Untreated & Unhoused

A REVIEW OF LOS ANGELES COUNTY PROGRAMS FOR PEOPLE EXPERIENCING HOMELESSNESS - BUDGET AND PERFORMANCE

PREPARED FOR THE
LA ALLIANCE FOR HUMAN RIGHTS - DECEMBER 2023

Tim Campbell, CIA, CGAP, PMP

TABLE OF CONTENTS

Section I: Executive Summary

For the last ten years, homelessness assistance efforts have expanded, largely through increased government funding and initiatives. More public funds than ever have been dedicated to developing more housing and shelter, offering more services and support, and attempting to address the significant needs of people living on the street and other places not meant for human habitation.

While the funding and capacity for homelessness programs have increased, so has the number of people experiencing homelessness – particularly those living unsheltered. More people live unsheltered in Los Angeles than anywhere else in the United States. According to the latest Point In Time count, more than 55,000 people experience unsheltered homelessness in Los Angeles County and most of those people suffer from mental illness and/or substance use disorders.

L.A. County has at least 33 programs [1] dedicated to assisting people experiencing homelessness. The County provides a variety of assistance including housing, health services, mental health services, and substance abuse treatment and services. The County maintains a significant obligation to treat the indigent, including people experiencing homelessness.

The LA Alliance alleged the County's failure to fulfill its obligations to treat the sick and unsheltered has resulted in greater sickness, disorder, crime, death, and destitution. That is why the LA Alliance for Human Rights brought a lawsuit against the County.

The LA Alliance alleged the County's failure to fulfill its obligations to treat the sick and unsheltered has resulted in greater sickness, disorder, crime, death, and destitution.

This review was conducted on behalf of the LA Alliance in its efforts to better understand the resources, programming, outcomes, and impacts of L.A. County's programs that address homelessness, mental illness, and substance use disorders. It reviews Los Angeles County's main initiatives and programs intended to assist the untreated and unhoused. It examines the County's budgets, metrics, and program reports including:

- Measure H
- The County's use of Mental Health Services Act (MHSA) funds
- Full Service Partnerships (FSP)
- Efforts to address substance use disorders among the homeless population
- The Department of Mental Health's services for people experiencing homelessness

This review identifies systemic problems such as chronic underspending, a lack of reliable data to guide decision making, and organizational problems in L.A. County's programs to serve people experiencing homelessness. These problems are particularly acute for those with mental illnesses and substance use disorders resulting in the provision of insufficient services to people experiencing homelessness.

These systemic problems are greater than leadership that comes and goes, as problems persist year after year. A fixation on process over goals and an organizational culture resistant to change has resulted in a lack of the County's ability to manage its activities and deliver effective interventions, and an increase in chronic homelessness and the severity of substance abuse disorders and mental illnesses among that population.

This report refers to the County's obligation to treat people experiencing homelessness with mental illnesses and substance use disorders. For the purpose of this report, the author assumes the truth of LA Alliance's allegations that LA County has an obligation and responsibility to provide lifesaving treatment and services to indigent people in the County, the most vulnerable being those experiencing homelessness with mental illnesses and substance use disorders.

Tim Campbell is a semi-retired public sector manager who currently writes a weekly column on homelessness program performance for CityWatch L.A. Campbell worked for the City of Fullerton for more than 30 years, most of them as a Public Works manager. Tim evaluated the efficiency and effectiveness of his department's operations and developed the City's performance audit program. His experience includes assessing departments throughout the City, including Police, Fire, Housing, Library, and many other operations. Campbell led a staff of three certified audit professionals and saved the City several million dollars in reduced costs and improved efficiency.

Tim earned a Bachelor's Degree in Political Science and a Master's in Public Administration from Cal State Fullerton. He holds three active professional certifications: Certified Internal Auditor and Certified Government Auditing Professional from the Institute of Internal Auditors, and Project Management Professional from the Project Management Institute. The productivity improvement program he developed won ASPA's National Productivity in Local Government Award in 2000. He was a member of the US Graduate School's Government Audit Training Institute Advisory Board from 2011 to 2015, and has had an article on fraud prevention training published in the Association of Local Government Auditors Quarterly magazine.

The **LA Alliance for Human Rights** is comprised of businesses, residents, and people experiencing homelessness fed up with the inadequate response to the homelessness crisis in Los Angeles. In March 2020, the Alliance sued the city and county of Los Angeles to compel elected officials to address homelessness rapidly and at scale. The LA Alliance suit demanded the immediate creation of shelter and housing to get people off the streets, services and treatment to keep people off the streets, and the regulation of public spaces to make streets, sidewalks, and parks safe and clean. The Alliance settled with the City in August of 2022 and the County in September of 2023.

Note: Dollar amounts have been rounded to the nearest $10.00 for clarity, unless it affects the report's accuracy.

---

[1] Based on unique programs mentioned in County documents on programs funded by Measure H, MHSA, and SAPC programming.

Section II: Review of Los Angeles County's Use of Measure H Funds

II-A: Purpose

Section II provides an overview of Los Angeles County's use of Measure H funds in terms of how much funding it has received, and utilized, and what those funds have accomplished.

II-B: Overview of Measure H Funding

In March 2017, Los Angeles County voters approved Measure H, a quarter-cent increase to the County's sales tax. Measure H was projected to generate an estimated $355 million per year and is slated to continue until 2027. Measure H funds a variety of services for people experiencing homelessness and those at risk of becoming homeless. Funds are intended to support housing, rental subsidies, and support services for people experiencing homelessness.[2]

The measure was promoted to voters as a compliment to the City of Los Angeles' effort to support the creation of permanent supportive housing for people experiencing homelessness, as provided by the City of Los Angeles' Measure HHH.[3] Measure H acknowledged the County's responsibility to provide support and treatment services to people experiencing homelessness with complex health and behavioral problems, including mental illness and substance use disorders.

According to the L.A. County Auditor's reports, from fiscal years 2018-19 through 2021-22, the County received $1,674,897,920 in Measure H revenues and spent $1,464,709,550, creating a difference of $210,188,370 of revenues over expenditures. The County had a net balance of $302,212,220 in its Measure H funds as of June 30, 2022, as shown in Table One:[4]

Table One: Measure H Revenues and Expenditures Fiscal Year 2018-19 through 2021-22

Item	FY 18-19	FY 19-20	FY 20-21	FY 21-22	Total
Revenue	404,775,960	373,713,730	418,443,900	477,964,330	1,674,897,920
Expenses	353,826,590	419,423,030	336,670,540	354,789,390	1,464,709,550
Balance	50,949,370	(45,709,300)	81,773,360	123,174,940	210,188,370
Prev. Year Balance		142,973,220	97,263,920	179,037,280	
Net Fund Balance		97,263,920	179,037,280	302,212,220	

Author's Note: It is unknown where the previous year balance of $142,973,220 came from for FY 19-20.

The audit of Measure H funds for fiscal year 2021-22, dated December 29, 2022, lists five major program expenditure categories:

- Prevent Homelessness
- Subsidize Housing
- Increase Income
- Provide Case Management and Services
- Create a Coordinated System

There is also a separate line item for "A New Framework/Homeless Initiative (HI) Administration." Other users of Measure H funds include ten departments within the County and HI Administration.[5]

This is overly prudent fiscal behavior and that additional money could be used to address the inhumane conditions on the street.

Within the five major categories, L.A. County has authorized 17 programs, such as "Homeless Prevention Programs for Families" (A1), "Partner with Cities to Expand Rapid Rehousing" (B3), and "Provide Services and Rental Subsidies for Permanent Supportive Housing" (D7). The largest expense category is D7, with $90,970,840 in expenditures in fiscal year 2021-22. Of that amount, $85,777,790 (94 percent), was spent by the Department of Health Services.

According to County budget documents, Measure H expenditures increased substantially in fiscal years 2022-23 and 2023-24. The current fiscal year expense budget is $692,037,000, with revenues of $511,000,000 plus a $181,037,000 drawdown from the fund balance to offset the expenditures.[6] The projected fund balance, all of which is listed as "committed" is $110,796,000.[7]

In addition to increased budgets, the 2022-23 and 2023-24 Measure H budget narratives list several areas of program expansion. Called the "New Framework to Address and Prevent Homelessness," the expansion is divided into five action categories intended to "urgently drive results":

- Coordinate – Create a coordinated system that links critical infrastructure and drives best practices.
- Prevent – Provide targeted prevention services to avoid entry or a return to homelessness.
- Connect – Link and navigate everyone to an exit pathway
- House – Rapidly rehouse using temporary and permanent housing; and
- Stabilize – Scale services critical to rehousing and stabilization success.[8]

The County's Measure H expense budgets from fiscal years 2018-19 through 2022-23 are summarized in Table Two on Page 6:

Table Two: Measure H Funds Expenditures, Budgeted v. Actual[9]

Item	FY 2018-19	FY 2019-2020	FY 2020-21	FY 2021-22	FY 2022-23	Totals
Budgeted	412,241,000	534,433,000	410,190,000	494,267,000	683,410,000	2,534,541,000
Actual	356,477,780	438,746,210	330,476,780	357,034,870	502,373,000	1,985,108,640
Unspent	(55,763,220)	(95,686,790)	(79,713,220)	(137,232,130)	(181,037,000)	(549,432,360)
Percent Unspent	14%	18%	19%	28%	26%	22%

Table Two shows that the County has underspent Measure H budget resources by an average of 22 percent, or $109,886,470, per year over the past five fiscal years. Although expenditures were higher in Fiscal Year 2022-23 than any of the previous years, the percentage of unspent budgeted funds was the second highest of the five, at 26 percent, the same year the County claimed it was expanding its programming.

This pattern of underspending demonstrates that L.A. County has hundreds of millions of dollars of unobligated resources that could be used to assist people experiencing homelessness. This is overly prudent fiscal behavior and that additional money could be used to address the inhumane conditions on the street.

II-B.1: Measure H Budget for Services and Case Management

Measure H budget category D7-- "Provide Services and Rental Subsidies for Permanent Supportive Housing" directs resources to people in need of mental and/or substance use issues in county-provided homelessness housing. Each department attempts to use Measure H funds to combine treatment services with housing. According to the funding descriptions in the County's independent audit, three departments use D7 funding:

Department of Health Services (DHS)
Under Strategy D7, DHS increases existing work orders and executes new work orders with "Supportive Housing Services Master Agreement" vendors to provide intensive case management services.[10]

Department of Mental Health (DMH)
Under Strategy D7, DMH provides local rent subsidies to ensure that housing units are affordable to people who are homeless. All strategy D7 clients receive "Intensive Case Management Services and is [sic] matched to a rental subsidy. Based on client need, clients receive specialty mental health services through the Housing Full Service Partnership Program, in addition to substance use disorder outreach and assessment and service navigation."[11]

Department of Public Health (DPH)
Under Strategy D7, DPH supports the increase in access to supportive housing by funding high quality tenant services and, when necessary, a local rent subsidy to ensure that housing units are affordable to people who are homeless.[12]

Each department's Measure H funding is different and used for different purposes. However, each

department appears to prioritize the provision of housing as a major strategy to accomplish public health objectives. Tables Three through Six provide a picture of each department's use of funds:[13]

Table Three: Department of Mental Health Use of Measure H for Strategy D7 Funds FY 2018-19 through FY 2020-21

Item	FY 18-19	FY 19-20	FY 20-21	FY 21-22	Total
Budgeted	2,193,000	5,814,000	9,613,000	11,026,000	28,646,000
Actual Expend	1,520,440	1,952,070	2,717,120	3,802,140	9,991,770
Difference	672,560	3,861,930	6,895,880	7,223,860	18,654,230
Percent Unspent	31%	66%	72%	66%	65%

Table Four: Department of Health Services Use of Measure H for Strategy D7 Funds FY 2018-19 through FY 2020-21

Item	FY 18-19	FY 19-20	FY 20-21	FY 21-22	Total
Budgeted	45,999,000	69,946,000	48,284,250	97,642,000	261,871,250
Actual Expend	45,999,000	69,946,000	48,284,250	85,777,790	250,007,040
Difference	0	0	0	11,864,210	11,864,210
Percent Unspent	0%	0%	0%	12%	5%

Table Five: Department of Public Health Use of Measure H for Strategy D7 Funds FY 2018-19 through FY 2020-21

Item	FY 18-19	FY 19-20	FY 20-21	FY 21-22	Total
Budgeted	1,108,000	1,564,000	1,564,000	1,564,000	5,800,000
Actual Expend	315,050	682,480	1,105,040	1,390,900	3,493,470
Difference	792,950	881,520	458,960	173,100	2,306,530
Percent Unspent	72%	56%	29%	11%	40%

Table Six: Combined Use of Measure H F for Strategy D7 Funds FY 2018-19 through FY 2020-21

Item	FY 18-19	FY 19-20	FY 20-21	FY 21-22	Total
Budgeted	49,300,000	77,324,000	59,461,250	110,232,000	296,317,250
Actual Expend	47,834,490	72,580,550	52,106,410	90,970,830	263,492,280
Difference	1,465,510	4,743,450	7,354,840	19,261,170	32,824,970
Percent Unspent	3%	6%	12%	17%	11%

Overall, the County spent 89 percent of its Measure H-D7 funding. However, there is significant variation among each departments' use of funds. Department of Health Services funding accounts for 88 percent of the D7 budget and 95 percent of the actual D7 expenses. DHS uses most of its funding to provide housing, rather than support services or treatment.

Per its strategy statement, the Department of Public Health provides rent subsidies and tenant services. Most of the funding for the Measure H strategy intended to serve the most vulnerable is predominantly dedicated to providing housing, not treatment and services. Therefore, the burden of providing supportive services and treatment falls to the Department of Mental Health, which was budgeted 10 percent of D7 funding and accounted for only four percent of actual expenditures. The department with the smallest allocated budget is responsible for critical health and behavioral treatments. However, because of the County's priority of addressing homelessness

and all of its requisite needs with housing, treatment and health services are shortchanged. This is akin to trying to empty the ocean with a paper cup.

Between fiscal years 2018-19 and 2021-22, DMH received $28,646,000 in Measure H funding and spent $9,991,770, or about 35 percent of its funding. The audit report did not give a reason for such low spending levels. In any given year, it is not unusual for an agency to withhold funding for long-term needs such as capital projects or major program changes. However, four years of significant underspending raises questions about how well the department uses its resources and its ability to deliver critical services and treatment to vulnerable populations. It also demonstrates a significant deficit in (i) how the County meets its obligations to serve the untreated and unhoused and (ii) a priority to house people experiencing homelessness over treating underlying conditions and illnesses.

II-C: Mental Health Program Capacity and Performance Review Data

Measure H includes a requirement for an annual performance review to measure the impact of the initiative on homelessness. L.A. County contracted with Public Sector Analytics, a private consulting firm, to conduct the review for fiscal year 2020-21, the most recent available.

The performance review includes a section on Strategy D7. As noted in Section II-B.1, DMH funds Strategy D7, which provides rent subsidies and intensive services for people in permanent supportive housing (PSH).

Public Analytics' report stated, "PH [permanent housing] placements associated with Strategy D7 (Provide Services and Rental Subsidies for PSH) continue to expand in Year 4. The number of new enrollments increased from 3,995 in Year 3 to 4,846. The number of active participants increased from 7,255 to 12,573. The number of placements in permanent housing increased from 2,150 to 2,409." [14]

These and other metrics reveal a disconnect between what appears to be effective services and the County's ability to deliver those services. Based on the above numbers, "participation" increased by 5,498 people, yet only 259 more people were placed in permanent housing. Likewise, the County CEO's Cover Memo to Public Sector Analytics' report stated, "the homeless services system housed more than 90,000 individuals and families in the first five years of the HI, [Homeless Initiative]." Yet, regional Point In Time Counts for the same period reveal that homelessness in Los Angeles County was roughly 48 percent higher. [15] To clarify, when we examine the scenario in which 90,000 individuals were provided housing and taken off the streets within a five-year period, it becomes challenging to perceive initiatives aimed at providing housing and assisting people experiencing homelessness (PEH) as truly effective. This skepticism arises because, year after year, a minimum of 50,000 individuals continue to be identified as without shelter.

As an example of the disconnect described above, the County portrays a picture of an integrated program of housing and coordinated supportive services. However, Public Sector Analytics' report indicates the County's description is inconsistent with actual practice.

As an example of the County's efforts to portray its success, the following response to an L.A. Alliance interrogatory is illuminating. "The County uses an integrated multi-department service model to provide individuals living in PSH with the supportive services needed to promote housing stability and retention. Through this model, PSH residents are able to access specialty mental health services through the DMH Housing Supportive Services Program (HSSP), case management services through the DHS ICMS program, and substance use services."

As detailed in this report's Section IV, providing services in a Full Services Partnership environment can be very effective, but only if people actually receive those services. It appears that the County's portrayal of its mental health capacity for people experiencing homelessness fails to match up with objective performance review data.

There are 36,402 people throughout the county experiencing homelessness that are not being treated

Understanding how many people can be reasonably estimated as eligible for County services is critical to determining how the County is fulfilling its obligations to treat and serve people experiencing homelessness. Refer to Appendix A for the calculation of unsheltered homeless people with a mental illness. Based on data from LAHSA, and surveys by the RAND Corporation and the California Policy Lab, approximately 36,402 unsheltered PEH in Los Angeles County have serious mental illnesses.

The results of the County's performance placed in the context of the estimated population of PEH with mental illnesses raise serious questions about DMH's ability to deliver services to the unhoused population, both those on the streets and those in housing settings. By using the "participating" number of 12,753, L.A. County has reached a little more than one-third, (35%) of the 36,402 people in need of its services. By using those placed in PSH, (2,409) the County only served 6.6 percent of the unsheltered and untreated. Performances of 35 percent and 6 percent are unacceptable in light of the continuing homelessness crisis.

The County is underserving those who are in need of mental health and substance use services. According to an interrogatory response in the LA Alliance case, the County has more than 5,000 beds in various facilities for people dealing with mental health issues, from crisis to subacute. The County's typical daily bed utilization is 85 to 90 percent, which represents an average census of 4,250 to 4,500 occupied beds. The County also operates an unspecified number of unlicensed beds for medium and high-acuity patients, some of whom are PEH.[16] No matter how one counts the efforts of the County, its capacity to house and serve/treat those with mental health issues is wanting. Although bed utilization is high, the County's settlement with the Alliance will add 3,000 more beds over four years, recognizing a substantial shortage of needed treatment capacity.

II-D: Measure H – Overall Impact on Homelessness

Public Sector Analytics' performance review shows little evidence that the infusion of hundreds of millions of dollars into prevention programs has had a measurable impact on homelessness. Programs funded by Measure H have actually taken longer from assessment to housing in Year 5 (FY 2020-21) than they did in Year 2 (FY 2017-18). The report noted "the long-term triggers of the homeless growth—re-entries and carryover from the earlier years—continued to grow significantly.

Hence, the focus on addressing persistent homelessness continues to have the greatest potential impact on the level of homelessness in Los Angeles."[17]

Therefore, with respect to housing those experiencing homelessness or preventing people from becoming homeless, the County's efforts and use of Measure H funds have produced minimal results with little data to demonstrate success. The report also noted the number of chronically homeless people, many of whom have serious mental and/or substance abuse problems, continues to grow, even as DMH fails to expand its services.

II-E: Conclusions

Under the "Critical and Unmet Needs" section of its budget, DMH claims it needs more resources "for 1) funding for additional inpatient beds at various levels of care; 2) additional resources for homeless engagement, assisted outpatient treatment, and mobile response to mental health crises."[18] The need for additional homeless resources is inconsistent with its underutilization of Measure H funds and underutilization of MHSA funds as shown in other sections of this review over the previous four fiscal years, as shown in Table Three.

The combination of unspent funds and stagnant or declining service statistics suggests the Department of Mental Health, and in broader terms, Los Angeles County, has failed to "urgently drive results" as intended by its "New Framework." The County appears either unable or unwilling to consider structural reforms that may prove more effective than current programs. With any new funding source and program, one might expect a "ramping up" process while department managers make changes and gain experience. Instead, with DMH's use of Measure H, we see small changes from one year to the next, and some performance declines in Year Five.

While the lack of affordable housing has an undeniable effect on homelessness, DMH is expected to use its funding to provide services for a population that would need them regardless of their housing situation. Therefore, the question remains as to why so much funding has been left unspent, and what, if anything, the County is doing to improve its mental health service delivery systems, particularly for the unsheltered and untreated.

In Summary:

- The County's Measure H Annual expenditures have never matched their budgets, underspending 65 percent of its revenue. This has resulted in a $300 million balance that has not been used to serve those the County is obligated to serve with Measure H funding.

- There are 36,402 people throughout the county experiencing unsheltered homelessness with mental health issues that are not being treated.

- The County has spent hundreds of millions of dollars on prevention programs with no evidence the funds have measurably reduced homelessness.

- The number of chronically homeless people, many of whom have serious mental and/or substance abuse problems, continues to grow, even as DMH fails to expand its services.

[2] L.A. County Recommended FY 23-24 Budget, p. 18.9 (page 201 of 544)
[3] https://everyoneinla.org/basecamp/measure-h-and-prop-hhh/#:~:text=Measure%20H%20and%20Proposition%20HHH,County's%20plan%20to%20end%20homelessness.
[4] Independent Auditor's Report of Measure H funds, FY 2018-19 through FY 2021-22
[5] Independent Auditor's Report of Measure H funds, FY 2021-22
[6]L.A. County Recommended FY 23-24 Budget, p. 2.28
[7] L.A. County Recommended FY 23-24 Budget, p. 26.3
[8] L.A. County Recommended FY 23-24 Budget, CEO's Narrative p. 7 (page 10 of 544)
[9] LA County Budget documents, FY 19-20 through 2023-24, Measure H Special Revenue Fund Detail pages
[10] Independent Auditor's Report on Schedule of Revenues and Expenditures and Changes in Fund Balance Homeless And Housing Measure H Special Revenue Fund for Fiscal Year ended June 30, 2022. p. 12
[11] Ibid, p. 13
[12] Ibid, p. 14
[13] Independent Auditor's Report on Schedule of Revenues and Expenditures and Changes in Fund Balance Homeless And Housing Measure H Special Revenue Fund- Changes in Fund Balance Budget v Actual, fiscal years 2018-19 through 2021-22
[14] LA County's Homeless Initiative Annual Performance Evaluation: Year 5 Outcomes; AUGUST 2022. Halil Toros, PhD, Dennis Culhane, PhD, Stephen Metraux, PhD. Public Sector Analytics p. 63
[15] LA County's CEO cover memo to the Board of Supervisors meeting agenda, Annual Performance And Outcomes Valuation For Year Five of the Countywide Homeless Initiative, November 9, 2022. P. 2
[16] County response to Interrogatory No. 14
[17] Ibid, p. 56
[18] L.A. County Recommended FY 23-24 Budget, p. 6.4 (page 104 of 544)

Section III: Review of Los Angeles County's Use of Mental Health Services Act (MHSA) Funds

III-A: Purpose

Section IIII provides an overview of the County's use of and accounting for MHSA funds. To develop the overview, the County's budget information was reviewed, plus State and County reports on the use of the fund in County homeless intervention programs.

III-B: MHSA Fund Purpose and Budget

The Mental Health Services Act was approved by California's voters and funded by a one percent tax on people making $1 million or more. The purpose was to provide funding for a variety of public mental health services, including and especially for homeless individuals and people in danger of becoming homeless. The State Department of Health Services/Mental Health Services Division distributes tax revenues to county health departments for use in approved mental health programs.[19]

Over the past five fiscal years, the County has budgeted an average of 64 percent of its MHSA revenue and spent an average of 71 percent of its expenditure budget. Actual expenditures as a percent of revenues were 46 percent.

Funding provided by the MHSA can be used in five program categories:

- CSS: Community Services and Support, of which Full Service Partnerships are a component.
- PEI: Prevention and Early Intervention
- INN: Innovation programming
- WET: Workforce Education and Training
- CFTN: Capital Facility Technology Needs

By statute, 76 percent of a county's MHSA revenue must be spent in the CSS category, and 51 percent of that must be spent on FSP programs.[20]

III-B.1: Budget

As shown in Table Seven, L.A. County will collect $7,656,799,360 in MHSA funds from fiscal years 2019-20 through 2023-24:[21]

Table Seven: MHSA Revenues, Budgets and Actual Expenses

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Budget [2]	Totals
Revenue [1]	1,138,889,950	1,418,220,920	1,653,817,390	1,965,768,000	1,480,103,100	7,656,799,360
Budget Item						
Services & Supplies	1,041,000	860,000	669,000			
Other Charges						
Operating Budget	848,910,000	778,651,000	809,976,000	879,250,000	938,063,000	
Contingency Approp.	85,316,000	22,640,000	257,752,000	214,420,000		
Total Budget	935,267,000	802,151,000	1,068,397,000	1,093,670,000	938,063,000	
Actual Exp. [3]	595,640,540	562,600,250	641,161,800	669,542,000	938,063,000	
Over or (Under) Budget	339,626,460	239,550,750	427,235,200	424,128,000	-	286,108,082
Percent Spent	64%	70%	60%	61%	100%	71%
Total Budget As a Percent of Revenue	82%	57%	65%	56%	63%	64%
Actual Exp. As a Percent of Revenue	52%	40%	39%	34%	63%	46%

1 Revenue includes available fund balance, interest, and new funding
2 FY 2023-24 projected
3 FY 2019-20 Actual Expenditures includes a credit of $11.6 million in "Other Charges"

Over the past five fiscal years, the County has budgeted an average of 64 percent of its MHSA revenue and spent an average of 71 percent of its expenditure budget. Actual expenditures as a percent of revenues were 46 percent. The County will spend an average of $286,108,080 less than it budgeted per year. Bear in mind, however, that assumes the County will spend 100 percent of its fiscal year 2023-24 budget; from fiscal years 2019-20 through 2022-23, average actual expenses were 41 percent of budgeted. Even as LAHSA's PIT counts showed increases in homelessness each year, the County averaged just over 70 percent of actual expenses compared to its budgets and spent only 46 percent of its revenues.

Because the level of detail is too complex to include in the body of this report, the breakdown in MHSA funding for the Department of Mental Health for FY 2023-24 is shown in Appendix B: MHSA Funding Detail for Fiscal Year 2023-24

Total FY 2023-24 expenditures in the Department of Mental Health's MHSA report are $1,128,013,824. Total funding for the department's MHSA's budget is $2,272,283,511, resulting in a projected unspent fund balance of $1,144,269,687, or $16,255,863 more than the expenditure budget.

III-C: Analysis of County MHSA Spending

In mid-2020, the California State Auditor's Office reviewed the use of MHSA funds in three counties: Los Angeles, San Francisco, and Shasta.[22] The audit reported several material deficiencies in the way counties report their use of MHSA funds, including accounting for unspent funds and how they report services provided to individual clients.

As noted in Section III-B, Los Angeles has a history of underspending its MHSA funding. That history seems to precede the fiscal years shown in Table Seven on page 12. The State Auditor noted L.A. County, as of fiscal year 2018-19, had an unencumbered balance—in excess of required reserves—of $980 million, which was 175 percent of its total fiscal year 2018-19 MHSA allocation, (See Figure One below).[23] It is important to note the County questioned the Auditor's fund balance calculation, but it offered no alternative at the time the report was issued.[24]

Figure One: State Auditor Analysis of Unencumbered MHSA Fund Balances

Table 2
Health Care Services' Revenue and Expenditure Report Template Did Not Require the Three Counties to Disclose Their Millions in Unspent MHSA Funds

		BASED ON AUDITOR ANALYSIS			
		LOS ANGELES	SAN FRANCISCO	SHASTA	EASILY ACCESSIBLE IN HEALTH CARE SERVICES' REVENUE AND EXPENDITURE REPORT TEMPLATE?
	Total MHSA Revenue for Fiscal Year 2018–19	$560.2 million	$38.2 million	$9.3 million	X
Cumulative Unspent Funds At End of Fiscal Year 2018–19	Community Services and Supports	$451.9 million	$13.5 million	$7.1 million	X
	Prevention and Early Intervention	$288.9 million	$6.8 million	$3.6 million	X
	Innovation	$172.6 million	$6.0 million	$2.2 million	X
	Other*	$66.5 million	$1.7 million	–	X
	Total unspent funds, not including prudent reserves	*$980.0 million†*	*$27.9 million*	*$10.7 million‡*	X
	Total unspent funds as a percent of revenue	*175%*	*73%*	*114%*	X
	Reported prudent reserve balances after fiscal year 2018–19	$116.5 million	$7.3 million	–	✓

Source: Estimates based on analysis of State Controller's Office allocations of MHSA funds to counties and information counties provided in their revenue and expenditure reports and in other documents.

Note: Because of rounding, the numbers for revenue and unspent funds may not add up exactly to the aggregated totals and percentages.

* Other unspent funds include Capital Facilities and Technological Needs funds and Workforce Education and Training funds.

† We shared our calculations of unspent funds with each county to obtain their perspective and consider whether any adjustments were necessary. Los Angeles expressed some concerns about the accuracy of our calculation but did not specify what about our methodology was incorrect or suggest a more appropriate calculation method.

‡ Because Shasta did not report a prudent reserve balance, we calculated the maximum prudent reserve it could hold based on state law—roughly $2.1 million—and subtracted that amount from its total unspent funds, which was approximately $12.8 million.

In fiscal year 2022-23, the County estimated its fund balance at $751,883,000.[25] The same figure appeared on the budget sheet for fiscal year 2023-24. However, the fund balance for FY 2023-24 decreased by $387,467,000 to only $364,416,000, even though the expense budget increased by only $58,813,000 from FY 2022-23 to FY 2023-24.[26]

To determine the reason for the large decrease in the available fund balances, a review of the budget detail sheets was conducted to identify changes in obligated fund balances for FY 2022-23 and FY 2023-14. Looking at the details, two items stand out:

- The fiscal year 2022-23 balance sheet shows large sums, between $593,453,000 and $361,513,000 were obligated as "Committed for Budget Uncertainties" which were in excess of the amount set aside as a "Prudent Reserve, ($116,484,000), but no such sums were obligated in FY 2023-24.[27]
- While the Budget Uncertainties amounts disappeared in fiscal year 2023-24, the amount committed for specific programming increased substantially. In FY 2022-23, the total committed for the five program categories and the prudent reserve was $1,163,714,000. Less the prudent reserve, the net amount of funds committed to programming was $1,047,230,000. In FY 2023-24 the total amount committed increased $1,695,313,000, with a net less prudent reserve of $1,578,829,000 for a net year-over-year increase of $531,599,000.[28]

Bear in mind the State Auditor calculated the unencumbered MHSA fund balance at more than $900 million in 2019, which equates to 175 percent of the County's operating budget. The County contested that calculation but did not offer a different amount. Auditors and budget managers would be safe to conclude that the County is avoiding the appearance of a large fund balance by increasing its obligated funds. Given the County's history of underspending its MHSA funding and the very real possibility it will soon receive more than $1 billion in adjusted state funding, it is unlikely these "committed" funds will be used.

L.A. County has a history of underspending and maintaining large balances, yet the County has claimed it has insufficient funding for increased outreach and services to the homeless. For example, the Department of Mental Health's primary outreach team to the homeless, the Homeless Outreach and Mobile Engagement (HOME) team, claims it assisted 2,100 clients in 2021.[29] Referring to Appendix A, there are about 26,199 unsheltered PEH with mental illnesses.[30] Even if the HOME team program increased its capacity 10 times, it would not meet the needs of its intended clients.

Although some of these issues may be the consequences of chronic underfunding and the County's hiring practices, the County has done little to affect either. This is a situation where applying additional funding for more staff could have a profound impact on services, yet the County has shown a pattern of underspending its MHSA funds regardless of need. An October 28, 2023 article in the Los Angeles Times describes recruitment issues, and the County's attempts to resolve them, but these issues have existed for years, and the County, at best, is

belatedly addressing them.[31] In addition, a Spring 2023 RAND/United Way survey of homeless services nonprofit organizations showed that at least half expressed concern about the dependability of government funding and also wanted to expand their mental health services capacity.[32] By withholding its funding the County is depriving its own programs and those of its service providers of the capacity to fully serve the population most in need of its services.

A recent Los Angeles Times article illustrates the inconsistencies between the County's actual spending and program achievements, versus how the County leadership portrays its efforts. Responding to State legislation that will require counties to allocate more MHSA money to housing, the County's legislative advocate said she "expects the shifts in how the money can be spent — including the 30% for housing — would mean 71% less for the county to spend on mental health outpatient services, crisis and urgent care services, outreach services, and some homeless services, including its HOME team. . .'We do not have $163 million in unallocated funds to replace the MHSA share in order to continue to receive this significant Medicaid match'," Dr Lisa Wong, Director of L.A. County Mental Health, told the Times, "I've looked at the numbers every way I can, and I can't figure out a way this can still work to fund our services at the level we're at, let alone enhance them to where I think they should be. I think it's going in the opposite direction if we want to make an investment."[33] Yet, according to its own budget reports, the County has left more than 30 percent or hundreds of millions of dollars of its MHSA funding unspent over the past four fiscal years.

Part of the reason it is difficult to know what L.A. County spends on specific mental health programs using MHSA funds, and how well they perform, is that the County does not provide meaningful service outcome statistics regarding its programs. The State Auditor's report note: "[E]xisting reporting requirements do not provide decision-makers and stakeholders with a clear view of the effectiveness of the State's public mental health services."[34] And "MHSA funds come with the most comprehensive public reporting requirements among the major mental health funding sources, but these requirements are still insufficient for providing statewide accountability for mental health funding."[35] In other words, although Los Angeles County meets the state's reporting requirements, the State Auditor said what is being reported are not meaningful performance measures.

The County does not provide meaningful service outcome statistics regarding its programs.

As indicated in Section IV-F, Impact and Conclusions, on page 28, regarding FSP programs, the County is unlikely to adopt any measures it is not required to submit, "Los Angeles's response indicates that it will only adopt our [State Auditor] recommendation to the extent that resources become available and the Legislature acts on our associated recommendations." Given the importance of linking individuals to mental health services, Los Angeles could take steps now to improve how it identifies individuals who need services and link those individuals to services.

The lack of accountability is all the more troubling because, according to the Times, L.A. County may receive a windfall of $1.175 billion more in total MHSA funding in fiscal year 2023-24, due to adjustments in previous years' calculations.[36] When the County's leadership can neither spend its current allocation nor produce meaningful performance data demonstrating the efficacy of its spending, skepticism as to how well it will use these additional financial resources is justified.

III-D: Impact

As shown in Section III-C, the County currently has $1,578,829,000 reserved as "Committed" in five program categories. The County's 2023-24 MHSA Update includes a section on proposed new programs and expansion of existing programs. There are 32 projects/concepts the Update describes: "LACDMH is committed to working with proposers to finalize project details, budget[s] and the ability to implement the program." [37] These projects may or may not be implemented, and if they are, they are unlikely to substantially affect the FY 2023-24 budget. The update also lists six existing MHSA programs "previously approved by Stakeholders set to expand in Fiscal Year 2023-24."[38] Since they have been previously approved, one could assume the additional costs are included in the fiscal year 2023-24 budget. Budgeting for implementation of the California CARE Court program began in fiscal year 2022-23,[39] so one could also assume any additional costs are also included in the 2023-24 budget. Therefore, it is unclear what the committed balances are intended to fund.

The LA Times reports that the new state housing focus for MHSA funding may cost $163 million. Using the committed balances would provide funding for the housing mandate for 9.7 years irrespective of any new funding.

As noted in Table Seven on page 12, the County has underspent its MHSA funding by an average of $286,108,080 per year. Figure Two demonstrates how many more people could be

Figure 2: Average FSP Cost per Client [40]

Table 11. FSP summary: age group, average cost per client, unique clients served and total number to be served

Age Group	Average Cost per Client	Number of Unique Clients Served[1]	Total Number to be served in FY 2023-24[2]
Children	$19,428.14	3,267	3,544
TAY	$14,625	2,504	2,710
Adult	$15,146	6,672	7,145
Older Adult	$12,830	1,782	1,888

[1]Cost is based on Mode 15 services, not inclusive of community outreach ser-vices or client supportive services expenditures.

assisted if it used its available funding to assist people in need, the average cost per adult FSP client as a cost basis. Using the average cost per adult client, the County could provide FSP services to 18,890 additional clients if it took full advantage of its budgeted funding. See Table Eight:

Table Eight: Potential Use of Average Annual Unspent Funds

Four-Year Average of Unspent Funding	$286,108,080
Average cost per Adult FSP Client	$15,146
Potential Number of New Fully Funded FSP Clients (Unspent Funding / Average Cost per Client)	18,890

Again, it should be noted the $286,108,080 is an average that assumes 100 percent of the MHSA budget will be spent in fiscal year 2023-24. The number of clients who could be served would increase substantially if the County used more than 64 percent of its average annual revenues.

III-E: Conclusion

Independent studies and the County's own budget documents demonstrate its inability to use the billions it receives in MHSA funds to achieve meaningful outcomes. The MHSA Oversight Commission acknowledges gaps in reporting on effectiveness and outcomes. In addition, the California Auditor highlighted weaknesses in reporting requirements.

County leaders claim they are using all available funding and resources to meet the rising tide of mentally ill people on the Los Angeles' streets. Both narratives cannot be true: that the County is underspending, and it needs more resources. Given the County's proven history of carrying large, unnecessary fund balances and providing services to a fraction of the PEH population in need of mental health care, a reasonable reviewer would conclude the County is not properly using its available funding in serving its target population. This appears to be a problem of properly managing the resources the County already has, as opposed to a lack of funding.

The County is not properly using its available funding in serving its target population.

The huge, unencumbered fund balances, year after year, make it clear the County is not using its funding to its full potential and denying services and treatment to people in need. On average, the County budgets only 64 percent of its MHSA revenues and spends only 71 percent of its budget resulting in expenditures of a mere 46 percent of its MHSA revenue. As highlighted in the section on the use of Measure H funding, the County's overly prudent fiscal behavior is not contributing to improvements among people experiencing homelessness, particularly those with untreated mental illnesses and substance use disorders.

In Summary:

- L.A. County has left an average of $286,108,080 per year in unspent budgeted funds in each of the last five years and has used less than half of its revenues to provide mental health services, including those for the homeless and people in danger of becoming homeless.

- The County has left almost 50 percent or hundreds of millions of dollars of its MHSA funding unspent over the past four fiscal years.

- Given the County's history of underspending its MHSA funding, and the very real possibility it will soon receive more than $1 billion in adjusted state funding, it's unlikely these "committed" funds will be used.

- Holding back funding harms people experiencing homelessness with mental illnesses. In light of more than 25,000 PEH with mental health issues, the County's HOME program serves less than ten percent of people in need.

- Using the average cost per adult client, the County could provide FSP services to nearly 19,000 additional clients if it took full advantage of available funding.

[19] Mental Health Services Act (as of January 27, 2020)
[20] MHSA Expenditure Report for the Governor's Budget, FY 2022-23, p. 11, and San Francisco Dept. of Public Health Five Year Report on FSP's, 2010, p. 70
[21] L.A. County Budgets, FY 2022-23 (page 295) and FY 2023-24 (page 2.36)
[22] Lanterman-Petris-Short Act California Has Not Ensured That Individuals With Serious Mental Illnesses Receive Adequate Ongoing Care, California State Auditor, July 2020
[23] Ibid, p. 56
[24] Ibid, p. 56, footnote to Table 2
[25] County of Los Angeles FY 2022-23 Approved Budget, p. 295
[26] County of Los Angeles FY 2023-24 Recommended Budget, p. 2.36
[27] County of Losa Angeles VY 2022-23 Approved Budget, p. 13, “Schedule Obligated Fund Balances By Governmental Funds
[28] County of Los Angeles Recommended Budget FY 2023-24, p. 26.3 “Schedule 4 Obligated Fund Balances by Governmental Funds
[29] L.A. County Dept. of Mental Health HOME Team Program Highlights webpage: https://dmh.lacounty.gov/blog/2022/01/homeless-outreach-and-mobile-engagement-team/
[30] LAHSA presentation on 2023 PIT Count, https://www.lahsa.org/documents?id=7232-2023-greater-los-angeles-homeless-count-deck
[31] Los Angeles Times, “To address homelessness crisis, L.A. County needs mental health workers, fast” October 28, 2023
[32] Understanding the Landscape of Daytime Services for People Experiencing Homelessness in Los Angeles County. Alina I. Palimaru, Murad Laradji, Jay Balagna, Rick Garvey, Sarah B. Hunter. June 2023 Seciton 2.3 “Fiscal Resources”.
[33] Los Angeles Times, “California has billions to spend on mental health. Where should the money go? Aug. 5, 2023
[34] Lanterman-Petris-Short Act California Has Not Ensured That Individuals With Serious Mental Illnesses Receive Adequate Ongoing Care, California State Auditor, July 2020 p .54
[35] Ibid p. 55
[36] Los Angeles Times, “California has billions to spend on mental health. Where should the money go? Aug. 5, 2023
[37] L.A. County MHSA Annual Update FY 2023-24 pp. 165-168
[38] Ibid p. 168
[39] Ibid pp 25-28
[40] Ibid p. 31

Section IV: Review of Los Angeles County's Full Service Partnership Programs

IV-A: Purpose

Section IV provides an overview and assessment of Los Angeles County's Full Services Partnership (FSP) programs, including its budget and use of available funding, program structure, and measurable outcomes.

IV-B: Scope and Methodology

This review covers Los Angeles County FSP activities from fiscal years 2019-20 through 2022-23. It focuses on the use of funds and outcomes but does not go into procedural details on specific outreach or treatment programs.

To develop the overview and assessment, an examination was conducted of publicly available information on FSP programs, the use of Mental Health Services Act (MHSA) funds, oversight reports from the State of California Department of Mental Health, County budget documents, and a July 2020 report from the California State Auditor's Office.

IV-C: FSP Program – Purpose and Structure

According to the L.A. County Department of Health's website, "Adult Full Service Partnership (FSP) programs are designed for adults ages 26-59 who have been diagnosed with a severe mental illness and would benefit from an intensive service program. The foundation of Full Service Partnerships is doing "whatever it takes" to help individuals on their path to recovery and wellness and is considered the highest level of care in County services to people with mental illnesses. Full Service Partnerships embrace client driven services and supports [sic] with each client choosing services based on individual needs. Unique to FSP programs are a low staff to client ratio, a 24/7 crisis availability and a team approach that is a partnership between mental health staff and consumers."[41] FSP's are targeted at those most in need and who have few other service options, and who are on the homelessness risk spectrum, from those who are in danger of becoming homeless, to those who are currently or recently homeless.

A Full Service Partnership is not a single program, rather, it may include a spectrum of services designed to provide those most in need of mental health services with wraparound services that may include mental health, medical, housing, and other support services.

The L.A. County Department of Mental Health provides FSP services via its own staff and a network of contracted providers located throughout the County. Qualifying for an FSP can be complicated--eligibility guidelines cover nine pages in the County's current program guidelines,[42] so having a trained advocate to assist people in need is vital to qualify and receive services.

According to the Adult FSP website, the program is providing services to 2,611 individuals.[43] This number is much lower than the numbers shown in the department's fiscal year 2023-24 MHSA report, which totals 15,287 individuals served.[44]

IV-D: FSP Budget and Service Statistics

FSP programs have a proven track record of high recovery rates and lower costs than other programs over time.[45] For this reason, the State Department of Health Care Services/Mental Health Services Division mandates that 76 percent of a County's MHSA funding should be dedicated to Community Services and Support (CSS) programs,[46] of which FSP is a component; in turn, 51 percent of CSS funds should be allocated to FSP efforts. [47]

According to the County Department of Mental Health's annual MHSA report, the fiscal year 2023-24 FSP budget was $360,780,440, out of a total CSS budget of $1,268,359,320; FSP programs were 28 percent of the total CSS budget, not the mandated 51 percent. See Figure Three below from the County's report[48].

Figure 3: CSS Program Budget FY '23-24

	Fiscal Year 2023/24					
	A	B	C	D	E	F
	Estimated Total Mental Health Expenditures	Estimated CSS Funding	Estimated Medi-Cal FFP	Estimated 1991 Realignment	Estimated Behavioral Health Subaccount	Estimated Other Funding
CSS Programs						
1. Full Service Partnerships	360,780,442	151,587,276	153,415,852		55,470,571	306,743
2. Outpatient Care Services	522,765,877	216,907,729	215,900,212		88,905,835	1,052,101
3. Alternative Crisis Services	200,176,455	122,512,681	70,045,377		7,608,286	10,111
4. Planning Outreach & Engagement	15,859,159	15,728,743	130,416			
5. Linkage Services	53,886,644	47,158,493	4,280,817		369,848	2,077,486
6. Housing	66,140,935	66,140,935				
CSS Administration	48,749,803	48,749,803				0
CSS MHSA Housing Program Assigned Funds						
Total CSS Program Estimated Expenditures	1,268,359,315	668,785,660	443,772,674	0	152,354,540	3,446,441

No explanation for the low percentage share of FSP programs is offered in the County's report, however, there is a notation that the CSS budget should be revised to reflect the services that would correctly be attributed to the 51 percent FSP share.[49] In addition, there seems to be a lack of clarity and direction on how the 51 percent is calculated, allowing some counties to use lower-than-expected budget targets.

In its report to the state, County DMH claims it served a total of 15,287 people in its FSP programs, divided into four age groups, as shown in Table Nine:[50]

Table Nine: FSP Outcomes

Age Group	Average Cost per Client	Number of Unique Clients Served [1]	Total Number to be Seved in FY 2023-24
Children	$19,428.14	3,267	3,544
TAY	$14,625	2,504	2,710
Adult	$15,146	6,672	7,145
Older Adult	$12,830	1,782	1,888
[1] Cost is based on Mode 15 services, not inclusive of community outreach services or client supportive services expenditures.			

Figure Four: Impact of FSP on Post Partnership Residential Outcomes

FSP Program	Percentage by Clients	Percentage by Days
Homeless		
TAY	19% reduction	44% reduction
Adult	30% reduction	66% reduction
Older Adult	27% reduction	58% reduction
Justice Involvement		
TAY	1% reduction	34% reduction
Adult	23% reduction	66% reduction
Older Adult	21% reduction	48% reduction
Psychiatric Hospitalization		
Child	41% reduction	11% increase
TAY	45% reduction	24% reduction
Adult	25% reduction	64% reduction
Older Adult	6% reduction	24% reduction
Independent Living		
TAY	31% increase	34% increase
Adult	45% increase	42% increase

Comparison of residential data for 12 months immediately prior to receiving FSP services (pre-partnership) and for 12 months of residential status while receiving FSP services (post-partnership) for client's outcomes entered through June 30, 2022. Data is adjusted (annualized) by a percentage based on average length of stay in the FSP program. Data must meet data quality standards to be included in the analysis.

Children (n=13,905)
TAY (n=8,386)
Adult (n=19,337)
Older Adult (n=3,250)
Figures represent cumulative changes, inclusive of all clients through June 30, 2022

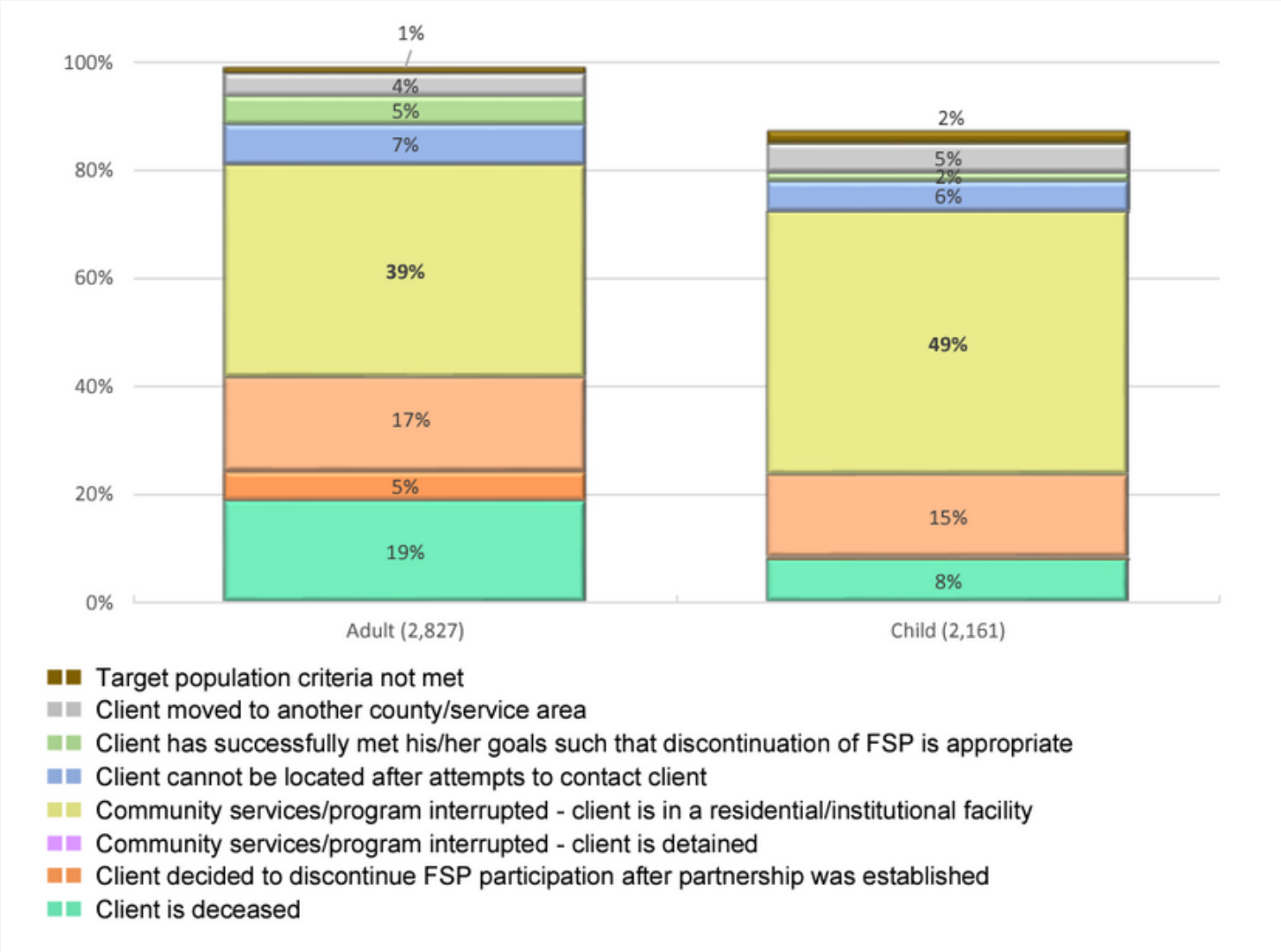
The table shown in Figure Four indicates a 30 percent overall reduction in homelessness among adult FSP clients, and those clients averaged a 63 percent reduction in the number of days they were homeless.[51] Although those outcomes seem impressive, they must be considered in the context of the total number of homeless people in L.A. County with mental health issues. Based on current estimates of the unhoused population and the high prevalence of mental illness among that population compared to the general population, there may be more than 34,000 unsheltered homeless people who need mental health interventions. In addition, both the RAND and UCSF/Benioff surveys indicate at least 40 percent of the unhoused population, or about 30,000 people, have never received any kind of outreach or service. This indicates that relatively few homeless people have benefited from the FSP program, despite the promising results.

Disenrollment from FSP affects program outcomes. The County divides disenrollments into two categories: interruption or discontinuation of service. An interruption of service is a temporary situation in which the client is expected to return to services within 12 months or less from the date of last contact. A discontinuation of service is a long-term situation in which the client is not expected to return to FSP services for more than 12 months from the date of last contact. The County lists seven reasons for disenrollment:

1. Target population criteria not met;
2. Client decided to discontinue FSP participation after partnership was established;
3. Client moved to another county/service area;
4. Client cannot be located after attempts to contact client;
5. Community services/program interrupted - client will be detained or incarcerated in the juvenile or adult system for over 90 days;
6. Community services/program interrupted - client will require residential/institutional mental health services - Institutions for Mental Disease (IMD), Mental Health Rehabilitation Center (MHRC) or State Hospital
7. Client has successfully met his/her goals such that discontinuation of FSP is appropriate;
8. Client is deceased.[52]

In its annual report, the County provides a breakdown of disenrollment percentages. The latest data available are for fiscal year 2021-22:[53] See Figure Five:

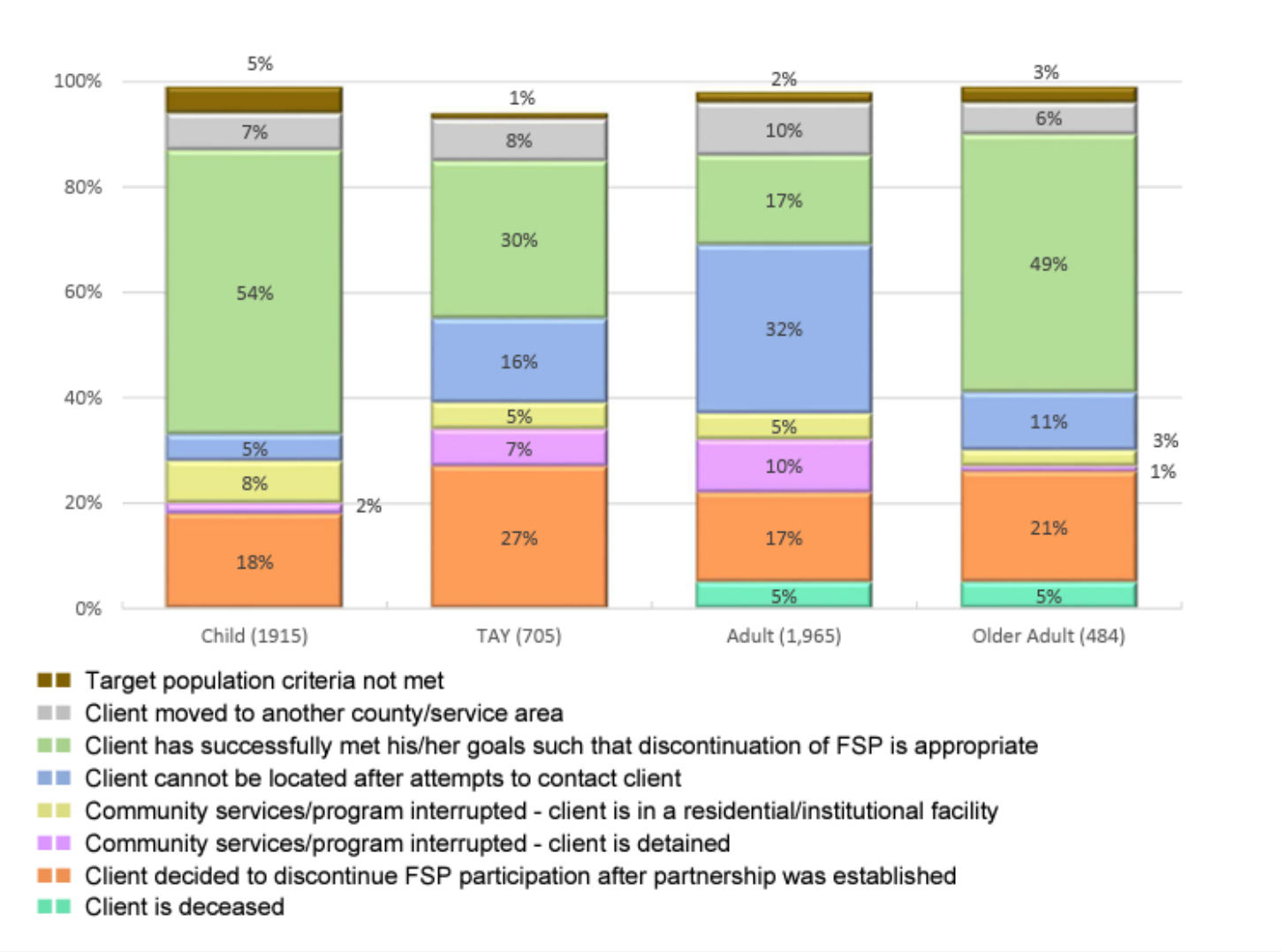
Figure Five: FSP Program Disenrollments



The charts in Figure Five illustrate that the County reported a total of 4,978 clients (2,817 adults and 2,161 children), or 32.5 percent of the 15,287 served, left their FSP programs. It appears only 12 percent of clients who leave the program either decide not to participate (5%) or break contact with outreach staff (7%), while 39 percent entered institutional care.

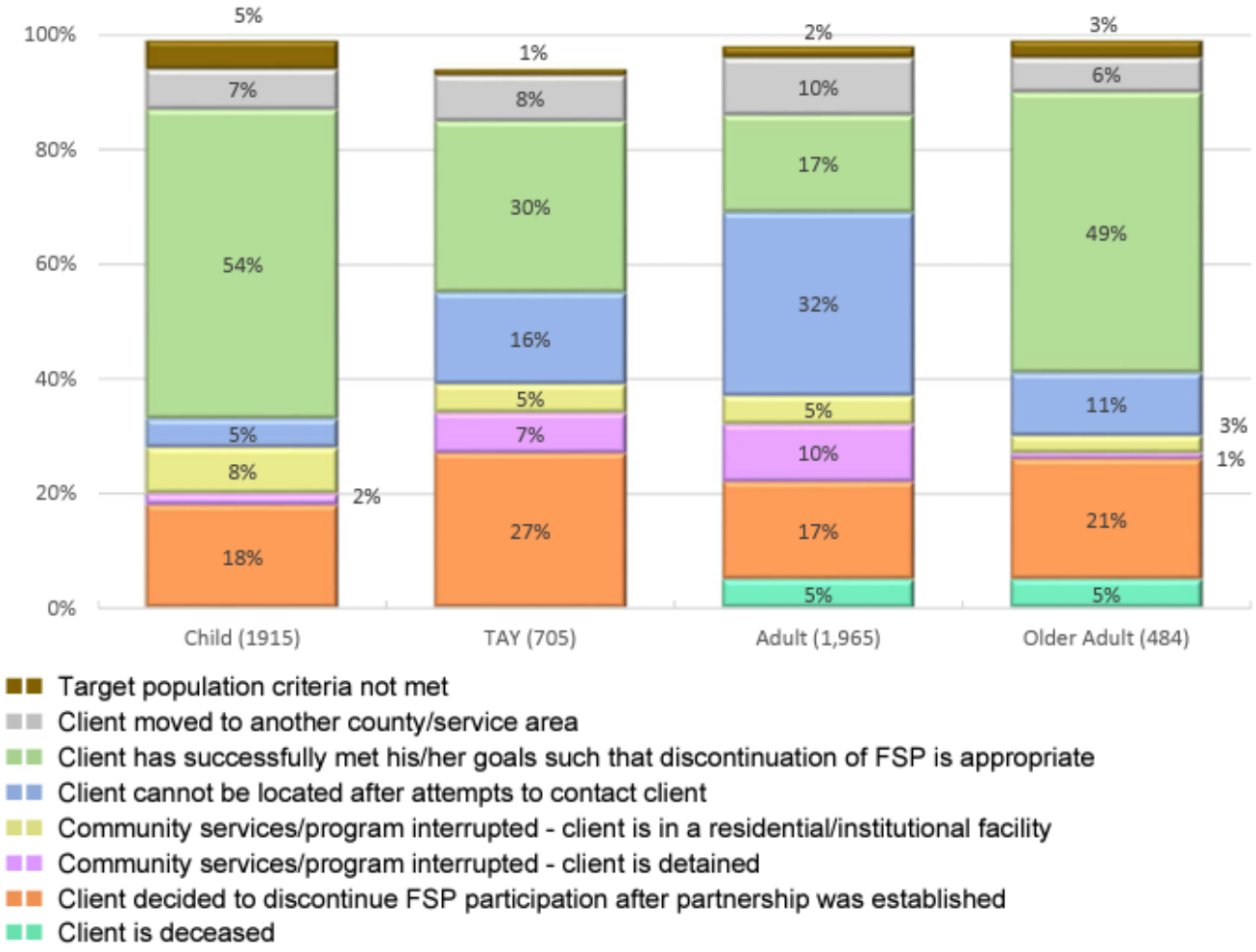
The County's fiscal year 2022-23 report broke the age groups into four categories, to match the cost per client data.[54] See Figure Six:

Figure Six: FSP Disenrollments by Reason, FY 2021-22



In the 2022-23 report, 38 percent of adults either lost contact (22%) or decided to leave (16%). In the 2021-22 report, 49 percent of adults either lost contact (32%) or decided to leave (17%)-see Figure Seven.[55]

Figure Seven: FY 2019-20 FSP Disenrollments by Age Group



The fiscal year 2023-24 report offers no explanation for the steep decrease in lost contacts and self-discontinuance other than a mention in the update section stating the County's effort at "Centralizing the authorization, enrollment, and disenrollment processes for FSP to ensure that those highest needs clients are able to access the FSP services."[56] The same language appears in the FY 2022-23 report. Nor does the 2023-24 report say why the County chose to combine the four age groups into two. If the County was more successful at maintaining contacts with clients, it would be prominently mentioned in the report. The report did not explain the decrease in clients successfully completing the program.

IV-E: Analysis of L.A. County Services

The service statistics reported by the County provide some basic information about FSP programs, but say little about their impact on homelessness. Independent objective sources offer a more comprehensive picture of the County's FSP efforts.

In July of 2020 the California State Auditor issued a report titled “The Lanterman-Petris-Short Act: California Has Not Ensured That Individuals With Serious Mental Illnesses Receive Adequate Ongoing Care.” The Auditor reviewed three County programs: Los Angeles, San Francisco, and Shasta. FSP programs are an important part of the audit.

The Auditor made several findings specific to Los Angeles County covering various aspects of its FSP programs:

1. FSP programs failed to provide services to most people with multiple mental health holds, (which includes people experiencing homelessness): “… of almost 7,400 people in Los Angeles who each had been placed on five or more short-term holds from fiscal years 2015–16 through 2017–18, only 9 percent were enrolled during fiscal year 2018–19 in full-service partnerships or assisted outpatient treatment—the most comprehensive and intensive methods available to all counties for providing community-based care to individuals with serious mental illnesses.”[57]

2. Regarding FSP-related conservator-related actions, the Auditor found neither Los Angeles’s Department of Mental Health nor the Superior Court adequately served individuals on conservatorship. Many conservatorships in Los Angeles ended when doctors failed to provide essential testimony in court proceedings. In these cases, the court could no longer authorize involuntary treatment, even though some individuals may have still needed it.[58]

3. As described earlier, the key to a successful FSP program is the provision of focused, intense, and individualized services. A break in service provision can leave a vulnerable person without support. Los Angeles’s poor coordination of the conservatorship process disrupted service continuity. The Auditor found that in Los Angeles, 10 of the 20 conservatorship cases reviewed were terminated when the County was seeking to renew the conservatorships and six of those 10 conservatorships ended after doctors did not testify. “The effect of prematurely terminated conservatorships can be devastating. One of these six cases involved an individual whose health had improved during the conservatorship period. However, they had limited insight into their illness and refused treatment after their conservatorship terminated. County documentation related to the case indicated that without treatment, the individual grew violent toward others and neglectful of their own well-being. In this case, the disruption to the individual’s care caused harm and also did not facilitate their successful return to the community.”[59]

4. FSP programs can only be effective if they reach the target population. In Los Angeles, about one-third of the individuals from the Auditor’s case file review “who had a high number of 72-hour holds in their lifetimes were not enrolled in these intensive [FSP] outpatient service programs at any point from fiscal year 2016–17 through 2018–19.”[60]

5. When the auditors reviewed the County’s explanations for why its percentage of individuals enrolled in full-service partnerships or assisted outpatient treatment was low, the state’s

audit staff assessed each of these reasons and found none of them adequately explained why such a high-need population would be so infrequently enrolled in intensive outpatient services. [61]

While trying to justify low FSP enrollment numbers, “Los Angeles’s staff acknowledged the weaknesses in the county’s system for coordinating continued care with medical facilities, stating that in some cases the county is only aware of individuals being discharged from short-term holds if the treatment facilities holding them decide to notify it.”[62]

6. As required by professional audit standards, the State Auditor gave the County the opportunity to respond to the auditors’ findings. County staff attempted to refute most of the Auditor’s findings, but in a follow-up response, the Audit detailed the objective reasons for its findings. One of the key sentences in the Auditor’s follow-up response concerned the County’s reluctance to adopt changes in the way it links clients to services, “Los Angeles’s response indicates that it will only adopt our recommendation to the extent that resources become available and the Legislature acts on our associated recommendations. Given the importance of linking individuals to mental health services, we believe that Los Angeles should take steps now to improve how it identifies individuals who need services and links those individuals to services.”[63]

In summary, the State Auditor’s report highlighted the difficulty the County has enrolling clients in FSP programs and retaining them once they are enrolled. It described poor communication among County agencies and their service providers and pointed out multiple failure points as clients transitioned through the system. Although some of the auditor’s findings were specific to conservatorships, the lack of service continuity and communication detailed in the findings is a common theme in the County’s mental health programs, as described in other reports.

On January 25, 2023, the Mental Health Services Oversight and Accountability Commission issued a “Report to the Legislature on Full Service Partnerships. ”This report is especially relevant because it comes from the state department that controls MHSA funding to counties. Although not performed with the rigor of a formal audit, it raises important questions about the way counties report service statistics and outcomes.

The report cites three serious weaknesses in FSP program reporting:

1. The State faces data quality challenges that impede its capacity to fully understand the effectiveness of FSPs in preventing homelessness, justice involvement, and hospitalization.

2. Despite regulatory requirements, counties do not appear to be allocating mandatory minimum funding levels to support FSP programs.

3. California has not established sufficient technical assistance and support to ensure the effectiveness of FSP programs and support improved outcomes.[64]

Without repeating the report's details, the oversight commission expressed the same concerns as the State Auditor: those most in need, including PEH, are not receiving the proper supportive services, and the numbers of clients served may not be accurate. In addition, the commission's report supports the finding that counties, including Los Angeles, are not properly funding their FSP programs at the mandatory levels. As the report states, these concerns raise questions as to how effective FSPs – as presently designed and operated by Los Angeles County – are at reducing homelessness, incarceration, and hospitalization.[65]

The commission recommended the State and counties work together to improve data sharing and data quality, and link treatment data to specific populations.

Possibly in response to the concerns raised by the State Auditor and MHSA oversight commission, the Department of Mental Health's annual 2022-23 MHSA update includes a section on how it "transformed" its FSP programs to focus services on those most in need. From a performance perspective, one change stood out: "Changes to the FSP contracts to add incentives for providers to help their clients achieve critical life outcomes, moving our system towards performance-based contracting."[66] This is concerning because it indicates existing contracts are not performance-based, and compensate providers based on contact hours or some other basis unrelated to outcomes.

IV-F: Impact and Conclusions

The FSP program is highly effective at providing the wraparound services needed to keep those PEH most in need housed. The State Auditor's findings on the County's poor record of following up on conservatorships, combined with a relatively high disenrollment rate, strongly indicates the County is not properly communicating within its own structure to provide consistent services to people in need of FSP programs.

Despite the potential for delivering the true wraparound services many seriously mentally ill homeless people require, L.A. County's FSP program is woefully underfunded and fails to deliver needed services to the majority of its target population. The following weaknesses are apparent:

- The County has difficulty serving and tracking individuals in target populations. The MHSA Oversight Commission stated all counties, including Los Angeles, have problems accurately reporting the nature and extent of services offered under FSP programs.
- The County does not fund FSP programs at the mandated levels, and its unencumbered fund balance has significantly increased in the last few years.
- The County has made little actual progress in the past three years and is just starting to include performance metrics in its contracts. Despite the recommendations of the State Auditor and support from the MHSA Commission to institute new accountability programs, there is no evidence that the County has instituted any improved service tracking and outcome procedures. The MHSA Commission itself has said it cannot use available data to prove the efficacy of FSP programs on homelessness.
- The County is failing to meet its mandatory funding levels to serve this needy population, contrary to state law.

- The County's inability or unwillingness to sufficiently fund its FSP program makes it impossible for it to reach its goal of serving the severely mentally ill.

The consequences of L.A. County's inaction are evident in the large population of disturbed people on the streets. While the FSP program is totally voluntary, the high level of disenrollments is concerning because it indicates a lack of follow-through or program management exists in the program offering the highest level of care from the County.

In Summary:

- At least 40 percent of the unhoused population, or roughly 30,000 people, have never received any kind of outreach or service.
- The County reported 32.5 percent of the 15,287 served by FSPs, left their FSP programs.
- Los Angeles County's staff acknowledged the weaknesses in the county's system for coordinating continued care with medical facilities.
- "Los Angeles's response indicates that it will only adopt our [State Auditor] recommendation to the extent that resources become available and the Legislature acts on our associated recommendations. Given the importance of linking individuals to mental health services, we believe that Los Angeles should take steps now to improve how it identifies individuals who need services and links those individuals to services."[67]
- Los Angeles County is not properly funding its FSP programs at the mandatory levels.

[41] DMH FSP Overview website: DMH FSP Overview website: services/fsp/#:~:text=Adult%20Full%20Service%20Partnership%20(FSP,path%20to%20recovery%20and%20wellness.
[42] County of Los Angeles – Department of Mental Health Mental Health Services Act (MHSA) Full Service Partnership (FSP) Guidelines. July 1, 2022, Revision, pp. 12-20.
[43] https://dmh.lacounty.gov/our-services/outpatient-services/fsp/
[44] County of Los Angeles Annual MHSA Report for FY 2023-24, page 31, Table 10
[45] Report to the Legislature on Full Service Partnerships, Mental Health Services Oversight and Accountability Commission January 25, 2023, p. 3
[46] Ibid, p. 7
[47] County of Los Angeles Annual MHSA Report for FY 2023-24, page 24
[48] Ibid. p. 169
[49] Ibid, p. 24
[50] County of Los Angeles Annual MHSA Report for FY 2023-24, page 31, Table 11
[51] County of Los Angeles Annual MHSA Report for FY 2023-24, page 32, Table 12
[52] County of Los Angeles Annual MHSA Report for FY 2023-24, page 32
[53] Ibid p. 33, Figure 8
[54] L.A. County MHSA Annual Report, FY 2022-23, p. 31
[55] L.A. County MHSA Annual Report, FY 2021-22
[56] L.A. County MHSA Annual Report, FY 2023-24, p. 31
[57] The Lanterman-Petris-Short Act: California Has Not Ensured That Individuals With Serious Mental Illnesses Receive Adequate Ongoing Care". July 2020, p. 1
[58] Ibid p. 14
[59] Ibid p. 30
[60] Ibid p. 32
[61] Ibid p. 34
[62] Ibid p. 34
[63] Ibid, p. 101
[64] Report to the Legislature on Full Service Partnerships" from the Mental Health Services Oversight and Accountability Commission, January 2023, pp-2-3
[65] Ibid p. 14
[66] MHSA Annual Update, Fiscal Year 2022-2023, Los Angeles County Department of Mental Health, p. 29
[67] Ibid, p. 101

Section V: Review of Los Angeles County's Efforts and Outcomes to Address Substance Use Disorders Among the Homeless Population

V-A: Purpose

Section V provides an overview of the County's substance use disorders (SUD) services among the homeless population, and describes what, if any, outcomes the County has achieved. To develop the overview, a review of the County's responses to the Alliance's interrogatories number five through eight was conducted, plus publicly available budget and performance data.

V-B: SUD Programs

According to the County's interrogatory responses,[68] the County provides at least nine distinct substance abuse programs to the homeless population, managed by two departments:

Department of Public Health Programs:

- Substance Abuse Prevention and Control (SAPC), which includes Recovery Bridge Housing

Department of Health Services

- Enhanced Care Management services to Medi-Cal eligible clients
- Primary Care Medical Homes
- Medication-Assisted Treatment
- A DHS Mobile Clinic
- The Safe Landings Facility
- Housing for Health Programs
- Murphy Sobering Center on Skid Row
- Office of Diversion and Reentry (ODR) for incarcerated people experiencing homelessness (PEH)
- Overdose Education and Naloxone Distribution ("OEND) program

The L.A. County website promotes its substance abuse services this way: “The Substance Abuse Prevention and Control (SAPC) program leads and facilitates the delivery of a full spectrum of prevention, treatment, and recovery services proven to reduce the impact of substance use, abuse, and addiction in Los Angeles County. Services are provided through contracts with over 150 community-based organizations to County residents, particularly those who meet income and other criteria for Medi-Cal or My Health LA enrollment which may include the un-and/or underinsured. SAPC staff serve as technical experts and consultants to meet the needs of the public and contracted organizations in the field of alcohol and other drug (AOD) use and abuse.”[69] The Recovery Bridge Housing operated by the Department of Public Health is described as serving “patients in need of concurrent treatment in outpatient, intensive outpatient, Opioid Treatment Program (OTP), or outpatient withdrawal management settings.”

The County’s budget document describes its Housing for Health (HFH) program as “established in 2012 by the Board as a division within DHS to provide supportive housing to patients with complex medical and behavioral health issues who experience homelessness.[70] Housing for Health currently provides a full continuum of services to clients, from street outreach to interim housing to permanent housing, with case management, benefits advocacy, and clinical services layered across all service categories.”[71]

V-C: Funding and Budget

The County uses several funding streams from federal, state, and local sources to support its substance use disorder programs. The sources are detailed in the County’s interrogatory responses [72] and do not need to be repeated in this report. Some of the County’s funding is targeted specifically for substance abuse treatment of housed and unhoused clients. The response did not include specific dollar amounts for the funding sources.

The Department of Public Health’s fiscal year 2023-24 budget is $1.942 billion.[73] Within that amount, $396 million is budgeted for Substance Abuse Prevention and Control (SAPC) programs, [74] which includes Recovery Bridge Housing, but there is no further breakdown of program budgets within SAPC.

The Department of Health Services’ budget is $8.92 billion,[75] of which $489,137,000 is for Housing for Health Programs.[76] Therefore, between DPH and DHS programs targeting substance abuse disorder, the County dedicated $885 million for prevention and control and housing programs.

V-D: Program Performance and Outcomes Analysis

Drug and/or alcohol abuse is a common problem among the unhoused population. The results of the UCSF/Benioff survey show 65 percent of respondents used some type of illicit drugs in their lifetimes; more than half reported regular use of amphetamines, 33 percent reported regular lifetime cocaine use, and 22 percent abused nonprescription opiates. 64 percent of regular illicit drug users started using drugs before they became homeless.[77] Alcohol abuse was also high, with 62 percent reporting drinking to intoxication three or more times per week, 79 percent of

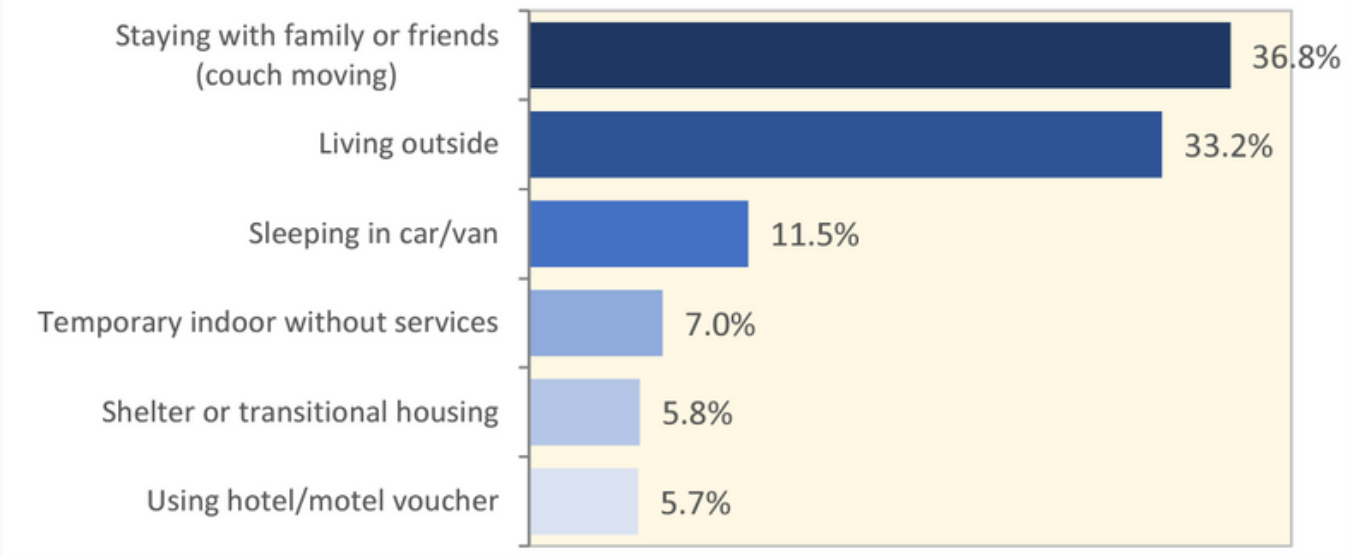
whom began heavy drinking before becoming homeless.[78] Drug and alcohol abuse are drivers that contribute to becoming and remaining homeless; 47 percent of respondents stated at least one dimension (e.g., finances, health, etc.) had been negatively affected by their drug or alcohol use.[79]

Approximately 25,100 unsheltered PEH suffer from substance use disorder in Los Angeles County (refer to Appendix A). Given substance abuse's devastating effect on the unhoused population, an aggressive response to the crisis of substance abuse in the unsheltered populations is expected. The Department of Public Health, which manages the Substance Abuse Prevention and Control (SAPC) Program, publishes an annual program overview of its services and statistics. The most recent report available online is for the 2020-21 fiscal year and was published in May 2023.[80] The report has a section detailing services to the unhoused community.

According to the report, there were 18,722 admissions to SAPC-funded programs for 11,464 PEH in fiscal year 2020-21, or 1.6 admissions per patient. 9,806 individual patients were discharged. PEH made up 33.9 percent of all SAPC patients and 35 percent of admissions. [81]

Of the 11,464 patients experiencing homelessness in SAPC programs, 5,537 (48%) were sheltered: living with family or friends, in a shelter or transitional housing, or using a hotel/motel vouchers. 5,927 (51%) patients were unsheltered. See Figure Eight:[82]

Figure Eight: Housing Status of PEH Enrolled in SUD Programs, FY 2021-22



Note: Percentages are based on non-missing values, and may not sum to 100% due to rounding.

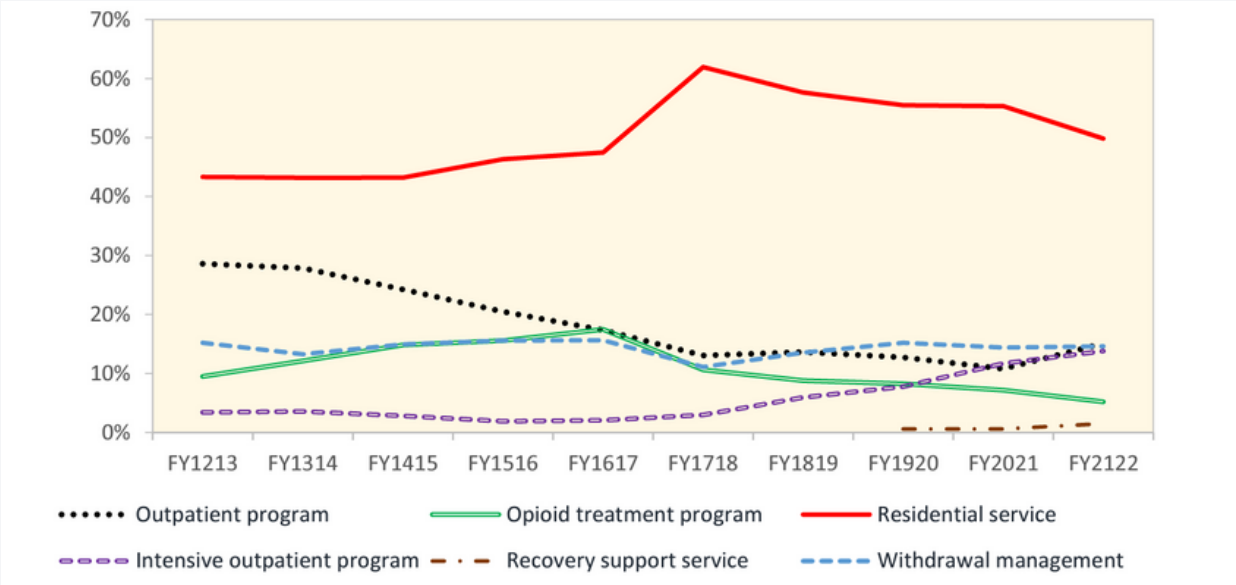
Using the estimate of 26,199 unsheltered homeless who have a history of regular drug use, and applying the percentages shown in Figure Eight, County substance abuse programs are serving 5,927, or about 22.6 percent of the population in need. The estimated number of unsheltered PEH enrolled in each program category is shown in Table Ten:

Table Ten: PEH Enrolled in Treatment

	Patients		Unsheltered
Level of Care	Number	Percent	5,927
Withdrawal Management	2,709	15%	864
Residential Service	9,267	50%	2,955
Intensive Outpatient	2,571	14%	820
Outpatient	2,810	15%	896
Opioid Treatment Program	961	5%	306
Recovery Support Service	272	1%	87
Total	18,590	100%	5,927

The data on admissions indicate a disconnect between the needs of the homeless population and the services provided. The report states: "The proportion of patients experiencing homelessness admitted to residential service programs showed an increasing trend from FY 12-13 to FY 17-18, followed by a slight decrease in subsequent years. Conversely, the proportion of admissions to outpatient programs exhibited a gradual decline over the past decade. The proportion of admissions to opioid treatment programs reached its highest point in FY 16-17 and subsequently decreased through FY 21-22."[83] Even as the number of homeless people was climbing precipitously, the number of people experiencing homelessness admitted to residential, outpatient, and opioid treatment declined. The only program that showed an appreciable increase was Intensive Outpatient care, as shown in Figure Nine:

Figure Nine: Treatment for PEH By Treatment Type

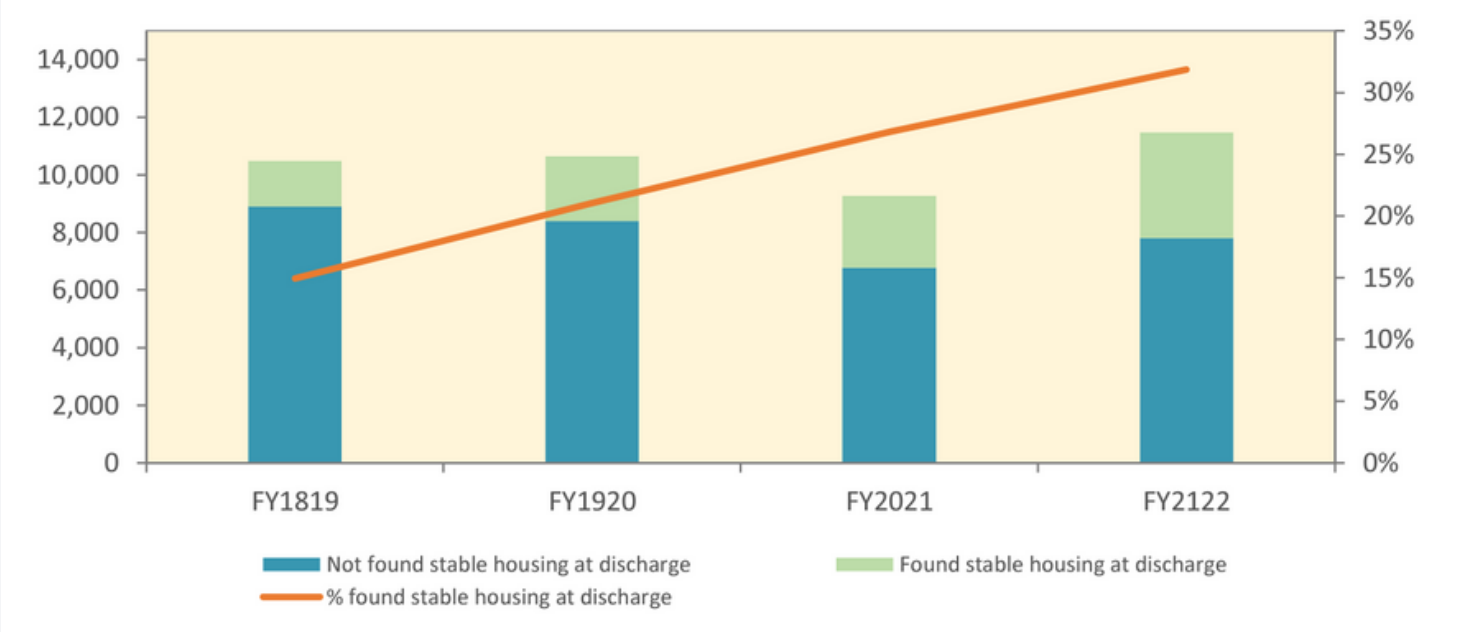


The data on opioid treatment are especially concerning, since, as the Department of Public Health stated in its Homeless Mortality Report, the use of fentanyl, an opioid, was driving the steep increase in overdose deaths among PEH (see Figure Twelve on page 33).

The outcomes for PEH leaving the SAPC program are equally concerning. Although the percentage of people discharged into stable housing increased in the four years between fiscal year 2018-19

and 2021-22, the percentage was still only 31.9 percent of discharges, or 3,128 of the 9,806 individuals discharged in fiscal year 2020-21.[84] See Figure Ten:

Figure Ten: Housing Status at Discharge



The reported numbers for discharge reasons are somewhat confusing. Rather than using the number of discharges reported, (15,311 discharged versus 18,722 admissions, or 9,806 discharges versus 11,464 patients admitted), the discharge data totals 14,273 discharges, and there is no narrative explanation as to why that number was used. In addition, the table on discharges refers to admission numbers but expresses them as a percentage of discharges. See Table Eleven:

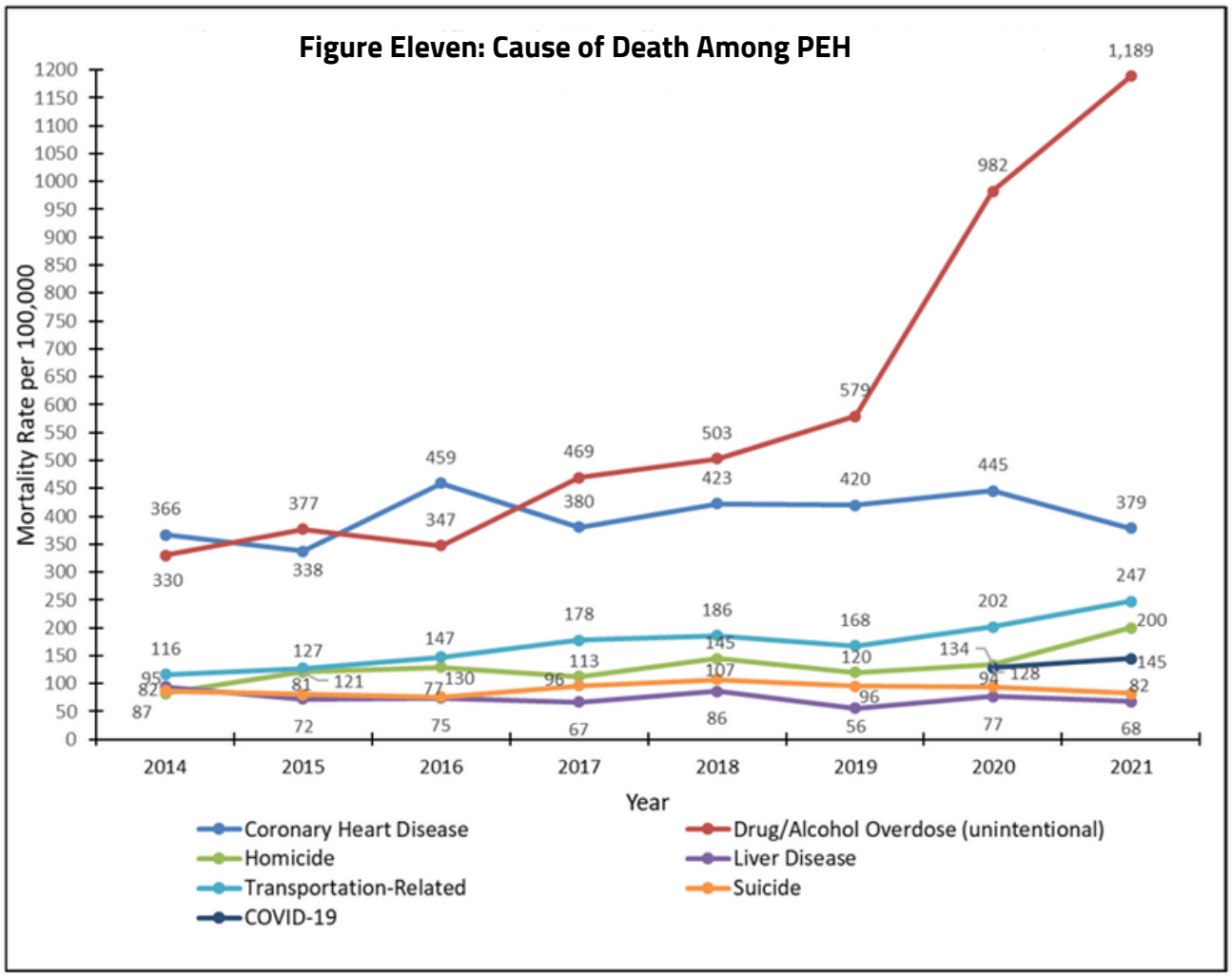
Table Eleven: Status At Discharge [85]

Discharge Status	Admissions	Percent
Positive Compliance	8,235	57.7%
Completed Treatment	6,738	47.2%
Left w/ Satisfactory Progress	1,497	10.5%
Negative Compliance		
Left w/ Unsatisfactory Progress	5,043	35.3%
Other (Death, Incarceration, etc.)	995	7.0%
Total	14,273	100%

Since the 14,273 admissions number bears no relation to the number of admissions (18,722) nor the number of PEH enrolled in treatment (18,590--see Table Ten on page 32), there is no point of reference to determine the efficacy of treatment programs, except to say more than one-third left without satisfactorily completing treatment.

One indicator of the County's substance abuse treatment program effectiveness could be mortality associated with illicit drug use. Despite many programs and various facilities providing substance abuse services, mortality associated with illicit drug use has increased as the primary cause of death among homeless people. A May 2023 report from the County Department of Public Health stated, "After increasing by 29% from 2014 to 2019, the crude mortality rate among LA County PEH increased even more sharply--by 55%--from 2019 to 2021. The primary driver of this recent increase was drug overdoses, which comprised 37% of all PEH deaths in 2020-21 combined and was the leading cause of death among men and women, all racial/ethnic groups, and all age groups under 60. The specific drug most responsible for this increase was fentanyl. Fentanyl's involvement in PEH overdose deaths almost tripled from 2019 to 2021."[86] The chart associated with the increase in deaths attributed to overdose offers a visual example of the impact of the County's statement, (see Figure Eleven)[87]:

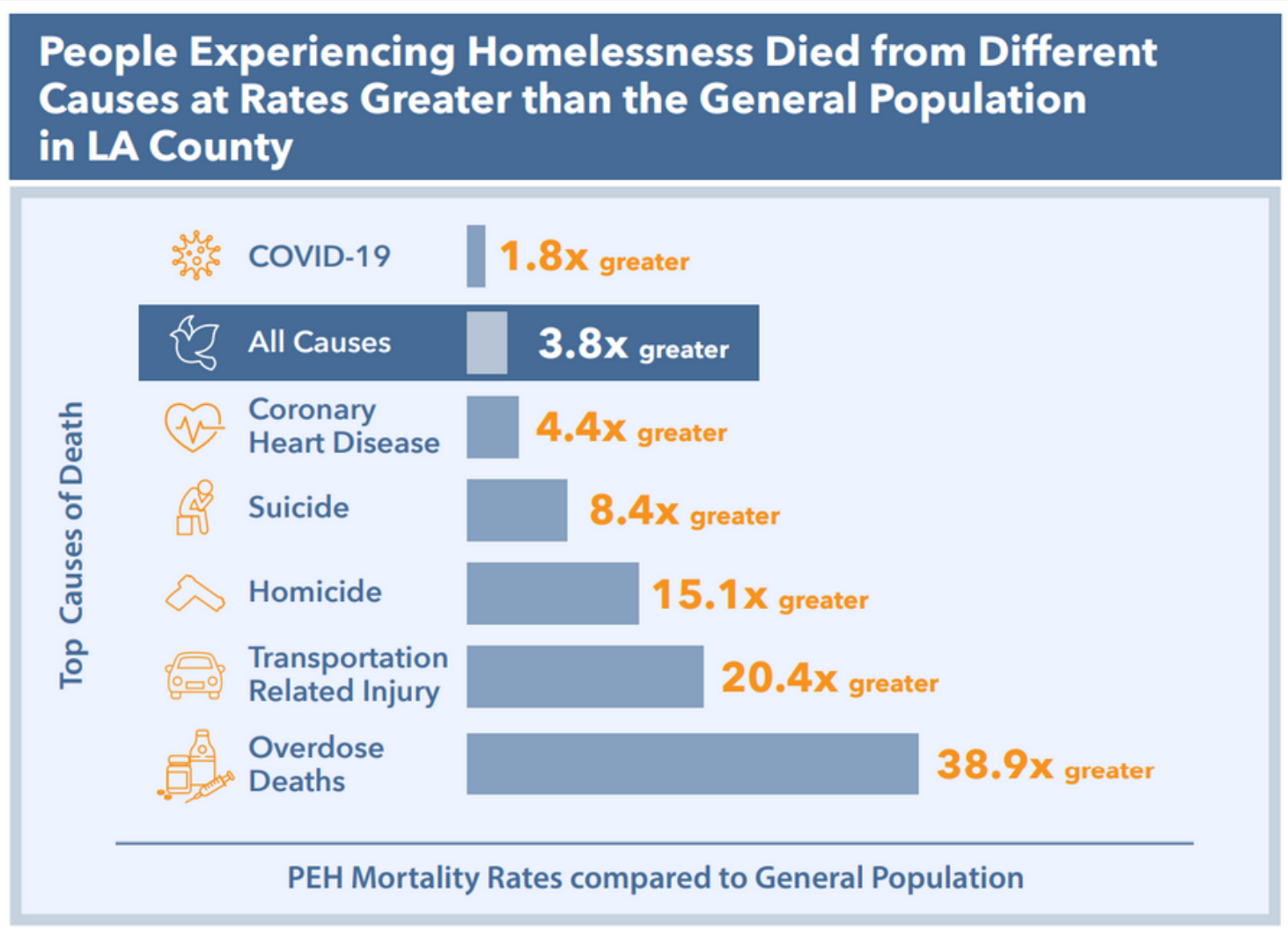
Figure Eleven: Cause of Death Among PEH



The report states fentanyl was the most common denominator in drug-related fatalities, "More PEH died of overdoses in 2020 and 2021 than in at least the six previous years combined, and the overdose mortality rate rose from near parity with the CHD [chronic heart disease] rate to nearly three times the latter over that same period. An analysis of drug types involved in overdose deaths suggests that fentanyl has rapidly replaced other opioids among users in the population and is the drug most responsible for the recent increase in overdose deaths. While overdose deaths involving

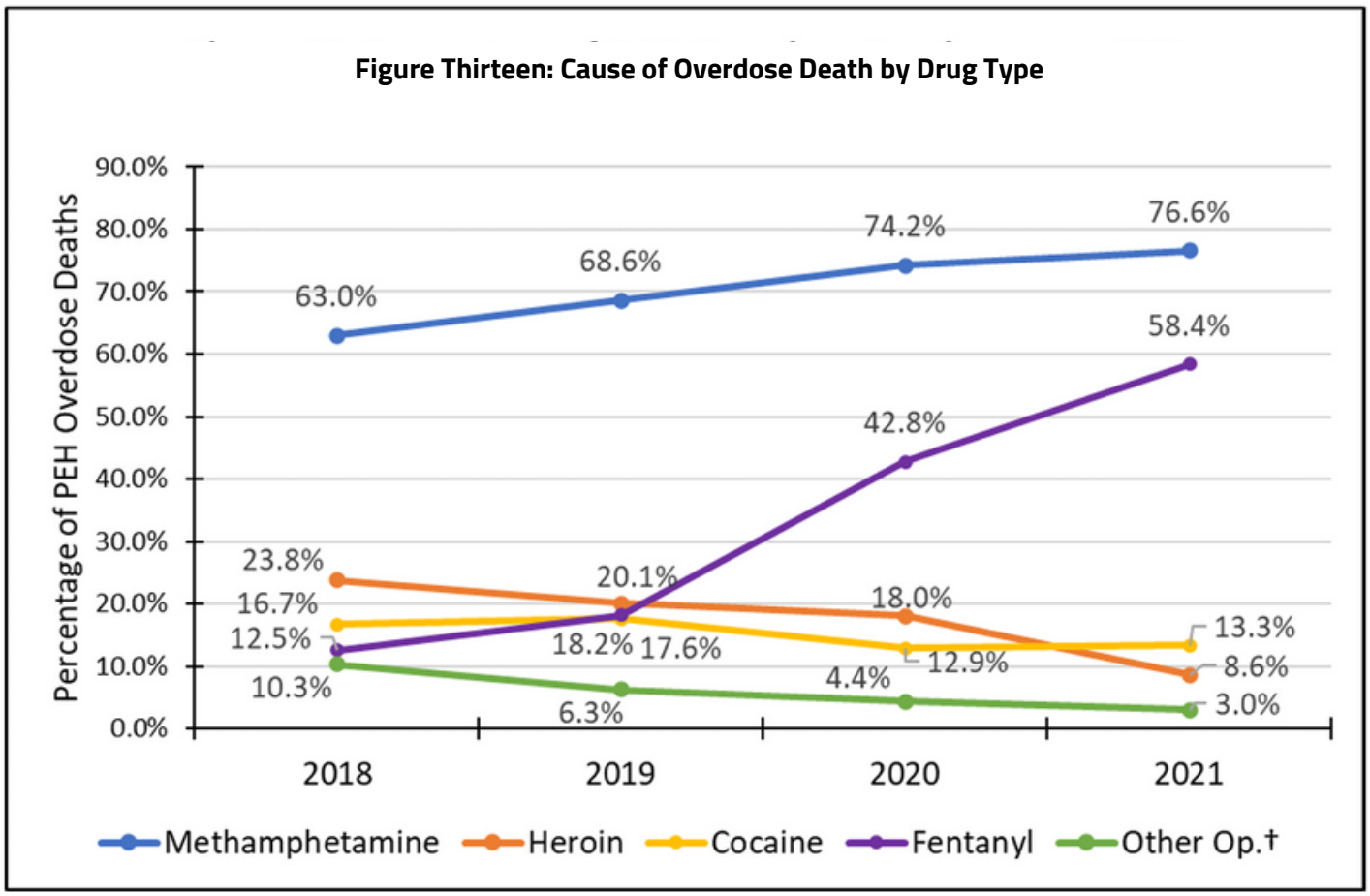
fentanyl almost always involved other drugs as well, data limitation prevents an understanding of decedents taking fentanyl unknowingly (i.e., because it was added to another drug without their knowledge) or if they purposefully took fentanyl in combination with another drug". [88] Overall, the report said PEH were 38.9 times more likely to die of overdose than housed people, as shown in Figure Twelve[89]:

Figure Twelve: Cause of Death Among PEH 2020-21



As shown in Figure Eleven on page 34, drug overdose is the leading cause of death among the unhoused. The two primary types of drugs involved in overdose deaths are methamphetamine and fentanyl, as shown in Figure Thirteen [90]:

Figure Thirteen: Cause of Overdose Death by Drug Type



*Percentages per year sum to more than 100% because each overdose can involve multiple drug types.
†Methadone, morphine, oxycodone, hydrocodone, oxymorphone, tramadol, codeine, opiate

The report noted the percentages add to more than 100 in a given year because drugs are often used in combination. The report noted deaths associated with fentanyl increased five times in just three years.[91] Yet, at the same time, County provided opioid and withdrawal treatment programs declined or remained flat over the same time period (see Figure Ten on page 32).

V-E: Conclusions and Impact

The UCSF/Benioff survey shows drug and alcohol abuse is common within the homeless community. Regardless of when addictive behaviors start—before or after becoming homeless—such behaviors are an impediment to a return to the mainstream housed community (47 percent of the drug users in the UCSF study said their drug use interfered with at least one significant aspect of their lives). Managing such behaviors would certainly benefit homeless individuals, both in terms of housing and general health.

The County devotes substantial financial resources to drug abuse programs: $396 million for its Substance Abuse Prevention and Control (SAPC) program and more than $489 million to Housing for Health. The Department of Health knows drug overdose is the leading cause of death in the homeless population. Its budget and internet sources state recovery services for the homeless are a high priority. The County's report on mortality among the homeless provided 31 recommendations

to reduce the number of preventable deaths among the homeless, at least 23 of which concern substance abuse.[92]

Despite the County's stated commitment to reducing the number of overdoses and deaths, mortality from overdoses has been the leading cause of death among the homeless since at least 2017 and has steeply increased since 2019, (see Figure Eleven on page 34). At the same time, PEH's enrollment in treatment programs remained flat or declined (see Figure Ten on page 32). As noted in Section II, Measure H funds are available for additional recovery programs; in fact, except for housing costs, the County seems to have trouble spending Measure H funding on its existing programs.

It should be noted the Department of Public Health produces both the Mortality Report and the SAPC program report, so it is well-positioned to recognize and respond to the need for additional recovery resources; there should be no organizational impediments to expanding or changing SUD programming. But resources like the Mortality and SAPC reports have no value if they are not used to drive effective organizational change. In turn, those and other reports must produce actionable empirical data; as discussed in this section, the data on treatment outcomes in the SAPC report are vague and do not provide definitive direction for program managers.

Despite the County's narrative, in this case, the evidence speaks for itself: as overall mortality among the homeless increases,[93] deaths from overdose contribute a large and growing percentage of those deaths.

In Summary:

- 26,199 PEH in Los Angeles County are unsheltered with some kind of self-reported substance use disorder.
- County substance abuse programs are serving 5,927, or about 22.6 percent of the potential population in need.
- Drug overdose is the leading cause of death among the unhoused. The two primary types of drugs involved in overdose deaths are methamphetamine and fentanyl.
- The County's more than nine distinct substance abuse programs for the homeless population have not reduced the number of people experiencing homelessness with substance abuse disorders.
- The County's programs serve a small percentage of PEH, are ineffective, and show decreases in participation while overdose deaths skyrocket.
- The lack of transparent information, specific programmatic metrics, and actionable data is an indicator that the County is incapable of improving its performance without significant managerial and programmatic reforms.
- County funding prioritizes the provision of subsidized housing for people experiencing homelessness over treating the unsheltered with substance use disorders.

[68] County response to interrogatory # 6
[69] County Dept. of Health website: http://publichealth.lacounty.gov/sapc/AboutUs.htm
[70] County website: https://dhs.lacounty.gov/housing-for-health/history/
[71] County website: https://dhs.lacounty.gov/housing-for-health/our-services/housing-for-health/programs/
[72] L.A. County response to interrogatory #6
[73] L.A. County Recommended FY 23-24 Budget, p. 7.1
[74] Ibid, p. 7.8
[75] Ibid, p. 5.1
[76] Ibid, p. 5.26
[77] UCSF/Benioff Report on Homelessness, p. 27
[78] Ibid, p. 28
[79] Ibid, p. 28
[80] Patients in Publicly Funded Substance Use Disorder Treatment Programs, Fiscal Year 2020-2021. Los Angeles County Department of Public Health, May 2023.
[81] Ibid p. 135
[82] Ibid p. 137
[83] Ibid p. 138
[84] Ibid p. 139
[85] Ibid p. 140
[86] Mortality Rates and Causes of Death Among People Experiencing Homelessness in Los Angeles County: 2014-2021. Los Angeles County Dpt. of Public Health May 2023. P. 2
[87] Ibid, p. 10
[88] Ibid, p. 20
[89] Ibid, slide presentation
[90] Ibid, p. 16
[91] Ibid, p. 15
[92] Ibid, pp. 23-27
[93] Ibid, p. 8

Section VI: Review of Department of Mental Health Services for People Experiencing Homelessness

VI-A: Services Overview

The County Department of Mental Health provides services to people experiencing homelessness in two settings: field outreach and shelter/housing-based.

VI-A-1: Field Services

The County of Los Angeles' Department of Mental Health provides field services through its Homeless Outreach and Mobile Engagement (HOME) team. According to the department's website, the HOME program "provides field-based outreach, engagement, support, and treatment to individuals with severe and persistent mental illness who are experiencing unsheltered homelessness. Services are provided by addressing basic needs; conducting clinical assessments; providing street psychiatry; and providing linkage to appropriate services (including mental health services substance abuse treatment and shelter).

HOME serves individuals 18 and over who are experiencing chronic unsheltered homelessness and who have profound mental health needs and associated impairments. These vulnerable and disengaged individuals struggle with securing appropriate food, clothing, and shelter due to their mental illness. In addition, they may have critical deficits in hygiene and communication, and are generally highly avoidant of services. They are unable to live safely in the community and require specialized mental health services to secure and sustain housing." [92]

VI-A.2: Shelter/Housing Based Services

As described in Section II-(Measure H), under Strategy D7, "DMH provides local rent subsidies to ensure that housing units are affordable to people who are homeless. All strategy D7 clients receive intensive case management services and are matched to a rental subsidy. Based on client need, clients receive specialty mental health services through the Housing Full Service Partnership Program, in addition to substance use disorder outreach and assessment and service navigation."

VI-B: DMH Program Performance

Because field outreach and housing-based services are distinct operations, Department of Mental Health program performance is described separately in the following two subsections.

VI-B.1 Field Services Performance

The HOME program is the primary homeless outreach program for L.A. County. The Department of Mental Health's webpage for its Emergency Outreach and Triage Division lists HOME as one of its programs.[93] The division's other programs appear to provide emergency or acute services to the non-homeless population. There is no indication other DMH programs besides HOME are primarily responsible for homeless field services. The County's Homeless Initiative webpage lists HOME as the only homeless mental health outreach program. The County also operates a Psychiatric Mobile Response Team (PMRT) which, according to the County, provides non-law enforcement-based mobile crisis response for clients experiencing a psychotic emergency in the community.[94] Based on its description, PMRT does not primarily serve the homeless population.

On the HOME program webpage, DMH states 26 percent of LA County's unhoused suffer from a diagnosed mental illness. According to LAHSA's 2023 PIT count, of the approximately 75,000 homeless, 73 percent, (55,155) are unsheltered. Per Appendix A, there are 36,402 unsheltered PEH in L.A. County with mental health issues. The HOME webpage claims, "In 2021, HOME has helped over 2,100 clients and provided over 19,000 client-days of community outreach, mental health and medication support, crisis intervention, and targeted case management services."[95] In other words, the HOME team assisted just over six percent of the mentally ill people on L.A.'s streets.

The statistics provided by the County on the HOME Team's outreach efforts do not support a picture of the structure needed to effectively reach the tens of thousands of people on the streets in need of mental health services.

Further, the website and other publicly available sources do not define a "client day." Client days are not mentioned in the County's Three-Year MHSA Program and Expenditure Plan for FY 2021-22 through 2023-24, so it is unclear what the significance of a "client day" may be. In any case, 19,000 client days divided by 2,100 clients average nine days per client. Given the program's mission to treat people with profound mental health needs, it is unclear what benefit nine client days would have.

According to the HOME website, most referrals for assessment come from "generalist homeless outreach providers."[96] Although the site offers no other details, the providers are likely NGOs contracted by LAHSA or the City of Los Angeles to perform street outreach and begin the rehousing process. The statistics provided by the County on the HOME team's outreach efforts indicate the program as currently structured is not meeting the needs of the majority of PEH who require mental health services. Therefore, it is possible this vital first link between homeless people with mental illnesses and County services is also a weak link in the service chain.

VI-B.2: Home/Shelter-Based Services Performance

The Department of Mental Health provides services under Strategy D7, "Provide Services and Rental Subsidies for Permanent Supportive Housing" which should provide intensive services to those who are sheltered or housed with funding from this strategy.[97] According to a D7 Performance Metrics report provided by the County, for the period July 1, 2021, through March 31, 2022, 14,747 people were actively participating in D7-provided services; of those, 1,200, or eight percent, were participating in DMH services. See Table Twelve:

Table Twelve: D7 Participation Levels

		DMH Participants	
Status Category	**Total**	**Number**	**Percent**
Active	14,747	1,200	8%
Currently Enrolled	13,029	1,094	8%
Placed in Housing	1,045	120	11%
Housed - 12 months	1,931	460	24%
Housed - 24 Months	1,967	307	16%

Of the 1,045 people housed during the reporting period, only 11 percent were enrolled under DMH care, and only 16 percent were housed after two years. Bear in mind, according to the County, Strategy D7 is targeted at PEH most in need of supportive services. Also, at least 50 percent of PEH have some type of mental health issue. Yet only eight percent of the people enrolled in the program that should be the primary vehicle for delivering mental health services are receiving them.

The numbers in Table Twelve show the consequences of the Department of Mental Health spending an average of 35 percent of its Measure H funding, (see Table Three on page 7) in any given year. Compared to DMH's low participation and housing rates, the Department of Health accounted for 90 percent of the active participants and 89 percent of those housed during the reporting period. The Department of Health also consistently spends a much higher percentage of its budget than DMH (see Table Four in Section II). During the same period, DMH served a small percentage of its target population. By concentrating most of its financial resources on housing, the County has limited funds available for support services; habitually underspending its budgets has exacerbated the problem.

The lack of Mental Health resources is also apparent in the number of treatment beds in the County's inventory. See Figure Fourteen:

Figure Fourteen: County Treatment Beds as of May 2023

	Level of Care	Target Population	Current Existing	Funded - In Development	Historical Rate per Bed per Day*	Funding Sources**
Treatment Beds	Crisis Receiving & Stabilization	Individuals in crisis who need observation, stabilization, and connection to follow up care	257	12	$200-5,616	FFP, MHSA, Realignment, SGF, AB109, Medi-Cal Specialty Mental Health
	Acute Inpatient	Individuals with the most acute behavioral health needs	2,652	85	$895-1,277	FFP, Realignment, SGF, Medi-Cal Specialty Mental Health, DSH, SABG, DMC, AB109
	Subacute	Individuals no longer meeting criteria for acute care, but can't yet live safely in the community	1,495	58	$300-650	Realignment, DSH
	Crisis Residential	Individuals in acute crisis but whose needs can be met in a residential, voluntary, non-hospital setting	304	132	$400-895	FFP, MHSA, Realignment, SABG, DMC, AB109
	Extended Residential	Individuals who require medium to long-term residential treatment but can live safely in a community setting	2,979	15	$195-249	FFP, MHSA, Realignment, SABG, DMC, AB109
Housing Beds	Licensed Residential Care	Individuals who need permanent housing plus around-the-clock non-medical care/supervision	1,760	802	$6-140	MHSA, SAMHSA, CCE, Measure H, AB109, CFCI, CalAIM, HHAP, ARPA, DSH, NCC, HDAP, SAM, AHP, HHIP
	Interim Housing	Individuals who need immediate housing, with varying levels of supportive services onsite	5,869	1,026	$50-208	MHSA, Measure H, CFCI, CalAIM, NCC, HHAP, HDAP, ARPA, Metro, AB109, DSH, Probation, Cities, SABC, Realignment
	Permanent Housing	Individuals who need permanent housing	22,523	8,098	$9-83	MHSA, Measure H, AB109, CFCI, CalAIM, HHAP, ARPA, DSH, HDAP, NCC, HHC, SAM, AHP, DHSP
		Total	**37,839**	**10,228**	**$9-$5,616**	

Bed Status Report from Los Angeles County dated May 16, 2023.

Of the total 37,839 beds the County has available, 30,152 (79%) are in housing settings, rather than structured care institutions. Only 7,797 (21%) are in the "Treatment Beds" category, of those, 2,979 are residential rather than institutional. Therefore, 4,818 (12.7%) beds are in acute, sub-acute, or crisis-level facilities. Again, given the prevalence of mental health issues among the unhoused, simply housing someone should not be the goal of D7's Strategy; there are other programs for people who merely need shelter. In any case, having only eight percent of the actively enrolled participants and 24 percent of housed residents after two years does not meet the target population's needs and is a woefully weak response to the crisis of untreated mental illness among PEH.

VI-C: Conclusions

By chronically underspending its Measure H and MHSA funds, the Department of Mental Health has failed to properly support programs that could have a substantial impact on the mental and physical health of thousands of unsheltered homeless people.

The County has clearly prioritized the provision of housing over the provision of mental health treatment. In addition, the County is under utilizing its ability to treat those both housed and unhoused compared to the number of PEH with mental illnesses.

In Summary:

- The statistics provided by the County on the HOME Team's outreach efforts do not support a picture of the structure needed to effectively reach the tens of thousands of people on the streets in need of mental health services.

- Of the 14,747 people receiving housing between July 2021 and March 2022, only 1,200, or eight percent, were participating in DMH services.

- Of the 1,045 people housed during the reporting period, only 11 percent were enrolled under DMH care, and only 16 percent were housed after two years.

- DMH is only serving a fraction of PEH who are in need of treatment and services.

[92] LA County DMH Website, HOME Team Highlights:https://dmh.lacounty.gov/blog/2022/01/homeless-outreach-and-mobile-engagement-team/
[93] https://dmh.lacounty.gov/our-services/countywide-services/eotd/
[94] L.A. County MHSA Annual Report for Fiscal Year 2023-24, p. 45
[95]Ibid
[96] https://dmh.lacounty.gov/blog/2022/01/homeless-outreach-and-mobile-engagement-team/
[97] Independent Auditor's Report on Schedule of Revenues and Expenditures and Changes in Fund Balance Homeless And Housing Measure H Special Revenue Fund for fiscal year ended June 30, 2022. Pp. 12-14

Section VII: SUMMARY AND OVERALL CONCLUSIONS

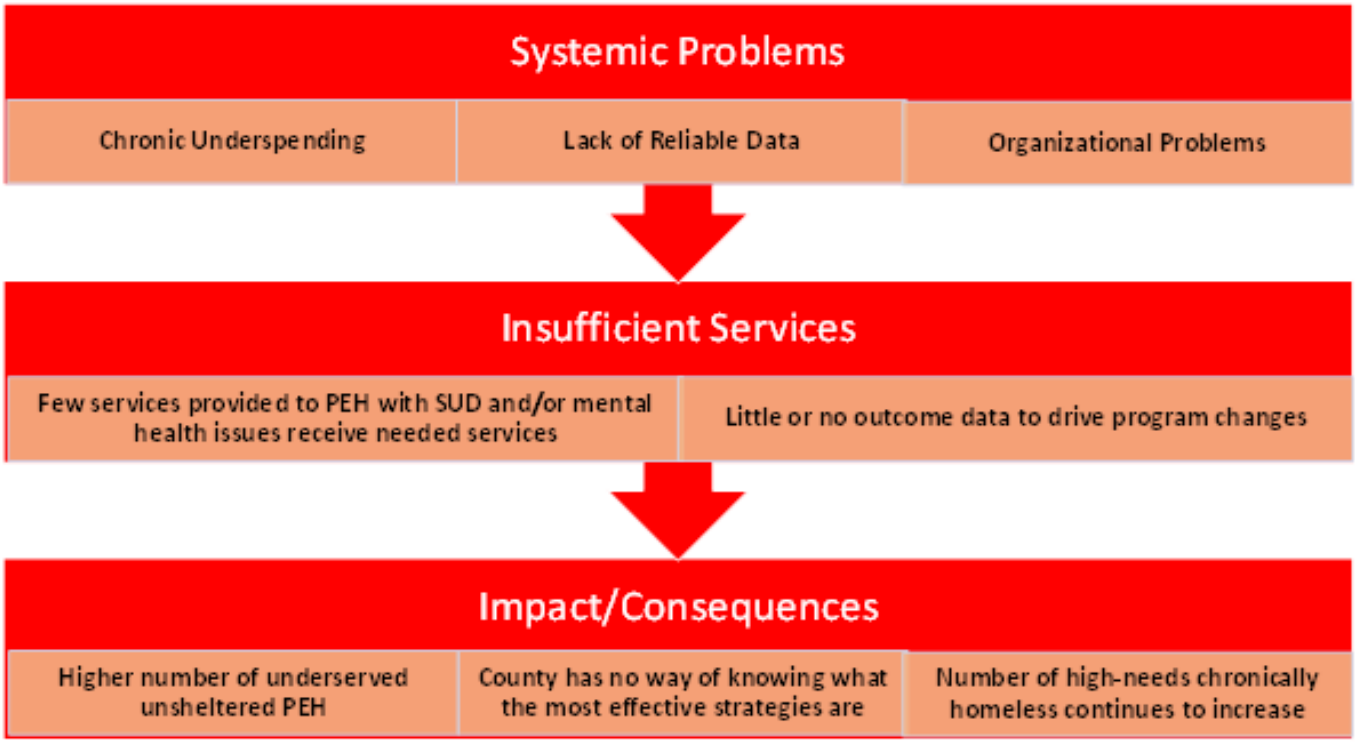
Section VII summarizes the data and conclusions from the previous sections into a comprehensive overview of the performance problems with Los Angeles County's homeless treatment programs. This section is divided into three subsections related to systemic and management-related problems.

The causes and consequences of the problems with the County's homeless population are represented in Figure Fifteen. Systemic problems prevent the County from providing sufficient service to the homeless. In turn, insufficient services result in at least three detrimental consequences:

- A growing number of underserved unsheltered PEH, (including increasing mortality due to lack of services);
- An inability to measure the effectiveness of its programs; and
- An increase in the number of untreated and unsheltered homeless.

Each of these subjects will be detailed in the following subsections.

Figure Fifteen: Causation Flowchart of County Performance Problems



VII-A: Systemic Problems in County Homelessness Intervention Programs

For the purposes of this report, systemic problems are defined as issues that cannot be attributed to individual managerial failures. Systemic problems transcend changes in leadership and tend to persist over a period of years. They can be attributed to perceived policy limitations (e.g., a fixation on process over goals) or an organizational culture that is resistant to change ("We've always done things this way"). Systemic problems can be difficult to overcome because the issue is often with the way the organization itself is structured, so addressing them requires fundamental restructuring, which poses significant political, personnel, and financial challenges.

VII.A-1: Ineffective Allocation of Funding

As has been discussed in detail throughout this report, the inability to effectively apply funding resources to programs intended to assist people experiencing homelessness has inhibited the Country's ability to serve targeted homeless populations. Habitually maintaining high fund balances, combined with underspending existing budgets, denies funding to programs that could serve more people in need. A good example is the Full Service Partnership program. FSP programs are effective because they offer true wraparound services. Many chronically homeless people suffer from comorbidities, such as mental health issues and substance abuse. An effective FSP program provides a stable living environment and individualized treatment and support services. However, the County has consistently failed to provide the mandated level of 51 percent of CSS funding. At the same time, the County has maintained high fund balances far in excess of needed reserves (see Section III).

By denying programs needing funding, County leadership practically guarantees failure, resulting in a growing population with greater and greater unmet needs.

The definition of waste is not limited to spending too much; it can also mean spending so little that a program is rendered ineffective, wasting whatever funds have been spent. Regardless of how well-planned it may be, no program can be successful if it lacks sufficient funding. With respect to homelessness assistance, particularly for those with mental illnesses and substance use disorders, Los Angeles County is not running out of money. It is underbudgeting, underutilizing, and under serving people living in destitution who often are very sick. By denying programs needing funding, County leadership practically guarantees failure, resulting in a growing population with greater and greater unmet needs.

VII-A.2: Lack of Reliable and Meaningful Data

As described in Sections IV and V, both the MHSA Oversight Commission and the State Auditor stated significant concerns about the County's reported service numbers. Public Sector Analytics also stated it is difficult to determine the positive effects of the County's use of homeless prevention programs.

More specifically, the number of permanent placements, which should be a basic measure of homeless intervention success, is questionable. In response to a UMK interrogatory, the County claimed, “As of December 2022, the County’s homeless services system [Homeless Initiative] has placed more than 90,000 people in permanent housing and nearly 124,000 in interim housing [the response did not indicate a start date for those number]. Of those, over 34,000 have been permanently housed because of Measure H strategies, and more than 65,000 entered interim housing funded in whole or in part from Measure H.” [98]

LAHSA’s presentation on the latest PIT count claims there have been more than 20,000 permanent placements each year from 2020 through 2022. However, in a footnote, the presentation notes those numbers, which come from the County’s Homelessness Initiative, state “it is possible for one person to have multiple permanent housing placements in a year.”[99]

While it is understandable that at least some people may cycle through the housing system, it is misleading to claim 20,000 placements with no notation of how many of those are for unique, unduplicated individuals. It is similarly misleading to claim 90,000 permanent placements over an unspecified number of years when an unknown number of those placements were multiple placements for the same person.

In response to another interrogatory question, the County stated, “The County does not collect data relating to the housing status of all individuals who obtain assistance, services, or treatments of some kind from the County, and therefore Responding Party lacks knowledge sufficient to fully respond to this Interrogatory.”[100] Even where the County tracks numbers for specific homeless-related programs, the numbers sometimes do not seem related to one another. As mentioned in Section V on SUD services, (Table Ten, page 32), the County’s report on services to PEH shows 14,273 “admissions” in the table, but there are 18,590 clients “enrolled” (Table Ten on p. 32), and the report says 18,722 PEH were admitted to County programs. These constant discrepancies in reporting metrics suggest careless and inaccurate management systems. It is very difficult to gauge performance without using a common set of comparative numbers.

Even smaller programs seem to have problems tracking numbers. The City of Los Angeles and the County depend on LAHSA and its service providers to manage many of their shelter and transitional housing centers. The City of Los Angeles has been coordinating its Inside Safe program with LAHSA, which as of June had housed about 1,400 people. During an August 2023 committee hearing, the City Council learned LAHSA has failed to enforce contractual vacancy reporting requirements, so the City may be paying for vacant hotel rooms while people on the street wait for housing. Councilmember Monica Rodriguez referred to the lack of transparency about numbers as the “merry-go-round from hell.”[101]

It is also important to put the reported numbers in the proper context. Although the SUD and mental health programs report various program numbers, none serve more than 22 percent of their target populations, as shown in Table Thirteen:

Table Thirteen: Number of Unsheltered PEH Served vs. Target Unsheltered Population

Program Measure	Number of Unsheltered PEH Served	Number of Unsheltered PEH In Target Pop.	Percent of Unsheltered PEH Served
SUD Treatment Enrollment	5,927	26,199	22%
Mental Health Treatment Beds	4,818	36,402	13%
HOME Team Services	2,100	36,402	5.7%

Despite several reports made to governing and regulatory bodies, there are very little reliable outcome data available. The number of people enrolled in a given program is a workload indicator, not an outcome. The number of people "successfully discharged" is an output indicator and says little about long-term success. The fact that permanent housing numbers include an unknown number of multiple placements, and programs like SUD have multiple admissions and discharges suggests long-term success is not a priority as an outcome measure.

Outcome indicators from external sources suggest current programs are not effective. Despite claims of substantial increases in housing PEH, LAHSA's 2023 PIT count showed a nine percent increase in homelessness. More specifically, the numbers suggest County programs have not had a significant effect on homelessness. The number of chronically homeless people increased by 18 percent; the number of homeless in shelters stayed fairly flat compared to 2022, while the number of unsheltered homeless increased 14 percent, and now comprises 73 percent of all PEH.[102]

The lack of reliable and meaningful data results in an inability to determine if current solutions are effective at reducing the number of people living on the street, treating those with the most serious mental illnesses or chronic addictions, and saving lives. Insufficient and poor-quality data create ineffective outcomes. L.A. County is aware of its data and measurement challenges with respect to homelessness programs yet appears unwilling to change.

VII-A.3: Organizational Issues

In Los Angeles County, the homelessness response is shared between the City of Los Angeles, the County government, and the Los Angeles Housing Services Authority (LAHSA).The City and County are separate governmental agencies and have no accountability to one another. LAHSA, a joint powers authority created by the City and County and intended to coordinate a continuum of care, has authority over neither the City nor the County and most of its budget goes to contract service providers. Under this structure, a provider contracted with the City may refer an unhoused person to a shelter operated under a contract with LAHSA, but with services provided by a different LAHSA contractor, who then is expected to refer eligible clients to County Mental Health for therapeutic counseling. LAHSA receives federal grants to create coordinated entry systems and track its systems' performance. Under the best of circumstances, such a system would require close coordination and constant communication among the various providers. As has been demonstrated by a large

unserved population, low retention rates, and the growing number of chronically homeless people, there is little mutual accountability in the current system. The lack of accountability results in poor service delivery and unmet outcomes. In short, it is clear there is a lack of communication and coordination among the departments.

Within the County itself, the Homeless Initiative (HI) program is supposed to coordinate other County departments' activities. In organizational terms, that means providing seamless services between the Departments of Mental Health, Public Health, Health Services, and the Department of Public Social Services. HI is also expected to coordinate County activities with LAHSA. The County's poor performance across most of its homeless treatment programs suggests HI is not providing the required coordination, resulting in a lack of services, housing, and treatment for people in need.

Mental health outreach exemplifies the County's fragmented structure for homeless interventions. County Mental Health primarily depends on generalist outreach teams for referrals; these teams may be contracted with LAHSA or the City of Los Angeles and are not accountable to DMH for their activities. Once contacted, a homeless person may be referred to a transitional shelter managed by one nonprofit agency and receive services from another NGO. These organizations may or may not refer eligible clients to DMH for further service. Given the high rate of people leaving transitional living and PSH facilities, it is doubtful if most PEH who need mental health services receive them, a conclusion supported by the RAND and UCSF studies citing low contact rates from service providers to people on the streets.

The County has failed to meet its obligation to house, serve, and treat those in its care.

The organizational issues between the County, City, and LAHSA create a situation where no single person or entity has the authority to mandate change if programs and systems fail to help the people they were designed to assist. At best, superficial attention has been given to budget accountability, program performance, and ensuring vulnerable people the services they need. Therefore, the County's has failed to meet its obligation to house, serve, and treat those in its care.

VII-A.4: Capacity and Coordination Problems

As noted in Table Thirteen on page 46, the County serves no more than 22 percent of any of its target client populations. At the same time, it has spent an average of 35 percent of its DMH Measure H funding, and less than 50 percent of its MHSA funding (Tables Three and Seven) to serve and treat those in need. The County has also chronically underfunded its FSP programs (Figure Three) and, according to the California State Auditor, has difficulty coordinating the services it provides to FSP clients. Deaths due to overdose among the unhoused continue to increase (Figure 11) despite the efforts of the SAPC program, this report repeatedly points out that the County is serving a fraction of the number of people experiencing homelessness in its jurisdiction, particularly those with mental illnesses and substance use disorders. Point In Time Counts, independent surveys, and the County's

own performance metrics paint a dismal picture of the prospect of ending homelessness. Despite the challenges of housing shortages, the availability of deadly and addictive drugs among people experiencing homelessness, and a scarcity of mental health beds, the County's budgeting and planning appear disconnected from the scale and severity of the issue at hand.

Looking at the budget data, service statistics, program results, and inconsistent data as a whole it is apparent the County's homelessness programs lack the capacity and coordination to meet the needs of the unsheltered homeless, who continue to comprise an increasing percentage of the unhoused population.

VII-B: Program Management Accountability

The U.S. Government Accountability Office describes waste as *"the act of using or expending resources carelessly, extravagantly, or to no purpose. Importantly, waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight."*[103] Waste is not just spending too much money; it is also mismanaging resources or spending insufficiently to achieve desired results.

From a performance auditor's perspective, public managers have an affirmative duty to use their resources to achieve the best possible results. GAO standards state, *"The concept of accountability for use of public resources and government authority is key to our nation's governing processes. Management and officials entrusted with public resources are responsible for carrying out public functions and providing service to the public effectively, efficiently, economically, ethically, and equitably within the context of the statutory boundaries of the specific government program"*. And: *"As reflected in applicable laws, regulations, agreements, and standards, management and officials of government programs are responsible for providing reliable, useful, and timely information for transparency and accountability of these programs and their operations. Legislators, oversight bodies, those charged with governance, and the public need to know whether (1) management and officials manage government resources and use their authority properly and in compliance with laws and regulations; (2) government programs are achieving their objectives and desired outcomes; and (3) government services are provided effectively, efficiently, economically, ethically, and equitably."*[104]

Applying these standards to the County, its leadership has an affirmative duty to use the resources at hand to deliver the necessary services to the population it is intended to serve; in this case, people experiencing homelessness and neighborhoods and communities impacted by homelessness. Based on the available evidence, the County is meeting none of these standards.

The lack of accountability in Los Angeles' homelessness efforts has been a long-standing problem. For example, LAHSA's current PIT Count presentation recognizes issues with program coordination. "Although the numbers are higher, the data continues to tell us the same story: while there is good work being done, we need to be more coordinated and scale what is working to make a real impact." It also promises to "set measurable system-wide goals. You can track our progress."[105]

Reading these statements, one would expect substantive and immediate action to improve the County's performance. However, the County Board of Supervisors was calling for program reform at least three years ago.

In a September 2020 agenda item, the Board noted the results of a 2018 review of LAHSA's operations, multiple recommendations were made to increase accountability and effectiveness. [106] The Board stated, "While LAHSA has provided a corrective action plan that details the efforts that have since been made to correct the identified concerns, it is critical that the Board continues to mandate nothing less than the utmost accountability and transparency, especially given the need and opportunity to significantly scale up resources across the County to mitigate the pandemics of homelessness and COVID-19. Moreover, it is time to explore new governance models, in earnest, that address longstanding structural deficiencies and help to achieve qualitatively better outcomes for people experiencing homelessness."[107]

The Board of Supervisors expected major improvements from LAHSA in 2020. Meanwhile, the County's own departments were failing to spend hundreds of millions of dollars in dedicated funding that could have been used to bolster its own programs. As described in Section II, in fiscal year 2022-23, the County committed to a five-part "New Framework to Address and Prevent Homelessness", (page 6), yet actual expenditures did not increase, nor did the 2023 PIT count reflect any improvement in homelessness numbers.

Among other reasons for the lack of accountability is the ability of leaders to shift blame from County programs to factors out of their control. For example, the LAHSA 2023 PIT count presentation partially blames economic factors and high rent for a nationwide increase in homelessness. [108] The 2023 bed count report partially blamed "NIMBYism" for its lack of shelters and treatment facilities.[109] Besides being unnecessarily pejorative, the statement has no objective value. Neither NIMBYism nor its effect on efficiently run treatment programs can be measured, and to blame it for the County's failure to provide adequate treatment to the unhoused population denies its own responsibility. While the County can do little to control wages or the cost of rent, it cannot ignore the low numbers of PEH its substance abuse and mental health programs serve.

VII-C: Impact and Consequences

The impact of a combination of chronic underspending, lack of true performance measures, underserved populations, and lax accountability has left an average of $395,994,5509 in homeless funding (MHSA and Measure H) unspent per year over the past five fiscal years. It is particularly concerning that the Department of Mental Health, which has the primary responsibility of providing supportive services and treatment to PEH, has left an average of 65 percent of its Measure H funding for D7 (Intensive Case Management) programs unspent, (see Appendix B) and has an unspent fund balance of $1,144,269,687. This lack of spending to treat people in dire need demonstrates the County's low priority on treatment.

Furthermore, the County fails to utilize MHSA resources by spending less than 50 percent of the

funds it receives from the state. These resources are critical in serving the untreated and unhoused of Los Angeles and are impacting the region by exacerbating the humanitarian crisis on the street.

The real-life impacts of the County's performance have been described in this report's previous sections: thousands of potential unsheltered clients receiving no services while others cycle in and out of support programs. The consequence of the County's lack of performance is the growing number of untreated and unhoused individuals and preventable deaths on our streets.

Poor allocation of resources, mismanagement, and weak programmatic performance certainly impact the number of people experiencing homelessness. Those with substance abuse disorders and mental illnesses could benefit from better delivery of more effective interventions.

VII-D: Conclusion

The County is plagued with systemic problems in addressing homelessness, mental illness, and substance abuse disorders. These problems include chronic underspending, a lack of reliable data to guide decision-making, capacity challenges that leave many unhoused and untreated, and an inability or refusal to resolve organizational problems. This is resulting in waste and an inability to treat and serve the vulnerable homeless population at the scale needed. The following examples demonstrate this waste:

- Failing to spend hundreds of millions of dollars in MHSA, thereby wasting those funds;
- Failure to spend budgeted Measure H funds for support services under category D7 of the County's plan.;
- Failing to spend 65% of the Department of Mental Health's D7 funds, thereby wasting those funds;
- Failing to keep and produce data on successful and unsuccessful programs, thereby very likely spending money on nonperforming programs; and
- Recognizing systemic failures but failing to change them.

People experiencing substance use disorders and mental illnesses, and those who also experience homelessness have been underserved. People living on the street and misusing substances are dying at record rates due to overdoses from fentanyl and other deadly drugs. The County has demonstrated a pattern of underspending and prioritizing housing over treatment to individuals where much more is required of the County.

As noted in Section VII-B, all public sector managers have an affirmative duty to use the resources available to them to achieve the best possible outcomes. This report presents evidence that the County's leadership knows its programs are not working, but instead of adopting reforms advocated by multiple groups, it has chosen to continue underperforming while avoiding accountability.

Perhaps the County's posture toward accountability and effective management is best illustrated in its response to the State FSP audit: "Los Angeles's response indicates that it will only adopt our

recommendation to the extent that resources become available and the Legislature acts on our associated recommendations. Given the importance of linking individuals to mental health services, we believe that Los Angeles should take steps now to improve how it identifies individuals who need services and links those individuals to services." In other words, the County will not change unless change is forced upon it.

---

[98] County response to Interrogatory # 5 re: Homeless Initiative program
[99] LAHSA 2023 PIT count presentation, slide 31 https://www.lahsa.org/documents?id=7232-2023-greater-los-angeles-homeless-count-deck
[100] County response to Interrogatory # 5
[101] https://laist.com/news/housing-homelessness/inside-safe-homeless-service-data-problems-lahsa-la-councilmembers-bass
[102] https://www.lahsa.org/documents?id=7232-2023-greater-los-angeles-homeless-count-deck
[103] Government Auditing Standards, U.S. GAO Standard 6.21
[104] Ibid, Standards 1.02 and 1.03
[105] https://www.lahsa.org/documents?id=7232-2023-greater-los-angeles-homeless-count-deck, slides 30 and 40
[106] "Exploring New Governance Models to Improve Accountability and Oversight of Homeless Funds". LA County Board of Supervisors meeting, September 1, 2020, pg. 1
[107] Ibid p. 2
[108]https://www.lahsa.org/documents?id=7232-2023-greater-los-angeles-homeless-count-deck, slides 28 and 41
[109] L.A. County Bed Status Report, May 2023, slide 15
[110] LAHSA 2023 PIT count presentation, slide 33: https://www.lahsa.org/documents?id=7232-2023-greater-los-angeles-homeless-count-deck
[111]Ibid, slide. 32
[112]Ibid, slide 29
[113]Ibid, slide 8
[114]Ibid, slide 20
[115]Ibid, slide 15
[116] Ibid, slide 15
[117] Ibid, slide 33

Appendix A

Population of People Experiencing Homelessness Calculations

Using a standard census for Los Angeles County's unhoused population provides consistency throughout this report. To avoid repetition in how certain population characteristics were estimated, Appendix A details the calculations used in the report.

To calculate specific characteristics of the unsheltered homeless population, this report will use three primary sources:

1. LAHSA's 2023 Point in Time (PIT) Count
2. The 2023 RAND survey, titled "Recent Trends Among the Unsheltered in Three Los Angeles Neighborhoods" is specific to the Los Angeles area
3. The California Policy Lab's 2019 study, "Health Conditions Among Unsheltered Adults in the U.S.," used a large sample of more than 64,000 respondents and focused on health issues. More importantly, it distinguished between sheltered and unsheltered homeless people in its findings.

To establish a baseline for the total number of PEH in L.A. County, the report will use LAHSA's 2023 PIT count of 75,518. The PIT count also estimated 73 percent of the homeless are unsheltered, or approximately 55,155 people per LAHSA's count.[118] Because this report primarily concerns services to the unsheltered population, 55,155 will be used as the base estimate for most calculations, unless otherwise noted.

A.1: PEH with a Mental Illness

While LAHSA's PIT count provides a general number of the County's PEH population, the RAND and California Policy Lab counts include more detail regarding specific mental health challenges. 54 percent of the RAND survey's respondents reported a diagnosed mental health problem.[119] The Cal Policy survey reported 78 percent of unsheltered homeless self-reported mental health problems.[120]

Table A-1: PEH with Mental Health Issues Calculation [a]

Estimated No. of Unsheltered PEH:	55,155
54% of Unsheltered PEH per RAND	29,784
78% of Unsheltered PEH per Cal Policy Lab	43,021
Average/Est. No of Unsheltered PEH with Mental Health Issues	36,402

[a] RAND numbers based on LAHSA estimate of unsheltered people. Cal Policy Lab is specific to unsheltered PEH

Based on the average of the RAND and California Policy Lab survey results regarding PEH with mental health issues, there are 36,402 unsheltered homeless people with mental health issues in Los Angeles County.

The California Policy Lab survey showed a much higher percentage of substance use or addiction problems among the unsheltered homeless population, at 75 percent. Applying the same number of unsheltered homeless used in Table A-1, there are approximately 26,199 unsheltered PEH with substance abuse problems, (see Table A-2):

Table A-2: PEH with Substance Use Disorders Issues Calculation [a]

Estimated No. of Unsheltered PEH:	55155
20 % of Unsheltered PEH per RAND	11,031
75 % of Unsheltered PEH per Cal Policy Lab	41,366
Average/Est. No of Unsheltered PEH with Mental Health Issues	26,199

[a] RAND numbers based on LAHSA estimate of unsheltered people. Cal Policy Lab is specific of unsheltered PEH

Based on the results of LAHSA's PIT count and the RAND and California Policy Lab surveys, this report will use 36,402 as the number of unsheltered PEH with mental health issues and 26,199 with substance abuse problems, unless noted otherwise. The two percentages total more than 100 percent, but as the surveys noted, mental health and substance abuse problems often co-occur in many people.

[118] LAHSA 2023 PIT Count Presentation, slide 15
[119] Recent Trends Among the Unsheltered in Three Los Angeles Neighborhoods, Jason M. Ward, Rick Garvey, Sarah B. Hunter, RAND Corporation, p. 6
[120] Health Conditions Among Unsheltered Adults in the US, California Policy Lab, Janey Rountree, Nathan Hess, and Austin Lyke, p. 4

Appendix B

MHSA Funding Detail Fiscal Year 2023-24

		A	B	C	D	E	F	
		Community Services and Supports	Prevention and Early Intervention	Innovation	Workforce Education and Training	Capital Facility Technology Needs	Prudent Reserve	Totals
A. Estimated FY 2023/24 Funding								
1	Estimated Unspent Funds	$711,600,000	$297,700,000	$211,100,000	$8,900,000	$14,400,000	$116,483,511	
2	Estimated New FY 2023/24 Funding	688,500,000	175,000,000	48,000,000	100,000	500,000		
3	Transfer in FY 2023/24	(89,000,000)			25,000,000	64,000,000		
4	Access Local Prudent Reserve in 2023/24							
5	Estimated Available Funding for FY 2023/24	1,311,100,000	472,700,000	259,100,000	34,000,000	78,900,000	116,483,511	2,272,283,511
B. Estimated FY 2023/24 MHSA Expenditures		668,785,600	326,824,278	33,006,963	28,996,983	70,400,000		1,128,013,824
C. Estimated FY 2023/24 Unspent Fund Balance		$642,314,400	$145,875,722	$226,093,037	$5,003,017	$8,500,000	$116,483,511	$1,144,269,687