



State of California

LITTLE HOOVER COMMISSION

FOR IMMEDIATE RELEASE
September 8, 2016

For Additional Information Contact:

Pedro Nava
Chairman

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

Jack Flanigan
Vice Chairman

Scott Barnett

David Beier

Anthony Cannella
Senator

Chad Mayes
Assemblymember

Don Perata

Sebastian Ridley-Thomas
Assemblymember

Richard Roth
Senator

Jonathan Shapiro

Janna Sidley

Helen Torres

Sean Varner

Carole D'Elia
Executive Director

Commission Issues Second Call to Strengthen Oversight of \$2 Billion Annual Millionaire's Tax – Proposition 63

The Little Hoover Commission, in a report sent Thursday to Governor Brown and the Legislature, again advised more vigorous accounting for \$2 billion in annual revenues and outcomes for Proposition 63, the Mental Health Services Act (also known as the Millionaire's Tax). Nineteen months ago the Commission cited weak financial reporting and limited oversight of Proposition 63 revenue as a threat to this critical funding source – and finds only partial improvement since. The Act, approved by voters in 2004, promised to develop and expand mental health care services statewide through a 1 percent surtax on millionaire incomes.

Twelve years and \$17 billion later the state still can't handily show the impacts of this funding, how it is spent or who is helped. As the Commission warned in its 2015 report, *Promises Still to Keep: A Decade of the Mental Health Services Act*, lawmakers have begun diverting this lucrative revenue source.

"This unique source of money is clearly at risk and so are the people it is intended to serve. If counties and the state can't demonstrate the difference it makes for individuals, their families and California as whole, it may not survive," said Commission Chair Pedro Nava. "The Commission heard many moving stories of success that attest to the transformative power of Proposition-63 funded programs. But too many of these real-life anecdotes lack hard proof of statewide data to back them up," Chair Nava said.

In its January 2015 report, the Commission stated that more than a decade after voters enacted the measure, the state lacked data to tell the story of its accomplishments. Leadership has been absent to adequately address these concerns and to enforce the Act.

The Commission's follow-up report, *Promises Still to Keep: A Second Look at the Mental Health Services Act*, also acknowledges progress since January 2015 to better account for Proposition 63 spending. Additional Commission recommendations:

- Untangle a muddled state bureaucracy to clarify which agency should best administer, oversee and enforce the Mental Health Services Act.
- Take bolder steps to improve transparency of state and local spending.
- Rapidly develop a state-owned data system to monitor and measure outcomes of Mental Health Services Act funding.
- Create more meaningful ways for the public to guide and participate in spending decisions and raise concerns about spending priorities.
- Encourage replication of successful programs statewide by sharing model programs and ideas beyond county borders.

The Little Hoover Commission is a bipartisan and independent state agency charged with recommending ways to improve the efficiency and effectiveness of state programs. The Commission's recommendations are submitted to the Governor and the Legislature for their consideration and action. For a copy of the report or documents from the Commission's May 2016 public hearing, visit the Commission's website: www.lhc.ca.gov.