

**Monterey County Board of Supervisors  
Referral Submittal Form**

**Referral No. 2022.11**  
**Assignment Date: 3/01/22**  
(Completed by CAO's Office)

**SUBMITTAL - Completed by referring Board office and returned to CAO no later than noon on Thursday prior to Board meeting:**

Date: 2/9/2022	Submitted By: LUIS ALEJO	District #: 1
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**Referral Title: Mental Health Services Act (MHSA) Reserve Funds Expenditure Plan & Oversight**

Referral Purpose: For the Monterey County Behavioral Health Department to provide a comprehensive presentation on how Mental Health Services Act funding is being used in our county, what other potential eligible services could be provided under the act, and to devise an updated expenditure plan to utilize the record reserve funds of \$55,380,337 towards providing critical needed services to eligible residents. It also requests that the Board of Supervisors receive an annual report on the expenditures and effectiveness of all its programs.

Brief Referral Description (attach additional sheet as required ): Proposition 63, or the Mental Health Services Act (MHSA), was approved by California voters in 2004 and is funded by a 1% income tax on personal income in excess of \$1 million per year. It was designed to expand and transform California’s behavioral health system to better serve persons with, and at risk of, serious mental health issues, and their families. It addresses a broad continuum of prevention, early intervention, and service needs, and the necessary infrastructure, technology and training elements that effectively support the public behavioral health system. In November 2018, California voters approved Proposition 2, to authorize up to \$2 billion of revenue bonds and to also use a portion of MHSA Prop. 63 taxes for a No Place Like Home program to invest in housing persons in need of mental health services, are experiencing homelessness, or who are at risk of chronic homelessness.

In March 2018, the California State Auditor Elaine Howell conducted a state audit on how counties were spending MHSA funding. The audit found that the state Department of Health Care Services (DHCS) had not provided effective direction to local mental health agencies on how to spend MHSA funds, and that they “provided little oversight of county implementation of MHSA programs and their effectiveness.” The audit also showed that counties had amassed hundreds of millions in reserve funding under MHSA. Reserves at the end of 2015-16 statewide were \$535 million (approximately \$230 million was subject to reversion). MHSA funds that have not been spent within 3 years are subject to reversion to the state. Counties were at risk of having millions clawed back by the state, including Monterey County (\$15,597,000 in 2015-16), and it took special legislation in 2017 to provide an extension.

In October 2019 and in January 2020 Budget Committee meetings, I requested a report on MHSA funding due to the risk of state reversion and regular quarterly reports. The reserves at that time were about \$27 million, but today that amount has more than doubled to \$55,380,337. This again could place Monterey County at risk of reversion to the state, and having massive unused funds sitting in a reserve is certainly not carrying out the intent of Prop. 63 and is not serving the people it was intended to help.

During our last Budget Committee Meeting on January 26, 2022, the Health Department stated that \$7-8 million is considered a healthy reserve. However, the overall reserve currently includes \$2,407,787 in restricted funds that are unspent for the No Place Like Home Program, \$10,633,183 for Whole Person Care, and a remainder balance of other unused MHSA dollars in the amount of \$37,365,963. Staff indicated that MHSA Capital Funds in the amount of \$4,500,000 are anticipated to be spent this year for the construction of the Sanborn Integrated Clinic (although construction has not yet started & there are only 4.5 months left in the fiscal year) and \$2,784,330 was used in 2020-21 for the HVAC replacement at the Marina Clinic.

It is important that the Board of Supervisors better understand the wide range of services that are and can be provided to eligible residents under MHSA. Monterey County Behavioral Health does submit an expenditure plan to the state that includes the potential of a wide range of programs, including homeless outreach and treatment, responsive crisis intervention, family support and education, early mental health prevention, violence prevention in schools, student and maternal mental health, suicide prevention, services for older adults, micro-

innovation grants for Latino engagement, capital facilities, culturally specific intervention services, workforce education and training, to name just a few. Therefore, this referral requests a comprehensive presentation to the Board on eligible MHSA funding opportunities.

Considering the record reserves and the risk of reversion, this referral also requests that the Monterey County Behavioral Health update its expenditure plan in the next 30 days and provide a plan of how to utilize these funds to provide housing and other critical services to eligible local residents in need, including residents experiencing homelessness. This referral also requests that an annual report on expenditures should be provided to the Budget Committee and the full Board of Supervisors on expenditures and also the effectiveness of funded programs.

Classification - Implication	Mode of Response
<input type="checkbox"/> Ministerial / Minor <input type="checkbox"/> Land Use Policy <input type="checkbox"/> Social Policy <input checked="" type="checkbox"/> Budget Policy <input type="checkbox"/> Other:	<input type="checkbox"/> Memo <input checked="" type="checkbox"/> Board Report <input checked="" type="checkbox"/> Presentation
	Requested Response Timeline
	<input type="checkbox"/> 2 weeks <input checked="" type="checkbox"/> 1 month <input type="checkbox"/> 6 weeks <input type="checkbox"/> Status reports until completed <input type="checkbox"/> Other: _____ <input type="checkbox"/> Specific Date: _____

**ASSIGNMENT – Provided by CAO at Board Meeting. Copied to Board Offices and Department Head(s) Completed by CAO’s Office:**

Department(s): Health Department	Referral Lead: Elsa Jimenez/Kathryn Eckert	Board Date: 3/01/22
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**REASSIGNMENT – Provided by CAO. Copied to Board Offices and Department Head(s). Completed by CAO’s Office:**

Department(s):	Referral Lead:	Date:
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**ANALYSIS - Completed by Department and copied to Board Offices and CAO:**

Department analysis of resources required/impact on existing department priorities to complete referral:	
Analysis Completed By: _____	<b>Department’s Recommended Response Timeline</b>
Date: _____	<input type="checkbox"/> By requested date <input type="checkbox"/> 2 weeks <input type="checkbox"/> 1 month <input type="checkbox"/> 6 weeks <input type="checkbox"/> 6 months <input type="checkbox"/> 1 year <input type="checkbox"/> Other/Specific Date: _____

**REFERRAL RESPONSE/COMPLETION - Provided by Department to Board Offices and CAO:**

Referral Response Date:	Board Item No.:	Referrals List Deletion:
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**Note:** Please cc Karina Bokanovich, Rocio Quezada and Maegan Ruiz-Ignacio on all CAO correspondence relating to referrals.