

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“Authority”)
INVESTMENT IN MENTAL HEALTH WELLNESS GRANT PROGRAM FOR
CHILDREN AND YOUTH**

**Executive Summary
First Funding Round Final Allocations**

May 30, 2019

Background

Senate Bill 833 (Statutes of 2016, Chapter 30, Section 20) expanded the Investment in Mental Health Wellness Act of 2013 (SB 82) to specifically address a continuum of crisis services for children and youth, 21 years of age and under, called the Investment in Mental Health Wellness Grant Program for Children and Youth (“CY Grant Program”). The legislation set the goal of adding 200 Mobile Crisis Support Teams (“MCSTs”) and 120 Crisis Stabilization Unit (“CSU”) and Crisis Residential Treatment (“CRT”) beds as well as increasing Family Respite Care (“FRC”) services.

The Authority developed emergency regulations that were approved in November 2018 by the Office of Administrative Law. On November 30, 2018, the Authority opened its first funding round with an application submission deadline of February 28, 2019. On December 11, 2018, Authority staff hosted a webinar that provided an overview of the CY Grant Program to assist applicants with preparing their applications. By February 28, 2019, the Authority received six applications for services to residents of six of California’s 58 counties. For capital funding, the applications totaled \$1,331,858.18 for 12 proposed new MCSTs including vehicles, furnishings/equipment, information technology, and three months of program startup or expansion costs. For personnel funding, the applications totaled \$2,870,106.50 for 31.7 individuals to staff the MCSTs.

Evaluation Process

Each application received by the Authority was scored and ranked according to criteria defined in Section 7319 of the CY Grant Program’s regulations by at least two analysts whose work was reviewed by a grant review committee that consisted of Authority managers, legal counsel, and the Authority’s technical advisor, the California Institute for Behavioral Health Solutions, represented by Will Rhett-Mariscal, Ph.D. In accordance with the CY Grant Program regulations, Authority staff informed applicants of the outcomes of the review process in the form of initial allocation¹ letters for funding as well as discussed the results of the initial allocations with each county.

Four out of the six applicants (Marin, Monterey, Sacramento, and Santa Cruz Counties) received Initial Allocations for a total of \$730,323.90 in MCST capital funding and \$1,320,660 in MCST annual personnel funding for the approved project for up to five years. Annual personnel funding grant amounts subsequent to the initial amount granted are subject to availability of annual budget appropriations by the Legislature. Two of the six applicants did not receive Initial Allocations due to insufficient scores in each of the four criteria in Section 7319 of the CY Grant Program Regulations, but mainly due to not providing crisis mental health services or not adding new MCSTs.

¹ Initial allocation is defined in regulations as, “the Grant amount the Authority staff recommends the Authority approve for final allocation ...” and final allocation is defined as “the grant amount approved by the Authority.”

Of the four counties who received Initial Allocations, one received less personnel funding than what was requested due to an over subscription of funds in its region, but was able to scale back its program in order to accept the reduced Initial Allocation. If approved, the new programs will expand children and youth mental health crisis intervention services by developing a total of 6 MCSTs, consisting of 6 vehicles and 16 full-time personnel. Milestones have been included in the grant resolutions to ensure that projects are on track to be open and operational prior to the end of the grant period. None of the applicants appealed their Initial Allocations to the Authority’s Executive Director.

Staff Recommendation

Staff recommends the Authority approve a total of \$2,050,983.90 in Final Allocations. Further information on the applicants and Initial Allocations are provided in staff summaries and the attached “Summary of Recommendations for Funding” list.

Program Funding

The enacted 2016-17 Budget Act allocated approximately \$27 million in one-time funding with \$16 million from the General Fund and \$11 million from the Mental Health Services Act (“MHSA”) fund that had to be encumbered by June 30, 2019 in the enacted 2016-17 Budget Act. The MHSA funding had the provision that the funding could only be used for two of the eligible program types authorized under SB 833, which were MCST and FRC. The 2016-17 Budget Act also reappropriated any unspent funds under the SB 82 (2013) program to the CY Grant Program. The enacted 2017-18 Budget Act reverted the \$16 million General Fund appropriation and replaced it with approximately \$16.7 million from the MHSA fund. (See **Table 1: Program Funding** for eligible programs and the respective amounts appropriated for each program as determined by the Senate Budget Committee.)

Additionally, the Legislature continued to appropriate another \$4 million from the MHSA Fund for personnel costs associated with the operation of MCSTs. The Authority has made the \$4 million MHSA Fund appropriation available for up to 5 years, so that counties applying for capital costs (vehicles and/or equipment) to create or expand MCSTs also have access to funds to operate the MCSTs.

The unintended consequence of funding this grant program over two different budgets, thereby creating varying encumbrance deadlines and budget provisions, was an administrative challenge on CHFFA’s ability to develop a robust program that aligns with its county partners’ needs.

Table 1: Program Funding

Program	2016-2017 Revised Budget		2017-2018 Budget
	General Fund Reappropriation	MHSA Funds	MHSA Funds
Crisis Residential Treatment	-		\$ 5,899,000
Crisis Stabilization Unit	-		8,851,000
Mobile Crisis Support Teams	-	\$ 7,865,000	985,000
Family Respite Care	-	2,950,000	
Additional funds	Amounts in excess of \$6,717,000 from SB 82		717,000
Subtotals	-	\$ 10,815,000	\$ 16,452,000
State Administration	-	185,000	265,000
Totals		\$ 11,000,000	\$ 16,717,000
Encumbrance Deadline	6/30/2019	6/30/2019	6/30/2020
Disbursement Deadline	12/31/2021	6/30/2021	6/30/2022
Total Capital Funding		\$27,717,000	

Next Steps

The first funding round for the CY Grant Program was undersubscribed, not just in the total amount of funding being requested but also in the lack of funding requested for infrastructure projects to create CRT, CSU, or FRC programs. In response to the low number of applications, Authority staff conducted a survey in collaboration with the County Behavioral Health Directors Association of California to receive feedback from counties on what prevented them from applying for grant funding under the CY Grant Program as well as counties' needs for mental health beds and services for children and youth.

Authority staff opened the survey to all 58 counties and received 27 responses (47% response rate). The most common reasons cited for not applying to the CY Grant Program were:

- lack of grant writing personnel to respond to the grant, given the large number of grants currently available (70%)
- lack of ongoing operational funding available for the programs to sustain the programs (very little Medi-Cal offset and other ongoing sources of funds) (63%)
- short timelines for encumbering funds which did not provide enough time to develop and complete construction of facilities (56%)
- short application submission period of three months (44%)
- inability to find locations to house facilities (33%)
- lack of flexibility in the program areas (30%)

The counties reported a need for approximately 197 children and youth beds (or their equivalent), mostly for CRT (86 beds), but also for Peer Respite Care (and FRC) (56 beds) and CSU (55 beds). Counties also reported a need for 29 additional MCSTs. There were a few counties that mentioned they had a need but could not translate the need into bed or team counts.

Authority staff, in collaboration with the State Treasurer's Office Budget Office, recommended to the Legislature the below changes be implemented during this budget cycle to induce more counties to apply for the CY Grant Program and to address a number of reasons why counties did not apply for CY Grant Program funds during the first funding round as well as address the administrative challenge created by the multiple funding sources:

- **Align and extend the funding sources.** Authority staff suggested aligning and extending encumbrance deadlines for all three funding sources to June 30, 2024, causing the liquidation of encumbrance deadline to be June 30, 2026.
- **Provide flexibility in the use of funds.** Authority staff suggested providing the flexibility to the Authority to allocate funds outside the established program type allocations to best meet the counties' needs and fulfill requests for funding submitted by counties to the Authority, while working towards meeting the goals set by the Legislature.

Authority staff plans to open a second funding round shortly after proposed language included in the FY 2019-20 Budget Bill is approved by the Legislature and signed by the Governor.