

\_\_\_ INFORMATION

TAB SECTION: 3

X ACTION REQUIRED

DATE OF MEETING: 9/15/11

PREPARED BY: Hoffman/Hood/ Lee DATE MATERIAL PREPARED: 9/12/11

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**AGENDA ITEMS:** Innovation Reversion Status Report

**ENCLOSURES:** Innovation Reversion Power Point

**OTHER MATERIAL RELATED TO ITEMS:** None

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**Background:**

- Welfare & Institutions Code (WIC) Section 5892(h) requires any funds allocated to a county which have not been spent for their authorized purpose within three years shall revert to the state to be deposited into the fund and available for other counties in future years, provided however, that funds for capital facilities, technological needs, or education and training may be retained for up to 10 years before reverting to the fund.
- DMH Information Notice 08-07, addressed the overall MHSA Reversion Policy. Reversion will occur when either:
  1. a county does not gain approval within the specified time period for all the funds made available through the Component Allocations for a specific purpose, and/or
  2. a county's total expenditures over the entire reversion period in a specific category identified in the MHSA Agreement are less than the amount distributed to a county for the specific category for the year in question.
- Innovation Funds are 5% CSS Funds and 5% PEI Funds to be used for Innovation Programs. Innovation programs are novel, creative and/or ingenious mental health practices/approaches that contribute to learning. It takes time for counties to design, implement and evaluate the Innovation Programs.
- Substantial amounts of Innovation funding from FY 08/09 through FY 10/11 are expected to be subject to reversion on 6/30/2012 and 6/30/2013 under current procedures for calculating reversion. Due to late start-up of this component, the allocations for Innovation during this period were much greater than the expected on-going level.

**CMHDA Proposed Changes:**

- CMHDA proposes to revise the methodology for calculation of Innovation Reversion. The proposal makes no changes that would require statutory revisions. Revise the calculation of Innovation reversion, so that Innovation funds would be considered part of CSS funding (80%) or PEI funding (20%) solely for purposes of calculating reversion.

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**Discussion:**

- Mental Health Funding and Policy Committee will discuss:
  1. What are the strengths and potential unintended consequences of CMHDA proposal to change INN reversion calculation?
  2. Are there other options to resolve Innovation reversion concerns?
  3. What findings/recommendations should be presented to the MHSOAC for potential action?

**Next Step:**

- Mental Health Funding and Policy Committee decides on findings and/or recommendations to be presented to MHSOAC for potential action on September 22, 2011.