



Proposition 1E May 2009 Ballot

Title: Mental Health Funding Budget

Sponsor: Senator Denise Ducheny

Legislative History: **SB 3X 10** (Ducheny) was approved by the Assembly by a 76-4 vote on February 14 and by the Senate by a 36-2 vote on February 19.

Major Provisions:

Proposition 1E redirects \$227 million of Proposition 63 mental health money to the General Fund in 2009-10 and \$234 million in 2010-11. The funds will support the early and periodic screening, diagnosis and treatment programs of the Department of Mental Health.

Background:

Proposition 63 of 2004 imposed an additional 1 percent income tax on incomes over \$1 million, to fund mental health programs. Ironically, this ballot box budgeting was done by Darrell Steinberg (then an Assembly member, now Senate President Pro Tem) himself. Since there are surplus funds in the program, the Legislature now believes it is appropriate to use some of the revenue to balance the budget.

Policy Considerations:

Earmarking funds from ballot-box budgeting is not good fiscal policy. Is it appropriate to transfer some of these funds in a time of budget crisis?

Cal-Tax Recommendation:

Support. It is hard to justify having tax revenues sitting idle when they could be used to balance the budget.

Ballot Title:

MENTAL HEALTH FUNDING BUDGET. Helps balance state budget by amending the Mental Health Services Act (Proposition 63 of 2004) to transfer funds, for two years, to pay for mental health services provided through the Early and Periodic Screening, Diagnosis, and Treatment Program for children and young adults. Fiscal Impact: State General Fund savings of about \$230 million annually for two years (2009-10 and 2010-11). Corresponding reduction in funding available for Mental Health Services Act programs.

Ballot Summary:

**MENTAL HEALTH SERVICES FUNDING. TEMPORARY REALLOCATION. HELPS
BALANCE STATE BUDGET**

- Amends Mental Health Services Act (Proposition 63 of 2004) 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 Early and Periodic Screening, Diagnosis, and Treatment Program.
- Provides more than \$225 million in flexible funding for mental health programs.
- Helps balance state budget during this difficult economic time.