



**SAN BENITO COUNTY
BEHAVIORAL HEALTH DEPARTMENT**

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Director

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MENTAL HEALTH•SUBSTANCE ABUSE
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San Benito County Mental Health Services Act

Request to Dedicate Funds to San Benito County's Prudent Reserve

Pursuant to Welfare and Institutions Code Section 5847(a) (7), each County receiving Mental Health Services Act (MHSA) funding must establish and maintain a prudent reserve for the Community Services and Supports (CSS) component of the MHSA. Furthermore, the County's Prudent Reserve requirement is to fund the reserve to an amount equal to 50% of the most recent approved CSS funding level. Most Counties have not yet met the reserve requirement as they struggle to utilize all funding to support current operation of programs during times when many sources of funding have been decreased or eliminated.

The State Department of Mental Health (DMH) on August 6, 2009 issued an update to the DMH Prudent Reserve policy. The updated policy now allows funds allocated for funding of the County's MHSA Prevention and Early Intervention (PEI) program component to be utilized as another source to fund the County's Prudent Reserve. Allowing the PEI funding as an additional source to meet the reserve requirement is intended to decrease the burden on counties to fund the reserve with the previously only allowable source being CSS funds. The DMH Prudent Reserve policy recognizes that the MHSA funding that voters approved with the passing of Prop. 63 is funded from a one percent (1%) tax levy on individuals earning a gross adjusted income above one million dollars and that the number of individuals in this tax bracket are declining, which decreases future MHSA revenues.

The intent of establishing a County MHSA Prudent Reserve is to ensure that County MHSA programs will continue to serve clients currently being served in years when MHSA revenues decline. The DMH established a formula to gauge at what point in MHSA revenue decline Counties would be allowed to utilize their Prudent Reserves. Access to the Prudent Reserve is determined on a statewide level. Based on current projections for statewide MHSA related tax revenue collections, DMH anticipates that the access threshold for Counties to utilize their Prudent Reserve will be met beginning July 1, 2010. Upon verification that access requirements to the Prudent Reserve are in effect, the DMH will also suspend the 50% Prudent Reserve requirement during these years.

Due to prudent financial management of resources it is not anticipated that the Behavioral Health Department will need to access its Prudent Reserve should the July 1, 2010 authorization from DMH occur.

Contrary to accessing the Prudent Reserve, the Behavioral Health Department is proposing to contribute additional funding to the County Prudent Reserve in the amount of \$166,300 sourced from MHSA PEI funds. These funds are unspent PEI funds that were available for PEI projects to the Behavioral Health Department in FY 2007-08. Due to delays in the DMH issuing PEI Plan submittal guidelines, fulfillment of the requirements to implement a local stakeholder planning process, the completion of the planning application, public posting period and public hearing, and a lengthy DMH and state Oversight and Accountability

Commission review and approval process, the Behavioral Health Department's PEI Plan was approved for funding on June 1, 2009.

The unspent FY07-08 PEI funds provide an excellent opportunity for the Behavioral Health Department to contribute additional funds to the local Prudent Reserve. Currently the Prudent Reserve has a balance of \$363,260. The addition of \$166,300 will bring the County Behavioral Department's local Prudent Reserve account total to \$529,560. Based on current requirements, however, San Benito County is required to fund its Prudent Reserve up to \$1,198,950 by June 30, 2011. The Prudent Reserve required amount can fluctuate as it is based on 50% of the County's most recent MHSA CSS allocation which is anticipated to decline due to declining tax collection revenues. Additionally, when the anticipated DMH access approval to the local Prudent Reserve occurs on July 1, 2010, the funding requirement for the Behavioral Health Department to fund the local Prudent Reserve to a level of 50% of the most recent CSS allocation amount will be suspended.

The Behavioral Health Department, however, plans to continue to contribute funds to the Prudent Reserve as opportunities allow. If necessary the Behavioral Health Department will utilize the Prudent Reserve to sustain MHSA programs in the event further erosion of revenues leaves no other alternatives for sustaining local MHSA funded programs.

See Enclosure I,
San Benito County Mental Health Services Act

Request to Dedicate Funds to San Benito County's Prudent Reserve

In accordance with the California Code of Regulations, this Request is being posted for a 30-day public comment period prior to submission to the State DMH. The posting period will be from 03/09/10 to 04/07/10. Actual Hardcopy of the Request may be obtained by calling the San Benito County Behavioral Health Department at (831) 636-4020 or, by emailing msanchez@sbcmh.org

Comments should be made with attention to Maria Sanchez, Administrative Specialist II by phone call to the San Benito County Behavioral Health Department at (831) 636-4020 or, by emailing msanchez@sbcmh.org

Mental Health Services Act (MHSA)
 Community Services and Supports (CSS) and Prevention and Early Intervention (PEI)
 FY 2009/10 Prudent Reserve Funding Request

County: San Benito

Date: 2/23/2010

Instructions: Utilizing the following format please provide a plan for achieving and maintaining a local Prudent Reserve.

Most Recent Annual Approved Funding Level

A. CSS Annual Funding Level for Services	\$	<u>\$1,739,700</u>	
B. PEI Annual Funding Level for Services	\$	<u>\$394,535</u>	
Total (A + B):			\$ <u>\$2,134,235</u>

C. Less: Total Non-Recurring Expenditures CSS and PEI	-		<u>\$0</u>
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Subtract any identified non-recurring expenditures for CSS and/or PEI, included in A and B above.

D. Plus: Total Administration CSS and PEI	+		<u>\$263,665</u>
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Enter the total administration funds requested for CSS and/or PEI.

E. Sub-total			<u>\$2,397,900</u>
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F. Maximum Prudent Reserve (50%)			<u>\$1,198,950</u>
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Enter 50%, or one-half, of the line item E sub-total. This is the estimated amount the County must achieve and maintain as a local Prudent Reserve by June 30, 2011.

G. Prudent Reserve Balance from Prior Approvals			<u>\$363,260</u>
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Enter the total amounts previously approved through Plan Updates for the local Prudent Reserve.

Amounts Requested to Dedicate to Local Prudent Reserve

H. Plus: CSS Component

Enter the Sub-total amount of funding requested for CSS in H.

*FY 2009/10	Unapproved Funds	\$	<u>\$0</u>	
	Unspent Funds	\$	<u>\$0</u>	
*FY 2008/09	Unapproved Funds	\$	<u>\$0</u>	
	Unspent Funds	\$	<u>\$0</u>	
FY 2007/08	Unapproved Funds	\$	<u>\$0</u>	
	Unspent Funds	\$	<u>\$0</u>	
	Sub-total:			+ <u>\$0</u>

I. Plus: PEI Component

Enter the Sub-total amount of funding requested for PEI in I.

FY 2007/08	Unapproved Funds	\$	<u>\$0</u>	
	Unspent Funds	\$	<u>\$166,300</u>	
	Sub-total:			+ <u>\$166,300</u>

Mental Health Services Act (MHSA)
Community Services and Supports (CSS) and Prevention and Early Intervention (PEI)
FY 2009/10 Prudent Reserve Funding Request

J. Total Amount Requested to Dedicate to Local Prudent Reserve \$166,300

Enter the sum of lines H and I.

K. Prudent Reserve Balance \$529,560

Enter the sum of G and J.

L. Prudent Reserve Shortfall to Achieving 50% (Describe below) -\$669,390

Subtract line K from line F. A positive amount indicates that the County has not dedicated sufficient funding to the local Prudent Reserve. Please describe how the County intends to reach the 50% requirement by June 30, 2011; for example indicate future increases in CSS planning estimates that will be dedicated to the local Prudent Reserve before funding any program expansion.

Per DMH Information Notice 10-01, the 50% requirement has been suspended.

Signature <to be signed prior to submitting to State>

Name and Title Alan Yamamoto, Director, San Benito Behavioral Health

**Per WIC Section 5892 (b), Counties shall not exceed 20% of the average amount of funds allocated to the County for the previous five years.*