



Mental Health Services
Oversight & Accountability Commission

Financial Oversight Committee

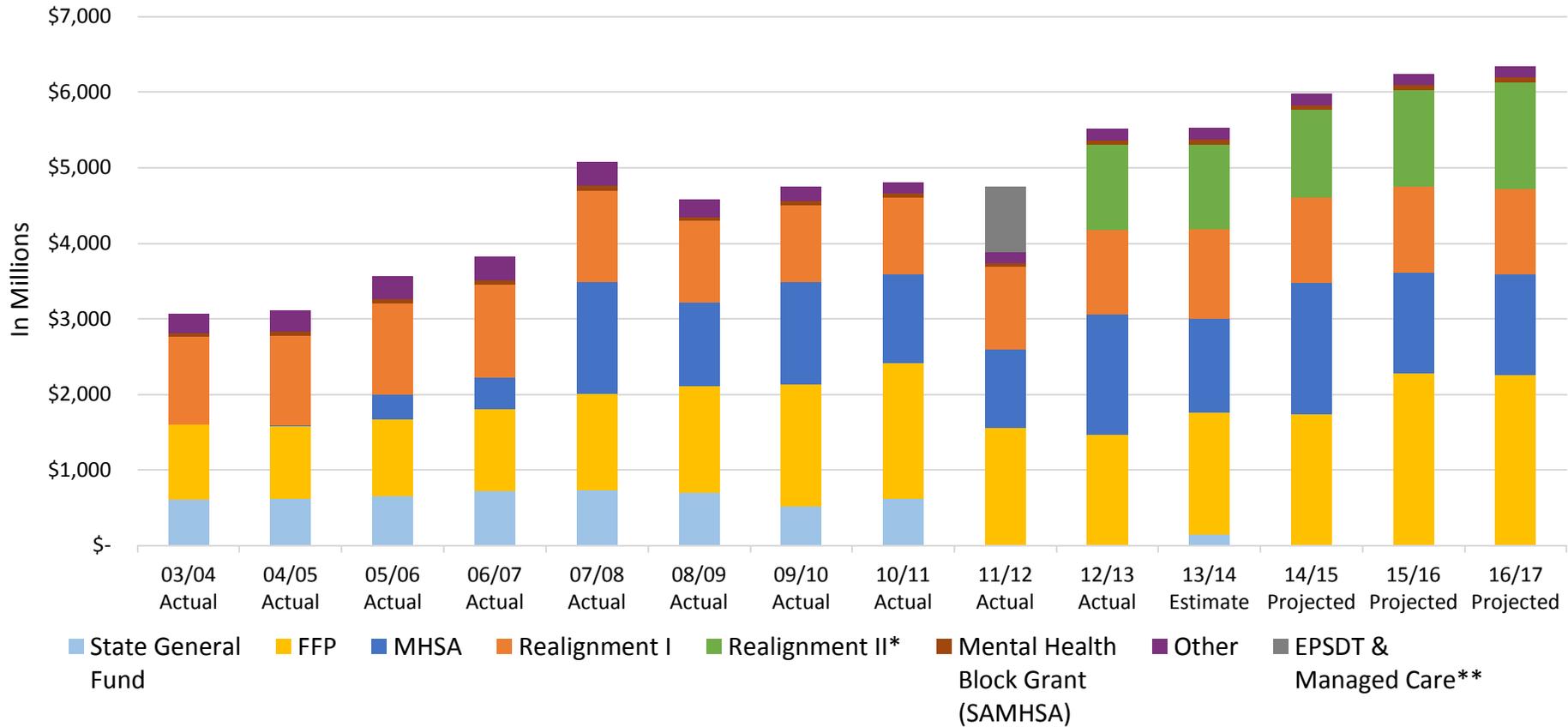
Financial Report

January 28, 2016

Mental Health Funding at the Local Level

FY 03/04 - 16/17

The graph below displays local mental health funding levels from 2004 to 2016 from different funding sources. The graph also indicates that even with fluctuations of individual accounts, funding for the overall system has grown since the enactment of the MHPA in 2005.



MHPA funding for counties shown above is from the governor’s budget and the actual amount distributed will be based on actual revenues deposited into the fund less the amount reserved and spent on administration.

Realignment I 1991: Transferred control of several health and mental health programs from the state to the counties, reduced State General Funds to the counties, and provided the counties with “new” tax revenues from increased sales tax and vehicle license fees dedicated to counties for their increased financial obligations for health and mental health programs.

Realignment II 2011: shifts “existing” state revenues from sales tax, vehicle license fee for various programs including EPSDT and mental health managed care.

The total funds for the 2011 Realignment includes funds for Substance Use Disorders.

** One time redirected MHPA funding for EPSDT and Mental Health Managed Care. State general funding for mental Health was replaced by Realignment I and

*Realignment II.

Source: Sources identified in Appendix 1

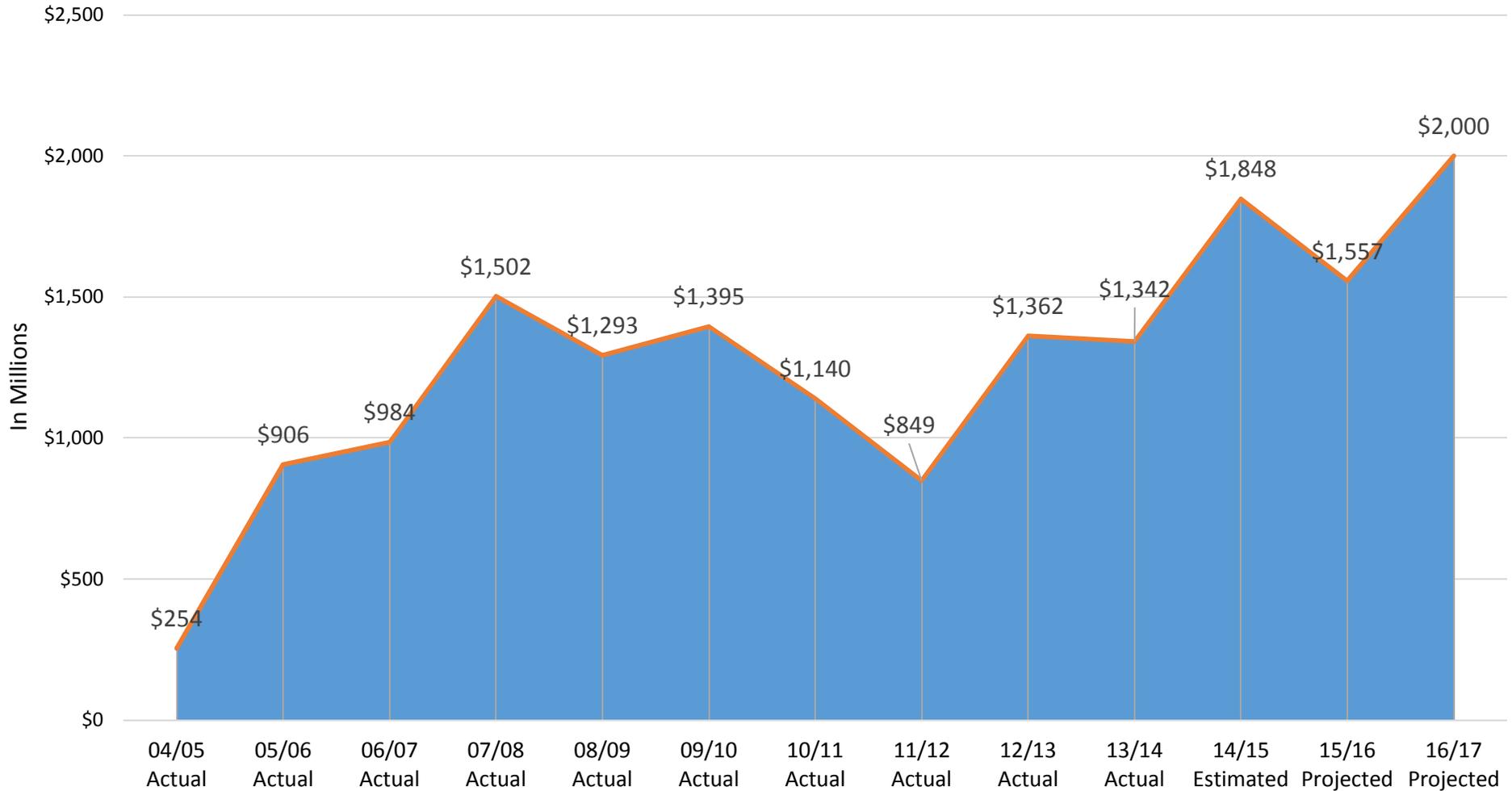
January 2016

Updated Semi-Annually

Total MHPA Revenue

FY 04/05 - 16/17

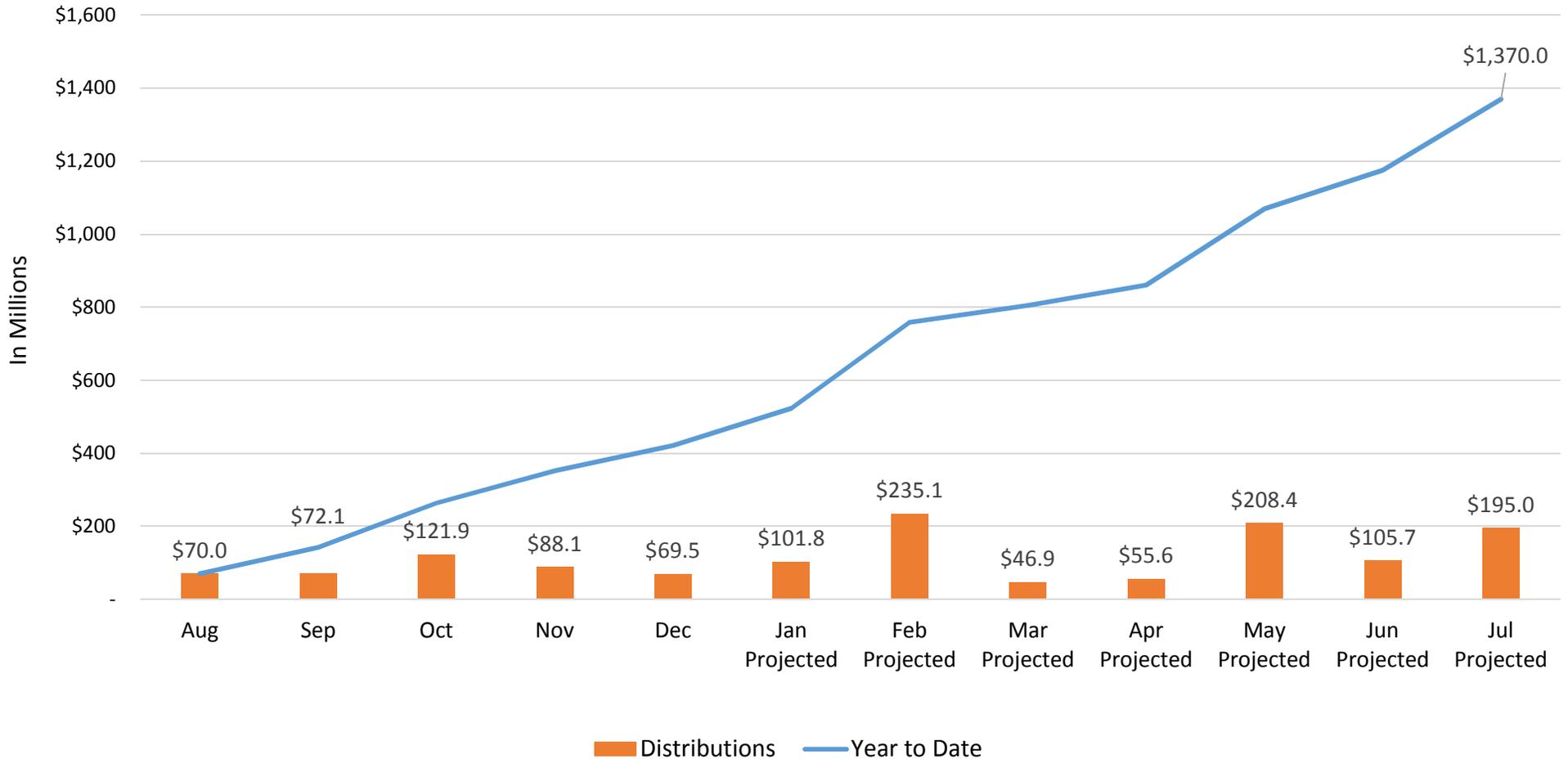
The graph below indicates the actual and estimated total MHPA Revenue received from 2004 to 2016. MHPA funding is susceptible to economic fluctuations as noted in the graph below. Each county is required to establish a prudent reserve that would mitigate, but not prevent, the need for program reductions in years with such extreme decreases in revenue. Each county's prudent reserve will be treated as a county-specific encumbrance by the Department and the target for each county's initial reserve amount is 50 percent of their CSS planning estimate.



Mental Health Services Funds Distributed to Counties

FY 2015/16

This chart reflects changes to distributions of MHSA Funds from July 2015 to June 2016. Currently, these funds are no longer distributed by MHS Component, (Community Services and Supports, Prevention and Early Intervention, Innovation, etc.). Distribution in FY 2015/2016 represents actual Mental Health Services funds distributed for the first 7 months of 2015/16 and projected distribution for January through June.



For a year to date, county by county summary of distributions, refer to the following link:

http://www.sco.ca.gov/Files-ARD-Payments/mentalhealthservices_ytd_14/15.pdf

MHSA Housing Program

FY 15/16

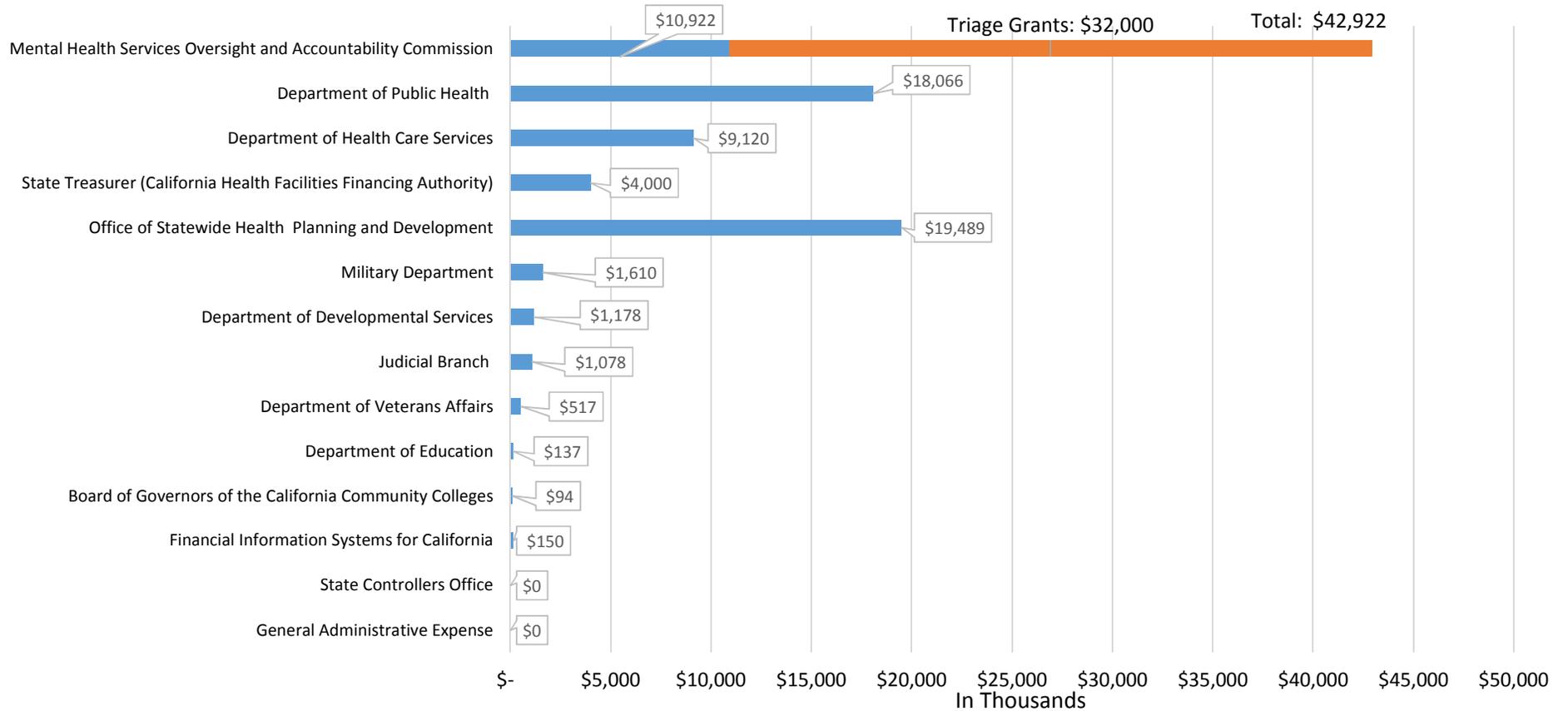
Executive Order S-07-06, signed by Governor Schwarzenegger on May 12, 2006, mandated the establishment of the MHSA Housing Program, with the stated goal of creating 10,000 additional units of permanent supportive housing for persons with serious mental illness who are homeless or at risk of homelessness. In May 2007, \$400M of MHSA funds was made available under the MHSA Housing Program. This program makes permanent financing and capitalized operating subsidies available for the purpose of developing permanent supportive housing, including both rental housing and shared housing, to serve persons with serious mental illness who are homeless or at risk of homelessness. This was a one-time allocation of MHSA funds. Continued funding of the program will be a local decision as a county determines whether to assign additional MHSA funding beyond the original \$400 million.



MHSA Administration Funds by Department (In Thousands)

FY 2016/17

This graph identifies the the state entities that receive MHSA Administrative Funds. These funds are utilized for administration, services, research, etc. A portion of these funds were reappropriated from prior year administrative funds and are attributed to the 5% administrative cap for a different fiscal year in which they are expended.



Amount Budgeted for Fiscal Year 2016/17 \$ 98,361 Projected

Appendix 1: Mental Health Funding Levels at the Local Level (In Millions)

FY 04/05 - 16/17

	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17
	Actual	Estimate	Projected	Projected	Projected								
State General Fund	\$ 621.6	\$ 653.5	\$ 721.8	\$ 738.5	\$ 701.0	\$ 518.0	\$ 619.4	\$ 0.1	\$ -	\$ 142.5	\$ -		
Realignment I	\$ 1,189.9	\$ 1,217.1	\$ 1,230.9	\$ 1,211.5	\$ 1,072.4	\$ 1,023.0	\$ 1,023.0	\$ 1,097.6	\$ 1,124.0	\$ 1,185.0	\$ 1,134.0	\$ 1,132.6	\$ 1,133.4
Realignment II*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,131.0	\$ 1,129.0	\$ 1,163.3	\$ 1,283.1	\$ 1,411.1
Mental Health Block Grant (SAMHSA)	\$ 53.5	\$ 54.4	\$ 54.7	\$ 55.1	\$ 53.7	\$ 54.0	\$ 53.7	\$ 53.1	\$ 57.4	\$ 57.4	\$ 57.4	\$ 57.4	\$ 57.4
FFP	\$ 955.5	\$ 1,019.9	\$ 1,076.8	\$ 1,266.4	\$ 1,404.6	\$ 1,619.2	\$ 1,799.9	\$ 1,562.5	\$ 1,465.0	\$ 1,624.0	\$ 1,743.0	\$ 2,277.6	\$ 2,252.9
MHSA	\$ 12.7	\$ 316.9	\$ 426.3	\$ 1,488.2	\$ 1,117.0	\$ 1,347.0	\$ 1,165.1	\$ 1,029.9	\$ 1,589.0	\$ 1,235.0	\$ 1,730.0	\$ 1,340.0	\$ 1,340.0
EPSDT & Managed Care**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 861.2	\$ -	\$ -	\$ -		
Other	\$ 276.2	\$ 295.4	\$ 306.8	\$ 313.3	\$ 233.9	\$ 187.6	\$ 139.4	\$ 139.4	\$ 150.0	\$ 150.0	\$ 150.0	\$ 150.0	\$ 150.0
TOTAL	\$ 3,109.4	\$ 3,557.2	\$ 3,817.3	\$ 5,073.0	\$ 4,582.6	\$ 4,748.8	\$ 4,800.5	\$ 4,743.8	\$ 5,516.4	\$ 5,522.9	\$ 5,977.7	\$ 6,240.7	\$ 6,344.8

State General Fund (SGF): The SGF is funded through personal income tax, sales and use tax, corporation tax, and other revenue and transfers. Prior to the Governor's FY 2011/12 Budget Proposal, the primary obligations of the SGF provided counties with mental health dollars to fund specialty mental health benefits of entitlement programs including Medi-Cal Managed Care, Early and Periodic Screening Diagnosis Treatment (EPSDT) and Mental Health Services to Special Education Pupils (AB 3632). State General Fund for mental Health was replaced by Realignment I and Realignment II. State General Fund in 2013/14 was for the California Health Facilities Financing Authority Senate Bill (SB) 82 Grants.

Realignment 1991: In the 1991/92 fiscal year, State-Local Program Realignment restructured the state-county partnership by giving counties increased responsibilities and funding for a number of health, mental health, and social services programs. This realignment provides counties with dedicated tax revenues from the state sales tax and vehicle license fee to pay for these programs.

Realignment 2011: Realignment is the shift of funding and responsibility from the State to the counties to provide mental health services, social services and public health. There are two sources of revenue that fund realignment: 1.0625 cents of State sales taxes and a portion of State vehicle license fees. The primary mental health obligation of realignment is to provide services to individuals who are a danger to self/others or unable to provide for immediate needs. It is also a primary funding source for community-based mental health services, substance abuse services, State hospital services for civil commitments and Institutions for Mental Disease (IMDs) which provide long-term care services. Realignment II is for behavioral health services more broadly. The numbers displayed exclude the fixed set-aside for Women and Children's Residential Treatment.

Mental Health Block Grant (SAMHSA): Mandated by Congress, SAMHSA's block grants are noncompetitive grants that provide funding for substance abuse and mental health services.

Federal Financial Participation (FFP): FFP is the federal reimbursement counties receive for providing specialty mental health treatment to Medi-Cal and Healthy Families Program beneficiaries. The amount of federal reimbursement received by counties is based on a percentage established for California and which is called the Federal Medical Assistance Percentage (FMAP) and gives counties the funding responsibility for EPSDT and Mental Health Managed Care.

Proposition 63 Funds (MHSA): The MHSA is funded by a 1% tax on personal income in excess of \$1 million. The primary obligations of the MHSA is for counties to expand recovery based mental health services, to provide prevention and early intervention services, innovative programs, to educate, train and retain mental health professionals, etc.

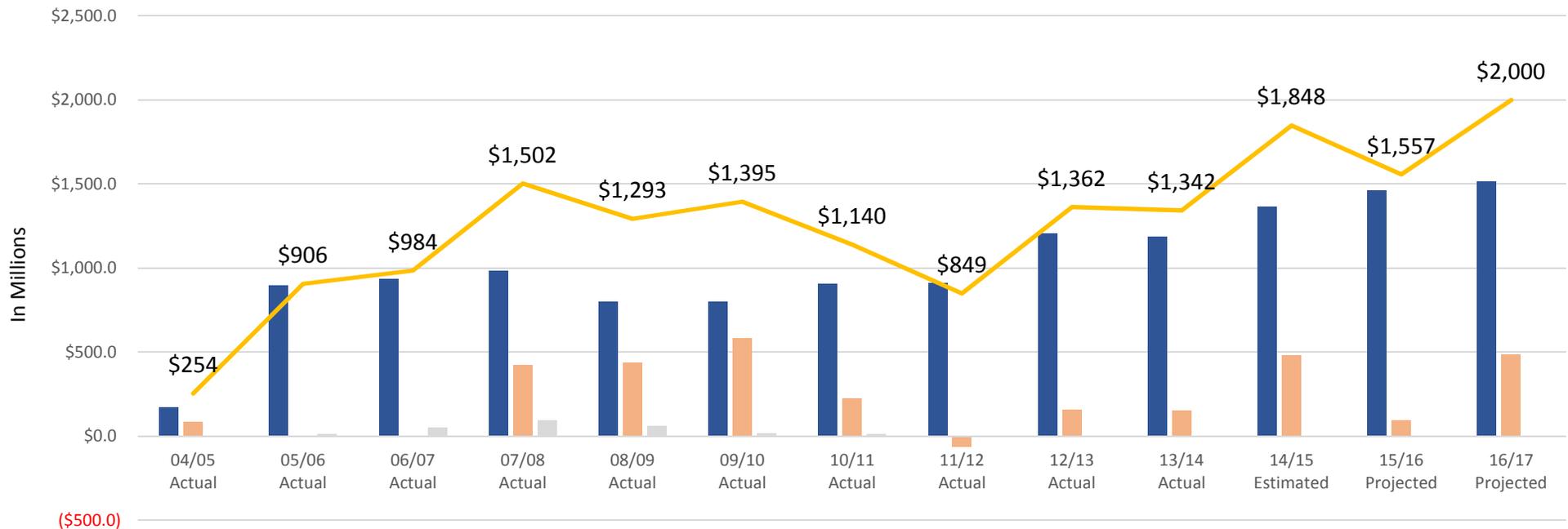
** One time redirected MHSA funding for EPSDT and Mental Health Managed Care.

Other: Other revenue comes from a variety of sources--county funds are from local property taxes, patient fees and insurance, grants, etc. The primary obligation of the county funds is the maintenance of effort (the amount of services required to be provided by counties in order to receive Realignment funds).

Appendix 2: Total MHSA Revenue

FY 04/05 - 15/16

This graph and chart displays in more detail the information found on the graph on page two, Total MHSA Revenue . The dollars identified below may not tie to Annual Adjustment figures published by DOF because DOF uses an accrual method to determine dollars and DMH (DHCS after June 30, 2012) and the MHSOAC base their figures on cash received.



■ Cash Transfers
 ■ Annual Adjustment
 ■ Interest Income
 — TOTAL

	04/05 Actual	05/06 Actual	06/07 Actual	07/08 Actual	08/09 Actual	09/10 Actual	10/11 Actual	11/12 Actual	12/13 Actual	13/14 Actual	14/15 Estimated	15/16 Projected	16/17 Projected
Cash Transfers	\$169.5	\$894.6	\$935.1	\$983.9	\$797.0	\$799.0	\$905.0	\$910.0	\$1,204.0	\$1,187.0	\$1,367.0	\$1,462.0	\$1,515.0
Annual Adjustment	\$83.6	\$0.0	\$0.0	\$423.7	\$438.0	\$581.0	\$225.0	(\$64.0)	\$157.0	\$154.0	\$480.0	\$94.0	\$484.0
Interest Income	\$0.7	\$11.2	\$49.2	\$94.4	\$57.6	\$14.9	\$9.7	\$2.7	\$0.7	\$0.5	\$0.8	\$0.8	\$0.8
TOTAL	\$253.8	\$905.8	\$984.3	\$1,502.0	\$1,292.6	\$1,394.9	\$1,139.7	\$848.7	\$1,361.7	\$1,341.5	\$1,847.8	\$1,556.8	\$1,999.8



Motion:

The MHSOAC accepts the January 2016 Financial Report.