



County Executive

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**Governmental Relations and
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Elisia De Bord

County of Sacramento

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August 2, 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 Sacramento County Board of Supervisors, I respectfully write to share concerns regarding the recently released Behavioral Health Reform Package (SB 326), which proposes to overhaul the Mental Health Services Act (MHSA) in a way that shifts critical funding away from outpatient and crisis services that are foundational pillars in our County.

Sacramento County agrees with the intent of the measure to increase the resources needed to care and house those with the most severe mental health needs and substance use disorders. We also believe funding reform is needed to provide enhanced flexibility, including to support the provision of substance use disorder services; however, SB 326, as currently drafted, raises numerous operational concerns, including reducing county flexibility, creating new mandates with no new funding, and making it more difficult to manage the volatile funding source by further reducing reserve caps.

Specifically, SB 326 proposes to shift 30 percent of the total MHSA revenue away from mental health services, while simultaneously adding a new category of clients – those with substance use disorders. For example, with the proposed categorical funding allocations proposed in SB 326, Sacramento County would have to shift \$64 million away from important outpatient and crisis services, which is 44 percent of our MHSA budget. Our current use of MHSA revenue to fund mental health clinical services also allows the County to draw down federal matching Medicaid revenue, so without that funding the County would face cuts totaling around 65 percent of our outpatient services budget. As noted in the Legislative Analyst Office report dated July 13, 2023, *Proposed Restructuring of the MHSA Funding Categories and Impacts on County Spending*, we believe that the flexible funding amount of 15 percent would not provide us adequate resources to continue to provide the important wrap-around services that are critical to keeping people housed. While this proposal will produce

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more housing, we need to ensure there are adequate services to support the individuals for the housing units to be successful.

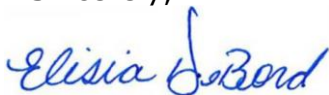
SB 326 also requires the County to provide significantly more behavioral health services with significantly less funding. Many details in the proposed language create new mandates or require increased services that necessitate additional funding. We request that language be added to the measure to ensure the additional county obligations included in this proposal are contingent on adequate funding.

The allocation changes and program priorities outlined in SB 326 takes away local flexibility to address local needs, which is a core value of the original concept of MHSA. We need increased county flexibility to manage these changes and operate effectively. Specifically, the definition of "chronically homeless" should be revised, which is currently limited under the federal definition, to reach a broader population. Fifty percent of the housing funding is required to be used for chronically homeless (per the federal definition), but many individuals who need behavioral health services do not meet those requirements because they no longer meet the "chronically homeless" definition when they are in a facility.

Sacramento County also requests that the eligible uses under the housing interventions program be broadened to include support services and to expand authorization for capital expenditures, as detailed above. SB 326 lowers the reserve cap, and the County requests that this be eliminated or restored to a higher reserve level to help support sustainable management of this fund source. The reduced flexibility embedded in SB 326 coupled with a lower reserve cap will make it difficult for counties to sustain funding for ongoing programs even when the state is not experiencing a recession.

Thank you for your consideration. Sacramento County looks forward to being a part of the discussions on the behavioral health reform package over the next few months. We believe that addressing these concerns will ensure the greatest success for counties serving those with the most severe mental health needs and substance use disorders. Please feel free to contact me at (916) 874-4627 or deborde@sacounty.gov.

Sincerely,



Elisia De Bord

Governmental Relations and Legislative Officer

cc: Members, Assembly Health Committee
Sacramento County Delegation
Chair and Members, Board of Supervisors
Audrey Ratajczak, Cruz Strategies