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AMENDED IN ASSEMBLY APRIL 11, 2000
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CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2034

**Introduced by Assembly Members Steinberg and Baugh
(Principal coauthors: Assembly Members Scott and Shelley)**

(Principal coauthors: Senators Burton and Perata)

**(Coauthors: Assembly Members Alquist, Aroner, Bock,
Cardoza, Cox, Hertzberg, Honda, Keeley, Knox, Kuehl,
Longville, Lowenthal, Machado, Mazzoni, Pescetti,
Strom-Martin, Thomson, and Torlakson)**

(Coauthors: Senators Alpert, Chesbro, Rainey, Solis, and
Vasconcellos)

February 18, 2000

An act to amend Sections 5806, 5814, and 5814.5 of the
Welfare and Institutions Code, relating to mental health, ~~and
making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2034, as amended, Steinberg. Mental health funding:
local grants.

Existing law requires the State Department of Mental
Health to establish service standards relating to mental health
programs. These standards include plans for services and
evaluation strategies to coordinate and provide access to

housing assistance, vocational rehabilitation, and veterans' services.

This bill would include transition youth, as defined, within the target population and implement additional service standards relating to outreach and diagnostic and assessment services.

Existing law requires the director to establish a methodology for awarding grants and to establish a designated advisory committee. The department is also required to select up to 3 counties for eligibility for demonstration grants to be used to provide comprehensive services to the severely mentally ill.

This bill would require the director to include additional advisory committee members. This bill would also require additional criteria to be used in awarding grants. The department would be authorized to continue funding previously selected counties and to select additional counties to provide comprehensive services to the severely mentally ill. The 3-county limitation would be deleted.

Existing law requires counties receiving grants to provide the department with program outcome data.

This bill would also require the counties receiving grants to provide the department with information relating to funding for housing.

Existing law reappropriates \$10,000,000 to the department from a specified item in the Budget Act of 1999 for the purpose of funding grants. ~~The provisions of this section are operative until July 1, 2000, and would be repealed on January 1, 2001.~~

~~This bill would reappropriate an unspecified sum to the department from the Budget Act of 2000 for the purpose of funding grants provided under the bill. This bill would also delete the repeal of these provisions and thus continue them indefinitely.~~

This bill would revise these provisions regarding the funding of grants.

The bill would require the department to conduct a review of published materials regarding certain early psychosis education programs. The bill would require the department to report to the Legislature on or before July 1, 2001, regarding the reviews and to make recommendations.



Vote: $\frac{2}{3}$ majority. Appropriation: —yes no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature finds and declares
2 as follows:

3 (1) In 1999, the Legislature recognized the
4 longstanding problem of the underfunded community
5 mental health care system and the consequences of
6 severely mentally ill adults not getting treatment
7 resulting in these adults being homeless, incarcerated in
8 jails, and hospitalized.

9 (2) The Legislature began to address this problem by
10 funding three pilot programs in Los Angeles,
11 Sacramento, and Stanislaus Counties to provide extended
12 community mental health services and outreach to
13 mentally ill adults who are homeless or at risk of
14 homelessness.

15 (3) The legislation, Chapter 617 of the Statutes of 1999
16 (AB 34), required the State Department of Mental
17 Health to evaluate these programs and determine if they
18 were effective in reducing the risk of continued
19 homelessness, incarceration, or hospitalization.

20 (4) The response to the offer of outreach services to
21 severely mentally ill persons has been overwhelming,
22 with more than 1,000 additional people now stabilized
23 and in treatment with a greatly reduced risk of further
24 homelessness, incarcerations, or hospitalizations.

25 (5) Based upon this success and the dramatic and
26 unfortunate consequences of two decades of not
27 providing adequate community mental health services, it
28 is now time for the state to make a significant effort to
29 substantially increase these programs and realize a
30 measurable reduction in homelessness of people with
31 mental illness by dramatically expanding these programs.

32 (b) It is the intent of the Legislature to enact
33 legislation that will do all of the following:

34 (1) Provide funds in the 2000-01 fiscal year to allow the
35 three counties that currently conduct programs to



1 continue successful program expansions, based upon
2 remaining unmet needs.

3 (2) Permit, in addition to the initial demonstration
4 counties, counties that have adult system of care
5 programs to have an opportunity to participate in these
6 programs, based upon unmet needs, successful existing
7 programs, and each county’s capacity to increase services.

8 (3) Permit counties that do not yet have a system of
9 care program to increase community mental health
10 services by establishing an initial program that can be
11 expanded upon in future years.

12 SEC. 2. Section 5806 of the Welfare and Institutions
13 Code is amended to read:

14 5806. The State Department of Mental Health shall
15 establish service standards that ensure that members of
16 the target population are identified, and services
17 provided to assist them to live independently, work, and
18 reach their potential as productive citizens. The
19 department shall provide annual oversight of grants
20 issued pursuant to this part for compliance with these
21 standards. These standards shall include, but are not
22 limited to:

23 (a) A service planning process that is target
24 population based and includes the following:

25 (1) Determination of the numbers of clients to be
26 served and the programs and services that will be
27 provided to meet their needs. The local director of
28 mental health shall consult with the sheriff, the police
29 chief, the probation officer, the mental health board,
30 contract agencies, and family, client, ethnic and citizen
31 constituency groups as determined by the director.

32 (2) Plans for services, including outreach to transition
33 youth and to families whose severely mentally ill adult is
34 living with them, design of mental health services,
35 coordination and access to medications , psychiatric and
36 psychological services, substance abuse services,
37 supportive housing or other housing assistance,
38 vocational rehabilitation, and veterans’ services. Plans
39 shall also contain evaluation strategies, that shall consider
40 cultural, linguistic, gender, age, and special needs of



1 minorities in the target populations. Provision shall be
2 made for staff with the cultural background and linguistic
3 skills necessary to remove barriers to mental health
4 services due to ~~limited-English-speaking~~
5 *limited-English-speaking* ability and cultural differences.

6 (3) Provisions for services to meet the needs of target
7 population clients who are physically disabled.

8 (4) Provision for services to meet the special needs of
9 older adults.

10 (5) Provision for family support and consultation
11 services, parenting support and consultation services, and
12 peer support or self-help group support, where
13 appropriate.

14 (6) Provision for services to be client-directed and that
15 employ psychosocial rehabilitation and recovery
16 principles.

17 (7) Provision for psychiatric and psychological
18 services that are integrated with other services and for
19 psychiatric and psychological collaboration in overall
20 service planning.

21 (8) Provision for transition youth diagnostic and
22 assessment processes and services designed specifically to
23 meet the needs of 18 to 25 year olds, inclusive. These
24 provisions may include continuation of services that
25 would still be received through other funds had eligibility
26 not been terminated due to age.

27 (b) Each client shall have either a clearly designated
28 mental health case manager or a multidisciplinary
29 treatment team who is responsible for providing or
30 assuring needed services. Responsibilities include
31 complete assessment of the client's needs, development
32 of the client's personal services plan, linkage with all
33 appropriate community services, monitoring of the
34 quality and follow through of services, and necessary
35 advocacy to ensure each client receives those services
36 which are agreed to in the personal services plan. Each
37 client shall participate in the development of his or her
38 personal services plan, and responsible staff shall consult
39 with the designated conservator and, with the consent of



1 the client, consult with the family and other significant
2 persons as appropriate.

3 (c) The individual personal services plan shall ensure
4 that members of the target population involved in the
5 system of care receive age, gender, and culturally
6 appropriate services, to the extent feasible, that are
7 designed to enable recipients to:

8 (1) Live in the most independent, least restrictive
9 housing feasible in the local community.

10 (2) Engage in the highest level of work or productive
11 activity appropriate to their abilities and experience.

12 (3) Create and maintain a support system consisting of
13 friends, family, and participation in community activities.

14 (4) Access an appropriate level of academic education
15 or vocational training.

16 (5) Obtain an adequate income.

17 (6) Self-manage their illness and exert as much control
18 as possible over both the day-to-day and long-term
19 decisions which affect their lives.

20 (7) Access necessary physical health care and
21 maintain the best possible physical health.

22 (8) Reduce or eliminate antisocial or criminal
23 behavior and thereby reduce or eliminate their contact
24 with the criminal justice system.

25 (9) Reduce or eliminate the distress caused by the
26 symptoms of mental illness.

27 (10) Have freedom from dangerous addictive
28 substances.

29 (d) For purposes of this section and Section 5814,
30 “transition youth” are individuals 18 to 25 years old,
31 inclusive, with the conditions described in paragraph (2)
32 of subdivision (a) of Section 5600.3.

33 ~~SEC. 2.—~~

34 *SEC. 3.* Section 5814 of the Welfare and Institutions
35 Code is amended to read:

36 5814. (a) (1) This part shall be implemented only to
37 the extent that funds are appropriated for purposes of this
38 part. To the extent that funds are made available, the first
39 priority shall go to maintain funding for the existing
40 programs that meet adult system of care contract goals.



1 *The next priority for funding shall be given to counties*
2 *with highly urbanized areas, significant numbers of*
3 *persons who are homeless or severely mentally ill, or*
4 *both, and at high risk of losing federally funded Section*
5 *8 low-income housing.*

6 (2) The director shall establish a methodology for
7 awarding grants under this part consistent with the
8 legislative intent expressed in Section 5802, and in
9 consultation with the advisory committee established in
10 this subdivision.

11 (3) The director shall establish an advisory committee
12 for the purpose of providing advice regarding the
13 development of criteria for the award of grants, and the
14 identification of specific performance measures for
15 evaluating the effectiveness of grants. The committee
16 shall include, but not be limited to, representatives from
17 state, county, and community veterans' services and
18 disabled veterans outreach programs, supportive housing
19 and other housing assistance programs, law enforcement,
20 county mental health and private providers of local
21 mental health services and mental health outreach
22 services, the Board of Corrections, the State Department
23 of Alcohol and Drug Programs, local substance abuse
24 services providers, the Department of Rehabilitation,
25 providers of local employment services, the State
26 Department of Social Services, a service provider to
27 transition youth, the United Advocates for Children of
28 California, the California Mental Health Advocates for
29 Children and Youth, the Mental Health Association of
30 California, the California Alliance for the Mentally Ill, the
31 California Network of Mental Health Clients, and the
32 Mental Health Planning Council.

33 (4) The criteria for the award of grants shall include,
34 but not be limited to, all of the following:

35 (A) A description of a comprehensive strategic plan
36 for providing outreach, prevention, intervention, and
37 evaluation in a cost appropriate manner corresponding to
38 the criteria specified in subdivision (c).

39 (B) A description of the local population to be served,
40 ability to administer an effective service program, and



1 the degree to which local agencies and advocates will
2 support and collaborate with program efforts.

3 (C) A description of efforts to maximize the utilization
4 of other state, federal, and local funds that can support
5 and enhance the cost effectiveness of these programs.

6 (D) A description of efforts to obtain health
7 foundation charitable funds to expand and support these
8 programs.

9 (5) In addition to the criteria specified in paragraph
10 (4), counties seeking grants for expansion of programs
11 that were funded pursuant to this part prior to January 1,
12 2001, shall provide:

13 (A) Data on the total number of adults and the total
14 number of transition youth receiving extensive
15 community mental health services including programs
16 funded pursuant to this part and other programs. This
17 information shall identify the number of persons served
18 in programs that meet the criteria for adults system of
19 care and the number in other structured programs.

20 (B) Data for each type of program on the amount of
21 funding expended per person.

22 (C) To the extent available, outcome measures for
23 other programs that serve populations similar to those
24 served with funds provided pursuant to this part.

25 (D) An analysis that compares the cost and outcomes
26 for services provided under the adults system of care
27 programs with services provided under other programs
28 for adults with similar needs.

29 (E) The policy reasons or other explanations for those
30 receiving services outside of the adults system of care
31 programs and, to the extent possible, the county's plan for
32 expansion of system of care services to include persons
33 not currently receiving services under this type of system
34 of care program.

35 (b) In each year in which additional funding is
36 provided by the State Budget the department shall
37 establish programs that offer individual counties
38 sufficient funds to comprehensively serve severely
39 mentally ill adults who are homeless, recently released
40 from a county jail or the state prison, or others who are



1 untreated, unstable, and at significant risk of
2 incarceration or homelessness unless treatment is
3 provided to them and who are severely mentally ill
4 adults. For purposes of this subdivision, “severely
5 mentally ill adults” are those individuals described in
6 subdivision (b) of Section 5600.3 or transition youth. In
7 consultation with the advisory committee established
8 pursuant to paragraph (3) of subdivision (a), the
9 department shall report to the Legislature on or before
10 May 1, 2000, and shall evaluate, at a minimum, the
11 effectiveness of the strategies in providing successful
12 outreach and reducing homelessness, involvement with
13 local law enforcement, and other measures identified by
14 the department. The evaluation shall include, as much of
15 the following as available information permits:

16 (1) The number of persons served, and of those, the
17 number who are able to maintain housing, and the
18 number who receive extensive community mental health
19 services.

20 (2) The number of persons with contacts with local
21 law enforcement and the extent to which local and state
22 incarceration has been reduced or avoided.

23 (3) The number of persons participating in
24 employment service programs including competitive
25 employment.

26 (4) The number of persons contacted in outreach
27 efforts who appear to be severely mentally ill, as
28 described in Section 5600.3, who have refused treatment
29 after completion of all applicable outreach measures.

30 (5) The amount of hospitalization that has been
31 reduced or avoided.

32 (c) Each project shall include outreach and service
33 grants in accordance with a contract between the state
34 and approved counties that reflects the number of
35 anticipated contacts with people who are homeless or at
36 risk of homelessness, and the number of those who are
37 severely mentally ill and who are likely to be successfully
38 referred for treatment and will remain in treatment until
39 successfully discharged.



1 (d) If sufficient funds have been made available to
 2 provide funding to all counties that are eligible as set forth
 3 in this section, additional funding may be made available
 4 for other counties, or groups of counties, that do not
 5 currently have an existing program of integrated services
 6 that meet adults system of care criteria. To the extent
 7 funds are available, those counties may apply for a start
 8 up program to serve approximately 100 people in
 9 accordance with specific terms and conditions of
 10 oversight and training which shall be developed by the
 11 department, in consultation with the advisory
 12 committee.

13 (e) (1) As used in this part, “receiving extensive
 14 mental health services” means having a case manager, as
 15 described in subdivision (b) of Section 5806, and having
 16 an individual personal service plan, as described in
 17 subdivision (c) of Section 5806.

18 (2) The funding provided pursuant to this part shall be
 19 sufficient to provide mental health services, medically
 20 necessary medications to treat severe mental illnesses,
 21 alcohol and drug services, supportive housing and other
 22 housing assistance, vocational rehabilitation, money
 23 management assistance for accessing other health care
 24 and obtaining federal income and housing support,
 25 accessing veterans’ services, and stipends to attract and
 26 retain sufficient numbers of qualified professionals as
 27 necessary to provide the necessary levels of these
 28 services. These grants shall, however, pay for only that
 29 portion of the costs of those services not otherwise
 30 provided by federal funds or other state funds.

31 (f) Contracts awarded pursuant to this part shall be
 32 exempt from the Public Contract Code and the state
 33 administrative manual and shall not be subject to the
 34 approval of the Department of General Services.

35 (g) Notwithstanding any other provision of law, funds
 36 awarded to counties pursuant to this part and Part 4
 37 (commencing with Section 5850) shall not require a local
 38 match in funds.

39 ~~SEC. 3.—~~



1 SEC. 4. Section 5814.5 of the Welfare and Institutions
2 Code is amended to read:

3 ~~5814.5. (a) Of the funds appropriated pursuant to~~
4 ~~Schedule (a) of Item 4440 101 0001 of the Budget Act of~~
5 ~~2000, the sum of _____ dollars (\$____) shall be~~
6 ~~allocated in accordance with the following schedule:~~

7 ~~(1) The sum of five hundred thousand dollars~~
8 ~~(\$500,000) shall be reappropriated in augmentation of~~
9 ~~Schedule (a) of Item 4440 001 0001 of the Budget Act of~~
10 ~~2000 to provide for departmental support for the~~
11 ~~additional administrative costs associated with the~~
12 ~~augmentation contained in paragraph (2). Specifically,~~
13 ~~this amount shall be utilized by the State Department of~~
14 ~~Mental Health to provide for its administration of these~~
15 ~~programs, and to work together with the Department of~~
16 ~~Finance, the Department of Corrections, the Board of~~
17 ~~Corrections, state associations representing law~~
18 ~~enforcement and local government, and the Legislative~~
19 ~~Analyst, in order to collect and evaluate the program~~
20 ~~performance and cost data pertaining to these programs.~~

21 ~~(2) The sum of _____ dollars (\$____) shall be~~
22 ~~allocated for continuation and expansion of counties~~
23 ~~funded in 1999-2000 that have successfully demonstrated~~
24 ~~the cost effectiveness~~

25 *5814.5. (a) (1) Counties funded under this part in*
26 *the 1999-2000 fiscal year are eligible for funding to*
27 *continue and expand their programs if they have*
28 *successfully demonstrated the cost-effectiveness of their*
29 *grants received in that year and demonstrate significant*
30 *continued unmet need and capacity for expansion*
31 *without compromising quality or cost-effectiveness of*
32 *care and to other counties or portions of counties, that*
33 *demonstrate that the county can provide*
34 *cost-effectiveness of care.*

35 *(2) Other counties or portions of counties are eligible*
36 *for funding to establish programs if a county*
37 *demonstrates that it can provide comprehensive services,*
38 *as set forth in this part, to a substantial number of adults*
39 *who are severely mentally ill, as defined in Section 5600.3,*
40 *and are homeless or recently released from the county jail*



1 or who are untreated, unstable, and at significant risk of
2 incarceration or homelessness unless treatment is
3 provided.

4 (b) (1) Counties eligible for funding pursuant to
5 ~~paragraph (2)~~ of subdivision (a) shall be those that have
6 existing integrated adult service programs that meet the
7 criteria for an adult system of care, as set forth in Section
8 5806, and that have, or can develop, integrated forensic
9 programs with similar characteristics for parolees and
10 those recently released from county jail who meet the
11 target population requirements of Section 5600.3 and are
12 at risk of incarceration unless the services are provided.
13 Local enrollment for integrated adult service programs
14 and for integrated forensic programs funded pursuant to
15 ~~paragraph (2)~~ of subdivision (a) shall adhere to all
16 conditions set forth by the department, including the
17 total number of clients to be enrolled, the providers to
18 which clients are enrolled and the maximum cost for each
19 provider, the maximum number of clients to be served at
20 any one time, the outreach and screening process used to
21 identify enrollees, and the total cost of the program. Local
22 enrollment of each individual for integrated forensic
23 programs shall be subject to the approval of the county
24 mental health director or his or her designee.

25 (2) Each county shall ensure that funds provided by
26 these grants are used to expand existing integrated
27 service programs that meet the criteria of adults system
28 of care to provide new services in accordance with the
29 purpose for which they were appropriated and allocated,
30 and that none of these funds shall be used to supplant
31 existing services to severely mentally ill adults. In order
32 to ensure that this requirement is met, the department
33 shall develop methods and contractual requirements, as
34 it determines necessary. At a minimum, these assurances
35 shall include that state and federal requirements
36 regarding tracking of funds are met and that patient
37 records are maintained in a manner that protects privacy
38 and confidentiality, as required under federal and state
39 law.



1 (c) Each county selected to receive a grant pursuant
2 to this section shall provide data as the department may
3 require, that demonstrates the outcomes of these adult
4 system of care programs, shall specify the additional
5 numbers of severely mentally ill adults to whom they will
6 provide comprehensive services for each million dollars
7 of additional funding that may be awarded through either
8 an integrated adult service grant or an integrated
9 forensic grant, and shall agree to provide services in
10 accordance with Section 5806. Each county shall identify,
11 as the department may require, the amount of funding
12 required for housing market conditions, the estimated
13 number of people who will be eligible for income from
14 Social Security, and types of housing and support services
15 that will be required.

16 ~~SEC. 4.—~~

17 *SEC. 5.* (a) The State Department of Mental Health
18 shall conduct a review of published materials regarding
19 early psychosis education programs such as those
20 operating in Melbourne, Australia, London, England,
21 Canada, Rogaland, Norway that utilize schools, primary
22 care physicians, and a general public education campaign
23 to ensure that people suffering from
24 schizophrenia-related illnesses receive treatment within
25 months of the onset of the symptoms as compared to
26 several years in similar communities without these
27 programs.

28 (b) The State Department of Mental Health, on or
29 before July 1, 2001, shall report to the Legislature
30 regarding the findings of the literature review and make
31 recommendations as to whether such a program should
32 be implemented in California. The report shall include,
33 but not be limited to, information related to the costs and
34 benefits to mentally ill persons and the society in which
35 they live. The report shall also include an overview of the
36 actions and resources necessary to implement such a
37 program in California.

38 (c) The State Department of Mental Health shall
39 report to the Legislature regarding the study and



1 recommendations required under this section on or
2 before July 1, 2001.

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