

Behavioral Health

A DIVISION OF THE HEALTH AND HUMAN SERVICES AGENCY RECOMMENDED BUDGET • FY 2026-27

RECOMMENDED BUDGET

The Health and Human Services Agency (HHS) Behavioral Health Division budget is recommended at \$96,338,688, which is an increase of \$11,310,899 (13.3%) when compared to the FY 2025-26 Adopted Budget. The General Fund provides \$2,180,362. The General Fund cost for this Division is recommended at \$2,180,362, a \$202,057 (8.5%) decrease from FY 2025-26. The General Fund cost consists of \$16,510 for the Department's Maintenance of Effort (MOE), as directed by the State Department of Health Care Services, and the Public Guardian Program has a Net County Cost of \$2,163,852. Public Guardian's Net County Cost is decreasing by \$202,057 primarily due to the fee increase and structure update approved by the Board with Legistar file [25-1846](#).

The Recommended Budget reflects the first year of the implementation of the Behavioral Health Services Act (BHSA). The change to BHSA requires programmatic and administrative changes that are reflected in the Division's budget. The Recommended Budget also reflects the move of Housing and Homelessness Programs into the Behavioral Health Division. The staff and programs are overseen by Behavioral Health, but the appropriations for the Housing and Homeless Grants and Public Housing Authority remain in the Community Services Division.

The Division also has 1991 Realignment, 2011 Realignment, and Board and Care Fund Special Revenue Funds. Details on these funds can be found in the Special Revenue Section.

Substance Use Disorder Services (SUDS) Programs

The Recommended Budget for Substance Use Disorder Programs, including Opioid Settlement funding is \$20,195,480, which is an increase of \$3,463,274 (20.7%) when compared to the FY 2025-26 Adopted Budget. The increase is primarily due to Opioid Settlement Funding and increased Medi-Cal revenue for Substance Use Disorder Programming. SUDS Programs are funded primarily by federal and state revenue, Opioid Settlement funding, and Realignment funds.

Behavioral Health Programs

The Recommended Budget for Behavioral Health Programs, including BHSA, Traditional, and Housing services, is \$73,709,356, which is an increase of \$7,944,682 (12%) when compared to the FY 2025-26 Adopted Budget. The increase can be attributed to the move of Housing and Homeless staff into Behavioral Health and the change in revenue and processes from the change to BHSA. These programs are primarily funded by federal revenues; Realignment, BHSA, and other state revenues; and charges for services to other counties and private payers.

Public Guardian Program

The Recommended Budget for Public Guardian is \$2,433,582, which is a decrease of \$97,057 (4%) when compared to the FY 2025-26 Adopted Budget. The General Fund provides 88.9% of the funding for the Public Guardian Division. The General Fund cost is \$2,163,852, which is a decrease of \$202,057 (8.5%) in comparison to FY 2025-26. The decrease in Net County Cost is primarily due to the fee increase and structure update approved by the Board with Legistar file [25-1846](#). The decrease in overall appropriations is due to targeted reductions to reduce the Net County Cost of the program.

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DEPARTMENT BUDGET SUMMARY- MENTAL HEALTH FUND

Description	FY 2024-25 Actual	Current Year Adopted	CAO Recommended	Difference from Adopted
Fines & Penalties	633,486	2,232,409	1,783,881	(448,528)
Rev Use Money/Prop	1,073,672	581,200	581,200	0
IG Rev - State	23,249,273	19,098,124	25,833,675	6,735,551
IG Rev - Federal	22,548,204	25,321,029	27,342,029	2,021,000
Service Charges	1,298,829	1,102,000	1,075,000	(27,000)
Miscellaneous Rev	51,360	80,000	80,000	0
Other Fin Sources	4,278,466	10,536,273	16,038,964	5,502,691
Fund Balance	0	23,545,845	21,170,087	(2,375,758)
Total Revenue	53,133,291	82,496,880	93,904,836	11,407,956
Salaries & Benefits	11,358,292	18,004,892	18,384,168	379,276
Services & Supplies	3,093,431	7,911,840	7,362,201	(549,639)
Other Charges	33,303,011	48,242,588	49,111,492	868,904
Fixed Assets	976,223	40,000	40,000	0
Other Fin Uses	414,366	393,022	8,816,090	8,423,068
Intrafund Transfers	6,367,434	7,690,158	7,501,609	(188,549)
Intrafund Abatement	(6,343,949)	(7,690,158)	(7,501,609)	188,549
Contingency	0	7,904,538	10,190,885	2,286,347
Total Appropriations	49,168,809	82,496,880	93,904,836	11,407,956
FUND 1110 MENTAL HEALTH TOTAL	(3,964,482)	0	0	0

MAJOR BUDGET CHANGES – MENTAL HEALTH FUND

Revenues

Fines & Penalties

(\$448,528) Decrease in Fines and Penalties primarily due to Opioid Settlement funding.

State Intergovernmental

\$5,327,866 Increase in State Intergovernmental revenue primarily due to increased Medi-Cal revenue collections.

\$1,310,750 Increase in State funding primarily due to increased BHSA collections and BHSA allocations.

\$96,935 Increase in State funding due to adjustments across multiple objects to align the budget to projected revenue.

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Federal Intergovernmental

\$2,021,000 Increase in Federal Medicaid revenues from Medi-Cal eligible programs.

Services Charges

(\$2,000) Decrease in revenue from private insurance providers and private payors for Behavioral Health services.

(\$25,000) Decrease in Interfund Transfers from Child Welfare Services for services.

Other Financing Sources

\$116,601 Increase in Operating Transfers In from the 1991 and 2011 Realignment Special Revenue Funds.

\$5,386,090 Increase in Operating Transfers In related to the programmatic and administrative changes associated with the implementation of BHSA.

Fund Balance

(\$2,207,746) Decrease in estimated Fund Balance in Traditional and SUDS programs available at the beginning of the year in the BHSA subfund.

(\$1,257,317) Decrease in estimated fund balance available at the beginning of the year in the BHSA subfund.

\$1,089,305 Increase in estimated fund balance available at the beginning of the year from Opioid Settlement funding.

Appropriations

Salaries and Benefits

(\$70,545) Decrease in Salaries and Benefits due to 3.0 FTE vacant Mental Health Clinician's being alternately filled with 3.0 FTE Mental Health Worker allocations in FY 2025-26.

\$841,495 Increase in Salaries and Benefits due to the move of a 7.0 FTE Housing and Homelessness Program staff to Behavioral Health from Community Services, Public Health, and Social Services to ensure compliance and maximum BHSA revenue for housing services.

(\$461,980) Decrease in Overtime, Standby Pay, and Other Compensation to align the budget to actuals as well as including the Board-approved on-call compensation change.

\$53,883 Increase in Salaries and Benefits expenses primarily due to Health Insurance cost increases, Board-approved compensation increases, and employee-step increases.

\$14,115 Increase in CalPERS employer's contribution to the County's unfunded accrued liability payment.

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\$27,415 Increase in Retiree Health Program charges.

(\$25,107) Decrease in Workers' Compensation premium charge.

Services and Supplies

\$383,900 Increase in funding to Other Governmental Agencies for School-Aged Services.

(\$836,807) Decrease in Special Projects and Professional and Specialized Services due to MHSA appropriations that are no longer included in the BHSA Plan.

(\$96,732) Decrease across multiple objects to align budget with projected costs.

Other Charges

\$247,800 Increase in projected Institute for Mental Disease expenses to align budget with projected costs.

(\$51,932) Decrease in Support and Care of Persons, Health Services, and Ancillary Services to align contract spending with projected service demand.

\$265,681 Increase in Housing due to the increase in Behavioral Health Housing services in the County.

\$407,355 Increase in Interfund Transfers primarily due to the Countywide Cost Allocation Plan and HHSA Administration and Finance Indirect Cost Rate and Executive Staff Cost Allocation charges that recover the appropriate share of those costs from the programs, which are decreasing for the Traditional Programs.

Other Financial Uses

\$5,536,090 Increase in Operating Transfers Out of Traditional Program subfund to the BHSA subfund related to the programmatic and administrative changes associated with the implementation of BHSA.

\$1,012,000 Increase in Operating Transfers Out of BHSA funds primary related to BHSA funds for the construction of Behavioral Health Housing at 300 Forni Road.

\$1,874,978 Increase in Operating Transfers Out of Opioid Settlement Funds primarily related to the construction of Behavioral Health Housing at 300 Forni Road and the Opioid Settlement Funds Utilization Strategic Framework.

Intrafund Transfers

(\$188,549) Decrease in Intrafund Transfers across the Behavioral Health programs to recover Behavioral Health administration and facility costs across the various programs.

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Intrafund Abatements

\$188,549 Decrease in Intrafund Abatements, shown as a positive expense, across the Behavioral Health programs primarily to recover Behavioral Health administration and facility costs across the various programs.

Contingency

\$595,855 Increase in BHSA Contingency due to projected BHSA funding that will be unspent in FY 2026-27 and available for use in future years.

\$1,690,492 Increase in SUDS Program Realignment Contingency due to projected funding that will be unspent in FY 2026-27 and available for use in future years.

DEPARTMENT BUDGET SUMMARY – GENERAL FUND PUBLIC GUARDIAN

Description	FY 2024-25 Actual	Current Year Adopted	CAO Recommended	Difference from Adopted
IG Rev - Federal	156,579	40,000	120,000	80,000
Service Charges	112,112	75,000	100,000	25,000
Miscellaneous Rev	3,315	50,000	50,000	0
Total Revenue	272,005	165,000	270,000	105,000
Salaries & Benefits	1,441,918	1,641,088	1,617,243	(23,845)
Services & Supplies	178,298	282,009	212,635	(69,374)
Other Charges	85,673	50,000	50,000	0
Intrafund Transfers	504,180	557,812	553,974	(3,838)
Total Appropriations	2,210,068	2,530,909	2,433,852	(97,057)
FUND 1000 GENERAL FUND TOTAL	1,938,063	2,365,909	2,163,852	(202,057)

MAJOR BUDGET CHANGES – GENERAL FUND PUBLIC GUARDIAN

Revenues

Federal Intergovernmental

\$80,000 Increase in Federal Revenue primarily due to the alignment of the budget to actual claiming.

Service Charges

\$25,000 Increase in Public Guardian Fees to align budget with actual revenues.

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Appropriations

Salaries and Benefits

- (\$39,857) Decrease in Salaries and Benefits expenses partially due to the Retirement Incentive Plan.
- \$15,533 Increase in CalPERS employer's contribution to the County's unfunded accrued liability payment.
- \$2,841 Increase in Retiree Health Program charges.
- (\$2,362) Decrease in Workers' Compensation premium charge.

Services and Supplies

- (\$94,120) Decrease in General Liability insurance premium expense as the Department's share of overall County claims incurred and payroll has decreased from prior years, decreasing their Liability insurance premium expense.
- \$24,746 Increase due to adjustments across multiple objects to align the budget to actual costs.

Intrafund Transfers

- (\$3,838) Decrease in Intrafund Transfers primarily due to decreased Countywide Cost Allocation Plan charges.

MISSION

The HHSA Behavioral Health Division strives to alleviate the impact of mental illness or significant emotional disturbance by providing recovery-oriented, client-centered, culturally competent treatment services in collaboration with clients, families and community partners. The Division seeks to eliminate disparities in service access and to reduce the stigma associated with mental illness while offering the highest quality behavioral health care to improve the community's health and safety, strengthen individuals' resilience, and promote the restoration of healthy families. The Division also provides substance use disorder services to address alcohol and other drug-related issues affecting the community.

PROGRAM SUMMARIES

Behavioral Health Programs

Behavioral Health Programs include Traditional Programs that include mandated and/or core adult and children outpatient, inpatient, and residential programs that existed prior to the passage of the Mental Health Services Act (MHSA) in November 2004.

Behavioral Health Programs also include BHSA Programs. In March 2024, California voters passed Senate Bill (SB) 326, the BHSA, through Proposition 1, also known as the Behavioral Health Transformation (BHT), which is replacing the Mental Health Services Act (MHSA) of 2004 and will take effect on July 1, 2026. BHSA provides the opportunity for the State of California (State) to transform the mental health and SUDS system of care to support individuals with the most significant needs, including those that are

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seriously ill and unhoused. The BHSA requires counties to submit Integrated Plans to California Department of Health Care Services that outline how it will utilize all available behavioral health funding sources, including BHSA funds, to meet local needs and reduce disparities in behavioral health services. The BHSA IP will also facilitate local and statewide data collection by providing baseline data on services and planned expenditures and supporting analysis of county goals and outcomes. With the FY 2026-27 Recommended Budget, Behavioral Health Programs include Housing and Homelessness Programs, which were previously in the Community Services Division.

The County General Fund contribution represents the minimum required General Fund cash match to support mandated services. The majority of services provided are Medi-Cal-eligible services provided to predominantly Medi-Cal-eligible clients. Local Realignment is used as the primary match to Medi-Cal revenue.

Substance Use Disorder Services (SUDS) Programs

SUDS Programs implement strategies designed to address alcohol, opioid, and other drug-related issues affecting communities, criminal justice, child welfare systems, and schools. Activities include education, raising public awareness of issues, promoting drug-free alternatives for youth and adults, drug-free workplace programs, drug court activities, activities to reunite families, where appropriate, and related services. When applicable, Drug Medi-Cal is billed for services with Local Realignment used as the match. Opioid Settlement funds and the federal Substance Use Block Grant fund the non-Drug Medi-Cal SUDS activities.

Public Guardian

The mandated Public Guardian Program establishes and administers conservatorships of persons and/or estates of individuals who are functionally disabled, to ensure the proper care and treatment of those who are unable to adequately care for themselves or those who are victims of fraud and/or abuse. Public Guardian deputies work in collaboration with County Counsel, the District Attorney's Office, the courts, and Behavioral Health to provide the least restrictive setting for conserved persons to receive treatment with the goal of regaining the ability for self-care and independence.

Public Guardian participates in the Medi-Cal Administrative Activities (MAA) program, which is administered by the California Department of Health Care Services (DHCS). Medi-Cal Administrative Activities leverages allowable State and local revenue to receive Federal reimbursement for approved Medi-Cal activities. Other funding includes Fees for Services and County General Fund.

FUTURE/PENDING ISSUES AND POLICY CONSIDERATIONS

Adult Behavioral Health Inpatient and Residential Placement Costs

Traditional Behavioral Health program funding continues to present a challenge to the County since the majority of traditional Realignment funds are spent on a relatively small number of out-of-county placements and placements in the Psychiatric Health Facility (PHF). Just a few clients placed at high-cost facilities can have a significant effect on the use of Realignment funds. In addition, with a shortage of residential beds available statewide, conserved clients, who no longer meet the medical-necessity requirements of acute PHF placement, continue to remain at the PHF until a residential bed in a lower level of care is available. Offsetting Medi-Cal revenue cannot be claimed for the days waiting for an appropriate placement, which further exacerbates this funding issue.

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In the Recommended Budget, Institutes for Mental Disease (IMD) placement costs of conserved Public Guardian clients and placement costs of clients in private psychiatric hospitals are projected to increase by 13% (\$1.05 million). Most of these costs are funded with Realignment dollars. To mitigate this issue, Behavioral Health has worked to encourage the expansion of in-county board and care and crisis residential treatment facilities. These beds provide local lower level of care options that will reduce the need for more expensive out-of-county placements.

Administrative Complexity and Cost Report Settlements

Prior to CalAIM, Behavioral Health underwent Medi-Cal cost report settlements for Behavioral Health programs, creating budgeting challenges and significant fluctuations in fund balances. DHCS remains years behind in finalizing pre-CalAIM Medi-Cal cost report settlements. Under CalAIM, the cost report process is being eliminated; however, through BHSA, counties are being directed to track and report every dollar spent per client, from services to ancillary costs, adding complexity to fiscal oversight moving forward. It is anticipated that the administrative efficiencies gained by CalAIM will be negated by the complexity of BHSA reporting.

Staffing Challenges

The Behavioral Health Division continues to experience a high vacancy rate in its Mental Health Clinician I/IA/II classification, with 20.7 FTE vacancies out of a 34.5 FTE allocation, representing a 37% vacancy rate. To meet operational mandates, the Division is strategically underfilling select positions with Mental Health Workers, who can perform many of the core functions of the Mental Health Clinician job classification, while leaving other positions vacant where operationally feasible. The Agency continues to contract with Amergis Healthcare Staffing for temporary Behavioral Health staffing to offset these vacancies to meet mandated service requirements.

BHSA Implementation

Behavioral Health services under BHSA begin on July 1, 2026. Planning for BHSA has been taking place within Behavioral Health for the past two years. BHSA significantly restructures the former MHSA system. It expands scope to include substance use disorders, increases oversight, emphasizes homelessness prevention, and requires 30% of funds to be spent on housing. These changes restrict funding flexibility, eliminate the “Prevention” category, increase administrative burdens, and disqualify providers lacking Medi-Cal billing or reporting capacity. As a result, many historically funded programs will lose eligibility, requiring reductions, eliminations, and resource shifts, impacts already reflected in the Recommended Budget.

BUDGET SUMMARY BY PROGRAM

	Appropriations	Revenues	Net County Cost GF Contribution	Staffing
BHSA, Housing, & Traditional Programs	73,709,356	73,709,356	16,510	121
Substance Use Disorders Programs	20,195,480	20,195,480	-	20.25
Public Guardian	2,433,852	270,000	2,163,852	12.5
TOTAL	96,338,688	94,174,836	2,180,362	153.75

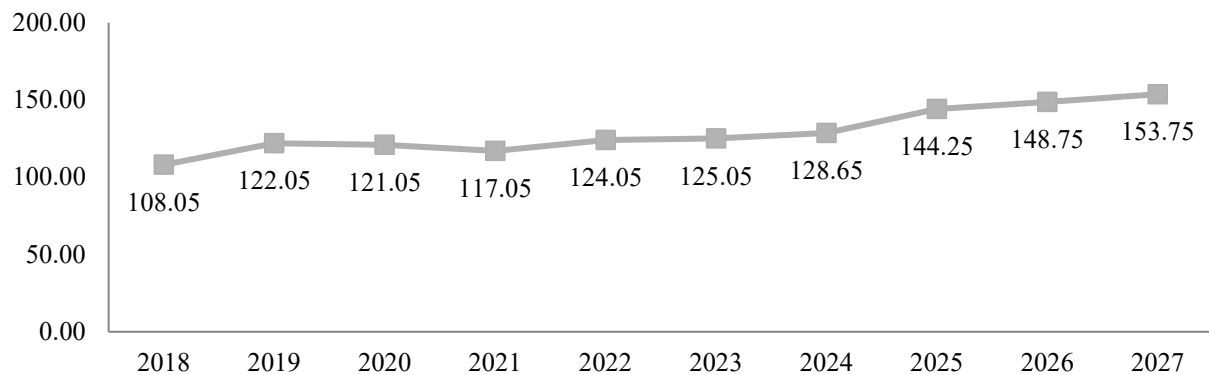
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STAFFING TREND

The staffing allocation for FY 2026-27 is recommended at 153.75 FTEs, which is a net increase of 6 FTE when compared to the FY 2025-26 Adopted Budget. The Recommended Budget includes the transfer of 7.0 FTE allocations as part of the move of the Housing and Homeless Programs into Behavioral Health. From Community Services, Social Services, and Public Health, a 1.0 FTE Administrative Analyst, 0.3 FTE Administrative Assistant, 0.65 FTE Deputy Director, 1.0 Program Manager, 2.5 FTE Social Worker I/II, 0.2 FTE Limited Term Social Worker I/II, and a 0.75 FTE Social Worker Supervisor is moving to the Behavioral Health Division. The Recommended Budget includes the deletion of a vacant 1.0 Office Assistant I/II allocation. The Recommended Budget includes the extension of the Limited Term Social Worker allocation to June 30, 2027.

During FY 2025-26, a 1.0 FTE vacant Administrative Secretary allocation was alternately filled with 1.0 FTE Information Technology Department Specialist allocation, a 1.0 FTE vacant Sr. Office Assistant allocation was alternately filled with a 1.0 FTE Office Services Supervisor, and a 1.0 FTE vacant Program Assistant was alternately filled with a 1.0 Administrative Technician due to changing programmatic needs. As noted above during FY 2025-26, 3.0 FTE vacant Mental Health Clinician allocations were alternately filled with 3.0 FTE Mental Health Worker allocations. The Recommended Budget revises the allocation to match the current classification of the allocations.



SOURCES AND USES OF FUNDS

The Behavioral Health Division is funded primarily by BHSA revenue, which is derived from a one-percent tax on personal income in excess of \$1 million for California residents, state Realignment revenue, Opioid Settlement Fund, and federal Medi-Cal funding to support the Mental Health and Drug Medi-Cal-ODS Waiver program.

Behavioral Health is also supported by 1991 and 2011 Realignment funding. Preserving sufficient Fund Balance is essential to sustaining the Behavioral Health system of care, which includes critical services such as psychiatry delivery, mobile response, and safety efforts in partnership with law enforcement. Both the 1991 and 2011 Realignments remain vulnerable to economic downturns, as their funding is tied to state sales tax and vehicle license fees. Preserving sufficient fund balance is essential to reducing the risk of another financial deficit and avoiding potential reliance on the local General Fund, particularly as Behavioral Health implements BHSA and adapts to HR1. The Behavioral Health Fund Balance is budgeted as follows:

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Program	FY 2026-27 Est Beginning Fund Balance	Budgeted Fund Balance Use	FY 2026-27 Est Ending Fund Balance
Realignment Funded Programs	13,321,970	3,517,427	9,804,543
BHSA Programs	12,554,292	4,867,283	7,687,009
Opioid Settlement	7,800,911	7,800,911	0
TOTAL	33,677,173	16,185,621	17,491,552