



# GOVERNOR'S PROPOSED 2010-11 BUDGET: COUNTIES RESPOND

## Sweeping Proposition 63 Funds for Two Years Would Gut Local Mental Health Services

The Governor has recycled a proposal from last year to sweep Mental Health Services Act (MHSA) funds for two years, but has upped the ante by doubling the amount to be taken each year to \$452 million. Just last May, the voters soundly rejected his previous attempt at sweeping these funds.

The Governor proposes to use these MHSA funds to backfill the state funding in the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program and Medi-Cal Mental Health Managed Care. In other words, it would raid the MHSA to backfill the state's General Fund spending in other areas. However, the cost of decimating community mental health programs will be far larger, as untreated mental illness is the leading cause of disability and suicide and costs state and county governments billions of dollars each year in emergency medical care, long-term nursing home care, unemployment, state hospitals, juvenile justice, and jails and prisons.

This proposal comes at a time when the behavioral health needs of our communities are increasing due to the influx of Iraq and Afghanistan veterans, the stress of the economic crisis, and the elimination of funding for prevention and drug and alcohol treatment programs statewide. Furthermore, disinvestments out of mental health services will certainly lead to increased homelessness and increased pressure on General Assistance programs in our counties.

### The Facts

- **County MHSA allocations will be reduced by:**
  - 50 percent in 2011-12
  - 29 percent in 2012-13
- **Loss of Federal Funding**

California receives approximately \$1.6 billion in FFP for the Medi-Cal program each year. If the Governor's proposal were to pass, the state would lose approximately \$250 million in FFP each year.
- **Jobs and Opportunities Will Be Lost**

With revenue losses of that magnitude, counties will layoff employees and eliminate contracts with private providers and community based organizations. In addition, fewer individuals will be served by the mental health system – imperiling the ability of individuals to recover and lead productive lives, with tax-paying jobs. The *indirect costs* of all mental illness imposed a nearly \$79 billion loss on the U.S. economy in 1990 (the most recent year for which estimates are available) (*Rice & Miller, 1996*).
- **The Ballot Measure Includes Language to Divert an Additional \$847 Million**

The proposed ballot measure would also include language to allow the state to take an additional \$847 million in 2010-11 if sufficient federal revenues do not materialize.

**Where would the proposal leave us?** The community mental health safety net is the only tool we have to prevent individuals with serious mental illness from becoming homeless, institutionalized, or incarcerated. The Governor's scheme to use MHSA funding to reduce the state's funding responsibilities



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for other existing key statewide mental health programs is complicated and ill-conceived and will have long-term implications for counties' ability to provide services to our communities.

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