

PROXY PARENT FOUNDATION

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Coping With Budget Issues in Hyper Turbulent Times

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All public systems in California have been hard hit by the effects of this recession which has caused a sharp decrease in the availability of resources at the same time that the need for services has spiked because of the stresses that everyone is facing. The basic funding for many California health and social service programs comes from a share of the sales tax and vehicle license fees. During these hard times people have not been buying as much, and especially they have not been buying cars so



the base funding for all programs has declined drastically quite apart from any budget "cuts" taken at State or local levels. Nonetheless, to this point in time the public mental health system in most—but not all--California counties has been relatively lucky for two reasons: first, because the Mental Health Services Act (Proposition 63, the voter approved mental health tax on incomes over one million dollars) is still collecting money in arrears from taxes collected during the boom times; and second, because the federal stimulus package includes a temporary increase in federal match for Medicaid services which

produces a significant, but temporary revenue increase for county mental health programs. Both of these fortunate circumstances will change in fiscal year 2010-11 when the increase in Federal match expires and MHSA revenues will reflect the reduced collections made during the recession. Counties are currently in the process of building a prudent reserve of MHSA funds to tide us over during that downturn with the hope that the economy will make a significant recovery by fiscal year 2011-12.

The scenario I have just laid out is certainly possible, but it is also quite optimistic. For things to turn out well would presume no further significant deterioration of the California economy, a speedy economic recovery, a health care reform program that does not ignore the needs of behavioral health clients, and no additional curtailments to the public mental health system from State or local pressures. All of these factors are clearly dubious, but particularly the last issue. As California moves toward the close of the fiscal year it seems increasingly likely that mental health like every other aspect of State funded activity will take a significant hit because of the enormous State deficit. It is unclear exactly how cuts of any magnitude would be managed because the bulk of local mental health funding is used to provide match to federal entitlement programs or court-mandated activities in jails or juvenile facilities.

How will mental health and allied programs cope under these conditions? The most crucial decision that may need to be made is that of social triage: if resources are severely diminished, how do we go about the process of deciding what portions of the field should be let go, at least temporarily, so the field as a whole is able to function.

In many California counties—Los Angeles included—we have convened a budget mitigation work group that includes clients, family members, private agencies, unions, departmental and county leadership and advocates to work through the current budget difficulties as well as the future ones that we expect to arise. This group begins with certain values and principles that all agree on as the basis for the difficult decisions that they ultimately must face. In Los Angeles this methodology has led to a startling degree of consensus on the many very difficult decisions that we have faced so far. It is my

hope that we are able to maintain this commitment to principle and the best outcome for the clients we serve as times get even more turbulent in the future.

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