# Proposition 1 Fact Sheet

Behavioral Health Transformation

*This document represents the work of the California Department of Health Care Services in implementing Proposition 1, also known as "Behavioral Health Transformation," a key component of Governor Newsom's Mental Health for All Initiative (https://www.mentalhealth.ca.gov/). More information about the contributions of other agencies can be found via the California Department of Veterans Affairs and the California Department of Housing and Community Development (HCD).*

## The Issue

**More than 1.2 million adults in California** live with a serious mental illness, and **1 in 13 children** has a serious emotional disturbance.[1]

**82% of Californians** experiencing homelessness reported having a serious mental health condition[2], and **1 in 10 Californians** meet the criteria for a substance use disorder (SUD).[3]

Shortages of behavioral health treatment sites contribute to the **growing crisis of homelessness and incarceration** among people with a mental health disorder.[4]

## The Solution: Proposition 1

California is transforming its entire mental health and SUD system. Advancing this effort, California voters in March 2024 passed Proposition 1, which includes the Behavioral Health Services Act (Senate Bill (SB) 326 (https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB326) (Eggman, Chapter 790, Statutes of 2023), and the $6.4 billion Behavioral Health Bond (Assembly Bill (AB) 531 (https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB531)(Irwin, Chapter 789, Statutes of 2023) to support Californians living with the most significant mental health and SUD needs. DHCS refers to the implementation of these changes as Behavioral Health Transformation (/BHT/Pages/home.aspx).

# Part 1: Behavioral Health Services Act

The Behavioral Health Services Act updates the Mental Health Services Act of 2004 by increasing and expanding access to the supports available to all Californians, ensuring people can get the help they need, when they need it, and in their community.

## Key elements of the Behavioral Health Services Act:

- **Reforms behavioral health care funding** to include treatment, housing interventions, and behavioral health workforce support for individuals with SUDs, while continuing to prioritize services for people with the most significant behavioral health needs.
- Expands services to promote **prevention, early intervention, and treatment** for California's diverse population, with investments in innovative pilot programs.
- Focuses on **outcomes, accountability, and equity.**

## Priority Populations:

Behavioral Health Services Act funding and programs will target people with a range of behavioral health needs, including SUDs. Behavioral Health Transformation recognizes that SUDs, mental health conditions, and homelessness are intertwined and must be addressed together to achieve the best outcomes.

The Behavioral Health Services Act also reaches priority populations who are disproportionately affected by mental health and SUD challenges and may have greater unmet needs. The Behavioral Health Services Act's priority populations are:

### Eligible adults who are:

- Chronically homeless, experiencing homelessness, or at risk of homelessness
- In, or are at risk of being in, the justice system
- Reentering their communities from prison or jail
- At risk of conservatorship pursuant to Proposition 1
- At risk of institutionalization

### Eligible children and youth who are:

- Chronically homeless, experiencing homelessness, or at risk of homelessness
- In, or at risk of being in, the juvenile justice system
- Reentering the community from a youth correctional facility
- In the child welfare system pursuant to Proposition 1
- At risk of institutionalization

## Behavioral Health Services Act Funding Allocations:

The Behavioral Health Services Act modernizes funding to provide services to Californians with the most significant behavioral health needs.[5]


- **35% Behavioral Health Services and Supports:** Includes early intervention; outreach and engagement; workforce; education and training; capital facilities and technological needs; and innovative pilots and projects.
    - A majority (51%) of this amount must be used for intervention in the early signs of mental illness or SUDs.
    - A majority (51%) of early intervention services and supports must be for people 25 years of age and younger.
- **35% Full-Service Partnerships:** Comprehensive and intensive care for people at any age with the most complex needs (also known as the "whatever it takes" model).
- **30% Housing:** Interventions to include rental subsidies, operating subsidies, shared housing, family housing for eligible children and youth, and the non-federal share of certain transitional rent.
    - Half of this amount (50%) is prioritized for housing interventions for the chronically homeless.
    - Up to 25% may be used for capital development.
    - Some exemptions may be available for small counties.

Counties will have the flexibility within the above funding areas to move up to 7% from one category into another, for a maximum of 14%. This allows counties to address their different local needs and priorities based on data and community input.

## SUD Treatment:

The need for SUD services has increased and is often closely related to mental health conditions. **Expanding eligibility to include SUD helps to address unmet needs.** The Behavioral Health Services Act enables counties to fund these services alone or in combination with other state and federal funds to support the expansion of SUD services. Counties must use data to appropriately allocate funding between mental health and SUD treatment services as well as identify strategies to address disparities between them.

## Early Intervention:

The Behavioral Health Services Act continues to interrupt the course of potential illness. DHCS, in consultation with the Behavioral Health Services Oversight and Accountability Commission (https://mhsoac.ca.gov/), counties, and stakeholders, is establishing a biennial **list of evidence-based practices and community-defined evidence practices for early intervention programs.** Counties

must use a majority (51%) of behavioral health services and supports funds for early intervention services to assist in the early signs of mental illness or substance misuse. Most of these services and supports must serve individuals 25 years of age and younger.

## Health Equity:

The Behavioral Health Services Act supports culturally responsive services that improve health and reduce health disparities for all:

- Reduces silos for planning and service delivery and sets clear principles.
- Requires stratified data and strategies for reducing health disparities in planning, services, and outcomes.
- Clearly advances community-defined practices as a key strategy for reducing health disparities and increasing community representation.

## Accountability:

Counties are required to **submit draft and final integrated plans for Behavioral Health Services and Outcomes** and **Behavioral Health Outcomes, Accountability, and Transparency Reports.** The plans and reports will include **data through the lens of health equity** to identify racial, ethnic, age, gender, and other demographic disparities and **inform disparity reduction efforts**.

| Requirements | Draft and Final County Integrated Plan for Behavioral Health Services and Outcomes | County Behavioral Health Outcomes, Accountability, and Transparency Report |
|---|---|---|
| Submission frequency | Every three years | Annually |
| Content | Must include all local, state, and federal behavioral health funding and services, a budget, alignment with goals and outcome measures, and workforce strategies.<br><br>Must be informed by stakeholder input, population needs assessments, and local health jurisdiction collaboration. | Must include expenditures of all local, state, and federal behavioral health funding, unspent dollars, service utilization data and outcomes, with a health equity lens, workforce metrics, and other information. |
| DHCS' role | DHCS will develop performance outcomes, in consultation with counties and stakeholders. | DHCS is authorized to impose corrective action plans on counties that fail to meet certain requirements. |

The California Health & Human Services Agency and DHCS will convene the **Behavioral Health Services Act Revenue Stability Workgroup** to assess fluctuations in tax revenues generated by the Behavioral Health Services Act to support short- and long-term financial stability. The workgroup will recommend solutions to reduce revenue volatility and propose reserve levels needed for the sustainability of county programs and services.

## Part 2: Behavioral Health Bond

The Behavioral Health Bond consists of a $6.4 billion general obligation bond with two parts:

» **$4.4 billion for treatment sites**, modeled after the successful Behavioral Health Continuum Infrastructure Program (https://www.infrastructure.buildingcalhhs.com/) (BHCIP). Funding will be used to build:

- **6,800 behavioral health treatment beds** and **26,700 behavioral health outpatient** treatment slots.
- **$4.4 billion in grants** for behavioral health treatment facilities, with $1.5 billion to be awarded to counties and cities, **and $30 million set aside for tribal communities.**
- A **$1.972 billion** bond for **supportive housing**, to be managed by the HCD (https://www.hcd.ca.gov/), modeled after HomeKey. Funding will be invested in housing for individuals with extremely low income and behavioral health challenges who are experiencing or at risk of homelessness.
    - **4,350 permanent supportive housing units**, with 2,350 set aside for veterans.
    - **$1.065 billion in housing investments for veterans** experiencing or at risk of homelessness who have behavioral health needs. These funds will be administered in collaboration with CalVet (https://www.calvet.ca.gov/).
    - **$922 million in housing investments** for people at risk of homelessness who have behavioral health conditions.

The remaining **$2 billion** is for permanent supportive housing, modeled after HomeKey, with half dedicated to veterans, and is administered by Business, Consumer Services and Housing Agency (BCSHA) and CalVet (https://www.calvet.ca.gov/). Stakeholder and funding opportunities are there.

## Stakeholder Engagement

DHCS will offer several stakeholder engagement opportunities, including monthly public listening sessions, to gather input on the development of policy and guidance related to Behavioral Health Transformation.

- **Monthly public listening sessions are open to all.**
- DHCS will analyze and consider feedback received during these sessions as it develops Behavioral Health Transformation policy. Sessions and registration information will be shared on the Stakeholder Engagement webpage (/BHT/Pages/Stakeholder-Engagement.aspx) along with recordings of previous sessions.

## Anticipated Behavioral Health Transformation Milestones

Below are high-level timeframes for several DHCS milestones. Additional updates on timelines and policy will be shared throughout the project.

- Starting spring 2024
  - **Stakeholder engagement,** including **public listening sessions**, will be used through all milestones to inform policy creation.
- Starting summer 2024
  - **Bond BHCIP: Round 1 Launch Ready Request for Applications** (/formsandpubs/publications/oc/Pages/2024/24-23.aspx) for up to $3.3 billion in funding will leverage the BHCIP and HomeKey models.
- Starting early 2025
  - **County Integrated Plan for Behavioral Health Services and Outcomes policy and guidance** will be released in phases, beginning with policy and guidance for integrated plans.
- Starting Spring 2026: **County Draft Integrated Plans are submitted to DHCS with County Administrative Officer (CAO) Approval**
- Summer 2026
  - **County Integrated Plans for Behavioral Health Services and Outcomes, fiscal transparency, and data reporting requirements** go live in July 2026 (for the next three-year cycle).

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1. Mental Health in California (https://www.nami.org/NAMI/media/NAMI-Media/StateFactSheets/CaliforniaStateFactSheet.pdf).
2. Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness. CASPEH_Report_62023.pdf (ucsf.edu) (https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf)
3. Substance Use in California. 2022 Edition — Substance Use in California - California Health Care Foundation (chcf.org) (https://www.chcf.org/publication/2022-edition-substance-use-california/#:~:text=Nine%20percent%20of%20Californians%20met%20the%20criteria%20for%2c substance%20use%20disorder%20%28SUD%29%20in%20the%20last%20year.)
4. Behavioral Health Transformation (https://www.chhs.ca.gov/wp-content/uploads/2024/01/BHSA-Presentation.pdf).
5. Note:  Counties will have flexibility to adjust the funding amounts in each area. Behavioral Health Services Act Fact Sheet (https://www.chhs.ca.gov/wp-content/uploads/2023/09/BHSA-Fact-Sheet-September.pdf).