Exhibit A.1 – MHSA History, Summary of Allocations and Expenditures by Approved Program Areas

History of MHSA

By way of background, the MHSA was passed by California voters in 2004 and is funded by a 1% tax on personal income in excess of $1 million per year. Funds are allocated monthly to counties based on a formula that accounts for population and other factors. Based on the formula, Monterey County's current share is approximately 1.16% of all MHSA collections. Over the past few years, California's highest income earners have experienced an unprecedented level of prosperity, and the positive tax revenues have resulted in higher than anticipated MHSA revenues to counties. This was clearly the case in the BHB's FY 2020-21 total allocation, which was a record high $33.5 million, and based on receipts to-date, BHB is on pace to exceed that amount for the current FY 2021-22. The unexpected and significant increase in revenues presented a challenge to the BHB given that at the onset of the COVID-19 pandemic there was uncertainty in the global economy and how that would trickle down to MHSA revenues. In accordance with the uncertain financial outlook, and with the State of California projections, the BHB employed a conservative approach in its projections for FY 2020-21. Conservative projections and actual unprecedented growth in receipts were the primary factors for the increase to the MHSA reserve between FYs 2020 and 2022.

Historical MHSA Allocations are displayed on Graph 1 in Exhibit A. Allocations have increased steadily since the inception of MHSA, with a marked increase in FY 20-21. Increased allocations are forecasted to continue.

Processes to follow to spend MHSA Dollars

The Mental Health Services Act contains very specific regulations regarding processes which **must** be followed before MHSA dollars can be expended.

Community Program Planning Process (CPPP). Community outreach must be conducted, gathering resident input and feedback which is to guide the development of the MHSA three-year plan and annual updates. This was most recently conducted between November 2021and January 2022, collecting input from 476 members of the provider and residential communities. In addition to direct community engagement activities during the CPPP, all Three-Year Plan and Annual Update documents are circulated to the public, in draft form, for a required 30-day public comment period prior to recommendation of approval by the Behavioral Health Commission. This 30-day public comment period is considered as part of the CPPP.

Three-Year Plan and Annual Updates. These documents are prepared by the Bureau based on input received via the CPPP process and the needs of the Community. These documents must contain detailed descriptions of the services to be provided along with estimated revenues and expenses. Services cannot be provided and charged to MHSA unless they are included in these documents.

Recommendation of approval by the Behavioral Health Commission. The Three-Year Plan and Annual Updates must be reviewed by the Behavioral Health Commission which may offer suggested edits and recommend ultimate plan approval by the Monterey County Board of

Supervisors. This matter is normally presented to the Commission in April or May of each year.

Three-year Plan and Annual Update Approvals by the Board of Supervisors. Once the Behavioral Health Commission has reviewed the MHSA plan documents and recommended their approval, the matter is then referred to the Board of Supervisors for their consideration and approval. This matter is normally presented to the Board of Supervisors in May or June of each year.

The provision of MHSA services and their corresponding expenses have not kept pace with the unprecedented revenue allocation. Historical MHSA Expenses are displayed on Graph 2 in Exhibit A.

Graph 3 in Exhibit A displays the Allocation vs. Expenditure discrepancy, and how these factors have significantly contributed to the increase in the MHSA fund balance, specifically in FY 2020-21.

Graph 4 in Exhibit A is a depiction of the MHSA Fund Balance since the inception of the act. It shows that the fund balance has grown steadily since MHSA inception, with accelerated growth occurring since FY 20-21. This trend is expected to continue, with the fund balance potentially exceeding $70million by FY 23-24.

The current Fund balance is further defined by a smaller subset funds. These will be detailed below. CSS, PEI, INN, CFTN, and WET.

FUND COMPONENT ANALYSIS

Community Services and Support (CSS)

Seventy-six percent (76%) of the MHSA funds received by the County are allocated for CSS services. The CSS component refers to service delivery systems for mental health services and supports for children and youth, transition age youth, adults, and older adults. CSS programs *serve individuals affected by moderate to severe mental illness* and their families. These services are to be community based, recovery-oriented and culturally competent. Funding can only be used for *voluntary* services that are part of a medically necessary treatment plan and no less than fifty-one percent (51%) of funds must be allocated to "Full-Service Partnership" (FSP) services. FSP services provide a "*whatever it takes"* level of services, also referred to as "wraparound" services, to support the most seriously mentally ill/severely emotionally disturbed clients and their families/caregivers, twenty-four hours a day, seven days a week. These wraparound services can include therapy, psychiatry, case management, peer support, transportation, housing, crisis intervention, family education, vocational training, and employment services, as well as socialization and recreational activities, all of which are based upon the individual's needs to obtain successful treatment outcomes. The reversion period for CSS funds is 3 years.

CSS is divided into 15 programs. Detailed program specifics for each are located in the FY22-23 Draft Annual Update (Exhibit B)

FSP Programs:

- Family Stability FSP (CSS-01)
- Dual Diagnosis FSP (CSS-02)
- Justice Involved FSP (CSS-13)
- Transitional Age Youth FSP (CSS-04)
- Adults with SMI FSP (CSS-05)
- Older Adults FSP (CSS-06)
- Homeless Services and Supports FSP (CSS-14)

Non-FSP Programs:

- Access Regional Services (CSS-07)
- Early Childhood Mental Health (CSS-08)
- Supported Services to Adults with SMI (CSS-10)
- Dual Diagnosis (CSS-11)
- Homelessness Outreach and Treatment (CSS-15)
- Responsive Crisis Interventions (CSS-16)
- Children's Mental Health Services (CSS-17)
- Mental Health Services for Adults (CSS-18)

Table 1 and Graph 5 in Exhibit A display CSS Revenue and Expenditure details. FY20-21 was a pivotal year regarding the growth of the fund balance. Services and expenses were lower due to the effects of the Covid 19 pandemic and the 'hiring freeze' that was in place at the time. MHSA revenue forecasts at the time were unclear, so a conservative approach was adopted. MHSA allocation actuals were delivered at record-high levels, contributing $9.5 million to the CSS fund balance in this single year.

To address the increasing MHSA reserve, the BHB undertook an evaluation of programs and service levels and identified areas that could be appropriately supported with additional MHSA funding. As a result, the BHB began implementing changes as part of its FY 2021-22 Annual Update in which Community Service and Support (CSS) funds were leveraged in order to maximize MHSA spending and minimize exposure to reversion of funds. This represents an annual increase of $13.6million to be expensed in CSS. As of the end of March 2022, preliminary figures reflect CSS expenditures at $19.6 million and trending close to the full year estimate of $27.1 million reducing the risk of reversion of CSS funds.

Graph 6 in Exhibit A represents the average percentage of CSS expenditure between county staff and provider costs. County staff account for 56% of expenses, providers make up 44%.

The BHB is expecting to expand CSS services for FY22-23 to include:

- The expansion of intensive Day Treatment;
- The expansion of the Wellness Navigation program for Transitional Age Youth, and; Increased ongoing funding for providing housing and mental health services to the homeless.

The estimated cost of these expanded services for FY 2022-23 total $1.4 million.

Prior Year Audits. This CSS Fund Balance is also used to fund potential payments to the State that may be payable due to results of prior year cost reconciliation audits. $8.4 million are currently set-aside for this purpose.

Prudent Reserve. In addition to the amount allocated for prior year audits, the CSS Fund Balance also includes the current prudent reserve of $4,795,236.

Preventions and Early Intervention (PEI)

Nineteen percent (19%) of MHSA funds received by counties must be allocated for PEI services, designed to prevent mental illnesses from becoming severe and disabling. PEI services focus on preventing the onset of mental health issues and/or providing early intervention treatment and referral services. MHSA regulations require PEI plans to include at least one (1) program focused on delivering services for each of the following service categories:

- Prevention
- Early intervention
- Stigma and discrimination reduction
- Recognizing early signs of mental illness
- Promoting greater access and linkage to treatment

Suicide prevention programs also fit within the PEI component. All programs must employ strategies for promoting access and linkage to treatment, improving timely access to services for underserved populations, and utilizing non-stigmatizing and non-discriminatory practices.

Counties must serve all ages in one or more programs funded by the PEI component. At least fifty-one percent (51%) of PEI funds must be allocated for serving individuals who are 25 years old or younger. Programs that serve parents, caregivers, or family members with the goal of addressing children and youth at risk of or with early onset of a mental illness can be counted as serving children and youth. In addition, SB 1004 directs counties to focus on the following priority areas:

- Childhood trauma prevention and early intervention
- Early psychosis and mood disorder detection and intervention
- Youth outreach and engagement strategies that target transition age youth
- Culturally competent and linguistically appropriate prevention and intervention
- Strategies targeting the mental health needs of older adults
- Early identification programming of mental health symptoms and disorders, including but not limited to anxiety, depression, and psychosis.

PEI is divided into 11 programs, shown here. Program specifics for each of these are located in the FY 22-23 Draft Annual Update (Exhibit B)

Prevention Programs:

- Family Support and Education Stigma and Discrimination Reduction

- Suicide Prevention Student Mental Health
- Prevention Services for the Early Identification of Mental Health Symptoms & Disorders throughout the Lifespan
- Maternal Mental Health
- Substance Use Disorder and Prevention

Early Intervention Programs:

- Early Intervention Services for Older Adults
- Prevention and Recovery for Early Psychosis
- Early Intervention Services for Adolescents, Transition Age & College
- Culturally Specific Early Intervention Services

Table 2 and Graph 7 in Exhibit A display PEI Revenue and Expenditure details. FY20-21 was a pivotal year regarding the growth of the fund balance. Services and expenses were lower due to the effects of the Covid 19 pandemic and the 'hiring freeze' that was in place at the time. MHSA revenue forecasts at the time were unclear, so a conservative approach was adopted. MHSA allocation actuals were delivered at record-high levels, contributing $4.3 million to the PEI fund balance in this single year. The reversion period for PEI funds is 3 years.

Graph 8 in Exhibit A represents the average percentage of PEI expenditure between county staff and provider costs. County staff account for 8% of expenses, providers make up 92%.

To better address behavioral health needs of Monterey County residents under PEI, BHB *will be augmenting the majority of contracts funded under PEI for FY 22/23 through FY 23/24.* This information is detailed in the Draft MHSA Annual Update for FY 22/23 (Exhibit B)

Some highlights of how PEI will be utilized and enhanced to address Monterey County resident needs include the following:

In response to community feedback that stigma and lack of awareness of how to access services are prominent barriers to behavioral health care, BHB released a Request for Proposal (RFP) for community-based organizations (CBO) to create *culturally specific messaging campaigns aimed at decreasing stigma* related to mental health for historically underserved communities including *Latinx, Black and African Americans and LGBTQ+ communities.* BHB awarded funding to five CBO's to develop culturally specific outreach and engagement strategies for a total of $768,817. This RFP also included funding to provide *culturally specific short-term therapeutic services* to increase capacity to meet the needs of diverse community members who cannot access therapeutic services through private insurance or Medi-Cal and $500,000 was awarded to a community organization to provide these services.

Beginning in FY 22-23, PEI funding will also be utilized to increase supports and services to address Perinatal Mood and Anxiety Disorders, also known as ***Maternal Mental Health***. BHB released an RFP to create community-based programming utilizing peers and/or community health workers to support pregnant and parenting women/families through the first 3 years of their children's lives and will award contracts to two agencies for FY 22/23-23/24 for $250,000 per fiscal year per agency, for a total of $500,000 per fiscal year.

These highlights, and the augmentation of existing contracts, represent an increase of approximately $4 million in services for FY 22-23.

Innovation (INN)

The INN component of MHSA funds novel projects that either increase accessibility to mental health services, improve the quality of mental health services or increase interagency collaboration to improve mental health consumer outcomes. Additional criteria to categorize projects apply. Five percent (5%) of MHSA distributions are allocated to INN projects, however these funds are only accessible to INN Project Plans that are approved by the MHSOAC. The development and approval process for an INN Project Plan is extensive as community stakeholder engagement is required in each phase, and local and state approval procedures must be followed.

INN Project Plans must establish a timeline, not to exceed 5 years. The DHCS uses the MHSOAC approval date as the date when INN funds are encumbered, and encumbrance is based on the fiscal year of approval. The funds are encumbered for the life of the plan, including any plan extensions approved by the MHSOAC. Unexpended INN funds remaining after the term of the INN Project Plan are subject to reversion.

BHB currently has 5 approved INN Project Plans that will continue through FY 2022-23 and FY 24-25. Three additional INN Project Plans are pending approval by the MHSOAC. Existing and Pending INN projects are displayed in Table 3 in Exhibit A.

Detailed Project specifics for each of these are located in the FY 22-23 Draft Annual Update (Exhibit B)

Table 4 and Graph 9 in Exhibit A display INN Revenue and Expenditure details.

Spending on approved projects begins slowly, as new, innovative projects take a long time to develop (ex. RFP development for provider selection and the recruitment and hiring of staff). This places INN funds at a greater risk of reversion. Maximum project duration is limited to 5 years.

As shown in Project Table 3 in Exhibit A, several of our INN projects will expire in 2023. Having projects “approved” and in-process “protects” the funding and keeps them from being reverted.

It is vital for additional $5million worth of INN projects be identified and approved prior to August 2023 to avoid reversion of Innovation dollars.

Capital Facilities & Technology Needs (CFTN)

Capital Facilities funds allow counties to acquire, develop or renovate buildings to provide MHSA-

funded programs. Technological Needs funds support counties in transforming and modernizing clinical and administrative information systems as well as increasing consumer and family member's access to health information within a variety of public and private settings. CFTN no longer receives its own funding stream. In order to have funds in this category, a maximum of 10% of CSS revenues can be transferred in any given year. Once funds have been transferred into CFTN, the reversion period is 10 years.

The following Capital Facilities projects are included in our current MHSA FY21-23 Three-Year Program & Expenditure Plan and the FY22-23 Annual Update:

HVAC Replacement – Marina ($2.5 million)
This project has been **completed**. Replacement of the Heating, Ventilation, and Air Conditioning equipment at the Marina location. This project was fully funded by MHSA CFTN dollars.

Development of a New Facility on East Sanborn Road in Salinas ($25.0 million)
This facility will provide mental health services to children, youth, and their families/caregivers. This project is underway, with groundbreaking having occurred in March of 2022. MHSA CFTN dollars in the amount of $4.5 million will be used to fund this project.

Renovation of an East Salinas Facility ($4.0 million est.)
This facility is located directly behind the Monterey County Women, Infants & Children Program office on the corner of East Alisal and Pearl Streets in Salinas. These renovations will enable and enhance mental health services for East Salinas residents of all ages. MHSA CFTN dollars in the amount of $4.0 million are estimated to be used to fund this project.

Monterey Mental Health Rehabilitation Center (MHRC) ($40 million est.)
This facility will create 110 mental health treatment beds through converting a vacated county-owned facility at 1420 Natividad Road in Salinas. This MHRC will be a 24-hr program which provides intensive support and rehabilitative services designed to assist persons with serious mental disorders. Monterey County clients are best served locally; currently they are placed in a state hospital, or another mental health facility located outside Monterey County. MHSA CFTN dollars in the amount of $5.0 million are estimated to be used to fund this project.
Planned transfers to CFTN are expected to continue in FY22-23 and beyond. These transfers will not fully fund these planned projects. Additional funding streams will be required and sought. Table 5 and Graph 10 in Exhibit A display CFTN Revenue and Expenditure details.

Workforce, Education and Training (WET)

WET programs are intended to increase the number of well-trained public behavioral health providers who enter and remain in the field, serving underserved and hard to serve individuals. Strategies focus on increasing interest in public behavioral health careers, enhancing recovery-oriented treatment skills, and improving retention and career advancement opportunities. Education and training programs are required to be consumer-centered, culturally competent, and

driven by the values of wellness, recovery, and resiliency. Like CFTN, WET does not get a direct allocation of funds; in order to fund this category a total of 10% of CSS revenues split between CFTN and WET can be transferred in any given year. The reversion period for WET funding is 10 years.

WET is divided into 4 programs, shown here. Program specifics for each of these are located in the FY22-23 Draft Annual Update (Exhibit B)

- Pipeline/Career Awareness
- Education and Training
- Retention
- Evaluation and Research

Table 6 and Graph 11 in Exhibit A display WET Revenue and Expenditure details.

Expanded services for next year include the deployment of our local Loan Repayment Program. This is intended as a retention tool which will help eliminate up to $500,000 in employee tuition debt.

Outcomes and Effectiveness

During the comprehensive analysis report in response to ***Board Referral No. 2022.11*** presentation to the Budget Committee in April of 2022, it was requested that MHSA program 'Outcomes and Effectiveness' be included in the presentation to the Board of Supervisors. Each MHSA program has been summarized into a single 'slide' which also displays key data and evaluative comments. This information is contained in Exhibit F: Outcomes and Effectiveness.

Additional Key Points

MHSA dollars are being used to partially fund the *budget augmentation* which will be presented in June as part of the upcoming budget approval process.

The Bureau's "Strategic Reserve" equal to 10% of its annual revenue is contained in this fund balance ($12 million). This is in compliance with the Board's General Financial Policies for major Funds.

Behavioral health draws a very minimal amount of funding from the General Fund, the required minimum "Maintenance of Effort": $532,678.

State lawmakers are consistently looking to re-allocate MHSA dollars. Advocacy is needed to help keep MHSA dollars local.
Recruitment and retention difficulties have led to a consistent vacancy rate of 15-20%. Our inability to become fully staffed is contributing to this fund balance.

The Bureau is leveraging FFP dollars wherever possible. This good performance is maximizing

the use of Federal dollars, which in part reduces the amount of MHSA dollars needed to provide services.

Fund balance dollars can be used in future years to temporarily offset future drops in MHSA allocations, enabling a temporary “soft-landing.”

It is worthy to note that the FY 2020-21 Annual Revenue and Expenditure Report (ARER) was submitted to the State on January 31, 2022, and the BHB has received a letter stating no funds are at risk of reversion for July 2021. This letter is included as Exhibit C.

The Draft Annual Update is attached, showing very detailed program specifics. (Exhibit B)