

**MENTAL HEALTH SERVICES  
OVERSIGHT AND ACCOUNTABILITY COMMISSION (MHSOAC)  
Mental Health Funding & Policy Committee  
January 25, 2011  
MHSOAC Conference Room  
1300 17<sup>th</sup> Street, Suite 1000  
Sacramento, CA 95811  
3:00 p.m. to 4:00 p.m.**

<b>Committee Members Present:</b>	<b>Staff:</b>	<b>Other Attendees:</b>
Andrew Poat*, Chair	Janna Lowder-Blanco	Don Kingdon
Kathleen Derby	Carol Hood	Eleanor Prouty
Gwen Wilson	Sherri Gauger	
Ann Arneill-Py*	Beverly Whitcomb	
Rusty Selix*	Kevin Hoffman	
Stacie Hiramoto*	Thomas Powers	
Jack Joiner*	Ann Collentine	
Wayne Clark*	Vivian Lee	
Russell Vergara*		
Crystal Crawford*		

\* Participated via telephone

### **Welcome/Introductions**

Andrew Poat, Committee Chair, convened the meeting at 3:05 p.m.

- All meeting participants introduced themselves.

### **Review and Approve Minutes of November 3, 2010**

- One correction, deleted Ann Arneill-Py from “Members Present” section.
- The November 3, 2010 minutes were approved, Stacie Hiramoto moved, Kathleen Derby seconded, and all in favor.

### **FY 2010/11 Governor’s Proposed Budget**

The Governor’s FY 2011/12 State Budget Proposal, released on January 10, 2011, identified a budget shortfall of \$26.4 billion. The background documents for the Committee included budget overviews from CHMDA, DMH and MHSOAC.

MHSOAC Staff summarized the proposal on the one-time redirection of Proposition 63 funds and the Realignment Phase I and Phase II proposals.

Don Kingdon, Associate Director of CMHDA reported that:

- CMHDA is working closely with California State Association of Counties (CSAC). Overall, the Governor’s Proposed Budget impacts counties far

beyond mental health. The administration has expressed willingness to engage the counties in discussions on the proposals.

- CMHDA is concerned regarding the MHSA Redirection.
  1. Is it a violation of Maintenance-of-Effort (MOE) regulation provision in FY 11/12? And at the end of 5 years, will the dedicated tax revenue increases meet the MOE?
  2. Cash flow may need revisions of timing of cash distributions. May need to revisit prudent reserve policies. CMHDA believes that current practices of holding funds at state level to be distributed later is not working.
  3. Realignment Proposal:
    - Phase I:
      - Looking at overall impact on counties, realignment of various state programs to counties. Mental Health specific issues, dedicated tax revenues are addressed for 5 years. Proposed extension of taxes needs voters' approval in June.
      - Who gets what share within the county mix of Fed/non Fed entitlement and MOE's. (State has not approached CMS for approvals related to proposed Medicaid changes.)
      - Realignment is to start this year.
      - Funding of Managed Care, EPSDT and AB3632 proposed to through MHSA one-time transfer for FY 11/12.
    - Phase II:
      - Counties will retain Mental Health and CWS.
      - IHSS will go back to state and physical health. (Concern was expressed that the state is encouraging counties to serve indigents, expanding health care, but intending to take it back in 5 years.)
      - Realignment for FY12/13 is through redirected funding from tax extension, if approved by voters.

Rusty Selix Executive Director of California Council of Community Mental Health Agencies, provided an analysis:

- Policy structure includes:
  1. Connection between mental health and criminal justice realignment creates good policy.
  2. EPSDT and AB 3632 policy advantages regarding oversight and cash flow problems.
  3. Fix original mental health realignment that provides a dedicated share of growing funding source divested to entitlement.

- Concern:
  1. Diversion of \$861 M of MHSA. (sufficient money for future years?)
  2. EPSDT and 3632 both will grow faster than revenue sources.
  3. Unique Legal leverage – vote of people needed to extend temporary taxes not for realignment. Realignment needs formula distribution of funds outside of budget process.
- Whatever goes to voters needs to be ready by early March. Complex formulas, may or may not be ready at that point.

### **Review of January 2011 Financial Report**

- Janna went over 2011 Financial Report.

### **General Public Comment**

- None.

### **Announcement**

- Carol Hood announced Janna Lowder will work at Department of Mental Health, starting next week.
- Andrew Poat recognized Janna's dedicated and wonderful work for the Funding and Policy Committee.

### **Adjournment**

Meeting adjourned at 3:55 PM.