



State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

DATE: August 8, 2016

MHSUDS INFORMATION NOTICE NO.: 16-040

TO: COUNTY BEHAVIORAL HEALTH DIRECTORS
COUNTY DRUG & ALCOHOL ADMINISTRATORS
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION OF CALIFORNIA
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH AGENCIES
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS
CALIFORNIA ASSOCIATION OF ALCOHOL & DRUG PROGRAM EXECUTIVES, INC.
CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES

SUBJECT: MHSA Allocation and Methodology for Fiscal Year (FY) 2016-17

The purpose of this Information Notice is to communicate the allocation schedule that the Department of Health Care Services (DHCS) provided to the State Controller's Office (SCO), describe the methodology used to determine those allocation schedules, and provide the amount of funding the 2016 Budget Act has estimated will be available in the Mental Health Services Fund.

Welfare and Institutions Code (W&I) Section 5891 (c) requires DHCS to provide SCO with a schedule for the purpose of distributing funds from the Mental Health Services Fund to each local Mental Health Services Fund on a monthly basis. DHCS transmitted a schedule to the SCO on August 5, 2016, for the purpose of distributing funds from the mental health services fund for FY 2016-17. It is the responsibility of the county to ensure compliance with the provisions of the MHSA, including W&I Section 5892, subdivision (f):

Each county shall place all funds received from the State Mental Health Services Fund in a local Mental Health Services Fund. The local Mental Health Services Fund balance shall be invested consistent with other county funds, and the interest earned on investments shall be transferred into the fund. The earnings on investment of these funds shall be available for distribution from the fund in future years.

Accordingly, the county should transfer all interest earned on investments of local mental health services funds back into its local Mental Health Services Fund. Interest income may only be spent on MHSA activities per an approved plan or update.¹ All interest is to be reported on the county's annual Revenue and Expenditure Report, per W&I Section 5899.

Because the funding distributed each month is based on actual deposits into the Mental Health Services Fund, the amount distributed monthly will fluctuate. For FY 2016-17, the estimated total MHSA distribution to counties is as follows:

FY 2016-17 MHSA Estimated Revenue (Millions)²

Cash Transfers	\$1,500.6
Annual Adjustment (FY 2014-15)	\$464.1
Interest	<u>\$0.8</u>
Total	<u>\$1,965.6</u>

FY 2016-17 MHSA Estimated Administration and Other Local Assistance (Millions)²

Estimated Administrative Cap (5%)	\$93.0
WET State Level Projects	\$25.1
Total	<u>\$118.1</u>

FY 2016-17 MHSA Estimated Distribution to Counties (Millions): \$1,847.5

Methodology for Distribution of Funds

This allocation schedule was established using a methodology developed in FY 2005-06 by the former Department of Mental Health, in consultation with the County Behavioral Health Directors Association of California (CBHDA). The criteria and data sources that were used to establish the allocation schedule for FY 2016-17 remain the same; however, the data used have been updated to the most currently available and there have been updates to the distribution that are noted below in more detail.

The allocations for the two city-operated programs (Tri-City and the City of Berkeley) were based solely on the percent of statewide population in the area served by each city in 2016.

¹Welfare and Institutions Code § 5892 (g)

²[Reports to the Legislature](#)

Beginning with the October 2015 distribution, DHCS removed the uninsured from the population most likely to apply for services because this population is included in the Medicaid Expansion through the Affordable Care Act.

The criteria and data sources that were used to develop the percentage of funds that each county received are:

- 1) The need for mental health services in each county based on total population of each county on January 1, 2016, according to the State of California, Department of Finance, *E-1 City/County Population Estimates, with Annual Percent Change, January 1, 2015 and 2016*. (weighted at 50%);
- 2) Population most likely to apply for services (weighted at 30%):
 - a. The poverty population, defined as households with incomes below 200% of the federal poverty level, according to the 2000 U.S. Census Bureau survey and updated to reflect the 2016 population,
- 3) Population most likely to access services, which represents the prevalence of mental illness among different age groups and ethnic populations of poverty households in each county as estimated through a study conducted by Dr. Charles Holzer, Ph.D., in 2000. The 2000 results were updated to reflect the 2016 population. (weighted at 20%);

Adjustments were made to the need for mental health services in each county factor based on:

- a. The cost of being self-sufficient in each county relevant to the statewide average as reported through *The Self-Sufficiency Standard for California 2014*, a project of the National Economic Development and Law Center. A weighted average of households with one single childless adult (67%) and a single adult with two children (33%) was used to develop the adjustment (weighted at 40%);
- b. Other non-MHSA resources available to the county in FY 2016-17: 1991 Realignment funding, Behavioral Health Subaccount, federal Substance Abuse and Mental Health Services Administration Mental Health Block Grants and federal Projects for Assistance in Transition from Homeless grants; Medi-Cal federal financial participation is excluded (weighted at 20%).

Additionally, to provide a minimum level of funding for less populous counties, a Minimum Component Allocation was established for each component based on recommendations from CBHDA. The minimum Component Allocation represented the minimum amount of funding to be made available to each county should the formula described above result in a lower amount.

1. Community Services and Supports (CSS): \$250,000 is the minimum amount available to each county with a population of less than 20,000; \$350,000 is the minimum amount available to all other counties.
2. Prevention and Early Intervention (PEI): \$100,000 is the minimum amount available to each county.
3. Innovation (INN): No minimum amount. Component Allocations for INN were based on the relative share of total CSS and PEI Component Allocations provided to each county, in order to be consistent with W&I § 5892(a)(6), in which funding utilized for innovative work plans is a proportion of CSS and PEI funding.

Should you have any questions, please contact Donna Ures at donna.ures@dhcs.ca.gov or (916) 324-0401.

Sincerely,

Original signed by

Karen Baylor, Ph.D., LMFT, Deputy Director
Mental Health & Substance Use Disorder Services

Enclosure