



County of Monterey

Item No.19

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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July 07, 2026

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Adopt a Resolution to:

- a. Receive a report regarding funded partners impacted by the passage of Proposition 1 and the implementation of the Behavioral Health Services Act (BHSA) starting July 1, 2026;
- b. Authorize and direct the Auditor-Controller to amend the Health's Fiscal Year (FY) 2026-27 Adopted Budget by increasing appropriations in fund-unit (1310 - Behavioral Health, 400005 - Behavioral Health) in the amount of \$580,000 to provide support to three identified providers that previously relied on Mental Health Services Act (MHSA) Prevention and Early Intervention (PEI) funding administered by the County (Alliance on Aging \$177,993 Center for Community Advocacy \$182,332 and The Village Project \$219,675) financed by an operating transfer from General Fund-Contingencies (1001-105011) (4/5ths vote required); and
- c. Provide direction to staff regarding potential next steps related to gap funding for impacted partners.

RECOMMENDATION:

It is recommended that the County of Monterey Board of Supervisors adopt a resolution:

- a. Receive a report regarding funded partners impacted by the passage of Proposition 1 and the implementation of the Behavioral Health Services Act (BHSA) starting July 1, 2026;
- b. Authorize and direct the Auditor-Controller to amend the Health's Fiscal Year (FY) 2026-27 Adopted Budget by increasing appropriations in fund-unit (1310 - Behavioral Health, 400005 - Behavioral Health) in the amount of \$580,000 to provide support to three identified providers that previously relied on Mental Health Services Act (MHSA) Prevention and Early Intervention (PEI) funding administered by the County (Alliance on Aging \$177,993 Center for Community Advocacy \$182,332 and The Village Project \$219,675) financed by an operating transfer from General Fund-Contingencies (1001-105011) (4/5ths vote required); and
- c. Provide direction to staff regarding potential next steps related to gap funding for impacted partners.

SUMMARY:

In March 2024, California voters approved Proposition 1, enacting the Behavioral Health Services Act (BHSA) and restructuring the state's behavioral health financing and service delivery system. The BHSA modifies the prior Mental Health Services Act (MHSA) framework and introduces revised funding structures, planning requirements, and accountability standards for counties.

As part of this restructuring, prevention-related activities are now supported through a statewide Population-Based Prevention component administered by the California Department of Public Health (CDPH), reflecting a realignment in the administration of prevention services. These changes have direct impacts on local providers in Monterey County that previously relied on MHSA Prevention and Early Intervention (PEI) funding administered by the County.

DISCUSSION:

Under the former MHSA framework, counties received PEI funding and had local discretion to contract with community-based organizations to provide prevention services based on community needs, priorities, and funding availability. With the implementation of the BHSA, prevention funding was restructured into a statewide Population-Based Prevention component administered by CDPH. As a result, counties no longer receive these prevention funds directly, and local prevention providers that previously received MHSA-funded contracts through Monterey County are now required to seek alternative funding opportunities through CDPH or other funding sources.

The County of Monterey Health Department Behavioral Health Bureau (Bureau) anticipated that BHSA implementation would result in changes to Prevention funding and service structures. In response, the Bureau implemented proactive engagement efforts with impacted providers to support communication and transition planning.

Beginning in 2024, the Bureau engaged services providers through ongoing BHSA-related stakeholder meetings and planning efforts to communicate anticipated changes associated with BHSA implementation. In January and February 2026, the Bureau conducted individual meetings with all 22 entities impacted by BHSA-related funding changes. These meetings provided early notification of anticipated funding transitions, clarification of implementation timelines and program implications, and identification of concerns related to service continuity and sustainability. The 22 providers represented a range of community-based organizations delivering prevention-focused services, as well as Specialty Mental Health Services, training and consultation, home visiting and mental health awareness programs. Services include outreach, education, stigma reduction, suicide prevention, youth engagement, peer support, and culturally responsive behavioral health programs throughout Monterey County.

On February 19, 2026, following these individual meetings, the Bureau convened a meeting with the impacted providers to share information regarding potential funding opportunities and facilitate peer discussion among providers navigating similar transitions. Some providers also shared early experiences related to identifying and securing alternative funding sources to sustain prevention services.

These engagement efforts were conducted as part of the County's broader BHSA Community Program Planning process and ongoing stakeholder engagement activities supporting BHSA implementation.

During County of Monterey Board of Supervisors (Board) meetings, including Fiscal Year 2026-27 Budget Hearings and updates on BHSA implementation, the Board requested information regarding the impacts of BHSA-related funding changes on impacted providers. Specifically, the Board inquired whether providers have been able to secure alternative funding sources to sustain services following the implementation of Proposition 1.

At the June 16, 2026, Board meeting, during which the BHSA Integrated Plan was approved, the Board directed County Administrative Office (CAO) and Bureau staff to review the list of impacted

providers and programs to identify those that may be eligible for potential gap funding. The review was to focus on Prevention Services that are being eliminated and will not be contracted in FY 2026-27, as well as programs serving older adults, youth, particularly populations identified in the BHSA Integrated Plan as underserved, and family advocacy services. Staff were further directed to return to the Board on July 7, 2026, with findings and recommendations for the Board's consideration.

Following the Board's direction on June 16, 2026, Bureau staff met with CAO staff to review impacted providers and evaluate potential funding options. Based on the Board's identified criteria, staff reviewed all impacted providers and programs and identified three providers: Alliance on Aging, Center for Community Advocacy, and The Village Project for partial one-time funding. These providers serve populations and provide services aligned with the Board's priorities, including older adults, youth, underserved communities, and family support services, and would otherwise experience full funding elimination as a result of BHSA implementation. The proposed funding is intended to provide limited gap funding support and does not fully replace the funding previously available under the MHSA PEI component.

RECOMMENDATION FOR BOARD CONSIDERATION

Staff recommends that the Board approve one-time General Fund contingency funding totaling \$580,000 to support the three identified providers for FY 2026-27 as follows: Alliance on Aging (\$177,993), Center for Community Advocacy (\$182,332), and The Village Project (\$219,675). In developing this recommendation, staff also considered the significant fiscal pressures facing both the County and the behavioral health system, including Federal Financial Participation (FFP) revenue trends that have stabilized compared to prior fiscal years, required implementation of Behavioral Health Services Act (BHSA) Evidence-Based Practices (EBP), increasing demand for acute / sub-acute mental health placements, the anticipated transition of Mobile Crisis services from a mandated to an optional benefit requiring local funding decisions, the expiration of Behavioral Health Bridge Housing grant funding in 2027, ongoing CARE Act implementation costs, and other Specialty Mental Health Service obligations supported by Realignment funding. Balancing these competing priorities while minimizing disruptions to prevention-related services, staff recommends the use of approximately \$580,000 in one-time contingency funding to support these providers for FY 2026-27. Funding agreements would include provisions requiring providers to actively pursue alternative state, federal, philanthropic, and other funding opportunities during the funding period to support long-term sustainability beyond the temporary County investment.

This work supports the County of Monterey Health Department 2025-2028 Strategic Plan Goal: 4) Deepen Organizational Effectiveness and Support Long-Term Sustainability. It also supports the following of the ten Essential Public Health Services, specifically: 5) Develop policies and plans that support individual and community health efforts.

OTHER AGENCY INVOLVEMENT:

Prevention Services providers and community-based organizations have participated in ongoing BHSA-related stakeholder engagement activities, including individual meetings, group convenings, and broader community planning processes facilitated by the Bureau. This report and recommended Board action were developed in collaboration with the CAO.

FINANCING:

This report includes a recommendation for one-time General Fund contingency funding in the amount of \$580,000 for FY 2026-27. If the Board approves the recommended action, the next steps would include processing the necessary budget amendment requests to appropriate and allocate funds to support the three identified providers. Should the Board provide additional direction regarding the scope or structure of funding, staff would incorporate that direction into the implementation and return with any required revisions or adjustments for Board consideration.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:

This item supports the Board of Supervisors' Strategic Goal of Well-Being and Quality of Life by supporting coordinated behavioral health system planning, monitoring the impacts of BHSA implementation, and promoting continuity of prevention-related services through community and provider engagement.

Mark a check next to the related Board of Supervisors Strategic Plan Goals:

- Well-Being and Quality of Life
- Sustainable Infrastructure for the Present and Future
- Safe and Resilient Communities
- Diverse and Thriving Economy
- Dynamic Organization and Employer of Choice

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Attachments:

- Board Report
- Attachment A - Board Resolution
- Attachment B - Impacted partners list
- Attachment C - Presentation