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MHSOAC Principles Regarding
Governor's Proposed Fiscal Year (FY) 2011/12 Budget
Impact on Mental Health Services Act (MHSA)
February 16, 2011

California faces extraordinary circumstances regarding development of a balanced budget for Fiscal Year 2011/12. The Governor's Proposed Budget for FY 2011/12 includes a one-time transfer of \$861.2 million of Mental Health Services Funds (MHSF) to fund several mental health entitlement programs. Consistent with its statutory role, the Commission provides the principles in this paper to help inform the Governor and Legislature's decision regarding this proposed transfer.

The Commission notes that out of similar past budgetary hardships came critical community mental health system reforms in the 1990's "Realignment". The Commission believes that the single most important test relative to any proposed use of MHSF is whether the use is consistent with the goals and values of the MHSA. The Act also has provisions relative to non-supplantation and maintenance of effort.

Details of the proposed transfer must be determined before the Commission can provide further guidance. The Legislative and Executive Branches have the obligation to assure that the proposal is consistent with the requirements of the Act as they consider proposed uses of the MHSF. The Commission respectfully offers these principles to guide those discussions.

Background

The MHSOAC was established through a voter initiative, Proposition 63, now called the Mental Health Services Act (MHSA or Act) to provide oversight and accountability with regards to the MHSA and systems of care, and to provide recommendations to the Governor and Legislature. The MHSOAC principles outlined below are consistent with and guided by the Act.

MHSOAC Principles

- 1. Use of MHSA funds must further the purpose and intent of the Act.**
(See Attachment 1 for statutory language)

The MHSA describes the approaches that must be embedded in the planning for MHSA funded services. Services must be developed in partnership with those needing or accessing services; be consistent with the Recovery Vision which promotes hope, respect, self-determination and self-responsibility; and, be culturally competent. The regulations provide additional standards which include but are not

limited to requiring that “programs and/or services provided with MHSA funds shall...be designed for voluntary participation.”

2. Minimize the impact to existing MHSA services.

The MHSOAC believes it is important to maintain programs that have been implemented to continue services to those being served and to those relying on the availability of those services. If the proposed one-time transfer of funds is included in the final budget, the state may need to modify current payment practices to ensure sufficient cash flow at local level to maintain critical services. It must be acknowledged that the proposed fund redirection could result in further delays in serving underserved communities.

3. The State must assure that the MHSA’s maintenance of effort and non-supplant requirements (Welfare and Institutions Code 5891(a)) will be met.

The intent of the Act was to expand successful mental health services. The Act includes provisions requiring the State to maintain its investments in funding mental health services and to prohibit those funds from supplanting “existing state or county funds utilized to provide mental health services.” The Act provides for amendments to the requirements by a 2/3 vote of the Legislature “so long as such amendments are consistent with and further the intent of this act.”

4. The MHSOAC supports actions to create more efficiencies, enhanced cash flow to the local level, and effective use of MHSA funding while maintaining effective oversight and accountability.

A major goal of the Governor’s proposed budget is to streamline and appropriately align program and fiscal responsibility for government functions while maintaining appropriate oversight and accountability. The MHSOAC supports the streamlining of MHSA requirements, consistent with the vision and requirements of the Act while maintaining effective oversight and accountability. The MHSOAC has demonstrated leadership in moving towards this goal by including relevant deliverables in its 2011 Work Plan.

Currently, the MHSOAC is conducting evaluations that are critical for oversight and accountability. Templates based on priority indicators are being designed, and these indicators will be regularly reported for each county. The MHSOAC has established policy and broadened its focus from MHSA implementation and county plan review and approval to full scale evaluations of outcomes, cost effectiveness, and indicators. Resources are being developed to focus on outputs rather than inputs. This emphasis is reflected in the MHSOAC’s work plan and committee charters.

Conclusion

The MHSOAC is establishing these principles to inform the critical budget decisions that could impact the MHSA and any legislative amendments to the MHSA that must further the purpose of the Act. Individuals with mental illness, their families and caregivers will continue to be involved through the MHSOAC committee structure and commission meetings, in the analysis of intended and unintended consequences of any budget proposals. The overall goal is to improve the lives of all Californians with mental illness, their families, caregivers and communities.

Attachment 1

Section 3 of the Mental Health Services Act Purpose and Intent

The people of the State of California hereby declare their purpose and intent in enacting this act to be as follows:

- (a) To define serious mental illness among children, adults and seniors as a condition deserving priority attention, including prevention and early intervention services and medical and supportive care.
- (b) To reduce the long-term adverse impact on individuals, families and state and local budgets resulting from untreated serious mental illness.
- (c) To expand the kinds of successful, innovative service programs for children, adults and seniors begun in California, including culturally and linguistically competent approaches for underserved populations. These programs have already demonstrated their effectiveness in providing outreach and integrated services, including medically necessary psychiatric services, and other services, to individuals most severely affected by or at risk of serious mental illness.
- (d) To provide state and local funds to adequately meet the needs of all children and adults who can be identified and enrolled in programs under this measure. State funds shall be available to provide services that are not already covered by federally sponsored programs or by individuals' or families' insurance programs.
- (e) To ensure that all funds are expended in the most cost effective manner and services are provided in accordance with recommended best practices subject to local and state oversight to ensure accountability to taxpayers and to the public.

Section 18

This act shall be broadly construed to accomplish its purposes. All of the provision of this Act may be amended by a 2/3 vote of the Legislature so long as such amendments are consistent with and further the intent of this act. The Legislature may by majority vote add provisions to clarify procedures and terms including the procedures for collection of the tax surcharge imposed by Section 12 of this Act.