



Monterey County

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

Board Report

File Number: 22-620

Agenda Date: 6/21/2022

Version: 1

Status: Agenda Ready

In Control: Board of Supervisors

File Type: General Agenda Item

Receive an updated response to **Board Referral No. 2022.11** requesting a comprehensive presentation from the Monterey County Health Department's Behavioral Health Bureau on the current uses of Mental Health Services Act (MHSA) funds, an expenditure plan to utilize reserve funds in the amount of \$55,380,337, and that an annual update be brought to the Board of Supervisors on expenditures and effectiveness of MHSA funded services and strategies.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive an updated response to **Board Referral No. 2022.11** requesting a comprehensive presentation from the Monterey County Health Department's Behavioral Health Bureau on the current uses of Mental Health Services Act (MHSA) funds, an expenditure plan to utilize reserve funds in the amount of \$55,380,337, and that an annual update be brought to the Board of Supervisors on expenditures and effectiveness of MHSA funded services and strategies.

SUMMARY/DISCUSSION:

Board Referral 2022.11 assigned on March 1, 2022, submitted by Supervisor Luis Alejo, directed the Monterey County Health Department's Behavioral Health Bureau (BHB) to provide a comprehensive report and presentation on the current uses of Mental Health Services Act (MHSA) funds to provide services to eligible County residents and to identify other potential uses of the current reserve amount of over \$55 million. The referral also requests that the BHB explores possible uses of the reserve to avoid another reversion of funds to the State given that in Fiscal Year (FY) 2018-19 the BHB reverted MHSA Innovation funds. Lastly, the referral requests an annual report to the Board of Supervisors (BOS) on expenditures and the effectiveness of all MHSA funded programs.

As noted in Board Referral 2022.11, the BHB has been providing regular updates to the Budget Committee (BC) since the October 24, 2019, meeting. At that meeting, the BC received a report and a detailed presentation which included an overview of the MHSA, the detailed guidelines counties must follow and the necessary approvals to meet the requirements and be authorized to spend the funds, as well as of the reporting requirements. The report noted a reserve of \$36.09 million as of the end of FY 2017-18. After the presentation, the BHB received direction to provide quarterly reports to the BC on the MHSA balance and updates on reversion risks. Accordingly, the BHB provided an update on January 29, 2020, to the BC and reported that \$834,837.63 in FY 2015-16 Innovation funds were being reverted to the State. The BHB also identified some of the challenges faced with MHSA Innovations funds which contributed to the reversion, and the process

that BHB must go through before Innovation funds may be appropriately spent in accordance with MHSA regulations. At ensuing BC meetings, the BHB provided quarterly reports of the MHSA balance.

Since the initial presentation to the BC in 2019, the reserve has continued to grow and along with it concerns for risk of reversion. This unintended growth in reserves is primarily attributable to lower than budgeted expenditures and significantly greater than anticipated receipts. A review of the BHB's Board approved MHSA Three-year Plans and Annual Adjustments will reveal that at every interval the Bureau has endeavored to fully expend the anticipated receipts, but actual expenditures have fallen short. Some contributing factors to the lower level of expenditures include employee turnover and the shortage of qualified professionals, and to some extent MHSA regulations which require a lengthy approval process before funds can be spent. The shortage of qualified professionals and employee turnover stymie the BHB's and its contract providers' efforts to deliver the level of services needed to meet the community's needs.

It was at the January 26, 2022, meeting that the BC requested a full presentation at a later date so that the BHB could provide a comprehensive presentation on how MHSA funds are currently being used, what is pledged in future years and how the BHB is planning to utilize MHSA funds.

Supervisor Alejo's referral directed the BHB to explore other potential uses of MHSA funds to provide needed critical services to the community, including some to address homelessness. There are some relevant limiting factors about the use of MHSA funds allocated to counties that must be underscored: expenditures must be for voluntary services, meaning the client must be voluntarily engaged and receiving services for their specialty mental health condition, the services provided to clients must be part of their treatment plan, and MHSA funding may only be used to cover the portion of the costs which cannot be paid with other funds.

The Community Services and Supports (CSS) component of the MHSA requires than more than half its funding allocation be spent in services of a "wraparound" nature, which may include expenditures for housing. Annually, the BHB spends approximately \$10.5 million in housing related and supportive services.

The Innovation Component (INN) could provide an opportunity to explore the development of additional supportive housing for individuals with mental health conditions, as it allows the expenditure of funds for this purpose. The BHB would have to prepare a project plan for submission to the Mental Health Services Oversight and Accountability Commission. As with any INN project, if successful, a permanent ongoing funding source would have to be identified for services.

A preliminary response to **Board Referral No. 2022.11** was provided to the Board of Supervisors on March 22, 2022, and staff was directed to present an updated response to the Budget Committee in April 2022. The BC received the updated response and directed staff to return to the Board of Supervisors with the updated response to include proposed expenditures for FY 2022-23 using MSHA reserves. This updated response has several attachments that provide context on the history of MHSA and how funds may be expended, historical allocations and expenditures by allowed program areas, draft annual MHSA Plan and updates by program area, and outcomes and

File Number: 22-620

effectiveness data.

This work supports the Monterey County Health Department 2018-2022 Strategic Plan Goals: 1. Empower the community to improve health through programs, policies, and activities; and 2. Enhance community health and safety by emphasizing prevention; and 3. Ensure access to culturally and linguistically appropriate, customer-friendly quality health services. It also supports several of the ten essential public health services, specifically: 3. Inform, educate, and empower people about health issues, 4. Mobilize community partnerships and action to identify and solve health problems.

OTHER AGENCY INVOLVEMENT:

No other department was involved in the preparation of this report.

FINANCING:

There are no funds at risk of reversion and there will be no impact to the General Fund from receiving this report.

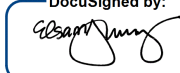
BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation advances the Board of Supervisors Administration and Health and Human Services Strategic Initiatives to promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability, and transparency and by improving the health and quality of life through County supported policies, programs and services.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Miriam Mendoza-Hernandez, 755-4622

Approved by:

DocuSigned by:

 Date: 6/14/2022 | 4:22 PM PDT
 C7A30BA59CA8423...
 Elsa Mendoza Jimenez, Director of Health, 755-4526

Attachments:

- Exhibit A - A.1 MHSA History, Allocations, and Expenditures
 - A.2 Charts and Tables
- Exhibit B - B.1 MHSA Draft Annual Update
 - B.2 Draft Annual Update Appendix I_Needs Assessment
 - B.3 Draft Annual Update Appendix II_CSS Program Updates
 - B.4 Draft Annual Update Appendix III_PEI Program Updates
 - B.5 Draft Annual Update Appendix IV_INN Program Updates

File Number: 22-620

B.6 Draft Annual Update Appendix V_WET Training Summary

Exhibit C - Monterey County Reversion Notice from Department of Health Care Services

Exhibit D - Preliminary Analysis Report

Exhibit E - Board Referral No 2022.11

Exhibit F - Outcomes and Effectiveness