



# POLICY REPORT

## ORANGE COUNTY MHSA COMMUNITY OPPORTUNITIES FUND

Updated July 19, 2017

### **Mental Health Services Act**

The Mental Health Services Act (MHSA) was adopted as a result of the passage Proposition 63 by California voters in 2004. This funding was originally intended to support the mental health needs of Californians through the implementation of a yearly 1% tax on incomes exceeding \$1 million. The State of California provides MHSA funding to Orange County on a monthly basis. For fiscal year 2016/2017 alone, this totaled \$153,149,383 in revenue that will be added to the Orange County MHSA Fund account balance. Assuming that the Orange County Health Care Agency (HCA) under spends its MHSA budget for this fiscal year by \$40 million, the Orange County MHSA Fund would have a balance of at least \$226,329,875 as of June 30, 2017 prior to July expenses. After subtracting \$70,921,582 for prudent reserves, this leaves \$173,343,296 in the fund account without plans in place on how to use it. Expenditures for planned MHSA budgets for the next three years will be covered by new MHSA revenues provided to the County given historic rates of underspending by HCA. An Orange County MHSA Fund Financial Statement is attached to this report that provides additional details.

### **Challenges Faced by Orange County Community-based Mental Health Services Providers**

MHSA currently provides funding for programs implemented directly by the Orange County Health Care Agency (HCA) as well as those designed by HCA staff to, and then implemented by, HCA contractors. These programs provide a significant portion of mental health services for the residents of Orange County that would not otherwise be available if MHSA do not exist. Many of these programs have had some success in achieving positive mental health outcomes but many have also faced significant challenges in reaching their full potential. For example, the Prevention and Early Intervention (PEI) Outreach and Engagement programs have reached many individuals in need of mental health services. At the same time, PEI programs such as School Readiness continue to struggle to meet their program objectives. Additionally, Community Services and Supports (CSS) programs such as the Children's Crisis Assessment Team (CAT) and the Children's In-Home Crisis Stabilization (CIHCS) program continue to face significant challenges in maintaining basic functioning. For example, earlier this year, Children's CAT informed therapists at Family Resource Centers (FRCs) and other referring organizations that they would no longer take referrals of children who are suicidal, only children who are homicidal. This, at a time when teen suicide "hotspots" are becoming an increasing concern in Orange County.

Within this context, most smaller to mid-size community-based providers of mental health services in Orange County continue to face significant challenges in receiving MHSA funding to support the populations they serve. These groups represent a wide range of communities and

community solutions including addressing ethnic disparities in utilizing mental health services, the needs of veterans and their families, homeless individuals and families, special needs populations, and children who have experienced emotional trauma. What these groups have in common is that they already have research-based or evidence-based mental health services targeted to the communities they serve and they are in need to additional resources to expand these services. What is also common to their experience are barriers in accessing MHSA funding for these programs. At a Mental Health Funding Community Forum with 20 such organizations on April 26, 2017, several community-based programs and needs were identified including:

1. The Cambodian community in Orange County has been seeking funding from the County for its own evidence-based programs for over a year with little result
2. The Blind Children's Learning Center has a need to expand the number of therapists who are trained to work with visually impaired children but they have no access to MHSA funding
3. A domestic violence service provider had to set up their own team of clinicians for medication management without any assistance from HCA
4. Mental health providers at the meeting serving Asian American Pacific Islander communities currently do not receive funding from HCA
5. Children's mental health services in all communities continue to not receive sufficient support from HCA

#### **Solution Provided by the MHSA Community Opportunities Fund (COF)**

The MHSA COF provides an effective tool to enhance the County's efforts to reach the populations most at risk for not receiving needed mental health services. Rather than creating pre-designed programming through a central planning process, this funding mechanism would receive research-based proposed programs directly from the community. The MHSA COF would work in conjunction with current centralized planning approaches rather than replacing them, adding a much-needed method for more quickly addressing some of the more unique gaps in our County's mental health services system.

Funding of \$3 million for the first year of the fund would come from underspent budgeted items within the existing MHSA Three Year Plan. For example, the MHSA budget for FY2017/2018 has \$1,000,000 budgeted for the School Readiness program. However, HCA recently proposed to the Orange County Board of Supervisors (BOS) to only spend \$600,000 of this amount for the entire fiscal year. This and many other examples would provide sufficient resources for the fund on an annual basis. For this fiscal year, we estimate that HCA is at least \$40 million behind in expenditures for this fiscal year.

MHSA COF funding would be distributed through an RFA process and master agreement similar to what has already been approved by the BOS in the past. One option for having an independent review process would be hiring a consultant to work with a standing review panel established as a sub-committee of the Mental Health Board. Other options, consistent with procurement laws,

are also available upon adoption by the BOS. Criteria for funding would include not currently being funded by MHSA or having an organizational budget of \$3 million or less as well as providing adequate research support for the need being addressed and the strategies being proposed.

### **Q&A Regarding the MHSA Community Opportunities Fund**

- 1. *“The purpose of MHSA is to provide funding for mental health services rather than provide funding to community groups. Isn’t the MHSA COF designed just to be another grant source for these organizations?”***

No. The purpose of the MHSA COF is to provide mental health services in the same way that traditional funding mechanisms have. It does so in a way that overcomes some of the systemic barriers associated with existing mechanisms (RFPs, sub-contracting, etc.) to address unique gaps within the County’s mental health services system that can only be fully addressed by community-based efforts. It also does not replace the need for traditional funding mechanisms to address large scale implementations of key components in mental health services system. The statement that the need to provide mental health services is in conflict with supporting community-determined mental health initiatives reflects a bias toward a centralized planning approach. This bias has contributed to the creation of the current gaps in addressing a wide range of mental health needs in our communities.

- 2. *“Isn’t the MHSA COF just a slush fund?”***

No. A “slush fund” is a government fund account typically managed by a single elected official or political appointee with little or no accountability. In contrast, the MHSA COF would solicit proposals through an RFA process overseen by an independent review panel. This panel would score proposals based on their ability to demonstrate a research-based need in the community along with requiring research-based or evidence-based practices (EBPs) to address that need.

- 3. *“HCA has stated that these are ‘mom and pop’ organizations<sup>1</sup>. Is this an accurate characterization?”***

No. This characterization by HCA staff reveals a lack of understanding that these organizations have significant leadership through their independent board of directors, executive leadership, and program experts on their staffs. Most of these groups implement evidence-based mental health services and interventions that overcome the challenges unique to the populations they serve. In many cases, the level of expertise by these groups in reaching and serving these specific populations far exceeds that of HCA staff and existing HCA contractors.

---

<sup>1</sup> Presentation by HCA Deputy Director Mary Hale at MHSA Steering Committee meeting on 6/5/2017.

4. ***“HCA has indicated that it wouldn’t be ‘fair’<sup>2</sup> to limit the MHSA COF to organizations who currently do not have an HCA contract and/or who have budgets of \$3 million or less. Isn’t this unfair to larger providers who currently receive HCA contracts?”***

No. Current MHSA HCA contractors have 100% access to all MHSA funds that are contracted in Orange County, a significant portion of the current budget of \$186,777,508 for this fiscal year. The MHSA COF would provide \$3 million in its first year of implementation to address mental disparities created because of existing MHSA investments that mainly address large-scale generalized needs. This small counter balance to address these vital gaps within the mental health system is an important public policy objective. Absent constitutional, statutory, or regulatory barriers, this solution is not only “fair” it is needed to create greater equity in how mental health services are provided in our communities.

5. ***HCA staff has indicted that “procurement rules” would prevent the implementation of the MHSA COF. Is this true?***

No. There are no statutory or regulatory requirements that would prevent the BOS from adopting the MHSA COF.

6. ***HCA staff has suggested that the same need can be met with groups applying for existing RFPs as collabortives. Is this accurate?***

No. Current RFP opportunities occur too infrequently for the number of organizations in need to be fully supported through this traditional approach.

7. ***Why do communities need to address some of these needs themselves? Why not just have HCA staff or their current contractors address all the needs?***

While HCA has been successfully in addressing some community needs, the large centralized programs also have significant limitations in being able to fully connect with unique needs. An example is the Central County O&E team hiring a Khmer speaker who struggled to make the same level of connections that exist within the Cambodian community’s own programs, only to have that person recently leave. Rather than addressing similar issues on an ad hoc or short-term political basis, the MHSA COF provides a systemic approach for funding, holding programs accountable, and sustaining community efforts on a longer-term basis.

The MHSA COF is also a mechanism for building the capacity of community-based organizations through the program evaluation and technical assistance components that would be included along with providing direct funding.

---

<sup>2</sup> Presentation by HCA Deputy Director Mary Hale at Mental Health Board Meeting on 5/24/2017.

## Q&A Regarding Inclusion of the MHSA COF in the MHSA Three Year Plan

**8. *“Isn’t the purpose of the MHSA Three Year Plan to only summarize programs as stated by HCA staff?”***

No. WIC § 5847 states that each county shall prepare an expenditure plan for the Plan based on available unspent funds, estimated revenue, and reserve amounts. The MHSA COF is a mechanism for addressing unspent funds during each program year and is therefore a legitimate component of this portion of the Plan. Additionally, even without this provision, there are no restrictions to adding additional components to Plan that would be useful for MHSA planning purposes.

For additional information, please contact:

Michael Arnot  
Executive Director  
Children’s Cause Orange County  
[marnot@childrenscauseoc.org](mailto:marnot@childrenscauseoc.org)  
(949) 690-5274