

Established in 1991, UCC serves as the representative voice for state legislative advocacy for high-population counties in California. Initially composed of seven counties, the association has grown to 14 today. Just over 80 percent of the state's population reside in UCC counties. Consequently, urban counties carry out critical programs and services to the state's most vulnerable populations. For more information, including details on our Board of Directors, please visit [our website](#).

May 3, 2024

Governor, Legislative Leaders Agree to Early Action Budget Package

House of Origin Bill Deadlines Pass; Short Lull Before Next Spike in Activity

Now that the house of origin deadlines for legislation introduced in 2024 have passed, the Legislature's activity now transitions to fiscal review of bills that impose costs and, from there, to consideration of fiscal and non-fiscal bills by the full house. On the Tuesday following Memorial Day, the houses will begin the second-house bill deliberation process (pretty much all the same steps all over again) – with the Senate taking up Assembly bills and the Assembly beginning their review of Senate bills. State budget activities will be ramping up in the weeks ahead as well. See below for a quick reminder on some key milestones during the month of May:

- **May 14** – Governor's release of his May Revision to the 2024-25 January Budget. May Revision budget subcommittee hearings will follow in the days immediately following.
- **May 17** – Deadline for fiscal committees to act on bills with a cost impact (AKA "Suspense File" decisions ... we will dedicate our update that week on both the process and outcomes from both houses' Appropriations Committee Suspense File hearings).
- **May 20 to 24** – Floor session only to allow houses to consider and move bills to the second house.

Senate Subcommittee Hearing Spotlights Proposition 1 Implementation

The Senate Budget and Fiscal Review Subcommittee No. 3 on health and human services held a panel discussion on Proposition 1 implementation as part of their budget hearing to discuss behavioral health issues on May 2. The Subcommittee spent approximately two hours hearing presentations from panelists and asking questions. The discussion started with presentations from several state agencies – the Department of Health Care Services (DHCS), the California Department of Public Health (CDPH), and the Mental Health Services Oversight and Accountability Commission (MHSOAC). The panel also included the County Behavioral Health Directors Association (CBHDA) and the Legislative Analyst's Office (LAO). Key takeaways from the state presentations:

- DHCS will be providing more guidance on implementation steps. The following table reflects their timeline for release of guidance over the next two years.

TIMELINE	Release of Guidance
Spring 2024	Stakeholder engagement: At least monthly public listening sessions; stakeholder engagement will be utilized through all milestones to inform policy creation.
2024	Bond funding availability begins: RFA for bond funding will leverage the BHCIP and HomeKey models.
Early 2025	Integrated Plan Guidance and Policy: Policy and guidance will be released in phases beginning with policy and guidance for integrated plans.
Summer 2026	Integrated Plan: New integrated Plans, fiscal transparent, and data reporting requirements go-live in July 2026 for next three-year cycle.

- DHCS will be providing more guidance – in collaboration with counties – on what qualifies for housing for purposes of Behavioral Health Services Act expenditures. CBHDA noted that there is still a significant amount of secondary guidance that will need to be developed regarding the housing expenditures from BHSA.
- The Proposition 1 bond provides \$6.38 billion, of which up to \$4.4 billion will be for competitive grants to counties, cities, tribal entities, non-profit and private sector. Of that \$4.4 billion, \$1.5 billion will be directly awarded to counties, cities or tribes. DHCS is administering the \$4.4 billion earmarked for behavioral health treatment. Those funds are anticipated to be disbursed utilizing the existing Behavioral Health Continuum Infrastructure Program (BHCIP). The other portion of the bond will be administered by the Department of Housing and Community Development.
- DHCS will be coming out shortly with the plan for bond dollars that they are administering. The plan will include when they anticipate releases, when they anticipate making awards, and how many rounds of funding will be available.
- Senator Menjivar continues to urge the Administration to not recreate the wheel in making expenditures to address workforce shortages.
- CDPH is organizing a robust planning process for how to spend the prevention funding. They will engage in research and strategic planning, with the initial focus in 2024 on engagement and, in 2025, on operational planning. CDPH has not developed their stakeholder engagement process for the prevention funds. Their concept is to identify population-based interventions co-designed with local stakeholders. CDPH recognizes that the money will have to flow locally.
- CDPH will work with local behavioral health departments, local public health, DHCS, MHSOAC, academics/researchers, and individuals with lived experience in developing the prevention plan. They plan to do a landscape analysis, identify opportunities for prevention, host listening sessions and meetings, and engage in learning from stakeholders involved with existing initiatives, such as the California

Reducing Disparities Project. There will be a phased approach in 2024, and CDPH expects the process to be iterative.

- The MHSOAC highlighted the change to the makeup of the Commission (expanding membership from 16 to 27, with the addition of more individuals with SUD, housing, youth, and those with expertise in reducing disparities) and on innovation funding.
- Based on modeling, CBHDA anticipates there will be local impacts to grassroots programs (CBOs) that are not traditional medical model and are not reimbursable by private insurance or Medi-Cal. Prevention and early intervention programs that attempt to engage underserved communities with more culturally responsive less clinical interventions are likely the types of programs impacted. Examples given include programs focused on outreach to LGBTQ or refugee/immigrant populations.
- CBHDA also highlighted the inherent volatility of MHSA revenue. The measure requires a revenue stability workgroup. In response, DHCS agreed with the instability of this revenue source and will be engaging on how to make the revenue more predictable for county partners. CBHDA underscored that the revenue instability really impacts the planning, accountability for the spending, and ultimately the quality of the reports.
- CBHDA reminded the Legislature that counties are not guaranteed to be recipients of the workforce funding that is included in Proposition 1. CBHDA recommended that DHCS and HCAI prioritize needs of the behavioral health safety net ahead of other systems, including the private sector. CBHDA would like to see regional and racial and ethnic disparities addressed. Finally, CBHDA would like to see the state prioritize investments in mental health and substance use disorder care integration as part of the workforce expenditures.
- The LAO recommended that the Legislature consider using Proposition 1 funds to fund Round 6 of BHCIP, essentially supplanting General Fund with Proposition 1. Senator Eggman's reaction was swift and negative. She noted that the voters barely passed Proposition 1, and the public assumed it was new money, not that it would be used to replace state funds. Senator Roth noted that they might have considered increasing the size of the bond if the Legislature had realized there would have been supplantation.