

**MENTAL HEALTH SERVICES
OVERSIGHT AND ACCOUNTABILITY COMMISSION (MHSOAC)
Mental Health Funding & Policy Committee
April 7, 2010
MHSOAC Conference Room
1300 17th Street, Suite 1000
Sacramento, CA 95811
1:30 p.m. to 3:30 p.m.**

Committee Members Present:

Larry Poaster, Committee Chair
Larry Trujillo, Committee Vice-Chair
Ann Arneil-Py
Kathleen Derby
Patricia Ryan
Richard Van Horn*
Rusty Selix
Wayne Clark*

Staff:

Janna Lowder
Carol Hood
Jose Oseguera
Beverly Whitcomb
Filomena Yeroshek

Other Attendees:

Stephanie Welch
Don Kingdon*
Ann Kristen*

* Participated via telephone

Welcome/Introductions

Larry Poaster, Committee Chair, convened the meeting at 1:37 p.m.

- All meeting participants introduced themselves.

Review and Approve Minutes of April 7, 2010

The April 7, 2010 minutes were presented to the committee for approval. An addition was requested to add a statement on page four clarifying that the chart presented was handmade and not based on actual calculations but was based on estimations only. The motion to approve the meeting minutes as amended was made, seconded, and approved.

Prudent Reserve

The prudent reserve is an item included in the Committee's approved charter as a topic that the committee will review and provide recommendations to the Commission. This topic was introduced in context that today is the beginning of the discussion but the development of formal recommendations would occur at a future meeting.

A brief introduction on the history of prudent reserve was provided along with a handout which outlined DMH Information Notices 07-25, 09-16, and 10-01, assumptions of the prudent reserve policy and potential key issues to discuss.

Discussion on the Prudent Reserve:

The following are the summarized discussion and comments.

- A question was asked regarding when counties would be able to access their prudent reserve. It was clarified that counties would be able to access their prudent reserve during FY 2010-11 and 11/12.
- Comments were made regarding the accessibility of information to counties on the unspent funding from past years.
 - Unapproved funds are posted on the DMH website.
 - Unexpended funds are reported in the annual revenue and expenditure reports. Currently only FY 06/07 and 07/08 are posted on the DMH website.
 - FY 08/09 revenue and expenditure reports were due to DMH in February but have not been posted on the website.
 - Staff will follow up with DMH on the status of posting the FY 08/09 revenue and expenditure reports.
- There was discussion on the 50% maximum that counties are asked to achieve in their prudent reserve.
 - Suggestions were for the Committee to reexamine the rationale for the 50%.
 - Other suggestions from the committee are listed below:
 - DMH could issue an immediate information notice that urges counties to put additional money into their prudent reserve.
 - Exceptions to the 50% max could be granted to Counties that have additional 07/08 PEI funds available to place in prudent reserve. This would prevent the reversion of these funds.
 - Comments were made stating that the statutory language within the act, Welfare and Institutions Code section 5892 (b), does not require any specific floor or ceiling amount that must be achieved by counties.
- DMH Information Notice 09-16 states that DMH intends to review the prudent reserve policy during the time it's being accessed to ensure the funding and maintenance is achievable.
- After June 30, 2010, FY 07/08 PEI funds can not be placed into the prudent reserve.
- A comment was made that not being able to use PEI funds to fund the prudent reserve after FY 07/08 was an oversight. Fixing this would require statutory changes and it could be done by the legislature because it was consistent with and furthered the intent of the act and so it would not need to go back to the voters.
 - This is a long-term issue that doesn't need to be changed immediately but in the future should be revisited.

- There will be a process for looking at the prudent reserve policy in the next year or two and this could be a vehicle for any policy or legislative changes to be made.
- A question was raised regarding the MHSOAC's authority to approve PEI 07/08 funding to go into the prudent reserve that exceeds the 50%.
 - The 50% max is in a joint information notice so any exception would need to be discussed with DMH.
 - Very specific data is needed on this, such as what counties are in the situation that an exception would be helpful.
- A comment was made that when looking at the use of exceptions it's important to identify clear standards as to what qualifies for the exception.

Reversion

Reversion is also an item included in the Committee's approved charter as a topic that the committee will review and provide recommendations to the Commission.

Discussion on Reversion:

The following are the summarized discussion and comments.

- There was discussion on why this topic is being addressed by the committee and included within the agenda.
 - A key reason that the topic of reversion is included as a policy topic for this committee is because many counties are likely to face reversion of INN funds due to the lack of implementation time and time to expend the funds.
- There was discussion on the connection between prudent reserve and reversion.
- A suggestion was made that DMH could give an allocation back to a county which returns the amount reverted if the circumstances for the reversion were due to issues outside of the county's control.
- A comment was made that if caps were lifted then the prudent reserve could be a solution to the issue of reversion for some counties.
- Staff was asked to develop concepts around the idea that the 50% could be a target and not a cap or that on a case-by-case basis for an exception could be granted to counties who would like to exceed the 50% cap.
- A comment was made that since INN is derived from 5% of a county's CSS allocation and 5% of a county's PEI allocation then why can't INN funds be put into the prudent reserve. Current law doesn't allow this but a case could be made to support this idea.
- Another comment was made that INN wasn't meant for sustainable services so it shouldn't go into the prudent reserve.

- A suggestion was made that on a one time basis, INN funds in jeopardy of reversion could be put into the prudent reserve to be used for CSS.
- Discussion on the annual update and how it will show the amount of prudent reserve counties are requesting to use for FY 10/11 and what services counties are requesting to use it for.
 - Staff will be tracking the counties' request for prudent reserve.
- Comments were made on the difficulty of talking about these topics without a DMH representative present.
- A comment was made that staff should meet monthly with DMH to keep them apprised of the topics being addressed by this committee and that a representative should attend the meetings.
- \$142 million is subject for reversion in 6/30/2012.
- Staff was asked to develop a plan regarding the policy issues around reversion for INN.
- A comment was made that we need to think about how the reversion policy for INN will effect other components.
- A question was asked regarding the need for an ongoing prudent reserve for PEI that could be separate from CSS.
 - It was clarified that after 07/08 PEI funds will no longer be eligible to go into the prudent reserve and in the future there could be a statute change that could address PEI volatility by establishing a prudent reserve for PEI.
 - A comment was made that the issue of a future statute change that would allow for PEI funds to go into a prudent reserve after 07/08 and that separate prudent reserves is an unresolved issue.
 - A comment was made regarding the concern that 07/08 PEI funds that are put into the prudent reserve will support only CSS programs.

State Administration Funds

At the March 17th committee meeting staff was directed to develop a summary of the current activities being funded through MHSA State Administration Funds. This summary identifies the 19 State agencies receiving MHSA State Administration Funding, the funding allocated for FY 2008/09, 2009/10 and 2010/11 for each State agency and the goals and objectives included in the MOUs with the Department of Mental Health (DMH).

Discussion on the MHSA State Administration Funds:

The following are the summarized discussion and comments.

- Discussion on the declining amount of State Administration funding due to the decline of MHSA revenue.

- A decrease in MHSA State Administration funds may require reductions to the State Administration funds allocations.
- Comments were made regarding the March 11, 2010 Senate Budget Sub-Committee hearing which rejected the Administration's prorata reduction proposal.
- Additional comments were made regarding the lack of information and clear objectives from some of the departments that are currently receiving State Administration funding.
 - Comments were made regarding the need for more outcome based information from each department.
 - A comment was made regarding the substantial dollar amount that some departments were receiving.
- It was suggested that all departments receiving MHSA State Administration funding should be doing work that increases the consumer and family member voice and/or assisting in research and evaluation efforts.
- It was suggested that agencies should be only granted MHSA State Administration funds for up to 3 years and anything more than 3 years needs to come before the Commission.
- Another suggestion was for the MHSOAC to recommend that for Budget Year (BY) +1 and onward that all MHSA State Administration requests should be subject to review and comment from the Commission.
- The Committee was asked to continue reviewing the handout and that this topic would be placed back on the agenda.

Financial Report Update

Staff presented a revised version of table and visual 9 of the financial report. The revised version incorporated the comments and suggestions made by the committee at the March 17th meeting.

Public Comment

No general public comments were made.

Adjournment

Meeting adjourned at 3:33 p.m.

Respectfully submitted,

Janna Lowder-Blanco