

AMENDED IN SENATE MARCH 14, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 100**

---

---

**Introduced by Committee on Budget (Blumenfield (Chair), Alejo, Allen, Brownley, Buchanan, Butler, Cedillo, Chesbro, Dickinson, Feuer, Gordon, Huffman, Mitchell, Monning, and Swanson)**

January 10, 2011

---

---

~~An act relating to the Budget Act of 2011.~~ *An act to amend Sections 5813.5, 5846, 5847, 5890, 5891, 5892, and 5898 of the Welfare and Institutions Code, relating to mental health services, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 100, as amended, Committee on Budget. ~~Budget Act of 2011.~~ *Mental Health Services Act.*

*Existing law contains provisions governing the operation and financing of community mental health services for the mentally disordered in every county through locally administered and locally controlled community mental health programs. Existing law, the Mental Health Services Act, an initiative measure enacted by the voters as Proposition 63 at the November 2, 2004, statewide general election, funds a system of county mental health plans for the provision of mental health services, as specified. The act provides that it may be amended by the Legislature by a  $\frac{2}{3}$  vote of each house as long as the amendment is consistent with and furthers the intent of the act, and that the Legislature may also clarify procedures and terms of the act by majority vote.*

*Existing law establishes the Mental Health Services Oversight and Accountability Commission. Under existing law, the commission is required to annually review and approve county mental health programs for expenditures relating to innovative programs and prevention and early intervention programs. Existing law authorizes the State Department of Mental Health to provide technical assistance to county mental health plans, as specified.*

*This bill would delete the requirement for these annual reviews and would authorize the commission, instead of the department, to provide technical assistance to the county mental health plans.*

*Existing law requires each county mental health program to prepare and submit a 3-year plan to be updated at least annually and approved by the department after review and comment by the commission.*

*This bill would delete the annual update requirement for the 3-year plans and the requirement that the plans be approved by the department after review and comment by the commission.*

*The act establishes the Mental Health Services Fund, continuously appropriated to and administered by the department, to fund specified county mental health programs. The act prohibits funds from the Mental Health Services Fund from being used to supplant existing state or county funds utilized to provide mental health services, and requires state financial support for mental health programs with not less than the same entitlements, amounts of allocations from the General Fund, and formula distributions as the 2003–04 fiscal year. Existing law also requires, subject to availability of funding, the department to distribute a single lump sum of the total amount of approved funding to each county.*

*This bill would require the state, instead of the department, to administer the fund. The bill would authorize continued financial support for mental health programs to come from the Local Revenue Fund 2011 in the State Treasury, and would, commencing July 1, 2012, require the Controller to distribute to the counties all unexpended and unreserved funds on deposit in the Mental Health Services Fund monthly.*

*Under existing law, moneys in the Mental Health Services Fund may be used only for specified purposes, including 5% for innovative programs, as specified, and 5% for administrative costs of the department, the California Mental Health Planning Council, and the commission.*

*The bill would reduce the amount available for administrative costs to 3.5% and would make that distribution subject to appropriation each fiscal year in the annual Budget Act. The bill, for the 2011–12 fiscal year, would allocate specified funds in the Mental Health Services Fund for Medi-Cal specialty mental health services, mental health services for special education pupils, and the Early and Periodic Screening, Diagnosis, and Treatment program. By allocating moneys in the Mental Health Services Fund for new purposes, this bill would make an appropriation.*

*Existing law requires the department to develop regulations, which may be enacted as emergency regulations, for the department or designated local agencies to implement the act.*

*This bill, instead, would require the state to develop regulations for the department, the commission, or designated state and local agencies to implement the act.*

*This bill would declare that it is consistent with and furthers the purpose of the act.*

*The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. Governor Schwarzenegger issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 6, 2010. Governor Brown issued a proclamation on January 20, 2011, declaring and reaffirming that a fiscal emergency exists and stating that his proclamation supersedes the earlier proclamation for purposes of that constitutional provision.*

*This bill would state that it addresses the fiscal emergency declared and reaffirmed by the Governor by proclamation issued on January 20, 2011, pursuant to the California Constitution.*

*This bill would declare that it is to take effect immediately as an urgency statute.*

~~*This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2011.*~~

~~*Vote: majority <sup>2</sup>/<sub>3</sub>. Appropriation: no-yes. Fiscal committee: no-yes. State-mandated local program: no.*~~

*The people of the State of California do enact as follows:*

- 1 *SECTION 1. (a) The Legislature hereby finds and declares*
- 2 *that the statutory changes in this act are consistent with, and*
- 3 *further the intent of, the Mental Health Services Act. These*

1 *specified changes are necessary to adequately fund essential mental*  
2 *health services that would otherwise be significantly and*  
3 *substantially reduced or eliminated absent this temporary funding*  
4 *support.*

5 (b) *Further, it is the intent of the Legislature to ensure continued*  
6 *state oversight and accountability of the Mental Health Services*  
7 *Act. In eliminating state approval of county mental health*  
8 *programs, the Legislature expects the state, in consultation with*  
9 *the Mental Health Services Oversight and Accountability*  
10 *Commission, to establish a more effective means of ensuring that*  
11 *county performance complies with the Mental Health Services Act.*

12 *SEC. 2. Section 5813.5 of the Welfare and Institutions Code*  
13 *is amended to read:*

14 5813.5. Subject to the availability of funds from the Mental  
15 Health Services Fund, the ~~State Department of Mental Health~~ *state*  
16 shall distribute funds for the provision of services under Sections  
17 5801, 5802, and 5806 to county mental health programs. Services  
18 shall be available to adults and seniors with severe illnesses who  
19 meet the eligibility criteria in subdivisions (b) and (c) of Section  
20 5600.3 ~~of the Welfare and Institutions Code~~. For purposes of this  
21 act, seniors means older adult persons identified in Part 3  
22 (commencing with Section 5800) of this division.

23 (a) Funding shall be provided at sufficient levels to ensure that  
24 counties can provide each adult and senior served pursuant to this  
25 part with the medically necessary mental health services,  
26 medications, and supportive services set forth in the applicable  
27 treatment plan.

28 (b) The funding shall only cover the portions of those costs of  
29 services that cannot be paid for with other funds including other  
30 mental health funds, public and private insurance, and other local,  
31 state, and federal funds.

32 (c) Each county mental health programs plan shall provide for  
33 services in accordance with the system of care for adults and  
34 seniors who meet the eligibility criteria in subdivisions (b) and (c)  
35 of Section 5600.3.

36 (d) Planning for services shall be consistent with the philosophy,  
37 principles, and practices of the Recovery Vision for mental health  
38 consumers:

1 (1) To promote concepts key to the recovery for individuals  
2 who have mental illness: hope, personal empowerment, respect,  
3 social connections, self-responsibility, and self-determination.

4 (2) To promote consumer-operated services as a way to support  
5 recovery.

6 (3) To reflect the cultural, ethnic, and racial diversity of mental  
7 health consumers.

8 (4) To plan for each consumer's individual needs.

9 (e) The plan for each county mental health program shall  
10 indicate, subject to the availability of funds as determined by Part  
11 4.5 (commencing with Section 5890) of this division, and other  
12 funds available for mental health services, adults and seniors with  
13 a severe mental illness being served by this program are either  
14 receiving services from this program or have a mental illness that  
15 is not sufficiently severe to require the level of services required  
16 of this program.

17 (f) Each county plan and annual update pursuant to Section  
18 5847 shall consider ways to provide services similar to those  
19 established pursuant to the Mentally Ill Offender Crime Reduction  
20 Grant Program. Funds shall not be used to pay for persons  
21 incarcerated in state prison or parolees from state prisons.

22 (g) The department shall contract for services with county  
23 mental health programs pursuant to Section 5897. After the  
24 effective date of this section the term grants referred to in Sections  
25 5814 and 5814.5 shall refer to such contracts.

26 *SEC. 3. Section 5846 of the Welfare and Institutions Code is*  
27 *amended to read:*

28 ~~5846. (a) The commission shall annually review and approve~~  
29 ~~each county mental health program for expenditures pursuant to~~  
30 ~~Part 3.2 (commencing with Section 5830), for innovative programs~~  
31 ~~and Part 3.6 (commencing with Section 5840), for prevention and~~  
32 ~~early intervention.~~

33 ~~(b) The commission shall place a county expenditure plan for~~  
34 ~~consideration on a meeting agenda no later than 60 days after~~  
35 ~~receipt.~~

36 ~~(e)~~

37 5846. (a) The commission shall issue guidelines for  
38 expenditures pursuant to Part 3.2 (commencing with Section 5830),  
39 for innovative programs, and Part 3.6 (commencing with Section

1 5840), for prevention and early intervention, no later than 180 days  
2 before the fiscal year for which the funds will apply.

3 ~~(d)~~

4 (b) The ~~department~~ *commission* may provide technical assistance  
5 to any county mental health plan as needed to address concerns or  
6 recommendations of the commission or when local programs could  
7 benefit from technical assistance for improvement of their plans  
8 ~~submitted pursuant to Section 5847.~~

9 (e)

10 (c) The commission shall ensure that the perspective and  
11 participation of members and others suffering from severe mental  
12 illness and their family members is a significant factor in all of its  
13 decisions and recommendations.

14 *SEC. 4. Section 5847 of the Welfare and Institutions Code is*  
15 *amended to read:*

16 5847. Integrated Plans for Prevention, Innovation, and System  
17 of Care Services.

18 (a) It is the intent of the Legislature to streamline the approval  
19 processes of the State Department of Mental Health and the Mental  
20 Health Services Oversight and Accountability Commission of  
21 programs developed pursuant to Sections 5891 and 5892.

22 (b) Each county mental health program shall prepare and submit  
23 a three-year plan ~~which shall be updated at least annually and~~  
24 ~~approved by the department after review and comment by the~~  
25 ~~Mental Health Services Oversight and Accountability Commission.~~  
26 The plan and update shall include all of the following:

27 (1) A program for prevention and early intervention in  
28 accordance with Part 3.6 (commencing with Section 5840).

29 (2) A program for services to children in accordance with Part  
30 4 (commencing with Section 5850), to include a program pursuant  
31 to Chapter 4 (commencing with Section 18250) of Part 6 of  
32 Division 9 or provide substantial evidence that it is not feasible to  
33 establish a wraparound program in that county.

34 (3) A program for services to adults and seniors in accordance  
35 with Part 3 (commencing with Section 5800).

36 (4) A program for innovations in accordance with Part 3.2  
37 (commencing with Section 5830).

38 (5) A program for technological needs and capital facilities  
39 needed to provide services pursuant to Part 3 (commencing with  
40 Section 5800), Part 3.6 (commencing with Section 5840), and Part

1 4 (commencing with Section 5850). All plans for proposed facilities  
2 with restrictive settings shall demonstrate that the needs of the  
3 people to be served cannot be met in a less restrictive or more  
4 integrated setting.

5 (6) Identification of shortages in personnel to provide services  
6 pursuant to the above programs and the additional assistance  
7 needed from the education and training programs established  
8 pursuant to Part 3.1 (commencing with Section 5820).

9 (7) Establishment and maintenance of a prudent reserve to  
10 ensure the county program will continue to be able to serve  
11 children, adults, and seniors that it is currently serving pursuant  
12 to Part 3 (commencing with Section 5800), the Adult and Older  
13 Adult Mental Health System of Care Act, Part 3.6 (commencing  
14 with Section 5840), Prevention and Early Intervention Programs,  
15 and Part 4 (commencing with Section 5850), the Children’s Mental  
16 Health Services Act, during years in which revenues for the Mental  
17 Health Services Fund are below recent averages adjusted by  
18 changes in the state population and the California Consumer Price  
19 Index.

20 (c) The State Department of Mental Health shall not issue  
21 guidelines for the Integrated Plans for Prevention, Innovation, and  
22 System of Care Services before January 1, 2012.

23 ~~(d) The department’s review and approval of the programs~~  
24 ~~specified in paragraphs (1) and (4) of subdivision (b) shall be~~  
25 ~~limited to ensuring the consistency of these programs with the~~  
26 ~~other portions of the plan and providing review and comment to~~  
27 ~~the Mental Health Services Oversight and Accountability~~  
28 ~~Commission. As part of its review, the department shall inform~~  
29 ~~the Department of Veterans Affairs of county plans that have~~  
30 ~~outreach programs specifically for veterans or that provide services~~  
31 ~~specifically for veterans.~~

32 (e)

33 (d) The programs established pursuant to paragraphs (2) and  
34 (3) of subdivision (b) shall include services to address the needs  
35 of transition age youth ages 16 to 25.

36 (f)

37 (e) Each year the State Department of Mental Health, in  
38 consultation with the California Mental Health Directors  
39 Association, the Mental Health Services Oversight and  
40 Accountability Commission, and the Mental Health Planning

1 Council, shall inform counties of the amounts of funds available  
 2 for services to children pursuant to Part 4 (commencing with  
 3 Section 5850), and to adults and seniors pursuant to Part 3  
 4 (commencing with Section 5800). Each county mental health  
 5 program shall prepare expenditure plans pursuant to Part 3  
 6 (commencing with Section 5800), and Part 4 (commencing with  
 7 Section 5850), and updates to the plans developed pursuant to this  
 8 section. Each expenditure update shall indicate the number of  
 9 children, adults, and seniors to be served pursuant to Part 3  
 10 (commencing with Section 5800), and Part 4 (commencing with  
 11 Section 5850), and the cost per person. The expenditure update  
 12 shall include utilization of unspent funds allocated in the previous  
 13 year and the proposed expenditure for the same purpose.

14 ~~(g) (1) The department shall evaluate each proposed expenditure~~  
 15 ~~plan and determine the extent to which each county has the capacity~~  
 16 ~~to serve the proposed number of children, adults, and seniors~~  
 17 ~~pursuant to Part 3 (commencing with Section 5800), and Part 4~~  
 18 ~~(commencing with Section 5850); the extent to which there is an~~  
 19 ~~unmet need to serve that number of children, adults, and seniors;~~  
 20 ~~and determine the amount of available funds; and provide each~~  
 21 ~~county with an allocation from the funds available. The department~~  
 22 ~~shall give greater weight for a county or a population which has~~  
 23 ~~been significantly underserved for several years. The department~~  
 24 ~~shall approve, deny, or request information on a county expenditure~~  
 25 ~~plan or update no later than 60 days upon receipt.~~

26 ~~(2) The department shall only evaluate those programs in a~~  
 27 ~~county expenditure plan or update that have not previously been~~  
 28 ~~approved or that have previously identified problems which have~~  
 29 ~~been conveyed to the county. The department shall distribute the~~  
 30 ~~funds for renewal of the previously approved programs contained~~  
 31 ~~in the county expenditure plan or update prior to approval of the~~  
 32 ~~county expenditure plan or update.~~

33 ~~(h)~~  
 34 (f) A county mental health program shall include an allocation  
 35 of funds from a reserve established pursuant to paragraph (6) of  
 36 subdivision (b) for services pursuant to paragraphs (2) and (3) of  
 37 subdivision (b) in years in which the allocation of funds for services  
 38 pursuant to subdivision ~~(e)~~ (d) are not adequate to continue to serve  
 39 the same number of individuals as the county had been serving in  
 40 the previous fiscal year.



1     *SEC. 5. Section 5890 of the Welfare and Institutions Code is*  
2 *amended to read:*

3     5890. (a) The Mental Health Services Fund is hereby created  
4 in the State Treasury. The fund shall be administered by the ~~State~~  
5 ~~Department of Mental Health~~ *state*. Notwithstanding Section 13340  
6 of the Government Code, all moneys in the fund are, *except as*  
7 *provided in subdivision (d) of Section 5892*, continuously  
8 appropriated to the ~~department~~, without regard to fiscal years, for  
9 the purpose of funding the following programs and other related  
10 activities as designated by other provisions of this division:

11     (1) Part 3 (commencing with Section 5800), the Adult and Older  
12 Adult System of Care Act.

13     (2) Part 3.6 (commencing with Section 5840), Prevention and  
14 Early Intervention Programs.

15     (3) Part 4 (commencing with Section 5850), the Children's  
16 Mental Health Services Act.

17     (b) Nothing in the establishment of this fund, nor any other  
18 provisions of the act establishing it or the programs funded shall  
19 be construed to modify the obligation of health care service plans  
20 and disability insurance policies to provide coverage for mental  
21 health services, including those services required under Section  
22 1374.72 of the Health and Safety Code and Section 10144.5 of the  
23 Insurance Code, related to mental health parity. Nothing in this  
24 act shall be construed to modify the oversight duties of the  
25 Department of Managed Health Care or the duties of the  
26 Department of Insurance with respect to enforcing ~~such~~ *these*  
27 obligations of plans and insurance policies.

28     (c) Nothing in this act shall be construed to modify or reduce  
29 the existing authority or responsibility of the State Department of  
30 Mental Health.

31     (d) The State Department of Health *Care* Services, in  
32 consultation with the State Department of Mental Health, shall  
33 seek approval of all applicable federal Medicaid approvals to  
34 maximize the availability of federal funds and eligibility of  
35 participating children, adults, and seniors for medically necessary  
36 care.

37     (e) Share of costs for services pursuant to Part 3 (commencing  
38 with Section 5800), and Part 4 (commencing with Section 5850)  
39 of this division, shall be determined in accordance with the  
40 Uniform Method for Determining Ability to Pay applicable to

1 other publicly funded mental health services, unless—~~such~~ *this*  
 2 Uniform Method is replaced by another method of determining  
 3 co-payments, in which case the new method applicable to other  
 4 mental health services shall be applicable to services pursuant to  
 5 Part 3 (commencing with Section 5800), and Part 4 (commencing  
 6 with Section 5850) of this division.

7 *SEC. 6. Section 5891 of the Welfare and Institutions Code is*  
 8 *amended to read:*

9 5891. (a) The funding established pursuant to this act shall be  
 10 utilized to expand mental health services. ~~These~~ *Except as provided*  
 11 *in subdivision (j) of Section 5892 due to the state's fiscal crisis,*  
 12 *these* funds shall not be used to supplant existing state or county  
 13 funds utilized to provide mental health services. The state shall  
 14 continue to provide financial support for mental health programs  
 15 with not less than the same entitlements, amounts of allocations  
 16 from the General Fund *or from the Local Revenue Fund 2011 in*  
 17 *the State Treasury,* and formula distributions of dedicated funds  
 18 as provided in the last fiscal year which ended prior to the effective  
 19 date of this act. The state shall not make any change to the structure  
 20 of financing mental health services, which increases a county's  
 21 share of costs or financial risk for mental health services unless  
 22 the state includes adequate funding to fully compensate for such  
 23 increased costs or financial risk. These funds shall only be used  
 24 to pay for the programs authorized in Section 5892. These funds  
 25 may not be used to pay for any other program. These funds may  
 26 not be loaned to the state General Fund or any other fund of the  
 27 state, or a county general fund or any other county fund for any  
 28 purpose other than those authorized by Section 5892.

29 (b) Notwithstanding subdivision (a), the Controller may use the  
 30 funds created pursuant to this part for loans to the General Fund  
 31 as provided in Sections 16310 and 16381 of the Government Code.  
 32 Any such loan shall be repaid from the General Fund with interest  
 33 computed at 110 percent of the Pooled Money Investment Account  
 34 rate, with interest commencing to accrue on the date the loan is  
 35 made from the fund. This subdivision does not authorize any  
 36 transfer that would interfere with the carrying out of the object for  
 37 which these funds were created.

38 ~~(c) Subject to the availability of funding in the Mental Health~~  
 39 ~~Services Fund as determined by the Department of Finance, the~~  
 40 ~~State Department of Mental Health shall distribute in a single lump~~

1 ~~sum the total approved funding to each county~~ Commencing July  
2 1, 2012, on or before the 15th day of each month, the Controller  
3 shall distribute to each Local Mental Health Service Fund  
4 established by counties pursuant to subdivision (f) of Section 5892,  
5 all unexpended and unreserved funds on deposit as of the last day  
6 of the prior month in the Mental Health Services Fund, established  
7 pursuant to Section 5890, for the provision of programs and other  
8 related activities set forth in Part 3 (commencing with Section  
9 5800), Part 3.2 (commencing with Section 5830), Part 3.6  
10 (commencing with Section 5840), and Part 4 (commencing with  
11 Section 5850). Funding distributions shall be based on the amount  
12 specified in the county mental health program's three-year plan  
13 or update, as required by Section 5847 ~~and as approved by the~~  
14 ~~State Department of Mental Health and the Mental Health Services~~  
15 ~~Oversight and Accountability Commission pursuant to Section~~  
16 ~~5847. This subdivision shall in no way change the authority of the~~  
17 ~~State Department of Mental Health or the Mental Health Services~~  
18 ~~Oversight and Accountability Commission, as applicable, to~~  
19 ~~approve, deny, or request further information regarding a county's~~  
20 ~~three-year plan or update. Nothing in this subdivision shall affect~~  
21 ~~subdivision (a) or (b).~~

22 *SEC. 7. Section 5892 of the Welfare and Institutions Code is*  
23 *amended to read:*

24 5892. (a) In order to promote efficient implementation of this  
25 act allocate the following portions of funds available in the Mental  
26 Health Services Fund in 2005–06 and each year thereafter:

27 (1) In 2005–06, 2006–07, and in 2007–08 10 percent shall be  
28 placed in a trust fund to be expended for education and training  
29 programs pursuant to Part 3.1.

30 (2) In 2005–06, 2006–07 and in 2007–08 10 percent for capital  
31 facilities and technological needs distributed to counties in  
32 accordance with a formula developed in consultation with the  
33 California Mental Health Directors Association to implement plans  
34 developed pursuant to Section 5847.

35 (3) Twenty percent for prevention and early intervention  
36 programs distributed to counties in accordance with a formula  
37 developed in consultation with the California Mental Health  
38 Directors Association pursuant to Part 3.6 (commencing with  
39 Section 5840) of this division. ~~Each county's allocation of funds~~  
40 ~~shall be distributed only after its annual program for expenditure~~

1 of such funds has been approved by the Mental Health Services  
2 Oversight and Accountability Commission established pursuant  
3 to Section 5845.

4 (4) The allocation for prevention and early intervention may be  
5 increased in any county which the department determines that such  
6 *the* increase will decrease the need and cost for additional services  
7 to severely mentally ill persons in that county by an amount at  
8 least commensurate with the proposed increase. The statewide  
9 allocation for prevention and early intervention may be increased  
10 whenever the Mental Health Services Oversight and Accountability  
11 Commission determines that all counties are receiving all necessary  
12 funds for services to severely mentally ill persons and have  
13 established prudent reserves and there are additional revenues  
14 available in the fund.

15 (5) The balance of funds shall be distributed to county mental  
16 health programs for services to persons with severe mental illnesses  
17 pursuant to Part 4 (commencing with Section 5850), for the  
18 children's system of care and Part 3 (commencing with Section  
19 5800), for the adult and older adult system of care.

20 (6) Five percent of the total funding for each county mental  
21 health program for Part 3 (commencing with Section 5800), Part  
22 3.6 (commencing with Section 5840), and Part 4 (commencing  
23 with Section 5850) of this division, shall be utilized for innovative  
24 programs ~~pursuant to an approved plan required by Section 5830~~  
25 ~~and such funds may be distributed by the department only after~~  
26 ~~such programs have been approved by the Mental Health Services~~  
27 ~~Oversight and Accountability Commission established pursuant~~  
28 ~~to Section 5845 in accordance with Sections 5830, 5847, and 5848.~~

29 (b) In any year after 2007–08, programs for services pursuant  
30 to Part 3 (commencing with Section 5800), and Part 4  
31 (commencing with Section 5850) of this division may include  
32 funds for technological needs and capital facilities, human resource  
33 needs, and a prudent reserve to ensure services do not have to be  
34 significantly reduced in years in which revenues are below the  
35 average of previous years. The total allocation for purposes  
36 authorized by this subdivision shall not exceed 20 percent of the  
37 average amount of funds allocated to that county for the previous  
38 five years pursuant to this section.

39 (c) The allocations pursuant to subdivisions (a) and (b) shall  
40 include funding for annual planning costs pursuant to Section 5848.

1 The total of ~~such~~ *these* costs shall not exceed 5 percent of the total  
2 of annual revenues received for the fund. The planning costs shall  
3 include funds for county mental health programs to pay for the  
4 costs of consumers, family members, and other stakeholders to  
5 participate in the planning process and for the planning and  
6 implementation required for private provider contracts to be  
7 significantly expanded to provide additional services pursuant to  
8 Part 3 (commencing with Section 5800), and Part 4 (commencing  
9 with Section 5850) of this division.

10 (d) Prior to making the allocations pursuant to subdivisions (a),  
11 (b) and (c), ~~the department shall also provide funds~~ *shall be*  
12 *reserved* for the costs for ~~itself~~ *the State Department of Mental*  
13 *Health*, the California Mental Health Planning Council, and the  
14 Mental Health Services Oversight and Accountability Commission  
15 to implement all duties pursuant to the programs set forth in this  
16 section. ~~Such~~ *These* costs shall not exceed ~~5~~ 3.5 percent of the total  
17 of annual revenues received for the fund. The administrative costs  
18 shall include funds to assist consumers and family members to  
19 ensure the appropriate state and county agencies give full  
20 consideration to concerns about quality, structure of service  
21 delivery, or access to services. The amounts allocated for  
22 administration shall include amounts sufficient to ensure adequate  
23 research and evaluation regarding the effectiveness of services  
24 being provided and achievement of the outcome measures set forth  
25 in Part 3 (commencing with Section 5800), Part 3.6 (commencing  
26 with Section 5840), and Part 4 (commencing with Section 5850)  
27 of this division. *The amount of funds available for the purposes*  
28 *of this subdivision in any fiscal year shall be subject to*  
29 *appropriation in the annual Budget Act.*

30 (e) In 2004–05 funds shall be allocated as follows:

31 (1) ~~45~~ *Forty-five* percent for education and training pursuant  
32 to Part 3.1 (commencing with Section 5820) of this division.

33 (2) ~~45~~ *Forty-five* percent for capital facilities and technology  
34 needs in the manner specified by paragraph (2) of subdivision (a).

35 (3) ~~5~~ *Five* percent for local planning in the manner specified  
36 in subdivision (c) ~~and~~.

37 (4) ~~5~~ *Five* percent for state implementation in the manner  
38 specified in subdivision (d).

39 (f) Each county shall place all funds received from the State  
40 Mental Health Services Fund in a local Mental Health Services

1 Fund. The Local Mental Health Services Fund balance shall be  
 2 invested consistent with other county funds and the interest earned  
 3 on ~~such~~ *the* investments shall be transferred into the fund. The  
 4 earnings on investment of these funds shall be available for  
 5 distribution from the fund in future years.

6 (g) All expenditures for county mental health programs shall  
 7 be consistent with a currently approved plan or update pursuant  
 8 to Section 5847.

9 (h) Other than funds placed in a reserve in accordance with an  
 10 approved plan, any funds allocated to a county which have not  
 11 been spent for their authorized purpose within three years shall  
 12 revert to the state to be deposited into the fund and available for  
 13 other counties in future years, provided however, that funds for  
 14 capital facilities, technological needs, or education and training  
 15 may be retained for up to 10 years before reverting to the fund.

16 (i) If there are still additional revenues available in the fund  
 17 after the Mental Health Services Oversight and Accountability  
 18 Commission has determined there are prudent reserves and no  
 19 unmet needs for any of the programs funded pursuant to this  
 20 section, including all purposes of the Prevention and Early  
 21 Intervention Program, the commission shall develop a plan for  
 22 expenditures of ~~such~~ *these* revenues to further the purposes of this  
 23 act and the Legislature may appropriate ~~such~~ *these* funds for any  
 24 purpose consistent with the commission’s adopted plan which  
 25 furthers the purposes of this act.

26 (j) *For the 2011–12 fiscal year, General Fund revenues will be*  
 27 *insufficient to fully fund many existing mental health programs,*  
 28 *including Early and Periodic Screening, Diagnosis, and Treatment*  
 29 *(EPSDT), Medi-Cal Specialty Mental Health Managed Care, and*  
 30 *mental health services provided for special education pupils. In*  
 31 *order to adequately fund those programs for the 2011–12 fiscal*  
 32 *year and avoid deeper reductions in programs that serve*  
 33 *individuals with severe mental illness and the most vulnerable,*  
 34 *medically needy citizens of the state, prior to distribution of funds*  
 35 *under paragraphs (1) to (6), inclusive, of subdivision (a), effective*  
 36 *July 1, 2011, moneys shall be allocated from the Mental Health*  
 37 *Services Fund to the counties as follows:*

38 (1) *Commencing July 1, 2011, one hundred eighty-three million*  
 39 *six hundred thousand dollars (\$183,600,000) of the funds available*  
 40 *as of July 1, 2011, in the Mental Health Services Fund, shall be*

1 allocated in a manner consistent with subdivision (c) of Section  
2 5778 and based on a formula determined by the state in  
3 consultation with the California Mental Health Directors  
4 Association to meet the fiscal year 2011–12 General Fund  
5 obligation for Medi-Cal Specialty Mental Health Managed Care.

6 (2) Upon completion of the allocation in paragraph (1), the  
7 Controller shall distribute to counties ninety-eight million five  
8 hundred eighty-six thousand dollars (\$98,586,000) from the Mental  
9 Health Services Fund for mental health services for special  
10 education pupils based on a formula determined by the state in  
11 consultation with the California Mental Health Directors  
12 Association.

13 (3) Upon completion of the allocation in paragraph (2), the  
14 Controller shall distribute to counties 50 percent of their 2011–12  
15 Mental Health Services Act component allocations consistent with  
16 Sections 5847 and 5891, not to exceed four hundred eighty-eight  
17 million dollars (\$488,000,000). This allocation shall commence  
18 beginning August 1, 2011.

19 (4) Upon completion of the allocation in paragraph (3), and as  
20 revenues are deposited into the Mental Health Services Fund, the  
21 Controller shall distribute five hundred seventy-nine million dollars  
22 (\$579,000,000) from the Mental Health Services Fund to counties  
23 to meet the General Fund obligation for EPSDT for fiscal year  
24 2011–12. These revenues shall be distributed to counties on a  
25 quarterly basis and based on a formula determined by the state in  
26 consultation with the California Mental Health Directors  
27 Association. These funds shall not be subject to reconciliation or  
28 cost settlement.

29 (5) The Controller shall distribute to counties the remaining  
30 2011–12 Mental Health Services Act component allocations  
31 consistent with Sections 5847 and 5891, beginning no later than  
32 April 30, 2012. These remaining allocations shall be made on a  
33 monthly basis.

34 (6) The total one-time allocation from the Mental Health  
35 Services Fund for EPSDT, Medi-Cal Specialty Mental Health  
36 Managed Care, and mental health services provided to special  
37 education pupils as referenced shall not exceed eight hundred  
38 sixty-two million dollars (\$862,000,000). Any revenues deposited  
39 in the Mental Health Services Fund in fiscal year 2011–12 that  
40 exceed this obligation shall be distributed to counties for remaining

1 *fiscal year 2011–12 Mental Health Services Act component*  
 2 *allocations, consistent with Sections 5847 and 5891.*

3 *(k) Subdivision (j) shall not be subject to repayment.*

4 *(l) Subdivision (j) shall become inoperative on July 1, 2012.*

5 *SEC. 8. Section 5898 of the Welfare and Institutions Code is*  
 6 *amended to read:*

7 5898. ~~The department~~ *state* shall develop regulations, as  
 8 necessary, for the ~~department or designated~~ *State Department of*  
 9 *Mental Health, the Mental Health Services Oversight and*  
 10 *Accountability Commission, or designated state and local agencies*  
 11 *to implement this act. In 2005, the director may adopt all*  
 12 *regulations pursuant to this act as emergency regulations in*  
 13 *accordance with Chapter 3.5 (commencing with Section 11340)*  
 14 *of Part 1 of Division 3 of Title 2 of the Government Code. For the*  
 15 *purpose of the Administrative Procedure Act, the adoption of*  
 16 *regulations, in 2005, shall be deemed an emergency and necessary*  
 17 *for the immediate preservation of the public peace, health and*  
 18 *safety, or general welfare. These regulations shall not be subject*  
 19 *to the review and approval of the Office of Administrative Law*  
 20 *and shall not be subject to automatic repeal until final regulations*  
 21 *take effect. Emergency regulations adopted in accordance with*  
 22 *this provision shall not remain in effect for more than a year. The*  
 23 *final regulations shall become effective upon filing with the*  
 24 *Secretary of State. Regulations adopted pursuant to this section*  
 25 *shall be developed with the maximum feasible opportunity for*  
 26 *public participation and comments.*

27 *SEC. 9. This act addresses the fiscal emergency declared and*  
 28 *reaffirmed by the Governor by proclamation on January 20, 2011,*  
 29 *pursuant to subdivision (f) of Section 10 of Article IV of the*  
 30 *California Constitution.*

31 *SEC. 10. This act is an urgency statute necessary for the*  
 32 *immediate preservation of the public peace, health, or safety within*  
 33 *the meaning of Article IV of the Constitution and shall go into*  
 34 *immediate effect. The facts constituting the necessity are:*

35 *In order to make changes necessary for implementation of the*  
 36 *Budget Act of 2011, it is necessary that this act take effect*  
 37 *immediately.*



1     ~~SECTION 1. It is the intent of the Legislature to enact statutory~~  
2     ~~changes relating to the Budget Act of 2011.~~

O