



TERRA LAWSON-REMER

VICE-CHAIR

SUPERVISOR, THIRD DISTRICT
SAN DIEGO COUNTY BOARD OF SUPERVISORS

AGENDA ITEM

DATE: January 9, 2024

14

TO: Board of Supervisors

SUBJECT

**FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND
FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES,
HOUSING, CLIMATE AND ECONOMIC PROSPERITY (DISTRICTS: ALL)**

OVERVIEW

Over the past three years, this County Board of Supervisors (Board) has made unprecedented commitments to delivering services that meet urgent community needs and invest in long-standing deficits in behavioral health, homelessness, affordable housing, and advancing climate justice and shared economic prosperity across our region. The commitments and actions of the Board are moving us forward towards a more equitable and inclusive future for those who live and work in San Diego County.

As part of this effort, a Fiscal Management and Budget Strategy Subcommittee (Fiscal Subcommittee) was established in 2021 to work with County staff to develop long-term fiscal strategies to advance the key priorities of the Board.

On August 30, 2022, the Board directed the establishment of an “Evergreen Fund”, using a total of \$80.6 million in projected remaining balances and/or the use of a lost revenue strategy employed with a portion of American Rescue Plan Act (ARPA) funding. Rather than immediately spending these one-time revenues on one-time expenses that would permanently deplete the funds, the Board created the Evergreen Fund to prioritize investments in programs with self-sustaining revenue sources, or that draw down and leverage external matching funds.

On December 13, 2022 (30), the Board directed the CAO and the Fiscal Subcommittee to develop Evergreen Fund recommendations in collaboration with County experts from behavioral health, housing, homelessness, economic development, and the Chief Financial Officer and the Finance and General Governmental Group team, and to report back to the Board with program recommendations for consideration and approval. The Board directed the Fiscal Subcommittee to explore promising opportunities in the areas of Behavioral Health Workforce, Affordable Housing, Homelessness, and Other Key Board Priorities. An initial memo of program concepts was circulated to the Board on April 28, 2023

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

as an early status update prior to full final recommendations being brought back to the Board for a vote. The programs have continued to be refined since that time.

The Fiscal Subcommittee was prepared to report back with this Evergreen Framework in July 2023 but decided to wait to bring back the Evergreen Framework for Board consideration until the Fourth District vacancy could be filled. This Evergreen Fund report back has therefore been timed for January 9, 2024, to ensure all five districts could be represented at the vote.

Today's item outlines a framework of Evergreen Fund program options for consideration, developed by the Fiscal Subcommittee in collaboration with County experts from behavioral health, housing, homelessness, economic development, as well as the Chief Financial Officer, and the Finance and General Government Group team. It is based on the concepts outlined in the April 28, 2023, memo, that have been refined and updated to better support program implementation and respond to emerging Board priorities.

It includes recommendations to take immediate action on three programs based on the urgency of these issues and the critical need to implement prompt solutions without delay; Program 3 supports SB-43 implementation and the serious concerns about hospital emergency room overcrowding by expanding recuperative care homeless bed capacity, Program 4 addresses the critical shortages in our behavioral health workforce, which needs to add 18,500 new workers in order to meet the mental health and addiction treatment needs of our communities, and Program 5 responds to the impact of rising healthcare costs on County workers and the impact to our County workforce recruitment and retention efforts.

This item further includes recommendations to support two programs, not for immediate implementation, but for inclusion as options for the Board to consider in the forthcoming ARPA update from the Chief Administrative Officer, which is anticipated to come to Board in February 2024. These include Program 6, which proposes a first-ever workforce housing program at the County of San Diego to add affordable housing stock and bolster recruitment and retention efforts, and Program 7, which supports economic prosperity, small business expansion, and climate action by better leveraging federal grants resources and supporting small businesses with loan fund resources.

Taken together, these programs align with and build on prior actions taken by this Board to invest in critical infrastructure that strengthens the County's long-term ability to deliver on its commitment to tackling homelessness, providing behavioral health and addiction treatment, address rising housing costs with affordable housing options, advancing sustainability and climate justice, and catalyzing equitable and inclusive economic prosperity for our region.

The program recommendations are as follows:

1. **Enhancing Humanitarian Emergency Response and Relief: Supportive Services for Asylum Seeking Migrants**

Program: Chairwoman Vargas and Supervisor Anderson brought forward proposals on October 10, 2023 (14), and December 5, 2023 (30) to allocate a total of \$6 million to support local partners in their work with asylum seeking migrants and mitigate street releases. This funding

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

supports a range of essential services to asylum-seeking migrants to facilitate their onward move from San Diego County to their final destination.

Why: The current humanitarian and migrant crisis impacting our border community reflect the significant federal immigration issue that has overwhelmed local communities. The expiration of Title 42 has brought an influx of asylum-seeking migrants to border communities, with over 42,000 individuals released in San Diego County between September and November of 2023.

Funding: \$6 million, approved by the Board on October 10, 2023 (14) and December 5, 2023, (30).

2. **Housing Every Homeless Person in Addiction Recovery**

Program: Supervisor Desmond brought forward a proposal on December 5, 2023 (24), to allocate \$8 million to expand residential recovery beds for all homeless persons with an open admission to County-funded outpatient substance use treatment or recovery services in San Diego County. The one-time allocation of funding will support expansion of recovery residences to cover up to 909 individuals over a two-year period and bridge the gap until anticipated new funding becomes available from the State through changes to the Mental Health Services Act.

Why: Over a third of our homeless population also have a substance use disorder that compounds their challenges to address housing instability and episodes of homelessness. Stable housing would support recovery, improve health outcomes, and reduce episodes of homelessness.

Funding: \$8 million, approved by the Board on December 5, 2023 (24).

3. **Supporting SB-43 Implementation and Addressing Hospital Overcrowding with Recuperative Care Homeless Beds**

Program: Allocate capital funding to support the development of new recuperative care shelter capacity to provide critically needed step down beds to support SB-43 implementation and address hospital overcrowding for medically vulnerable homeless individuals.

Why: Senate Bill 43 expands the eligibility for conservatorship for people with severe substance use disorder and is expected to put more pressure on already strained hospital emergency rooms. Recuperative care facilities offer one lower-cost alternative that allows some homeless patients with medical and behavioral health vulnerabilities to step down from a hospital to a residential setting while still receiving medical care and treatment. However, unlike homeless shelters, these facilities receive operational funding not from local governments but through reimbursements from hospitals, the VA, and the managed care plans under the new CalAIM initiative. This model frees up space in our hospitals and expands shelter for homeless individuals, while leveraging external funding sources for long-term operational costs. The County has seen success with this model, investing \$9 million in capital funding to support the creation of the 106-bed Abraham and Lillian Turk Recuperative Care Center, which opened in May 2022.

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

Funding: \$8 million in capital funding, which could leverage up to \$35 million in operational funding from health plans over a five-year period.

4. Expanding the County of San Diego's Public Behavioral Health Workforce

Program: Allocate funding to support investments toward enhancing and expanding the public behavioral health workforce across the County. This proposal aims to address the behavioral health workforce shortage through investments that (1) support the training, education, recruitment and retention of public behavioral health staff, including better pay, more voice in the workplace, and tuition assistance, and (2) engage and expand the pool of organizations equipped to provide behavioral health care within the public behavioral health system, including diverse community-based organizations to participate in the provision of Medi-Cal funded behavioral health services, broadening the diversity and representation of organizations offering mental health and substance use services.

The purpose of this program is to leverage public resources to shift both the supply and demand curves in the healthcare workforce and create incentives for employers who prioritize high-quality jobs and workforce investments. The program will be designed in collaboration with healthcare workforce unions and other key stakeholders, to ensure the program is effectively designed to permanently shift the labor market in behavioral health. County staff will also explore opportunities to draw additional state and federal funding to support San Diego's behavioral health needs.

The effort compliments other actions approved by the Board, including the approval of the first-of-its-kind *Public Behavioral Health Workforce Development and Retention Program* approved by the Board on May 2, 2023 (5), which establishes a regional workforce training fund to support recruitment, training, and education of public behavioral health workers. It also builds on successful models throughout California of public sector focused workforce training that draw on partnerships between healthcare providers, local government, and unionized healthcare professionals and labor partners. A similar approach was successfully modeled by Futuro-Health, a partnership between Kaiser Permanente and SEIU-UHW to train and place 10,000 new healthcare workers into high-quality unionized healthcare jobs.

Why: The County of San Diego has adopted a bold vision for tackling the behavioral health crisis to address the intersection of mental health and addiction treatment and is investing to expand the continuum of services across prevention, treatment, and recovery. Simultaneously, the region is facing a significant behavioral health workforce shortage that continues to impact the ability to recruit and retain a qualified workforce. A 2022 report titled *Addressing San Diego's Behavioral Health Worker Shortage* found that the San Diego region is currently 8,000 behavioral health workers short of the estimated 25,000 professionals needed to address growing rates of substance use and psychological distress in our communities. Furthermore, the San Diego region needs to educate, train, attract, employ, and retain 18,500 new behavioral health professionals by 2027.

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

Funding: \$24 million of County funding and anticipated to also leverage additional funding partners.

5. Supporting County Workforce Well-Being and Addressing Hiring and Retention Shortfalls in Key Positions by Investing in Wellness One-Time Payments

Program: Allocate funds to provide County workforce wellness one-time payments to address the impact of projected increases in healthcare costs, to support County employee well-being and hiring and retention goals. Program design, structure, and terms will be designed in negotiation with labor organization(s) representing County workers during the meet and confer process.

Why: The County is facing a rapid increase in healthcare costs for the upcoming Fiscal Year 2024-25, but the available flexible credit resources for County employees is not keeping pace. As a result, these rising healthcare costs are effectively reducing salaries and wages, making it harder to attract, train, recruit and retain an already understaffed workforce. This Board has voted to expand our workforce by 13.5% over the past three years, reflecting the urgent need for more services driven by the COVID-19 pandemic response, changes in state legislation mandating new areas of County work, as well as a deepened commitment to respond to regional challenges around behavioral health and homelessness. However, we currently have over 2,000 positions that remain vacant. This program would help recruitment and retention to address this County workforce shortage. County represented classified employees and union representation have raised this issue and this program is included to authorize our County labor negotiators to respond to these concerns.

Funding: \$13 million to enhance wellness one-time payments for County employees.

6. Creating County Employee Workforce Housing

Program: Allocate funding to find impactful and effective options to support affordable housing opportunities to support the County workforce. This bold step will be the first ever for the County to make investments into workforce affordable housing. As part of this effort, staff should assess a pilot project option to develop workforce housing for County employees to support County recruitment and retention goals. Funding could support predevelopment and site acquisition activities. County staff would identify and pursue options for suitable parcels as well as funding, development, and property management partners. Eligibility criteria would include low-and-moderate income County workers earning up to 120% of the area median income (currently \$126,150 for a family of three), with prioritization of our lowest wage County workers, and prioritization of our hardest to recruit job classifications. To ensure these investments best meet the needs of our workforce, projects will be co-created with significant engagement from potentially eligible employees and employee-bargaining groups. As part of this effort, staff should report back with any legislative changes may be needed to effectuate such pilot programs.

Why: Across the state, high housing costs are hitting public employees hard, leading to staffing shortages in essential fields and challenges with recruitment and retention. The County has expanded its workforce by 13.5% in the past three years and currently has over 2,000 unfilled

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

positions, such as probation officers, psychiatric nurses, licensed mental health clinicians, and child welfare specialists. Other public agencies, such as San Diego Unified, Alpine School District, and Chula Vista Elementary School District, are developing workforce housing to support recruitment and retention.

Funding: At least \$7.6 million but up to \$25 million if additional funding resources can be identified. These funds support predevelopment and site acquisition activities and are anticipated to be leveraged by additional funding sources such as philanthropic impact investments, bonds, and tax credits.

7. **Advancing Economic Prosperity, Climate Justice, and Small Businesses by Growing the Green Economy**

Program: Launch two programs to accelerate economic prosperity, support small businesses, and drive inclusive regional growth in the green economy by securing more federal resources, creating high-quality green jobs, and advancing the County’s climate justice, sustainability and decarbonization efforts.

- Economic Prosperity and Climate Justice Matching Flex Fund – Create a regional matching fund to provide a source of local dollars needed to secure state and federal economic development, infrastructure, and climate justice grants. Matching dollars are the biggest challenge for local entities and prevent our communities from maximizing our fair share of the billions in federal grant resources, especially from the Economic Development Administration.
- Green Jobs and Cleantech Small Business Fund – Collaborate with industry organizations and academic institutions to create a Green Jobs and Cleantech Small Business Fund to provide small business loans and technical assistance to support the growth of local small businesses in the green economy. Loan funds would be repaid over time to allow for a return on investment.

Why: This Board has taken bold action to advance equity, shared economic prosperity, climate justice, and regional competitiveness in the world economy. Chairwoman Nora Vargas championed the creation of a new office to advance Economic Prosperity, housed within the Office of Economic Development and Government Affairs, which completed the region’s first Comprehensive Economic Development Strategy in 2022. The green economy is poised for major growth in the coming years with hundreds of billions in federal investments coming, and the San Diego region is well-positioned to capture the growth of this sector to drive inclusive economic prosperity and support sustainability efforts. However, accessing these state and federal funds require a local matching source, which is currently missing in San Diego County. This action would allow our County and regional partners to access billions of dollars in federal funding by providing the 20-50% local match required to draw down these grants.

Funding: Allocate \$14 million to launch these two funds. Both would be leveraged with additional funding sources to increase the size of the funds.

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

Evergreen Fund Framework Programs	Amount (million)
1. Enhancing Humanitarian Emergency Response and Relief: Supportive Services for Asylum Seeking Migrants	\$6.0
2. Housing Every Homeless Person in Addiction Recovery	\$8.0
3. Supporting SB-43 Implementation and Addressing Hospital Overcrowding with Recuperative Care Homeless Beds	\$8.0
4. Expanding the County of San Diego’s Behavioral Health Workforce	\$24.0
5. Supporting County Workforce Well-Being and Hiring and Retention Goals by Investing in Wellness One-Time Payments	\$13.0
6. Creating County Employee Workforce Housing	\$7.6
7. Advancing Economic Prosperity, Climate Justice, and Small Businesses by Growing the Green Economy	\$14.0
Total	\$80.6

The Evergreen Fund Framework advances the key priority areas that the Board has committed to tackling including: responding to the migrant crisis, tackling the homeless and behavioral health crisis, addressing the acute shortages in our behavioral health workforce, building more affordable housing, driving economic prosperity and small business growth, taking action on climate change and environmental justice, and investing in our County workforce to support hiring and retention goals.

RECOMMENDATION(S)

1. Accept the Evergreen fund framework report back as developed by staff and the Fiscal Subcommittee.
2. Take immediate action to address urgent needs related to SB-43 implementation, behavioral health workforce shortages, and County workforce healthcare by implementing Program 3 (Supporting SB-43 Implementation and Addressing Hospital Overcrowding with Recuperative Care Homeless Beds), Program 4 (Expanding the County of San Diego’s Behavioral Health Workforce), and Program 5 (Supporting County Workforce Well-Being and Hiring and Retention Goals by Investing in Healthcare Stipends).

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

Direct the Chief Administrative Officer to allocate \$45.0 million in funding, including \$8.0 million for Program 3, \$24 million for Program 4, and \$13.0 million for Program 5, as described in this letter, and utilize a lost revenue strategy under the final ARPA guidance as necessary based on previously allocated General Purpose Revenue and to make the appropriate budget adjustments in future operational status letter updates.

3. Direct the Chief Administrative Officer to include Program 6 (Creating County Employee Housing) and Program 7 (Advancing Economic Prosperity, Climate Justice, and Small Businesses by Growing the Green Economy) as described in this Board Letter as options for Board consideration for the Evergreen component of the ARPA Framework in the return back within 60 days.

EQUITY IMPACT STATEMENT

The proposed actions will assist the County of San Diego in expanding services to underserved populations including asylum-seeking migrants, homeless individuals with medically vulnerabilities and/or participating in recovery services, and communities needing more behavioral health and addiction treatment services. These actions also align with regional efforts to ensure economic prosperity and equitable access to high-quality jobs in the green economy especially for underrepresented populations in these fields, and provide and retain a skilled, adaptable, and diverse workforce for County departments and enable the County to deliver superior services to the residents and visitors of the County of San Diego.

SUSTAINABILITY IMPACT STATEMENT

The proposed actions align with the County of San Diego’s Sustainability Goals by protecting health and wellbeing for all San Diego residents, promoting sustainable and inclusive economic growth and expansion of the green economy, promoting sustainable development technologies, as well as promoting just and equitable wages and quality job opportunities for all San Diego County residents.

FISCAL IMPACT

Funds associated with this request are included in the Fiscal Year 2023-24 Adopted Operational Plan. The Board has already taken action on \$14.0 million outlined in proposed Program 1 (Supportive Services for Asylum Seeking Migrants), and Program 2 (Housing Every Homeless Person in Addiction Recovery). If approved, this request will result in one-time costs and revenue of \$45.0 million for Program 3, Program 4, and Program 5. The funding sources will be American Rescue Plan Act (ARPA) funds allocated to the Evergreen component of the ARPA Framework and ARPA Local Assistance and Tribal Consistency Funds (\$1.6 million, which may also be used for Evergreen items). These ARPA funds may be used directly or leveraged through a lost revenue strategy to redirect existing General Purpose Revenue. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

N/A

BACKGROUND

On August 30, 2022 (20), the San Diego County Board of Supervisors (Board) directed the establishment of an “Evergreen Fund”, using a total of \$80.6 million in projected remaining balances and/or the use of a lost revenue strategy with a portion of American Rescue Plan Act (ARPA) funding. Rather than immediately spending these one-time ARPA revenues on one-off expenses, the Board created the Evergreen Fund to invest in programs with self-sustaining on-going revenue sources, or that draw down and leverage external matching funds, to advance key County priorities to deliver results in behavioral health, housing, tackling homelessness, and equity.

On December 13, 2022 (30), the Board directed CAO and the Fiscal Subcommittee to develop Evergreen Fund recommendations in collaboration with County experts from behavioral health, housing, homelessness, economic development, and the Chief Financial Officer and the Finance and General Government Group team, and to report back to the Board with recommendations for consideration and approval. An initial memo of program concepts was circulated to the Board on April 28, 2023, as an early status update prior to full final recommendations being brought back to the Board for a vote. The programs have continued to be refined since that time.

The Fiscal Subcommittee was prepared to report back with this Evergreen Framework in July 2023. Due to the creation of an extended vacancy of the District 4 Supervisor Seat, the Fiscal Subcommittee and County staff decided to wait to bring back the Evergreen Framework for Board consideration until after the Fourth District vacancy could be filled. This Evergreen Fund report back was therefore timed for January 9, 2024, to ensure all five districts could be represented at the vote.

Today’s item outlines a framework of Evergreen Fund program options for consideration, developed by the Fiscal Subcommittee in collaboration with County experts from behavioral health, housing, homelessness, economic development, as well as the Chief Financial Officer, and the Finance and General Governance team.

It includes recommendations to take immediate action on Program 3, 4, and 5 based on the urgency of these issues and the critical need to implement prompt solutions without delay. Program 3 supports SB-43 implementation and the serious concerns about hospital emergency room overcrowding by expanding recuperative care homeless bed capacity, Program 4 addresses the critical shortages in our behavioral health workforce, which needs to add 18,500 new workers in order to meet the mental health and addiction treatment needs of our communities, and Program 5 responds to the impact of rising healthcare costs on County workers and the impact to our County workforce recruitment and retention efforts.

This item further includes recommendations to support Program 6 and 7, not for immediate implementation, but for inclusion as options for the Board to consider in the forthcoming ARPA update from the Chief Administrative Officer, which is anticipated to come to Board in February 2024. These include Program 6, which proposes a first-ever workforce housing program at the County of San Diego to add affordable housing stock and bolster recruitment and retention efforts, and Program 7, which supports

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

economic prosperity, small business expansion, and climate action by better leveraging federal grants resources and supporting small businesses with loan fund resources.

Taken together, these programs align with and build on prior actions taken by this Board to invest in critical infrastructure that strengthens the County’s long-term ability to deliver on its commitment to tackling homelessness, providing behavioral health and addiction treatment, address rising housing costs with affordable housing options, advancing sustainability and climate justice, and catalyzing equitable and inclusive economic prosperity for our region.

Evergreen Fund Framework Programs

1. Enhancing Humanitarian Emergency Response and Relief: Supportive Services for Asylum Seeking Migrants

Program: Chairwoman Vargas and Supervisor Anderson brought forward proposals on October 10, 2023 (14), and December 5, 2023 (30) to allocate a total of \$6 million to support local partners in their work with asylum seeking migrants and mitigate street releases. This funding supports a range of essential services to asylum-seeking migrants to facilitate their onward move from San Diego County to their final destination.

Why: The current humanitarian and migrant crisis impacting our border community reflect the significant federal immigration issue that has overwhelmed local communities. The expiration of Title 42 has brought an influx of asylum-seeking migrants to border communities, with over 42,000 individuals released in San Diego County between September and November of this year.

Funding: \$6 million funded - Board action taken on October 10, 2023 (14) and December 5, 2023 (30).

2. Expansion of Recovery Residential for All Homeless Persons in County Recovery Services

Program: Supervisor Desmond brought forward a proposal on December 5, 2023 (24), to allocate \$8 million to expand residential recovery beds for all homeless persons with an open admission to County-funded outpatient substance use treatment or recovery services in San Diego County. The one-time allocation of funding will support expansion of recovery residences to cover up to 909 individuals over a two-year period and bridge the gap until anticipated new funding becomes available from the State through changes to the Mental Health Services Act. MHSA modernization was signed by the Governor of October 12, 2023, and will go to the California voters for approval as Proposition 1 in March 2024. If passed, MHSA modernization would be implemented July 1, 2026, and recovery residences could be included in the annual plan for approval by the Board of Supervisors.

Why: Over a third of our homeless population also have a substance use disorder that compounds their challenges to address housing instability and episodes of homelessness. Stable housing would support recovery, improve health outcomes, and reduce episodes of homelessness.

Funding: \$8 million, approved by the Board on December 5, 2023 (24).

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

3. Supporting SB-43 Implementation and Addressing Hospital Overcrowding by Expanding Recuperative Care Homeless Shelter Capacity

Program: Allocate capital funding to support the development of new recuperative care bed capacity to provide critically needed step down beds to support SB-43 implementation and address hospital overcrowding for medically vulnerable homeless individuals. A competitive procurement would be issued to identify a service provider to construct and operate the recuperative care facility, leveraging operational funding through hospitals, the VA, and the managed care plans.

Why: Senate Bill 43 expands the eligibility for conservatorship for people with severe substance use disorder and is expected to put more pressure on already strained hospital emergency rooms. Recuperative care facilities offer a lower-cost alternative that allow some homeless patients with medical and behavioral health vulnerabilities to step down from a hospital to a residential setting while still receiving medical care and treatment. It prevents homeless individuals from being discharged directly to the streets, where their medical and behavioral health challenges spiral out of control.

However, unlike homeless shelters, these facilities receive operational funding not from local governments but through reimbursements from hospitals, the VA, and the managed care plans under the new CalAIM initiative. This model frees up space in our hospitals and expands shelter for homeless individuals, while leveraging external funding sources for long-term operational costs.

The County has seen success with this model, investing \$9 million in capital funding to support the creation of the 106-bed Abraham and Lillian Turk Recuperative Care Center in Escondido, which opened in May 2022.

\$8 million in capital funding would serve as seed capital and would be matched with additional capital contributions from private foundations and philanthropies. Additionally, a 100-bed recuperative care facility could leverage over \$35 million in operational funding from the hospitals, managed care plans, and the VA over a five-year period to expand our regional homeless response system.

Program evaluations of recuperative care have shown a 28% reduction in hospital days for chronically homeless individuals, a 59% reduction in health care costs, and an estimated savings of \$20 million to the healthcare system over a year.

Funding: \$8 million in one-time capital funding.

4. Expanding the County of San Diego’s Public Behavioral Health Workforce

Program: Allocate \$24 million to support investments towards enhancing and expanding the public behavioral health workforce across the county. This investment would offer financial incentives to individuals and community-based providers to participate in the delivery of care

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

within public behavioral health and create high-quality jobs. This proposal aims to address the behavioral health workforce shortage through investments that (1) support the training, education, recruitment and retention of public behavioral health staff, including better pay, more voice in the workplace, and tuition assistance, and other incentives, and (2) expand the pool of organizations equipped to provide behavioral health care within the public behavioral health system, including training and technical assistance for diverse community-based organizations to participate in the provision of Medi-Cal funded behavioral health services, broadening the diversity and array of providers equipped to provide mental health and substance use care and support services.

The program will establish a regional workforce training fund to support recruitment, training, and education systems for workers, inclusive of scholarships, stipends, in-school support, loan forgiveness, and other incentives for public service. It will also help diverse community-based organizations participate in providing Medi-Cal funded behavioral health services by investing in training and technical assistance. This would increase diversity and representation among behavioral health providers. Grant funding may include, but is not limited to, assisting providers in establishing essential administrative capacity, clinical expertise, electronic health record capability, financial planning capability, training, and other key functions to successfully work within public insurance.

It's critical that this program create pathways to high-quality jobs and create incentives for the industry employers to offer good jobs that treat employees well, rather than subsidizing training for bad employers who don't prioritize workforce investments or fair wages and drive a race to the bottom. Instead, the program should create pathways to high-quality jobs and careers in the behavioral health industry and create incentives for employers who offer good jobs and treat employees well to partner with the program. Thus, these efforts will be designed in consultation and collaboration with local and statewide healthcare workforce unions and other key stakeholders, to ensure the program best meets the needs of workers, uses incentives to make workplaces more worker friendly, and supports the expansion of an organized healthcare workforce.

There are existing models throughout California of public sector focused workforce training that draw on partnerships between healthcare providers, local government, and unionized healthcare professionals and labor partners. This behavioral health workforce program will build on best practices of existing models. One approach was successfully modeled by Kaiser Permanente and SEIU-UHW, who partnered to launch a nonprofit, Futuro-Health, to train and place 10,000 new healthcare workers into a unionized healthcare workforce. That model delivers an education-to-work pipeline that supports candidates through career coaching, education financing, and concrete pathways towards credentials and licensure. It's particularly well suited for existing mid-career workers, who are disproportionately women and people of color, who may already be working in related fields, but need practical support to advance their careers into high-quality, well-paying jobs.

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

As part of this effort, the Fund will develop options for flexible models similar to the Futuro - Health model to assist greater access to trained behavioral health workers for small and medium sized providers, who typically are not as competitive in wage compensation and benefits. We're looking to replicate the success of the AlliedUP Worker Coop model, which launched a worker cooperative to hire health workers, providing union-scale benefits and compensation, and contract the workers out to the smaller scale community-based providers. This model could also encourage greater diversity, equity, and representation among behavioral healthcare workers, and service providers.

County staff will also explore opportunities to draw additional state and federal funding to support San Diego's behavioral health needs.

Why: The County of San Diego has adopted a bold vision for tackling the behavioral health crisis to address the intersection of mental health and addiction treatment and is investing to expand the continuum of services across prevention, treatment, and recovery. Simultaneously, the region is facing a significant behavioral health workforce shortage that continues to impact the ability to recruit and retain a qualified workforce. This challenge is not unique to San Diego but is being felt across the state due to worker burnout, impacts from the pandemic, retirements from the "baby boom" generation, and wage competition from other industries.

A 2022 report titled *Addressing San Diego's Behavioral Health Worker Shortage* found that the San Diego region is currently 8,000 behavioral health workers short of the estimated 25,000 professionals needed to address growing rates of substance use and psychological distress in our communities. Furthermore, the San Diego region needs to educate, train, attract, employ, and retain 18,500 behavioral health professionals by 2027. This program was developed in response to the workforce shortage report.

The Behavioral Health Workforce Training Fund compliments other actions approved by the Board, including the approval of the first-of-its-kind *Public Behavioral Health Workforce Development and Retention Program* funded through the Mental Health Services Act Innovation funds and approved by the Board on May 2, 2023 (5), and subsequently approved by the Mental Health Oversight and Accountability Commission on June 15, 2023.

Funding: \$24 million of County funding and anticipated to leverage with additional funding partners.

5. Supporting County Workforce Well-Being and Hiring and Retention Goals by Expanding Wellness One-Time Payments

Program: Allocate \$13 million to provide County workforce wellness one-time payments to address the impact of projected increases in healthcare costs and support County employee well-being and hiring and retention goals. Program design, structure, and terms will be designed in

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

negotiation with labor organization(s) representing County workers, SEIU-221, during the meet and confer process.

Why: The County is facing a rapid increase in healthcare costs for the upcoming Fiscal Year 2024-25 budget year, but the available flex credit resources for County employees is not keeping pace. As a result, these rising healthcare costs are effectively reducing salaries and wages, making it harder to attract, train, recruit and retain an already understaffed workforce. County classified employees represented by SEIU-221 have raised this issue and this program is included to authorize our County labor negotiators to respond to their concerns.

The County has expanded its workforce by 13.5% over the past three years, reflecting the need for more services driven by the COVID-19 pandemic response, changes in state legislation mandating new areas of County work, as well as a deepened commitment to respond to regional challenges around behavioral health and homelessness. The County currently has over 2,000 positions vacant.

Funding: \$13 million in one-time funding.

6. Creating County Employee Workforce Housing

Summary: Allocate funding to find impactful and effective options to support affordable housing opportunities to support the County workforce. This bold step will be the first ever for the County to make investments into workforce affordable housing. As part of this effort, staff should assess a pilot project to develop workforce housing for County employees to support County recruitment and retention goals. Staff would develop employee eligibility criteria that include low-and-moderate income County workers earning up to 120% of the area median income (currently \$126,150 for a family of three), with prioritization of our lowest wage County workers, and prioritization of our hardest to recruit job classifications.

This funding could support predevelopment and site acquisition activities, including identification of suitable County-owned assets, or existing properties suitable for acquisition and rehabilitation. We should prioritize sites near major County employment centers and in places with access to transit and where density bonus programs create development incentives.

To ensure these investments best meet the needs of our workforce, projects will be co-created with significant engagement from potentially eligible employees and employee-bargaining groups. Project concept and design parameters, including site locations and unit specifications and design, will be developed based on robust feedback and engagement from the San Diego County labor unions representing County employees who would be eligible for participation in the Workforce Housing Program, as well as County Employee Groups.

As part of this effort, staff should report back with any legislative changes may be needed to effectuate such pilot programs.

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

County staff may potentially issue a Request for Statement of Qualification (RFSQ) to identify potential development partners to support this effort, including assisting staff with predevelopment and development activities and pursuing additional funding sources, including but not limited to state tax credits, tax-exempt bonds, and philanthropic funding to support construction and permanent financing. The RFSQ should include priorities for “speed to market”, which would incentivize faster build times and encourage innovations such as the use of prefabricated construction techniques.

Why: Across the state, high housing costs are hitting public employees hard, leading to staffing shortages in essential fields and challenges with recruitment and retention. The County has expanded its workforce by 13.5% in the past three years and currently has over 2,000 unfilled positions, such as probation officers, psychiatric nurses, licensed mental health clinicians, and child welfare specialists. Other public agencies, such as San Diego Unified, Alpine School District, and Chula Vista Elementary School District, are developing workforce housing to support recruitment and retention.

Funding: At least \$7.6 million but up to \$25 million if additional funding resources can be identified. These funds support predevelopment and site acquisition activities and are anticipated to be leveraged by additional funding sources such as philanthropic impact investments, bonds, and tax credits.

7. **Advancing Economic Prosperity, Climate Justice, and Small Businesses by Growing the Green Economy**

Summary: Launch two programs to accelerate economic prosperity, support small businesses, and drive inclusive regional growth in the green economy by securing more federal resources, creating high-quality green jobs, and advancing the County’s climate justice, sustainability and decarbonization efforts.

- **Economic Prosperity and Climate Justice Matching Flex Fund** – Create a regional matching fund to provide a source of local dollars needed to secure state and federal economic development, infrastructure, and climate justice grants. Matching dollars are the biggest challenge for local entities and prevent our communities from maximizing our fair share of the billions in federal grant resources. This effort should include consideration for preferences for projects and programs that support union-apprenticeships within green economy sectors. Staff would also develop key outcomes and performance metrics to assess the impact of this fund.
- **Green Jobs and Cleantech Small Business Fund** – Collaborate with industry organizations and academic institutions to create a Green Jobs and Cleantech Small Business Fund to provide small business loans and technical assistance to support the growth of local starts-ups and small businesses in the green economy. County staff should identify potential partners to administer the fund, seeking opportunities to leverage expertise in the following: San Diego cleantech industry, loan fund administration, and additional sources of funding to create a larger impact. Loan funds would be repaid over time to

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES, HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC PROSPERITY

allow for a return on County investment. A key part of this effort will be to ensure the creation of high-quality job standards, inclusive access to these jobs to encourage diverse representation, especially among populations that are historically underrepresented in the technology sector. Thus, this effort should include consideration for preferences for projects and programs that support union-apprenticeships within green economy sectors. Staff would also develop key outcomes and performance metrics to assess the impact of this fund.

Why: The Board has taken bold action to advance economic prosperity, climate justice, quality of life, and regional competitiveness in the world economy. The green economy is poised for major growth in the coming years with hundreds of billions in federal investments coming and the San Diego region is well-positioned to capture the growth of this sector to drive inclusive economic prosperity and support sustainability efforts. Chairwoman Nora Vargas championed the creation of a new office to advance Economic Prosperity, which completed the region's first Comprehensive Economic Development Strategy in 2022. This allows the County and regional partners greater access to billions of dollars in federal funding from the Economic Development Agency, typically with a 20-50% local match requirement to draw down these grants.

The County has also taken strong climate action and commissioned a groundbreaking regional decarbonization study that anticipates nearly 10,000 local jobs in the green economy to be created by 2030. However, a key missing ingredient has been access to capital for small businesses to incubate and accelerate the growth of these green technologies to drive good jobs.

Los Angeles County faced a similar challenge and launched the Los Angeles Cleantech Incubator in 2011, a collaboration between the City and County of Los Angeles, Los Angeles Department of Water and Power, CARB, California Energy Commission, Workforce Development Board, US Department of Energy, and Southern California Edison, and the Wells Fargo Foundation. They launched a \$6 million Cleantech Debt Fund to provide small business loans of \$25,000 to \$250,000 to 100 small businesses to help scale up their operations and support high-quality job creation.

Funding: \$14 million in one-time capital, the loan fund portion would be revolving and be repaid back to the County to support additional programs.

SUBJECT: FISCAL SUBCOMMITTEE RECOMMENDATIONS FOR EVERGREEN
FUND FRAMEWORK: BEHAVIORAL HEALTH SERVICES,
HOMELESSNESS SERVICES, HOUSING, CLIMATE AND ECONOMIC
PROSPERITY

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's actions align with the County of San Diego's 2024 – 2029 Strategic Plan initiatives of Sustainability (Climate), Equity (Health, Housing, Economic Opportunity), Empower (Workforce), Community (Safety, Quality of Life), and Justice (Safety, Restorative) by ensuring public funds are maximized and continue to focus on the strategic goals of the Board of Supervisors around housing, homelessness, behavioral health, sustainability, economic prosperity, and workforce empowerment.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Terra Lawson-Remer', is positioned below the text 'Respectfully submitted,'.

TERRA LAWSON-REMER
Supervisor, Third District

ATTACHMENT(S)

N/A