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TAB SECTION: 3

X ACTION REQUIRED

DATE OF MEETING: 7/23/09

PREPARED BY: Lowder, Hood

DATE MATERIAL PREPARED: 7/14/09

AGENDA ITEM: Budget:
1. Budget Update
2. Adopt MHSOAC position regarding Prudent Reserves

ENCLOSURES: • None

OTHER MATERIAL RELATED TO ITEM: Handouts will be brought to the meeting

Issues:

The passage of AB5xxx modified the Welfare and Institutions Code (WIC) Section 5847 (b)(7) to include Prevention and Early Intervention within the section which directs the establishment and maintenance of a prudent reserve. The new language is highlighted below:

Section 5847 (b)(7):

*Establishment and maintenance of a prudent reserve to ensure the county program will continue to be able to serve children, adults and seniors that it is currently serving pursuant to Part 3 (commencing with Section 5800), **the Adult and Older Adult Mental Health System of Care Act, Part 3.6 (commencing with Section 5840), Prevention and Early Intervention Programs**, and Part 4 (commencing with Section 5850) of this division, **the Children's Mental Health Services Act**, during years in which revenues for the Mental Health Services Fund are below recent averages adjusted by changes in the state population and the California Consumer Price Index.*

The addition of this new language requires the MHSOAC to take a position on establishing and maintaining a prudent reserve which includes Prevention and Early Intervention.

Background:

The following motion was approved at the June 25, 2009 Commission meeting:

The MHSOAC urgently supports:

- 1. The development of written policies by DMH regarding access to prudent reserves for non PEI programs to be communicated to the counties by July 31, 2009 and direct the Commission Chair, Vice-Chair and the Funding Committee chair to work with the DMH director to achieve this goal.***

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2. *The MHSOAC Executive Director will develop, in consultation with DMH, CMHDA, and other interested stakeholders, written guidelines/policies on PEI prudent reserves for consideration at the July meeting.*
3. *The MHSOAC requests that the Mental Health Funding Committee propose recommendations on the future year planning estimates by August 2009.*

Options & Recommendations:

The Mental Health Funding and Policy Committee will meet on July 21, 2009 to identify options and develop recommendations. Options and recommendations will be presented at the July 23, 2009 Commission meeting.

Proposed Motion:

The Commission adopts the recommended position regarding prudent reserves.