



# Monterey County

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Board Report

Legistar File Number: BC 20-011

January 29, 2020

**Introduced:** 1/15/2020

**Current Status:** Draft

**Version:** 1

**Matter Type:** Budget Committee

Receive a report on Mental Health Services Act (MHSA) fund reversion to the State of California.

### RECOMMENDATION:

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

Receive a report on Mental Health Services Act (MHSA) fund reversion to the State of California.

### SUMMARY/DISCUSSION:

At the October 2019 Budget Committee meeting, the Health Department presented an overview of Proposition 63, the Mental Health Services Act (MHSA), and the current status of MHSA reserves. During the presentation staff indicated that new developments affecting MHSA fund balance would be presented to the Budget Committee in future meetings. This report serves to provide advance notification to the Budget Committee regarding the pending fund reversion as well as the strategies implemented by the Department to avoid future reversions.

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). CSS, PEI, and INN Annual allocations have a three-year life cycle while CFTN and WET funds have a ten-year cycle. After the respective three-year or ten-year period expires, unspent funds are reverted to the State for reallocation.

Funds from one of these five components have been identified as subject to reversion, and will be returned to the State for future redistribution to Counties:

Unspent FY 2015-16 INN Funds	\$834,837.63
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The INN component of the MHSA provides support to counties for testing novel practices or approaches that promote the accessibility and/or quality of mental health services. Funding under the INN component may support one or more simultaneous projects. All INN projects are funded one-time and are time limited. INN projects must include an evaluation component to determine quantifiable impact. The general intent of the INN component is to support “contributions to learning” to improve the quality of mental health services.

All INN projects must be developed through a community planning process that is inclusive and representative of unserved and underserved individuals. INN project and spending plans must then be incorporated into the County’s MHSA Plan or Annual Update, approved by the Monterey County Behavioral Health Commission and Board of Supervisors, and subsequently approved by the State

Mental Health Services Oversight and Accountability Commission prior to a counties' ability to access funds. All applications must be pre-scheduled and "presented" to this commission at one of their regularly scheduled monthly meetings which are convened at various locations throughout California. This process has historically taken many months to accomplish, shortening the ability of most Counties to spend allocated resources within the three-year spending window.

The Monterey County Health Department Behavioral Health Bureau (BHB) currently has three approved Innovation projects currently underway: Transportation Coaching by Wellness Navigators, Technology Suite Collaborative Innovation Plan, and Micro-Innovation Grants for Increasing Latino Engagement. These project applications were written to specifically target funds allocated in prior Fiscal Years which had been subject to reversion, per the AB114 Reversion Plan submitted by BHB to the State Department of Health Care Services in 2018. These approved Innovation Projects, combined with the successful reversion appeal submitted in November of 2019, essentially "protect" the Innovation funds associated with those projects, \$5,000,000 total, for the duration of the projects, which will be in operation through June 2021. Expenditures for these projects are proceeding as planned. However, any project funds not spent by June 2021 may be subject to reversion at that time.

In an effort to avoid potential future reversions, BHB staff is diligently engaged in the community planning process to identify new Innovation projects.

Annually, on December 31st, counties are required to submit a Revenue and Expenditure Report (RER) for the preceding fiscal year (FY). The RER calculates the level of unspent funding. Per the RER as of FY 2017-18, the unspent MHSA funds total \$36.09 million; approximately \$27.9 million are attributable to CSS component, and the rest to INN. The accumulation of unspent funds has resulted from: actual MHSA funding exceeding budgeted estimates; 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.

This accumulation of unspent funds has enabled a potential transfer of funds from the CSS component to the WET and CFTN components via a Mid-Year Adjustment to the Annual Update. This transfer is currently being considered by the Behavioral Health Commission. Upon their approval, the Mid-Year Adjustment will be forwarded to the Board of Supervisors for their consideration. Transfer of funds to the Prudent Reserve is also part of this Mid-Year Adjustment. Adoption of this action will also avoid future reversions of funds to the State.

OTHER AGENCY INVOLVEMENT:

No other departments were involved.

FINANCING:

There will be no impact to the General Fund from the reversion of Innovation funds. Reimbursement to the State will be issued from the Behavioral Health Fund, Fund 023, where this revenue is recognized and carried over as unassigned fund balance until it is spent.

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.

Prepared by: Jon Drake, Assistant Bureau Chief x 4357

Approved by: Elsa M. Jimenez, Director of Health, Ext. 4526