

# INNOVATION REVERSION

Mental Health  
Funding and Policy  
Committee

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September 15, 2011

# Overview

- Background
- CMHDA Proposed Change
- Committee Discussion
- Next Steps

# Background

## Innovation Component

- 5% CSS Funds and 5% PEI Funds are utilized for Innovation Programs.
- Large allocations of Innovation Funds available from FY 08/09 through FY10/11, but the funding level decreased dramatically in FY 11/12 and for the foreseeable future.
- Innovation Programs can be designed for periods in excess of three years.

# Background

## Statutory Reversion Requirement (WIC §5892(h))

- Funds allocated to a county which have not been spent for their authorized purpose within 3 years shall revert to the state MHSA fund to be redistributed.
- Funds for capital facilities, technological needs or education and training may be retained for up to 10 years before reverting.
- Funding placed in a reserve accordance with an approved plan are exempt from reversion.

# Background

## DMH Reversion Policy

- o DMH Information Notice 08-07 describes the reversion timeline begins when the funding is made available (i.e. proposed guidelines and component allocations are issued)
  - By 9/30, the reversion timeline starts on the previous 7/1.
  - After 9/30, the reversion timeline starts on the following 7/1.

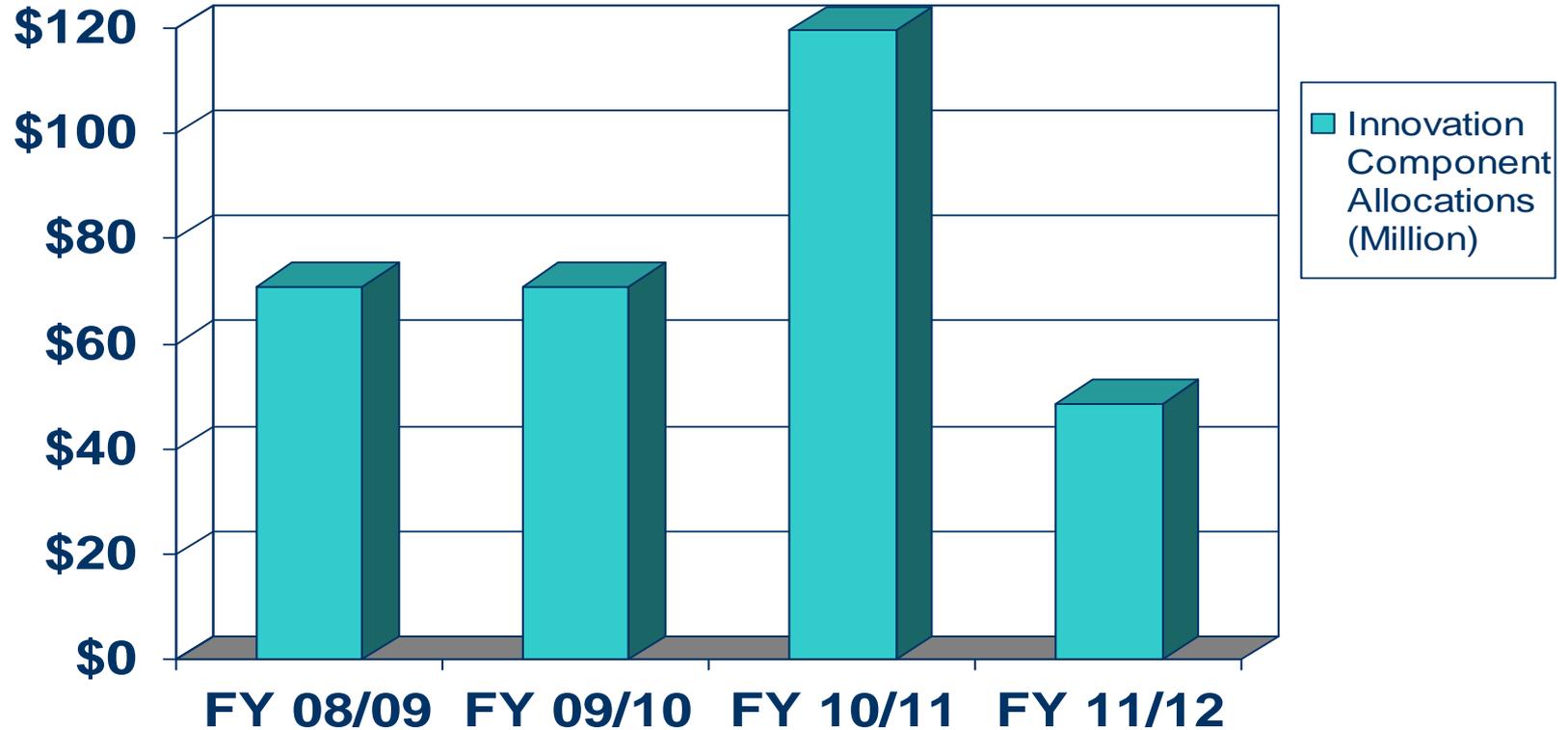
# Background

## Innovation Reversion Timeframes

- o The timeframe for reversion of Innovation component funding is as follows:
  - June 30, 2012: \$142 million  
(\$71 million from FY 08/09 and \$71 million from FY 09/10)
  - June 30, 2013: \$119.6 million
  - June 30, 2014: FY 2010/11--\$48.7 million

Note: the amount of funds at risk of reversion is unknown

# Background



# Background

## Concerns:

- INN programs may take longer than the 3 year reversion period to design, implement and evaluate. Difficult to proceed if funding over the life of the project is uncertain.
- Slow start-up of some INN programs due to overall fiscal stress in counties.
- Many counties are concerned about being able to expend the large sums of INN funding available from FY 08/09 through FY 10/11.

# CMHDA Proposed Change

- Revise the calculation of INN reversion
  - INN funds should be considered part of CSS funding (80%) or PEI funding (20%) solely for purposes of calculating reversion.

# CMHDA Proposed Change

## Example--CSS Reversion Calculation

	Reversion Threshold	Expenditure Example #1 (Current Process)	Expenditure Example #2 (Current Process)	Expenditure Example #3 (CMHDA Proposal)	Expenditure Example #4 (CMHDA Proposal)
Innovation	\$110M	\$20M	\$20M	\$20M	\$20M
CSS	\$800M	\$900M	\$750M	\$900M	\$750M
Total for <b>CMHDA Proposed Reversion Calculation</b>	\$910M	\$920M	\$770M	\$920M	\$770M
INN Reversion		\$90M	\$90M	\$0	\$90M
CSS Reversion		\$0	\$50M	\$0	\$50M

# CMHDA Proposed Change

## CMHDA Expects the Following Positive Impacts

- Many Innovation programs may require more significant expenditures in the latter years as part of the evaluation of the Innovation Program. This change allows counties to ensure funding is available for those expenditures.
- The revised calculation of Innovation reversion allows counties to plan for longer Innovation Programs within the context of their overall MHSA Plan.

# Committee Discussion

- What are strengths and potential unintended consequences of CMHDA proposal to change INN reversion calculation?
- Are there other options to resolve INN reversion concerns?
- What findings/recommendations should be presented to the MHSOAC for potential action?

# Next Steps

- MHSOAC
  - Funding and Policy Committee findings and/or recommendations presented to MHSOAC for potential action on 9/22/11.
- DMH
  - Reviewing CMHDA recommendation