

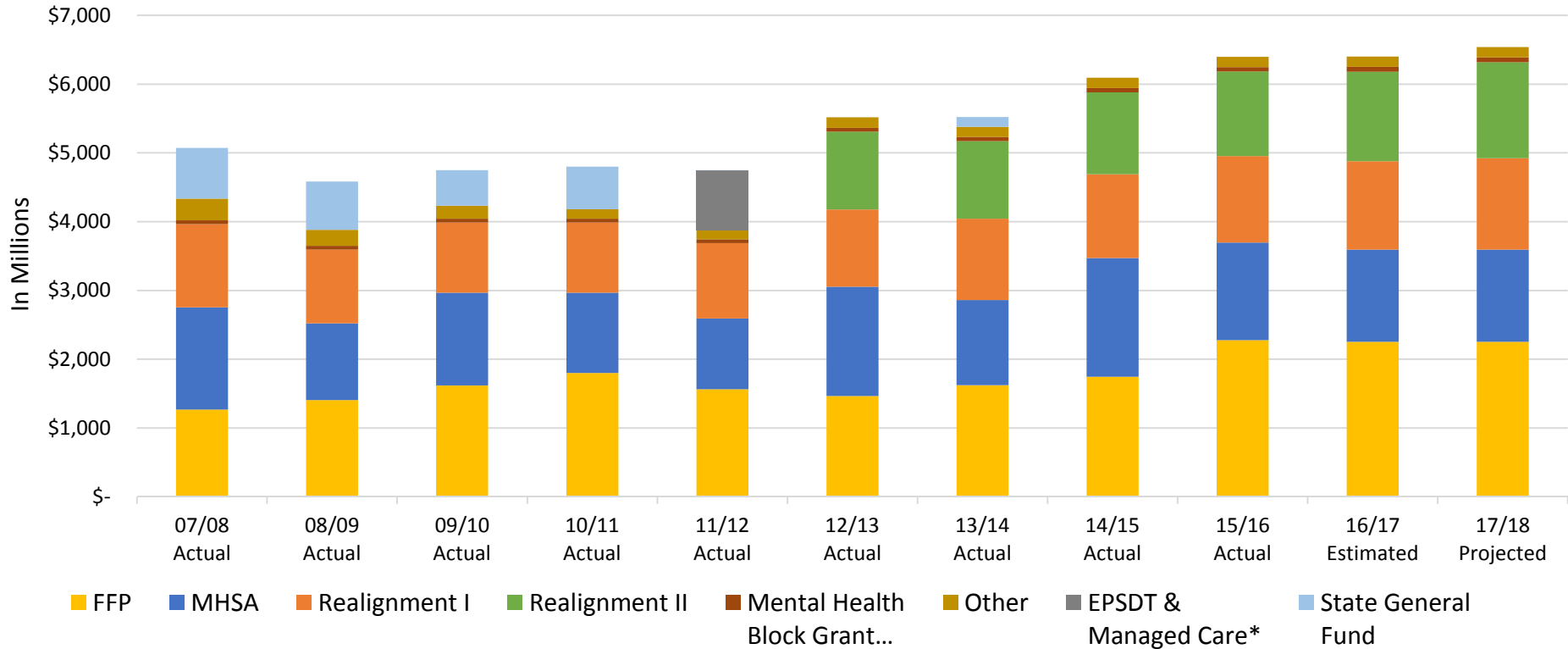


Financial Report
January 26, 2017

Mental Health Funding at the Local Level

FY 07/08 - 17/18

The graph below displays local mental health funding levels from FY 2007/08 to 2017/18 from different funding sources. Projected funding to the counties in FY 2017/18 is 110 percent higher than in FY 2005/06 and 18.5 percent higher than FY 2012/13.



MHSA funding for counties shown above is from the Governor’s proposed budget. Actual amount distributed will be based on actual revenues deposited into the fund less the amount reserved and spent on administration.

Realignment I 1991: Transferred control of several health and mental health programs from the state to the counties, reduced State General Funds to the counties, and provided the counties with “new” tax revenues from increased sales tax and vehicle license fees dedicated to counties for their increased financial obligations for health and mental health programs.

Realignment II 2011: shifts “existing” state revenues from sales tax, vehicle license fee for various programs including EPSDT and mental health managed care. The total funds for the 2011 Realignment includes funds for Substance Use Disorders.

* One time redirected MHSA funding for EPSDT and Mental Health Managed Care. State general funding for mental Health was replaced by Realignment I and Realignment II.

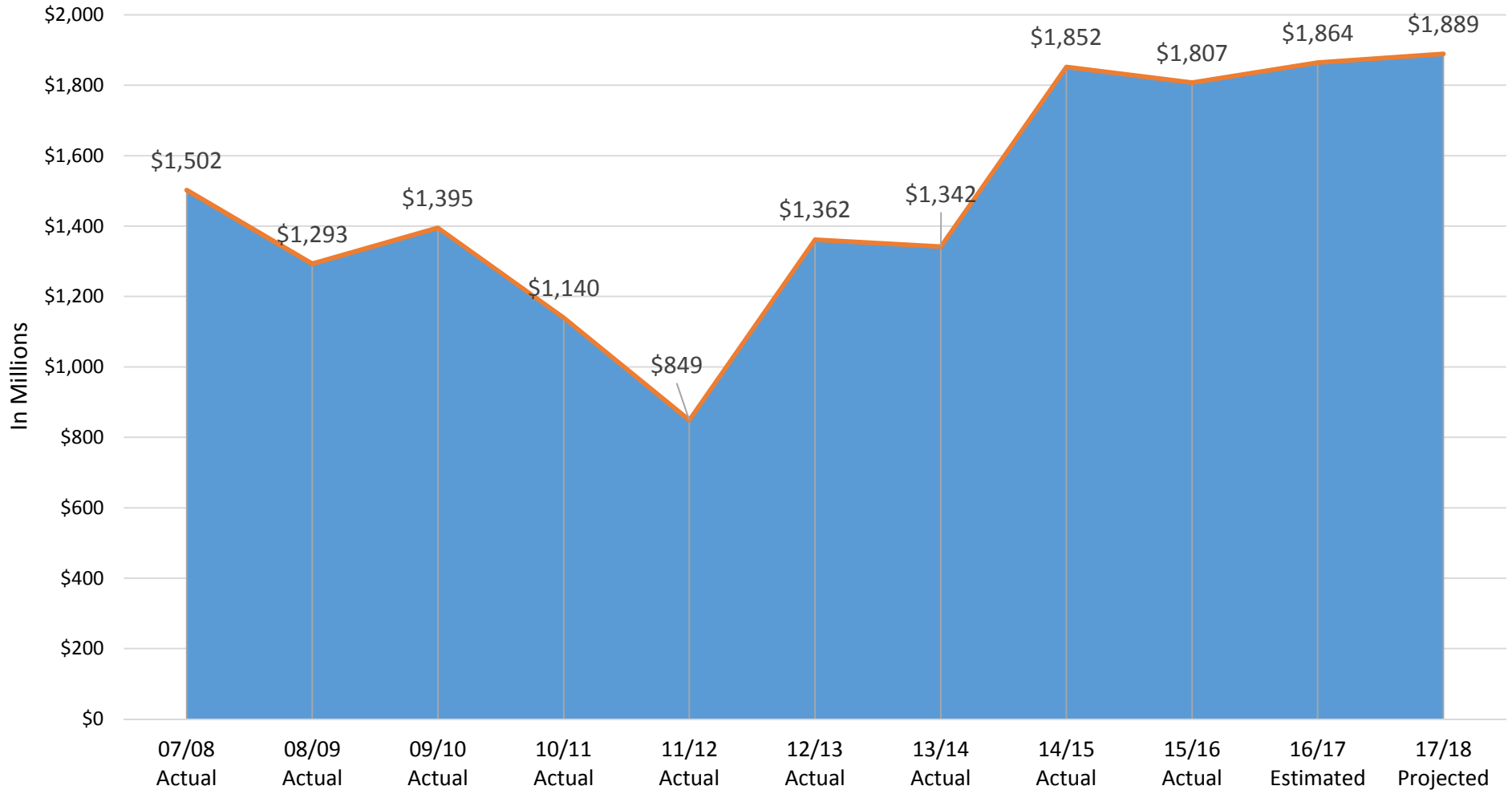
State General Fund for mental health was replaced by Realignment I and Realignment II.

State General Fund in 2013/14 was for the California Health Facilities Financing Authority Senate Bill (SB) 82 Grants.

Total MHSR Revenue

FY 07/08 - 17/18

The graph below indicates the actual and estimated total MHSR Revenues deposited to the fund from FY 2007/08 to 2017/18. MHSR funding is susceptible to economic fluctuations as noted in the graph below. Each county is required to maintain a Prudent Reserve that is designed to preserve current levels of services in years with extreme decreases in revenue. Additionally, the State maintains a reserve for economic uncertainties in each special fund. The Governor's FY 2017/18 January Proposed Budget includes a projected reserve in the Mental Health Services Fund for FY 2017/18 of \$1,718 million.

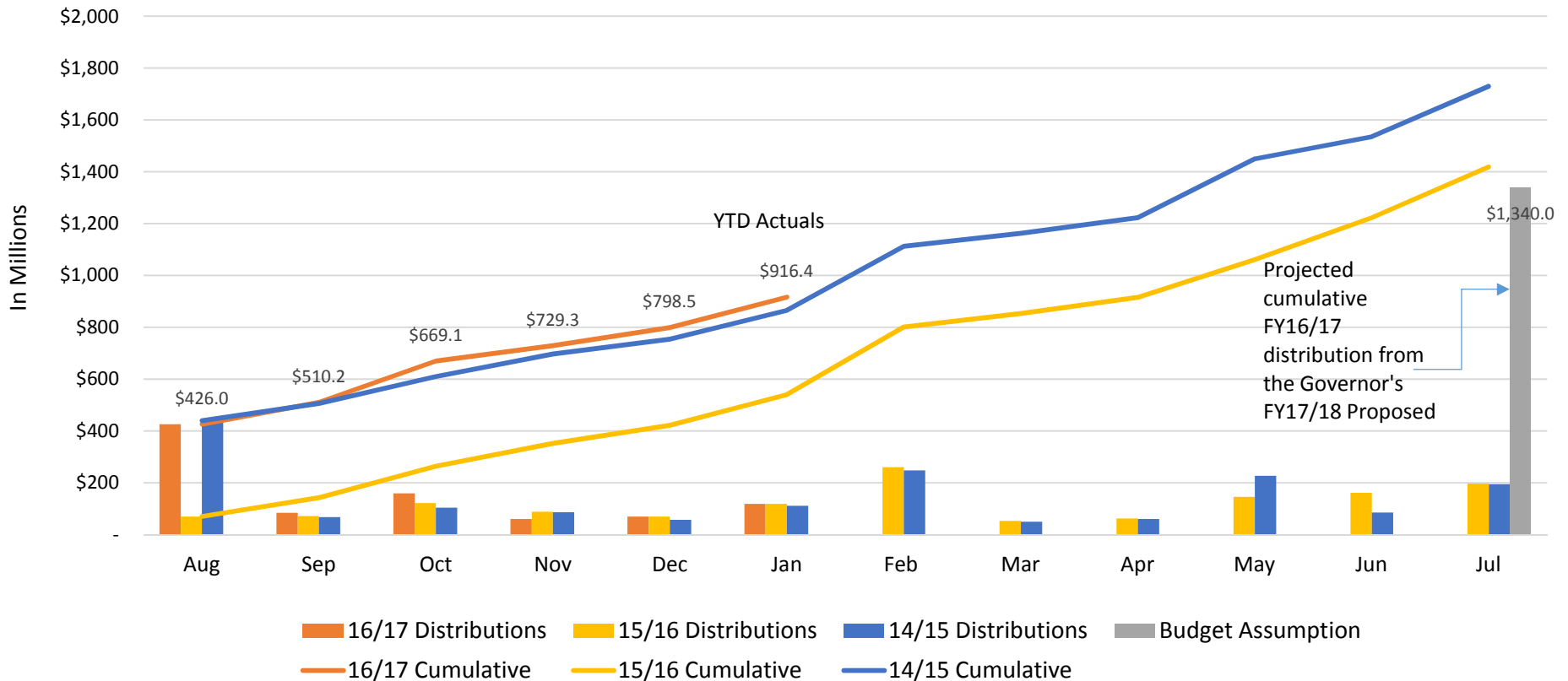


Source: Sources identified in Appendix 2
 January 2017
 Updated Semi-Annually

Mental Health Services Funds Distributed to Counties

FY 2016/17

This chart reflects changes to distributions to the counties of MHSF Funds from July 2016 to January 2017. Currently, these funds are no longer distributed by MHSF Component, (Community Services and Supports, Prevention and Early Intervention, Innovation, etc.). The distribution in FY 2016/2017 represents actual Mental Health Services funds distributed for the first 6 months of the fiscal year. Also shown are monthly and cumulative distributions for FY2014/15 and FY2015/16 and the projected cumulative distribution for FY16/17 included in the Governor's Proposed Budget for FY17/18.

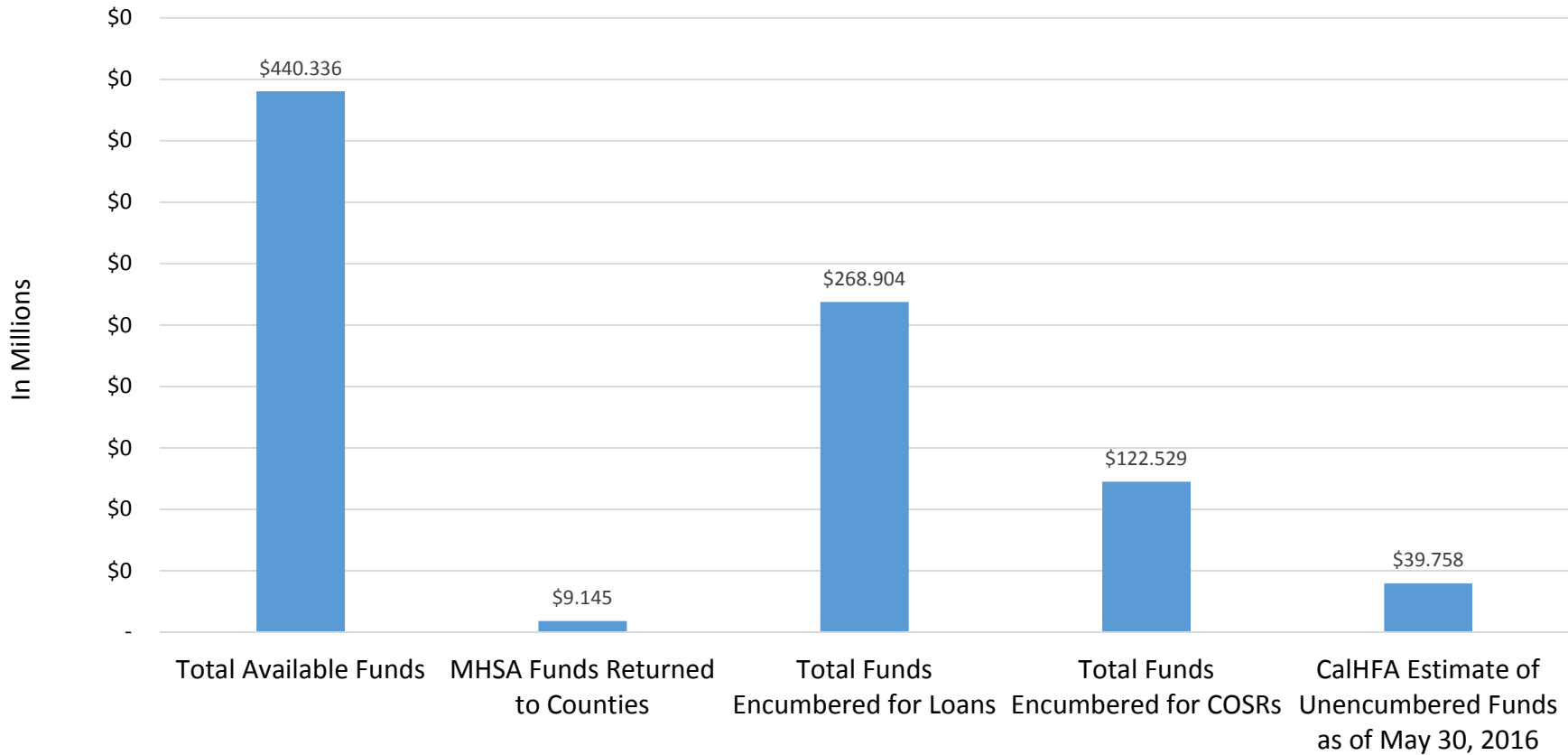


For a year to date, county by county summary of distributions, refer to the following link:
http://www.sco.ca.gov/Files-ARD-Payments/mentalhealthservices_ytd_1617.pdf

MHSA Housing Program

FY 15/16

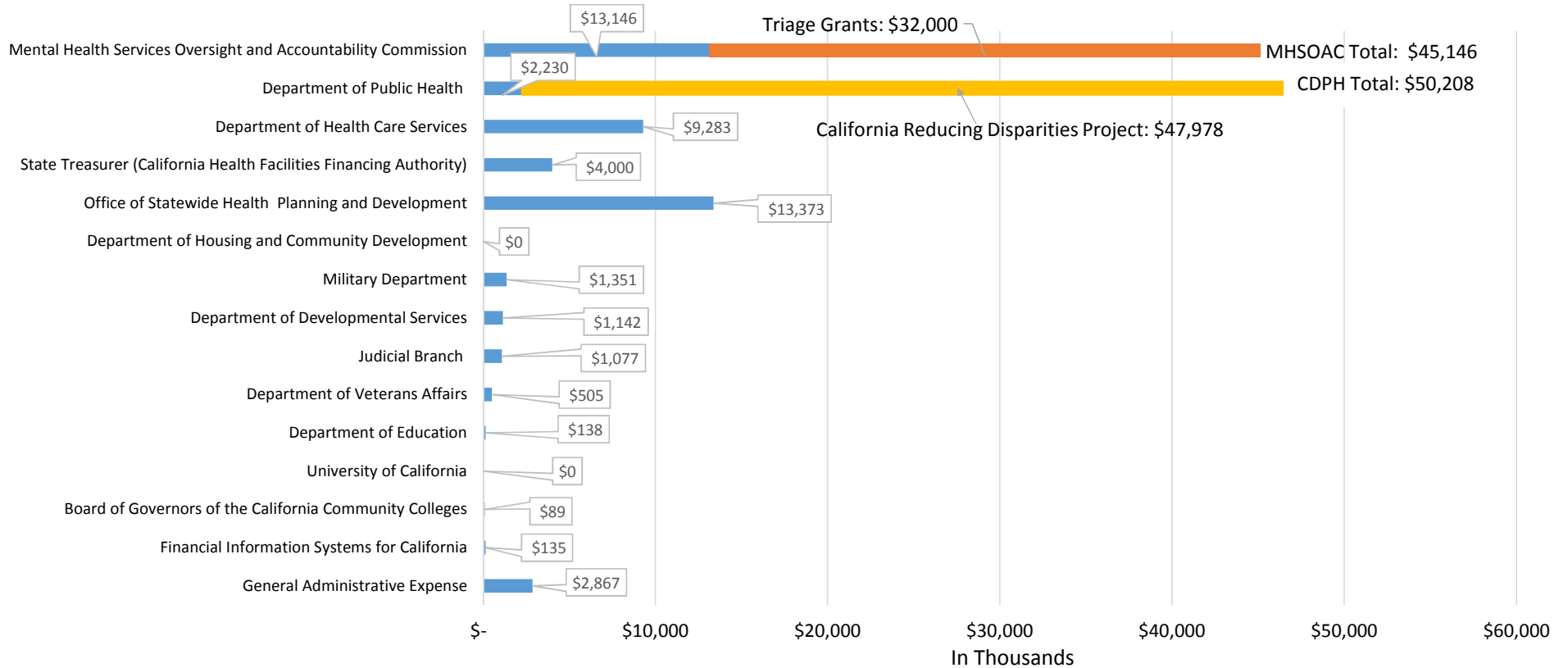
Executive Order S-07-06, signed by Governor Schwarzenegger on May 12, 2006, mandated the establishment of the MHSA Housing Program, with the stated goal of creating 10,000 additional units of permanent supportive housing for persons with serious mental illness who are homeless or at risk of homelessness. In May 2007, \$400M of MHSA funds was made available under the MHSA Housing Program. This program makes permanent financing and Capitalized Operating Subsidy Reserves (COSRs) available for the purpose of developing permanent supportive housing, including both rental housing and shared housing, to serve persons with serious mental illness who are homeless or at risk of homelessness. This was a one-time allocation of MHSA funds. The program was closed at the end of Fiscal Year 2015/16, replaced by the Local Government Special Needs Housing Program, administered by the California Housing Finance Agency.



MHSA Administration Funds by Department (In Thousands)

FY 2017/18

This figure identifies the state entities that receive MHSA Administrative Funds. These funds are utilized for administration, services, research, etc. A portion of these funds were reappropriated from prior year administrative funds and are attributed to the 5% administrative cap for a different fiscal year than which they are expended. Zero amounts are shown for DHCD (\$6.2M in 2016/17) and the University of California (\$9.8 million in 2016/17). General Administrative Expense is now a general line item in the budget for each fund rather than line items in individual departmental budgets.



Amount Budgeted for Fiscal Year 2017/18 \$ 129,314 Projected

Sources: Health and Human Services budget details, FY2017-18 and FY2016-17.

Appendix 1: Mental Health Funding Levels at the Local Level (In Millions) FY 07/08 - 17/18

	07/08 Actual	08/09 Actual	09/10 Actual	10/11 Actual	11/12 Actual	12/13 Actual	13/14 Actual	14/15 Actual	15/16 Actual	16/17 Estimated	17/18 Projected
State General Fund	\$ 738.5	\$ 701.0	\$ 518.0	\$ 619.4	\$ 0.1	\$ -	\$ 142.5	\$ -	\$ -	\$ -	\$ -
Realignment I	\$ 1,211.5	\$ 1,072.4	\$ 1,023.0	\$ 1,023.0	\$ 1,097.6	\$ 1,124.0	\$ 1,185.0	\$ 1,216.7	\$ 1,256.1	\$ 1,285.5	\$ 1,330.5
Realignment II	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,131.0	\$ 1,129.0	\$ 1,193.0	\$ 1,230.3	\$ 1,303.4	\$ 1,396.6
Mental Health Block Grant (SAMHSA)	\$ 55.1	\$ 53.7	\$ 54.0	\$ 53.7	\$ 53.1	\$ 57.4	\$ 57.4	\$ 62.2	\$ 63.1	\$ 69.2	\$ 70.2
FFP	\$ 1,266.4	\$ 1,404.6	\$ 1,619.2	\$ 1,799.9	\$ 1,562.5	\$ 1,465.0	\$ 1,624.0	\$ 1,743.0	\$ 2,277.6	\$ 2,252.9	\$ 2,252.9
MHSA	\$ 1,488.2	\$ 1,117.0	\$ 1,347.0	\$ 1,165.1	\$ 1,029.9	\$ 1,589.0	\$ 1,235.0	\$ 1,730.0	\$ 1,418.8	\$ 1,340.0	\$ 1,340.0
EPSDT & Managed Care*	\$ -	\$ -	\$ -	\$ -	\$ 861.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 313.3	\$ 233.9	\$ 187.6	\$ 139.4	\$ 139.4	\$ 150.0	\$ 150.0	\$ 150.0	\$ 150.0	\$ 150.0	\$ 150.0
TOTAL	\$ 5,073.0	\$ 4,582.6	\$ 4,748.8	\$ 4,800.5	\$ 4,743.8	\$ 5,516.4	\$ 5,522.9	\$ 6,094.9	\$ 6,395.9	\$ 6,401.0	\$ 6,540.2

State General Fund (SGF): Prior to the Governor's FY 2011/12 Budget Proposal, the primary obligations of the SGF provided counties with mental health dollars to fund specialty mental health benefits of entitlement programs including Medi-Cal Managed Care, Early and Periodic Screening Diagnosis Treatment (EPSDT) and Mental Health Services to Special Education Pupils (AB 3632). State General Fund for Mental Health was replaced by Realignment I and Realignment II. State General Fund in 2013/14 was for the California Health Facilities Financing Authority Senate Bill (SB) 82 Grants. These grants subsequently were funded from the MHSF.

Realignment I (1991): In the 1991/92 fiscal year, State-Local Program Realignment restructured the state-county partnership by giving counties increased responsibilities and funding for a number of health, mental health, and social services programs. This realignment provides counties with dedicated tax revenues from the state sales tax and vehicle license fee.

Realignment II (2011): Realignment is the shift of funding and responsibility from the State to the counties to provide mental health services, social services and public health. There are two sources of revenue that fund realignment: 1.0625 cents of State sales taxes and a portion of State vehicle license fees. The primary mental health obligation of realignment is to provide services to individuals who are a danger to self/others or unable to provide for immediate needs. It is also a primary funding source for community-based mental health services, substance abuse services, State hospital services for civil commitments and Institutions for Mental Disease (IMDs) which provide long-term care services. Realignment II is for behavioral health services more broadly. The numbers displayed exclude the fixed set-aside for Women and Children's Residential Treatment.

Mental Health Block Grant (SAMHSA): Mandated by Congress, SAMHSA's block grants are noncompetitive grants that provide funding for substance abuse and mental health services.

Federal Financial Participation (FFP): FFP is the federal reimbursement counties receive for providing specialty mental health treatment to Medi-Cal and Healthy Families Program beneficiaries. The amount of federal reimbursement received by counties is based on a percentage established for California and which is called the Federal Medical Assistance Percentage (FMAP) and gives counties the funding responsibility for EPSDT and Mental Health Managed Care. California's FMAP for 2017 is 50 percent.

Proposition 63 Funds (MHSA): The MHSA is funded by a 1% tax on personal income in excess of \$1 million. The primary obligations of the MHSA is for counties to expand recovery based mental health services, to provide prevention and early intervention services, innovative programs, to educate, train and retain mental health professionals, etc.

Other: Other revenue comes from a variety of sources--county funds are from local property taxes, patient fees and insurance, grants, etc. The primary obligation of the county funds is the maintenance of effort (the amount of services required to be provided by counties in order to receive Realignment funds). MHSOAC Fiscal Consultant Projections; these have not been updated since 2012/13.

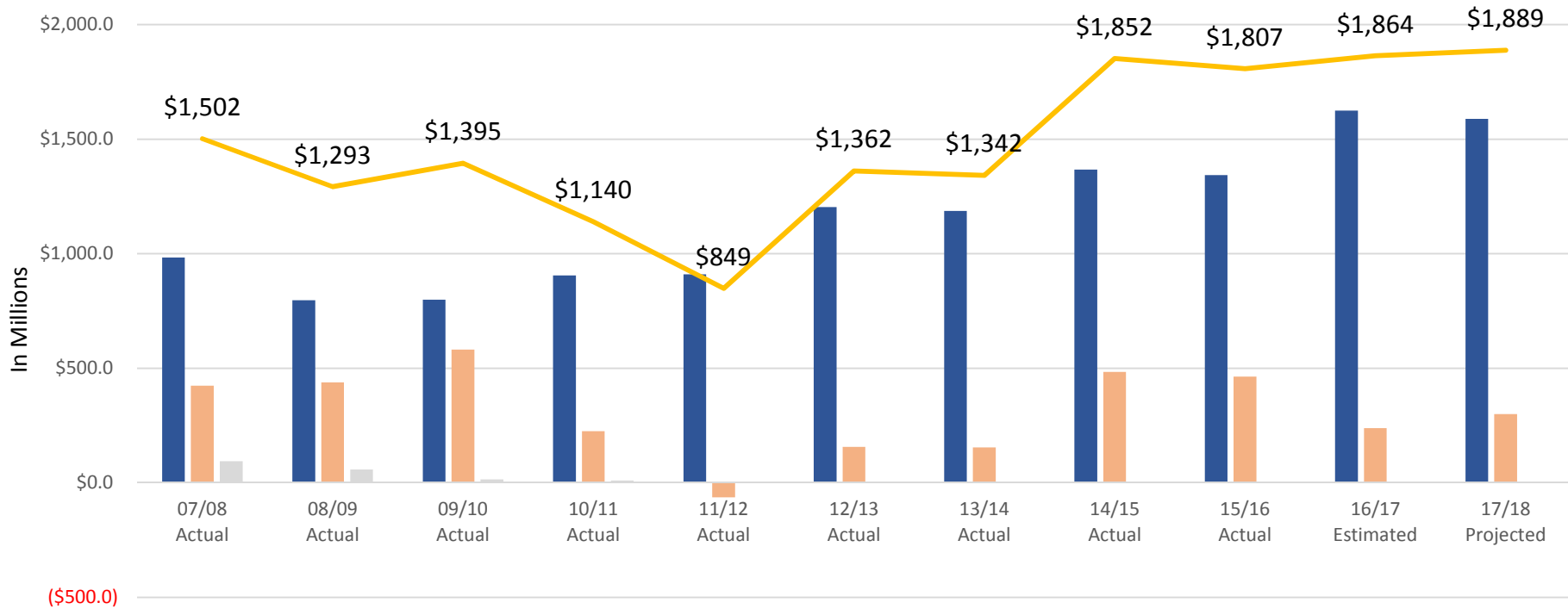
* One time redirected MHSA funding for EPSDT and Mental Health Managed Care.

Sources: FY 2017/18 Governor's Budget, and various.

Appendix 2: Total MHPA Revenue

FY 07/08 - 17/18

This graph and chart displays in more detail the information found on the graph on page two, Total MHPA Revenue . The dollars identified below tie to Fund Condition Statement figures published by DOF.



	07/08 Actual	08/09 Actual	09/10 Actual	10/11 Actual	11/12 Actual	12/13 Actual	13/14 Actual	14/15 Actual	15/16 Actual	16/17 Estimated	17/18 Projected
Cash Transfers	\$983.9	\$797.0	\$799.0	\$905.0	\$910.0	\$1,204.0	\$1,187.0	\$1,367.0	\$1,342.8	\$1,624.2	\$1,588.2
Annual Adjustment	\$423.7	\$438.0	\$581.0	\$225.0	(\$64.0)	\$157.0	\$154.0	\$484.0	\$463.2	\$238.8	\$299.4
Interest Income	\$94.4	\$57.6	\$14.9	\$9.7	\$2.7	\$0.7	\$0.5	\$0.8	\$1.2	\$1.2	\$1.2
TOTAL	\$1,502.0	\$1,292.6	\$1,394.9	\$1,139.7	\$848.7	\$1,361.7	\$1,341.5	\$1,851.8	\$1,807.2	\$1,864.2	\$1,888.8