



# County of Monterey

**Item No.**

## Board Report

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

**Legistar File Number: 24-065**

**February 06, 2024**

**Introduced:** 1/25/2024

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** General Agenda Item

Receive a report and adopt a position on California Proposition 1, Behavioral Health Services Program and Bond Measure (March 2024).

**RECOMMENDATION:**

It is recommended that the Board of Supervisors receive a report and adopt a position on California Proposition 1, Behavioral Health Services Program and Bond Measure (March 2024).

**SUMMARY/DISCUSSION:**

Proposition 1 is the combination of two laws passed during the 2023 legislative session: Senate Bill 326 (amending Mental Health Services Act) and Assembly Bill 531 (State bond issuance for housing infrastructure).

**Background**

On March 19, 2023, Governor Newsom announced a proposed strategy to reform the State's Behavioral Health System. Part of the strategy, known as Senate Bill 326 (SB326), was to modernize and reform the Mental Health Services Act (MHSA) as now included in Proposition 1. Monterey County Behavioral Health (MCBH) provided an overview of this proposal to the Board of Supervisors (BOS) at the June 27, 2023, meeting and more details were shared with the BOS at the August 22, 2023, meeting, where the BOS adopted an "Oppose Unless Amended" position and sent a letter to Senator Eggman accordingly.

The key issues of concern were not materially changed, and this bill has now been incorporated into Proposition 1.

***The Behavioral Health Bureau recommends the Board of Supervisors adopt an "Oppose" position regarding California Proposition 1, Behavioral Health Services Program and Bond Measure (March 2024).***

**Prop 1: Bond Issuance**

The Proposition would issue approximately \$6.4 billion in state bonds to fund the creation of housing and treatment infrastructure for veterans and individuals who are homeless or at risk of homelessness and have behavioral health needs.

Proposition 1 proposes \$4.4 billion of these funds would go towards treatment infrastructure. The state estimates that the bond would build places for 6,800 individuals to receive behavioral health treatment at any one time. The Legislative Analyst Office (LAO) estimates that these

infrastructure funds would provide “less than half of the statewide shortage of places for mental health care and drug or alcohol treatment,” and “currently, no additional state funds for this purpose are planned.”

There is a proposed \$2 billion in bond funds going to support housing infrastructure. The LAO estimates as of January 2022 there were 171,500 individuals experiencing homelessness in California, with 10,400 veterans. Per the LAO, the State estimates that the bond would build 4,350 housing units with 2,350 of these set aside for veterans. ***The number of housing units built by the bond would only reduce statewide homelessness by only 2.5%.***

### **Prop 1: Amending the Mental Health Services Act**

The Mental Health Services Act was passed by voters in 2004 and generates roughly \$2 billion to \$3.5 billion per year in statewide income taxes on people with incomes over \$1 million per year. Proposition 1 does not change the tax on people; however, it does include the following provisions:

- Expand services to include substance use disorders (SUD) and rename MHSA to the Behavioral Health Services Act (BHSA)
- Overhaul the MHSA-only Three-Year Plan process to include a comprehensive behavioral health bureau-wide plan that reports all funding sources.
- Increase the State allocation from 5% to 10% of the funding, reducing funds to counties.
- “Modernize” designated county spending categories for the portion of funds received by counties:
  - **Shift from:**
    - **19% Prevention & Early Intervention**
    - **76% Community Services and Supports** -with limited transfers allowed for Capital Facilities & Technology, Workforce Education & Training, Prudent Reserve, and approximately 39% (51% of 76%) required to be spent of Full-Service Partnership programs
    - **5% Innovation**
  - **Shift to:**
    - **30% Housing Interventions** (new funding component)
    - **35% Full-Service Partnership Programs** (*reduction of approximately 3%*)
    - **35% Behavioral Health Services and Supports** - with limited transfers allowed for other previously funded components - (*reduction of over 61%*)

This proposed redistribution of funding will shift funds that previously supported mental health services to housing. This will result in a corresponding loss of federal funding, estimated locally at \$1.43 - \$2.00 of service funding lost for every dollar shifted, depending on the specific areas of program reductions. There will be serious impacts and elimination of currently funded programs in Monterey County, including Prevention and Early Intervention programs and direct mental health treatment services to children and adults who are in serious need of treatment, but not at the full-service partnership level of care need.

**Impact to Monterey County**

- Loss of revenue. Currently, one-third of all counties’ behavioral health funding comes from MHSA. Attachment B contains a graph displaying historical and anticipated MHSA revenues.
- The reduction of MHSA revenues will continue to deplete Monterey County’s MHSA fund balance. Attachment B contains a graph displaying historical and anticipated MHSA fund balances.
- If revenues are indeed reduced and alternative funding sources are not identified, services will need to be reprioritized and reduced by the available funding.
- These changes will likely eliminate or dramatically reduce funding for PEI and INN-funded interventions that cannot be funded otherwise, and that would disproportionately and negatively impact services oriented toward Black, Indigenous, and People of Color (BIPOC).

The Bureau will continue to monitor all funding streams closely and will adjust where necessary as soon as the need is identified. The Bureau will apprise the Budget Office of these developments and will seek its collaboration on any required actions.

OTHER AGENCY INVOLVEMENT:

No other departments were involved.

FINANCING:

There will be no impact on the General Fund in receiving this report.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability, and transparency.

Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

Public Safety:

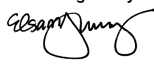
- Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

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Approved by:

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Date 1/26/2024 | 8:35 AM PST

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Elsa Mendoza Jimenez, Director of Health Services, 755-4526

**Attachments:**

Board Report

Attachment A - Oppose unless Amended Letter from BOS dated 8/23/23

Attachment B - Graphs