

League of Women Voters of California

OPPOSES

Proposition 1E Diverting Mental Health Services Funding

MENTAL HEALTH SERVICES FUNDING. TEMPORARY REALLOCATION. HELPS BALANCE STATE BUDGET. Legislative Initiative Amendment

Note: The Background, Proposal, and Fiscal Effect sections are taken from the LWVCEF *In Depth* publication, based in part on the Legislative Analyst's Office analysis included in the Secretary of State's official *Voter Information Guide*.

BACKGROUND

County Mental Health Services. Counties are the primary providers of mental health care to children and adults who lack coverage for such care. Mental health services include psychiatric, counseling, hospitalization, and other services intended to improve the health and functioning of the mentally ill and to minimize their becoming disabled or homeless, being hospitalized, or engaging in criminal activity.

County mental health services use a mix of funds from local, state, and federal sources, amounting to about \$5 billion a year. Some state revenues are automatically set aside for these programs. Others are provided through the state budget act, requiring action by the Legislature and the Governor.

Proposition 63. In 2004 the voters approved Proposition 63, the Mental Health Services Act, which provides state funding for certain mental health programs through a 1 percent personal income tax surcharge on taxable incomes above \$1,000,000. Revenues generated through the surcharge are dedicated to specified mental health programs and are not appropriated by the Legislature. Proposition 63 revenues have ranged from \$900 million to \$1.5 billion and could vary significantly in the future. \$4.1 billion had been collected by the end of 2007-08, but delays in getting the program started meant that only about \$2 billion had been approved for distribution.

Proposition 63 funds are to be used for five purposes: (1) expanding community services, (2) providing workforce education and training, (3) building capital facilities, (4) expanding prevention programs, and (5) establishing innovative programs. These program activities, which are in various stages of completion, are described by the Legislative Analyst in the official Voter Information Guide (see box).

- **Community Services.**

Expansion of "systems of care" for seriously emotionally disturbed children and adults with a serious mental illness, including both mental health treatment and services such as housing to assist patients.

- **Mental Health Workforce Education and Training.**

Stipends, loan forgiveness, scholarship programs, and other incentives to address existing shortages of mental health staffing in community programs and ensure a sufficient workforce to meet future demand.

- ***Capital Facilities and Technology.***

New programs to allocate funding to counties for technology improvements and capital facilities for the provision of mental health services.

- ***Prevention and Early Intervention.***

State and local prevention and early intervention programs to identify persons showing early signs of mental illness and place them into treatment quickly before their illness becomes more severe.

- ***Innovation Programs.***

New programs to experiment with ways to improve access to mental health services (including underserved groups), to improve program quality, or to promote interagency collaboration in the delivery of services to clients.

How Proposition 63 Programs Are Administered. The state Department of Mental Health (DMH), in coordination with certain other agencies, has the lead role at the state level in implementing most of the programs specified in the measure—generally through contracts with the counties. Counties draft and submit for state review and approval their plans for the delivery of certain mental health services funded under Proposition 63. Some Proposition 63 funds are used in combination with matching federal funding to provide mental health services for persons eligible under the Medi-Cal health care program. (Medi-Cal provides health care services to qualified low income persons, primarily consisting of families with children and the aged or disabled.)

Restrictions on Use of Proposition 63 Funds. Proposition 63 imposes various restrictions on the state and on counties regarding spending on mental health programs. For example, Proposition 63 revenues must be used to expand mental health services and cannot be used for other purposes. The state is specifically barred from reducing General Fund support for mental health services below the levels provided in 2003-04.

Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program. The EPSDT is a federally mandated program that requires states to provide a broad range of screening, diagnosis, and medically necessary treatment services—including mental health services—to Medi-Cal beneficiaries under age 21. Through county contracts administered by the DMH, services provided include group and individual counseling and assistance in stabilizing children and young adults who experience a mental health crisis.

Total expenditures for EPSDT specialty mental health services now exceed \$1 billion annually. The federal government provides about half of the funding, with most of the remaining cost borne by the state and a small portion borne by the counties.

THE PROPOSAL

Proposition 1E amends the Mental Health Services Act (Proposition 63) to transfer funds, for a two-year period, from mental health programs under that act to pay for mental health services for children and young adults provided through the EPSDT. In 2009-10, \$226.7 million would be redirected; in 2010-11 between \$226.7 and \$234 million would be redirected. The redirected funds would offset state costs for the EPSDT otherwise paid for by the General Fund, thus achieving savings to help balance the budget.

FISCAL EFFECT

Proposition 1E would result in state General Fund savings of about \$230 million each year for two years, 2009-10 and 2010-11. It would result in an equivalent reduction in Proposition 63 spending.

Additional Potential Effects. To the extent that programs now funded with Proposition 63 funds are cut, state and local governments could incur added costs for homeless shelters, social service programs, medical care, law enforcement and county jail and state prison operations. The extent of these potential costs is unknown and would depend on which existing programs are cut.

Potential Decrease in Federal Funds. Some Proposition 63 funds are now used to draw down federal matching funds through the Medi-Cal program. Depending on how the state and counties choose to adjust their programs in response to Proposition 1E reductions, they could lose federal matching support.

LEAGUE POSITIONS AND DISCUSSION

The LWVC Mental Health Care Position in Brief supports an adequately funded mental health care system that provides comprehensive services to the acutely, chronically and seriously mentally ill of all ages; maintains optimal mental health services for all clients; places emphasis on meeting the needs of children; offers mental health services for the homeless; seeks additional funds for preventive services; implements a master plan to integrate services; raises awareness of critical unmet needs; and emphasizes case management.

The LWVUS Health Care position states that every U.S. resident should have access to a basic level of care that includes the prevention of disease, health promotion and education, primary care (including prenatal and reproductive health), acute care, long-term care and mental health care.

The LWVC State and Local Finances (SLF) Position in Brief supports measures to ensure revenues both sufficient and flexible enough to meet changing needs for state and local government services and calls for a system of public finance that emphasizes equity and . . . adequacy. The SLF position calls for adoption of designated earmarked funds and taxes only in those situations where social benefit significantly outweighs the loss of flexibility and for earmarking in all cases to be statutory rather than in the state constitution.

Discussion

The LWVC took a neutral position on Proposition 63, the Mental Health Services Act (MHSA) of November 2004, citing the conflict between our support for “an adequately funded mental health care system” and our SLF positions which oppose earmarking of funds. We also noted our long-time support for reinstating the top state income tax rates as a key revenue source for the General Fund rather than for a special use.

In evaluating Proposition 1E, the LWVC board considered carefully the benefit currently provided by MHSA programs as well as the context of the entire package of measures on this May 2009 ballot. The decision to oppose Proposition 1E reflects the League’s belief that it is shortsighted to raid Proposition 63 funds—thereby causing reduction or elimination of crucial mental health services that were not available before the passage of Prop. 63—in order to pay for other services. The MHSA has prevented unnecessary hospital and prison costs and reversed decades of neglect for people living with mental illness. In many cases, MHSA prevention and early intervention programs provide the only meaningful

services that our most vulnerable citizens receive. These programs have been shown to reduce homelessness, hospitalization, out-of-home placements, and school failures, providing relief to counties, school districts and hospitals. The redirection of Proposition 63 funds could also result in a loss of certain federal matching funds for the Medi-Cal program.

We also object to the manner in which all the propositions on this ballot were written without public input or scrutiny, and believe they are likely to create more budgetary difficulties in the long-term while providing only the illusion of improvement in the short-term.

SUPPORTERS

Signing the ballot argument for:

Honorable Darrell Steinberg

*President pro Tempore, California State Senate
and Co-Author, Proposition 63*

OPPONENTS

Signing the ballot argument against:

Honorable Lou Correa

California State Senator

The rebuttal to the supporters' argument was signed by Lou Correa, California State Senator.

The rebuttal to the opponents' argument was signed by Darrell Steinberg, President pro Tempore, California State Senate, and Co-Author, Proposition 63.

Others opposing Proposition 1E include the LWVC; California Federation of Teachers; California Council of Community Mental Health Agencies; California Church IMPACT; Health Access California; National Association for the Mentally Ill, California; and the American Federation of State, County and Municipal Employees (AFSCME).

RESOURCES

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What Would Proposition 1E Mean for California?, California Budget Project, April 2009,

www.cbp.org

Supporters: www.CaBudgetReformNow.com

Opponents: www.noprop1d1e.com. Visit this united No on Prop. 1D–Prop. 1E site to find a variety of materials, including fact sheets and Q&A materials and videos.

NO on Proposition 1E

Diverting Mental Health Services Funding

- Proposition 1E is part of a budget package that was negotiated behind closed doors without input or scrutiny by the public or even most legislators. It is a stopgap proposal that will not address the problems underlying California's state budget crisis.
- Prop. 1E would cut almost a half billion dollars from Proposition 63 mental health service funds over the next two years. Although those cuts are a significant part of Prop. 63 funds, they would provide less than a quarter of a percent (0.25%) of the state budget.
- Proponents would like to make it look as if Prop. 1E is essential to the funding of another program, the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program. However, the EPSDT program is federally mandated and will be supported with General Fund dollars whether or not Prop. 1E passes.
- Since Prop. 63 was passed by the voters in 2004, more than 200,000 people who had no prior care, including 50,000 children and young adults, have received mental health services. Prop. 1E's funding cuts—with resulting program reductions for mental health care—would mean increased state and local costs for homeless shelters, social services programs, medical care, law enforcement, and county jail and state prison operations.
- Mental health services funded by Prop. 63 emphasize early intervention and treatment that can help some people before their symptoms become severe and thereby reduce the need for future mental health services.
- Diverting Prop. 63 mental health funds could result in a decrease in federal matching funds for the Medi-Cal program.
- Prop. 63 mental health programs were established by an initiative that “did the right thing” in the eyes of many by providing a source of funding, while many other programs created by initiative have not. In a sense, these programs are being punished for having their own funding source, which is now targeted by Proposition 1E.
- Rather than raiding existing programs to create temporary “savings” for the state General Fund, we need to address the structural budget deficit with real reforms like eliminating the two-thirds vote requirement to pass a budget and taxes.

SAMPLE LETTER TO THE EDITOR

Note: Please adapt this letter to your own community and check your local newspaper's word limit for published letters.

Editor:

The League of Women Voters opposes Proposition 1E on the May 19 ballot.

Prop. 1E would take almost a half billion dollars from mental health programs established when the voters approved Prop. 63 in 2004. These programs have served more than 200,000 people, reversing decades of neglect of those living with mental illness. They have helped people with severe mental illness and have also provided early intervention that reduces the need for future mental health services.

Raiding the funding for these programs is shortsighted and will likely increase costs for homeless shelters, social services, medical care, law enforcement, and jail and prison operations.

Prop. 1E was part of a budget package that was negotiated behind closed doors without input or scrutiny by the public or even most legislators. It is a stopgap proposal that will not address the problems underlying California's state budget crisis.

Vote NO on Prop. 1E.

Sincerely,

(name of president)

President

League of Women Voters of _____

Don't Cut Mental Health Care!

NO on Prop. 1E

The budget deal reached by Governor Schwarzenegger and the Legislature requires voters to consider several different ballot measures at the May 19 special election.

Proposition 1E deserves a “no” vote. It cuts mental health service by changing **Proposition 63**, an initiative that voters passed in November 2004.

Prop. 63 added a 1% tax surcharge to annual income over \$1 million, and required all proceeds to go to new and expanded mental

health programs for children and adults.

Prop. 63 is working. Over 200,000 people are now enrolled in mental health services who were not receiving treatment before 2004.

But Prop. 1E cuts almost a half-billion dollars from Prop. 63 programs. These cuts will cause immediate and lasting damage.

Prop. 1E will limit treatments and services for people living with mental illness. Future services are at even greater risk.

Vote NO on Prop. 1E Because:

- **IT'S UNNECESSARY.** Legislators have already raised taxes and cut services. The money Prop. 1E takes from Prop. 63 amounts to less than 00.25% of the state budget.
- **IT CUTS MENTAL HEALTH CARE.** Prop. 63 programs now help 200,000 people, including 50,000 children, who had no mental health services before it passed. But Prop. 1E foolishly cuts hundreds of millions of dollars from these programs.
- **IT COSTS US MORE.** The costs of untreated mental illness are higher across the board. People who never get care, or who lose their care, will drop out of school, lose their jobs and homes, and cost us more in hospitalizations, homelessness and criminal justice.
- **THE FIRST CUT IS A BAD PRECEDENT.** Prop. 1E began as a proposal by some state legislators to permanently redirect *all* Prop. 63 funds away from voter-approved mental health programs. That idea was watered down to a 2-year raid – this time. If Prop. 1E succeeds, legislators will come back for more, a big threat to Prop. 63.
- **IT JEOPARDIZES FEDERAL FUNDS.** Prop. 1E could threaten millions of dollars in federal assistance that now helps to pay for mental health services.
- **1E HAS NO ACCOUNTABILITY FOR SPENDING.** Unlike Prop. 63, which has strict audits and accountability requirements, Prop. 1E puts hundreds of millions of dollars into the General Fund, where the Legislature can spend it without restrictions.