



Evaluation Interpretation Paper

**Interpretation of UCLA Phase II Contract #10-70123-000
Deliverable 1b: MHSA Costs and Activities Summary Report and
Capital Facilities and Technological Needs Brief**

October 2013

Introduction

As part of its Welfare & Institution Code (WIC) Section 5845 oversight responsibilities, and consistent with the vision of the recently adopted Mental Health Services Oversight and Accountability Commission (MHSOAC) Evaluation Master Plan, the MHSOAC entered into an evaluation-focused contract with a group of researchers at the University of California, Los Angeles (UCLA) Center for Healthier Children, Youth, and Families on January 31, 2011. The contract requires the researchers to evaluate Mental Health Services Act (MHSA) components. The first report (Deliverable 1a) to be completed via this contract was submitted to the MHSOAC on June 30, 2011 and included a summary of MHSA component allocations, approved funding, and expenditures for three fiscal years (i.e., 2006/07 through 2008/09). The focus of this initial report was on MHSA funds documented at the statewide and county levels by component and funding category.

The second report (Deliverable 1b) to be completed via this contract, which is the focus of this interpretation paper, was submitted on November 30, 2012 and had a comparable focus to Deliverable 1a, with the exception of the inclusion of an additional year of data—Fiscal Year (FY) 2009/10—as well as additional “critical variables consistent with the MHSA and system of care statutes”. As such, Deliverable 1b included an overarching “MHSA Cost and Activities Summary Report” that focused on FY 2006/07 through FY 2009/10 along with additional briefs that provided a more in-depth focus on MHSA components, including one on Capital Facilities and Technological Needs (CF/TN).

The overarching MHSA Cost and Activities Summary Report and the CF/TN Brief that were generated per Deliverable 1b are the subject of this interpretation paper. The MHSOAC determined that an interpretation of these reports would be appropriate due to the need to provide additional context for the findings highlighted by the contractors in each report.

Please note that the formal title of the Deliverable 1b MHSA Cost and Activities Summary Report is “California’s Investment in the Public Mental Health System: Prop 63 Allocations and Expenditures (2006/07 – 2009/10)”, and the CF/TN Brief is formally titled as “California’s Investment in the Public Mental Health System: Prop 63 Allocations and Expenditures—Capital Facilities and Technological Needs (FY 2006/07 through 2009/10)”.

Statement of the Problem and Purpose of this Interpretation Paper

Upon receipt of the Summary Report and CF/TN Brief, MHSOAC staff identified several potentially problematic issues with the report contents, including the methods through which the results were obtained and the results themselves. In sum, the reports identify an unusually high dollar amount of unexpended funds across many MHSA components that were not readily explained in the reports. This discovery prompted MHSOAC staff to work with the UCLA researchers to better understand the findings and consider the methods used to generate the report

results. Although some issues that were identified by MHSOAC staff were rectified in subsequent versions of the initially submitted reports, MHSOAC staff concluded that several challenges impeded the ability to fully rectify the problems that were identified. In addition, MHSOAC staff concluded that some of the identified problems would not be surmountable without a significant undertaking that was beyond the scope of the UCLA contract.

In line with its oversight authority, the MHSOAC is providing a basis for understanding and interpreting the reports. Within this interpretation paper, we describe what we believe to be the limitations of the two UCLA reports, including a summary of the overarching problems that generated what is likely to be a questionable depiction of MHSA expenditures across components. This paper also provides recommendations for how some of the identified problems may be resolved—one of which has already begun.

It is important to note that it is not the intention of this paper to assign blame or to exonerate any entity for the issues that have been brought to the surface via this MHSOAC evaluation effort. Rather, the MHSOAC sees this as an opportunity to identify problems that have and continue to impact the research and reporting processes of the MHSA. This review and interpretation is intended to allow the MHSOAC to make recommendations that are aimed at strengthening future evaluation efforts so that we can generate knowledge that is as accurate, valid, and reliable as possible. It is only with such knowledge that we can work toward improving the quality of the public mental health services and systems throughout our state.

Methodological Problems with the Reports

The methodological problems that were identified within the MHSA Costs and Summary Report and CF/TN Brief fall into two main categories; each category is further described below:

- Problems with the data that were used to generate the report results;
- Problems due to changes in the law governing the MHSA and the gradual and varied implementation of the MHSA.

Problems with the Data

Data related to the MHSA (e.g., clients served and details about those clients, services offered and details about those services, funding sources for services and other MHSA activities, etc.) are collected via numerous methods. For example, the Data Collection and Reporting system (DCR) is used to track individual level performance of clients in Full Service Partnerships (FPS). The Client and Service Information system (CSI) is a central repository for data pertaining to individuals who are recipients of mental health services provided at the county level via the Community Services and Supports (CSS) component. Annual Revenue and Expenditure Reports (RER) are completed by counties and provide expenditures for MHSA components and, in some cases, are broken down by program (e.g., prior to FY 2012/13, within the CSS component only

FSP and “non-FSP” costs were requested to be broken down via the RERs; other programs within the non-FSP group were lumped together). Counties are also required to prepare a Three-Year Plan and provide Annual Updates that include revisions to the Three-Year Plan each year.

Although basic guidelines are provided for how these data collection and reporting systems can and should be used, there is large variation in what information is submitted to the state via these systems, as well as what is required to be submitted to the state by counties. This is especially true within the RERs and Annual Updates, which have instructions that can be widely interpreted and leave much room for inclusion of information guided by county-level preferences. For example, the information received via the Annual Updates is oftentimes largely narrative and county-specific rather than systematic and consistent across counties. Furthermore, there have been changes in county requirements for submission of this information since implementation of the MHSA (guidelines for what to submit is often revised on an annual basis). In addition, not all counties submit Annual Reports and RERs each year. When these reports are submitted, they may not be submitted at the same time or at the same intervals or even for the appropriate fiscal years. Taken together, these reporting and report inconsistencies, which stem from 2005 through current day, provide information about MHSA implementation and ongoing activities that is questionable. At a minimum, the data received by the state—especially those regarding county-level MHSA component-specific activities—is inconsistent across years and not systematically provided by all counties. Please note that this issue is likely the result of limited and changing instructions provided to the counties by the State.

The data sources used in the MHSA Costs and Activities Summary Report and CF/TN Brief include an archived source document from the California Department of Mental (which was used to generate allocations and approved funding) and the RERs (which were used to generate component expenditures). There are limitations inherent to both of these data sources that diminish the confidence in which accurate information can be extrapolated from them. Although it may seem logical to rely upon the DMH source document and RERs as an accurate source of county-level data on MHSA available funds and expenditures (by component and across fiscal years), these documents have not been consistently structured or completed in a manner that lends them to be reliable or easy-to-use, especially when trying to compile information on a statewide level.

As described within Appendix B of the MHSA Costs and Activities Summary Report, the UCLA researchers experienced several challenges when attempting to compile the information that had been received from the 58 counties and two municipalities into a statewide database that would enable them to depict allocations and expenditures at the statewide level. For example, the Appendix notes that the requested structure of the RERs varied across the fiscal years that were focused on within the reports. In addition, although the RERs instruct counties to use an associated Excel template to insert and submit the requested data (so that various items can be

calculated automatically via the worksheet in a systematic manner), counties sometimes revised the template and formulas included within it to meet their own needs. The UCLA researchers undertook a laborious task fraught with room for error as they meticulously attempted to force consistency across clearly inconsistent RERs.

Taken together, it appears as though the primary data sources used to identify allocations, approved amounts, and expenditures for MHSA components for the two reports in question lack accuracy and consistency across counties and fiscal years. This fact diminishes the confidence with which one can agree with the findings described within the MHSA Costs and Activities Summary Report and CF/TN Brief. This fact also points to the need to consider how to overcome these obstacles in the future, as the MHSOAC continues to carry out its statutory oversight role regarding the proper spending of MHSA funds.

Problems due to Changes in the Law and MHSA Implementation

Since the initial passing of the MHSA in November of 2004 and implementation in January 2005, several changes to the statute have occurred. In addition, “full” implementation of the MHSA did not go into effect immediately; rather, there was a purposeful gradual rolling out of various MHSA components. This gradual rolling out was intended to give counties and the State time to focus on each individual component rather than assuming that anyone would be able to implement all components collectively at the same time. As such, the State issued informational notices, regulations, and guidelines over the years that have intended to help guide implementation. The changes in statute and ongoing issuing of other information intended to direct MHSA implementation has resulted in significant variation across time and across counties regarding things like component implementation and fiscal processes. Such variation makes evaluation of these things challenging due to the need for a certain level of conformity in order to draw comparisons and assess things in an aggregated manner.

An example issue that would need to be considered within these reports that would allow for a more accurate understanding of statewide and county-level allocations and expenditures includes the passing of AB 5XXX. AB 5XXX, which was passed in January 2009, is an example of a major law and accountability change that occurred during the period focused on in these reports. Revisions to the MHSA based on AB 5XXX changed the requirements for the counties’ reporting responsibilities on both the Annual Updates and the Revenue and Expenditure Reports. The fiscal changes associated with AB 5XXX resulted in changed and allowable modifications to the counties’ RERs for FY 2008/09 and 2009/10. New instructions were developed for how to complete these reports and counties were allowed to revise their previously submitted RERs if they desired. The RERs used by the researchers to draw the conclusions described within the Summary Report and CF/TN Brief may have been revised per these new instructions in some cases and not in others.

Conclusion

Stated plainly, the fiscal elements of the evaluation and report of MHSA Cost and Activities report and the CF/TN Brief may be a questionable representation of the status of the MHSA dollars. However, these reports reflect a best attempt to understand where the MHSA funds are, how they are/were utilized, and what the component balances actually are, based on information available to the State at the time of this evaluation.

MHSOAC staff have identified recommendations that may help us to better understand the specific issue of MHSA expenditures and other fiscal activities that took place during FY 2006/07 through 2009/10. In addition, these recommendations speak to methods that may help to strengthen MHSOAC-sponsored evaluation activities carried out in the future focused on achieving similar goals.

Recommendation #1—Work with DHCS to develop a more accurate understanding of the current status of FY 2006/07 through 09/10 MHSA costs and activities.

MHSOAC staff have recently had several meetings with staff at the Department of Health Care Services (DHCS) to consider the status of the reports. The MHSOAC initially shared the Cost and Activities Report with DHCS and asked them to consider the report findings. Since DHCS has statutory responsibility for the Revenue and Expenditure Reports, they were able to replicate the work done by the UCLA Evaluation Team. In an initial review of the RERs that had been received to date, the calculations done by DHCS resulted in findings that were closely in line with the unexpended fund amounts identified by the UCLA reports.

Based on the similarity in these somewhat concerning findings, the MHSOAC requested that DHCS obtain additional information from counties regarding expenditures and unexpended funds that might help to provide a more accurate and up-to-date depiction of MHSA expenditures for 2009/10. This request (to county Mental Health Directors, which was sent on May 20, 2013) asked counties to submit information to help DHCS and the MHSOAC more accurately determine the amount of unexpended funds for FY 2009/10 for each MHSA component. Additional information that was not available to the UCLA researchers that DHCS believed would enable a more accurate understanding of unexpended funds for FY 2009/10 was requested, including expenditures for FY 2010/11 and 2011/12.

This additional information was believed to be relevant since some of the funds provided to counties were allocated to components that have longer spending terms than others. For example, counties have until 2017/18 to spend Workforce Education and Training (WET) and Capital Facility and Technological Needs (CF/TN) funds. In contrast, funds allocated to Prevention and Early Intervention (PEI) should have been spent by the end of FY 2011/12, which means there should be no unexpended funds for this component that are not subject to reversion (i.e., all PEI funds unspent by 11/12 may be subject to reversion). Similarly, any unexpended Community

Services and Supports (CSS) funds seen in 2009/10 would also be subject to reversion due to a shorter spending term. Thus, by obtaining information on unexpended funds through 2011/12, consideration could be given to components where unexpended funds would be expected due to a funding term limit that has not yet been reached (as is the case with WET and CF/TN).

The result of this effort was a report developed by DHCS that contained an updated estimate of MHSA unexpended funds for FY 2009/10. This report showed a significantly reduced amount of unexpended funds for this fiscal year, in comparison to the report previously created by the UCLA evaluation team. The reports collectively showed the following unexpended funds at the statewide level for FY 2009/10:

- UCLA MHSA Cost and Activity Summary Report: \$977,344,529¹
- DHCS Report: \$580,967,548².

Results of this effort showed that the amount of unexpended funds identified in the DHCS report was, for the most part, in line with what would be expected based on variations across components in spending terms. For example, total unexpended funds for 2009/10 for the CSS component (for which funds should have been spent by now) were \$1,181,421 out of \$900,000,000 in available funds (0.1% of funds were unexpended), whereas other components with longer spending terms showed higher percents of unexpended funds (e.g., 62.2% of WET funds; 70.9% of CF/TN funds).

These revised numbers obtained from DHCS from recent data provided by the counties may provide the most accurate depiction of unexpended funds for FY 2009/10.

Recommendation #2—Strengthen the data collection and reporting systems that provide both DHCS and the MHSOAC with data needed to accurately understand funding allocations and expenditures.

There are likely many ways in which the MHSOAC and DHCS can work together to strengthen the current fiscal reporting systems. Some initial suggestions are the following:

- Collectively review and reconcile the Revenue and Expenditure reports more regularly based on new data submitted to the State by the counties. For example, when a county submits data that is not in line with what is requested, reach out to the county to obtain the requested information.
- Continue to revise and refine the requested RER data elements/fiscal information so that the reports are more clear (and less open to interpretation). Revise the forms using a thorough process that is informed by all appropriate State entities, the counties, and

¹ The UCLA Report included unexpended funds for five (5) components: CSS, PEI, INN, WET, and CF/TN.

² The DHCS Report included unexpended funds for eight (8) components: CSS, PEI, INN, WET, CF/TN, PEI Training/Technical Assistance/Capacity Building, WET RP, and PEI Statewide Program funds.

perhaps other stakeholder advisors. Revise them with a long-term framework in mind (e.g., consider what the counties should be reporting in the long-term so that the instructions do not need to be modified after a short number of years). Consider how to incorporate these guidelines in regulations.

- Provide counties with RERS guidelines in advance of the FY being analyzed so that counties can better prepare to collect (and later report) the information that the State requests.

Recommendation #3—Request that the MHSOAC Financial Oversight Committee review this interpretation paper and the associated reports and consider the financial and policy-related implications of these results.

Some of the issues that this interpretation paper and associated documents may bring up fall outside of the realm of evaluation (e.g., reversion of unexpended CSS funds from FY 2009/10). Therefore, it is recommended that the Financial Oversight Committee review the reports and consider next steps on how to proceed with addressing those issues. It will be imperative for the MHSOAC to be able to have an accurate understanding of available MHSOAC funds that are provided to the counties and the extent to which counties expend those funds. This information is necessary for the MHSOAC to perform its role as an oversight entity responsible for ensuring proper use of MHSOAC funds. The Financial Oversight Committee might consider ways to strengthen current policy that would enable the MHSOAC to more readily perform this role.