1. What are the actual revenues received by the Department of Finance (DOF) in Fiscal Year (FY) 2004-05, 2005-06, 2006-07 and 2008-09?

Per Welfare and Institutions Code (WIC) 5892 (a) (1), and WIC 5892 (e) (1), a certain percentage of total MHSA revenues were to be deposited into a WET trust fund. According to information from DMH prior to transfer, the actual revenues were as follows.

<table>
<thead>
<tr>
<th>Percent of Actual MHSA Revenues to be Deposited for WET Per Fiscal Year (FY)</th>
<th>Actual MHSA Revenues (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2004-05 (45% of actual MHSA revenue)</td>
<td>$114,200</td>
</tr>
<tr>
<td>FY 2005-06 (10% of actual MHSA revenue)</td>
<td>$86,100</td>
</tr>
<tr>
<td>FY 2006-07 (10% of actual MHSA revenue)</td>
<td>$93,500</td>
</tr>
<tr>
<td>FY 2007-08 (10% of actual MHSA revenue)</td>
<td>$150,700</td>
</tr>
<tr>
<td><strong>Total Statutory WET Funding</strong></td>
<td><strong>$444,500</strong></td>
</tr>
</tbody>
</table>

2. WIC 5892(a) (1) says that a trust fund may be developed for Workforce Education and Training (WET) funds. Does OSHPD intend to develop a trust fund?

As an alternative to the trust fund, the signed budget for Fiscal Year (FY) 2013-14 includes budget language that will allow unspent prior and future WET funds to be available through State FY 2017-18, the end of the 10 year plan.

3. How much funding is remaining for the next Five-Year Plan?

There is a total of $114,244,090.00 remaining for State-administered WET programs to be spent over the next four years. Of those remaining funds, $41,795,222 is allocated to the Mental Health Loan Assumption Program (MHLAP) through a separate budget item, and $9,000,000 is statutorily allocated to Regional Partnerships per the Budget Act of 2012 (AB 1467). This leaves a remaining balance of $63,448,868 to be spent on other State-administered WET programs through the next budget of the 2014-2019 WET Five-Year Plan.

4. If it’s a Five-Year Plan, why is there a four-year budget?

The existing WET Five-Year Plan was from April 2008 – 2013 and the next WET Five-Year Plan is from April 1, 2014 – 2019. Based on the original 10-year budget plan, the second Five-Year Plan budget would have started in 2013. However, due to legislative action transferring WET from DMH to OSHPD, the second WET Five-Year Plan is due April 1, 2014. Thus all remaining funds are allocated through June 30, 2018.
5. Why do MHLAP and Regional Partnerships already have a budgeted amount over the next four years?

MHLAP, being student aid, is allocated from a separate budget item. Thus, changing the MHLAP allocation would require Department of Finance and legislative approval. For Regional Partnerships, the Budget Act of 2012 (AB1467) specifically outlined funding allocations for this program until 2017-2018.

6. Can the amounts allocated to MHLAP and Regional Partnerships change?

The amounts allocated to MHLAP and Regional Partnerships can change but additional steps would need to be taken to allocate a different amount to the aforementioned programs. To change the allocated amount for MHLAP, OSHPD would have to submit a Spring Finance Letter (SFL) to the Department of Finance and, if approved, to the legislature. The SFL, if approved, would not take effect until FY 2014-15. To change the allocated amount for Regional Partnerships, there would need to be legislation passed to amend the line item included in AB1467, the Budget Act of 2012, which if approved would not go into effect until FY 2014-15.

7. How were the fiscal year allocations decided?

The fiscal year allocations were decided during the development of the first WET Five-Year Plan in 2008. While the next WET Five-Year plan may change what programs are funded through the next WET Five-Year Plan, the dollars spent per fiscal year remain the same. While the reallocation of WET programs (excluding MHLAP and Regional Partnerships) will not require legislative action, new programs added to WET will require OSHPD to submit a Spring Finance Letter to the Department of Finance, and if approved, to the legislature. The SFL, if approved, would not take effect until FY2014-15.

8. Why is there an increase in fiscal year allocations from FY 2009-10 to 2010-11 and FY 2011-12 to 2012-13?

These amounts reflect the planned increase in MHLAP funding through the course of the ten-year budget developed in 2008 with the first WET Five Year Plan. During the State Fiscal Year 2010-11 and 2012-13 Budget Cycles, OSHPD submitted two Spring Finance Letters and was approved to increase MHLAP Expenditure authority by $2,500,000 in the 2010 Budget Act and an additional $5,000,000 in the 2012 Budget Act.

9. Why are there already expenditures shown for FY 2014-15 and 2015-16?

OSHPD has multi-year contracts with organizations to administer particular WET funded programs such as stipends and psychiatric residency programs. The expenditures shown for FY 2014-15 and 2015-16 are projected expenditures for the remaining years of those contracts.

10. Why are there remaining balances for previous fiscal years?

There were various contracts for State-administered WET programs between FY 2008-09 and 2013-14. Some contractors did not fully expend all contract funding. The remaining balances from those contracts are shown in the remaining balance column of the budget sheet. These remaining funds are now continuously appropriated through June 30, 2018 and included in the second WET Five-Year Plan budget.
11. What can be funded with the remaining WET Funds?

There are various programs that are statutorily mandated in the Mental Health Services Act Workforce Education and Training Program and/or subsequent budget and legislative authority. For example, budget and legislative authority requires that MHLAP and the regional partnerships be funded – however the total funding commitment may be changed via another budgetary or legislative request.

12. What portion of the remaining funds will be allocated directly to Counties?

When the $444.5 million MHSA WET Funds were initially allocated in 2008, $234.5 million was set aside for State-administered WET programs and $210 million was distributed directly to the counties. This WET Five-Year plan will allocate funding for the remaining amount from the initial $234.5 million set aside for State-administered WET programs. There are no funds directly granted to the counties from the remaining State-administered WET Funds.