



Proposition 63: The Mental Health Services Act of 2004

CMHDA Position:

- Prop. 63/Mental Health Services Act (MHSA) expressly prohibits the state from supplanting funds for programs or funding in existence at the time California voters approved Prop. 63. The Act is clear—Prop. 63 funds can only be used to **expand** or to create new, innovative mental health service programs that are aligned with the goals of the Act.
- The Governor has proposed the elimination of funding for the AB 2034 program in the FY 2007-08 budget, stating that “*similar services are available under Proposition 63: the Mental Health Services Act.*” AB 2034 is one of the most successful programs in the history of the state, and was identified as a national model by the President’s New Freedom Commission. In addition, California taxpayers save two dollars for every dollar expended on this program.
- The Act requires that all decisions under Prop. 63 are driven by a local stakeholder decision-making process, and that all MHSA dollars go directly to counties.
- Tens of thousands of people have participated in local stakeholder processes in counties throughout the state in order to build a transformed system of care. Counties are poised to spend all MHSA funds as intended by the voters. Dismantling programs while we are building a transformed system is extremely damaging and counterproductive.
- In addition, the Act specifically prohibits the state from making any change to the financing structure of mental health services that increases a county’s share of costs or financial risk for mental health services “unless the State includes adequate funding to fully compensate for such increased costs or financial risk.”

Issue: After three decades of chronic under-funding of community mental health services for individuals with severe mental illness, California voters approved Proposition 63—the Mental Health Services Act (MHSA)—a landmark initiative that increases funding for the community mental health system, and lays the groundwork for the eventual transformation of the mental health service delivery system from a “fail first” system, to one that promotes early intervention and recovery.

Background:

I. Purpose and Intent of the MHSA

The overall purpose and intent of the MHSA is to expand system of care services to children, adults and older adults with a serious mental illness, with a focus on innovation, prevention and early intervention services. Specifically, the MHSA is intended to:

- Build upon and expand prevention and early intervention services for children, adults, and older adults with severe mental illness.

- Reduce the long-term adverse impact on individuals, families, and state and local budgets resulting from untreated serious mental illness.
- Increase integration of mental health services and outreach to individuals most severely affected by or at risk of serious mental illness, and expand programs that have demonstrated their effectiveness, such as the proven integrated approach of programs created under AB 34/2034.
- Expand services to include culturally and linguistically competent approaches for unserved and underserved populations.
- Focus on a vision of wellness and recovery for individuals served.
- Provide supportive housing in the least restrictive setting to individuals who are homeless or at risk of becoming homeless.

II. Key Program Components

The MHSA has five central program components, each focused on addressing a particular need identified as an essential element that will help move consumers of mental health services towards recovery.

Key emphasis is placed on strategies that reduce negative outcomes that may result from untreated mental illness: **suicide; stigma; incarcerations; school failure or dropout; unemployment; prolonged suffering; homelessness; and removal of children from their homes.**

- **Community Services & Supports (CSS).** The basis for the Community Services and Supports (CSS) program is the concept of providing “whatever it takes” to meet the mental health needs of those who are unserved or underserved. CSS is built upon the nationally recognized model AB 2034 program, which utilizes a strengths-based approach for serving individuals living with a mental illness. The goal is to eventually provide all services and supports for those in need of mental health services and their families, consistent with individualized treatment plans. County mental health authorities are required to submit a comprehensive work plan for each program component for which MHSA funding is being requested.
- **Prevention and Early Intervention (PEI).** This component emphasizes designing programs that prevent mental illnesses from becoming severe and disabling, as well as improving timely access to services for underserved populations. Key emphasis is placed on strategies that reduce disparities for underserved ethnic and cultural populations, as well as negative outcomes that may result from untreated mental illness. Strategies to prevent suicide and the reduction of stigma and discrimination associated with mental illness are key statewide programs under development.
- **Capital Facilities & Technological Needs.** Two key elements are intertwined with this component of MHSA—capital facilities, which includes short-term crisis diversion programs to prevent institutionalization as well as meet other critical community needs, and technological needs, which addresses a variety of technological needs to provide the appropriate infrastructure required to collect, report, and analyze data.
- **Education & Training.** Because of the critical workforce shortages in mental health, the Act provides funds to train, develop, and recruit a diverse workforce including consumers, family members, licensed professionals and others who are qualified to deliver client-driven, recovery-oriented, strengths-based services.

- **Housing.** CMHDA has also participated with the state Department of Mental Health (DMH) and the California Housing Finance Authority (CalHFA) on developing a housing program with the goal to build 10,000 new supportive housing units for people living with mental illness over the next 20 years. CMHDA's priority has been to ensure that the housing program meets the needs of individuals who are homeless or at risk of being homeless. Counties have committed a minimum of \$75 million per year for "bricks and mortar," and \$40 a year for rental subsidies, to this program. We hope to have the first dollars available to counties (working with developers) within the next few months.

III. **Structure & Process**

- **Stakeholder Input.** Counties are responsible for working with individuals served, families and other local stakeholders to prepare and submit to the state Department of Mental Health (DMH) and the Oversight and Accountability Commission a 3-year plan for implementing the MHSA.
- **Program Development.** The Act requires the development and expansion of new programs which are *complimentary* to existing mental health programs, including Children's System of Care, Adults and Older Adults System of Care programs, for individuals with severe mental illness. This requires investment in the development of programs to expand outreach and treatment to underserved and unserved populations.
- **Review Process.** Each county mental health program must prepare and submit to DMH (after review and comment by the Oversight and Accountability Commission as well as review and comment from local stakeholders) a three-year expenditure plan, updated at least annually.

IV. **MHSA/Prop. 63 Funding Provisions**

- Requires funding to be used **only** for purposes that are expressly specified within the scope of the Act to **expand** mental health services for individuals with severe mental illness.
- Prohibits the funds from being used "to supplant existing state or county funds utilized to provide mental health services."
- Requires the state continue to provide financial support for mental health programs with not less than the same entitlements, amount of allocations from the General Fund and formula distributions of dedicated funds as provided in the last fiscal year which ended prior to the effective date of the Act.
- ***The state may not make any change to the structure of financing mental health services that increases a county's share of costs or financial risk for mental health services "unless the State includes adequate funding to fully compensate for such increased costs or financial risk."***

V. **Context of Prop. 63 and Its Relationship to Overall Mental Health Service Programs**

Prop. 63 funds represent a relatively small proportion of county mental health budgets--approximately 10-15% of overall county mental health funding. Additionally, Prop. 63 is a very volatile funding source, and may vary sharply in terms of revenue from year to year.