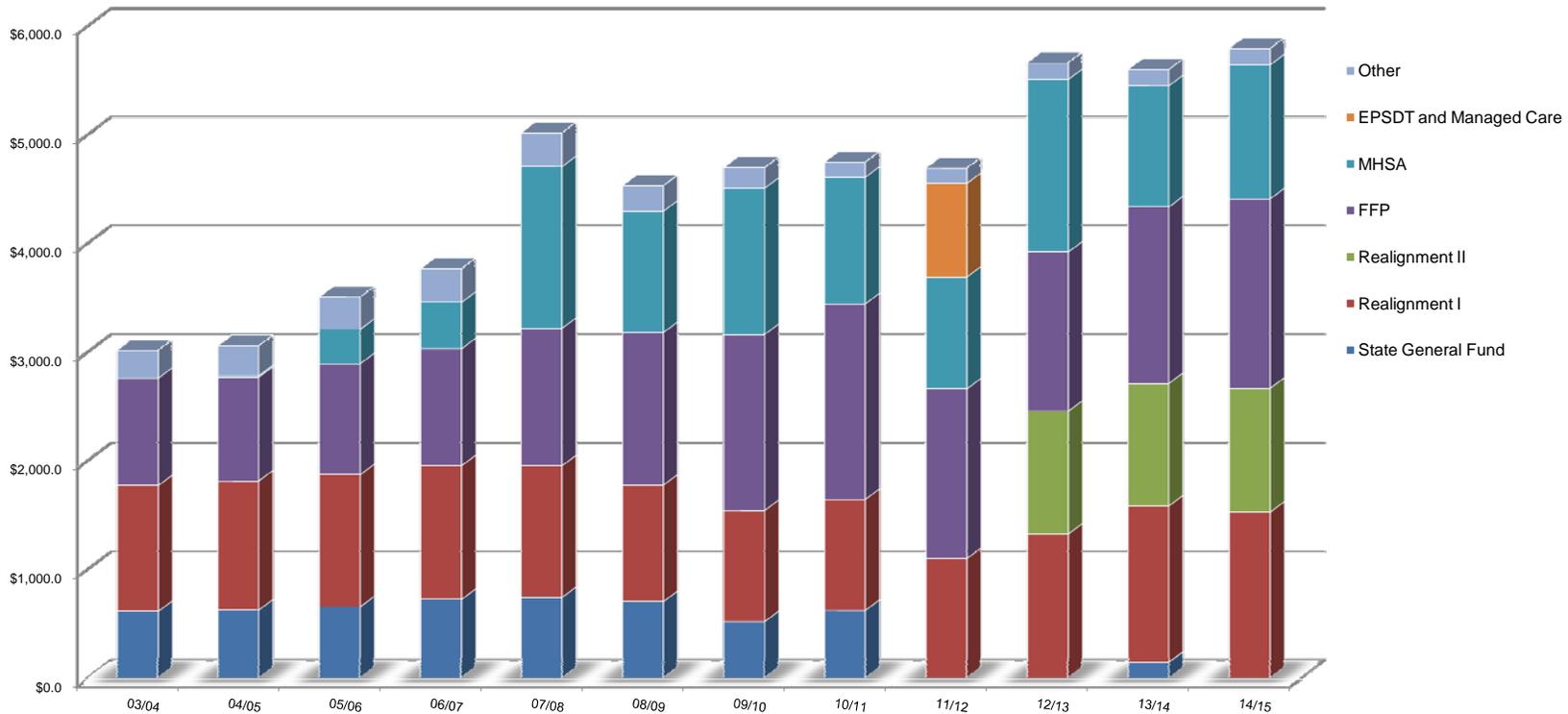




**Financial Oversight Committee
Financial Report
January 23, 2014**

Major Funding Sources Role of Major Funding Sources (Millions)



POLICY IMPLICATIONS:

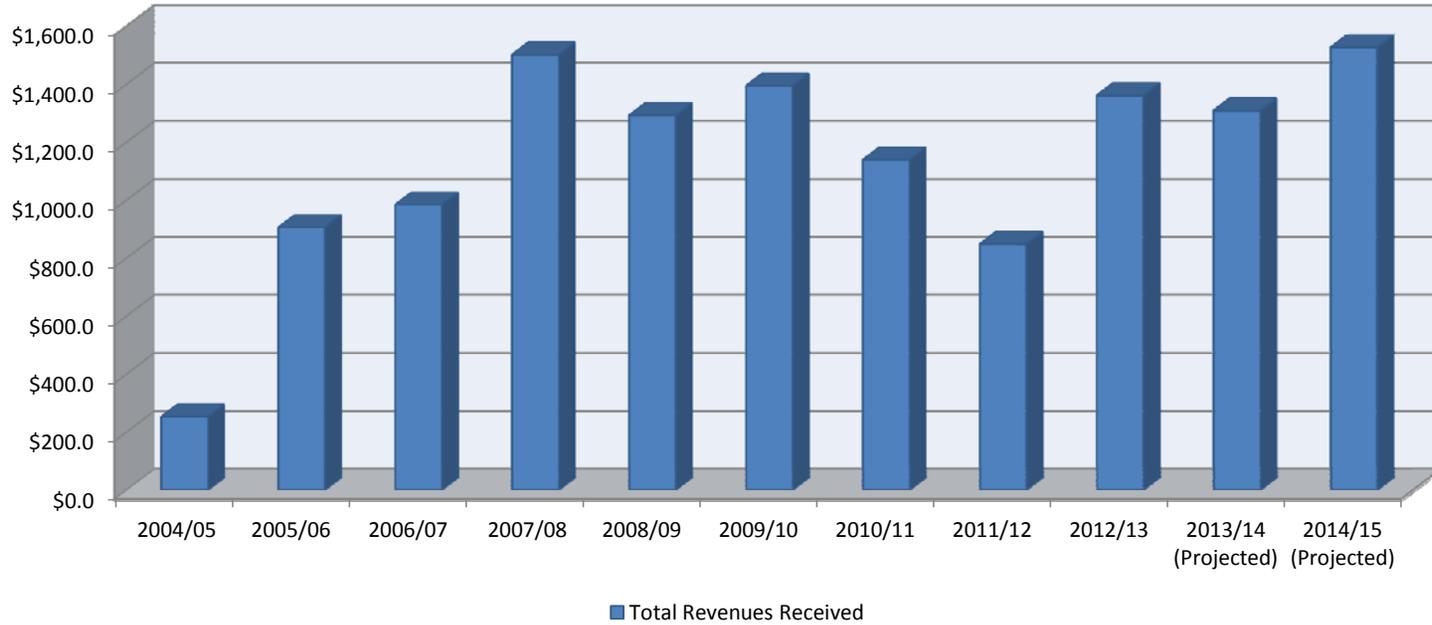
Even with fluctuations of individual accounts, funding for the overall system has grown since the enactment of the MHPA and has stayed relatively stable. MHPA allocations to counties for the first five months of FY 13/14 total \$400,446,720

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.

Source: Sources identified in Appendix 1
January 2014
Updated Semi-Annually

**MHSA FUNDING
(Millions)
(Cash Basis)**



POLICY IMPLICATIONS:

As reflected in the FY 2014/15 projection, there is a significant increase in revenue.

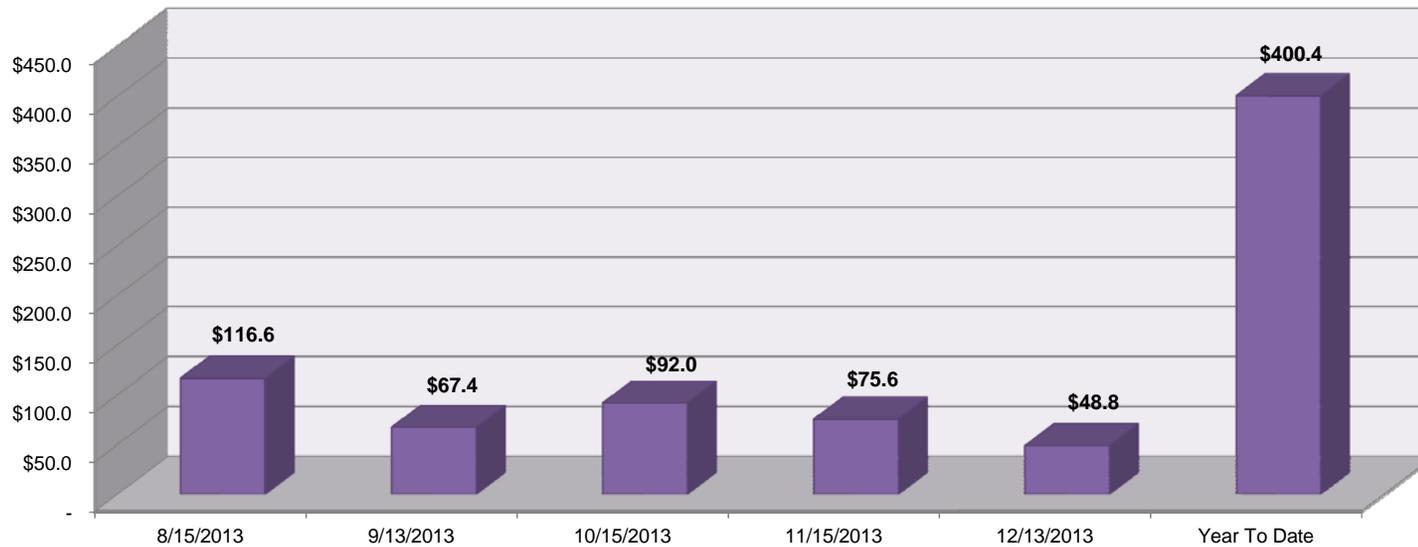
MHSA funding is susceptible to economic fluctuations as noted in the chart above. The importance of a Prudent Reserve is reflected in the fluctuations in the chart above.

Source: Sources identified Appendix 2

January 2014

Updated Semi-Annually

Mental Health Services Fund Distributions FY 2013/14 (Millions)



POLICY IMPLICATIONS:

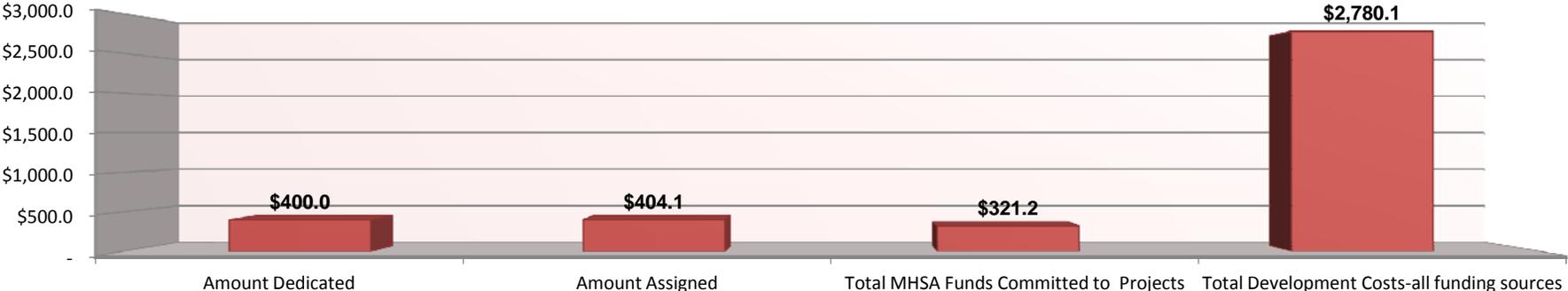
This is a new chart reflecting changes to distributions. Funds are no longer distributed by Component, (Community Services and Supports, Prevention and Early Intervention, Innovation, etc.).

Distribution in FY 8/15/2013 represents Mental Health Services funds distributed for July and August 2013.

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_1213.pdf

Source: State Controller's Office
January 2014
Updated Semi-Annually

MHSA Housing Program (Millions)



POLICY IMPLICATIONS:

There is still approximately \$79 million in uncommitted funds.

Last updated January 2014

Source: Department of Health Care Services

January 2014
Updated Semi-Annually

State Administered Funds By Department
2012-13

State Department	Amount of State Administration Budgeted
Judicial Brach	
State Operations	1,037
State Treasurer	
State Operations	4,000
Office of Statewide Health Planning and Development	
State Operations	3,539
Department of Healthcare Services	
State Operations	9,309
Department of Public Health	
State Operations	18,537
Department of Developmental Services	
State Operations	1176
State Controllers Office	
State Operations	0
Mental Health Services Oversight and Accountability Commission	
State Operations	40,948
Department of Education	
State Operations	131
Board of Governors of the California Community Colleges	
State Operations	84
Financial Information System of California	
State Operations	70
Military Department	
State Operations	1,360
Department of Veterans Affairs	
State Operations	504
General Administrative Expense	0
Total Expenditures and Expenditure Adjustments	80,695
*Millions	

Key Fiscal and Policy Indicators

Narrative (Information from Governor's 2015 Budget)

Health Care Reform Implementation:

In the past year, California has implemented significant portions of the Affordable Care Act (ACA). On October 1, 2013, Covered California, the new insurance market, began offering affordable health insurance, including plans subsidized with federally funded tax subsidies and products for small businesses with coverage that started January 1, 2014.

In addition, the Medi-Cal program was expanded in two ways:

- The mandatory expansion simplified eligibility, enrollment, and retention rules making it easier to get on and stay on the program.
- The optional expansion extended eligibility to adults without children and parent and caretaker relatives with incomes up to 138 percent of the federal poverty level.

Furthermore, California increased the mental health and substance use disorder benefits available through Medi-Cal to provide needed services, including those who are released from prisons or jails and who need these types of services to better support their reentry into the community.

Significant reforms in the individual and small group insurance markets will also take effect January 1, 2014. Most health plans and insurers in California are required to cover the 10 essential health benefits as required by federal law.

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¹ Taken from the Governor's 2014 Budget

Appendix 1
Community Mental Health Funding Amounts
Role of Major Funding Sources
(This data ties to chart on page 2)

Actual/Estimated/Projected Totals for the Major Community Mental Health Funding Sources												
	FY 03/04 (actual)	FY 04/05 (actual)	FY 05/06 (actual)	FY 06/07 (actual)	FY 07/08 (actual)	FY 08/09 (actual)	FY 09/10 (actual)	FY 10/11 (actual)	SFY 11/12 (actual)	SFY 12/13 (estimated)	SFY 13/14 (projected)	SFY 14/15 (projected)
State General Fund (SGF)	\$611.3	\$621.6	\$653.5	\$721.8	\$738.5	\$701.0	\$518.0	\$619.4	\$0.1	\$0.0	\$142.5	\$0.0
Realignment I*	\$1,159.3	\$1,189.9	\$1,217.1	\$1,230.9	\$1,211.5	\$1,072.4	\$1,023.0	\$1,023.0	\$1,097.6	\$1,324.0	\$1,438.0	\$1,526.0
Realignment II**	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,131.0	\$1,128.0	\$1,140.0
Federal Financial Participation (FFP)	\$987.5	\$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
Proposition 63 Funds (MHSA) Allocations/ Distributions	\$0.0	\$12.7	\$316.9	\$426.3	\$1,488.2	\$1,117.0	\$1,347.0	\$1,165.1	\$1,029.9	\$1,589.0	\$1,115.0	\$1,234.0
Redirected funding for EPSDT and Mental Health Managed Care	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$861.2	\$0.0	\$0.0	\$0.0
Other	\$255.2	\$276.2	\$295.4	\$306.8	\$313.3	\$233.9	\$187.6	\$139.4	\$139.4	\$150.0	\$150.0	\$150.0
TOTAL	\$3,013.3	\$3,055.9	\$3,502.8	\$3,762.6	\$5,017.9	\$4,528.9	\$4,694.8	\$4,746.8	\$4,690.7	\$ 5,659.0	\$ 5,597.5	\$ 5,793.0

*Includes \$14 million in Vehicle License Fee Collections. FY 11/12 and FY 12/13 and amounts from Governor's proposed FY 13/14.

**Managed Care and EPSDT share of 2011 Behavioral Health Subaccount only. FY 12/13 and FY 13/14 growth estimated on percentage of growth in Behavioral Health Subaccount from Governor's proposed FY 13/14 budget.

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).

Realignment: 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: 1/2 cent 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, State hospital services for civil commitments and Institutions for Mental Disease (IMDs) which provide long-term care services. 2011 Realignment gives counties the funding responsibility for EPSDT and Mental Health Managed Care.

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).

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.

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).

Source: FY 2012/13 Governor's Budget, DOF, DMH (DHCS after June 30, 2012) MHSA Summary Comparison (posted 07/21/2011), MHSOAC Fiscal Consultant Projections, and California Department of Health Care Services

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Appendix 2
MHSA REVENUES RECEIVED AT THE STATE LEVEL
(This data ties to the chart on page 3)

	SFY 04/05 (actual)	SFY 05/06 (actual)	SFY 06/07 (actual)	SFY 07/08 (actual)	SFY 08/09 (actual)	SFY 09/10 (actual)	SFY 10/11 (actual)	SFY 11/12 (actual)	SFY 12/13 (projected)	SFY 13/14 (projected)	SFY 14/15 (projected)
Cash Transfers	\$169.5	\$894.6	\$935.1	\$983.9	\$797.0	\$799.0	\$905.0	\$910.0	\$1,204.0	\$1,155.0	\$1,253.0
Annual Adjustment	\$83.6	\$0.0	\$0.0	\$423.7	\$438.0	\$581.0	\$225.0	-\$64.0	\$157.0	\$154.0	\$273.0
Interest Income	\$0.7	\$11.2	\$49.2	\$94.4	\$57.6	\$14.9	\$9.7	\$2.7	\$0.7	\$0.7	\$0.7
TOTAL	\$253.8	\$905.8	\$984.3	\$1,502.0	\$1,292.6	\$1,394.9	\$1,139.7	\$848.7	\$1,361.7	\$1,309.7	\$1,526.7

A comparison of MHSA revenues on an accrual basis and a cash basis was provided by the California Department of Finance (DOF).

Note: The dollars identified above may not tie to Annual Adjustment figures published by the Department of Finance (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.

Source: FY 2012/13 Governor's Budget, DOF, DMH (DHCS after June 30, 2012) MHSA Expenditure Report (FY 04/05 through 11/12 amounts) and the Legislative Analyst Office (LAO) Fiscal Outlook. FY 13/14 cash transfers and interest income are projected amounts based on personal income tax estimates from the LAO. Estimated numbers are for FY 11/12 and projected numbers are for FY 12/13 and FY 13/14.

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All data should be input on this page (No data input on the actual visuals)

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Cash Transfers	169.50	894.60	935.10	\$983.9	\$797.0	\$799.0	\$905.0	\$910.0	\$1,204.0	\$1,155.0	\$1,253.0
Annual Adjustment	\$83.60	\$0.0	\$0.0	\$423.7	\$438.0	\$581.0	\$225.0	-\$64.0	\$157.0	\$154.0	\$273.0
Interest Income	\$0.70	\$11.2	\$49.2	\$94.4	\$57.6	\$14.9	\$9.7	\$2.7	\$0.7	\$0.7	\$0.7
TOTAL	\$253.8	\$905.8	\$984.3	\$1,502.0	\$1,292.6	\$1,394.9	\$1,139.7	\$848.7	\$1,361.7	\$1,309.7	\$1,526.7

(Table 1)

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14 (Projected)	(Projected)
Total Revenues Received	\$253.8	\$905.8	\$984.3	\$1,502.0	\$1,292.6	\$1,394.9	\$1,139.7	\$848.7	\$1,361.7	\$1,309.7	\$1,526.7

(Visual 1)

MHSA Funding: County-Level Approved/Distributed (By Fiscal Year) 2004/05 through 2011/12		
	Approved/Distributed Funds	Amount Reverted
2004/05	\$ 12.7	\$ 0.3
2005/06	\$ 315.2	\$ 2.1
2006/07	\$ 426.3	\$ -
2007/08	\$ 1,488.0	\$ 0.2
2008/09	\$ 1,117.0	\$ -
2009/10	\$ 1,347.0	\$ -
2010/11	\$ 1,165.4	\$ -
2011/12	\$ 1,029.9	\$ -
Total (All Years)	\$ 6,901.5	\$ 2.6

All Components
Table 3 and 4

MHSA Funding: County-Level CSS, PEI, and INN Approved/Distributed Funds (By Fiscal Year) 2004/05 through 2011/12		
	Approved/Distributed Funds	Amount Reverted
2004/05	\$ 12.7	\$ 0.3
2005/06	\$ 315.2	\$ 2.1
2006/07	\$ 320.5	\$ -
2007/08	\$ 1,033.0	\$ 0.2
2008/09	\$ 993.7	\$ -
2009/10	\$ 1,343.6	\$ -
2010/11	\$ 1,163.0	\$ -
2011/12	\$ 1,020.9	\$ -
Total	\$ 6,202.6	\$ 2.6

(CSS, PEI & INN)
Table 3 and 4

CSS, PEI, INN, WET, and CFTN

MHSA Funding: County-Level Approved/Distributed Funds (By Fiscal Year) 2006/07 through 2010/11		
	Approved/Distributed Funds	Amount Reverted
2006/07	\$ 105.8	\$ -
2007/08	\$ 110.0	\$ -
2008/09	\$ 9.2	\$ -
2009/10	\$ 2.1	\$ -
2010/11	\$ 0.1	\$ -
2011/12	\$ 9.0	\$ -
Total	\$ 236.2	\$ -

TABLE 3 and 4
(WET)

MHSA Funding: County-Level Table 3 and 4 (CFTN)

Approved/Distributed Funds (By Fiscal Year) 2006/07 through 2010/11		
	Approved/Distributed Funds	Amount Reverted
2006/07	\$ -	\$ -
2007/08	\$ 345.0	\$ -
2008/09	\$ 114.1	\$ -
2009/10	\$ 1.3	\$ -
2010/11	\$ 0.3	\$ -
2011/12	\$ -	\$ -
Total (All Years)	\$ 460.7	\$ -

MHSAs: State Administrative Funds						
	5% or 3.5% For State Administration	Budgeted Amount	Amount Expended	Unrequested Admin Funds	Percent of funds requested	Percent of unrequested
04/05	\$ 12.7	\$ 4.3	\$ 4.3	\$ 8.4	34%	66%
05/06	\$ 45.3	\$ 18.2	\$ 14.8	\$ 27.1	40%	60%
06/07	\$ 49.2	\$ 23.5	\$ 18.5	\$ 25.7	48%	52%
07/08	\$ 75.1	\$ 39.5	\$ 24.8	\$ 35.6	53%	47%
08/09	\$ 64.6	\$ 45.6	\$ 36.1	\$ 19.0	71%	29%
09/10	\$ 69.7	\$ 46.8	\$ 40.3	\$ 22.9	67%	33%
10/11	\$ 57.0	\$ 47.2	\$ 42.5	\$ 9.8	83%	17%
11/12	\$ 37.8	\$ 29.7		\$ 8.1	79%	21%
12/13	\$ 46.9	\$ 37.4		\$ 9.5	80%	20%
Total (All Years)	\$ 458.3	\$ 292.2	\$ 181.2	\$ 166.2	64%	36%

Table & Visual 5

MHSAs Housing Program			
Amount Dedicated	Amount Assigned	Total MHSAs Funds Committed to Projects	Total Development Costs-all funding sources
\$ 400.0	\$ 404.1	\$ 321.2	\$ 2,780.1

Table & Visual 6

CalMHSAs
Statewide
Programs

CalMHSAs Statewide Programs			
Program	Contracted Amount	Expenditures	
Suicide Prevention	\$ 24.3	\$ 2.5	
Stigma and Discrimination Reduction	\$ 35.0	\$ 4.0	
Student Mental Health	\$ 36.5	\$ 2.3	
Evaluation	\$ 8.5	\$ 0.5	

Table and Visual 7

TABLE 2

	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15
State General Fund	\$611.3	\$621.6	\$653.5	\$721.8	\$738.5	\$701.0	\$518.0	\$619.4	\$0.1	\$0.0	\$142.5	\$0.0
Realignment I	\$1,159.3	\$1,189.9	\$1,217.1	\$1,230.9	\$1,211.5	\$1,072.4	\$1,023.0	\$1,023.0	\$1,097.6	\$1,324.0	\$1,438.0	\$1,526.0
Realignment II	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,131.0	\$1,128.0	\$1,140.0
FFP	\$987.5	\$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
MHSA	\$0.0	\$12.7	\$316.9	\$426.3	\$1,488.2	\$1,117.0	\$1,347.0	\$1,165.1	\$1,029.9	\$1,589.0	\$1,115.0	\$1,234.0
EPSDT and Managed Care	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$861.2	\$0.0	\$0.0	\$0.0
Other	\$255.2	\$276.2	\$295.4	\$306.8	\$313.3	\$233.9	\$187.6	\$139.4	\$139.4	\$150.0	\$150.0	\$150.0
TOTAL	\$3,013.3	\$3,055.9	\$3,502.8	\$3,762.6	\$5,017.9	\$4,528.9	\$4,694.8	\$4,746.8	\$4,690.7	\$5,659.0	\$5,597.5	\$5,793.0

Apportionment Payment Repory By Month - Fiscal Year 2012/13

Page 3 Chart

8/15/2013	9/13/2013	10/15/2013	11/15/2013
\$ 116.6	\$ 67.4	\$ 92.0	\$ 75.6



12/13/2013	Year To Date
\$ 48.8	\$ 400.4



FY 2012/13

FY 2013/14