

County of Monterey



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August 23, 2023

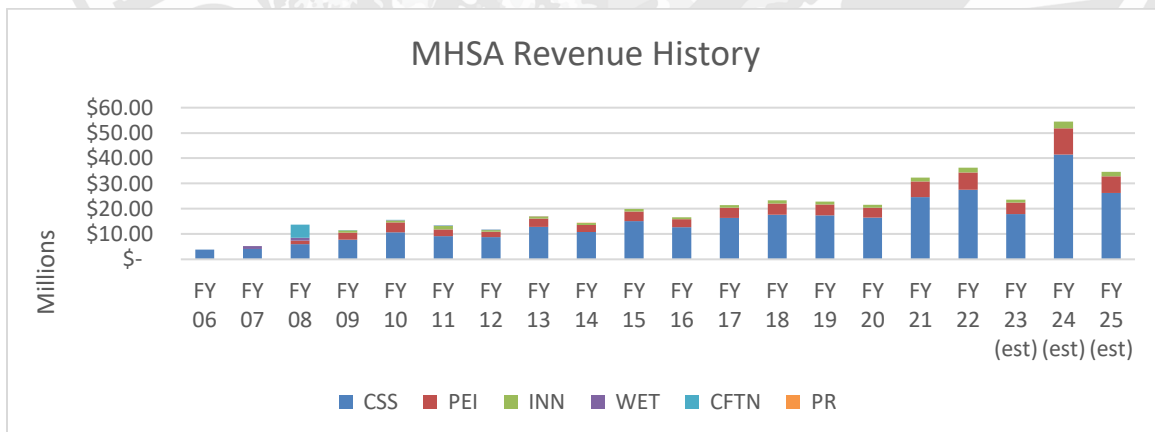
The Honorable Susan Talamates Eggman
 California State Senate
 1021 O Street, Room 8530
 Sacramento, CA 95814

Re: SB 326 (Eggman) The Behavioral Health Services Act (BHSA) – Oppose Unless Amended

Dear Senator Eggman:

On behalf of the County of Monterey Board of Supervisors, I write to convey our concerns about recent amendments to SB 326 (Eggman), which proposes significant changes to the Mental Health Services Act (MHSA). The County of Monterey’s official position on SB 326 is **OPPOSE UNLESS AMENDED** based on the following concerns and proposed amendments:

- Proposal Still Results in Significantly Less Funding for Core Services.** With the newly proposed diversion of 5% of total funds to pay for state-administered prevention programs and the update to Local Categorical Funding Buckets which sets aside 30% for Housing Interventions, this proposal will result in significantly less MHSA funds for core mental health and prevention services. As a result, the County will be forced to cancel and terminate contracts with community-based organizations, closing programs serving our communities, and adversely impacting staff amid a severe workforce shortage. This proposal leaves the County with fewer resources, including less funding available to be used as Medi-Cal match to draw down additional federal dollars. The County estimates an impact, including the elimination of services to approximately 5,000 clients with serious mental illness. **The County requests this be amended by identifying alternative funding sources for the ‘Housing’ component.**
- Volatility Issues are Exacerbated Under the Revised Proposal.** MHSA is an extremely volatile funding source as shown below. Between FY 2021-22 and FY 2022-23, the County saw a decrease in MHSA of 35% and a projected increase of 131% between FY 2022-23 and FY 2023-24. This volatility poses an acute challenge for the County and necessitates the County to have control and flexibility with the development of the structure of the Behavioral Health Services Act (BHSA) to enable us to adequately plan for the multi-year expenditure of funds while maintaining critical services. **The County requests this be amended to include the development of BHSA planning budgets based on a multi-year rolling average of revenues. This could be accomplished by developing plans based on a five-year rolling average.**



- **New Prescriptive State Requirements with Impacts Beyond the MHSA Remain.** New prescriptive state requirements direct how counties must spend BHSA funds and restrict a county's ability to design programs best suited to serve residents of the County of Monterey. ***It is vital for the County to have flexibility in its abilities to design programs, services (especially Prevention and Early Intervention), and corresponding expenditure plans that meet the needs of its community; especially for populations that have been historically underserved including Hispanic, Native American, and other vulnerable communities.***

These mandates merit more robust discussion and analysis and should be considered separately through the legislative process for total consideration of the policy and fiscal implications. ***The County requests that SB 326 be amended to allow for Prevention dollars to stay within local control, and categorical funding be flexibly allocated based on the County's needs assessments. The County further requests the removal of any new unfunded mandates.***

A new chapter added to the Welfare and Institutions Code (WIC) imposes extensive new requirements on counties related to reporting, data collection, compliance, and penalty provisions. In addition to unfunded requirements imposed on counties, provisions that would expand the state's broad authority to impose corrective action plans (CAPs) or monetary sanctions or withholding of payments for failure to meet outcome metrics yet to be established, failure to report timely, or "if a county's actual expenditures of its allocations from Behavioral Health Services fund significantly varies from its budget" are of major concern. ***The County requests that this act element be amended by removing undue monetary sanctions or corrective action plans until further analysis and stakeholder input are completed.***

- **The County of Monterey expresses its concern with what appears to be bearing the sole responsibility for housing.** Behavioral Health Bureau is an expert in providing behavioral health services. However, it is not an expert on housing subsidies or building housing infrastructure. That responsibility lies elsewhere. What is critically important is to permit the use of funding for services needed to help clients stay in stable long-term housing. And it is vital for housing partners to develop more affordable housing options.

For the above reasons, the County of Monterey opposes SB 326 unless amended.

Thank you for your consideration of these priorities and requested improvements to SB 326. We respectfully request inclusion of the above-proposed amendments in future amendments to SB 326.

Sincerely,



Luis A. Alejo, Chair
Board of Supervisors

Cc: The Honorable Anna Caballero, 14th Senate District
The Honorable John Laird, 17th Senate District
The Honorable Robert Rivas, 29th Assembly District
The Honorable Dawn Addis, 30th Assembly District
California State Association of Counties (CSAC)
Rural County Representatives of California (RCRC)
The Honorable Jimmy Panetta, 19th Congressional District
The Honorable Zoe Lofgren, 18th Congressional District