



Sacramento County Mental Health Board

August 28, 2023

Sacramento County Board of Supervisors
700 H Street, Suite 2450
Sacramento, CA 95814

To: Sacramento County Board of Supervisors
Re: Concerns about SB326 the Behavioral Health Services Act

Honorable Supervisors:

The Sacramento County Mental Health Board (MHB) writes to detail concerns about SB326 the Behavioral Health Services Act (BHSA) also known as the Modernization of the Mental Health Services Act (MHSA). Broadly those concerns center around:

- the effects of the redistribution of MHSA dollars on the delivery of appropriate, timely and effective services because of a new mandate to fund housing,
- issues with the limits imposed on the use of those housing dollars along with the failure to provide for appropriate supportive services tied to that housing, and
- the transfer of risk to the County by requiring housing programs to rely on a highly volatile source of funding.

The Governor has said that SB326 is intended to alter the landscape of behavioral health services in California. The goal is to improve the lives of the most vulnerable Californians living with mental illness by providing them housing and intensive, wraparound services in the form of Full-Service Partnerships (FSP's). Unfortunately, the structural changes made by SB326 decrease local control of the use of MHSA funds, force reliance on volatile funding to sustain housing and will demand painful choices be made to accommodate those changes in Sacramento County.

The redistribution of approximately 30% of MHSA dollars to fund housing will require a reduction in funding of at least \$64 million taken from the Behavioral Health Services and Support (BHSS) bucket, formerly known as the Community Services and Supports (CSS) bucket. Because of the use of MHSA dollars to draw down Federal Financial Participation (FFP) money from Medi-Cal, the impact of the loss of those funds will be a 65% reduction in funds available to pay for crisis services and outpatient services for individuals living with mental illness in Sacramento County. No program is likely to go untouched by the magnitude of this loss of funding for programs that enable and support the recovery of so many.

In addition to providing ongoing treatment and crisis intervention, many of these programs are integral to Sacramento County's attempts to implement a Sequential Intercept Model that diverts individuals with mental illness away from jail and into treatment. Any reduction in these services may have the opposite result of that intended by the legislature which cited the reduction of incarceration of individuals living with mental illness as one of its goals when justifying changes to the MHSA. These efforts are also central to the goal of addressing inequities and the historic marginalization of many communities in Sacramento. The Black, Indigenous, People of Color (BIPOC), Lesbian, Gay, Bisexual, Transgender, Queer and other sexual identities (LGBTQ+) communities along with the communities that primarily speak one of our seven threshold languages, Hmong, Spanish, Arabic, Russian, Vietnamese, Tagalog, and Chinese may lose programs that rely on Community Defined Evidence-Based Practices (CDEPS) that increase the accessibility and effectiveness of those programs. Poorer outcomes may follow the implementation of BHS.

The legislature's attempt to guarantee housing for the most vulnerable of our unhoused neighbors is to be commended. But the limits imposed on the use of funds from the Housing bucket ties the County's hands when it comes to effectively deploying those funds. It prevents Sacramento County from crafting a housing program that is suited to our community's needs. With a 3% vacancy rate, Sacramento County needs to build more affordable housing in general and more permanent supportive housing (PSH) for this population. The County cannot rent, lease or subsidize our way out of this lack of existing housing units. The County can house people by building more housing. But the bill limits capital improvements to 25% of the Housing bucket. The Housing bucket constitutes 30% of total MHSA funds so the amount available to spend on actual buildings is 25% of 30%. This is about \$7 million in Sacramento County. The County is investing over this amount in MHSA funds already, leveraging development projects locally. MHSA funds represent a very small portion of the funding needed to build affordable housing units, so in addition to the bond, which will be discussed later in this letter, the State and all federal partners must be encouraged to continue investing in housing through low-income tax credits, mortgage revenue bonds, and the HCD multi-family housing program. Housing choice vouchers and rental subsidy programs should be expanded to ensure housing remains affordable and can be sustained over time. In summary, SB326 will not give the County the money and flexibility to build the housing that is needed by the Sacramento community.

Two other concerns which arise in connection with the Housing bucket are the definition of "chronically homeless" used by the bill and the failure to allow Housing dollars to be used for comprehensive supportive services.

SB326 requires 50% of the Housing funds be used for individuals who meet the Federal definition of "chronically homeless". Most individuals in the Behavioral Health system do not meet these requirements due to the mandated minimum length of time homeless, and the complexity required to document "chronicity" within HUD funding programs. Many of the housing programs that serve chronically homeless populations still need to comply with these federal requirements. Given this fact, the legislature needs to work with Behavioral Health partners to craft a definition of "chronically homeless" to use in the legislation that will enable Housing dollars to be employed to the best effect and as the legislature intended.

In addition, the current language of the bill fails to specify the ability of counties to use Housing bucket funds to pay for intensive, long term, supportive services tailored to the needs of this population. Without these services, as attested to by housing advocates at the Assembly Hearing on August 22, 2023, efforts to provide housing to these individuals are unlikely to succeed in the long run. Language was added with the August 15, 2023, amendment allowing services like those used by CalAIM. CalAIM's new programs provide short term supports to unhoused individuals living with mental illness or substance use disorder (SUD) that include temporary and transitional housing and

are often focused on the amelioration of physical health problems. While helpful, these services do not provide the comprehensive and sustained supports needed by this population for long term success. For the most vulnerable people living with mental illness, gaining housing stripped of comprehensive, sustained supportive services may prove to be a bittersweet win.

Some might argue that FSP's will fill this gap. They cannot. First, FSP's are voluntary programs providing intensive outpatient services and supports focused on treatment as well as case management efforts. The bill specifies that engagement with an FSP is not a requirement of those who will be housed under this legislation. While FSP's provide 24/7 crisis support and on-site support they do not provide property management and resident services functions. These services have been shown to help ensure the most vulnerable individuals succeed in these settings. Furthermore, FSP funding is being cut from at least 38% of the total MHSA funding a county receives to 31.5% of total MHSA funding under the new plan.

The Legislative Analyst's Office has pointed repeatedly to the volatility of the MHSA as a source of increased risk for Counties. PSH requires commitments measured in decades. Sustained, consistent funding makes these projects possible over the life of the project. Relying on a tax on millionaires to fund such projects forces the County to assume risks that may result in funding crises in the future.

In conclusion, while SB326 the Behavioral Health Services Act has worthy ambitions, there are many concerns about the negative impact it appears likely to have on the provision and quality of Sacramento County mental health programs and services if passed in its current form. It may reduce the availability and effectiveness of programs for communities of color and other underserved communities. It restricts Housing dollars in ways that limit the County's ability to build the units needed and to provide the supportive services that will ensure the long-term success of those who receive housing under this proposal. Finally, the tax base on which it relies is a volatile source of funding for long term housing projects.

SB 326 is moving through the legislature at a rapid pace. It must be passed by September 14, 2023, to be on the March 2024 ballot as the Governor has proposed. Quick action may be called for if the Board of Supervisors wishes to express concerns about the legislation to the legislature and the Governor.

Respectfully submitted,

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Corrine McIntosh Sako Psy.D. LMFT, Chairperson
Sacramento County Mental Health Board

cc: Ryan Quist, PhD, Behavioral Health Director