

The 2021-22 Budget: School Mental Health

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Background

Schools Are Required to Provide Special Education Mental Health Services. Students can receive mental health services from a variety of sources, including schools, county mental health departments, and health plans. Beginning in 2011-12, schools assumed responsibility for providing mental health services to students receiving special education, including students identified with emotional disturbance. (Responsibility for these services was previously with counties.) These services are funded through the state’s special education mental health services program, which provided schools \$381 million in 2020-21. Schools can also provide other mental health services or implement school-wide interventions to provide mental health supports to all students. To provide mental health services, schools hire their own professionals, contract with county mental health departments or outside contractors, establish on-site school-based health centers, or use a combination of approaches. When schools provide services directly, they may seek reimbursement for certain mental health services from Medi-Cal, the state’s health care program for low-income residents. Beginning in 2020-21, schools also can use funding from the special education mental health services program for any mental health expense.

Counties Also Offer Children’s Mental Health Services. County mental health departments are responsible for providing or arranging for many Medi-Cal mental health services and—relative to schools—receive reimbursements from Medi-Cal for a wider range of children’s mental health services. County mental health departments also receive funding from the Mental Health Services Act (MHSA). Approved by California voters as Proposition 63 in 2004, the MHSA

generates roughly \$2 billion annually for mental health services—mainly those administered by counties—via a 1 percent tax on incomes over \$1 million. Counties must use their MHSA funding to offer certain programs serving all age groups. These programs provide a broad range of mental health services, including prevention and early intervention services, as well as full-range mental health services for students with serious emotional disturbances not covered by health plans. Counties are required to submit to the state three-year plans that report their MHSA programs and expenditures.

Student Mental Health Has Become an Increasing Concern. In recent years, numerous reports indicate that an increasing number of students are experiencing mental health issues. In a statewide survey conducted in 2014, more than three-quarters of principals cited students’ social, emotional, and mental health as a moderate or severe problem in their schools. In California’s biennial survey on school climate and student well-being, students indicated higher levels of mental health risks than in past years. For example, in the most recent survey (conducted between 2017 and 2019), the share of 7th graders who had experienced cyberbullying increased to 27 percent from 19 percent in the prior survey. The Centers for Disease Control and Prevention recently reported that California had a 38 percent increase in suicide deaths in individuals between the ages of 10 and 24 in the past decade—consistent with national trends. Although data are not yet available, anecdotal evidence suggests that student mental health issues have recently grown due to pandemic-related school closures.

2019-20 Budget Provided \$50 Million to Establish a County-School Partnership Grant Program. Although both provide children’s mental health services, counties and schools do not typically partner to provide school-based services.

In response to the lack of coordination between counties and schools, the 2019-20 budget provided \$40 million one time and \$10 million ongoing MHSA funding to establish a competitive grant program to encourage county-school partnerships and increase student access to mental health services. Grant funding was required to fund, at a minimum, school-based mental health services, suicide prevention services, dropout prevention services, support for students needing ongoing services, and outreach to vulnerable youth. The Mental Health Services Oversight and Accountability Commission (OAC)—a state agency created by Proposition 63—administers the grants, which are awarded on four-year cycles. By August 2020, OAC awarded grants to ten existing partnerships and eight new partnerships, while 20 applications totaling \$80 million in requested funds were left unfunded.

Governor’s Proposals

Provides \$25 Million Ongoing in Proposition 98 Matching Funds for County Children’s Mental Health Projects. The Governor’s budget provides \$25 million ongoing for schools to match dollar for dollar county MHSA funds spent on a children’s mental health services project. The proposal is intended to encourage counties to dedicate additional MHSA funding to children’s mental health services. To be eligible for a match, projects must be included in a county’s three-year plan or annual plan update and focus on student mental health needs. Projects can provide professional development on early identification of mental health issues, establish or expand school-based mental health services, develop peer support networks and partnerships with community organizations, or develop resources to support family engagement and students with mental health needs. The California Department of Education (CDE) and the executive director of the State Board of Education would develop the application process and administer the three-year grants, which could be renewed.

Provides \$25 Million One Time to Expand County-School Partnership Grant Program. The Governor proposes \$25 million one-time MHSA funding for the mental health county-school

partnership grant program. According to the OAC, the additional funding would be provided to the unfunded partnership applications from the initial round of funding. The Governor’s budget also includes \$400 million one time (\$200 million General Fund and \$200 million federal funds) for the Department of Health Care Services to encourage Medi-Cal managed care health plans to develop partnerships with schools. (We analyze this proposal in our post, [The 2021-22 Budget: Behavioral Health: Medi-Cal Student Services Funding Proposal.](#))

Assessment

State Lacks Coordinated Strategy for Children’s Mental Health. Given growing concerns over student mental health, providing additional state funding to increase school-based mental health services appears warranted. The state’s system for children’s mental health, however, is fragmented and includes various entities with overlapping responsibilities. A child with mental health needs could receive education-related mental health services from their school and also receive services through their health plan or county mental health department for medical reasons. These services are often provided with no coordination between entities. Despite their shared interests in serving children, partnerships between schools, counties, and health plans are not widespread throughout the state. Furthermore, the state has limited information on how counties are currently involved in school mental health and how much MHSA funding is dedicated to children’s mental health services. This fragmentation and lack of coordination makes it difficult for the state to identify the most cost-effective ways to increase and improve mental health services for children. A statewide strategy could help clarify how schools, counties, and health plans should coordinate to provide a continuum of school-based mental health services and ensure that children with mental health needs are identified and connected to appropriate services. Moreover, it would help guide the Legislature in determining the level of state funding to provide for children’s mental health services and what is the most effective way to allocate and target such funding.

Governor’s Proposals Lack Coordination, Duplicate Efforts. The matching funds proposal shares many similarities with the existing county-school partnership grant program—both are competitive grant programs targeted to county-school partnerships to increase school-based mental health services. The most notable difference is that the matching funds are administered by CDE to schools, rather than through OAC to counties. It is unclear how these two proposals would complement one another. If the state’s efforts are not coordinated, the proposals could allow a district to receive both a partnership grant from OAC and matching funds from CDE—thus limiting other districts from accessing funds from either program. It is also unclear how the Governor’s school mental health proposals are intended to interact with some of the Governor’s proposals in K-12 education that could also expand access to mental health support in schools. This includes the Governor’s proposal to provide \$4.6 billion for expanded learning and academic support and \$250 million for an educator professional development block grant.

Lack of Detail in Matching Funds Proposal Raises Several Concerns. The Governor’s matching funds proposal leaves most programmatic details to CDE, with approval from the executive director of the State Board of Education. Given this lack of detail, it is difficult for the Legislature to determine whether the proposal would result in increased or improved mental health services for students. Specific concerns we identified with the Governor’s proposals include:

- **Unclear Whether Counties Would Increase Spending on Children’s Mental Health Services.** The matching funds proposal is intended to encourage counties to spend additional MHSAs on children’s mental health services. As previously mentioned, however, the state does not collect robust data on county-level spending on children’s mental health services. Without knowing the current levels of spending on children’s services, it is unclear whether the proposed \$25 million Proposition 98 would match new MHSAs spending or existing funding already dedicated to children’s services.

- **Unlikely to Result in Immediate Increase in Services.** With the urgency related to pandemic response, the Legislature might want to focus on taking actions that would increase children’s mental health services in the budget year. Because the new matching funds program is structured as a competitive grant, it will take some time before additional mental health services are provided. For instance, CDE and the executive director of the State Board of Education would need to develop the application criteria and process, solicit and review applications, and award the grants. School districts would need to coordinate with the counties to include eligible projects in their three-year plan or annual update, which would require additional time to complete the local review and approval process.
- **Existing Partnerships Likely Have an Advantage Applying for Funds.** Since they already have experience collaborating and coordinating programs together, existing county-school partnerships may more quickly and easily develop projects eligible for matching funds, relative to other counties and districts. From our discussions with existing county-school partnerships, relationships between county mental health departments and school districts take time to build. It is unlikely that counties and districts could build new partnerships quickly enough to meet the application deadlines. As a result, existing partnerships are better positioned to apply for the matching funds.
- **Number of Projects Likely to Receive Matching Funds Is Uncertain.** Because the proposal requires CDE to match eligible projects dollar for dollar, a handful of large counties with high-cost projects could receive the matching grants and entirely exhaust all available funding. Consequently, it is unclear how many projects would be funded under this proposal and which type of partnerships would be likely to receive funding.
- **Expanded Services May Not Be Sustainable Without Matching Funds, Potential to Limit Access to Future Funds.** The matching funds proposal includes no expectations

that expanded services would continue after the district's three-year grant ends. Because only a subset of eligible activities would qualify for Medi-Cal reimbursement (primarily those providing school-based mental health services), other projects focused on professional development, peer networks, and resource supports would be reliant on ongoing matching funds. CDE could continue to renew the matching funds grants to allow expanded services to continue long term. Under such an approach, however, grantees from the first funding round would receive funding in perpetuity and prevent new districts from accessing matching funds.

County-School Partnership Grants Can Be Expanded More Quickly. In contrast to the matching funds proposal, augmenting the existing county-school partnership grants would result in a more expedited increase in school-based mental health services. With the additional funding, OAC can award grants to the unfunded partnership applications received from the first funding round, without needing any additional time for another application round. This is allowed under language included in the initial request for applications. Of the unfunded applications, ten applications requesting a combined \$35 million were from new or emerging county-school partnerships. Supporting these partnerships would promote more coordination of services between counties and schools, as well as allow counties to provide mental health services in schools where they previously had not.

Recommendations

Approve One-Time Augmentation to County-School Partnership Grant Program. In response to more immediate student mental health needs, we recommend the Legislature approve

the one-time augmentation to the county-school partnership grant program and require grants be awarded to unfunded partnership applications. This would result in a more immediate increase in school-based mental health services and facilitate greater coordination between school districts and county mental health departments, particularly while our recommended work group—which we discuss in detail below—completes its work. In awarding grants, we also recommend requiring OAC to prioritize applications from new county-school partnerships.

Consider School Mental Health Work Group to Coordinate Future Efforts. Given the fragmentation and lack of coordination in the current state system for children's mental health, we recommend the Legislature establish and fund a work group to develop a statewide strategy for coordinating services. The work group should be tasked with identifying gaps in mental health services for children, barriers to coordinating services, best practices for interagency collaboration (including the use of interagency agreements, memorandums of understanding, and joint local task forces), sustainable revenue sources (including whether ongoing Proposition 98 funds are needed), and recommendations for a more coordinated statewide approach to increasing access to mental health services in school settings.

Reject Matching Funds Proposal. The matching funds proposal largely duplicates efforts of other proposed programs, would require some time to result in increased school-based services, and could have limited impact over time and across the state. For these reasons, we recommend the Legislature reject the Governor's matching funds proposal and revisit ongoing Proposition 98 funding for school-based mental health at a later time after our recommended work group completes its work.

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This report was prepared by Amy Li, and reviewed by Edgar Cabral and Anthony Simbol. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.