position for emergency, unanticipated needs, unusual expenses or operational shortfalls. Under the current policy, “MHB shall maintain aggregate unrestricted/unreserved funds of between 25% and 100% of annual non-Federal expenditures in order to make a meaningful contribution to recovery, in the event of an unplanned man-made or natural emergency.”

Status of Reserves on June 30, 2023 and September 30, 2023

As of June 30, 2023, the value of MHB’s investments through Charles Schwab were:

Fund	Balance Date	Amount	% FY24 Budget \$16,993,864 (Tax Funds Only)
Community Mental Health Fund	06/30/23	\$ 6,878,308	47.39%
	09/30/23	\$ 6,926,207	47.76%
<i>Increase/(Decrease)</i>		\$ 47,899	
Community Children’s Services Fund	06/30/23	\$ 6,048,304	154.60%
	09/30/23	\$ 6,095,154	155.68%
<i>Increase/(Decrease)</i>		\$ 46,850	
Investments as % of FY24 Budget Tax Funds only	06/30/23	\$ 12,926,612	76.07%
	09/30/23	\$ 13,021,361	76.62%

Status Update

In the past, MHB’s practice had been to have 100% of the upcoming fiscal year operating budget available, plus an additional 25% available in its reserves, although the policy only required between 25-100% of MHB’s annual non-federal expenditures to be available in unrestricted/unreserved funds. This practice was discontinued in FY24 following discussion with the Finance-Investment Committee in FY23.

In fiscal years 2022 - 2024, the previous practice of approving a deficit budget with a planned draw from net position as a managed spend down of reserves was also discontinued based upon feedback received from the Finance-Investment Committee. Additionally at the end of FY23, unspent funding was repurposed and approved by the Board for use in FY24 leading to a reduction in the amount of funding that reverted to the reserves at the end of the fiscal year. Therefore, current

growth of the reserves is primarily related to interest income rather than an annual infusion of unspent funds. Until 2022 – 2023, the rate of return on MHB’s investments had declined but this trend has reversed due to inflation and the Federal Reserve Bank’s increases to the prime interest rate.

Lastly, due to the significant increase in legislation in Missouri that targets reducing, freezing, eliminating, or significantly impacting revenue received from real estate and personal property taxes introduced and recently passed (Senate Bill 190 passed Spring 2023), staff believe it would not be prudent to propose any changes to MHB’s current reserves’ policy at this time. Initially, staff planned to present recommendations to the Finance – Investment Committee for consideration that included reducing the percentage threshold from a maximum of 100% of budgeted tax expenditures to 75% with plans to utilize the balance above the 75% threshold for one-time community investment opportunities. Due to the uncertainty and fiscally conservative goals of the current General Assembly, staff recommend no changes to MHB’s current reserves policy at this time. As of September 30, 2023, MHB’s reserves were 76.62% of FY24 budgeted tax revenue expenditures.

Strategic Issue 2: Proactively Pursuing Funding, Levering Funding & Fiscal Sponsorships –

Proactively securing outside funding, leveraging funding, and fiscal sponsorships in the context of MHB’s mission.

MHB’s current 2021 – 2023 strategic plan includes the key priority of “*Maximizing Financial Capital to increase and leverage diverse funding to expand behavioral health services and system building.*” In FY24, MHB has leveraged the following external funding sources and is implementing the following fiscal sponsorships:

Federal Grants	Backbone Organization	Cooperative Agreement	Fiscal Sponsor	Local Government Fund Distribution	DMH Partnership for Medicaid Match
New SAMHSA SOC 4-YR Cooperative Agreement 9/23 – 9/27	St. Louis Area Violence Prevention Commission <i>Director is MHB staff member</i> <i>Housed at MHB</i>	City of St. Louis Senior Fund <i>Housed at MHB</i> <i>Provide services of MHB Controller</i>	St. Louis Area Violence Prevention Commission	City Community Development Administration American Rescue Plan Act COVID-19 Federal relief funding for early childhood providers (distributed in FY23)	Adolescent C-STAR program offered by Preferred Family Healthcare (funded annually since 2007)
SAMHSA Community Funded Project VPC Gun Violence Response Network 1-YR Grant 9/22 – 9/23 <i>12-month no-cost extension thru 9/24</i>			City of St. Louis Office of Violence Prevention <i>National League of Cities Reimaging Public Safety 2-year grant 9/22 – 9/24</i>		
VPC APRA 5-YR Youth Safe Space Grant 11/21 – 12/26					

Changes to leveraged funding since the January 2023 Board retreat include the addition of MHB’s third SAMHSA SOC Cooperative Agreement, the one-year no-cost extension for VPC’s SAMHSA GVRN grant through September 2024, and that MHB is currently implementing only one Federal COVID-19 relief funding grant for ARPA VPC Youth Safe Spaces on behalf of the City Health Department. It is important to note that MHB is the only organization in the state of Missouri to have been awarded three consecutive SAMHSA System of Care (SOC) Cooperative Agreements.

Status Update

In FY23, MHB experienced several staff transitions, the most significant of which was related to the departure of its 0.75 FTE Senior Accountant who was a CPA and had been on staff for several years. Additionally, MHB distributed Early Childhood ARPA Federal funding for the City Community Development Administration from August 2022 – January 2023. The challenges of additional work coupled with staff transitions and hiring/on-boarding/training new staff have resulted in MHB leadership refocusing on MHB’s core competencies, staff bandwidth, and staff training.

Given the refocus of staff priorities, a Coro Public Affairs Leadership Fellow, Maxine Gill was engaged to develop a fiscal sponsorship decision tree and accompanying draft policy to support future decision making by Trustees in determining whether it is in the best interest of MHB to undertake a fiscal sponsorship. Her government placement with MHB is from October 23 – November 16.

Strategic Issue 3: Investment Approach – Determining if the Community Children’s Services Fund and Community Mental Health Fund grant cycles should be aligned as previously proposed and other suggested changes to MHB’s community investment and grant making approach. Three Theory of Change interventions were raised during the Board Retreat for future consideration by the Program Committee and then the full Board.

Strategy	Purpose	Outcomes	Mechanism
Core Funding for Essential Services	Sustain and improve critical infrastructure for equitable service delivery	Support the most serious disorders – Provide trauma-informed care at an increased level of intensity, consistency, and stability Help the most affected populations – Address barriers to make care more accessible for those most impacted	Longer-term investments for high performing organizations providing essential services <ul style="list-style-type: none"> • 3 – 5-year grant cycle with mid-term continuation application • 1 application for CCSF & CMHF funds • Prioritize integrated family services • Separate regional braided fund with STLCSF • Explore leveraging Medicaid for specialized services
Flexible Funding for High Quality Prevention Services	Increase the availability of high-quality prevention programs	Focus on young people – Intervene early to prevent or lessen the severity of mental health or substance use disorders	Shorter investments from 1 – 3 years designed to help organizations launch or expand evidence-based programs <ul style="list-style-type: none"> • Early Childhood Facility Improvement Fund • Out-of-School-Time Initiative • Unallocated Fund
Flexible Funding for High Quality Services Across the Lifespan	Increase the availability of high-quality programs for youth and adults	Expand access to the full range of what works – Increase availability of effective evidence-based care in clinical settings and evidence-based/ promising practices in non-clinical settings	Shorter investments designed to help organizations launch or expand evidence-based programs <ul style="list-style-type: none"> • Traditional 3-year competitive cycle • Funding for programs and services that address MHB funding priorities • Focus on projects that remove barriers to service delivery and increase access • Emerging Needs Fund – staff directed open timeline; responsive fund to address unanticipated needs in the community, with priority given to projects that align with MHB funding priorities

Strategy	Purpose	Outcomes	Mechanism
Community Building	Support community-driven programs and initiatives that can effectively reach underserved populations	Transform the landscape – Fund innovation and higher risk efforts to create transformative change	Smaller grants paired with dedicated technical assistance <ul style="list-style-type: none"> 2-year grant cycle with 2-cycle limit Community-driven needs assessment to set funding priorities Grants under \$100K Categories: Piloting/launching an innovative concept, Expanding or enhancing an existing program, Maintaining a successful program

Community Investment Strategies Potential Implementation Timeline	FY23	FY24	FY25	FY26	FY27
Core Funding for Essential Services Grants Awarded					
Flexible Funding for High Quality Prevention Services - CCSF FY25 One-Year Extension					
Flexible Funding for High Quality Prevention Services - Early Childhood Facility Fund Grants Awarded					
Flexible Funding for High Quality Prevention Services - Out-of-School Time Initiative Grants Awarded					
Flexible Funding for High Quality Services Across the Lifespan - Emerging Needs/Unspent CCSF Allocation					
Community Building Grants Awarded					

Status Update

At its July 20, 2023 meeting, the Program Committee set an agenda for discussing each of the strategic discussion items raised at the January 2023 Board retreat at each of the Committee’s quarterly meetings.

Board Retreat Action Items – Program Committee Schedule

1. Establish Core Funding for Essential Programs with 5-year funding cycle at approximately 35% - 40% of annual budget – **Discussed at 10/12/23 meeting**
2. Extend CCSF FY23-25 cohort by one year to end in FY24 – **Discuss at 01/11/24 meeting**
3. Establish one CCSF and CMHF application process to support essential programs – **Discuss at 01/11/24 meeting**
4. Establish Community Building Fund at approximately 5% - 10% of annual budget – **Discuss at 04/11/24 meeting**

At its October 12, 2023 meeting, the Program Committee discussed *Establishing Core Funding for Essential Programs* and considered the following:

- Defining what “Essential Services” means
- Similar approaches used by other major funders of behavioral health and children’s services
- Multi-year funding
- Possible selection criteria such as organizational strength, participant outcomes, selection process and timeline, focus on results
- Additional opportunities to improve MHB’s approach to community investment and grant making