AGENDA
BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES AND BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE
ASSEMBLYMEMBER HOLLY MITCHELL, CHAIR
ASSEMBLYMEMBER SUSAN BONILLA, CHAIR

WEDNESDAY, JANUARY 26, 2011
STATE CAPITOL, ROOM 4202
1:00 P.M.

EVERY EFFORT WILL BE MADE TO ACCOMMODATE ALL MEMBERS OF THE PUBLIC WHO WISH TO PROVIDE PUBLIC TESTIMONY. HOWEVER, DUE TO THE UNUSUALLY SHORT TIME-FRAME AND THE BREADTH OF HEALTH AND HUMAN SERVICES ISSUES BEING CONSIDERED, THE CHAIR WILL ANNOUNCE AT THE ONSET OF EACH HEARING HOW MUCH TIME, AND WHERE IN THE AGENDA, PUBLIC TESTIMONY WILL BE ALLOWED. WRITTEN TESTIMONY IS STRONGLY ENCOURAGED AS THE SUBCOMMITTEE CANNOT GUARANTEE THERE WILL BE ENOUGH TIME FOR EVERYONE TO SPEAK.

4440 DEPARTMENT OF MENTAL HEALTH
6110 DEPARTMENT OF EDUCATION

ISSUE 1: GOVERNOR'S MENTAL HEALTH REALIGNMENT: IMPACT ON AB 3632 SERVICES

This portion of the agenda will be heard jointly by Subcommittee 1 on Health and Human Services and Subcommittee 2 on Education Finance.

The issue for the Subcommittees to consider is the Governor's proposal to realign the provision of mental-health related services, specifically as they relate to services provided under the AB 3632 program.

PANELISTS

- Department of Finance
- Legislative Analyst's Office
- California Department of Mental Health
- California Department of Education

Background on AB 3632

Under federal law, known as Individuals with Disabilities Education Act (IDEA), children with disabilities are guaranteed the right to receive a free appropriate public education (FAPE). This includes special education and related services, such as mental health care, necessary for the child to benefit from his or her education. These educationally related mental health services may include therapy and counseling, day treatment, medication management and, for the children with the most severe problems, 24-hour therapeutic residential programs with on-site schools.

Until 1984, California schools provided mental health services to special education pupils who needed the services to benefit from their Individualized Education Plans (IEP). The Legislature saw a need to assure coordination of services among publicly funded agencies. In 1984 the Legislature passed AB 3632 (W. Brown), Chapter 1747, Statutes of 1984, and assigned county mental health departments the responsibility for providing students these services [except students placed out of state]. In 1996, the Legislature expanded county responsibilities to include services to students placed in out-of-state schools [AB 2726 (Woods), Chapter 654, Statutes of 1995]. This program is generally known as the "AB 3632 Program." Approximately 20,000 special education pupils receive mental health services under the AB 3632 program.

While AB 3632 was written in response to federal IDEA requirements, state law is more specific than federal law in articulating all allowable mental health services. AB 3632 tasks mental health professionals, in consultation with educators, with deciding what services should be included in the student's IEP. Once a service is included in the IEP, it is deemed an "educationally necessary" service. Some argue this practice has led to an increasingly large grey area about which services are educationally necessary and which might fall into the more medical arena.

AB 3632 Funding

Counties receive federal special education funds and General Fund resources from the Departments of Mental Health (DMH) and Social Services (DSS). Counties also receive funding from Medi-Cal. The Commission on State Mandates determined that any residual county program costs are a state-reimbursable mandate. The Constitution requires the state to pay mandate bills or suspend or repeal the mandate. Typically, the state pays mandate bills two years *after* the local government carries out the activity.

The following chart shows funding for this program over the last few years.

(in millions)	2007-08	2008-09	2009-10	2010-11 Enrolled Budget	2010-11 Governor's Veto	2011-12 Proposed
Funding Provided to Counties						
Federal special eduation (redirected from schools)	$69	$69	$69	$76	$76	$69
Department of Mental Health categorical	$52	$104	$52	0	0	$0
Department of Social Services Foster Care	48	51	59	0	0	72
Mandate reimbursement	83	36	0	133	0	99a
Total Resources	**$252**	**$260**	**$180**	**$209**	**$76**	**$240**

a From Proposition 63 funds.

2010-11 Governor's Veto

Governor Schwarzenegger proposed suspension of the AB 3632 mandate in his January 2010 budget. The Legislative Analyst's Office noted that suspending AB 3632 would be temporary, confusing, and disruptive. The LAO found that the Governor's proposal did not address the significant transitional issues associated with the change, and that eliminating AB 3632 funding could violate federal special education spending maintenance-of-effort (MOE) requirements, thereby jeopardizing receipt of federal funds. While several alternatives were considered throughout the budget process, ultimately the Legislature rejected the Governor's proposal to suspend the mandate.

On October 8th, 2010, Governor Schwarzenegger vetoed approximately $133 million in funding for the AB 3632 mandate. In vetoing the funds, the Governor claimed to have suspended the mandate on county mental health departments for 2010-11. Legal action is pending as to whether the Governor has the ability to veto funding in order to suspend an underlying state law.

Pending litigation

As a result of the Governor's veto, three lawsuits are pending in state and federal courts. They involve questions of constitutional law and executive power, unfunded state mandates, California's compliance with federal law, and ensuring that mental health services are provided to eligible special education students who require them.

- ***Class Action Lawsuit Seeking Declaratory and Injunctive Relief Under IDEA.*** On October 21, 2010, four special education students receiving AB 3632 services in Los Angeles County filed suit against the Governor and various state and local entities, seeking declaratory and injunctive relief under IDEA. On November 1, 2010, the court signed a stipulated Temporary Restraining Order ("TRO") maintaining the "status quo" for students in Los Angeles County and on November 5, 2010, the California Department of Education (CDE) released $76 million dollars statewide, with the Los Angeles County Office of Education (LACOE) being allocated $13 million. Pursuant to the TRO, the Los Angeles County Department of Mental Health (LACDMH) agreed to continue to comply with AB 3632 to serve eligible students within Los Angeles County until January 14, 2011, unless the funds allocated by the CDE run out before that date. The court has continued the hearing on requests in this case to January 24, 2011. The court has asked for further briefing to include the issue of the new Governor's position regarding the veto and purported suspension of AB 3632. The court also requested that CDE send a memorandum to all Local Educational Agencies ("LEAs") reminding them of their responsibilities to ensure uninterrupted mental health services and assessments to special education students in compliance with IDEA, federal regulations, and AB 3632. CDE has complied with this order.

- ***Lawsuit seeking a judicial declaration that the Governor's veto is unconstitutional.*** On November 9, 2010, the California School Boards Association (CSBA), LAUSD, and Manhattan Beach Unified School District petitioned the California Court of Appeal for a writ to issue against the Governor, and various state agencies and officials, declaring the Governor's veto of the appropriation for AB 3632, and his purported "suspension" of the mandate to be void. This action is the only pending suit that directly challenges the Governor's veto authority. The petition asks the Court of Appeal to set aside the Governor's actions as a violation of Article XIII B, section 6(b) and Article III, section 3 of the California Constitution, and to order the transfer of approximately $133 million from California's reserve account in order to restore the Legislature's funding appropriation for AB 3632. The California Legislature, the California Superintendent of Public Instruction, public advocacy groups, several school

districts and SELPAs, and others have filed letters in support of the petition. The Court of Appeal has accepted jurisdiction of the case, ordered the respondents to submit briefing and scheduled oral argument on the petition for February 8, 2011. If this suit is successful, the AB 3632 appropriation would be restored and the county departments of mental health will continue to be required to provide educationally-related mental health services to eligible students.

- ***Lawsuit seeking a judicial declaration that AB 3632 is unfunded and unenforceable.*** On November 5, 2010, twenty-three (23) counties in California filed suit in Sacramento Superior Court against the state and various state officials seeking a judicial declaration that AB 3632 is an unfunded, unenforceable state mandate under Government Code section 17612. Additional counties joined the lawsuit. This lawsuit seeks the court's declaration of an unfunded mandate to absolve mental health agencies of the responsibility of providing educationally-related mental health services under AB 3632. The counties' motion for judgment was heard on January 7, 2011. The judge took the case "under submission" and will render a decision within 90 days—noting he intends to issue a ruling before the CSBA lawsuit is heard on February 8, 2011.

Pending Legislation

AB 39 (Beall) introduced December 6, 2010, would require the Department of Mental Health to allocate $57 million from the Mental Health Services Fund (Proposition 63) to county mental health departments for purposes of providing special education services. The bill also requires the Superintendent of Public Instruction and county mental health directors to jointly convene a technical working group to develop a transitional program to transfer responsibilities associated with special education services from county mental health departments to the State Department of Education. The bill is pending referral to committee.

Governor's 2011-12 AB 3632 Proposal

The Governor's budget does not propose any changes to funding for the AB 3632 program for 2010-11 and maintains that the mandate is suspended for 2010-11.

Beginning in 2011-12, the Governor's budget proposes to keep the AB 3632 mandate with county mental health agencies. The Governor proposes to fund AB 3632 and two other programs (The Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program and Mental Health Managed Care) with Mental Health Services Act (Proposition 63) funds rather than General Fund, resulting in savings of $861 million. This would be a one‑time use of Proposition 63 funds. With regard to AB 3632, $98.6 million of Proposition 63 funds would be used to continue the program.

Beginning in 2012-13, these programs, as well as community mental health services currently funded with 1991 realignment funds, would be funded through the Governor's revenue proposal which raises $5.9 billion in taxes and shifts these funds to counties to implement increased program obligations. With regard to AB 3632, $104 million of these funds would be used for this program.

It is not clear what specific statutory changes the Administration is proposing, though they have indicated they do not intend to seek substantial policy changes with regard to the way the program is currently administered.

LAO RECOMMENDATIONS

The LAO agrees with the Governor that AB 3632 merits realignment but not in the manner suggested by the Administration. LAO suggests schools should have programmatic and financial responsibility for this program in providing mental health services to special education pupils. They contend that while schools could contract with county mental health departments, the primary fiscal and program responsibilities should reside with schools.

According to the LAO, the existing approach to delivery of AB 3632 services, by which the state reimburses counties for the provision of mental health services after-the-fact in response to claims, does not provide strong cost-control mechanisms or guarantee that state funds are well spent. The LAO also notes that the current structure can result in inappropriate separation between county mental health and K-12 schools, whereby program services may lack sufficient input from educators or connection to students' educational outcomes. They also site concerns that the existing structure lacks accountability to measure how well counties achieve the program's goals.

During the 2010-11 Budget Conference Committee, the LAO presented an alternative to the current system that would allow for a one-year transition and then repeal the AB 3632 mandate. As a part of this repeal, the LAO would reaffirm that federal IDEA requires schools to provide mental health services contained in a student's IEP, but that federal law does not require anything additional.

The LAO proposal was not adopted by the Legislature but instead the Conference Committee provided $500,000 in one-time federal IDEA funds to CDE to contract with an external entity to evaluate the state's approach to providing mental-health related services for pupils with disabilities. Given the ambiguity over the status of the program, CDE has held off on moving forward with the study until they receive further direction from the Legislature.

STAFF COMMENTS & QUESTIONS

The issues associated with the provision of mental-health related services to students with disabilities are varied and complex. The issues are not purely fiscal and as such, staff recommends any changes to the state's policies in this area receive careful consideration on both fiscal *and* policy grounds.

1) How are schools providing mental-health related services in the current year given the lack of funding for 2010-11? What resources are being used?

2) Are there concerns with the Administration's proposed use of Proposition 63 funds for AB 3632 services?

3) How do the policies under AB 3632 differ from policies in other states regarding the provision of mental-health related services to students?

4) What would be the pros and cons of suspending the mandate and returning full responsibility for the federal mandate from County Mental Health to schools?

5) Who has the greatest influence over what mental health services are required in a student's IEP?

6) What are some of the transitional issues the state would need to consider in realigning the provision of mental-health related services either under the Governor's proposal or the LAO's proposal?

7) Is the administration working on alternative proposals related to AB 3632?

4440 DEPARTMENT OF MENTAL HEALTH

OVERVIEW

The DMH administers state and federal statutes pertaining to mental health treatment programs**,** including programs that serve Medi-Cal enrollees. The department also directly administers the operation of five State Hospitals (Atascadero, Coalinga, Metropolitan, Napa and Patton) and two acute psychiatric programs at the California Medical Facility in Vacaville and the Salinas Valley State Prison.

County Mental Health Plans
Though the department oversees policy for the delivery of mental health services, Counties (i.e., County Mental Health Plans) have the primary funding and programmatic responsibility for the majority of local mental health programs as prescribed by State-Local Realignment statutes enacted in 1991 and 1992.

Specifically, counties are responsible for: 1) all mental health treatment services provided to low-income, uninsured individuals with severe mental illness, within the resources made available; 2) the Medi-Cal Mental Health Managed Care Program; 3) the Early Periodic Screening Diagnosis and Treatment (EPSDT) Program for children and adolescents; 4) mental health treatment services for individuals enrolled in other programs, including special education, CalWORKs, and Healthy Families; and 5) programs associated with the MHSA.

Medi-Cal Mental Health Services Waiver
California provides "specialty" mental health services under a comprehensive Waiver that includes outpatient specialty mental health services, such as clinic outpatient providers, psychiatrists, psychologists and some nursing services, as well as psychiatric inpatient hospital services. County Mental Health Plans are the responsible entity that ensures services are provided. Medi-Cal clients must obtain their specialty mental health services through the County.

The DMH is responsible for monitoring and oversight activities of the Counties to ensure quality of care and to comply with federal and State requirements. The DHCS is the "single State agency," as designated by the federal CMS, for overall responsibility of California's Medi-Cal Program. The DHCS delegates the responsibility for the administration of mental health programs to the DMH. Ultimately, both departments are responsible for the administration of this program.

Mental Health Services for Medi-Cal Enrollees

Medi-Cal enrollees may receive mental health services through the Medi-Cal Mental Health Managed Care system or through the Medi-Cal Fee-For-Service system. The Mental Health Managed Care system is administered by the DMH through contracts with counties (County Mental Health Plans).

County Mental Health Plans may directly provide services and/or contract with local providers to provide services. If the County Mental Health Plans contract with local providers, it selects and credentials its provider network, negotiates rates, authorizes services and provides payment for services rendered.

Services provided through the Fee-For-Service system are general mental health services offered through individual providers who contract with the DHCS or service provided through managed care health plans.

Proposed 2011-12 DMH Budget

The budget proposes $4.5 billion from all fund sources excluding Realignment for support of DMH programs in fiscal year (FY) 2011-12, a decrease of $338.9 million, or -7.0 percent, from the revised FY 2010-11 budget. The proposal includes approximately $1.3 billion General Fund, which is a decrease of $497.6 million General Fund, or -27.8 percent, from the revised FY 2010-11 budget.

Fund Code	Fund	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
0001	General Fund	$1,683,832	$1,788,664	$1,291,055
0001	General Fund, Proposition 98	27,257	15,000	15,000
0311	Traumatic Brain Injury Fund	680	-	-
0814	California State Lottery Education Fund	90	145	145
0890	Federal Trust Fund	61,807	64,031	64,208
0995	Reimbursements	1,608,432	1,821,754	1,608,919
3085	Mental Health Services Fund	1,903,349	1,184,838	1,556,124
3099	Licensing and Certification Fund, Mental Health	367	363	390
Total Expenditures (All Funds)		**$5,285,814**	**$4,874,795**	**$4,535,841**

**Dollars in Thousands*

Early Periodic Screening, Diagnosis and Treatment (EPSDT)

EPSDT is a federally mandated program that requires States to provide Medicaid (Medi-Cal) recipients under age 21 any health or mental health service that is medically necessary to correct or ameliorate a defect, physical or mental illness, or a condition identified by an assessment, including services not otherwise included in a state's Medicaid (Medi-Cal) Plan. Examples of mental health services include family therapy, crisis intervention, medication monitoring, and behavioral management modeling. Most children receive Medi-Cal services through the EPSDT Program.

Proposed EPSDT Budget
The Governor's spending plan proposes $1.3 billion ($0 General Fund) for support of EPSDT services, a net increase of $33.4 million or 2.6 percent, from the revised FY 2010-11 budget. Included in this item is a $579.9 million redirection of MHSF for General Fund.

Mental Health Managed Care Program
Under the current model, County Mental Health Plans generally are at risk for the state matching funds for services provided to Medi-Cal recipients and claim federal matching funds on a cost or negotiated rate basis. County MHPs access County Realignment Funds (Mental Health Subaccount) for this purpose and can use Mental Health Services Act Funds where appropriate.

An annual state General Fund allocation is also provided to the Counties. The State General Fund allocation is usually updated each fiscal year to reflect adjustments as contained in Chapter 633, Statutes of 1994 (AB 757, Polanco). These adjustments have included changes in the number of eligible people served, factors pertaining to changes to the consumer price index (CPI) for medical services, and other relevant cost items. The State's allocation is contingent upon appropriation through the annual Budget Act.

Proposed MHMC Budget
The Governor's spending plan proposes $367.1 million ($0 General Fund) for support of managed care services, a net increase of $22.7 million or 6.6 percent, from the revised FY 2010-11 budget. Included in this item is a $183.6 million redirection of MHSF for General Fund.

Healthy Families Program
Medically necessary mental health services are provided for children in the Healthy Families Program who are seriously emotionally disturbed beyond the basic mental health benefit provided within the Program. County Mental Health Plans provide these services and use County Realignment Funds to obtain the federal match (66 percent match provided under the federal Children Health Insurance Program).

Proposed HFP Mental Health Budget
The budget proposes $35.2 million ($0 General Fund), an increase of $2.7 million or 8.2 percent from the revised 2010-11 budget to provide supplemental mental health services to children enrolled in the Healthy Families program.

State Hospital Expenditures and Population Estimate
The DMH directly administers the operation of five State Hospitals—Atascadero, Coalinga, Metropolitan, Napa and Patton—and two acute psychiatric programs at the California Medical Facility in Vacaville and the Salinas Valley State Prison.

Patients admitted to the State Hospitals are generally either: 1) civilly committed; or 2) judicially committed. These referrals come from County Mental Health departments, the courts, and the CA Department of Corrections and Rehabilitation (CDCR).

As structured through the State-Local Realignment statutes of 1991/92, County Mental Health Plans contract with the state to purchase State Hospital beds for civilly-committed individuals when appropriate (versus using community-based services). Counties reimburse the state for these beds using County Realignment Funds. Judicially committed patients are treated *solely* using state General Fund support. The majority of the General Fund support for these judicially committed patients is appropriated through the DMH, along with some reimbursement from the CDCR, primarily for services provided at the two acute psychiatric programs.

Penal Code-related patients include individuals who are classified as: 1) not guilty by reason of insanity (NGI); 2) incompetent to stand trial (IST); 3) mentally disordered offenders (MDO); 4) sexually violent predators (SVP); and 5) other miscellaneous categories as noted.

Proposed State Hospitals Budget

The Governor's spending plan proposes $1.3 billion ($1.2 billion General Fund), an increase of $64.4 million ($63.7 million General Fund) from the revised FY 2010-11 budget. These changes principally include $18.9 million in full year costs of positions added in FY 2010-11, $7.5 million for the 64 bed expansion at Vacaville, $0.9 million increase for base rental and fees and insurance, $37.1 million increase in various control section and other adjustments. Overall, the State Hospital population decreased by 28 patients.

PROPOSED BUDGET SOLUTIONS

ISSUE 1: REALIGNMENT & PROPOSITION 63 FUND SHIFT PROPOSAL

The Governor's proposed 2011-12 budget shifts $861 million in Mental Health Services Act (MHSA/Prop 63) funds to replace General Fund for one year for three Programs: 1) AB 3632; 2) EPSDT; and 3) Mental Health Managed Care. The budget also realigns all three of these programs to counties beginning in 2012-13, with a dedicated revenue source.

MHSA Background

The MHSA imposes a 1 percent income tax on personal income in excess of $1 million. These tax receipts are reconciled and deposited into the MHSA Fund on a "cash basis" (cash transfers) to reflect funds actually received in the fiscal year. The MHSA provides for a continuous appropriation of funds for local assistance.

The purpose of the MHSA is to expand mental health services to children, youth, adults and older adults who have severe mental illnesses or severe mental health disorders and whose service needs are not being met through other funding sources (i.e., Prop 63 funds are to *supplement* and not supplant existing resources).

Most of the Act's funding is to be expended by County Mental Health for mental health services consistent with their approved local plans (3-year plans with annual updates) and the required five key components of the Act. The following is a brief description of the five components:

- **Community Services and Supports.** This component represents the programs and services identified by each County Mental Health Department through its stakeholder process to serve unserved and underserved populations, with an emphasis on eliminating disparities in access and improving mental health outcomes for racial/ethnic populations and other unserved and underserved populations.

- **Prevention and Early Intervention.** This component supports the design of programs to prevent mental illnesses from becoming severe and disabling, with an emphasis on improving timely access to services for unserved and underserved populations.

- **Innovation.** The goal of this component is to develop and implement promising practices designed to increase access to services by underserved groups, increase the quality of services, improve outcomes, and to promote interagency collaboration.

- **Workforce Education and Training.** This component targets workforce development programs to remedy the shortage of qualified individuals to provide services to address severe mental illness.

- **Capital Facilities and Technological Needs.** This component addresses the capital infrastructure needed to support implementation of the Community Services and Supports, and Prevention and Early Intervention programs. It includes funding to improve or replace existing technology systems and for capital projects to meet program infrastructure needs.

In addition to the five components above, the MHSA allows for up to five percent of the total revenues received by the fund in each fiscal year to be expended on State support, including the OAC, Department of Mental Health, Mental Health Planning Council and other State entities.

Potential Barriers to Using MHSA Funds for AB 3632, EPSDT, MHMC

Over the past decade, the LAO has produced several analyses of the state's various realignment efforts, including the major realignment of mental health programs from the state to counties in 1991. Overall, the LAO consistently reports positive outcomes of this realignment and supports the general notion of realignment, with careful consideration of various details and other issues. In their most recent Overview of the Governor's Budget, the LAO supports the Governor's proposal to realign AB 3632, though recommends that it should be realigned to school districts rather than county mental health departments (as described earlier in this agenda), and states that realignment of EPSDT, MHMC, and existing community mental health services "merit consideration." Nevertheless, the LAO also raises specific concerns regarding the use of MHSA funds for this purpose:

- First, the Proposition 63 initiative includes language prohibiting the use of these funds to supplant existing funding for existing services. Specifically, Section 15 (5891) states:

> "The funding established pursuant to this Act shall be utilized to expand mental health services. These funds shall not be used to supplant existing state or county funds utilized to provide mental health services. The state shall continue to provide financial support for mental health programs with not less than the same entitlements, amounts of allocations from the General Fund and formula distributions of dedicated funds as provided in the last fiscal year which ended prior to the effective date of this Act."

The administration believes that its realignment proposal would not violate this non-supplantation requirement due to the fact that the proposal would ultimately produce a greater revenue source for these programs once they are realigned to the counties. The MHSA act allows for changes to the Act based on a 2/3 vote of the Legislature provided that the changes further the original intent of the Act, which is to expand mental health services. Specifically, Section 18 states:

> "All of the provisions of this Act may be amended by a 2/3 vote of the Legislature so long as such amendments are consistent with and further the intent of this Act."

- Second, according to the LAO, per Proposition 4 of 1979, General Purpose Revenues must be used to pay mandate claims. Therefore, utilizing MHSA dollars, instead of General Fund (or some other type of General Purpose Revenues), to pay for AB 3632 claims would violate this statute.

- Third, the LAO highlights the fact that both federal health care reform, and the development of the new 1115 Medicaid Waiver, shared the policy goal of creating a health care system that integrates physical and behavioral health care services. Substantial evidence supports the need to integrate the two based on the substantially inferior access to physical health care services for individuals with behavioral health needs. Therefore, the Legislature should consider whether realigning EPSDT and MHMC to the counties would move us further away from the goal of an integrated system. These programs are managed at the county level already, and therefore the argument has been made that realignment would change very little in this regard.

Realignment Background

In 1991, the state faced a multibillion dollar budget problem. Initially responding to Governor Wilson's proposal to transfer authority over some mental health and health programs to counties, the Legislature considered a number of options to simultaneously reduce the state's budget shortfall and improve the workings of state-county programs. Ultimately, the Legislature developed a package of realignment legislation that:

- Transferred several programs from the state to the counties, most significantly certain health and mental health programs.

- Changed the way state and county costs are shared for social services and health programs.

- Increased the sales tax and vehicle license fee (VLF) and dedicated these increased revenues for the increased financial obligations of counties.

As described in one of the LAO's analyses, while closing the budget gap was a top priority at the time, the Legislature also relied on a series of policy principles in implementing the realignment changes, including:

- ***Dedicated Revenue Stream.*** Whereas a number of the realigned programs previously had relied on annual appropriations of the Legislature, realignment hinged on the dedication of a portion of the sales tax and VLF--outside of the annual budget appropriation process--to selected programs. The intent of realignment was to provide greater funding stability for selected health, mental health, and social services programs. At the same time, the Legislature maintained control of the *allocation* of these revenues to reflect legislative priorities.

- ***Increased County Flexibility.*** The Legislature hoped to free counties from unnecessary state regulation of programs, provide counties the freedom to expand program eligibility or service levels at their discretion, and foster innovation at the local level.

- ***Productive Fiscal Incentives.*** In the years before realignment, it was clear in some cases that counties operated under fiscal incentives that did not encourage the most cost-effective approaches to providing services. By changing these incentives, the Legislature aimed to both control costs and encourage counties to provide appropriate levels of service.

- ***Shift Responsibility to Counties.*** In many areas, realignment aimed to shift responsibility over program decisions from the state to counties.

- ***Maintain State Oversight Through Performance Measurement.*** While shifting program responsibility to counties, the state wished to maintain a level of oversight over the administration of these programs. The Legislature expressed its desire to move towards oversight that relied more on outcome and performance-based measures and less on fiscal and procedural regulations.

- ***Ability to Alter Historical Allocations.*** While the initial allocations to each jurisdiction were based on their level of funding just prior to realignment, the

Legislature indicated its desire to equalize some future funding based on such factors as poverty incidence and changes in program caseloads.

In 1991, realignment transferred more than $1.7 billion in state program costs to counties, accompanied by an equivalent amount of realignment revenues. While eliminating state General Fund spending, the state maintained varying degrees of policy control in these areas. The following programs are now funded through realignment dollars and other county sources of funds.

- ***Community-Based Mental Health Services.*** These services, which are administered by county departments of mental health, include short- and long-term treatment, case management, and other services to seriously mentally ill children and adults.

- ***State Hospital Services for County Patients.*** The state hospitals, administered by the state Department of Mental Health (DMH), provide inpatient care to seriously mentally ill persons placed by counties, the courts, and other state departments.

- ***Institutions for Mental Diseases (IMDs).*** The IMDs, administered by independent contractors, generally provide short-term nursing level care to the seriously mentally ill.

- ***Assembly Bill 8 County Health Services.*** This group of services reflects 1979 legislation (AB 8, Greene), in which counties received state funds for county health services and matched state funds with their own general purpose revenues for the same purpose. The state funding could be used for public health, and inpatient or outpatient medical care at the discretion of each county. Public health activities were broadly defined to include personal health programs, such as immunizations and public health nursing, as well as environmental health programs and administration. Inpatient and outpatient services included but were not limited to indigent medical care.

- ***Medically Indigent Services Program (MISP).*** The MISP was a state fund source for larger counties to support the cost of medical services for persons not eligible for Medi-Cal and who had no source of payment for their care.

- ***County Medical Services Program (CMSP).*** The CMSP provides medical and dental care to low-income, medically indigent adults in smaller counties. These counties contract with the state to administer the program.

- ***Local Health Services (LHS) Program.*** The LHS Program provided state public health staff to small rural counties.

In order to fund the more than $2 billion in program transfers and shifts in cost-sharing ratios, the Legislature enacted two tax increases in 1991, with the increased revenues deposited into a state Local Revenue Fund and dedicated to funding the realigned programs. Each county created three program accounts, one each for mental health, social services, and health. Through a complicated series of accounts and subaccounts at the state level, counties receive deposits into their three accounts for spending on programs in the respective policy areas.

Reactions of Mental Health Advocates

While many advocates have not contacted the Budget Committee to share their reactions to this proposal, those who have seem to share an openness to realignment in general, with significant reservations resulting from the absence of sufficient details included in the Governor's proposal. Advocates explain that the dedicated revenue sources would have to grow at a rate fast enough to keep up with the growing cost of mental health care, and that a realignment would need to be structured in a way that counties are protected should changes be made to the dedicated revenue sources.

STAFF COMMENTS & QUESTIONS

DMH:

1. Please describe the Governor's proposal in as much detail as possible.

2. Is the administration exploring alternatives to this proposal or changes to this proposal?

3. How would any of the programs proposed for realignment change, if at all, from the perspective of consumers?

LAO:

1. Please describe any concerns that you have raised about using MHSA funds for this purpose.

2. Please describe any concerns that you have raised about realigning these programs to the counties.

County Mental Health:

1. Please share any concerns or reactions that counties have to this proposal.

ISSUE 2: GENERAL FUND REDUCTION TO EPSDT PROPOSAL

Governor's Proposal. The Governor intends to propose budget trailer bill to reduce the General Fund allocation to counties for the EPSDT program in equal amounts to the amounts of MHSA funds being used by counties for this program, for projected savings of $39 million General Fund.

Background. As discussed earlier in this agenda, the EPSDT program is a federal Medicaid entitlement that provides children and young adults (up to age 21) with mental health services, and is funded with General Fund and Federal Funds. The MHSA provides mental health services funding and requires counties to use these funds to either expand existing services or provide new services. Therefore, some counties have used Prop 63 funds for successful EPSDT outreach efforts. However, according to the Administration, some counties have also begun using Prop 63 funds for the provision of EPSDT services, and subsequently submitting claims to the State for General Fund reimbursement for those same services. The Administration argues that this practice should be discouraged, and therefore intend to reduce the General Fund allocation to each county by the same amount of Prop 63 funds used for the EPSDT program. When Prop 63 funds are not used for this purpose, the General Fund allocation would not be reduced.

STAFF COMMENTS & QUESTIONS

1. DMH: Please provide an overview of the problem being addressed and the proposed solution.

2. County Mental Health: Please provide your perspective on this issue.

ISSUE 3: BCP #1 – LEGAL RESOURCES REQUEST

Governor's proposal. The DMH is requesting an augmentation of $2,151,000 in General Fund for legal services to be performed by the Attorney General's Office (AGO) for DMH regarding Health Education and Welfare work (HEW) and all new Torts and Condemnation work.

Background. Historically, the AGO has provided legal representation to the DMH, and other State Departments, for litigation and court appearances. In September of 2009, the AGO informed DMH of policy changes that would substantially reduce the amount of legal services provided by the AGO to DMH as a result of reduced resources within the AGO. In the spring of 2010, the Administration requested 6 new legal positions at a cost of $3,076,000 General Fund to respond to the reduction in representation by the AGO. The Legislature instead approved of $1.2 million in funding and budget bill language requiring the AGO to provide all necessary legal representation to DMH.

The Administration states that the AGO has informed DMH that it does not have sufficient resources to handle all of the HEW workload and tort costs. DMH states that if sufficient funding is not provided, the DMH will be subject to serious and significant legal consequences, such as default judgments up to millions of dollars; court findings that carry fines and expose the DMH Director to contempt findings; and DMH hospitals being unable to obtain court authority for involuntary medication or medical treatment that psychiatrists or physicians have found necessary for the patients.

The Administration explains that there are several state departments that used to benefit from legal representation from the AGO, for which the AGO has reduced or eliminated legal services. All of these departments are therefore faced with this new challenge and have undertaken requests for approval for funding which will be transferred to the AGO by the departments in exchange for these same legal services.

STAFF COMMENTS & QUESTIONS

1. What is the reason the AGO isn't requesting additional funding directly?
2. What will occur should the Legislature not approve of this request?
3. Which other departments have included similar funding requests in their 2011-12 budgets?

ISSUE 4: BCP #2 – NEW FIRE ALARM AT NAPA STATE HOSPITAL

Governor's proposal. The DMH is requesting $2.2 million General Fund to replace the existing fire alarm systems in several buildings at Napa State Hospital. This request is for the preliminary plans and working drawing phase only; construction will be funded through a separate and future BCP

Background. According to the DMH, the existing Fire Alarm Control Panels and Field devices are out-dated and no longer meet the National Fire Protection Association (NFPA) codes and 2007 California Fire Code (listed in Title 24, Part 9 Section 202, Occupancy Classification, [B] Institutional Groups I-1.1, I-2 and I-3). The existing Fire Alarm Control Panels and Field devices are not compatible with the current manufacturer's Fire Alarm Control Panels built to 2003 UL 864 9th Edition-Standard for Control Units and Accessories for Fire Alarm Systems. The existing Fire Alarm Control Panels and field devices are no longer listed by the State Fire Marshall's Office. For these reasons, the DMH asserts, the Fire Alarm Systems require replacement to protect the patients, staff and visitors. According to the Administration, the fire alarms in all of the State Hospitals are in need of upgrades; they are proposing to start with Napa because it has experienced the greatest number of problems and failures.

ISSUE 5: BCP #3 – NEW FIRE SPRINKLERS AT METROPOLITAN AND NAPA STATE HOSPITALS

Governor's proposal. The DMH is requesting $2.1 million in General Fund to install fire sprinklers in the skilled nursing facilities (SNFs) within Metropolitan and Napa State Hospitals in order to comply with new federal regulations.

Background. The federal Centers for Medicare and Medicaid Services (CMS) issued new regulations that require all long-term care facilities to be equipped with sprinkler systems by August 13, 2013. According to the DMH, this new requirement is based on evidence of an 82 percent reduction in the chance of death, when a fire occurs and sprinklers are present. Fire sprinkler installations will require review and approval by the Office of Statewide Health Planning (OSHPD).

4200 DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

BUDGET OVERVIEW

The Department of Alcohol and Drug Programs (ADP) states that its mission is to provide leadership, policy, coordination, and investments in the planning, development, implementation, and evaluation of a comprehensive statewide system of alcohol and other drug prevention, treatment, and recovery services, as well as problem gambling prevention and treatment services. As the state's alcohol and drug authority, ADP is responsible for inviting the collaboration of other departments, local public and private agencies, providers, advocacy groups, and individuals in establishing standards for the statewide service delivery system.

Total Budget. The Department of Alcohol and Drug Programs' (ADP) proposed budget for Fiscal Year (FY) 2011-12 is $630.4 million. This represents a total increase of $24.3 million, as compared to the FY 2010-11 Budget Act Appropriation of $606.1 million. Of the total $630.4 million, $587.9 million (93.3%) is for local governments and communities to provide treatment, recovery, and prevention services; and $42.5 million (6.7%) is for State Support. Under the Governor's realignment proposal, $184 million in General Fund is proposed to be realigned to the counties to fund the responsibilities of providing substance use disorder treatment services, discussed further under Issue 2 of this agenda.

Position Summary. The proposed FY 2011-12 Governor's Budget includes 317.0 positions, which represents a net increase of 0.5 positions due to 8.0 expiring limited-term positions offset by Budget Change Proposal (BCP) requests for 8.5 limited-term positions. The BCP requests consist of 1.5 new positions for five years in support of the federally-funded Strategic Prevention Framework-State Incentive Grant and the extension of the following positions: 4.0 positions for four years to continue administering the federally-funded California Access to Recovery Effort, 2.0 positions for two years to continue the Problem Gambling Treatment Effort, and 1.0 position for two years to continue to address the workload associated with Drug Medi-Cal provider complaint investigations.

General Fund. The proposed budget includes $222.1 million (35.2% of the total budget) in GF for ADP programs. This amount represents a total increase of $36 million as compared to the FY 2010-11 Appropriation. The GF increase is due, in part, to the expiration of increased Federal Medicaid Assistance Percentage (FMAP) rate under the American Reinvestment and Recovery Act (ARRA). The expiration of ARRA returns the FMAP to 50% and results in a dollar-for-dollar shift of expenditures from federal reimbursement to GF. Of the $222.1 million, $217.1 million is for Local Assistance and $5 million is for State Support.

Fund sources for ADP are displayed in the chart below, comparing three FYs.

Fund Sources	2009-10	2010-11	2011-12
General Fund	$187,809	$190,396	$222,082
Sale of Tobacco to Minors Control Account	-2,000	-2,000	-2,000
Driving Under-the-Influence Program Licensing Trust Fund	1,397	1,631	1,693
Narcotic Treatment Program Licensing Trust Fund	1,230	1,348	1,377
Indian Gaming Special Distribution Fund	7,980	8,426	8,457
Audit Repayment Trust Fund	3	71	72
Federal Trust Fund	264,887	272,866	262,063
Resident-Run Housing Revolving Fund	-1	-	-
Reimbursements	130,391	129,578	131,774
Mental Health Services Fund	251	289	267
Gambling Addiction Program Fund	150	166	166
Residential and Outpatient Program Licensing Fund	3,344	4,139	4,461
Total Funds	**$595,441**	**$606,910**	**$262,063**

Substance Abuse Prevention and Treatment (SAPT) Block Grant. The proposed budget includes $256.3 million for the SAPT Block Grant. Of this $256.3 million, $2.0 million continues to be transferred to the Department of Public Health for SYNAR-related activities in compliance with the requirements established for the Sale of Tobacco to Minor Control Account. The remaining $254.3 million SAPT Block Grant dollars consist of $236.2 million for Local Assistance and $18.1 million for State Support. This assumes a grant award funding level consistent with the FFY 2010 Federal Appropriation.

SAPT Maintenance of Effort (MOE) Requirement. As a condition of receiving SAPT Block Grant funds, ADP must meet the MOE grant requirement, which requires ADP to maintain non-federal expenditures for substance abuse prevention and treatment services at a specific level. The MOE Requirement is derived from a mathematical computation in which the current year's non-federal expenditures cannot be less than the average of those expenditures for the two preceding state fiscal years. The SAPT MOE Requirement for FY 2011-12 is $207 million based on the budgetary expenditures through FY 2010-11. The proposed FY 2011-12 budget for substance abuse non-federal expenditures is $241.1 million, which exceeds the State's SAPT MOE Requirement.

ISSUE 1: REALIGNMENT OF SUBSTANCE ABUSE TREATMENT

Proposes to realign all Department of Alcohol and Drug Programs activities currently implemented via contracts with 57 counties to provide inpatient and outpatient alcohol and drug treatment services. As part of the Governor's Phase One Realignment, $184 million would be realigned in 2011-12, with this amount sustained through full implementation of realignment in 2014-15. The Governor states that this movement of funding and responsibilities would enable counties to implement creative models of integrated services for the new probation population and for those who suffer from the dual diagnosis of mental health and substance abuse problems, as well as for other low-income persons currently receiving treatment services.

$184 million is included in the Governor's realignment proposal as follows:

Non Drug Medi-Cal (DMC) Regular	$5.2 m
Non Drug Medi-Cal Perinatal	20.5 m
Drug Court Partnership Act	6.8 m
Comprehensive Drug Court Implementation Act	15.7 m
Dependency Drug Court Program	4.3 m
Drug Medi-Cal Program	130.7 m
State Support	0.8 m
Total Realignment	**$184.0 m**

Descriptions of the programs proposed for realignment in ADP follow.

Non-DMC Regular and Perinatal Services. The proposed GF budget includes $5.2 million in Local Assistance for Non-DMC Regular Discretionary Programs. These Local Assistance funds are included in the Governor's realignment proposal. The proposed GF budget also includes $20.5 million for Local Assistance Non-DMC Perinatal Programs. Of the funds for ADP's Perinatal Programs, $5.1 million is to fund existing residential perinatal treatment programs known as Women and Children's Residential Treatment Services (WCRTS). These Local Assistance funds are included in the Governor's realignment proposal.

Drug Court Partnership (DCP) Act Program. The proposed GF budget includes $7.1 million for the DCP Act of 2002 in support of adult drug courts serving felons. Of this amount, $6.8 million is for Local Assistance and $250,000 is for State Support. The Local Assistance funds are included in the Governor's realignment proposal.

Comprehensive Drug Court Implementation (CDCI) Act Program. The proposed GF budget includes $16.2 million for CDCI in support of adult, juvenile, dependency, and family drug courts. Of the total $16.2 million, $15.7 million is for Local Assistance and $491,000 is for State Support. The Local Assistance funds are proposed to be realigned to the counties.

Dependency Drug Court (DDC) Program. The proposed GF budget includes $4.5 million in support of DDC, which serves cases with a substance abuse charge against a parent. Of the total $4.5 million budget, $4.3 million is for Local Assistance and $228,000 is for State Support. The Local Assistance funds are included in the Governor's realignment proposal.

Drug Medi-Cal. The DMC program provides medically necessary substance use disorder treatment services for eligible Medi-Cal beneficiaries. Services include outpatient drug free, narcotic replacement therapy, day care rehabilitative, Naltrexone, and residential services for pregnant and parenting women. The Local Assistance GF and a portion of State Support funds are included in the Governor's realignment proposal. Additional information on Drug Medi-Cal can be found under Issue 2 in this agenda.

PANELISTS

- ADP – Please describe the proposal on realignment and respond to the following:
    - What are the risks and benefits of the proposal?
    - What role would the state retain and how would this work vis-à-vis federal agencies and rules?
    - What reaction has been registered by the advocates? What considerations and conditions have they raised?
    - What is the expected role of the department in the course of realignment and after?
    - How does realignment work in the near-term, beginning of 2011-12?
    - What are the possible local responses and implications for medication-assisted treatment services?
- Department of Finance
- Legislative Analyst's Office
- Public Comment

ISSUE 2: BCP #10 – DRUG MEDI-CAL PROGRAM-LOCAL ASSISTANCE FALL ESTIMATE

The Department of Alcohol and Drug Programs' (ADP) Drug Medi-Cal (DMC) program began in 1980. The program is jointly funded by the federal and state governments to provide drug and alcohol treatment services to eligible needy persons. The DMC Program provides services to those lacking health insurance and meeting eligibility requirements for income, family size, and/or having a disability or qualifying medical condition.

The DMC Program offers Outpatient Drug Free (ODF) and Narcotic Treatment Program (NTP) regular services for adults an perinatal services for pregnant and postpartum women. In addition, pregnant and postpartum women are eligible for Perinatal Day Care Rehabilitative (DCR) and Perinatal Residential Treatment services. Youth age 12 and under 21 who are covered under the Early and Periodic Screening and Diagnosis and Treatment (EPSDT) provision may receive NTP, ODF, or DCR services. However, youth who independently wish to enter the state's "minor consent program" can only receive ODF or NTP services which are fully supported with state funds.

Caseload. As compared to the DMC caseload estimates included in the Budget Act Appropriation, the DMC caseload for FY 2011-12 is estimated to increase by 36,121 from 286,316 to 322,437. This change reflects an overall increase of 12.6% in caseload projections based on historical trends through FY 2008-09. Beginning with this subvention, EPSDT caseload is displayed separately for Regular NTP and ODF services. In previous subventions, these caseload projections were included in the total Regular NTP and ODF caseload projections.

Expenditures. As compared to the Budget Act Appropriation, total expenditures for FY 2011-12 are projected to increase by $36.7 million ($36.2 million General Fund (GF)). The total increase in DMC Regular is $37.3 million ($36 million GF). DMC Perinatal services are projected to decrease by a total of $552,000 (with a $205,000 GF increase). Of the total GF increase, caseload and unit of service projections account for $19.8 million (54.7%) of the GF increase. The FY 2011-12 GF increase is also due in part to the expiration of increased Federal Medicaid Assistance Percentage (FMAP) rate under the ARRA.

PANELISTS

- ADP – Please describe the recent caseload changes and the trends seen in Drug Medi-Cal over the past few years.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

ISSUE 3: BCP #1 - PROBLEM GAMBLING TREATMENT SERVICES PROGRAM

The Department requests a two-year extension of the two existing limited-term Associate Governmental Program Analyst (AGPA) positions and the continuation of the $5 million expenditure authority to continue implementation, data collection, and evaluation of the Problem Gambling Treatment Services Pilot Program for problem and pathological gamblers and their affected family members as mandated in state law (Section 4369 of the Welfare and Institutions Code). The source of funds is the Indian Gaming Special Distribution Fund.

The proposed budget includes $3.5 million in State Support for problem gambling prevention activities derived from the Indian Gaming Special Distribution Fund (IGSDF). This proposed budget also includes $291,000 to continue research and prevention services for problem and pathological gamblers. Of the $291,000, $166,000 will be derived from the collection of fees from licensed card rooms to be deposited into the Gambling Addiction Program Fund. The remaining $125,000 will be reimbursement from the California State Lottery.

Of the request, $4 million is for Local Assistance and will be allocated, via a competitive award process to local governments, public universities, and/or community organizations for treatment programs serving problem and pathological gamblers and their families. The remaining $1 million is for State Support which includes approximately $183,000 to continue funding two positions that expire on June 30, 2011. The remaining $817,000 will be used to contract for a public awareness campaign, provider training, training materials, data analysis, and evaluation. The current $5 million limited-term allocation is the only state funding used for the treatment of problem gambling behaviors.

This request will extend the current three-year pilot program an additional two years. At the end of the five-year pilot program, ADP will produce evidence-based practices including outcome statistics proving efficacy of the program.

PANELISTS

- ADP – Please provide a brief description of the BCP, the state operations and any position authority effect, and any General Fund cost or pressure potential of the proposal.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

ISSUE 4: BCP #2 – CALIFORNIA ACCESS TO RECOVERY EFFORT PROGRAM

The Department requests a four-year extension of four limited-term positions and expenditure authority to continue the federal-funded California Access to Recovery Effort (CARE) program. Through this federal grant, the State will receive $3.28 million per year for four years. Of the $3.28 million per year, approximately $772,000 will be for State Support and $2.5 million is for Local Assistance treatment vouchers for youth and young service members and veterans (ages 18-25) returning from Iraq and Afghanistan in need of treatment and recovery support services.

In September 2010, ADP was awarded funds from the federal Substance Abuse and Mental Health Services Administration (SAMHSA) for a third Access to Recovery (ATR) grant. ATR is an initiative to allow people in need of substance abuse treatment to make individual choices in their path to recovery that reflect their personal needs and values. The CARE program is California's implementation of the federal ATR grant. The current grant expired September 29, 2010; this proposal will allow for the continuation of the CARE program for the four-year term (from September 2010 through October 2014).

PANELISTS

- ADP – Please provide a brief description of the BCP, the state operations and any position authority effect, and any General Fund cost or pressure potential of the proposal.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

ISSUE 5: BCP #4 – ADDITIONAL DRIVING UNDER THE INFLUENCE PROGRAMS' STUDIES AND FINDINGS

The Department requests continuing $96,000 in contract dollars from the Driving Under the Influence (DUI) Licensing Trust Fund for three years to develop a work plan, subsequent follow-up studies, and assessments that will be driven from the final recommendations provided at the completion of the existing DUI Descriptive Program Study.

In an effort to address DUI offenders, ADP requested and received approval in a FY 2009-10 BCP to use $96,000 from the DUI Trust Fund for two years to review its current DUI program structure. The ultimate objective was to contract for the review of the current DUI program structure at both the state and provider level and develop a series of recommendations in an effort to improve service delivery.

San Diego State University (SDSU) was awarded the two-year descriptive study to gather data for an overview of currently licensed DUI programs across California. The study is envisioned to provide ADP with a series of policy recommendations for future outcome assessment and program compliance studies.

This request seeks to continue the current funding in order to act on the findings and recommendations of the descriptive study. The future studies derived from continued funding will be able to provide measurable client outcomes, enhance DUI program performance, and assist with reducing barriers to client treatment needs and referral, and suggested strategies and procedures for counties to maximize service and funding levels.

PANELISTS

- ADP – Please provide a brief description of the BCP, the state operations and any position authority effect, and any General Fund cost or pressure potential of the proposal.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

ISSUE 6: BCP #5 – DRUG MEDI-CAL COMPLAINT INVESTIGATIONS

The Department requests an extension of 1.0 limited-term Staff Counsel III position and $156,000 in expenditure authority through FY 2012-13. The requested positions will be funded from the Residential and Outpatient Program Licensing Fund (ROPLF) and reimbursements from the Department of Health Care Services for Medi-Cal federal funds. The proposed budget includes $4.5 million from the collection of fees in support of existing licensing and certification activities.

ADP states that there is sufficient fund balance in the ROPLF to cover the ongoing cost of this request and that there is a continuing need for this position to support the projected ongoing workload associated with Drug Medi-Cal complaints. ADP argues that continued adequate legal staff is necessary to support DMC complaint workload to ensure that the complaints are addressed in a timely and legally sufficient manner and with the appropriate confidentiality, consideration of program clients, the due process rights of the regulated business, coordination with outside enforcement agencies, and the consumer protection, public safety, and fiscal integrity needs of the state.

The number of complaints received continued to rise, from 28 in 2005-06 to 55 in 2010-11 and 63 projected for 2011-12.

PANELISTS

- ADP – Please provide a brief description of the BCP, the state operations and any position authority effect, and any General Fund cost or pressure potential of the proposal.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

ISSUE 7: BCP #6 – STRATEGIC PREVENTION FRAMEWORK-STATE INCENTIVE GRANT

The Department requests an annual increase of $1.942 million in federal expenditure authority for five years and position authority for one and one-half five-year limited-term positions. This request is in support of the administration, coordination, and implementation of the federal award for the Strategic Prevention Framework State Incentive Grant (SPF-SIG). ADP received notification of the award on October 4, 2010. Of the $1.942 million requested in the BCP, $1.738 million will be budgeted in Local Assistance and $204,000 will be budgeted for State Operations starting in FY 2011-12.

California is one of the last three states to receive a SPF-SIG. ADP applied for this in 2008 and was denied funding. Because the recent award was unanticipated, no work had been conducted in preparation of receiving these grant funds beyond the initial proposal. There was an immediate need for this Budget Change Proposal to facilitate acceptance of this federal funding and initiate project planning. The first grant deliverables are due four months from the award date and staff resources must be secured. ADP states that failure to meet deadlines may result in suspension or termination of the grant.

ADP states that this grant will bring needed federal funding to California without impacting the General Fund. Effective implementation of the SPF is required as a condition of receiving SAPT Block Grant funds and the SPF-SIG will help ADP meet this condition and provides the necessary prerequisite for future federal discretionary grants from SAMHSA.

PANELISTS

- ADP – Please provide a brief description of the BCP, the state operations and any position authority effect, and any General Fund cost or pressure potential of the proposal.
- Department of Finance
- Legislative Analyst's Office
- Public Comment