MENTAL HEALTH SERVICES ACT

REVENUE AND EXPENDITURE REPORT

Fiscal Leadership Institute

June 4, 2019

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OVERVIEW

- Purpose of the RER
- Overview of Forms and Data Requirements
- Timelines
- County Questions

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PURPOSE FOR THE RER

- Welfare and Institutions Code, Section 5899(c).
  - Identify expenditure of MHSA funds
  - Quantify the amount of additional funds generated for the mental health system.
  - Identify unexpended funds and interest earned on MHSA funds.
  - Determine reversion amounts.

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OVERVIEW OF FORMS

- Information Tab
- CSS Tab
- PEI Tab
- INN Tab
- CFTN Tab
- WET.RP/HP Tab
- Adjustments (MHSA) Tab
- Adjustments (FFP) Tab
- Component Summary Tab
- Comments Tab

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COMMON DATA REQUIREMENTS
CSS, PEI AND INN

- Annual planning costs
- Evaluation costs
- Administration costs
- Transfers to a JPA
- JPA expenditures

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ANNUAL PLANNING COSTS

- Welfare and Institutions Code, Section 5892(c) allows 5% of the funds distributed to a county to be used to develop the three year program and expenditure plan or annual update, which includes implementing a stakeholder process.
- Need to be able to identify costs incurred to prepare the annual plan that complies with W&I Code, Sections 5847 and 5848.
- Allocate those costs to CSS, PEI, or both.
  - Costs associated with WET and CFTN should be allocated to the CSS component.
  - CCR, Section 3905 requires a county to receive approval from the MHSOAC before spending INN funds.

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EVALUATION COSTS

- PEI Component Evaluation (CCR, §3750)
  - The cost incurred to complete this component evaluation must be allocated to the PEI Component.
- INN Project Evaluation (CCR, §3915)
  - The cost incurred to complete these project evaluations must be allocated to the INN component.
- Other Component Evaluations
  - A county may assign costs incurred to evaluate other component programs and services to the specific component.

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ADMINISTRATION

- Allocate administrative costs to MHSA and non MHSA programs.
  - Counties that have stand alone MHSA and non-MHSA programs might use the direct costs accumulated in the MHSA and non-MHSA programs to allocate administrative costs.
  - Counties that do not have stand alone MHSA and non-MHSA programs might use the MHSA revenue and non-MHSA revenue used to support the direct cost of all programs to allocate administrative costs.
- Allocate MHSA administrative costs among components
  - Counties might use the direct program costs incurred in each component to allocate MHSA administrative costs among the components.

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TRANSFERS TO A JPA

- Report any transfers made to a JPA (e.g., CalMHSA) in the fiscal year on the appropriate component tab.
- Also report all MHSA funds transferred to a JPA that the JPA expended in the fiscal year.
- The JPA must spend all funds transferred to it within the appropriate reversion period.
- DHCS will revert funds not spent by the JPA within the appropriate reversion period.

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OTHER TRANSFERS

- Welfare and Institutions Code, Section 5892(b) allows a county to use CSS funds distributed after 2007-08 for CFTN and WET programs and for the Prudent Reserve.
- Counties must record the amounts they plan to use for CFTN and WET and the Prudent Reserve as a transfer on the CSS Tab.
- The reversion period is extended to ten years for funds transferred to CFTN and WET.
- Once transferred, those funds cannot be transferred back to CSS.

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PRUDENT RESERVE

- Information Notice 18-033 established a maximum level for the prudent reserve, which is 33% of the largest distribution to the county from the Mental Health Services Fund.
- DHCS will publish an IN prior to the beginning of each fiscal year with each county's maximum prudent reserve level.
- Counties with a prudent reserve level in excess of 33% must transfer the excess funding to the CSS component in 19-20.
- This funding will be considered revenue in 19-20 and counties will have three to five years to spend the funds or they will be subject to reversion.

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CSS PROGRAM COSTS

- Counties must report direct costs for each CSS program the county identified in its three year program and expenditure plan or annual update for the applicable fiscal year.
- Counties must identify the source of funding used for those direct costs.
- The amount reported on the RER must be supported by the county's accounting records.

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PEI PROGRAM COSTS

- Counties must report direct costs for each PEI program the county identified in its three year program and expenditure plan or annual update for the applicable fiscal year.
- Costs must be reported for each specific program type identified in the PEI regulations.
- Counties must also estimate the percentage of program participants who were under 25 years of age.
- Counties must also identify the how much the county spent from specific funding sources to cover the costs of each program.

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INN PROGRAM COSTS

- CCR, §3510.020 requires counties to report three types of costs for each Inn Project.
  - Project Administration
  - Project Evaluation
  - Project Direct
- Project Administration
  - Costs directly assigned to the project, other than costs incurred to provide services and costs incurred to evaluate the project.
- Project Evaluation
  - Costs directly assigned to the project evaluation completed pursuant to CCR, § 3915
- Project Direct
  - Costs directly assigned to the project that were incurred to provide services.

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ADJUSTMENTS (MHSA)

- Counties may correct errors in the amount of MHSA expenditures or interest reported in a prior year's RER.
- This form should not be used to correct changes in MHSA expenditures as a result of changes in FFP the county received.
- DHCS will use this information to make adjustments to prior year reversion calculations.

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ADJUSTMENTS (FFP)

- Counties may make adjustments to the amount of MHSA revenue spend in a prior year's RER due to changes in FFP received.
- FFP may change after the cost report is settled or audited.
- If a county received less FFP than expected for services provided in MHSA programs, the county will increase its MHSA expenditures.
- If a county received more FFP than expected for services provided in MHSA programs, the county will decrease its MHSA expenditures.

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TIMELINES

- The Fiscal Year 2018-19 RER is due by December 31, 2019.
- DHCS will notify counties that have not submitted a complete and accurate RER by this due date.
- Counties have 30 days from the notification date to submit a complete and accurate RER.
- DHCS will withhold 25% of the counties monthly distribution from the MHSF if it does not submit a complete and accurate RER within 30 days.
- DHCS will continue to withhold 25% of the counties monthly distribution until it submits a complete and accurate RER.

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REVERSION

- Reversion Period
- Reversion Calculation
- Reversion Notification

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REVERSION PERIOD

- Counties with population less than 200,000
  - CSS and PEI – 5 Years
  - INN
    - 5 Years to obtain OAC approval
    - 5 years from year of approval to spend
- Counties with population of >= 200,000
  - CSS and PEI – 3 Years
  - INN
    - 3 Years from year of distribution, including year of distribution, to obtain OAC approval
    - 3 years from year of approval, including year of approval, to spend
- WET and CFTN
  - 10 years from the year of distribution, including the year of distribution (not the year of transfer).

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REVERSION CALCULATION

- CSS, PEI, WET, and CFTN
  - First dollar received, including interest earned, is the first dollar spent.
  - Interest is received in the year the interest is earned.
- INN
  - First dollar received, including interest earned, is the first dollar committed to an approved plan.
  - First dollar committed to an approved plan is the first dollar spent.

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