July 6, 2023

The Honorable Jim Wood
Chair, Assembly Health Committee
1020 N Street, Room 390
Sacramento, CA 95814

RE: SB 326 (Eggman) Behavioral Health Services Act.– CONCERNS

Dear Chair Wood:

On behalf of the California Alliance of Child and Family Services (the California Alliance), we respectfully must share our concerns regarding SB 326 (Eggman) – The Behavioral Health Services Act. Without the revisions we recommend below, this legislation is likely to cause **severe cuts** in critical services for children and youth and undermine California's efforts to address a youth mental health crisis the U.S. Surgeon General has called "alarming," "devastating," and also "preventable."

The California Alliance represents over 160 nonprofit, community-based organizations serving children, youth and families through behavioral health, education, foster care, prevention, and juvenile justice programs throughout the state. Our member agencies are on-the ground service providers delivering lifesaving services funded by the MHSA, in addition to delivering Medi-Cal behavioral health services. In a June 2023 survey of Alliance members, over half of the respondents stated that they operate programs funded by the Prevention and Early Intervention (PEI) component of the MHSA. PEI funding supports a diverse range of essential services including: parent education and family counseling programs; "drop in" centers for transition-aged youth; Early Psychosis Intervention programs, Family Resource Centers, etc. In addition, more than half of the respondents provide services funded by MHSA Community Services and Supports (CSS). CSS programs support adults with serious mental illness and youth with serious emotional disturbance (SED). Statutorily, at least half of CSS funding must provide Full-Service Partnerships (FSPs), a comprehensive, client-driven, "whatever it takes" approach to help individuals achieve wellness.

Our members recognize and support the need to update some aspects of the MHSA. Most importantly, we strongly support the proposal to include services for individuals with substance use disorder (SUD) treatment needs, regardless of whether they have a co-occurring mental illness. Additionally, we understand the focus on individuals experiencing homelessness with behavioral health needs; however we reject this proposal's construction of a false choice between homelessness now and homelessness later. Taking resources from critical mental health services for children and youth will only subject more vulnerable Californians to the trauma of life on the streets, especially since the vast majority of individuals develop mental illness prior to 25.

The proposed revisions to the MHSA include a new funding allocation of 30% reserved for housing supports,[1] which shifts funding away from other vital MHSA services, including many programs serving children and youth. To avoid the loss of these essential programs and the resulting harm to youth, we recommend creating several funding allocations reserved for programs that support children and youth, as discussed below.

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[1] Governor Newsom's Transformation of Behavioral Health Services Fact Sheet, June 22, 2023.

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Dedicated Set-aside for Services for Children and Youth

Currently, about 10% of MHSA funding (approximately $321.6 million in FY 22-23) is allocated to PEI programs for youth, since 51% of PEI funding (which represents 20% of MHSA funding) must be spent on children and youth up to age 25.[2] The proposed reforms will lead to **a significant decline in funding for PEI programs for children and youth**.

SB 326 contains *no set aside for PEI programs for children and youth.* While the proposal would allocate 15% of total funding for Early Intervention services and 5% for population-based preventive services,[3] nothing in the proposal would prevent a county from spending most of these resources on adults. In addition, the expansion of the target population to include individuals with SUD will further dilute funding for these services. Therefore, without a specific set aside for PEI services for youth, many of these programs will likely be forced to close or reduce programming for children, youth, and families across the state.

The Administration argues that fewer PEI programs are needed because the Children and Youth Behavioral Health Initiative (CYBHI) school-based fee schedule will offer preventive and early intervention behavioral health services for students. The CYBHI fee schedule, however, will offer a single set of *standardized* services that can be delivered by both Medi-Cal and commercial plans. MHSA PEI funding, in contrast, supports a diverse array of interventions that can be tailored to the unique needs of a particular underserved population, such as a program designed for Latinx families or LGBTQ+ youth, or an Early Psychosis Intervention program. In addition, many PEI programs are better suited to support an entire family, such as parenting programs like Parent-Child Interaction Therapy and Family Resource Centers. The benefits of these programs provide a tremendous Return on Investment in communities. For example, supports stewarded by Family Resource Centers reduce child abuse and neglect in communities and produce significant fiscal savings through the reduction of referrals to Child Protective Services (CPS) and subsequent mandated programing and services, netting Child Welfare Systems statewide with a 365% return on investment for every dollar spent.

We are also concerned about currently planned restrictions on the type of services available via the CYBHI fee schedule; the current Department of Health Care Services (DHCS) proposal, for example, would exclude case management services for youth enrolled in Medi-Cal.

- ✓ **We therefore recommend that, in order to preserve current funding for essential PEI programs for youth, the proposed reforms allocate: 1) 50% of the Early Intervention funding for youth (ages 25 and younger) and 2) 50% of the population-based prevention services for youth.**

- ✓ In addition, the Legislature should ensure funding is set aside from BHSA to sustain CYBHI's level of investment in services for youth upon the expiration of services funded by CYBHI.

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[2] Currently, 19% of total MHSA funding is allocated to PEI programs (about $630.5 million in FY 22-23). Governor Newsom's Transformation of Behavioral Health Services Fact Sheet, June 22, 2023. Fifty-one percent of those monies, or about 10% of total MHSA funding, must be allocated to PEI programs serving children, youth and young adults (aged 25 and younger). 9 CCR §3706.

[3] The proposal would allocate 30% of total funding for "Behavioral Health Services and Supports," with a requirement that a majority of those funds be spent on Early Intervention programs.

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Full Service Partnership Set-Aside for Children and Youth

Full Service Partnership (FSP) programs provide essential services and supports to youth who are transitioning from or at risk of entering out-of-home placements, such as juvenile hall, foster care and psychiatric emergency facilities. In FY 20-21, nearly half (48.3%) of beneficiaries receiving FSP services were children and Transition Aged Youth.[4] Under the proposed reforms, 35% of MHSA funding would be reserved for FSP programs. However, with the expansion of the target population to include individuals with SUD needs, as well as the Governor's plan to allocate FSP slots to support CARE Court programs, available funding for FSP programs for youth will clearly be crowded out by these additional demands on the BHSA's finite pool of dollars.

- ✓ **We strongly recommend that the proposed reforms require that at least 50% of the FSP allocation be earmarked for programs serving children and youth ages 25 and younger.**

Housing Supports for Children and Families

Our members appreciate the vital importance of alleviating California's housing crisis; every day our members serve families struggling to maintain housing. In fact, data shows that **about one in four** Californians who struggle with homelessness are unaccompanied youth or families with children.[5] These individuals, who may be sleeping in a car, "couch-surfing" in the home of a friend, or living in severely substandard housing, are often less publicly visible than adults living in encampments. Yet families and unaccompanied youth are equally in need of adequate housing. Housing supports for children and youth, moreover, can be particularly effective early interventions that will help these individuals avoid becoming chronically homeless. In addition, 1 in 4 California foster youth become homeless after existing the foster care system. These already vulnerable youth are facing unprecedented new challenges.

We are therefore very concerned that the proposed allocation of 30% of total MHSA funding for housing supports would set aside 50% of that allocation for "persons who are chronically homeless, with a focus on those in encampments."[6] This funding would apply primarily to adults, who are much more likely to meet the definition of chronically homeless (e.g. homeless for at least 12 months) and to live in public encampments.

- ✓ **In order to ensure that children and families receive an appropriate share of housing interventions, we recommend that 25% of housing supports be allocated to programs serving youth and families.**

We are also concerned about the proposed requirement that housing programs for youth must prioritize individuals who have SED or SUD[7] -- in addition to facing one of the following risk factors: experiencing or at risk of homelessness; child welfare or juvenile justice system involvement, or being at risk of

[4] Mental Health Services Oversight and Accountability Commission website, Transparency Suite, Full Service Partnerships.
[5] The Governor's Homeless Plan, LAO Report, February 2022, states that 16% of Californians experiencing homelessness are families with children and an additional 8% are youth under 24. If youth ages 24 and 25 are added to this statistic, the total number would likely be at least 25% of all individuals experiencing homelessness.
[6] Senate Bill (SB) 326, Section 86 (adding §5892(a)(1)(A)(ii) to the Welfare and Institutions [WIC] code.)
[7] SB 326, Section 86 (adding §5892(c))(2) to the WIC Code.

institutionalization. Youth face homelessness for a variety of reasons, many of which are unrelated to an SED or SUD. LGBTQ+ youth, for example, are disproportionately represented among the homeless youth population.[8] Similarly, many young people exiting the foster care system struggle to find stable housing, regardless of whether they have an SED or SUD. It is well recognized, moreover, that homelessness itself is a traumatic experience that creates a higher risk of mental health and SUD conditions.

The SED/SUD requirement for housing flies in the face of the Administration's push toward earlier interventions for youth, particularly the sweeping ACES initiative, which aims to avert the impact of trauma on adverse outcomes for youth later in life, including homelessness. Similarly, the CalAIM initiative has removed SED diagnosis as a condition for treatment for children and youth.

In addition, the criteria for an SED[9] are both detailed and restrictive, requiring a formal mental health diagnosis and documentation of additional criteria, such as "substantial impairments" in multiple areas or a risk of harm to self or others. As a result, the need to document a youth's SED would add significant additional paperwork burdens without necessarily helping programs prioritize youth most in need of housing supports.

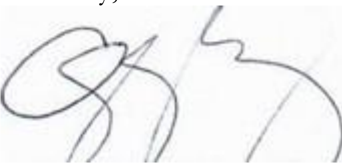
- ✓ **We therefore recommend removal of the SED (or SUD) criterion for youth, in order to enable programs to more effectively prioritize youth most in need of housing supports.**

Reporting on Children and Youth Allocations

Lastly, any reform should include robust and specific reporting to the Legislature and stakeholders on BHSA funding delivered to children's programs (0-25) to ensure legislative intent has been fulfilled.

We appreciate this opportunity to share these concerns with the Assembly Health Committee. We look forward to continuing to discuss how the MHSA can be improved to best meet the needs of California's most vulnerable populations.

Sincerely,



Christine Stoner-Mertz, LCSW
Chief Executive Officer

CC: Honorable Members, Assembly Health Committee
The Honorable Susan Eggman, Author
Judy Babcock, Principal Consultant, Assembly Health Committee
Lisa Murawski, Principal Consultant, Assembly Health Committee

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[8] California's Homeless Youth, California Coalition for Youth Website. Accessed on June 29, 2023 at: https://calyouth.org/advocacy-policy/Californias-homeless-youth/

[9] Welfare and Institutions Code Section 5600.3.