



LITTLE HOOVER COMMISSION

Pedro Nava
Chairman

Loren Kaye
Vice Chairman

Katcho Achadjian
Assemblymember

David Beier

Anthony Cannella
Senator

Jack Flanigan

Don Perata

Anthony Rendon
Assemblymember

Richard Roth
Senator

David A. Schwarz

Jonathan Shapiro

Sumi Sousa

Carole D'Elia
Executive Director

FOR IMMEDIATE RELEASE
January 27, 2015

For Additional Information Contact:

Carole D'Elia
Executive Director
(916) 445-2125

Commission Calls for Stronger Oversight, Better Financial Reporting to Document Impact of "Millionaire's Tax" on Mental Health in California

The Little Hoover Commission, citing a decade of bureaucratic stumbles and data challenges, called Tuesday for the state to address critical shortcomings in its implementation of 2004's Proposition 63, known as the Mental Health Services Act (MHSA). After 10 years the state still can't document whether \$13 billion raised through the act has improved the streets of California and the lives of its residents.

In a report to Governor Brown and the Legislature, the Commission cited anecdotal stories of significant successes and improvements in California's mental health system, but found the state still cannot definitively quantify who has been helped by Proposition 63 spending and how. Nor can the state demonstrate meaningful big-picture outcomes – such as reduced homelessness or improved school attendance – more than a decade after voters hiked income taxes on the wealthiest Californians to expand care for the severely mentally ill and reorient programs and services toward prevention and early intervention.

In the report, *Promises Still to Keep: A Decade of the Mental Health Services Act*, the Commission called on the state to better validate how the money has been used to help Californians with mental illness recover and find stable housing or jobs – and how it has prevented others from developing a serious mental illness. The Commission urged the Governor, Legislature and state agencies responsible for overseeing the act to take several actions, including expanding the authority of the MHSA oversight commission and improving financial reporting to ensure progress toward outcomes that Proposition 63 supporters promised to voters in 2004.

"The Mental Health Services Act was a landmark initiative for California, bringing new and needed money to a neglected and underfunded system," said Little Hoover Commission Chairman Pedro Nava. "But agencies implementing a measure that promised to make a demonstrable difference on the street, in jail populations and in peoples' lives still can't tell a conclusive story of how it's succeeding or where it's falling short. While there are numerous success stories, those programs that deliver effective services are not showcased for their success while unsuccessful programs may be allowed to operate without sunshine."

The Commission's report describes a 10-year history of good intentions sometimes confounded by bureaucratic missteps, a severe downturn in the economy and ever-changing oversight structure.

Weak oversight of expenditures, implementation. Despite several legislative interventions over the past decade, the Commission found an oversight system in need of prompt and dramatic review. The Commission heard that the state continues to lack a strong oversight body that is empowered to monitor and oversee county programs and swiftly correct problems – such as mishandled funds. The state offers few repercussions for counties that fail to provide required information about their implementation of the act, and consequently, state agencies cannot collect consistent data to conduct necessary evaluations.

Poor transparency, fiscal accountability. The Commission heard that the state urgently needs better data to understand the act's successes and identify areas of need. One culprit is an aging and severely inadequate data system incapable of combining data or evaluative results across all components of the act. The Commission, likewise, heard that the state can do better to make information it collects available online – in a clear, understandable format – about how much revenue the act generates yearly and where and how it is spent in individual counties and statewide.

Commission recommendations:

- The Legislature should expand the authority of the state's Mental Health Services Oversight and Accountability Commission to conduct up-front reviews of sometimes-controversial Prevention and Early Intervention plans funded by the act before funds are budgeted. The oversight commission also should be empowered to impose sanctions and withhold county funding when it identifies deficiencies in a county's spending plan. To provide greater accountability of the portion of MHSA funds that support state programs (more than \$80 million in 2014), the oversight commission also should have a role in developing recommendations for and consulting with the Department of Finance before the funds are allocated.
- The state oversight commission and the Department of Health Care Services should work together to develop a meaningful accountability data system for the Mental Health Services Act that provides reliable, timely information that allows it to monitor effective progress toward the act's goals.
- The MHSA oversight commission should improve and update its website to make it easier for voters, taxpayers and mental health advocates, consumers and their families to see how and where the money is spent and who benefits from its services.

The Little Hoover Commission is a bipartisan and independent state agency charged with recommending ways to improve the efficiency and effectiveness of state programs. The report and documents from the Commission's September 2014 public hearing on this topic, including the agenda and written testimony submitted by witnesses, are available on the Commission's website at www.lhc.ca.gov.