

Pima County Board of Health Budget Subcommittee Meeting Minutes
March 17, 2021
Virtual MS Team Meeting
3950 S. Country Club Road
Tucson, Arizona 85714

1. CALL TO ORDER:

Mr. Geoffrion called the meeting to order at 10:01 A.M.

Attendance was as follows:

Board Members:

Mr. Rene Gastelum - absent

Mr. Charles Geoffrion

Ms. Mary Lou Gonzales

Dr. Gail Smith

Ms. Carolyn Trowbridge – arrived after rollcall

A quorum was established (3)

Non-Board Members:

Ms. Paula Mandel, Pima County Health Department, Deputy Director

Dr. Don Gates, Health Department Budget Manager

2. Call to Audience

3. Review & Discuss Budgetary Requirements for Pima County Health Department, FY2021-2022

- Mr. Geoffrion noted this is the Pima County Board of Health Subcommittee on Budget, which is an annual review that is required by our by-laws. One of the major concerns this year is the salary levels that pertain to physician's assistants and nurses, and other technical people associated with our rollout to reduce and eliminate the COVID situation.
- Mr. Geoffrion requested Dr. Donald Gates update the subcommittee on budget issues as we proceed into the FY22 cycle.
- Dr. Gates gave a brief overview of the budget process, advising that each year in about October the County starts a budget review and generation for the fiscal year that begins the following July 1st.
- Dr. Gates advised that the COVID-19 pandemic has had a massive impact on the Pima County Health Department (PCHD) budget, which has thrown everything into some degree of chaos. We are just now finally starting to winnow out the impact of that on the '21 budget, and begin the informative process of that on the FY22 budget.
- Dr. Gated noted that in FY21, PCHD received a mid-year adjustment of about \$30 mil of expenditure authority. Since December 21, 2020, PCHD has been responsible for posting all of the testing, COVID vaccination expenses, the time and effort related to COVID to the Health fund. PCHD is now in the process of receiving multiple grants, and will begin incrementally transferring those expenses to the grant funds.

- Mr. Geoffrion asked what the scales of the grants is, and if the new Act recently passed by the US Congress provided additional funds.
- Dr. Gates indicated that the first award specific to vaccine from the State is \$7.1 mil. The second funding opportunity of \$14.3 mil is for testing expenses, and although the award letter has not yet been received, PCHD has every reason to expect we will be receiving the full award. There are also significant expectations that Pima County as a whole may be eligible - through a program we're calling V3 - for up to \$204 mil but that it is far too early to parse where and how that will be allocated by the County.
- Mr. Geoffrion asked if the \$204 mil will flow through the State, and therefore be subject to modification by the State.
- Dr. Gates agreed that that is the expectation, and noted that FEMA will be reimbursing vaccination costs, which is not done in an "award" fashion but in a "submission of expenses for reimbursement" fashion. There does not appear to be a cap on that, but it will be limited to actual expenses.
- Mr. Geoffrion asked if there is an approximate total for the costs posted relative to the incoming grant amounts.
- Dr. Gates noted that PCHD costs, including our encumbrances, are about \$28 mil. So that is still in excess of the (2) guaranteed State awards, which total roughly \$21.5 mil.
- Mr. Geoffrion mentioned that the COVID relief, V3, would be a huge benefit if it comes in.
- Dr. Gates advised that the V3 money is not intended simply for reimbursement of previous COVID expenses, but also for the enhancement of the resiliency of communities, positioning us for a better public health response, and for such things as new projects and new initiatives. Dr. Gates anticipates that much of the monies will be expended in non-public health, or non-pandemic related avenues, but does not believe it will be supplanting normal general fund operations, or general fund expenditures.
- Ms. Trowbridge inquired if the V3 money's restrictions will be related to public health.
- Dr. Gates noted that he has only seen the synopsis that were put out by the Association of County Supervisors, but it does appear that there are non-public health kinds of expenditures that would be allowed. However, he did note that it could not be used to pay for existing transportation staff, for instance.
- Mr. Geoffrion noted that it looks like there may be a very positive outcome with respect to the COVID relief V3, and asked the likelihood is that we can look seriously at a substantial increase in funding for nurses and medical, technical, and physician assistant for hiring.
- Dr. Gates responded that he believes those are two separate issues:
 - County Administrator Mr. Huckleberry has also been very specific and vocal in his support of enhancing the Health Department, creating what he calls the "Health Department 2.0" and has already given direction to the Health Department and the Pima County Human Resources Department to initiate the broader salary studies to address the compensation, recruitment, and retention issues that the Health Department has for the clinical positions.
 - In the past the salary studies have been somewhat limited based on format and protocol, and not really recognizing the truth of our recruitment retention problem. Human Resources Department has already indicated that they are going to modify their previous methodology for these, and it will be in comparison to the actual recruitment market that we compete in.
 - Dr. Gates noted that he does not believe that the hiring issues will not be tied to the relief funding, which in this case is an advantage, not a disadvantage,

because it will incorporate these kinds of changes permanently into our department, as opposed to simply being a grant-funded, temporary solution.

- Mr. Geoffrion asked if the reordering of the market survey is going to be done in sufficient time to affect FY22.
- Dr. Gates believes that it will absolutely be completed to be in play for the vast majority of FY22. There is every bit of expectation that foundations, federal funding, local/state funding, etc. will start to increase as the value of public health emergency planning/response is recognized.

4. Align Sub-Committee Budget Analysis with Dr. Gates' Report on Pima County Budget Requirements

- Mr. Geoffrion asked what is it that we can do as a subcommittee of the Board of Health to augment, or secure, these outcomes. Is there any specific role that you envision that the subcommittee can play relative to our recommendations to the BOH?
- Dr. Gates discussed the current status of the FY22 budget compared to the pre-COVID FY21 budget. Currently we have received \$13.2 mil for personnel expenses, and \$5.8 mil for supplies and services. That is an increase of \$2 mil in our personnel budget, compared to FY21, and an increase of \$400,000 for supplies and services. Our revenue projection for next year is \$400,000 less than it was for FY21.
- PCHD went from \$4.7 mil to \$4.3 mil, primarily because of the rollback of the Consumer Health and Food Safety inspection and license, which were booked as part of a 5-year plan. The Board of Supervisors action rolled back the expected increase that was supposed to take place on January of this year, so that was a large portion of the PCHD revenue projection decrease.
- Dr. Gates noted that the concern we face at the moment is that in the past we had a health fund balance that was climbing to the tune of \$6-8 mil. The COVID expenses currently, even though we have expectation of moving many of them to the grants, COVID expenses AND the kind of gutting of our clinical revenue for the year, has put a lot of pressure on our health fund balance. So we will no longer have that large of a cushion in the back pocket. I believe that our health fund balance, our health fund reserve, will be significantly reduced from current levels. Conservatively I would expect at least half of that to be gone, and potentially all.
- Dr. Gates noted that about 2/3 of PCHD funding comes from a general fund subsidy - money that is transferred from the General Fund to the Health Fund - for our expenses. In average years, that was in the \$10 mil ballpark. For FY21, it was reduced to about \$6 mil, the reason being is that as part of the contraction County wide, most departments were required to reduce their personnel budgets by 3%, and then a subsequent 5%, which included the surrendering of vacant PCN's. PCHD needed to maintain our PCN load, because public health needs more hands on deck now, not fewer, and that in order to meet the County's directive, we would surrender the portion of the General Fund subsidy that would have been saved had we surrendered the PCN's. So that's what reduced our subsidy. Because we knew we could afford that with our health fund balance - we could make up the cash difference in personnel out of our health fund balance.
- Dr. Gates said that as it currently stands, the expected General Fund subsidy for FY22 is showing at \$7.6 mil, which is still \$2.5-3.5 mil below our standard, pre-COVID subsidy. So that may be one of the bells for the BOH to ring to make sure that we get the health fund, or the General Fund subsidy, back to previous levels. A return to historical levels is really all that is expected or hoped for; we don't necessarily expect it to increase beyond normal rates.

- Mr. Geoffrion asked how PCHD would deal with what could be tens of millions of unexpected funds.
- Dr. Gates noted that PCHD does not expect this large of a general response to be repeated on an annual basis, so continued County support for public health will be needed.
- Mr. Geoffrion asked is there a plan in place to get a handle on the management of data flow and to review and better understand the information technology support?
- Dr. Gates indicated that one of the elements that was also included in both the Health Department 2.0 vision, and some recent funding from the State, is improvement in public health informatics, improvement in data interoperability and interchange. Part of the Health Department 2.0 plan is to bring in staff, as well as consultants, to increase the level of HL7 messaging; standardizing terminology so that interfaces work as they should; and collaborating with the ITD (integration technology department) at higher levels.
- Dr. Gates noted that there is the expectation of a significant increase in the County's focus on equity, but specifically the Health Department's focus on health equity as well. And we are now finally being allowed to allocate County funds to equity efforts, as opposed to simply having to rely on grant funds.

5. Determine Appropriate Recommendations to Present to March Meeting of Board of Health

- Mr. Geoffrion noted that the subcommittee will be providing a preliminary update of this meeting's information at the Board of Health meeting on March 24. He asked Dr. Gates to advise him if there should be anything that comes up for review before then, and that the subcommittee will reconvene.

6. Summation of Action Items and Proposal of Future Agenda Items

- The subcommittee will work with Suzanne Goodman to schedule the next subcommittee meeting in the next 2-3 weeks. Suzanne advised Mr. Geoffrion that there is a potential conflict in scheduling a meeting April 9-16. Mr. Geoffrion noted he will keep that in mind when scheduling.

7. Adjournment

The meeting adjourned at 10:43 A.M.