



CALIFORNIA DEPARTMENT OF
Mental Health

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

Date - For Director's Office only

DMH INFORMATION NOTICE NO.: Dir. Office only

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 CHANGES

REFERENCE: MHSA WELFARE AND INSTITUTIONS CODE (WIC) SECTION
5847 (b)(7)

This Information Notice informs the Counties¹ that receive funding under the Mental Health Services Act (MHSA, the Act) of an update to the Department of Mental Health's (DMH) Prudent Reserve policy. Welfare and Institutions Code (WIC) Section 5847(b)(7) requires Counties to include in their Three-Year Plan or update a Prudent Reserve to ensure the County programs will continue to be able to serve those currently being served should MHSA revenues drop. DMH Information Notice No.: 07-25 established the policy and guidelines for the Prudent Reserve and required that Counties establish and maintain a Prudent Reserve equal to 50 percent of the most recent annual approved Community Services and Supports (CSS) funding level. The 50 percent Local Prudent Reserve requirement addressed in DMH Information Notice Nos.: 07-25, 08-10, 08-28, 09-16, 10-01, and 10-21 is being rescinded. Please note that other than this change in fiscal policy and guidance, the other information in these aforementioned Information Notices remains the same and in effect.

With the rescission of this policy requiring Counties to establish and maintain a Prudent Reserve equal to 50 percent of the most recent annual approved CSS funding level, Counties may now exceed the 50 percent funding level to a level the County determines is prudent, consistent with WIC section 5892, subdivision (b). This section allows Counties to allocate up to 20 percent of the average amount of funds allocated to each County for the previous five years for the CSS Component Allocation to fund the County's Local Prudent Reserve, Workforce Education and Training (WET), and/or Capital Facilities and Technological Needs (CFTN). Counties may transfer funds to their Local Prudent Reserve by submitting the attached Enclosure (revised Exhibit G).

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 WIC section 5701.5 (California Code of Regulations, Section 3200.090).

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If you have any questions regarding the content of this information notice, please contact your County Technical Assistance representative identified on the following Internet site: http://www.dmh.ca.gov/Services_and_Programs/Community_Programs/County_Technical_Assistance.asp .

Sincerely,

CLIFF ALLENBY
Acting Director

Enclosure

DRAFT