MENTAL HEALTH SERVICES ACT
As of January 20, 2019

SECTION 1. Title

This Act shall be known and may be cited as the “Mental Health Services Act.”

SECTION 2. Findings and Declarations

The people of the State of California hereby find and declare all of the following:

(a) Mental illnesses are extremely common; they affect almost every family in California. They affect people from every background and occur at any age. In any year, between 5% and 7% of adults have a serious mental illness as do a similar percentage of children — between 5% and 9%. Therefore, more than two million children, adults and seniors in California are affected by a potentially disabling mental illness every year. People who become disabled by mental illness deserve the same guarantee of care already extended to those who face other kinds of disabilities.

(b) Failure to provide timely treatment can destroy individuals and families. No parent should have to give up custody of a child and no adult or senior should have to become disabled or homeless to get mental health services as too often happens now. No individual or family should have to suffer inadequate or insufficient treatment due to language or cultural barriers to care. Lives can be devastated and families can be financially ruined by the costs of care. Yet, for too many Californians with mental illness, the mental health services and supports they need remain fragmented, disconnected and often inadequate, frustrating the opportunity for recovery.

(c) Untreated mental illness is the leading cause of disability and suicide and imposes high costs on state and local government. Many people left untreated or with insufficient care see their mental illness worsen. Children left untreated often become unable to learn or participate in a normal school environment. Adults lose their ability to work and be independent; many become homeless and are subject to frequent hospitalizations or jail. State and county governments are forced to pay billions of dollars each year in emergency medical care, long-term nursing home care, unemployment, housing, and law enforcement, including juvenile justice, jail and prison costs.

(d) In a cost cutting move 30 years ago, California drastically cut back its services in state hospitals for people with severe mental illness. Thousands ended up on the streets homeless and incapable of caring for themselves. Today thousands of suffering people remain on our streets because they are afflicted with untreated severe mental illness. We can and should offer these people the care they need to lead more productive lives.

(e) With effective treatment and support, recovery from mental illness is feasible for most people. The State of California has developed effective models of providing services to children, adults and seniors with serious mental illness. A recent innovative approach, begun under Assembly Bill 34 in 1999, was recognized in 2003 as a model program by the President’s Commission on Mental Health. This program combines prevention services with a full range of integrated services to treat the whole person, with the goal of self-sufficiency for those who may have otherwise faced homelessness or dependence on the state for years to come. Other innovations address services to other underserved populations such as traumatized youth and isolated seniors. These successful programs, including prevention, emphasize client-centered, family focused and community-based services that are culturally and linguistically competent and are provided in an integrated services system.
(f) By expanding programs that have demonstrated their effectiveness, California can save lives and money. Early diagnosis and adequate treatment provided in an integrated service system is very effective; and by preventing disability, it also saves money. Cutting mental health services wastes lives and costs more. California can do a better job saving lives and saving money by making a firm commitment to providing timely, adequate mental health services.

(g) To provide an equitable way to fund these expanded services while protecting other vital state services from being cut, very high-income individuals should pay an additional one percent of that portion of their annual income that exceeds one million dollars ($1,000,000). About 1/10 of one percent of Californians have incomes in excess of one million dollars ($1,000,000). They have an average pre-tax income of nearly five million dollars ($5,000,000). The additional tax paid pursuant to this represents only a small fraction of the amount of tax reduction they are realizing through recent changes in the federal income tax law and only a small portion of what they save on property taxes by living in California as compared to the property taxes they would be paying on multi-million dollar homes in other states.

SECTION 3. Purpose and Intent.

The people of the State of California hereby declare their purpose and intent in enacting this act to be as follows:

(a) To define serious mental illness among children, adults and seniors as a condition deserving priority attention, including prevention and early intervention services and medical and supportive care.

(b) To reduce the long-term adverse impact on individuals, families and state and local budgets resulting from untreated serious mental illness.

(c) To expand the kinds of successful, innovative service programs for children, adults and seniors begun in California, including culturally and linguistically competent approaches for underserved populations. These programs have already demonstrated their effectiveness in providing outreach and integrated services, including medically necessary psychiatric services, and other services, to individuals most severely affected by or at risk of serious mental illness.

(d) To provide state and local funds to adequately meet the needs of all children and adults who can be identified and enrolled in programs under this measure. State funds shall be available to provide services that are not already covered by federally sponsored programs or by individuals’ or families’ insurance programs.

(e) To ensure that all funds are expended in the most cost effective manner and services are provided in accordance with recommended best practices subject to local and state oversight to ensure accountability to taxpayers and to the public.

Section 5771.1 is added to the Welfare and Institutions Code, to read:

5771.1 The members of the Mental Health Services Oversight and Accountability Commission established pursuant to Section 5845 are members of the California Behavioral Health Planning Council. They serve in an ex officio capacity when the council is performing its statutory duties pursuant to Section 5772. Such membership shall not affect the composition requirements for the council specified in Section 5771.
ADULT AND OLDER ADULT

Section 5813.5 is added to Part 3 of Division 5 of the Welfare and Institutions Code, to read:

5813.5. Subject to the availability of funds from the Mental Health Services Fund, the state shall distribute funds for the provision of services under Sections 5801, 5802, and 5806 to county mental health programs. Services shall be available to adults and seniors with severe illnesses who meet the eligibility criteria in subdivisions (b) and (c) of Section 5600.3. For purposes of this act, seniors means older adult persons identified in Part 3 (commencing with Section 5800) of this division.

(a) Funding shall be provided at sufficient levels to ensure that counties can provide each adult and senior served pursuant to this part with the medically necessary mental health services, medications, and supportive services set forth in the applicable treatment plan.

(b) The funding shall only cover the portions of those costs of services that cannot be paid for with other funds including other mental health funds, public and private insurance, and other local, state, and federal funds.

(c) Each county mental health programs plan shall provide for services in accordance with the system of care for adults and seniors who meet the eligibility criteria in subdivisions (b) and (c) of Section 5600.3.

(d) Planning for services shall be consistent with the philosophy, principles, and practices of the Recovery Vision for mental health consumers:

(1) To promote concepts key to the recovery for individuals who have mental illness: hope, personal empowerment, respect, social connections, self-responsibility, and self-determination.

(2) To promote consumer-operated services as a way to support recovery.

(3) To reflect the cultural, ethnic, and racial diversity of mental health consumers.

(4) To plan for each consumer's individual needs.

(e) The plan for each county mental health program shall indicate, subject to the availability of funds as determined by Part 4.5 (commencing with Section 5890) of this division, and other funds available for mental health services, adults and seniors with a severe mental illness being served by this program are either receiving services from this program or have a mental illness that is not sufficiently severe to require the level of services required of this program.

(f) Each county plan and annual update pursuant to Section 5847 shall consider ways to provide services similar to those established pursuant to the Mentally Ill Offender Crime Reduction Grant Program. Funds shall not be used to pay for persons incarcerated in state prison or parolees from state prisons. When included in county plans pursuant to Section 5847, funds may be used for the provision of mental health services under Sections 5347 and 5348 in counties that elect to participate in the Assisted Outpatient Treatment Demonstration Project Act of 2002 (Article 9 (commencing with Section 5345) of Chapter 2 of Part 1).

(g) The department shall contract for services with county mental health programs pursuant to Section 5897. After the effective date of this section the term grants referred to in Sections 5814 and 5814.5 shall refer to such contracts.
HUMAN RESOURCES, EDUCATION, AND TRAINING PROGRAM

Part 3.1 (commencing with Section 5820) is hereby added to Division 5 of the Welfare and Institutions Code, to read:

5820. (a) It is the intent of this part to establish a program with dedicated funding to remedy the shortage of qualified individuals to provide services to address severe mental illnesses.

(b) Each county mental health program shall submit to the Office of Statewide Health Planning and Development a needs assessment identifying its shortages in each professional and other occupational category in order to increase the supply of professional staff and other staff that county mental health programs anticipate they will require in order to provide the increase in services projected to serve additional individuals and families pursuant to Part 3 (commencing with section 5800), Part 3.2 (commencing with Section 5830), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850) of this division. For purposes of this part, employment in California’s public mental health system includes employment in private organizations providing publicly funded mental health services.

(c) The Office of Statewide Health Planning and Development, in coordination with the California Behavioral Health Planning Council, shall identify the total statewide needs for each professional and other occupational category utilizing county needs assessment information and develop a five-year education and training development plan.

(d) Development of the first five-year plan shall commence upon enactment of the initiative. Subsequent plans shall be adopted every five years, with the next five-year plan due as of April 1, 2014.

(e) Each five-year plan shall be reviewed and approved by the California Mental Health Planning Council.

5821. (a) The California Behavioral Health Planning Council shall advise the Office of Statewide Health Planning and Development on education and training policy development and provide oversight for education and training plan development.

(b) The Office of Statewide Health Planning and Development shall work with the California Behavioral Health Planning Council and the State Department of Health Care Services so that council staff is increased appropriately to fulfill its duties required by Sections 5820 and 5821.

5822. The Office of Statewide Health Planning and Development shall include in the five-year plan:

(a) Expansion plans for the capacity of postsecondary education to meet the needs of identified mental health occupational shortages.

(b) Expansion plans for the forgiveness and scholarship programs offered in return for a commitment to employment in California’s public mental health system and make loan forgiveness programs available to current employees of the mental health system who want to obtain Associate of Arts, Bachelor of Arts, masters degrees, or doctoral degrees.

(c) Creation of a stipend program modeled after the federal Title IV-E program for persons enrolled in academic institutions who want to be employed in the mental health system.
(d) Establishment of regional partnerships between the mental health system and the educational system to expand outreach to multicultural communities, increase the diversity of the mental health workforce, to reduce the stigma associated with mental illness, and to promote the use of web-based technologies, and distance learning techniques.

(e) Strategies to recruit high school students for mental health occupations, increasing the prevalence of mental health occupations in high school career development programs such as health science academies, adult schools, and regional occupation centers and programs, and increasing the number of human service academies.

(f) Curriculum to train and retrain staff to provide services in accordance with the provisions and principles of Part 3 (commencing with Section 5800), Part 3.2 (commencing with Section 5830), Part 3.6 (commencing with 5840), and Part 4 (commencing with 5850) of this division.

(g) Promotion of the employment of mental health consumers and family members in the mental health system.

(h) Promotion of the meaningful inclusion of mental health consumers and family members and incorporating their viewpoint and experiences in the training and education programs in subdivisions (a) through (f).

(i) Promotion of meaningful inclusion of diverse, racial, and ethnic community members who are underrepresented in the mental health provider network.

(j) Promotion of the inclusion of cultural competency in the training and education programs in subdivisions (a) through (f).

INNOVATIVE PROGRAMS

Part 3.2 (commencing with Section 5830) is added to Division 5 of the Welfare and Institutions Code, to read:

5830. County mental health programs shall develop plans for innovative programs to be funded pursuant to paragraph (6) of subdivision (a) of Section 5892.

(a) The innovative programs shall have the following purposes:
   (1) To increase access to underserved groups.
   (2) To increase the quality of services, including better outcomes.
   (3) To promote interagency collaboration.
   (4) To increase access to services, including, but not limited to, services provided through permanent supportive housing.

(b) All projects included in the innovative program portion of the county plan shall meet the following requirements:
   (1) Address one of the following purposes as its primary purpose:
      (A) Increase access to underserved groups, which may include providing access through the provision of permanent supportive housing.
      (B) Increase the quality of services, including measurable outcomes.
      (C) Promote interagency and community collaboration.
      (D) Increase access to services, which may include providing access through the provision of permanent supportive housing.
   (2) Support innovative approaches by doing one of the following:
      (A) Introducing new mental health practices or approaches, including, but not limited to, prevention and early intervention.
      (B) Making a change to an existing mental health practice or approach, including, but not limited to, adaptation for a new setting or community.
Introducing a new application to the mental health system of a promising community-driven practice or an approach that has been successful in nonmental health contexts or settings.

Participating in a housing program designed to stabilize a person’s living situation while also providing supportive services on site.

An innovative project may affect virtually any aspect of mental health practices or assess a new or changed application of a promising approach to solving persistent, seemingly intractable mental health challenges, including, but not limited to, any of the following:

1. Administrative, governance, and organizational practices, processes, or procedures.
2. Advocacy.
3. Education and training for service providers, including nontraditional mental health practitioners.
4. Outreach, capacity building, and community development.
5. System development.
6. Public education efforts.
7. Research. If research is chosen for an innovative project, the county mental health program shall consider, but is not required to implement, research of the brain and its physical and biochemical processes that may have broad applications, but that have specific potential for understanding, treating, and managing mental illness, including, but not limited to, research through the Cal-BRAIN program pursuant to Section 92986 of the Education Code or other collaborative, public-private initiatives designed to map the dynamics of neuron activity.
8. Services and interventions, including prevention, early intervention, and treatment.
9. Permanent supportive housing development.

If an innovative project has proven to be successful and a county chooses to continue it, the project work plan shall transition to another category of funding as appropriate.

County mental health programs shall expend funds for their innovation programs upon approval by the Mental Health Services Oversight and Accountability Commission.

**EARLY PSYCHOSIS INTERVENTION PLUS (EPI PLUS) PROGRAM**

Part 3.4 (commencing with Section 5835) is added to Division 5 of the Welfare and Institutions Code, to read:

5835. (a) This part shall be known, and may be cited, as the Early Psychosis Intervention Plus (EPI Plus) Program to encompass early psychosis and mood disorder detection and intervention.

(b) As used in this part, the following definitions shall apply:

1. “Commission” means the Mental Health Services Oversight and Accountability Commission established pursuant to Section 5845.

2. “Early psychosis and mood disorder detection and intervention” refers to a program that utilizes evidence-based approaches and services to identify and support clinical and functional recovery of individuals by reducing the severity of first, or early, episode psychotic symptoms, other early markers of serious mental illness, such as mood disorders, keeping individuals in school or at work, and
putting them on a path to better health and wellness. This may include, but is not limited to, all of the following:

(A) Focused outreach to at-risk and in-need populations as applicable.
(B) Recovery-oriented psychotherapy, including cognitive behavioral therapy focusing on co-occurring disorders.
(C) Family psychoeducation and support.
(D) Supported education and employment.
(E) Pharmacotherapy and primary care coordination.
(F) Use of innovative technology for mental health information feedback access that can provide a valued and unique opportunity to assist individuals with mental health needs and to optimize care.
(G) Case management.

(3) “County” includes a city receiving funds pursuant to Section 5701.5.

5835.1. (a) The Early Psychosis and Mood Disorder Detection and Intervention Fund is hereby created within the State Treasury. The moneys in the fund shall be available, upon appropriation by the Legislature, to the commission for the purposes of this part. The commission may use no more than five hundred thousand dollars ($500,000) of the amount deposited annually into the fund for administrative expenses in implementing this part, including providing technical assistance.

(b) There may be paid into the fund all of the following:

(1) Any private donation or grant.
(2) Any other federal or state grant.
(3) Any interest that accrues on amounts in the fund and any moneys previously allocated from the fund that are subsequently returned to the fund.

(c) Moneys shall be allocated from the fund by the commission for the purposes of this part.

(d) Distributions from the fund shall be supplemental to any other amounts otherwise provided to county behavioral health departments for any purpose and shall only be used to fund early psychosis and mood disorder detection and intervention programs.

(e) The commission may elect not to make awards if available funds are insufficient.

(f) Funds shall not be appropriated from the General Fund for the purposes of this part.

5835.2 (a) There is hereby established an advisory committee to the commission. The Mental Health Services Oversight and Accountability Commission shall accept nominations and applications to the committee, and the chair of the Mental Health Services Oversight and Accountability Commission shall appoint members to the committee, unless otherwise specified. Membership on the committee shall be as follows:

(1) The chair of the Mental Health Services Oversight and Accountability Commission, or his or her designee, who shall serve as the chair of the committee.
(2) The president of the County Behavioral Health Directors Association of California, or his or her designee.
(3) The director of a county behavioral health department that administers an early psychosis and mood disorder detection and intervention-type program in his or her county.
(4) A representative from a nonprofit community mental health organization that focuses on service delivery to transition-aged youth and young adults.
(5) A psychiatrist or psychologist.
(6) A representative from the Behavioral Health Center of Excellence at the University of California, Davis, or a representative from a similar entity with expertise from within the University of California system.
(7) A representative from a health plan participating in the Medi-Cal managed care program and the employer-based health care market.

(8) A representative from the medical technologies industry who is knowledgeable in advances in technology related to the use of innovative social media and mental health information feedback access.

(9) A representative knowledgeable in evidence-based practices as they pertain to the operations of an early psychosis and mood disorder detection and intervention-type program, including knowledge of other states' experiences.

(10) A representative who is a parent or guardian caring for a young child with a mental illness.

(11) An at-large representative identified by the chair.

(12) A representative who is a person with lived experience of a mental illness.

(13) A primary care provider from a licensed primary care clinic that provides integrated primary and behavioral health care.

(b) The advisory committee shall be convened by the chair and shall, at a minimum, do all of the following:

(1) Provide advice and guidance broadly on approaches to early psychosis and mood disorder detection and intervention programs from an evidence-based perspective.

(2) Review and make recommendations on the commission's guidelines or any regulations in the development, design, selection of awards pursuant to this part, and the implementation or oversight of the early psychosis and mood disorder detection and intervention competitive selection process established pursuant to this part.

(3) Assist and advise the commission in the overall evaluation of the early psychosis and mood disorder detection and intervention competitive selection process.

(4) Provide advice and guidance as requested and directed by the chair.

(5) Recommend a core set of standardized clinical and outcome measures that the funded programs would be required to collect, subject to future revision. A free data sharing portal shall be available to all participating programs.

(6) Inform the funded programs about the potential to participate in clinical research studies.

5835.(a) It is the intent of the Legislature to authorize the commission to administer a competitive selection process as provided in this part to create new, and to expand and improve the fidelity of existing, service capacity for early psychosis and mood disorder detection and intervention services in California.

(b) The core objectives of this competitive selection process include, but are not limited to, all of the following:

(1) Expanding the provision of high-quality, evidence-based early psychosis and mood disorder detection and intervention services within California.

(2) Improving access to effective services for transition-aged youth and young adults at high risk for, or experiencing, psychotic symptoms, including the prodromal phase, or psychotic disorders.

(3) More comprehensively and effectively measuring programmatic effectiveness and enrolled client outcomes of programs receiving awards in the competitive selection process.

(4) Improving the client experience in accessing services and in working toward recovery and wellness.
(5) Increasing participation in school attendance, social interactions, physical health, personal bonding relationships, and active rehabilitation, including employment and daily living function development for clients.

(6) Reducing unnecessary hospitalizations and inpatient days by appropriately utilizing community-based services and improving access to timely assistance to early psychosis and mood disorder detection and intervention services.

(7) Expanding the use of innovative technologies for mental health information feedback access that can provide a valued and unique opportunity to optimize care for the target population. This may include technologies for treatment and symptom monitoring.

(8) Providing local communities with increased financial resources to leverage additional public and private funding sources to achieve improved networks of care for the target population, including transition-aged youth and young adults.

(9) Improving whole-person care by increasing access to, and coordination of, mental health and medical care services.

(c) Funds allocated by the commission shall be made available to selected counties, or counties acting jointly, through a competitive selection process, or to other entities for research, evaluation, technical assistance, and other related purposes.

(d) (1) Notwithstanding any other law, a county, or counties acting jointly, that receive an award of funds shall be required to provide a contribution of local funds.

(2) Upon approval of the commission, after consultation with the Department of Finance and the State Department of Health Care Services, other locally acquired funding, such as federal grants or allocations, or other special funds, may also be recognized for the purpose of contributing toward any contribution requirements.

(e) Awards made by the commission shall be used to create, or expand existing capacity for, early psychosis and mood disorder detection and intervention services and supports. The commission shall ensure that awards result in cost-effective and evidence-based services that comprehensively address identified needs of the target population, including transition-aged youth and young adults, in counties and regions selected for funding. The commission shall also take into account at least the following criteria and factors when selecting recipients of awards and determining the amount of awards:

(1) A description of need, including, at a minimum, a comprehensive description of the early psychosis and mood disorder detection and intervention services and supports to be established or expanded, community need, target population to be served, linkage with other public systems of health and mental health care, linkage with schools and community social services, and related assistance as applicable, and a description of the request for funding.

(2) A description of all programmatic components, including outreach and clinical aspects, of the local early psychosis and mood disorder detection and intervention services and supports.

(3) A description of any contractual relationships with contracting providers as applicable, including any memorandum of understanding between project partners.

(4) A description of local funds, including the total amounts, that would be contributed toward the services and supports as required by the commission through the competitive selection process, implementing guidelines, and regulations.

(5) The project timeline.

(6) The ability of the awardee to effectively and efficiently implement or expand an evidence-based program as referenced in this part.
(7) A description of core data collection and the framework for evaluating outcomes, including improved access to services and supports and a cost-benefit analysis of the project.

(8) A description of the sustainability of program services and supports in future years.

(f) The commission shall determine any minimum or maximum awards, and shall take into consideration the level of need, the population to be served, and related criteria as described in subdivision (e) and in any guidance or regulations, and shall reflect the reasonable costs of providing the services and supports.

(g) Funds awarded by the commission may be used to supplement, but not supplant, existing financial and resource commitments of the county or counties acting jointly, that receive the award.

(h) The commission may consult with a technical assistance entity, as described in paragraph (5) of subdivision (a) of Section 4061, initiate an interagency agreement with another public entity, including the University of California system, or contract for necessary technical assistance to implement this part.

(i) The advisory committee may coordinate and recommend an allocation of funding to the commission for clinical research studies. The committee may recommend an amount not to exceed 10 percent of the total amount deposited in the Early Psychosis and Mood Disorder Detection and Intervention Fund for clinical research studies. The committee may recommend, in conjunction with the principal investigators, the data elements to be included in clinical research studies funded pursuant to this subdivision. The results of the clinical research studies shall be made available annually to the members of the public, including stakeholders and Members of the Legislature. The results of clinical research studies shall be deidentified in accordance with the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) (Public Law 104-191), including Section 164.514 of Title 45 of the Code of Federal Regulations, and shall not contain any personally identifiable information according to the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code).

(j) The county and all award recipients shall comply with all applicable state and federal privacy laws that govern medical information, including, but not limited to, HIPAA and its implementing regulations, the Confidentiality of Medical Information Act (Part 2.6 (commencing with Section 56) of Division 1 of the Civil Code), the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code), and Section 10850.

5835.4. Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the commission may implement this part without taking regulatory action until regulations are adopted. The commission shall adopt regulations implementing this part on or before January 1, 2019.

5835.5. Implementation of the grant program established pursuant to Section 5835.3 and the adoption of regulations pursuant to Section 5835.4 shall be contingent upon the deposit into the fund established pursuant to Section 5835.1 of at least five hundred thousand dollars ($500,000) in nonstate funds for the purpose of funding grants and administrative costs for the commission pursuant to this part.
PREVENTION AND EARLY INTERVENTION PROGRAMS

Part 3.6 (commencing with Section 5840) is added to Division 5 of the Welfare and Institutions Code, to read:

5840. (a) The State Department of Health Care Services, in coordination with counties, shall establish a program designed to prevent mental illnesses from becoming severe and disabling. The program shall emphasize improving timely access to services for underserved populations.
(b) The program shall include the following components:
(1) Outreach to families, employers, primary care health care providers, and others to recognize the early signs of potentially severe and disabling mental illnesses.
(2) Access and linkage to medically necessary care provided by county mental health programs for children with severe mental illness, as defined in Section 5600.3, and for adults and seniors with severe mental illness, as defined in Section 5600.3, as early in the onset of these conditions as practicable.
(3) Reduction in stigma associated with either being diagnosed with a mental illness or seeking mental health services.
(4) Reduction in discrimination against people with mental illness.
(c) The program shall include mental health services similar to those provided under other programs effective in preventing mental illnesses from becoming severe, and shall also include components similar to programs that have been successful in reducing the duration of untreated severe mental illnesses and assisting people in quickly regaining productive lives.
(d) The program shall emphasize strategies to reduce the following negative outcomes that may result from untreated mental illness:
(1) Suicide.
(2) Incarcerations.
(3) School failure or dropout.
(4) Unemployment.
(5) Prolonged suffering.
(6) Homelessness.
(7) Removal of children from their homes.
(e) Prevention and early intervention funds may be used to broaden the provision of community-based mental health services by adding prevention and early intervention services or activities to these services.
(f) In consultation with mental health stakeholders, and consistent with regulations from the Mental Health Services Oversight and Accountability Commission, pursuant to Section 5846, the department shall revise the program elements in Section 5840 applicable to all county mental health programs in future years to reflect what is learned about the most effective prevention and intervention programs for children, adults, and seniors.

5840.2 (a) The department shall contract for the provision of services pursuant to this part with each county mental health program in the manner set forth in Section 5897.
PREVENTION AND EARLY INTERVENTION PROGRAM PLANNING

5840.5. It is the intent of the Legislature that this chapter achieve all of the following:
   (a) Expand the provision of high quality Mental Health Services Act (MHSA) Prevention and Early Intervention (PEI) programs at the county level in California.
   (b) Increase the number of PEI programs and systems, including those utilizing community-defined practices, that focus on reducing disparities for unserved, underserved, and inappropriately served racial, ethnic, and cultural communities.
   (c) Reduce unnecessary hospitalizations, homelessness, suicides, and inpatient days by appropriately utilizing community-based services and improving timely access to prevention and early intervention services.
   (d) Increase participation in community activities, school attendance, social interactions, physical and primary health care services, personal bonding relationships, and rehabilitation, including employment and daily living function development for clients.
   (e) Increase collaboration and coordination among primary care, mental health, and aging service providers, and reduce hesitance to seek treatment and services due to mental health stigma.
   (f) Create a more focused approach for PEI requirements.
   (g) Increase programmatic and fiscal oversight of county MHSA-funded PEI programs.
   (h) Encourage counties to coordinate and blend funding streams and initiatives to ensure services are integrated across systems.
   (i) Encourage counties to leverage innovative technology platforms.
   (j) Reflect the stated goals as outlined in the PEI component of the MHSA, as stated in Section 5840.

5840.6 For purposes of this chapter, the following definitions shall apply:
   (a) “Commission” means the Mental Health Services Oversight and Accountability Commission established pursuant to Section 5845.
   (b) “County” also includes a city receiving funds pursuant to Section 5701.5.
   (c) “Prevention and early intervention funds” means funds from the Mental Health Services Fund allocated for prevention and early intervention programs pursuant to paragraph (3) of subdivision (a) of Section 5892.
   (d) “Childhood trauma prevention and early intervention” refers to a program that targets children exposed to, or who are at risk of exposure to, adverse and traumatic childhood events and prolonged toxic stress in order to deal with the early origins of mental health needs and prevent long-term mental health concerns. This may include, but is not limited to, all of the following:
      (1) Focused outreach and early intervention to at-risk and in-need populations.
      (2) Implementation of appropriate trauma and developmental screening and assessment tools with linkages to early intervention services to children that qualify for these services.
      (3) Collaborative, strengths-based approaches that appreciate the resilience of trauma survivors and support their parents and caregivers when appropriate.
      (4) Support from peer support specialists and community health workers trained to provide mental health services.
      (5) Multigenerational family engagement, education, and support for navigation and service referrals across systems that aid the healthy development of children and families.
(6) Linkages to primary care health settings, including, but not limited to, federally qualified health centers, rural health centers, community-based providers, school-based health centers, and school-based programs.

(7) Leveraging the healing value of traditional cultural connections, including policies, protocols, and processes that are responsive to the racial, ethnic, and cultural needs of individuals served and recognition of historical trauma.

(8) Coordinated and blended funding streams to ensure individuals and families experiencing toxic stress have comprehensive and integrated supports across systems.

(e) “Early psychosis and mood disorder detection and intervention” has the same meaning as set forth in paragraph (2) of subdivision (b) of Section 5835 and may include programming across the age span.

(f) “Youth outreach and engagement” means strategies that target secondary school and transition age youth, with a priority on partnerships with college mental health programs that educate and engage students and provide either on-campus, off-campus, or linkages to mental health services not provided through the campus to students who are attending colleges and universities, including, but not limited to, public community colleges. Outreach and engagement may include, but is not limited to, all of the following:

(1) Meeting the mental health needs of students that cannot be met through existing education funds.
(2) Establishing direct linkages for students to community-based mental health services.
(3) Addressing direct services, including, but not limited to, increasing college mental health staff-to-student ratios and decreasing wait times.
(4) Participating in evidence-based and community-defined best practice programs for mental health services.
(5) Serving underserved and vulnerable populations, including, but not limited to, lesbian, gay, bisexual, transgender, and queer persons, victims of domestic violence and sexual abuse, and veterans.
(6) Establishing direct linkages for students to community-based mental health services for which reimbursement is available through the students' health coverage.
(7) Reducing racial disparities in access to mental health services.
(8) Funding mental health stigma reduction training and activities.
(9) Providing college employees and students with education and training in early identification, intervention, and referral of students with mental health needs.
(10) Interventions for youth with signs of behavioral or emotional problems who are at risk of, or have had any, contact with the juvenile justice system.
(11) Integrated youth mental health programming.
(12) Suicide prevention programming.

(g) “Culturally competent and linguistically appropriate prevention and intervention” refers to a program that creates critical linkages with community-based organizations, including, but not limited to, clinics licensed or operated under subdivision (a) of Section 1204 of the Health and Safety Code, or clinics exempt from clinic licensure pursuant to subdivision (c) of Section 1206 of the Health and Safety Code.

(1) “Culturally competent and linguistically appropriate” means the ability to reach underserved cultural populations and address specific barriers related to racial, ethnic, cultural, language, gender, age, economic, or other disparities in mental health services access, quality, and outcomes.
(2) “Underserved cultural populations” means those who are unlikely to seek help from any traditional mental health service because of stigma, lack of knowledge, or other barriers, including members of ethnically and racially diverse communities, members of the gay, lesbian, bisexual, and transgender communities, and veterans, across their lifespans.

(h) “Strategies targeting the mental health needs of older adults” means, but is not limited to, all of the following:

1. Outreach and engagement strategies that target caregivers, victims of elder abuse, and individuals who live alone.
2. Suicide prevention programming.
3. Outreach to older adults who are isolated.
4. Early identification programming of mental health symptoms and disorders, including, but not limited to, anxiety, depression, and psychosis.

5840.7. (a) On or before January 1, 2020, the commission shall establish priorities for the use of prevention and early intervention funds. These priorities shall include, but are not limited to, the following:

1. Childhood trauma prevention and early intervention to deal with the early origins of mental health needs.
2. Early psychosis and mood disorder detection and intervention, and mood disorder and suicide prevention programming that occurs across the lifespan.
3. Youth outreach and engagement strategies that target secondary school and transition age youth, with a priority on partnership with college mental health programs.
4. Culturally competent and linguistically appropriate prevention and intervention.
5. Strategies targeting the mental health needs of older adults.
6. Other programs the commission identifies, with stakeholder participation, that are proven effective in achieving, and are reflective of, the goals stated in Section 5840.

(b) On or before January 1, 2020, the commission shall develop a statewide strategy for monitoring implementation of this part, including enhancing public understanding of prevention and early intervention and creating metrics for assessing the effectiveness of how prevention and early intervention funds are used and the outcomes that are achieved. The commission shall analyze and monitor the established metrics using existing data, if available, and shall propose new data collection and reporting strategies, if necessary.

(c) The commission shall establish a strategy for technical assistance, support, and evaluation to support the successful implementation of the objectives, metrics, data collection, and reporting strategy.

(d)(1) The portion of funds in the county plan relating to prevention and early intervention shall focus on the established priorities, and shall be allocated, as determined by the county, with stakeholder input. A county may include other priorities, as determined through the stakeholder process, either in place of, or in addition to, the established priorities. If the county chooses to include other programs, the plan shall include a description of why those programs are included and metrics by which the effectiveness of those programs is to be measured.

(2) Counties may act jointly to meet the requirements of this section.

(e) If the commission requires additional resources for these purposes, it may prepare a proposal for consideration by the appropriate policy committees of the Legislature.
5840.8. Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the commission may implement this chapter without taking regulatory action until regulations are adopted. The commission may use information notices or related communications to implement this chapter.

OVERSIGHT AND ACCOUNTABILITY

Part 3.7 (commencing with Section 5845) is added to Division 5 of the Welfare and Institutions Code, to read:

5845. (a) The Mental Health Services Oversight and Accountability Commission is hereby established to oversee Part 3 (commencing with Section 5800), the Adult and Older Adult Mental Health System of Care Act; Part 3.1 (commencing with Section 5820), Human Resources, Education, and Training Programs; Part 3.2 (commencing with Section 5830), Innovative Programs; Part 3.6 (commencing with Section 5840), Prevention and Early Intervention Programs; and Part 4 (commencing with Section 5850), the Children’s Mental Health Services Act. The commission shall replace the advisory committee established pursuant to Section 5814. The commission shall consist of 16 voting members as follows:

1. The Attorney General or his or her designee.
2. The Superintendent of Public Instruction or his or her designee.
3. The Chairpersons of the Senate Health and Human Services Committees or another member of the Senate selected by the President pro Tempore of the Senate.
4. The Chairperson of the Assembly Committee on Health or another member of the Assembly selected by the Speaker of the Assembly.
5. Two persons with a severe mental illness, a family member of an adult or senior with a severe mental illness, a family member of a child who has or has had a severe mental illness, a physician specializing in alcohol and drug treatment, a mental health professional, a county sheriff, a superintendent of a school district, a representative of a labor organization, a representative of an employer with less than 500 employees, a representative of an employer with more than 500 employees, and a representative of a health care services plan or insurer, all appointed by the Governor. In making appointments, the Governor shall seek individuals who have had personal or family experience with mental illness. At least one person appointed pursuant to this paragraph shall have a background in auditing.

(b) Members shall serve without compensation, but shall be reimbursed for all actual and necessary expenses incurred in the performance of their duties.

(c) The term of each member shall be three years, to be staggered so that approximately one-third of the appointments expire in each year.

(d) In carrying out its duties and responsibilities, the commission may do all of the following:

1. Meet at least once each quarter at any time and location convenient to the public as it may deem appropriate. All meetings of the commission shall be open to the public.

2. Within the limit of funds allocated for these purposes, pursuant to the laws and regulations governing state civil service, employ staff, including any clerical, legal, and technical assistance as may appear necessary. The commission shall
administer its operations separate and apart from the State Department of Health Care Services and the California Health and Human Services Agency.

(3) Establish technical advisory committees, such as a committee of consumers and family members.

(4) Employ all other appropriate strategies necessary or convenient to enable it to fully and adequately perform its duties and exercise the powers expressly granted, notwithstanding any authority expressly granted to an officer or employee of state government.

(5) Enter into contracts.

(6) Obtain data and information from the State Department of Health Care Services, the Office of Statewide Health Planning and Development, or other state or local entities that receive Mental Health Services Act funds, for the commission to utilize in its oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and programs supported with Mental Health Services Act funds.

(7) Participate in the joint state-county decisionmaking process, as contained in Section 4061, for training, technical assistance, and regulatory resources to meet the mission and goals of the state’s mental health system.

(8) Develop strategies to overcome stigma and discrimination and accomplish all other objectives of Part 3.2 (commencing with Section 5830), 3.6 (commencing with Section 5840), and the other provisions of the Mental Health Services Act.

(9) At any time, advise the Governor or the Legislature regarding actions the state may take to improve care and services for people with mental illness.

(10) If the commission identifies a critical issue related to the performance of a county mental health program, it may refer the issue to the State Department of Health Care Services pursuant to Section 5655.

(11) Assist in providing technical assistance to accomplish the purposes of the Mental Health Services Act, Part 3 (commencing with Section 5800), and Part 4 (commencing with Section 5850) in collaboration with the State Department of Health Care Services and in consultation with the County Behavioral Health Directors Association of California.

(12) Work in collaboration with the State Department of Health Care Services and the California Behavioral Health Planning Council, and in consultation with the County Behavioral Health Directors Association of California, in designing a comprehensive joint plan for a coordinated evaluation of client outcomes in the community-based mental health system, including, but not limited to, parts listed in subdivision (a). The California Health and Human Services Agency shall lead this comprehensive joint plan effort.

(13) Establish a framework and voluntary standard for mental health in the workplace that serves to reduce mental health stigma, increase public, employee, and employer awareness of the recovery goals of the Mental Health Services Act, and provide guidance to California's employer community to put in place strategies and programs, as determined by the commission, to support the mental health and wellness of employees. The commission shall consult with the Labor and Workforce Development Agency or its designee to develop the standard.

5845.5 In addition to the activities authorized under Section 5845, the commission may establish a fellowship program in accordance with this section for the purpose of providing an experiential learning opportunity for a mental health consumer and a mental health professional.
(a) Participants in the fellowship shall serve on an annual basis and may serve only one term as a fellow.

(b) The fellowship program established under this section shall support the broad goals of the commission, including, but not limited to, subdivision (d) of Section 5846, and be based upon the following principles:

1. To enhance opportunities for the work of the commission to reflect the perspective of persons with personal experience and state-of-the-art practices in the mental health field.

2. To strengthen opportunities for the goals of the Mental Health Services Act, and the work of the commission in promoting those goals, to be accessible and understandable to mental health consumers, mental health professionals, and the general public.

3. To improve opportunities for outreach and engagement with mental health consumers and mental health professionals relating to the work of the commission.

4. To increase the awareness for mental health consumers and professionals of the goals of the Mental Health Services Act and the role of the state in meeting those goals; the role of public policy, regulation development, fiscal strategies, use of data, research, and evaluation; and communication strategies to improve mental health outcomes in California.

(c) The commission shall establish an advisory committee to provide guidance on the fellowship program goals, design, eligibility criteria, application process, and other issues as the commission deems necessary. The advisory committee shall include persons with personal experience with the mental health system, mental health professionals, persons with experience with similar fellowship programs, and others with diverse perspectives who can assist the commission to meet the goals of the fellowship program.

(d) The commission may enter into an interagency agreement or other contractual agreement with a state, local, or private entity, as determined by the commission, to receive technical assistance or relevant services to support the establishment and implementation of the fellowship program.

(e) The commission shall ensure that the fellowship program does not cause the displacement of any civil service employee. For purposes of this subdivision, “displacement” means a layoff, a demotion, an involuntary transfer to a new class, an involuntary transfer to a new location requiring a change of residence, a time base reduction, a change in shift or days off, or a reassignment to another position within the same class and general location.

5846. (a) The commission shall adopt regulations for programs and expenditures pursuant to Part 3.2 (commencing with Section 5830), for innovative programs, and Part 3.6 (commencing with Section 5840), for prevention and early intervention.

(b) Any regulations adopted by the department pursuant to Section 5898 shall be consistent with the commission’s regulations.

(c) The commission may provide technical assistance to any county mental health plan as needed to address concerns or recommendations of the commission or when local programs could benefit from technical assistance for improvement of their plans.

(d) The commission shall ensure that the perspective and participation of diverse community members reflective of California populations and others suffering from severe mental illness and their family members is a significant factor in all of its decisions and recommendations.
5847. Integrated Plans for Prevention, Innovation, and System of Care Services.

(a) Each county mental health program shall prepare and submit a three-year program and expenditure plan, and annual updates, adopted by the county board of supervisors to the Mental Health Services Oversight and Accountability Commission and the State Department of Health Care Services within 30 days after adoption.

(b) The three-year program and expenditure plan shall be based on available unspent funds and estimated revenue allocations provided by the state and in accordance with established stakeholder engagement and planning requirements as required in Section 5848. The three-year program and expenditure plan and annual updates shall include all of the following:

1. A program for prevention and early intervention in accordance with Part 3.6 (commencing with Section 5840).

2. A program for services to children in accordance with Part 4 (commencing with Section 5850), to include a program pursuant to Chapter 4 (commencing with Section 18250) of Part 6 of Division 9 or provide substantial evidence that it is not feasible to establish a wraparound program in that county.

3. A program for services to adults and seniors in accordance with Part 3 (commencing with Section 5800).

4. A program for innovations in accordance with Part 3.2 (commencing with Section 5830).

5. A program for technological needs and capital facilities needed to provide services pursuant to Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850). All plans for proposed facilities with restrictive settings shall demonstrate that the needs of the people to be served cannot be met in a less restrictive or more integrated setting, such as permanent supportive housing.

6. Identification of shortages in personnel to provide services pursuant to the above programs and the additional assistance needed from the education and training programs established pursuant to Part 3.1 (commencing with Section 5820).

7. Establishment and maintenance of a prudent reserve to ensure the county program will continue to be able to serve children, adults, and seniors that it is currently serving pursuant to Part 3 (commencing with Section 5800), the Adult and Older Adult Mental Health System of Care Act, Part 3.6 (commencing with Section 5840), Prevention and Early Intervention Programs, and Part 4 (commencing with Section 5850), the Children's Mental Health Services Act, during years in which revenues for the Mental Health Services Fund are below recent averages adjusted by changes in the state population and the California Consumer Price Index.

8. Certification by the county mental health director, which ensures that the county has complied with all pertinent regulations, laws, and statutes of the Mental Health Services Act, including stakeholder participation and nonsupplantation requirements.

9. Certification by the county mental health director and by the county auditor-controller that the county has complied with any fiscal accountability requirements as directed by the State Department of Health Care Services, and that all expenditures are consistent with the requirements of the Mental Health Services Act.

(c) The programs established pursuant to paragraphs (2) and (3) of subdivision (b) shall include services to address the needs of transition age youth ages 16 to 25.
implementing this subdivision, county mental health programs shall consider the needs of transition age foster youth.

(d) Each year, the State Department of Health Care Services shall inform the California Mental Health Directors Association and the Mental Health Services Oversight and Accountability Commission of the methodology used for revenue allocation to the counties.

(e) Each county mental health program shall prepare expenditure plans pursuant to Part 3 (commencing with Section 5800) for adults and seniors, Part 3.2 (commencing with Section 5830) for innovative programs, Part 3.6 (commencing with Section 5840) for prevention and early intervention programs, and Part 4 (commencing with Section 5850) for services for children, and updates to the plans developed pursuant to this section. Each expenditure update shall indicate the number of children, adults, and seniors to be served pursuant to Part 3 (commencing with Section 5800), and Part 4 (commencing with Section 5850), and the cost per person. The expenditure update shall include utilization of unspent funds allocated in the previous year and the proposed expenditure for the same purpose.

(f) A county mental health program shall include an allocation of funds from a reserve established pursuant to paragraph (7) of subdivision (b) for services pursuant to paragraphs (2) and (3) of subdivision (b) in years in which the allocation of funds for services pursuant to subdivision (e) are not adequate to continue to serve the same number of individuals as the county had been serving in the previous fiscal year.

(g) The department shall post on its website the three-year program and expenditure plans submitted by every county pursuant to subdivision (a) in a timely manner.

5848. (a) Each three-year program and expenditure plan and update shall be developed with local stakeholders including adults and seniors with severe mental illness, families of children, adults and seniors with severe mental illness, providers of services, law enforcement agencies, education, social services agencies, veterans, representatives from veterans organizations, providers of alcohol and drug services, health care organizations, and other important interests. Counties shall demonstrate a partnership with constituents and stakeholders throughout the process that includes meaningful stakeholder involvement on mental health policy, program planning, and implementation, monitoring, quality improvement, evaluation, and budget allocations. A draft plan and update shall be prepared and circulated for review and comment for at least 30 days to representatives of stakeholder interests and any interested party who has requested a copy of the draft plans.

(b) The mental health board established pursuant to Section 5604 shall conduct a public hearing on the draft three-year program and expenditure plan and annual updates at the close of the 30–day comment period required by subdivision (a). Each adopted three-year program and expenditure plan and update shall include any substantive written recommendations for revisions. The adopted three-year program and expenditure plan or update shall summarize and analyze the recommended revisions. The mental health board shall review the adopted plan or update and make recommendations to the county mental health department for revisions.

(c) The plans shall include reports on the achievement of performance outcomes for services pursuant to Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840, and Part 4 (commencing with Section 5850) of this division funded by the Mental Health Services Fund and established jointly by the State Department of Health Care Services and the Mental Health Services Oversight and Accountability Commission, in collaboration with the California Mental Health Directors Association.
(d) Mental health services provided pursuant to Part 3 (commencing with Section 5800), and Part 4 (commencing with Section 5850) of this division, shall be included in the review of program performance by the California Behavioral Health Planning Council required by paragraph (2) of subdivision (c) of Section 5772 and in the local mental health board’s review and comment on the performance outcome data required by paragraph (7) of subdivision (a) of Section 5604.2.

(e) The department shall annually post on its Internet Web site a summary of the performance outcomes reports submitted by counties if clearly and separately identified by counties as the achievement of performance outcomes pursuant to subdivision (c).

INVESTMENT IN MENTAL HEALTH WELLNESS ACT OF 2013
Part 3.8 (commencing with Section 5848.5) is added to Division 5 of the Welfare and Institutions Code, to read:

5848.5 (a) The Legislature finds and declares all of the following:
(1) California has realigned public community mental health services to counties and it is imperative that sufficient community-based resources be available to meet the mental health needs of eligible individuals.
(2) Increasing access to effective outpatient and crisis stabilization services provides an opportunity to reduce costs associated with expensive inpatient and emergency room care and to better meet the needs of individuals with mental health disorders in the least restrictive manner possible.
(3) Almost one-fifth of people with mental health disorders visit a hospital emergency room at least once per year. If an adequate array of crisis services is not available, it leaves an individual with little choice but to access an emergency room for assistance and, potentially, an unnecessary inpatient hospitalization.
(4) Recent reports have called attention to a continuing problem of inappropriate and unnecessary utilization of hospital emergency rooms in California due to limited community-based services for individuals in psychological distress and acute psychiatric crisis. Hospitals report that 70 percent of people taken to emergency rooms for psychiatric evaluation can be stabilized and transferred to a less intensive level of crisis care. Law enforcement personnel report that their personnel need to stay with people in the emergency room waiting area until a placement is found, and that less intensive levels of care tend not to be available.
(5) Comprehensive public and private partnerships at both local and regional levels, including across physical health services, mental health, substance use disorder, law enforcement, social services, and related supports, are necessary to develop and maintain high quality, patient-centered, and cost-effective care for individuals with mental health disorders that facilitates their recovery and leads towards wellness.
(6) The recovery of individuals with mental health disorders is important for all levels of government, business, and the local community.

(b) This section shall be known, and may be cited, as the Investment in Mental Health Wellness Act of 2013. The objectives of this section are to do all of the following:
(1) Expand access to early intervention and treatment services to improve the client experience, achieve recovery and wellness, and reduce costs.
(2) Expand the continuum of services to address crisis intervention, crisis stabilization, and crisis residential treatment needs that are wellness, resiliency, and recovery oriented.
(3) Add at least 25 mobile crisis support teams and at least 2,000 crisis stabilization and crisis residential treatment beds to bolster capacity at the local level to improve access to mental health crisis services and address unmet mental health care needs.

(4) Add at least 600 triage personnel to provide intensive case management and linkage to services for individuals with mental health care disorders at various points of access, such as at designated community-based service points, homeless shelters, and clinics.

(5) Reduce unnecessary hospitalizations and inpatient days by appropriately utilizing community-based services and improving access to timely assistance.

(6) Reduce recidivism and mitigate unnecessary expenditures of local law enforcement.

(7) Provide local communities with increased financial resources to leverage additional public and private funding sources to achieve improved networks of care for individuals with mental health disorders.

(8) Provide a complete continuum of crisis services for children and youth 21 years of age and under regardless of where they live in the state. The funds included in the 2016 Budget Act for the purpose of developing the continuum of mental health crisis services for children and youth 21 years of age and under shall be for the following objectives:

(A) Provide a continuum of crisis services for children and youth 21 years of age and under regardless of where they live in the state.

(B) Provide for early intervention and treatment services to improve the client experience, achieve recovery and wellness, and reduce costs.

(C) Expand the continuum of community-based services to address crisis intervention, crisis stabilization, and crisis residential treatment needs that are wellness-, resiliency-, and recovery-oriented.

(D) Add at least 200 mobile crisis support teams.

(E) Add at least 120 crisis stabilization services and beds and crisis residential treatment beds to increase capacity at the local level to improve access to mental health crisis services and address unmet mental health care needs.

(F) Add triage personnel to provide intensive case management and linkage to services for individuals with mental health care disorders at various points of access, such as at designated community-based service points, homeless shelters, schools, and clinics.

(G) Expand family respite care to help families and sustain caregiver health and well-being.

(H) Expand family supportive training and related services designed to help families participate in the planning process, access services, and navigate programs.

(I) Reduce unnecessary hospitalizations and inpatient days by appropriately utilizing community-based services.

(J) Reduce recidivism and mitigate unnecessary expenditures of local law enforcement.

(K) Provide local communities with increased financial resources to leverage additional public and private funding sources to achieve improved networks of care for children and youth 21 years of age and under with mental health disorders.

(c) Through appropriations provided in the annual Budget Act for this purpose, it is the intent of the Legislature to authorize the California Health Facilities Financing Authority, hereafter referred to as the authority, and the Mental Health Services Authority to:...
Oversight and Accountability Commission, hereafter referred to as the commission, to administer competitive selection processes as provided in this section for capital capacity and program expansion to increase capacity for mobile crisis support, crisis intervention, crisis stabilization services, crisis residential treatment, and specified personnel resources.

(d) Funds appropriated by the Legislature to the authority for purposes of this section shall be made available to selected counties, or counties acting jointly. The authority may, at its discretion, also give consideration to private nonprofit corporations and public agencies in an area or region of the state if a county, or counties acting jointly, affirmatively supports this designation and collaboration in lieu of a county government directly receiving grant funds.

(1) Grant awards made by the authority shall be used to expand local resources for the development, capital, equipment acquisition, and applicable program startup or expansion costs to increase capacity for client assistance and services in the following areas:

(A) Crisis intervention, as authorized by Sections 14021.4, 14680, and 14684.
(B) Crisis stabilization, as authorized by Sections 14021.4, 14680, and 14684.
(C) Crisis residential treatment, as authorized by Sections 14021.4, 14680, and 14684 and as provided at a children's crisis residential program, as defined in Section 1502 of the Health and Safety Code.
(D) Rehabilitative mental health services, as authorized by Sections 14021.4, 14680, and 14684.
(E) Mobile crisis support teams, including personnel and equipment, such as the purchase of vehicles.

(2) The authority shall develop selection criteria to expand local resources, including those described in paragraph (1), and processes for awarding grants after consulting with representatives and interested stakeholders from the mental health community, including, but not limited to, the County Behavioral Health Directors Association of California, service providers, consumer organizations, and other appropriate interests, such as health care providers and law enforcement, as determined by the authority. The authority shall ensure that grants result in cost-effective expansion of the number of community-based crisis resources in regions and communities selected for funding. The authority shall also take into account at least the following criteria and factors when selecting recipients of grants and determining the amount of grant awards:

(A) Description of need, including, at a minimum, a comprehensive description of the project, community need, population to be served, linkage with other public systems of health and mental health care, linkage with local law enforcement, social services, and related assistance, as applicable, and a description of the request for funding.
(B) Ability to serve the target population, which includes individuals eligible for Medi-Cal and individuals eligible for county health and mental health services.
(C) Geographic areas or regions of the state to be eligible for grant awards, which may include rural, suburban, and urban areas, and may include use of the five regional designations utilized by the County Behavioral Health Directors Association of California.
(D) Level of community engagement and commitment to project completion.
(E) Financial support that, in addition to a grant that may be awarded by the authority, will be sufficient to complete and operate the project for which the grant from the authority is awarded.
(F) Ability to provide additional funding support to the project, including public or private funding, federal tax credits and grants, foundation support, and other collaborative efforts.

(G) Memorandum of understanding among project partners, if applicable.

(H) Information regarding the legal status of the collaborating partners, if applicable.

(I) Ability to measure key outcomes, including improved access to services, health and mental health outcomes, and cost benefit of the project.

(3) The authority shall determine maximum grants awards, which shall take into consideration the number of projects awarded to the grantee, as described in paragraph (1), and shall reflect reasonable costs for the project and geographic region. The authority may allocate a grant in increments contingent upon the phases of a project.

(4) Funds awarded by the authority pursuant to this section may be used to supplement, but not to supplant, existing financial and resource commitments of the grantee or any other member of a collaborative effort that has been awarded a grant.

(5) All projects that are awarded grants by the authority shall be completed within a reasonable period of time, to be determined by the authority. Funds shall not be released by the authority until the applicant demonstrates project readiness to the authority's satisfaction. If the authority determines that a grant recipient has failed to complete the project under the terms specified in awarding the grant, the authority may require remedies, including the return of all or a portion of the grant.

(6) A grantee that receives a grant from the authority under this section shall commit to using that capital capacity and program expansion project, such as the mobile crisis team, crisis stabilization unit, or crisis residential treatment program, for the duration of the expected life of the project.

(7) The authority may consult with a technical assistance entity, as described in paragraph (5) of subdivision (a) of Section 4061, for purposes of implementing this section.

(8) The authority may adopt emergency regulations relating to the grants for the capital capacity and program expansion projects described in this section, including emergency regulations that define eligible costs and determine minimum and maximum grant amounts.

(9) The authority shall provide reports to the fiscal and policy committees of the Legislature on or before May 1, 2014, and on or before May 1, 2015, on the progress of implementation, that include, but are not limited to, the following:

(A) A description of each project awarded funding.

(B) The amount of each grant issued.

(C) A description of other sources of funding for each project.

(D) The total amount of grants issued.

(E) A description of project operation and implementation, including who is being served.

(10) A recipient of a grant provided pursuant to paragraph (1) shall adhere to all applicable laws relating to scope of practice, licensure, certification, staffing, and building codes.

(c) Of the funds specified in paragraph (8) of subdivision (b), it is the intent of the Legislature to authorize the authority and the commission to administer competitive selection processes as provided in this section for capital capacity and program expansion to increase capacity for mobile crisis support, crisis intervention, crisis
stabilization services, crisis residential treatment, family respite care, family supportive training and related services, and triage personnel resources for children and youth 21 years of age and under.

(f) Funds appropriated by the Legislature to the authority to address crisis services for children and youth 21 years of age and under for the purposes of this section shall be made available to selected counties or counties acting jointly. The authority may, at its discretion, also give consideration to private nonprofit corporations and public agencies in an area or region of the state if a county, or counties acting jointly, affirmatively support this designation and collaboration in lieu of a county government directly receiving grant funds.

(1) Grant awards made by the authority shall be used to expand local resources for the development, capital, equipment acquisition, and applicable program startup or expansion costs to increase capacity for client assistance and crisis services for children and youth 21 years of age and under in the following areas:

(A) Crisis intervention, as authorized by Sections 14021.4, 14680, and 14684.
(B) Crisis stabilization, as authorized by Sections 14021.4, 14680, and 14684.
(C) Crisis residential treatment, as authorized by Sections 14021.4, 14680, and 14684 and as provided at a children's crisis residential program, as defined in Section 1502 of the Health and Safety Code.
(D) Mobile crisis support teams, including the purchase of equipment and vehicles.

(E) Family respite care.

(2) The authority shall develop selection criteria to expand local resources, including those described in paragraph (1), and processes for awarding grants after consulting with representatives and interested stakeholders from the mental health community, including, but not limited to, county mental health directors, service providers, consumer organizations, and other appropriate interests, such as health care providers and law enforcement, as determined by the authority. The authority shall ensure that grants result in cost-effective expansion of the number of community-based crisis resources in regions and communities selected for funding. The authority shall also take into account at least the following criteria and factors when selecting recipients of grants and determining the amount of grant awards:

(A) Description of need, including, at a minimum, a comprehensive description of the project, community need, population to be served, linkage with other public systems of health and mental health care, linkage with local law enforcement, social services, and related assistance, as applicable, and a description of the request for funding.

(B) Ability to serve the target population, which includes individuals eligible for Medi-Cal and individuals eligible for county health and mental health services.

(C) Geographic areas or regions of the state to be eligible for grant awards, which may include rural, suburban, and urban areas, and may include use of the five regional designations utilized by the California Behavioral Health Directors Association.

(D) Level of community engagement and commitment to project completion.

(E) Financial support that, in addition to a grant that may be awarded by the authority, will be sufficient to complete and operate the project for which the grant from the authority is awarded.
(F) Ability to provide additional funding support to the project, including public or private funding, federal tax credits and grants, foundation support, and other collaborative efforts.

(G) Memorandum of understanding among project partners, if applicable.

(H) Information regarding the legal status of the collaborating partners, if applicable.

(I) Ability to measure key outcomes, including utilization of services, health and mental health outcomes, and cost benefit of the project.

(3) The authority shall determine maximum grant awards, which shall take into consideration the number of projects awarded to the grantee, as described in paragraph (1), and shall reflect reasonable costs for the project, geographic region, and target ages. The authority may allocate a grant in increments contingent upon the phases of a project.

(4) Funds awarded by the authority pursuant to this section may be used to supplement, but not to supplant, existing financial and resource commitments of the grantee or any other member of a collaborative effort that has been awarded a grant.

(5) All projects that are awarded grants by the authority shall be completed within a reasonable period of time, to be determined by the authority. Funds shall not be released by the authority until the applicant demonstrates project readiness to the authority's satisfaction. If the authority determines that a grant recipient has failed to complete the project under the terms specified in awarding the grant, the authority may require remedies, including the return of all, or a portion, of the grant.

(6) A grantee that receives a grant from the authority under this section shall commit to using that capital capacity and program expansion project, such as the mobile crisis team, crisis stabilization unit, family respite care, or crisis residential treatment program, for the duration of the expected life of the project.

(7) The authority may consult with a technical assistance entity, as described in paragraph (5) of subdivision (a) of Section 4061, for the purposes of implementing this section.

(8) The authority may adopt emergency regulations relating to the grants for the capital capacity and program expansion projects described in this section, including emergency regulations that define eligible costs and determine minimum and maximum grant amounts.

(9) The authority shall provide reports to the fiscal and policy committees of the Legislature on or before January 10, 2018, and annually thereafter, on the progress of implementation, that include, but are not limited to, the following:
   (A) A description of each project awarded funding.
   (B) The amount of each grant issued.
   (C) A description of other sources of funding for each project.
   (D) The total amount of grants issued.
   (E) A description of project operation and implementation, including who is being served.

(10) A recipient of a grant provided pursuant to paragraph (1) shall adhere to all applicable laws relating to scope of practice, licensure, certification, staffing, and building codes.

(g) Funds appropriated by the Legislature to the commission for purposes of this section shall be allocated for triage personnel to provide intensive case management and linkage to services for individuals with mental health disorders at various points of access. These funds shall be made available to selected counties, counties acting
jointly, or city mental health departments, as determined by the commission through a selection process. It is the intent of the Legislature for these funds to be allocated in an efficient manner to encourage early intervention and receipt of needed services for individuals with mental health disorders, and to assist in navigating the local service sector to improve efficiencies and the delivery of services.

(1) Triage personnel may provide targeted case management services face to face, by telephone, or by telehealth with the individual in need of assistance or his or her significant support person, and may be provided anywhere in the community. These service activities may include, but are not limited to, the following:

(A) Communication, coordination, and referral.
(B) Monitoring service delivery to ensure the individual accesses and receives services.
(C) Monitoring the individual's progress.
(D) Providing placement service assistance and service plan development.

(2) The commission shall take into account at least the following criteria and factors when selecting recipients and determining the amount of grant awards for triage personnel as follows:

(A) Description of need, including potential gaps in local service connections.
(B) Description of funding request, including personnel and use of peer support.
(C) Description of how triage personnel will be used to facilitate linkage and access to services, including objectives and anticipated outcomes.
(D) Ability to obtain federal Medicaid reimbursement, when applicable.
(E) Ability to administer an effective service program and the degree to which local agencies and service providers will support and collaborate with the triage personnel effort.
(F) Geographic areas or regions of the state to be eligible for grant awards, which shall include rural, suburban, and urban areas, and may include use of the five regional designations utilized by the County Behavioral Health Directors Association of California.

(3) The commission shall determine maximum grant awards, and shall take into consideration the level of need, population to be served, and related criteria, as described in paragraph (2), and shall reflect reasonable costs.

(4) Funds awarded by the commission for purposes of this section may be used to supplement, but not supplant, existing financial and resource commitments of the county, counties acting jointly, or city mental health department that received the grant.

(5) Notwithstanding any other law, a county, counties acting jointly, or city mental health department that receives an award of funds for the purpose of supporting triage personnel pursuant to this subdivision is not required to provide a matching contribution of local funds.

(6) Notwithstanding any other law, the commission, without taking any further regulatory action, may implement, interpret, or make specific this section by means of informational letters, bulletins, or similar instructions.

(7) The commission shall provide a status report to the fiscal and policy committees of the Legislature on the progress of implementation no later than March 1, 2014.

(h) Funds appropriated by the Legislature to the commission pursuant to paragraph (8) of subdivision (b) for the purposes of addressing children's crisis services shall be allocated to support triage personnel and family supportive training and related services. These funds shall be made available to selected counties, counties acting jointly, or city mental health departments, as determined by the commission through a selection process. The commission may, at its discretion, also give consideration to
private nonprofit corporations and public agencies in an area or region of the state if a
county, or counties acting jointly, affirmatively supports this designation and
collaboration in lieu of a county government directly receiving grant funds.
(1) These funds may provide for a range of crisis-related services for a child in need of assistance, or his or her parent, guardian, or caregiver. These service activities may include, but are not limited to, the following:
(A) Intensive coordination of care and services.
(B) Communication, coordination, and referral.
(C) Monitoring service delivery to the child or youth.
(D) Monitoring the child's progress.
(E) Providing placement service assistance and service plan development.
(F) Crisis or safety planning.
(2) The commission shall take into account at least the following criteria and factors when selecting recipients and determining the amount of grant awards for these funds, as follows:
(A) Description of need, including potential gaps in local service connections.
(B) Description of funding request, including personnel.
(C) Description of how personnel and other services will be used to facilitate linkage and access to services, including objectives and anticipated outcomes.
(D) Ability to obtain federal Medicaid reimbursement, when applicable.
(E) Ability to provide a matching contribution of local funds.
(F) Ability to administer an effective service program and the degree to which local agencies and service providers will support and collaborate with the triage personnel effort.
(G) Geographic areas or regions of the state to be eligible for grant awards, which shall include rural, suburban, and urban areas, and may include use of the five regional designations utilized by the County Behavioral Health Directors Association of California.
(3) The commission shall determine maximum grant awards, and shall take into consideration the level of need, population to be served, and related criteria, as described in paragraph (2), and shall reflect reasonable costs.
(4) Funds awarded by the commission for purposes of this section may be used to supplement, but not supplant, existing financial and resource commitments of the county, counties acting jointly, or a city mental health department that received the grant.
(5) Notwithstanding any other law, a county, counties acting jointly, or a city mental health department that receives an award of funds for the purpose of this section is not required to provide a matching contribution of local funds.
(6) Notwithstanding any other law, the commission, without taking any further regulatory action, may implement, interpret, or make specific this section by means of informational letters, bulletins, or similar instructions.
(7) The commission may waive requirements in this section for counties with a population of 100,000 or less, if the commission determines it is in the best interest of the state and meets the intent of the law.
(8) The commission shall provide a status report to the fiscal and policy committees of the Legislature on the progress of implementation no later than January 10, 2018, and annually thereafter.
5848.51. (a) The Legislature finds and declares all of the following:

1. Community alternatives should be expanded to reduce the need for mental health and substance use disorder treatment in jails and prisons.
2. The number of people with serious mental illnesses incarcerated in county jails and the state’s prison system continues to rise.
3. A significant number of individuals with serious mental illness have a co-occurring substance use disorder.
4. The treatment and recovery of individuals with mental health disorders and substance use disorders are important for all levels of government, business, and the local community.

(b) Funds appropriated by the Legislature to the authority for the purposes of this section shall be used to establish a competitive grant program designed to promote diversion programs and services by increasing and expanding mental health treatment facilities, substance use disorder treatment facilities, and trauma-centered service facilities, including facilities providing services for sex trafficking victims, domestic violence victims, and victims of other violent crimes, in local communities, through the provision of infrastructure grants.

(c) Grant awards made by the authority shall be used to expand local resources for facility acquisition or renovation, equipment acquisition, and applicable program startup or expansion costs to increase availability and capacity to diversion programs described in paragraph (b).

(d) Funds appropriated by the Legislature to the authority for the purposes of this section shall be made available to selected counties, city or county, or counties acting jointly.

(e) The authority shall develop selection criteria to expand local resources, including those described in subdivision (b), and processes for awarding grants after consulting with representatives and interested stakeholders from the mental health treatment community, substance use disorder treatment community, and trauma recovery center providers, including, but not limited to, county behavioral health directors, service providers, consumer organizations, and other appropriate interests, such as health care providers, law enforcement, trial courts, and formerly incarcerated individuals as determined by the authority. The authority shall monitor that grants result in cost-effective expansion of the number of community-based resources in regions and communities selected for funding. The authority shall also take into account at least the following criteria and factors when selecting recipients of grants and determining the amount of grant awards:

1. Description of need, including, at a minimum, a comprehensive description of the project, community need, population to be served, linkage with other public systems of health and mental health care, linkage with local law enforcement, social services, and related assistance, as applicable, and a description of the request for funding.
2. Ability to serve the target population, which includes individuals eligible for Medi-Cal and individuals eligible for county health and mental health services.
3. Geographic areas or regions of the state to be eligible for grant awards, which may include rural, suburban, and urban areas, and may include use of the five regional designations utilized by the County Behavioral Health Directors Association of California.
4. Level of community engagement and commitment to project completion.
5. Financial support that, in addition to a grant that may be awarded by the authority, will be sufficient to complete and operate the project for which the grant from the authority is awarded.
(6) Ability to provide additional funding support to the project, including public or private funding, federal tax credits and grants, foundation support, and other collaborative efforts.

(7) Memorandum of understanding among project partners, if applicable.

(8) Information regarding the legal status of the collaborating partners, if applicable.

(9) Ability to measure key outcomes, including utilization of services, health and mental health outcomes, and cost benefit of the project.

(f) The authority shall determine maximum grant awards, which shall take into consideration the number of projects awarded to the grantee, as described in subdivision (c), and shall reflect reasonable costs for the project and geographic region. The authority may allocate a grant in increments contingent upon the phases of a project.

(g) Funds awarded by the authority pursuant to this section may be used to supplement, but not to supplant, existing financial and resource commitments of the grantee or any other member of a collaborative effort that has been awarded a grant.

(h) All projects that are awarded grants by the authority shall be completed within a reasonable period of time, to be determined by the authority. Funds shall not be released by the authority until the applicant demonstrates project readiness to the authority's satisfaction. If the authority determines that a grant recipient has failed to complete the project under the terms specified in awarding the grant, the authority may require remedies, including the return of all or a portion of the grant.

(i) The authority may consult with a technical assistance entity, as described in paragraph (5) of subdivision (a) of Section 4061, for the purposes of implementing this section.

(j) The authority may adopt emergency regulations relating to the grants for the capital capacity and program expansion projects described in this section, including emergency regulations that define eligible costs and determine minimum and maximum grant amounts.

(k)(1) The authority shall provide reports to the fiscal and policy committees of the Legislature on or before April 1, 2018, and annually until April 1, 2020, on the progress of implementation that include, but are not limited to, the following:

(A) A description of each project awarded funding.

(B) The amount of each grant issued.

(C) A description of other sources of funding for each project.

(D) The total amount of grants issued.

(E) A description of project operation and implementation, including who is being served.

(2) The requirement for submitting a report imposed under this subdivision is inoperative on April 1, 2024, pursuant to Section 10231.5 of the Government Code.

(l) A recipient of a grant provided pursuant to paragraph (b) shall adhere to all applicable laws relating to scope of practice, licensure, certification, staffing, and building codes.

5848.6. Any emergency regulations that may be adopted by the California Health Facilities Financing Authority, as described in paragraph (8) of subdivision (d) of Section 5848.5, shall be adopted in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The adoption of these regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare.
SERVICES FOR CHILDREN WITH SEVERE MENTAL ILLNESS.

SECTION 5. Article 11 (commencing with Section 5878.1) is added to Chapter 1 of Part 4 of Division 5 of the Welfare and Institutions Code, to read:

5878.1 (a) It is the intent of this article to establish programs that ensure services will be provided to severely mentally ill children as defined in Section 5878.2 and that they be part of the children’s system of care established pursuant to this part. It is the intent of this act that services provided under this chapter to severely mentally ill children are accountable, developed in partnership with youth and their families, culturally competent, and individualized to the strengths and needs of each child and his or her family.

(b) Nothing in this act shall be construed to authorize any services to be provided to a minor without the consent of the child’s parent or legal guardian beyond those already authorized by existing statute.

5878.2 For purposes of this article, severely mentally ill children means minors under the age of 18 who meet the criteria set forth in subdivision (a) of Section 5600.3.

5878.3 (a) Subject to the availability of funds as determined pursuant to Part 4.5 (commencing with Section 5890), county mental health programs shall offer services to severely mentally ill children for whom services under any other public or private insurance or other mental health or entitlement program is inadequate or unavailable. Other entitlement programs include but are not limited to mental health services available pursuant to Medi-Cal, child welfare, and special education programs. The funding shall cover only those portions of care that cannot be paid for with public or private insurance, other mental health funds or other entitlement programs.

(b) Funding shall be at sufficient levels to ensure that counties can provide each child served all of the necessary services set forth in the applicable treatment plan developed in accordance with this part, including services where appropriate and necessary to prevent an out of home placement, such as services pursuant to Chapter 4 (commencing with Section 18250) of Part 6 of Division 9.

(c) The State Department of Health Care Services shall contract with county mental health programs for the provision of services under this article in the manner set forth in Section 5897.

MENTAL HEALTH SERVICES FUND

SECTION 15. Part 4.5 (commencing with Section 5890) is added to Division 5 of the Welfare and Institutions Code, to read:

5890. (a) The Mental Health Services Fund is hereby created in the State Treasury. The fund shall be administered by the state. Notwithstanding Section 13340 of the Government Code, all moneys in the fund are, except as provided in subdivision (d) of Section 5892, continuously appropriated, without regard to fiscal years, for the purpose of funding the following programs and other related activities as designated by other provisions of this division:
(1) Part 3 (commencing with Section 5800), the Adult and Older Adult Mental Health System of Care Act.

(2) Part 3.2 (commencing with Section 5830), Innovative Programs.

(3) Part 3.6 (commencing with Section 5840), Prevention and Early Intervention Programs.

(4) Part 3.9 (commencing with Section 5849.1), No Place Like Home Program.

(5) Part 4 (commencing with Section 5850), the Children’s Mental Health Services Act.

(b) Nothing in the establishment of this fund, nor any other provisions of the act establishing it or the programs funded shall be construed to modify the obligation of health care service plans and disability insurance policies to provide coverage for mental health services, including those services required under Section 1374.72 of the Health and Safety Code and Section 10144.5 of the Insurance Code, related to mental health parity. Nothing in this act shall be construed to modify the oversight duties of the Department of Managed Health Care or the duties of the Department of Insurance with respect to enforcing these obligations of plans and insurance policies.

(c) Nothing in this act shall be construed to modify or reduce the existing authority or responsibility of the State Department of Health Care Services.

(d) The State Department of Health Care Services shall seek approval of all applicable federal Medicaid approvals to maximize the availability of federal funds and eligibility of participating children, adults, and seniors for medically necessary care.

(e) Share of costs for services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) of this division, shall be determined in accordance with the Uniform Method of Determining Ability to Pay applicable to other publicly funded mental health services, unless this Uniform Method is replaced by another method of determining co-payments, in which case the new method applicable to other mental health services shall be applicable to services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) of this division.

(f)(1) The Supportive Housing Program Subaccount is hereby created in the Mental Health Services Fund. Notwithstanding Section 13340 of the Government Code, all moneys in the subaccount are reserved and continuously appropriated, without regard to fiscal years, to the California Health Facilities Financing Authority to provide funds to meet its financial obligations pursuant to any service contracts entered into pursuant to Section 5849.35. Notwithstanding any other law, including any other provision of this section, no later than the last day of each month, the Controller shall, before any transfer or expenditure from the fund for any other purpose for the following month, transfer from the Mental Health Services Fund to the Supportive Housing Program Subaccount an amount that has been certified by the California Health Facilities Financing Authority pursuant to paragraph (3) of subdivision (a) of Section 5849.35, but not to exceed an aggregate amount of one hundred forty million dollars ($140,000,000) per year. If in any month the amounts in the Mental Health Services Fund are insufficient to fully transfer to the subaccount or the amounts in the subaccount are insufficient to fully pay the amount certified by the California Health Facilities Financing Authority, the shortfall shall be carried over to the next month, to be transferred by the Controller with any transfer required by the preceding sentence. Moneys in the Supportive Housing Program Subaccount shall not be loaned to the General Fund pursuant to Section 16310 or 16381 of the Government Code.

(2) Prior to the issuance of any bonds pursuant to Section 15463 of the Government Code, the Legislature may appropriate for transfer funds in the Mental Health Services Fund to the Supportive Housing Program Subaccount in an amount up to
one hundred forty million dollars ($140,000,000) per year. Any amount appropriated for transfer pursuant to this paragraph and deposited in the No Place Like Home Fund shall reduce the authorized but unissued amount of bonds that the California Health Facilities Financing Authority may issue pursuant to Section 15463 of the Government Code by a corresponding amount. Notwithstanding Section 13340 of the Government Code, all moneys in the subaccount transferred pursuant to this paragraph are reserved and continuously appropriated, without regard to fiscal years, for transfer to the No Place Like Home Fund, to be used for purposes of Part 3.9 (commencing with Section 5849.1). The Controller shall, before any transfer or expenditure from the fund for any other purpose for the following month but after any transfer from the fund for purposes of paragraph (1), transfer moneys appropriated from the Mental Health Services Fund to the subaccount pursuant to this paragraph in equal amounts over the following 12-month period, beginning no later than 90 days after the effective date of the appropriation by the Legislature. If in any month the amounts in the Mental Health Services Fund are insufficient to fully transfer to the subaccount or the amounts in the subaccount are insufficient to fully pay the amount appropriated for transfer pursuant to this paragraph, the shortfall shall be carried over to the next month.

(3) The sum of any transfers described in paragraphs (1) and (2) shall not exceed an aggregate of one hundred forty million dollars ($140,000,000) per year.

(4) Paragraph (2) shall become inoperative once any bonds authorized pursuant to Section 15463 of the Government Code are issued.

5891. (a) The funding established pursuant to this act shall be utilized to expand mental health services. Except as provided in subdivision (j) of Section 5892 due to the state’s fiscal crisis, these funds shall not be used to supplant existing state or county funds utilized to provide mental health services. The state shall continue to provide financial support for mental health programs with not less than the same entitlements, amounts of allocations from the General Fund or from the Local Revenue Fund 2011 in the State Treasury, and formula distributions of dedicated funds as provided in the last fiscal year which ended prior to the effective date of this act. The state shall not make any change to the structure of financing mental health services, which increases a county’s share of costs or financial risk for mental health services unless the state includes adequate funding to fully compensate for such increased costs or financial risk. These funds shall only be used to pay for the programs authorized in Sections 5890 and 5892. These funds may not be used to pay for any other program. These funds may not be loaned to the General Fund or any other fund of the state, or a county general fund or any other county fund for any purpose other than those authorized by Sections 5890 and 5892.

(b) (1) Notwithstanding subdivision (a), and except as provided in paragraph (2), the Controller may use the funds created pursuant to this part for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. Any such loan shall be repaid from the General Fund with interest computed at 110 percent of the Pooled Money Investment Account rate, with interest commencing to accrue on the date the loan is made from the fund. This subdivision does not authorize any transfer that would interfere with the carrying out of the object for which these funds were created.

(2) This subdivision does not apply to the Supportive Housing Program Subaccount created by subdivision (f) of Section 5890 or any moneys paid by the California Health Facilities Financing Authority to the Department of Housing and Community

January 2019
Development as a service fee pursuant to a service contract authorized by Section 5849.35.

(c) Commencing July 1, 2012, on or before the 15th day of each month, pursuant to a methodology provided by the State Department of Health Care Services, the Controller shall distribute to each Local Mental Health Service Fund established by counties pursuant to subdivision (f) of Section 5892, all unexpended and unreserved funds on deposit as of the last day of the prior month in the Mental Health Services Fund, established pursuant to Section 5890, for the provision of programs and other related activities set forth in Part 3 (commencing with Section 5800), Part 3.2 (commencing with Section 5830), Part 3.6 (commencing with Section 5840), Part 3.9 (commencing with Section 5849.1), and Part 4 (commencing with Section 5850).

(d) Counties shall base their expenditures on the county mental health program’s three-year program and expenditure plan or annual update, as required by Section 5847. Nothing in this subdivision shall affect subdivision (a) or (b).

5892. (a) In order to promote efficient implementation of this act, the county shall use funds distributed from the Mental Health Services Fund as follows:

(1) In the 2005-06, 2006-07, and 2007-08 fiscal years, 10 percent shall be placed in a trust fund to be expended for education and training programs pursuant to Part 3.1 (commencing with Section 5820).

(2) In the 2005-06, 2006-07, and 2007-08 fiscal years, 10 percent for capital facilities and technological needs shall be distributed to counties in accordance with a formula developed in consultation with the County Behavioral Health Directors Association of California to implement plans developed pursuant to Section 5847.

(3) Twenty percent of funds distributed to the counties pursuant to subdivision (c) of Section 5891 shall be used for prevention and early intervention programs in accordance with Part 3.6 (commencing with Section 5840).

(4) The expenditure for prevention and early intervention may be increased in any county in which the department determines that the increase will decrease the need and cost for additional services to persons with severe mental illness in that county by an amount at least commensurate with the proposed increase.

(5) The balance of funds shall be distributed to county mental health programs for services to persons with severe mental illnesses pursuant to Part 4 (commencing with Section 5850) for the children's system of care and Part 3 (commencing with Section 5800) for the adult and older adult system of care. These services may include housing assistance, as defined in Section 5892.5, to the target population specified in Section 5600.3.

(6) Five percent of the total funding for each county mental health program for Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850), shall be utilized for innovative programs in accordance with Sections 5830, 5847, and 5848.

(b)(1) In any fiscal year after the 2007-08 fiscal year, programs for services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) may include funds for technological needs and capital facilities, human resource needs, and a prudent reserve to ensure services do not have to be significantly reduced in years in which revenues are below the average of previous years. The total allocation for purposes authorized by this subdivision shall not exceed 20 percent of the average amount of funds allocated to that county for the previous five fiscal years pursuant to this section.

(2) A county shall calculate an amount it establishes as the prudent reserve for its Local Mental Health Services Fund, not to exceed 33 percent of the average community
services and support revenue received for the fund in the preceding five years. The county shall reassess the maximum amount of this reserve every five years and certify the reassessment as part of the three-year program and expenditure plan required pursuant to Section 5847.

(c) The allocations pursuant to subdivisions (a) and (b) shall include funding for annual planning costs pursuant to Section 5848. The total of these costs shall not exceed 5 percent of the total of annual revenues received for the fund. The planning costs shall include funds for county mental health programs to pay for the costs of consumers, family members, and other stakeholders to participate in the planning process and for the planning and implementation required for private provider contracts to be significantly expanded to provide additional services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850).

(d) Prior to making the allocations pursuant to subdivisions (a), (b), and (c), funds shall be reserved for the costs for the State Department of Health Care Services, the California Behavioral Health Planning Council, the Office of Statewide Health Planning and Development, the Mental Health Services Oversight and Accountability Commission, the State Department of Public Health, and any other state agency to implement all duties pursuant to the programs set forth in this section. These costs shall not exceed 5 percent of the total of annual revenues received for the fund. The administrative costs shall include funds to assist consumers and family members to ensure the appropriate state and county agencies give full consideration to concerns about quality, structure of service delivery, or access to services. The amounts allocated for administration shall include amounts sufficient to ensure adequate research and evaluation regarding the effectiveness of services being provided and achievement of the outcome measures set forth in Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850). The amount of funds available for the purposes of this subdivision in any fiscal year is subject to appropriation in the annual Budget Act.

(e) In the 2004-05 fiscal year, funds shall be allocated as follows:

(1) Forty-five percent for education and training pursuant to Part 3.1 (commencing with Section 5820).

(2) Forty-five percent for capital facilities and technology needs in the manner specified by paragraph (2) of subdivision (a).

(3) Five percent for local planning in the manner specified in subdivision (c).

(4) Five percent for state implementation in the manner specified in subdivision (d).

(f) Each county shall place all funds received from the State Mental Health Services Fund in a local Mental Health Services Fund. The Local Mental Health Services Fund balance shall be invested consistent with other county funds and the interest earned on the investments shall be transferred into the fund. The earnings on investment of these funds shall be available for distribution from the fund in future fiscal years.

(g) All expenditures for county mental health programs shall be consistent with a currently approved plan or update pursuant to Section 5847.

(h)(1) Other than funds placed in a reserve in accordance with an approved plan, any funds allocated to a county that have not been spent for their authorized purpose within three years, and the interest accruing on those funds, shall revert to the state to be deposited into the Reversion Account, hereby established in the fund, and available for other counties in future years, provided, however, that funds, including interest accrued on those funds, for capital facilities, technological needs, or education and training may be retained for up to 10 years before reverting to the Reversion Account.
(2) If a county receives approval from the Mental Health Services Oversight and Accountability Commission of a plan for innovative programs, pursuant to subdivision (e) of Section 5830, the county's funds identified in that plan for innovative programs shall not revert to the state pursuant to paragraph (1) until three years after the date of the approval.

(3) Notwithstanding paragraph (1), any funds allocated to a county with a population of less than 200,000 that have not been spent for their authorized purpose within five years shall revert to the state as described in paragraph (1).

(4) Notwithstanding paragraphs (1) and (2), if a county with a population of less than 200,000 receives approval from the Mental Health Services Oversight and Accountability Commission of a plan for innovative programs, pursuant to subdivision (e) of Section 5830, the county's funds identified in that plan for innovative programs shall not revert to the state pursuant to paragraph (1) until five years after the date of the approval.

(i) If there are revenues available in the fund after the Mental Health Services Oversight and Accountability Commission has determined there are prudent reserves and no unmet needs for any of the programs funded pursuant to this section, including all purposes of the Prevention and Early Intervention Program, the commission shall develop a plan for expenditures of these revenues to further the purposes of this act and the Legislature may appropriate these funds for any purpose consistent with the commission's adopted plan that furthers the purposes of this act.

5892.1 (a) All unspent funds subject to reversion pursuant to subdivision (h) of Section 5892 as of July 1, 2017, are deemed to have been reverted to the fund and reallocated to the county of origin for the purposes for which they were originally allocated.

(b)(1) The department shall, on or before July 1, 2018, in consultation with counties and other stakeholders, prepare a report to the Legislature identifying the amounts that were subject to reversion prior to July 1, 2017, including to which purposes the unspent funds were allocated pursuant to Section 5892.

(2) Prior to the preparation of the report referenced in paragraph (1), the department shall provide to counties the amounts it has determined are subject to reversion, and provide a process for counties to appeal this determination.

(c)(1) By July 1, 2018, each county with unspent funds subject to reversion that are deemed reverted and reallocated pursuant to subdivision (a) shall prepare a plan to expend these funds on or before July 1, 2020. The plan shall be submitted to the commission for review.

(2) A county with unspent funds that are deemed reverted and reallocated pursuant to subdivision (a) that has not prepared and submitted a plan to the commission pursuant to paragraph (1) as of January 1, 2019, shall remit the unspent funds to the state pursuant to paragraph (1) of subdivision (h) of Section 5892 no later than July 1, 2019.

(d) Funds included in the plan required pursuant to subdivision (c) that are not spent as of July 1, 2020, shall revert to the state pursuant to paragraph (1) of subdivision (h) of Section 5892.

(e)(1) The requirement for submitting a report imposed under subdivision (b) is inoperative on July 1, 2022, pursuant to Section 10231.5 of the Government Code.

(2) A report to be submitted pursuant to subdivision (b) shall be submitted in compliance with Section 9795 of the Government Code.

(f) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department, without taking any further regulatory action, may implement, interpret, or make specific this section, Section
5892.5. (a)(1) The California Housing Finance Agency, with the concurrence of the State Department of Health Care Services, shall release unencumbered Mental Health Services Fund moneys dedicated to the Mental Health Services Act Housing Program upon the written request of the respective county. The county shall use these Mental Health Services Fund moneys released by the agency to provide housing assistance to the target populations who are identified in Section 5600.3.

(2) For purposes of this section, “housing assistance” means each of the following:
   (A) Rental assistance or capitalized operating subsidies.
   (B) Security deposits, utility deposits, or other move-in cost assistance.
   (C) Utility payments.
   (D) Moving cost assistance.
   (E) Capital funding to build or rehabilitate housing for homeless, mentally ill persons or mentally ill persons who are at risk of being homeless.

(b) For purposes of administering those funds released to a respective county pursuant to subdivision (a), the county shall comply with all of the requirements described in the Mental Health Services Act, including, but not limited to, Sections 5664, 5847, subdivision (h) of Section 5892, and 5899.

5893. (a) In any year in which the funds available exceed the amount allocated to counties, such funds shall be carried forward to the next fiscal year to be available for distribution to counties in accordance with Section 5892 in that fiscal year.

(b) All funds deposited into the Mental Health Services Fund shall be invested in the same manner in which other state funds are invested. The fund shall be increased by its share of the amount earned on investments.

5894. In the event that Part 3 (commencing with Section 5800) or Part 4 (commencing with Section 5850) of this division, are restructured by legislation signed into law before the adoption of this measure, the funding provided by this measure shall be distributed in accordance with such legislation; provided, however, that nothing herein shall be construed to reduce the categories of persons entitled to receive services.

5895. In the event any provisions of Part 3 (commencing with Section 5800), or Part 4 (commencing with Section 5850) of this division, are repealed or modified so the purposes of this act cannot be accomplished, the funds in the Mental Health Services Fund shall be administered in accordance with those sections as they read on January 1, 2004.

5897. (a) Notwithstanding any other state law, the State Department of Health Care Services shall implement the mental health services provided by Part 3 (commencing with Section 5800), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850) of this division through contracts with county mental health programs or counties acting jointly. A contract may be exclusive and may be awarded on a geographic basis. As used herein a county mental health program includes a city receiving funds pursuant to Section 5701.5
(b) Two or more counties acting jointly may agree to deliver or subcontract for the delivery of such mental health services. The agreement may encompass all or any part of the mental health services provided pursuant to these parts. Any agreement between counties shall delineate each county’s responsibilities and fiscal liability.

(c) The department shall implement the provisions of Part 3 (commencing with Section 5800), Part 3.2 (commencing with Section 5830), Part 3.6 (commencing with Section 5840), and Part 4 (commencing with Section 5850) of this division through the annual county mental health services performance contract, as specified in Chapter 2 (commencing with Section 5650) of Part 2 of Division 5.

(d) The department shall conduct program reviews of performance contracts to determine compliance. Each county performance contract shall be reviewed at least once every three years, subject to available funding for this purpose.

(e) When a county mental health program is not in compliance with its performance contract, the department may request a plan of correction with a specific time-line to achieve improvements. The department shall post on its Internet Web site any plans of correction requested and the related findings.

(f) Contracts awarded by the State Department of Health Care Services, the California Behavioral Health Planning Council, the Office of Statewide Health Planning and Development, and the Mental Health Services Oversight and Accountability Commission pursuant to Part 3 (commencing with 5800), Part 3.1 (commencing with 5820), Part 3.2 (commencing with Section 5830), Part 3.6 (commencing with Section 5840), Part 3.7 (commencing with Section 5845), Part 4 (commencing with Section 5850), and Part 4.5 (commencing with Section 5890) of this division, may be awarded in the same manner in which contracts are awarded pursuant to Section 5814 and the provisions of subdivisions (g) and (h) of Section 5814 shall apply to such contracts.

(g) For purposes of Section 14712, the allocation of funds pursuant to Section 5892 that are used to provide services to Medi-Cal beneficiaries shall be included in calculating anticipated county matching funds and the transfer to the State Department of Health Care Services of the anticipated county matching funds needed for community mental health programs.

5898. The State Department of Health Care Services, in consultation with the Mental Health Services Oversight and Accountability Commission, shall develop regulations, as necessary, for the State Department of Health Care Services, the Mental Health Services Oversight and Accountability Commission, or designated state and local agencies to implement this act. Regulations adopted pursuant to this section shall be developed with the maximum feasible opportunity for public participation and comments.

5899. (a) The State Department of Health Care Services, in consultation with the Mental Health Services Oversight and Accountability Commission and the County Behavioral Health Directors Association of California, shall develop and administer instructions for the Annual Mental Health Services Act Revenue and Expenditure Report. The instructions shall include a requirement that the county certify the accuracy of this report. With the exception of expenditures and receipts related to the capital facilities and technology needs component described in paragraph (6) of subdivision (d), each county shall adhere to uniform accounting standards and procedures that conform to the Generally Accepted Accounting Principles prescribed by the Controller pursuant to Section 30200 of the Government Code when accounting for receipts and expenditures of Mental Health Services Act (MHSA) funds in preparing the report. Counties shall report receipts and expenditures related to capital facilities and
technology needs using the cash basis of accounting, which recognizes expenditures at the time payment is made. Each county shall electronically submit the report to the department and to the Mental Health Services Oversight and Accountability Commission. The department and the commission shall annually post each county's report in a text-searchable format on its Internet Web site in a timely manner.

(b) The department, in consultation with the commission and the County Behavioral Health Directors Association of California, shall revise the instructions described in subdivision (a) by July 1, 2017, and as needed thereafter, to improve the timely and accurate submission of county revenue and expenditure data.

(c) The purpose of the Annual Mental Health Services Act Revenue and Expenditure Report is as follows:

1. Identify the expenditures of MHSA funds that were distributed to each county.
2. Quantify the amount of additional funds generated for the mental health system as a result of the MHSA.
3. Identify unexpended funds, and interest earned on MHSA funds.
4. Determine reversion amounts, if applicable, from prior fiscal year distributions.

(d) This report is intended to provide information that allows for the evaluation of all of the following:

1. Children's systems of care.
3. Innovative projects.
4. Workforce education and training.
5. Adults and older adults systems of care.
6. Capital facilities and technology needs.

(e) If a county does not submit the annual revenue and expenditure report described in subdivision (a) by the required deadline, the department may withhold MHSA funds until the reports are submitted.

(f) A county shall also report the amount of MHSA funds that were spent on mental health services for veterans.

(g) By October 1, 2018, and by October 1 of each subsequent year, the department shall, in consultation with counties, publish on its Internet Web site a report detailing funds subject to reversion by county and by originally allocated purpose. The report also shall include the date on which the funds will revert to the Mental Health Services Fund.

5899.1. (a) On or after July 1, 2017, funds subject to reversion pursuant to subdivision (h) of Section 5892 shall be reallocated to other counties for the purposes for which the unspent funds were initially allocated to the original county.

(b) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department, without taking any further regulatory action, may implement, interpret, or make specific this section, Section 5892.1, and subdivision (h) of Section 5892, by means of all-county letters or other similar instructions, until applicable regulations are adopted in accordance with Section 5898, or until July 1, 2019, whichever occurs first. The all-county letters or other similar instructions shall be issued only after the department provides the opportunity for public participation and comments.

SECTION 6. Section 18257 is added to the Welfare and Institutions Code, to read:

18257. The State Department of Social Services shall seek applicable federal approval to make the maximum number of children being served through such programs eligible
for federal financial participation and amend any applicable state regulations to the extent necessary to eliminate any limitations on the numbers of children who can participate in these programs.

SECTION 12. Section 17043 is added to the Revenue and Taxation Code, to read:

17043. (a) For each taxable year beginning on or after January 1, 2005, in addition to any other taxes imposed by this part, an additional tax shall be imposed at the rate of 1% on that portion of a taxpayer’s taxable income in excess of one million dollars ($1,000,000).

(b) For purposes of applying Part 10.2 (commencing with Section 18401) of Division 2, the tax imposed under this section shall be treated as if imposed under Section 17041.

(c) The following shall not apply to the tax imposed by this section:

(1) The provisions of Section 17039, relating to the allowance of credits.

(2) The provisions of Section 17041, relating to filing status and recomputation of the income tax brackets.

(3) The provisions of Section 17045, relating to joint returns.

SECTION 13. Section 19602 of the Revenue and Taxation Code is amended to read:

19602. Except for amounts collected or accrued under Sections 17935, 17941, 17948, 19532, and 19561, and revenues deposited pursuant to Section 19602.5, all moneys and remittances received by the Franchise Tax Board as amounts imposed under Part 10 (commencing with Section 17001), and related penalties, additions to tax, and interest imposed under this part, shall be deposited, after clearance of remittances, in the State Treasury and credited to the Personal Income Tax Fund.

SECTION 14. Section 19602.5 is added to the Revenue and Taxation Code to read:

19602.5 (a) There is in the State Treasury the Mental Health Services Fund (MHS Fund). The estimated revenue from the additional tax imposed under Section 17043 for the applicable fiscal year, as determined under subparagraph (B) of paragraph (3) of subdivision (c), shall be deposited to the MHS Fund on a monthly basis, subject to an annual adjustment as described in this section.

(b) (1) Beginning with fiscal year 2004-2005 and for each fiscal year thereafter, the Controller shall deposit on a monthly basis in the MHS Fund an amount equal to the applicable percentage of net personal income tax receipts as defined in paragraph (4).

(2) (A) Except as provided in subparagraph (B), the applicable percentage referred to in paragraph (1) shall be 1.76 percent.

(B) For fiscal year 2004-2005, the applicable percentage shall be 0.70 percent. (3) Beginning with fiscal year 2006-2007, monthly deposits to the MHS Fund pursuant to this subdivision are subject to suspension pursuant to subdivision (f).

(4) For purposes of this subdivision, “net personal income tax receipts” refers to amounts received by the Franchise Tax Board and the Employment Development Department under the Personal Income Tax Law, as reported by the Franchise Tax Board to the Department of Finance pursuant to law, regulation, procedure, and practice (commonly referred to as the “102 Report”) in effect on the effective date of the Act establishing this section.
(c) No later than March 1, 2006, and each March 1 thereafter, the Department of Finance, in consultation with the Franchise Tax Board, shall determine the annual adjustment amount for the following fiscal year.

(1) The “annual adjustment amount” for any fiscal year shall be equal to the amount determined by subtracting the “revenue adjustment amount” for the applicable revenue adjustment fiscal year, as determined by the Franchise Tax Board under paragraph (3), from the “tax liability adjustment amount” for applicable tax liability adjustment tax year, as determined by the Franchise Tax Board under paragraph (2).

(2) (A) (i) The “tax liability adjustment amount” for a tax year is equal to the amount determined by subtracting the estimated tax liability increase from the additional tax imposed under Section 17043 for the applicable year under subparagraph (B) from the amount of the actual tax liability increase from the additional tax imposed under Section 17043 for the applicable tax year, based on the returns filed for that tax year.

(ii) For purposes of the determinations required under this paragraph, actual tax liability increase from the additional tax means the increase in tax liability resulting from the tax of 1% imposed under Section 17043, as reflected on the original returns filed by October 15 of the year after the close of the applicable tax year.

(iii) The applicable tax year referred to in this paragraph means the 12-calendar month taxable year beginning on January 1 of the year that is two years before the beginning of the fiscal year for which an annual adjustment amount is calculated.

(B) (i) The estimated tax liability increase from the additional tax for the following tax years is:

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Estimated Tax Liability Increase from the Additional Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$634 million</td>
</tr>
<tr>
<td>2006</td>
<td>$672 million</td>
</tr>
<tr>
<td>2007</td>
<td>$713 million</td>
</tr>
<tr>
<td>2008</td>
<td>$758 million</td>
</tr>
</tbody>
</table>

(ii) The “estimated tax liability increase from the additional tax” for the tax year beginning in 2009 and each tax year thereafter shall be determined by applying an annual growth rate of 7 percent to the “estimated tax liability increase from additional tax” of the immediately preceding tax year.

(3) (A) The “revenue adjustment amount” is equal to the amount determined by subtracting the “estimated revenue from the additional tax” for the applicable fiscal year, as determined under subparagraph (B), from the actual amount transferred for the applicable fiscal year.

(B) (i) The “estimated revenue from the additional tax” for the following applicable fiscal years is:

<table>
<thead>
<tr>
<th>Applicable Fiscal Year</th>
<th>Estimated Revenue from Additional Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>$254 million</td>
</tr>
<tr>
<td>2005-06</td>
<td>$683 million</td>
</tr>
<tr>
<td>2006-07</td>
<td>$690 million</td>
</tr>
<tr>
<td>2007-08</td>
<td>$733 million</td>
</tr>
</tbody>
</table>
(ii) The “estimated revenue from the additional tax” for applicable fiscal year 2007-08 and each applicable fiscal year thereafter shall be determined by applying an annual growth rate of 7 percent to the “estimated revenue from the additional tax” of the immediately preceding applicable fiscal year.

(iii) The applicable fiscal year referred to in this paragraph means the fiscal year that is two years before the fiscal year for which an annual adjustment amount is calculated.

(d) The Department of Finance shall notify the Legislature and the Controller of the results of the determinations required under subdivision (c) no later than 10 business days after the determinations are final.

(e) If the annual adjustment amount for a fiscal year is a positive number, the Controller shall transfer that amount from the General Fund to the MHS Fund on July 1 of that fiscal year.

(f) If the annual adjustment amount for a fiscal year is a negative number, the Controller shall suspend monthly transfers to the MHS Fund for that fiscal year, as otherwise required by paragraph (1) of subdivision (b), until the total amount of suspended deposits for that fiscal year equals the amount of the negative annual adjustment amount for that fiscal year.

SECTION 16 OF PROP 63
The provisions of this act shall become effective January 1 of the year following passage of the act, and its provisions shall be applied prospectively.

The provisions of this act are written with the expectation that it will be enacted in November of 2004. In the event that it is approved by the voters at an election other than one which occurs during the 2004-05 fiscal year, the provisions of this act which refer to fiscal year 2005-06 shall be deemed to refer to the first fiscal year which begins after the effective date of this act and the provisions of this act which refer to other fiscal years shall refer to the year that is the same number of years after the first fiscal year as that year is in relationship to 2005-06.

SECTION 17 OF PROP 63
Notwithstanding any other provision of law to the contrary, the department shall begin implementing the provisions of this act immediately upon its effective date and shall have the authority to immediately make any necessary expenditures and to hire staff for that purpose.

SECTION 18 OF PROP 63
This act shall be broadly construed to accomplish its purposes. All of the provisions of this Act may be amended by a 2/3 vote of the Legislature so long as such amendments are consistent with and further the intent of this act. The Legislature may by majority vote add provisions to clarify procedures and terms including the procedures for the collection of the tax surcharge imposed by Section 12 of this act.

SECTION 19 OF PROP 63
If any provision of this act is held to be unconstitutional or invalid for any reason, such unconstitutionality or invalidity shall not affect the validity of any other provision.