



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



GAVIN NEWSOM
GOVERNOR

DATE: August 14, 2019

MHSUDS INFORMATION NOTICE NO.: 19-037

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
CALIFORNIA OPIOID MAINTENANCE PROVIDERS
CALIFORNIA STATE ASSOCIATION OF COUNTIES
CALIFORNIA CONSORTIUM OF ADDICTION PROGRAMS AND PROFESSIONALS

SUBJECT: PRUDENT RESERVE FUNDING LEVELS

REFERENCE: MENTAL HEALTH SERVICES ACT: IMPLEMENTATION OF WELFARE AND INSTITUTIONS CODE (W&I) SECTIONS 5847 (b)(7) and 5892 (b) and (h).

This Information Notice is to inform counties of the maximum prudent reserve level for Fiscal Year (FY) 2018-19.

Background

Per W&I Section 5847(b)(7), a County is required to establish and maintain a prudent reserve. W&I Code section 5892(b)(2) requires counties to maintain a prudent reserve that does not exceed 33 percent of the average community services and support (CSS) revenue received for the Local Mental Health Services Fund in the preceding five years, and to reassess and certify the maximum amount every five years.

Maximum Prudent Reserve Level

Each county must calculate an amount to establish its prudent reserve that does not exceed 33 percent of the average amount allocated to the CSS component in FY 2013-14, FY 2014-15, FY 2015-16, FY 2016-17, and FY 2017-18. To determine the average amount allocated to the CSS component of those five years a county must calculate the sum of all distributions from the Mental Health Services Fund from July 2013 through June 2018, multiply that sum by 76 percent, and divide that product by five.

To determine the maximum prudent reserve level, a county must multiply the average amount allocated to the CSS component of the previous five years by 33 percent. DHCS completed this calculation for all counties in Enclosure 1.

DHCS utilizes distribution data from the State Controller's Office (SCO). Funds distributed by the SCO will include actual distributions to counties made from July through June of each fiscal year. Distribution amounts are available in the [Monthly Mental Health Service Fund reports](#) on the SCO website.

If you have any questions regarding the maximum prudent reserve funding level, please contact Donna Ures at (916) 713-8802 or donna.ures@dhcs.ca.gov.

Sincerely,

Original signed by

Brenda Grealish
Assistant Deputy Director
Behavioral Health

Enclosures