



C A L I F O R N I A D E P A R T M E N T O F

Mental Health

1600 9th Street, Sacramento, CA 95814
(916) 654-2309

April 8, 2011

DMH INFORMATION NOTICE NO.: 11-05

TO: LOCAL MENTAL HEALTH DIRECTORS
LOCAL MENTAL HEALTH PROGRAM CHIEFS
LOCAL MENTAL HEALTH ADMINISTRATORS
COUNTY ADMINISTRATIVE OFFICERS
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

SUBJECT: MENTAL HEALTH SERVICES ACT PRUDENT RESERVE FISCAL
POLICY CHANGE

REFERENCE: MENTAL HEALTH SERVICES ACT WELFARE AND
INSTITUTIONS CODE SECTION 5847(b)(7)

This Information Notice informs the Counties¹ that receive funding under the Mental Health Services Act (MHSA) of an update to the Department of Mental Health's (DMH) Prudent Reserve policy. Welfare and Institutions Code (Welf. & Inst. Code) section 5847, subdivision (b)(7), requires Counties to include in their Three-Year Program and Expenditure Plans or updates a prudent reserve to ensure that the County programs will continue to be able to serve those currently being served should MHSA revenues decrease. DMH Information Notice No.: 07-25 provided guidelines for the Local Prudent Reserve and required that Counties establish and maintain a Local Prudent Reserve equal to 50 percent of the amount approved from Community Services and Supports (CSS) for services in the fiscal year. The 50 percent Local Prudent Reserve requirement is rescinded by the publication of this Information Notice². Please note that, other than this change in fiscal policy, all other policy and guidance on the Local Prudent Reserve remains in effect. With the rescission of this policy, Counties may fund the Local Prudent Reserve to a level the County determines is appropriate consistent with Welf. & Inst. Code § 5892, subd. (b).

Welfare & Institutions Code section 5892, subdivision (b) permits a County to use up to 20 percent of the average amount of funds allocated to that county for the previous five years to fund for technological needs and capital facilities, human resource needs, and a prudent reserve. This change in policy permits a County to use the total of this amount to fund its Local Prudent Reserve needs, if it elects to do so, even if this amount exceeds the previously required 50 percent level.

¹ "County" means the County Mental Health Department, two or more County Mental Health Departments acting jointly, and/or city-operated programs receiving funds per Welfare and Institutions Code section 5701.5 (Cal. Code Regs., tit. 9, § 3200.090).

² The 50 percent requirement is also referenced in DMH Information Notices Nos.: 07-25, 08-10, 08-28, 09-16, 10-01, and 10-21

Counties may transfer funds to their Local Prudent Reserve by completing the attached Enclosure (revised Exhibit G). Please provide a copy to:

Department of Mental Health
ATTN: MHSA Plan Reviews
1600 9th Street, Room 100
Sacramento, CA 95814
Email: ccta@dmh.ca.gov

Each County should comply with Welf. & Inst. Code § 5848 and Title 9, California Code of Regulations, section 3300 regarding the Community Planning Process and section 3315(b) regarding the local review process that includes a 30-day comment period prior to completing the enclosed form. (Welf. & Inst. Code § 5848, subd. (a) and (b).)

Sincerely,

Original signed by

CLIFF ALLENBY
Acting Director

Enclosure

cc: California Mental Health Planning Council
California Mental Health Directors Association
Mental Health Services Oversight and Accountability Commission
Deputy Director, Community Services Division