California Health Facilities Financing Authority
Children and Youth – Investment in Mental Health Wellness Grant Program (SB 833)
Report to the Legislature – January 2018

Senate Bill 833 (2016) is intended to improve access to mental health crisis services for the children and youth of California. SB 833 provides a mechanism for funding a statewide expansion of mobile crisis support teams, crisis stabilization and crisis residential treatment beds, and family respite care via grants available to counties. Counties may utilize awarded funds for facility acquisition, construction/renovation, equipment acquisition, and applicable startup or expansion costs.

The legislation set the goal of adding 200 mobile crisis support teams and 120 crisis stabilization and crisis residential treatment beds. The California Health Facilities Financing Authority ("Authority") was assigned responsibility for developing the program as well as awarding and administering the grants.

Program Funding

The program was initially allocated funding by SB 826, the 2016-17 state budget. These appropriations included funding from the General Fund and Mental Health Services Act ("MHSA") Fund totaling $27 million and included $450,000 for administrative costs. See **Table 1: Program Funding** for eligible programs and respective amounts as determined by the Senate Budget Committee. Approximately $6 million of the total amount from the General Fund in the 2016-17 budget was reallocated from unawarded Investment in Mental Health Wellness Grant Program (SB 82) funds. The MHSA funding was allocated with a provision in the state budget that the funding be used for mobile crisis support teams and family respite care.

In January 2017, the Authority was notified by the Department of Finance that the Governor's proposed 2017-18 budget recommended reverting the $16 million allocated from the General Fund in the 2016-17 budget. As a result of the possible funding reversion, the Authority paused development of the program pending resolution of the funding mechanism.

In June of 2017, the approved state budget for 2017-18, AB 97, reverted the previous allocation from the General Fund and replaced it with an additional $16,717,000 from the MHSA Fund. The unintended consequence of funding this grant program over two different budgets with varying deadlines and provisions creates administrative challenges on the Authority's ability to develop a robust program that aligns with our county partners' needs; however, the Authority is trying to address the challenges prior to the finalization of the regulations.

Table 1: Program Funding

CY Investment in Mental Health Wellness Grant Program Funding					
	2016-2017 Original Budget		2016-2017 Revised Budget		2017-2018 Budget
Program	General Fund	MHSA Funds	General Fund	MHSA Funds	MHSA Funds
Crisis Residential Treatment	$ 5,899,000		-		$ 5,899,000
Crisis Stabilization Unit	8,851,000		-		8,851,000
Mobile Crisis Teams	985,000	$ 7,865,000	-	$ 7,865,000	985,000
Family Respite		2,950,000	-	2,950,000	
Additional funds*					717,000
Subtotals	**$ 15,735,000**	**$10,815,000**	**-**	**$ 10,815,000**	**$ 16,452,000**
State Administration	265,000	185,000	-	185,000	265,000
Totals	**$ 16,000,000**	**$11,000,000**		**$ 11,000,000**	**$ 16,717,000**
Disbursement Deadline	6/30/2019			6/30/2019	6/30/2022
Final Program Funding Total	**$27,000,000**		**$27,717,000**		

*Additional Funds may be allocated to any program needing additonal funds to award meritorious applicaitons.

Program Development

Authority staff began working on the program structure and development of the regulations in the Fall of 2016. The overall format of the program was based on the current Investment in Mental Health Wellness Grant Program (SB 82), in an effort to mirror the application, disbursement, and administrative processes that counties were already accustomed to. Modifications were made to tailor the grants to children and youth and to appropriately evaluate proposals for family respite care.

After drafting proposed regulations, Authority staff met with stakeholders including, but not limited to legislative staff, mental health providers, county behavioral health directors, and the California Alliance of Child and Family Services. In November 2016, staff presented an information item to the Authority on the status of the program, which included discussions on changes from the Investment in Mental Health Wellness Grant Program: some of which included changes to the readiness section of the application, use of regional or county maximum amounts, limitations to startup costs, and an update on licensing options for crisis residential treatment facilities.

In December 2016, staff held a webinar for interested stakeholders where an updated draft of the proposed regulations was presented and a question and answer session was held. Following feedback from stakeholders, Authority staff further edited the proposed regulations in anticipation of submitting them in January of 2017 to the Authority for approval to pursue the emergency rulemaking process.

The Authority paused development of the program in January 2017, when the notice of the funding reversion was received from the Department of Finance. When funding for the program was reinstated in July 2017, Authority staff resumed the process of program development.

However, additional work is continuing to be done on the regulations, specifically in the area of project readiness. As a response to some projects under the Investment in Mental Health Wellness Grant Program (SB82), which struggled to meet the stated readiness requirements and had several challenges and delays in their projects, Authority staff conducted a thorough analysis of the program regulations, application form, evaluation criteria, and project monitoring process. The end result of the readiness analysis is expected to improve forms and processes, which will ultimately benefit counties and the Authority by asking more direct questions on the steps required to develop the facilities where mental health services will be provided to ensure applicants develop robust and feasible project proposals for their applications.

Additionally, program development has been delayed due to factors outside the Authority's jurisdiction. Further legislation was required to create the licensing and certification categories and procedures for Crisis Residential Treatment centers for children, as these did not exist. Subsequent legislation AB 1997 (2016) and AB 501 (2017) rectified this issue.

The Authority also requested clarification from the Department of Finance on deadlines and restrictions on use of funds. The Authority is in conversations with the Department of Finance regarding achieving authorization to provide flexibility in allocating funds to fully align with our county partner's mental health service needs. This flexibility request foreshadows counties' need not fully aligning with the capital funds available in each program and the Authority's desire to award all remaining funds by their funding deadlines while, to the extent possible, maintaining the integrity of the program allocations provided to the Authority from the Senate Budget Committee. Final confirmation has not yet been received.

Next Steps

Authority staff continues to work on refining the program regulations and expects to present them for approval by the Authority by mid-2018. A funding round will open soon after approval of the emergency regulations by the Office of Administrative Law.

Summary of Awards

The Authority has not yet awarded grants under the program. All funding allocated to the Authority for grants remains available for future grant awards.