

Mental Health Services Act Expenditure Report

Fiscal Year 2005 – 2006

ADDENDUM

A Report to the Legislature in Response to

**AB 131, Omnibus Health Budget Trailer Bill
Chapter 80, Statutes of 2005**



CALIFORNIA DEPARTMENT OF
Mental Health

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Mental Health Services Act Expenditure Report

Fiscal Year 2005 – 2006

ADDENDUM

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ISSUE STATEMENT

This report to the Legislature is required by Assembly Bill 131 (Chapter 80, Statutes of 2005), which specifies that, at the time of the release of the January 10 budget plan and the May Revision, the Director of Mental Health shall submit to the Legislature information regarding the projected expenditure of Proposition 63 funding for each state department, and for each major program category specified in the measure, for local assistance. This shall include actual past-year expenditures, estimated current-year expenditures, and projected budget-year expenditures of local assistance funding.

In January 2006, the State Department of Mental Health issued its first report to the Legislature which included actual and projected expenditures of funds generated as a result of the passage of the Mental Health Services Act (MHSA) as well as specific information regarding the background and stated purpose of the MHSA, achievements to date and implementation activities planned for FY 2006-07. This report to the Legislature is submitted as an addendum to the January 2006 report and provides an update on expenditures over the four months since the prior report was issued.

BACKGROUND

The passage of Proposition 63, the Mental Health Services Act (MHSA) in November 2004, provides an opportunity to increase funding, personnel and other resources to support county mental health programs and monitor progress toward statewide goals for serving children, transition age youth, adults, older adults and families with mental health needs. Additional information on the Mental Health Services Act may be found in the Mental Health Services Act Expenditure Report for Fiscal Year 2005-2006, dated January 2006.

Components of the MHSA

The MHSA specifies six major components. Because of the complexity of each component, implementation of the six components is being staggered. The MHSA specifies the percentage of funds to be devoted to each of the components and requires the Department to establish the requirements for use of the funds. (Refer to the table on page 5 of this report for detail of actual expenditures for FY 2004-05, estimated expenditures for FY 2005-06, and projected expenditures for FY 2006-07.)

The six components and the required funding percentage specified in the MHSA for FY 2004-05 through FY 2007-08 are:

- **Community Program Planning Process**—This is an inclusive local process involving clients, families, caregivers, and partner agencies to identify community issues related to mental illness and resulting from lack of community services and supports. It also defines the populations to be served and the strategies that will be effective for providing the services, to assess capacity, and to develop the

work plan and funding requests necessary to effectively deliver the needed services.

- **Community Services and Supports (CSS)**—"System of Care Services" described in the MHSA is now called "Community Services and Supports." The CSS are the programs, services, and strategies that are being identified by each county through its stakeholder process to serve unserved and underserved populations, with an emphasis on eliminating racial disparity.
- **Education and Training**—This component will target workforce development programs to remedy the shortage of qualified individuals to provide services to address severe mental illnesses.
- **Capital and Information Technology**—This component will address the capital infrastructure needed to support implementation of the Community Services and Supports programs. It includes funding to improve or replace existing IT systems and for capital projects to meet program infrastructure needs.
- **Prevention and Early Intervention**—This component will support the design of programs to prevent mental illnesses from becoming severe and disabling, with an emphasis on improving timely access to services for underserved populations.
- **Innovation (5 percent of CSS and 5 percent of Prevention and Early Intervention)**—The goal of this component is to develop and implement promising and proven practices designed to increase access to services by underserved groups, increase the quality of services and improve outcomes, and to promote interagency collaboration.

	Percentage Funding Distribution by Component			
	FY 2004/05	FY 2005/06	FY 2006/07	FY 2007/08
Education/Training	45.0%	10.0%	10.0%	10.0%
Capital Facilities/Technology	45.0%	10.0%	10.0%	10.0%
Local Planning *	5.0%			
State Implementation/ Administration	5.0%	5.0%	5.0%	5.0%
Prevention **	0.0%	20.0%	20.0%	20.0%
Community Services and Supports (CSS) ***	0.0%	55.0%	55.0%	55.0%
Total	100%	100%	100%	100%

* Local Planning is a maximum of 5 percent of the total amount distributed during a fiscal year

** 5% of Prevention funding will be available for Innovative Programs

*** 5% of CSS funding will be available for Innovative Programs

**Mental Health Services Act Funding
May 2006**

This chart displays actual past year, estimated current year and projected budget year expenditures

	Actual FY 04-05	Estimated FY 05-06	Projected FY 06-07
*State Support:			
Department of Mental Health (DMH)	\$4,318,950	\$16,111,000	\$19,304,000
Mental Health Services Oversight and Accountability Commission (MHSOAC)	-	\$702,000	\$1,468,000
Department of Health Services (DHS)	-	\$52,000	\$493,000
Department of Social Services (DSS)	-	\$515,000	\$508,000
Department of Education (CDE)	-	\$344,000	\$685,000
Department of Rehabilitation (DOR)	-	\$195,000	\$195,000
Department of Alcohol & Drug Programs (DADP)	-	\$247,000	\$250,000
Managed Risk Medical Insurance Board (MRMIB)	-	-	\$151,000
State Controller's Office (SCO)	-	-	\$43,000
TOTAL Support	\$4,318,950	\$18,166,000	\$23,097,000

Local Assistance:			
Education & Training	-	-	\$251,600,000
Capital Facilities & Technology	-	-	\$251,600,000
Local Planning	\$12,624,260	-	-
Prevention**	-	-	\$274,600,000
Community Services & Support (CSS) ***	-	\$356,870,000	\$398,300,000
Total Local Assistance	\$12,624,260	\$356,870,000	\$1,176,100,000

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Total Income from Surplus Money Investments			\$27,152,000
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GRAND TOTAL	\$16,943,210	\$375,036,000	\$1,226,349,000
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Prevention & Early Intervention (P/EI)**	-	-	\$260,870,000
P/EI Innovation**	-	-	\$13,730,000
Total P/EI	-	-	\$274,600,000

CSS***	-	\$356,870,000	\$360,540,000
CSS Innovation***	-	-	\$37,760,000
Total CSS	-	\$356,870,000	\$398,300,000

P/EI Innovation**	-	-	\$13,730,000
CSS Innovation***	-	-	\$37,760,000
Total Innovation	-	-	\$51,490,000

* The MHSA allows 5 % of the total annual revenue received for the Fund for support activities

** 5% of Prevention funding will be available for Innovative Programs

*** 5% of CSS funding will be available for Innovative Programs

a/ This amount reflects the balance of unspent estimated revenues available for local assistance from FY 2004-05 (\$228.7 million) and FY 2005-06 (\$291.9 million) and the estimated local assistance revenues available for FY 2006-07 (\$655.5 million). The entire amount may not be spent in FY 2006-07 as all the specific work plans have not yet been developed and approved. DMH anticipates distributing authorized local assistance funds when work plans are approved for implementation.

STATE SUPPORT EXPENDITURES

For FY 2005-06 and FY 2006-07, seven state departments and the Mental Health Services Oversight and Accountability Commission (MHSOAC) are allocated MHSA funding. Collaborative efforts are funded from state support. The seven departments are the Department of Mental Health (DMH), the Department of Health Services (DHS), the Department of Social Services (DSS), the California Department of Education (CDE), the Department of Rehabilitation (DOR), the Department of Alcohol and Drug Programs (DADP), and the Managed Risk Medical Insurance Board (MRMIB). The State Controller's Office (SCO) received MHSA funding to support the new Human Resources Management System. Information regarding these state support expenditures may be found in the Mental Health Services Act Expenditure Report for Fiscal Year 2005-2006, dated January 2006.

Changes to state support expenditures since January 2006 include increases in DMH and the MHSOAC, primarily for contracts, and a reappropriation of funds in CDE. The DMH total increase of \$11,825,000 is comprised of \$1,209,000 for staff and associated operating costs and \$10.6 million in contract costs. The staff and related operating costs increase includes support to coordinate implementation of the Governor's Homeless Initiative Phase II and for development of regulations. About half the contract costs are one-time only. The MHSOAC increase of \$534,000 is comprised of \$308,000 in changes in staff classifications and operating costs and \$226,000 for consultant contracts, including the support of client and family member participation at Commission meetings and with the committees. The CDE is reappropriating support appropriations of \$289,000 from FY 2005-06 to FY 2006-07 for contract services with mental health/educational professionals to design, develop and present training to local educational agencies.

**Department of Mental Health
State Support
Fiscal Years 2005-06 and 2006-07**

Fiscal Year 2005-06

Personal Services	\$5,429,000
Operating Expenses	1,296,000
Contracts	6,051,000
Governor's Homeless Initiative	3,150,000
Contract funds to develop plans for mental health disease management	185,000
Total	<u>\$16,111,000</u>

The following adjustments are reflected to arrive at the expenditures proposed in the Governor's Budget for Fiscal Year 2006-07

Fiscal Year 2006-07

One-time costs eliminated from Fiscal Year 2005-06 Budget	
Contracts	-\$6,151,000
Miscellaneous one-time costs	-16,000
Governor's Homeless Initiative	-3,150,000
Contract funds to develop plans for mental health disease management	-185,000
Total one-time costs eliminated from Fiscal Year 2005-06 Budget	<u>-\$9,502,000</u>

Increases:

Full Year Cost for Audit Positions	\$533,000
Operating Expense Price Increase	44,000
Operating Expense Statewide Surcharge	91,000
Resources, including research contracts and legal support for the Mental Health Services Oversight and Accountability Commission; staff support for the Mental Health Planning Council; staff support for statewide Information Technology infrastructure activities	202,000
Total Increases	<u>\$870,000</u>
Governor's Fiscal Year 2006-07 Budget	\$7,479,000

Adjustments included in May Revision

Personal Services	\$909,000
Operating Expenses	300,000
Contracts	10,616,000 *
Total Increases	<u>\$11,825,000</u>
Total May Revision Adjustments for Fiscal Year 2006-07 Budget	\$19,304,000

* Of this amount \$5,198,000 are one-time only

CONTINUING IMPLEMENTATION ACTIVITIES IN FY 2005-06 and FY 2006-07

Stakeholder Process

Since passage of the Mental Health Services Act in November 2004, the Department of Mental Health has initiated an extensive transparent stakeholder process, beginning with its first general stakeholders meeting held in December 2004. As of May 1, 2006 the State has convened 19 general and workgroup-specific stakeholders meetings and 16 conference calls. There have been 4,731 emails generated to the general MHSA email address, 135 calls to the toll-free phone line and more than 82,000 visits to the MHSA Website.

Community Program Planning Process

The purpose of Community Program Planning is to provide a structure and process counties can use, in partnership with their stakeholders, in determining how best to utilize MHSA funds. Approximately \$12.6 million was distributed to counties for initial planning of the MHSA Community Services and Supports component. Fifty-seven counties and the City of Berkeley applied for and received Community Planning Process funding.

Community Services and Supports

Community Services and Supports refers to "System of Care Services" as required by the MHSA in Welfare and Institutions Code Sections 5813.5 and 5878.1 to 5878.3. The MHSA requires that "each county mental health program shall prepare and submit a three-year plan which shall be updated at least annually and approved by the Department of Mental Health (DMH) after review and comment by the Oversight and Accountability Commission." Annual updates of the county three-year plan will be required pursuant to MHSA requirements. The requirements for the content of the plans and the emergency regulations can be located on the DMH Website at: <http://www.dmh.ca.gov>.

The DMH developed plan requirements for the Program and Expenditure Plan for Community Services and Supports with stakeholder participation in early 2005 and released them in final August 1, 2005. No specific due date was provided for counties to submit their Program and Expenditure Plan, and as of May 1, 2006, 45 county plans have been received and either have been approved or are in the process of approval. Fifteen county plans have been approved for funding: El Dorado, Humboldt, Kern, Los Angeles, Madera, Merced, Mono, Monterey, Orange, Placer, San Francisco, San Luis Obispo, San Mateo, Stanislaus and Tulare counties. The table on the following page lists the counties for which Community Services and Supports plans have been approved and the dollar amounts those counties are receiving for this component for Fiscal Year 2005-2006.

County	Funding for Fiscal Year 2005-2006
El Dorado	\$335,627
Humboldt	\$871,971
Kern	\$2,093,953
Los Angeles	\$69,133,067
Madera	\$847,832
Merced	\$364,170
Mono	\$88,328
Monterey	\$1,235,422
Orange	\$6,350,553
Placer	\$942,292
San Francisco	\$1,331,039
San Luis Obispo	\$569,840
San Mateo	\$1,250,081
Stanislaus	\$4,194,500
Tulare	\$494,128
Total	\$90,102,803

As part of the Department's technical assistance and training support of counties, DMH has contracted with the California Institute for Mental Health (CIMH). CIMH is providing a series of regional trainings, video-conferences, data trainings, Web-casts and targeted county specific site-based trainings. These trainings target county staff, stakeholders, and contract providers responsible for implementing the MHSA. Current training topics include informational sessions on wellness, recovery, client and peer-run services, consumer and family member employment, strategies for outreach and engagement of the unserved mental health populations, regional housing academies, technical assistance to small counties and project management training.

Outcome Reporting

The Department of Mental Health has begun training counties on the performance outcomes assessment protocol and data capture/reporting requirements for Full Service Partnership (FSP) clients, as well as for collecting information on service strategies and other indicators pertinent to the Mental Health Services Act (MHSA). Counties that have received Community Services and Supports plan approval will be providing MHSA services and reporting FSP outcomes and other MHSA services information very shortly. The Performance Measurement Advisory Committee (PMAC) is also continuing to meet, and beginning to focus on aspects of measurement in addition to FSP outcomes, particularly the measurement of the mental health system's transformation with respect to recovery and wellness philosophies, and the measurement of client outcomes centered around personal recovery. The State Quality Improvement Council is also aligning its quality improvement goals and projects with the MHSA vision, and is coordinating its activities with the PMAC and other mental health quality endeavors internal and external to DMH.

A measurement and outcomes committee of the Mental Health Services Oversight and Accountability Commission (MHSOAC) has been developed, which includes the

Chief of Performance Outcomes and Quality Improvement within DMH. This group is functioning to inform, guide and assist in the prioritizing of performance measurement targets and methods for various aspects of MHSA implementation, including Community Services and Supports, Prevention and Early Intervention, Innovation, Education and Training, etc.

In addition to the FSP assessment approach, DMH is continuing to work on the details of measuring California mental health system development, and outreach and engagement aspects of the MHSA implementation. Performance measures selection now involves the consideration of technology options available to improve workflow processes, data quality, and the feasibility of data collection. As such, DMH information technology personnel, performance measurement personnel, and numerous stakeholders statewide are working closely together in order to enhance information management infrastructures that support performance measurement and accountability reporting.

Education and Training

In the Education and Training component, the MHSA specifies that each county mental health program shall submit to the department a needs assessment identifying shortages in each professional and other occupational category and a plan to increase the supply of professional and other staff that county mental health programs anticipate they will require. DMH is required to identify the total statewide needs for each professional and other occupational category and develop a five-year education and training development plan. In February 2006 the Chief of the MHSA Education and Training unit was appointed and is currently in the process of hiring additional staff. In partnership with its stakeholders, DMH has developed a work plan with timelines to complete the required statewide needs assessment and develop a five-year education and training development plan by June 2007. This will include building a staff and budget structure to fund the statewide and county programs that will address the Education and Training outcomes that are stipulated in the Act. DMH has begun the process of obtaining stakeholder input to initial drafts of the five-year plan structure and needs assessment methodology. It is anticipated that funding of programs will commence in Fiscal Year 2006-2007. Approximately \$252 million will be available through June 2007 to support the development of a five-year Education and Training Plan.

Capital Facilities and Information Technology

The MHSA specifies that a portion of the funds generated by the MHSA is to be used for capital facilities and technological needs to support community-based integrated services. This component will address the capital infrastructure needed to support implementation of the Community Services and Supports Program. Approximately \$252 million will be available through June 2007 to support these activities.

Prevention and Early Intervention

The MHSAs authorize the Department to establish a program designed to prevent mental illness from becoming severe and disabling. DMH has the responsibility to develop the program requirements and then review three-year Prevention and Early Intervention proposals submitted by the counties. Once the DMH has reviewed the county requests, programs will be referred to the MHSOAC which has responsibility to review and approve each county mental health program for expenditures pursuant to Parts 3.2 for Innovative Programs and Part 3.6 for Prevention and Early Intervention. DMH will provide technical assistance to the counties as needed to address concerns or recommendations of the MHSOAC. The Department is currently in the process of recruiting and hiring the staff for this component. Approximately \$275 million will be available through June 2007 for Prevention and Early Intervention services.

Innovation

Approximately \$52 million will be available for development of Innovative Programs through June 2007. DMH has the responsibility to review the local plans. The MHSOAC has the primary responsibility for approving local plans for Innovation.

Governor's Homeless Initiative

The Governor's Homeless Initiative (GHI) creates a housing finance model that ties together California Housing Finance Agency (CalHFA) debt financing, tax credits, capital subsidies (Proposition 46) and MHSAs funds to encourage development of supportive housing projects that target chronically homeless individuals with serious mental illness. This Initiative offers a non-traditional centralized loan and application approval process. Approximately \$3.15 million from MHSAs funds in FY 2005-06 are targeted for this initiative, with \$2 million designated for rental subsidies, \$750,000 designated for pre-development costs, and \$400,000 distributed to establish supportive housing development collaboration at the local level. The focus of the efforts at the local level has begun with the implementation of DMH sponsored Regional Housing Trainings. There are 12 trainings scheduled throughout the State, with the goal of bringing together county mental health departments, county housing agencies, housing developers, and community-based service providers to share expertise and leverage resources to develop more housing opportunities for homeless people with serious mental illness. County mental health departments are a fundamental component of this collaborative effort, and they must provide a long-term commitment to fund supportive services for a project to qualify for approval under the Governor's Homeless Initiative.

The May Revision proposes to continue that interagency collaboration to implement the second phase of the Governor's Homeless Initiative by including up to \$75 million in existing Proposition 63 local assistance funding each year to construct housing for individuals with mental illness, and their families, who are chronically homeless. Proposition 63 resources would be leveraged to secure an estimated \$4.5 billion in

other funding sources and would enable the construction of over 10,000 new housing units. As a condition of receiving funds, counties would be required to provide the supportive services necessary to maintain these individuals in their homes. In addition, \$1.2 million is proposed for the Department of Mental Health to coordinate the implementation of the second phase.

Oversight and Accountability Commission

The MHSOAC will oversee implementation of the Children's, Adults and Older Adults Services, Education and Training, Innovative Programs, and Prevention and Early Intervention components of the MHSA. The MHSOAC announced the appointment of its Executive Director in March 2006 and since that time has been recruiting for its remaining staff. Committees corresponding to each component of the MHSA have been appointed as well as a seventh committee to ensure the cultural and linguistic competence of all MHSA implementation efforts. Since her appointment, the Executive Director has been actively assessing the statutory mandates for the MHSOAC as defined in the Mental Health Services Act, the role and various responsibilities of all seven committees, and the scope of the MHSOAC's work plan to ensure it provides appropriate oversight at both the state and local levels.