

# MHSOAC

## September 22, 2011

Mental Health Funding  
and Policy Committee  
Recommendation on  
Innovation Reversion

## Overview

- At issue: Under existing procedures for calculating reversion, any local unexpended funds by 6/30/12 of the initial \$142M of Innovation funding, would be redistributed primarily to CSS and PEI
  - Background
  - CMHDA Proposed Change
  - Committee Recommendation

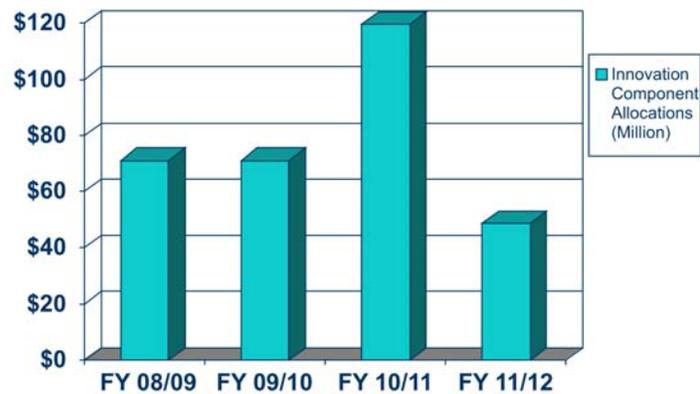
## Background: Innovation Program

### Innovation Component

- Large allocations of Innovation Funds available from FY 08/09 through FY10/11
- Funding level decreased dramatically in FY11/12 and for the foreseeable future
- INN programs can be designed for periods in excess of three years

3

## Background



4

## Background: Reversion Policy

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

- Reversion policy established in the Act
- Policy designed to “use or lose” funds
- Time frame established for each MHPA program:
  - CSS, PEI, Innovation: 3 years
  - Capital Facilities/Technological Needs and Workforce Education and Training: 10 years
- Funds not spent consistent with this time line shall revert to the state MHPA fund to be redistributed
- Funding placed in a reserve accordance with an approved plan are exempt from reversion

5

## Background: Funding at risk

- \$310.3M INN funding provided through FY 10/11
- Reversion dates are:
  - June 30, 2012: \$142 million
    - \$71 million from FY 08/09
    - \$71 million from FY 09/10
  - June 30, 2013: \$119.6 million
  - June 30, 2014: \$48.7 million
- The statewide amount of these funds which are at risk of reversion is unknown because county projected expenditure information is not reported to the state

6

## Why the funds are unspent

- INN implementation delays:
  - Significant burden of starting ALL MHSA programs
  - Time line required to:
    - Develop “first generation” innovative programs
    - Include significant stake-holder involvement
- Many counties are concerned about being able to expend the large sums of INN funding available from FY 08/09 through FY 10/11.

7

## CMHDA Proposed Change

- Revise the three current separate calculations of reversion for CSS, PEI, and INN to the following two calculations:
  - Add 80% of INN funds to CSS funds
  - Add 20% of INN funds to PEI funds
- This would have the affect of reducing the amount of INN funds subject to reversion for many counties.
- NOTE: CMHDA has indicated they are considering broader recommendations regarding INN. Today we are only considering the change in calculation of INN reversion.

8

## Example

### Current Separate Calculations

### Proposed Calculation

By year 3 county:

INN

- Must expend \$110M for INN but spends \$20M
  - \$90M INN reverts

CSS

- Must expend \$800M for CSS but spends \$900M
  - \$0 CSS reverts

By year 3 county:

- Must expend \$110M for INN and \$800M for CSS for a total of \$910M

- Spent \$20M for INN and \$900M for CSS for a total of \$920M.

Total Reversion: \$0

## Benefit of Proposed Change

- The revised calculation of Innovation reversion allows counties to plan for longer Innovation Programs within the context of their overall MHSA Plan.

## **Funding & Policy Committee Proposed Motion**

The MHSOAC supports the proposed revised calculation of Innovation Reversion as presented.

11

## **Committee Chair Additional Proposed Motion**

- The MHSOAC directs the Executive Director to propose a process and timeframe for Commission to participate in development of recommendations for policy changes related to MHSA pursuant to AB 100.