



# County of Monterey

**Item No.**

## Board Report

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

**Legistar File Number: 24-694**

**November 12, 2024**

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**Matter Type:** General Agenda Item

Receive a written and verbal update on California's Proposition 1, the Behavioral Health Services Act, and the Behavioral Health Infrastructure Bond Measure (March 2024).

### RECOMMENDATION:

It is recommended that the County of Monterey Board of Supervisors: Receive a written and verbal update on California's Proposition 1, the Behavioral Health Services Act, and the Behavioral Health Infrastructure Bond Measure (March 2024).

### SUMMARY/DISCUSSION:

Proposition 1 (Prop 1) was approved by California voters during the March 2024 Primary Elections by a slim margin of approximately 26,000 votes. Prop 1 is a combination of two legislations passed during the 2023 session: Senate Bill 326 (the Behavioral Health Services Act), authored by Senator Susan Eggman, and Assembly Bill 531 (The Behavioral Health Infrastructure Act of 2024), authored by Assemblymember Jacqui Irwin.

### **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 included in voter-approved Prop 1. County of Monterey Behavioral Health Bureau (BHB) provided an overview of this proposal to the County of Monterey Board of Supervisors (BOS) at the June 27, 2023, meeting. Further 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. Additionally, on February 6, 2024, the BHB provided another update to the BOS with a request to oppose Proposition 1. The key concerns the BHB expressed in its letter to Senator Eggman were not materially changed, and the bill was incorporated into Prop 1 and approved by voters on March 5, 2024.

### **Proposition 1 at a Glance**

#### **Component 1: AB531, the Behavioral Health Infrastructure Act**

Prop 1 authorizes \$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.

Prop 1 proposes \$4.4 billion of these funds to go towards treatment infrastructure. The state estimates that the bond will create 6,800 treatment beds and 26,700 outpatient treatment slots. The \$4.4 billion is proposed to be allocated as follows:

- \$1.5 billion in grants for residential settings for counties, cities, and tribes under the Behavioral Health Continuum Infrastructure Program (BHCIP).
- \$1.05 billion in housing investments for veterans experiencing or at risk of homelessness who have behavioral health needs.
- \$922 million in housing investments for people at risk of homelessness who have behavioral health conditions.

The remaining \$2 billion is to build permanent supportive housing infrastructure for individuals at risk of or experiencing homelessness and behavioral health challenges.

### **Component 2: SB326, the Behavioral Health Services Act**

The Mental Health Services Act (MHSA) was approved by voters as Proposition 63 in November 2004. It generates roughly \$2 billion to \$3.5 billion per year through a statewide income tax of one percent (1%) on personal incomes in excess of \$1 million per year. Prop 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 with a County Integrated Plan that will include a comprehensive behavioral health bureau-wide plan that reports on all funding sources.
- Increases 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 on 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%)

### **Impact to Monterey County**

- Competitive bond funding available to expand infrastructure.
- Per the Legislative Analyst’s Office (LAO), bond funding will house less than 3% of California’s current individuals experiencing homelessness.
- Redirection of MHSA funds will result in a reduction of dollars available locally

to fund programs/projects.

- MHSA/BHSA is a highly volatile revenue source, and counties need to plan for sustainable programming that the community can rely on.
- There is no new funding, only a redirection of existing funding that has been fully utilized in supporting community programs and services.
- Community members will be impacted by service changes due to the redirected funding.
- There is no additional funding available for the expanded coverage for Substance Use Disorder treatment.
- Community-Based Organizations will be impacted by reductions and/or elimination of funding for highly valued programs, which could threaten their financial viability or affect their workforce.
- Local Prevention Programs will be highly impacted by reductions and/or elimination of funding and adversely affect historically underserved people.
- The bond measure and the homeless funding will not provide sufficient affordable housing to solve homelessness in our communities. This will be a cause of community concern.

### **Next Steps**

Prop 1 has a layered implementation timeline with full implementation going into effect on July 1, 2026. BHB has initiated preparation efforts by holding internal meetings with a plan to reach out to the community and stakeholders in the upcoming months for the following:

- Forecast expected BHSA revenue including BHSA and Realignment and identify any other sources of local revenues inclusive of partnerships with schools, probation, child welfare or other governmental providers serving the same population as Behavioral Health.
- Identify mandated programs county operates and identify funding available to cover mandates, including federal Medi-Cal dollars and identify non-mandated program, data demonstrating their effectiveness, partners involved with each, local cost to continue operations and federal funding leverage.
- Gather provider and community input on priorities for the non-mandated programs while sharing the amount of revenue available to cover the programs.
- Hold community listening sessions, presenting financial and program information to all stakeholder groups including various communities, cities, partners, contractors, and the public. Gather input from all. Utilize data to develop recommendations to the BOS.
- Work with community providers and partners on transition plans and seek ways of mitigating adverse impacts, including looking at Medi-Cal funding opportunities under CalAIM.
- Continue to work with the State and County Behavioral Health Directors Association on the development of policy guidance around implementation that makes sense for our communities and programs.

### 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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Attachment(s):

Board Report

Presentation