



BEHAVIORAL HEALTH Fiscal Academy

CalMHSA

California Mental Health Services Authority

PRESENTED BY:

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Behavioral Health Fiscal Academy

BHFA Session 9

CalMHSA

1991R, 2011R, Behavioral Health Services Fund (BHSF) Forecasting

Interpreting Governor's Budget and Navigating BH Allocations and Offsets

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Learning Objectives

- How to retrieve and interpret budget forecasts from the Governor's Budget
- Applying county-specific distribution percentages to arrive to a county-level budget amount for the big three
- Understanding 1991 Realignment offsets and how to reconcile the managed care offset backups

Session Roadmap

- Revenue Forecasting for Budget Development; Understanding the *Why* Behind the Figures
- The Governor's Budget: the Timeline and State-Level Process
- General Discussion of the Core Funding Streams (91R, 2011R, BHSA)
- A Step-by-Step for Retrieving the Inputs From the Governor's Budget & DHCS Expenditure Reports
- Applying the County's Allocation Percentages to Statewide Revenue Forecasts
- Some Practical Budget Tips for 1991 Realignment

Empowering Yourself with Knowledge

The Importance of Knowing the "Why" Behind the Data

CBHDA's Fiscal TA Webinars

CBHDA typically provides fiscal technical assistance webinars twice a year, timed with the release of the Governor's Budget proposals, that you can plug into your budget.

CalMHSA strongly recommends using the Statewide projections from these webinars as your primary resource for budget development. These sessions, led by Mike Geiss, offer expert guidance on statewide revenue projections; **so, why are we teaching you how to do it?**

From a Consumer, to an Expert Analyst

This training complements CBHDA's webinars. We are going to show you where to find the data; whether it's the State Controller's site, eBudget, or the full budget documents. You'll gain the skills to trace the numbers back to their source.

County-Level Application

We'll go beyond statewide projections and drill down to the county level. You'll learn how to apply your county's specific allocation percentages for each core funding stream, directly informing your budget development process.

Important Note: There's a lot of nuance & history behind these funding streams. Mike Geiss covers their background and provides unique perspective during each CBHDA TA webinars, so after this training, log in to the CBHDA members portal and watch the latest fiscal TA webinar to round out your expertise.

The Governor's Budget

Timeline and State-Level Process

January Budget Proposal

First Look at Funding for County Behavioral Health

Intent: Sets the initial spending plan for upcoming fiscal year (July 1 – June 30).

Basis: Uses revenue forecasts from the prior fall and outlines the Governor's policy priorities.

For Counties: This is your first look at estimated allocations for 1991 Realignment, 2011 Realignment, and BHSA.

- These numbers are projections, not final.
- Counties often use these to start building their next year budget estimates.



May Budget Revision (May Revise)

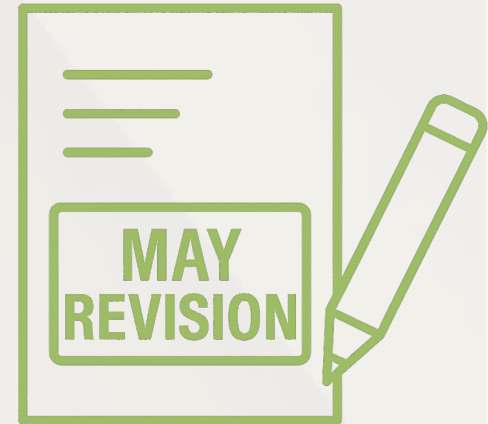
State Priorities and Fiscal Adjustments Ahead of Final Budget

Intent: Updates the January proposal based on:

- Latest revenue data (April tax receipts).
- Economic changes (e.g., sales tax, VLF, personal income tax trends).
- Policy adjustments (sometimes new proposals or pullbacks).

For Counties:

- Expect adjustments to Realignment and BHSF estimates – sometimes up, sometimes down.
- This is the most accurate pre-final estimate for your FY planning.
- The Governor's January budget proposals tend to be optimistic, reflecting early projections and ambitious plans. By May, the budget is updated to reflect actual economic conditions.



Final Budget (Enacted by July 1)

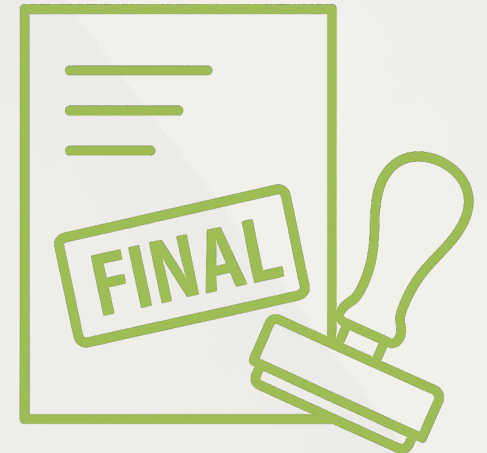
Counties' Definitive Funding Baseline for the Fiscal Year

Intent: Legislature and Governor agree on a balanced budget.

For Counties: The Final Budget includes the State's final estimate of Realignment and Behavioral Health Services Account (BHSA) revenues for the year, but:

- Cash flow still varies monthly based on actual revenues.
- Growth allocations (especially for 1991R and 2011R) are determined later, after the fiscal year closes.

Counties should update their local budgets to reflect the enacted numbers and monitor California State Controller's Office (SCO) distributions.



Governor's Budget Cycle in Summary

Counties' Definitive Funding Baseline for the Fiscal Year

Planning Starts

- Use it for draft budgets but expect changes.

January

Reality Check

- Update your assumptions; this is your best pre-final estimate.

May

Implementation

- Counties may consider updating the budget to align with the enacted state budget but keep monitoring monthly deposits and growth reports.

July

The Core BH Funding Streams

1991R, 2011R, & BHSF

The Core BH Funding Streams

A high-level recap of the big three

1991 Realignment	2011 Realignment	Behavioral Health Service Fund
<ul style="list-style-type: none">• Supports core mental health, public health, and social services programs shifted from state to counties.• It's funded by Sales Tax & Vehicle License Fees and uses a base + growth structure.• Note: with growth, Social Services is the priority, MH and health subaccounts competing for the rest.	<ul style="list-style-type: none">• Funds public safety and behavioral health programs shifted to counties, including SUD.• It's funded by a 1.06% sales tax & vehicle license fees and also follows a base + growth structure.• Note: BH 2011 subaccount growth is also lower in priority, growth receipts are less predictable.	<ul style="list-style-type: none">• Supports BH services, infrastructure and work force initiatives.• Funded by a 1% income tax on personal incomes over \$1 million in California.• Tied to high income earners means this funding is highly sensitive to economic cycles; a few large tax filers can shift the total dramatically.
Sales tax, VLF, core to MH services.	Sales tax, VLF, core to BH services (MH + SUD)	1% millionaire tax, state-driven allocations.

Rolling Base Methodology

How Does “Base + Growth” Work?

The Base

- Each county gets a set amount of money every year, based on what they got in the past. This is called the “base allocation.”
- The base is meant to cover the regular, ongoing costs of running programs.

The Growth

- If the state collects more money from sales tax and vehicle fees than expected, there’s extra money and this is called “growth.”
- Growth is distributed to counties using specific formulas.
- The idea is to help counties keep up with rising costs or increased demand for services.

Rolling Base

- Each year, your new base is your old base plus any growth you got last year.
- So, if you got some growth last year, your starting amount this year is higher.
- This helps counties plan for the future.

The Core BH Streams State Funds

The **Base** Inputs you Need for Budget Development

1991R, Fund 5195:

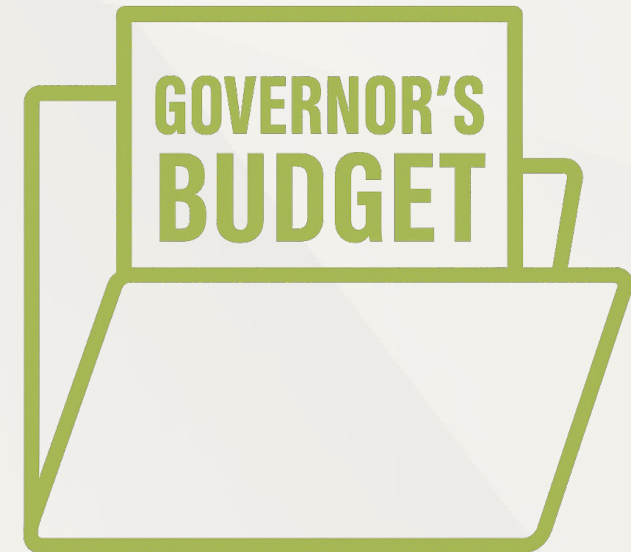
- Mental Health Sales Tax & Base
- Vehicle License Fee Base & Collections

2011R, Fund 5196:

- BH Subaccount Base

BHSF, Fund 4260 (DHCS):

- Cash Transfers
- Annual Adjustment
- Interest



To obtain the BHSA revenue forecasts, we'll walk through an alternative method, which will pivot us away from the Governor's Budget.

Walkthrough of the Governor's Budget for 1991 & 2011 Realignment Base Projections

Practical Steps for Reviewing State Budget Allocations

Accessing the Governor's Budget

How to Locate and Review State Budget Details

- 1 Navigate to the CA Governor's Budget at: ebudget.ca.gov
- 2 Select the Budget Year
- 3 Choose the Detail View of the budget you are interested in reviewing

The screenshot shows the homepage of the California Department of Finance's budget website. At the top left is the Great Seal of the State of California. To the right, the text reads: "The Department of Finance welcomes you to the California Budget 2025-26" followed by "Gavin Newsom Governor" and "State of California". Below this is a dropdown menu labeled "Select Budget Year" with "2025-26" selected; a red box and a blue callout "2" highlight this menu. The main content area is divided into three colored panels: a light blue panel for "Governor's Proposed Budget (January)" with a description "The Budget proposed by the Governor" and buttons for "Summary »" and "Detail »"; an orange panel for "May Revision (May)" with a description "Changes to the Governor's Proposed Budget based upon the latest economic forecasts" and buttons for "Summary »" and "Detail »"; and a light green panel for "Enacted Budget (Summer)" with a description "The Budget passed by the Legislature and signed by the Governor" and buttons for "Summary »" and "Detail »". A red box and a blue callout "3" highlight the "Detail »" button in the May Revision panel.

The Governor's FY2025/26 May Revise: 5195 & 5196



May Revision to the Governor's Budget

4 Once you're in the [Detail](#) view, scroll to Positions and select [Health and Human Services Agency](#).

5 Next, scroll down to Positions by Department.

6 On the Positions by Department table, find:

[5196 State-Local Realignment, 2011](#)
[5195 State-Local Realignment, 1991](#)

POSITIONS BY DEPARTMENT			
The following table presents proposed and revised budget year positions for each department within this agency area.			
Code	Departments	January Proposed Total Positions	May Revision Total Positions
0530	Health, Human Services Agency, Secy	554.5	547.5
4100	State Council-Developmental Disabilities	81.0	81.0
4120	Emergency Medical Services Authority	121.0	115.0
4140	Dept Health Care Access and Information	824.7	824.0
4150	Department of Managed Health Care	807.0	763.0
4170	California Department of Aging	268.6	265.6
5195	State-Local Realignment, 1991	-	-
5196	State-Local Realignment, 2011	-	-

The Governor's FY2025/26 May Revise: 5195 – 1991 Realignment

7 Once you're in the [5195 1991 State-Local Realignment](#) section, you will find this table:

What Can We Infer? The Department of Finance revised the 2025-26 projection for 1991 Realignment downward in the May Revise by about \$7.1 million. While this is a small percentage change, it signals a slightly weaker outlook for the two revenue sources that fund 1991 Realignment – sales tax and vehicle license fees (VLF). The adjustment likely reflects updated economic assumptions, such as slower consumer spending or softer auto sales.

This update remains too high-level for us and doesn't provide the detailed line items you need for local budgeting.

EXPENDITURES				
The following table presents proposed and revised budget year expenditures for this Department.				
Expenditures	January Proposed*	May Revision*	Change*	% Change
Totals Expenditures (excluding Infrastructure)	\$7,770,591	\$7,763,481	\$-7,110	-0.09%
Infrastructure	\$-	\$-	\$-	-
Totals, All Expenditures	\$7,770,591	\$7,763,481	\$-7,110	-0.09%

Next, we'll go to the **Governor's January Budget** to find the granular figures you can use to forecast your county's 1991Realignment revenues.

8 Scroll down to the Additional Information section and click [Proposed Budget Detail - State-Local Realignment, 1991 \(January 2025\)](#)

Why Look at the FY2025/26 January Proposal and not the May Revise?

The state does not post the full 1991 or 2011 State-Local Realignment summaries with the May Revise – only with the January Governor's Budget Proposal on the eBudget site.

These summaries contain the exact figures we need to align with CBHDA's fiscal forecasting webinar materials. Since they aren't available in May, the [California State Association of Counties \(CSAC\)](#) produces its own summary with the same level of detail.

For this training, we'll focus on navigating the eBudget using the January Proposal. This will give us hands-on experience pulling official state budget figures and reconciling them with CBHDA's forecasting documents.

The Governor's FY2025/26 January Budget: 5195 – 1991 Realignment

Once you're viewing ebudget for [January 2025 Budget](#) you'll see this table:

Code	Program	Positions	Dollars*
4350	State-Local Realignment	-	\$7,770,591

9 Scroll down and click the [Entire 1991 State-Local Realignment in pdf format](#). This is what you'll find on page 3:

5195 1991 State-Local Realignment - Continued							
1991 Realignment Estimate at 2025 Governor's Budget							
Amount	CalWORKs MOE	Health	Social Services	Mental Health	Family Support	Child Poverty	Total
2025-26 State Fiscal Year (Projected)							
Base Funding							
Sales Tax Account	\$752,888	\$173,592	\$2,630,158	\$339,948	\$442,258	\$523,585	\$4,862,428
Vehicle License Fee Account	367,663	1,132,240	216,223	229,060	185,798	565,858	2,696,842
Subtotal Base	\$1,120,551	\$1,305,832	\$2,846,380	\$569,008	\$628,056	\$1,089,442	\$7,559,270
Growth Funding							
Sales Tax Growth Account:	\$-	\$3,601	\$105,949	\$7,303	\$-	\$8,606	\$125,460
Caseload Subaccount	-	-	(105,949)	-	-	-	(105,949)
General Growth Subaccount	-	(3,601)	-	(7,303)	-	(8,606)	(19,510)
Vehicle License Fee Growth Account	-	13,262	-	26,900	-	31,700	71,862
Subtotal Growth	\$-	\$16,862	\$105,949	\$34,204	\$-	\$40,306	\$197,322
Total Realignment 2025-26^{1/}	\$1,120,551	\$1,322,694	\$2,952,330	\$603,212	\$628,056	\$1,129,749	\$7,756,592

- This is the detailed view for the January proposed budget for FY2025-26.
- This view provides us with nearly all the 1991 Realignment budget inputs, the only one missing is the 5% of Support Services Account Growth projection.

The Governor's FY2025/26 January Budget: 5195 - 1991 Realignment

Tying to CBHDA's Fiscal Forecast Provided in February 2025

1991 Mental Health Realignment Estimated Revenues (Dollars in Millions)				
	23/24	24/25	25/26	26/27
Base Amount				
Mental Health (CalWORKS MOE Swap)	\$1,120.6	\$1,120.6	\$1,120.6	\$1,120.6
Mental Health Sales Tax Base	\$339.9	\$339.9	\$339.9	\$347.2
Mental Health Vehicle License Fee Base	\$149.8	\$195.9	\$229.0	\$255.9
Mental Health Vehicle License Fee Collections	<u>\$14.0</u>	<u>\$14.0</u>	<u>\$14.0</u>	<u>\$14.0</u>
Total Base	\$1,624.3	\$1,670.4	\$1,703.5	\$1,737.7
Growth in Base^{a/}				
Sales Tax	\$0.0	\$0.0	\$7.3	\$12.1
Vehicle License Fees	\$46.1	\$33.1	\$26.9	\$20.7
One-Time Growth^{a/}				
5% of Support Services Account Growth	\$0.0	\$9.9	\$9.4	\$7.5
Total	\$1,670.4	\$1,713.4	\$1,747.1	\$1,778.0

- There's the same 1991R figures we just viewed on the Governor's Budget.
- Now you know where you can find the projections for these four 1991R component inputs used by CBHDA on your own.
- The final piece of the 1991 Realignment puzzle is One-Time Growth—calculated as 5% of the Support Services Account. We'll find the amount that ties here as we go pull the figures we need for the 2011 Behavioral Health Subaccount.

This image is courtesy of CBHDA's [Behavioral Health Fiscal 101](#), hosted by Mike Geiss on February 13, 2025.

The Governor's FY2025/26 May Revise: 5196 – 2011 Realignment

10Returning to the Governor's May Revise, [Health and Human Services](#), scroll down to the Positions by Department, click the [5196 State-Local Realignment, 2011](#).

Expenditures	January Proposed*	May Revision*	Change*	% Change
Totals Expenditures (excluding Infrastructure)	\$6,938,586	\$6,685,105	\$-253,481	-3.65%
Infrastructure	\$-	\$-	\$-	-
Totals, All Expenditures	\$6,938,586	\$6,685,105	\$-253,481	-3.65%

Just like Fund 5195, we see that the May Revision is projecting lower revenues for the fund that supports the BH Subaccount.

The Governor's FY2025/26 May Revise: 5196 – 2011 Realignment

10(cont.) Scroll down and click [Proposed Budget Detail - State-Local Realignment, 2011 \(January 2025\)](#), then select [Entire 2011 State-Local Realignment in pdf format](#).

5196 2011 State-Local Realignment - Continued						
2011 Realignment Estimate at 2025 Governor's Budget*						
(\$ millions)						
	2023-24	2023-24 Growth	2024-25	2024-25 Growth	2025-26	2025-26 Growth
Law Enforcement Services	\$3,428.3		\$3,432.1		\$3,538.4	
Trial Court Security Subaccount	\$646.0	0.0	\$646.8	10.6	657.5	10.2
Enhancing Law Enforcement Activities Subaccount ¹	\$489.9	374.4	\$489.9	395.5	489.9	402.7
Community Corrections Subaccount	\$1,962.2	0.0	\$1,964.7	79.8	2,044.4	76.3
District Attorney and Public Defender Subaccount	\$81.4	0.0	\$81.5	5.3	86.8	5.1
Juvenile Justice Subaccount	\$248.9	0.0	\$249.2	10.6	259.8	10.2
Youthful Offender Block Grant Special Account	(235.1)		(235.4)		(245.5)	
Juvenile Reentry Grant Special Account	(13.7)		(13.8)		(14.3)	
Growth, Law Enforcement Services		374.4		501.8		504.4
Mental Health²	1,120.6	0.0	1,120.6	9.9	1,120.6	9.4
Support Services	5,287.2		5,293.9		5,481.6	
Protective Services Subaccount	3,060.4	0.0	3,064.3	88.9	3,153.2	85.0
Behavioral Health Subaccount	2,226.8	0.0	2,229.6	98.8	2,328.4	94.4
Women and Children's Residential Treatment Services	(5.1)		(5.1)		(5.1)	

Page 3 is where we get our 2011R inputs:

Base: \$2,328,400,000 + (\$5.1M) = \$2,323,300,000

The \$5.1M is a fixed amount diverted to the women + children's special account.

Growth: \$94,400,000

- The \$9.4M in green ties back to the CBHDA's 1991R.

The Governor's FY2025/26 May Revise: 5196 – 2011 Realignment

5196 2011 State-Local Realignment - Continued						
2011 Realignment Estimate at 2025 Governor's Budget*						
(\$ millions)						
	2023-24	2023-24 Growth	2024-25	2024-25 Growth	2025-26	2025-26 Growth
Law Enforcement Services	\$3,428.3		\$3,432.1		\$3,538.4	
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Behavioral Health Subaccount	2,226.8	0.0	2,229.6	98.8	2,328.4	94.4
Women and Children's Residential Treatment Services	(5.1)		(5.1)		(5.1)	

FY23/24

Base: \$2,226,800,000

Less: (\$5,100,000)

Growth: \$0.0

Equals: **\$2,221,700,000**

FY24/25

Base: **\$2,229,600,000**

Less: (\$5,100,000)

Growth: \$98,800,000

Equals: **\$2,328,400,000**

FY25/26

Base: **\$2,328,400,000**

Less: (\$5,100,000)

Growth: \$94,400,000

The Governor's FY2025/26 January Budget: 5196 – 2011 Realignment

Tying to CBHDA's Fiscal Forecast Provided in February 2025

2011 Realignment Behavioral Health Subaccount Estimated Revenues (Dollars in Millions)				
	23/24	24/25	25/26	26/27
Base Amount				
Total Base	\$2,221.7	\$2,224.5	\$2,323.3	\$2,417.7
Growth in Base^{a/}				
New Growth	\$0.0	\$98.8	\$94.4	\$80.0
Total	\$2,221.7	\$2,323.3	\$2,417.7	\$2,497.7

a/ Growth in base isn't known and distributed until the subsequent fiscal year.
Excluding Women and Children's Residential Treatment Services Special Account which is a fixed amount.

- There's the same 2011R figures we just viewed on the Governor's Budget.
- Now you know how to source the same figures the CBHDA uses for 1991R and 2011R during the post-January Budget proposal.
- The CSAC May Revise documents follow a similar format as the 5195 & 5196 summaries we just reviewed.

This image is courtesy of CBHDA's [Behavioral Health Fiscal 101](#), hosted by Mike Geiss on February 13, 2025.

Moving Our Focus to BHSF

Stepping Away from the Governor's Budget

The Governor's Budget & DHCS Fund 4260

The BHSF Inputs you Need for Budget Development

Navigating the Governor’s Budget to Fund 4260

On [ebudget](#) > [May Revision](#) > [Health and Human Services](#) > [4260 State Department of Health Care Services](#) > [Proposed Budget Detail - State Department of Health Care Services \(January 2025\)](#) > [Fund Condition Statements ONLY](#)

The path above will lead you to the DHCS Fund condition statements where a summary of BHSA figures for the coming year may be found.

Instead of leaning on this, let’s review an alternate method for creating or revising your BHSF budget that is a little easier to wrap our hands around.

	2023-24*	2024-25*	2025-26*
<u>3085 Behavioral Health Services Fund ^s</u>			
BEGINNING BALANCE	\$163,619	\$93,009	\$329,892
Adjusted Beginning Balance	\$163,619	\$93,009	\$329,892
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4116200 Personal Income Tax	2,619,899	3,231,341	3,585,650
4163000 Investment Income - Surplus Money Investments	51,877	38,553	38,553
4171400 Escheat - Unclaimed Checks, Warrants, Bonds, and Coupons	13	-	-
Transfers and Other Adjustments			
Revenue Transfer from Mental Health Services Fund (3085) to the Supportive Housing Program Subaccount, Mental Health Services Fund (3357) per Welfare and Institutions Code Section 5890(f)	-140,000	-140,000	-140,000
Total Revenues, Transfers, and Other Adjustments	\$2,531,789	\$3,129,894	\$3,484,203
Total Resources	\$2,695,408	\$3,222,903	\$3,814,095

Stepping Away from the Governor's Budget for BHSA Revenue

Navigate to the DHCS Forms and Publications [site](#) and find the MHSA Expenditure Report that pertains to the fiscal year you are updating – the title of this report will likely change in 2026 to “BHSA Expenditure Report”

Before we go further, Let’s check in on a few things:

- These reports are often released after the statewide budget is adopted. For example, the expenditure report for the 2025 Budget Act (FY2025/26), was released in October, 2025 – your county budget figures are due much sooner than this.
 - **What this means for you?** Continue to rely on the CBHDA TA webinars for your BHSA budget planning figures; if the January review is the latest one and you need budget development figures before the May review is scheduled, stick with January.
 - It’s not recommended to use the fund condition figures we saw on 4260 to create preliminary forecasts because the BHSF **is a complex fund**.
 - Use what you will learn here to update your current year revenue projections once the expenditure report is published.

The 2024 Budget Act Expenditure Report

The [Mental Health Services Act Expenditure Report](#) – Table on page 7

Personal Income Tax: All the revenues the State is forecasting will be earned by the 1% millionaire tax in a given fiscal year.

Interest Income Earned During Fiscal Year: Interest earned on MHSA fund balances during the year which adds a small but steady revenue boost.

Other Revenue: Miscellaneous receipts (e.g., adjustments, refunds) that are typically negligible for budgeting purposes.

Transfer to the Supportive Housing Program Subaccount (NPLH): Statutory transfer from MHSF to fund the NPLH program, it reduces available MHSA funds for behavioral health services – this will continue under BHSA.

Table 1: MHSA Estimated Total Revenue and Transfers 2024 Budget Act ¹ (Dollars in Millions)			
Revenue or Transfer	FY 2022-23	FY 2023-24	FY 2024-25
Personal Income Tax	\$3,047.5	\$2,619.9	\$2,922.6
Interest Income Earned During Fiscal Year	\$13.1	\$ 51.9	\$51.9
Other Revenue	\$0.2	\$0.0	\$0.0
Transfer to the Supportive Housing Program Subaccount (No Place Like Home)	-\$140.0	-\$140.0	-\$140.0
Anticipated Accrual Amount ²	[\$1,344.6]	[\$464.0]	[\$840.1]
Total Estimated Revenue³	\$2,920.9,8	\$2,531.8	\$2,834.4

Anticipated Accrual Amount: The amount the state expects to collect from the 1% tax but will not receive until two years after the fiscal year covered by this report. For example, the \$840.1 million anticipated shown for FY2024/25 here will not be deposited until FY 2026–27.

Using the MHSA Expenditures Report to Project Cash Transfers

METHODOLOGY

Cash Transfers: Personal Income Tax – Anticipated Accrual = Cash Transfer Projection for Budget

Annual Adjustment: Equal to the Accrual Amount from two FYs prior

Interest: Equal to the interest earned in current year

FY2024/25 statewide revenue estimate:

Cash Transfer Projection: \$2,922,600,000 - \$840,100,000 = \$2,082,500,000

Annual Adjustment: \$1,344,600,000

Interest: \$51,900,000

Total Statewide Estimate: \$3,479,000,000

Table 1: MHSA Estimated Total Revenue and Transfers 2024 Budget Act ¹ (Dollars in Millions)			
Revenue or Transfer	FY 2022-23	FY 2023-24	FY 2024-25
Personal Income Tax	\$3,047.5	\$2,619.9	\$2,922.6
Interest Income Earned During Fiscal Year	\$13.1	\$ 51.9	\$51.9
Other Revenue	\$0.2	\$0.0	\$0.0
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Anticipated Accrual Amount ²	[\$1,344.6]	[\$464.0]	[\$840.1]
Total Estimated Revenue³	\$2,920.9.8	\$2,531.8	\$2,834.4

There are still two more steps we need to perform before we arrive at our distributable statewide estimate.

BHSF Statewide Revenue Estimates, Less Administration and NPLH

In our example, the statewide total revenue estimate of \$3,479,000,000 still needs to be offset by (1) the state's administration, and (2) NPLH.

A note about the state's administrative offset: Under MHSA, the state is entitled to withhold a maximum of 5% for the cost of administering the funds. Moving into BHSA, this will change to 10% as of 7/1/2026.

Each fiscal year, DHCS releases a BHIN that includes the following budget information:

- Estimated Administrative Cap (5% max now, 10% max 7/1/26)
- Other Local Assistance Offsets (NPLH)
- County component allocation percentages (as a separate encl)
- For FY24/25, it's [BHIN 24-038](#)
 - For FY25/26, it's [BHIN 25-040](#)



BHIN 24-038: Completing our MHSA Expenditure Forecast

The BHIN reflects the statewide estimate we calculated earlier (with only minor rounding differences) and applies two offsets: (1) Administration and (2) No Place Like Home (NPLH).

Administration is listed at \$141.7 million. This isn't exactly 5% of \$3,478.9 billion, since 5% is a maximum cap – not a fixed percentage. If you look at previous BHINs, you'll see the administrative allocation rarely hits the full 5% of statewide revenue.

We also spotted an error in the estimated county distribution: instead of subtracting \$281.7 million from the statewide revenue estimate, the state added it. As careful analysts, we'll flag this with MHSA@DHCS.ca.gov and budget **\$3,197,200,000**, not **\$3,760,600,000**.

Behavioral Health Information Notice No: 24-038	
November 18, 2024	
Page 2	
POLICY:	
The methodology for the allocation schedule for FY 2024-25 is applicable only to the funding above the FY 2012-13 level, as agreed upon by DHCS and CBHDA. To determine the growth funding available in FY 2024-25, the total amount deposited in FY 2012-13 is subtracted from FY 2024-25 MHSA estimated distribution to the counties. For FY 2024-25, the estimated total MHSA distribution to counties is as follows:	
<u>FY 2024-25 MHSA Estimated Revenue (Millions)¹</u>	
Cash Transfers	\$ 2,082.4
Annual Adjustment (FY 2022-23)	\$ 1,344.6
Interest	\$ 51.9
Total	\$ 3,478.9
<u>FY 2024-25 MHSA Estimated Administration and Other Local Assistance (Millions)</u>	
Estimated Administrative Cap (5%)	\$ 141.7
No Place Like Home	\$ 140.0
Total	\$ 281.7
<u>FY 2024-25 MHSA Estimated Distribution to Counties (Millions)</u>	
Total Estimated Revenue	\$ 3,478.9
Less Total Estimated Administration and Other Local Assistance	\$ 281.7
Total	\$ 3,760.6

From Statewide to Application

Applying the County Allocations to Create MHSA, 1991R and 2011R Budgets

MHSA – County Allocation Percentages & Component Budgeting

For FY 2024-25 MHSA revenue forecasting, start with **\$3,197,200,000** and multiply it by your county's percentage from the 24-038, Encl 11: Component Allocation Percentages

Open the enclosure and find your county. Then calculate:

EXAMPLE

- County percentage: 1.268%
- Calculation: $\$3,197,200,000 \times 1.268\% = \$40,540,496$

Next, allocate this amount across the main MHSA components, Community Support Services (CSS), Prevention and Early Intervention (PEI), and Innovation (INN), following Welfare & Institutions Code §5892.

Starting July 1, 2026, counties must budget for the new components as follows:

- Request an exemption or component transfer, or
- Budget according to the new statutory requirements:
 - Full-Service Partnership (FSP): 35%
 - Behavioral Health Services and Supports (BHSS): 35%
 - Housing Interventions: 30%

2011R: County Allocation Percentages

The allocation percentage for each county isn't set by a fixed statutory formula. Instead, it's determined each year by the Department of Finance, in consultation with CSAC, under the authority of Government Code §§ 30029.6(a) and 30027.8(f).

Where to find it:

Navigate to State Controller's Office [Home](#) > [State and Local](#) > [Local Government](#) > [Apportionments](#):

- [Behavioral Health Subaccount](#) Base remittance advice by FY.
- [Behavioral Health Services Growth Special Account](#) Growth remittance advice by FY (when applicable).

State Controller's Office

Remittance Advice

Behavioral Health Subaccount

Claim Schedule: 2300546A

Issue Date: November 18, 2024

Fiscal Year: 2023-2024

Collection Period: August 16, 2023 - August 15, 2024

Description: Government Code sections 30027.8 (f) and 30029.6 (a).

Per schedule from the Department of Finance.

To be deposited in the County Local Revenue Fund 2011, Behavioral Health Subaccount.

For assistance, please contact Marlee Nunez at 916-322-8733 or at MNunez@sco.ca.gov.

County	Percentage
Alameda County Treasurer	4.97911984%
Alpine County Treasurer	0.01153348%
Amador County Treasurer	0.06890812%
Butte County Treasurer	0.92287379%
Calaveras County Treasurer	0.10221667%
Colusa County Treasurer	0.10275834%
Contra Costa County Treasurer	2.74434235%
Del Norte County Treasurer	0.10998627%

1991R: County Allocation Percentages

The base allocation percentage for each county is fixed using a statutory formula. It is determined by the 1991 legislation, and the distribution is managed by the Department of Finance.

Mental Health Sales Tax (1991 Base Allocation)

- Each county receives a fixed base amount, determined by a percentage set back in **1991**. This percentage hasn't changed in **over three decades**, so today's allocations still reflect historical county expenditures for mental health managed care and related services at the time of realignment.

Retrieving your Allocation Percentages:

Navigate to State Controller's Office [Home](#) > [State and Local](#) > [Local Government](#) > [Apportionments](#) > [Health and Welfare Realignment](#) > select the fiscal year of interest.

Let's use [Fiscal Year 2023-2024](#):

- [Mental Health \(Sales Tax\)](#)
- [Mental Health Sales Tax Base](#)
- [Mental Health Vehicle License Fees Base](#)
- [Vehicle License Fees Collection for Mental Health](#)

What to Budget

Plan for the Base; Growth Is Uncertain

1991 REALIGNMENT	2011 REALIGNMENT
<input checked="" type="checkbox"/> Mental Health Sales Tax (1991 Base Allocation)	<input checked="" type="checkbox"/> Behavioral Health Subaccount Base
<input checked="" type="checkbox"/> Mental Health Sales Tax Base	<input checked="" type="checkbox"/> Behavioral Health Services Growth Special Account
<input checked="" type="checkbox"/> Mental Health VLF Base	
<input checked="" type="checkbox"/> Mental Health VLF Growth	
<input checked="" type="checkbox"/> “5% Social Services Growth” (anything over 5% of sales tax growth will come to county MH)	

Applying County Allocations and Budgeting

CBHDA FY2025/26 February, 13, 2025 Presentation												
1991 Mental Health Realignment Estimated Revenues (Dollars in Millions)					2011 Realignment Behavioral Health Subaccount Estimated Revenues (Dollars in Millions)							
23/2424/2525/26					23/2424/2525/26							
Base Amount					Base Amount							
Mental Health (CalWORKS MOE Swap)	\$1,120.6	\$1,120.6	\$1,120.6		Total Base	\$2,221.7	\$2,224.5	\$2,323.3				
Mental Health Sales Tax Base	\$339.9	\$339.9	\$339.9		Growth in Base ^{a/}							
Mental Health Vehicle License Fee Base	\$149.8	\$195.9	\$229.0		New Growth	\$0.0	\$98.8	\$94.4				
Mental Health Vehicle License Fee Collections	\$14.0	\$14.0	\$14.0		Total	\$2,221.7	\$2,323.3	\$2,417.7				
Total Base	\$1,624.3	\$1,670.4	\$1,703.5									
CBHDA Projection + County Allocation: 1991R Budget					CBHDA Projection + County Allocation: 2011 Budget							
Base		FY2025/26 Statewide	County A's Allocation	FY2025/26 Budget	Base		FY2025/26 Statewide	County A's Allocation	FY2025/26 Budget			
Mental Health Sales Tax (CalWORKS MOE Swap)	1,120,600,000	1.325%	14,844,030		BH Subaccount Base (2011R Base)	2,323,300,000	2.744%	63,751,352				
Mental Health Sales Tax Base	339,900,000	1.408%	4,786,980									
Mental Health Vehicle License Fee Base	229,000,000	1.408%	3,225,120		County Distribution: Local Share of 2011R for MH			84.19%	53,672,263			
Mental Health Vehicle License Fee Collections	14,000,000	2.495%	349,350		County Distribution: Local Share of 2011R for SUD			15.81%	10,079,089			
Total Base	1,703,500,000	-	23,205,480		Total	-	63,751,352					

County's must use and distribute their BH Subaccount funds per [Government Code § 30025\(f\)\(16\)\(B\)](#) across MH and SUD.

1991 Realignment

What Every Budget Analyst Needs to Know

Offsets Impacting 1991R Budgeting

- Outside of a county's electable offset for their IGT, there are two reoccurring offsets which impact the way you need to budget for 1991R:
 - State Managed Care Offset
 - Department of State Hospital
- Under W&I Code 17612.1–17613.4 in [Article 12](#) and [13](#), the State Controller can reduce or withhold a county's 1991 Realignment funds to recover state costs for realigned programs, such as State Hospital placements or Medi-Cal Managed Care (inpatient services).

State Controller's Office

Remittance Advice

Allocation of Local Health and Welfare Realignment, Mental Health Sales Tax

Claim Schedule: 2300517A

Issue Date: August 27, 2024

Fiscal Year: 2023-2024

Collection Period: July 16, 2024 - August 15, 2024

Description: Welfare and Institutions Code (W&I) section 17601.25(c). To be deposited in Local Health and Welfare Trust Fund-Mental Health Account. City/County match to the Mental Health Account is required

pursuant to W&I section 17608.05(a). For State Hospital and Community Mental Health Allocation.

More information at http://www.sco.ca.gov/ard_local_apportionments.html

For assistance, please contact Mike Silvera at 916-323-0704 or at MSilvera@sco.ca.gov.

Program Gross Allocation: \$93,379,252.00

City/County	Rate	Gross Amount	State Hospital Offset July 2024	Managed Care Offset 7-17-24 through 8-16-24	Payment Amount	Year To Date
Alameda County Treasurer	0.047018175	\$4,390,522.01	\$390,848.00	\$331,965.57	\$3,711,132.44	\$36,702,479.22
Alpine County Treasurer	0.000188183	\$17,572.39	\$0.00	\$3,092.50	\$14,479.89	\$206,576.03

1991 Realignment Offset: Managed Care

You will find your county's Managed Care Offset backup in the [DHCS Application Portal](#)

- Someone in your department is responsible for requesting DHCS Application Portal credentials for the team. If you need access, find out who it is and coordinate with them to get a login.

The backup will include these fields:

CIN, BeneFirstName, BeneLastName, TarCntrlNumber, SVCFromDate, HospNPIHospName, TotalPaidAmount, FFPAmount, SGFAmount, CountyAmount, AIDCode, PregnancyInd, EmergencyInd

How do you reconcile this backup?

- Review the listed clients to confirm they are your county's beneficiaries.
- Cross-reference your local TAR log to ensure each service was approved and eligible for reimbursement.
- Make sure the County Amount aligns with the client's Aid Code.

If you find an issue with the client charges on your backup, reach out to MedCCC

1991 Realignment Offset: Managed Care (cont.)

CIN	TarCntrlNumber	SVCFromDate	HospNPI	HospName	TotalPaidAmount	FFPAmount	SGFAmount	CountyAmount	AIDCode
		1/1/2024	1467413708	KAWEAH DELTA DIST HOSP	\$ 8,568	\$ 7,711	\$ 857	\$ -	M1
		1/2/2024	1467413708	KAWEAH DELTA DIST HOSP	\$ 5,712	\$ 5,141	\$ 571	\$ -	M1
		1/3/2024	1851381990	ST HELENA HOSPITAL	\$ 10,326	\$ 5,163	\$ -	\$ 5,163	P5
		1/4/2024	1700259165	BAKERSFIELD BEHAVIORAL	\$ 11,136	\$ 5,568	\$ -	\$ 5,568	P5
		1/5/2024	1467413708	KAWEAH DELTA DIST HOSP	\$ 37,128	\$ 18,564	\$ -	\$ 18,564	60
		1/6/2024	1508252149	SJBH LLC	\$ 11,202	\$ 5,601	\$ -	\$ 5,601	P5
		1/7/2024	1922015833	SEVENTH-DAY ADVENTISTS	\$ 8,800	\$ 4,400	\$ -	\$ 4,400	32
		1/8/2024	1447604814	SUTTER BAY HOSPITALS	\$ 5,253	\$ 2,626	\$ -	\$ 2,626	60
		1/9/2024	1467413708	KAWEAH DELTA DIST HOSP	\$ 11,424	\$ 10,282	\$ 1,142	\$ -	M1
		1/10/2024	1467413708	KAWEAH DELTA DIST HOSP	\$ 5,712	\$ 2,856	\$ -	\$ 2,856	M9
		1/11/2024	1891841722	GOOD SAMARITAN HOSP	\$ 21,725	\$ 19,553	\$ 2,173	\$ -	M1
		1/12/2024	1467413708	KAWEAH DELTA DIST HOSP	\$ 7,140	\$ 3,570	\$ -	\$ 3,570	M3
		1/13/2024	1467413708	KAWEAH DELTA DIST HOSP	\$ 47,124	\$ 42,412	\$ 4,712	\$ -	M1
		1/14/2024	1467413708	KAWEAH DELTA DIST HOSP	\$ 18,564	\$ 16,708	\$ 1,856	\$ -	M1

	Verify the client is your county's
	Ensure the TAR was approved
	Validate the county's share based on the client's aid code

1991 Realignment Offset: Department of State Hospitals

How do you reconcile this backup?

- The DSH posts the backup, or county Use Statements, to a portal. Reach out to DSHSacTrustOffice@dsh.ca.gov for more information about how to retrieve your monthly DSH Use Statements which inform the SCO's DSH offset.
- Once you receive the backup, review the clients listed to verify they are your county's responsibility.

If you find an issue, reach out again to DSHSacTrustOffice@dsh.ca.gov to learn about the necessary steps to have the situation corrected.

Budgeting 1991R with these Offset in Mind

Recommended Budgeting Approach to Address 1991R Offsets		
Budget Lines	Budget	Comments
Revenue Budget		
Rev Code: 1991R	(23,205,480)	Budget your full 1991R forecast
Expense Budget		
Exp. Object: SMCO	4,500,000	Budget your forecasted SMCO (MC + DSH)

Why two entries when we could just budget 1991R as \$18,705,480 (\$23,205,480 - \$4,500,000)?

- **Transparency:** Displaying both figures makes it clear where the money comes from and why it's reduced, helping stakeholders see the true size of the funding stream and the impact of the offset.
- **Audit & Compliance:** Accounting standards (like GAAP for governments) require gross reporting of revenues and related deductions. Offsets are separate obligations – not reductions in entitlement.
- **Better Analysis and Forecasting:** Showing the full revenue preserves historical comparability and lets you track trends in both revenue and offsets over time.
- **Internal Controls:** Separating revenue and offsets makes it easier to reconcile State Controller's Office (SCO) distributions and DHCS recoupment notices.

Budgeting 1991R: A Final Note



- Other offsets may take place which reduce specific components of your 1991R (i.e., VLF Base, MH Sales Tax, etc.). For example:
 - On August 8, 2018, the United States Department of Health and Human Services Office of Inspector General (OIG) released a report, titled “California Claimed Millions of Dollars in Unallowable Federal Medicaid Reimbursement for Specialty Mental Health Services.” The report recommended that California refund **\$180,689,611** to the federal government.
 - The offsets were scheduled to take place annually from counties’ 1991 Realignment Mental Health Subaccount, specifically from the Vehicle License Fee (VLF) Account.
 - In FY 2021-22, the state identified incorrect claiming and reimbursement that occurred on certain fee-for-service Medi-Cal psychiatric inpatient claims.
 - Recoupments for affected counties will be offset against the 1991 Realignment account. The initial offset began in February 2025 and included both the January and February amount at once. This offset is included on the County Monthly Offset Detail Report that is uploaded in the DHCS portal monthly.
- Reach out to BHFSOps@DHCS.ca.gov for additional information regarding any such offsets.

Q&A

CalMHSA

Thank You!

Ryan Caceres

Director of Behavioral Health Financing
BHFA@calmhsa.org

CalMHSA