



# Monterey County

Monterey Room  
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## Board Report

Legistar File Number: BC 19-113

October 24, 2019

**Introduced:** 10/11/2019

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** Budget Committee

Receive report on Mental Health Services Act (MHSA) reserves.

### RECOMMENDATION:

It is recommended that the Budget Committee of the Board of Supervisors:

Receive report on Mental Health Services Act (MHSA) reserves.

### SUMMARY/DISCUSSION:

In 2004, California voters approved Proposition 63, the Mental Health Services Act (MHSA), the Act was enacted in 2005. The MHSA imposes a 1% tax on personal income over \$1 million. Without supplanting, the proceeds are intended to expand voluntary county mental health programs to all populations, especially the unserved and underserved. The MHSA is comprised of five (5) components: Community Support Services (CSS), Prevention and Early Intervention (PEI), Innovation (INN), Capital Facilities and Technological Needs (CFTN), and Workforce Education and Training (WET). In the early years of the MHSA, discrete funding amounts were allocated to each of the five components. Currently, MHSA funding is allocated as follows: CSS 76%, PEI 19%, and INN 5%. Annual allocations have a three-year life cycle. After the three-year period, unspent funds are reverted to the State for reallocation.

Due to the volatile nature of MHSA revenue, counties are required to maintain a prudent reserve to smooth out the effects of an economic downturn. The prudent reserve is funded from the CSS component and is calculated as 33% of the average CSS allocation for the last five (5) fiscal years. For Monterey County, the current prudent reserve max is approximately \$4.8 million. MHSA regulations further dictate the percentage of funds from each component that must be spent on services to children vs. adults. At their discretion, counties may reallocate up to 20% funding from CSS to provide for MHSA eligible CFTN and WET needs.

Per Welfare and Institutions Code (WIC) 5847, counties are required to prepare and submit three-year programs and expenditure plans, and annual updates, to the Mental Health Services Oversight and Accountability Commission (MHSOAC) and to the State Department of Health Care Services (DHCS). Plans, and their updates, must be developed with robust and meaningful stakeholder involvement. The community planning process must include stakeholders who reflect the county's demographics including geographic location, age, gender, race and ethnicity. The resulting plan must be circulated to stakeholders for review and comments for at least 30 days. After the 30-day period, the local mental health board, the Behavioral Health Commission (BHC), conducts a public hearing on the draft plan, and reviews, makes recommendations for revisions, and then votes to forward the final version of the plan to the Board of Supervisors for final adoption.

Annually, on December 31st, counties are required to submit a Revenue and Expenditure Report (RER) for the preceding fiscal year (FY). Much as the County's Budget End of Year Report (BEYR) does, the RER measures actual expenditures against the budget in the Annual Plan and the achieved outcomes. In addition, the RER calculates the level of unspent funding and recalibrates the maximum prudent reserve amount. Per the RER as of FY 2017-18, the unspent MHSA funds total \$36.09 million; approximately \$27.9 million are attributable to the CSS component, and the rest to INN. As MHSA funds are used to leverage Federal funding, the accumulation of unspent funds has resulted from increased Federal Financial Participation (FFP) for children and new eligible populations covered under the Affordable Care Act (ACA), and lower than anticipated expenditures associated with staffing challenges within the BHB and contracted non-profit agencies. The unspent funds are carried over and programmed in the following year's MHSA Program and Expenditure Plan.

The community planning, programming, and reporting cycles repeat annually.

OTHER AGENCY INVOLVEMENT:

No other departments were involved.

FINANCING:

No other departments were involved.

FINANCING:

There are no fiscal impacts from receiving this report.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.

Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

Public Safety:

- Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

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