



County of Monterey

Item No.

Board Report

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

Legistar File Number: BC 25-073

August 28, 2025

Introduced: 8/11/2025

Current Status: Agenda Ready

Version: 1

Matter Type: Budget Committee

Receive a report on the Mental Health Services Act (MHSA) fund balance.

RECOMMENDATION:

It is recommended that the Budget Committee of the Board of Supervisors:
Receive a report on the Mental Health Services Act (MHSA) fund balance.

SUMMARY/DISCUSSION:

At the October 2019 Budget Committee (BC) meeting, the County of Monterey Health Department's Behavioral Health Bureau (Bureau) presented an overview of Proposition 63, the Mental Health Services Act (MHSA), and the status of MHSA reserves. During the presentation, staff indicated that new developments affecting the MHSA fund balance would be presented to the Budget Committee, which occurred during the January 2020 meeting. At this meeting, the Budget Committee requested quarterly reports on the MHSA fund balance. At the June 30, 2021, meeting, the Committee moved to a semiannual report. This report serves as the most recent update on the fund balance, additional information regarding the MHSA, and potential impacts on the fund balance.

In addition to the quarterly/semiannual reports to BC, on March 1, 2022, the Board of Supervisors (BOS) submitted Referral No. 2022.11 requesting a comprehensive presentation from the Bureau on the current uses of MHSA funds, an expenditure plan to utilize reserve funds and annual updates to the BOS on expenditures and effectiveness of MHSA funded services and strategies. The comprehensive presentation was first brought to the BC at its April 25, 2022, meeting and subsequently to the BOS at its June 21, 2022, meeting, with annual updates to be presented in the future, as requested by the BOS. Although Referral No. 2022.11 has been closed, the Bureau continues to provide updates to the BOS on MHSA and Proposition 1, with the most recent update provided at the November 12, 2024, meeting.

FY 2023-24 In Review

During our January 2025 report, the Bureau reported FY 2023-24 preliminary figures, noting that the Annual Revenue and Expenditure Report (ARER) had yet to be submitted to the California Department of Health Care Services (DHCS). The beginning MHSA fund balance was \$19,271,782, with budgeted revenues of \$39,894,716 and matching expenditures of \$39,894,716. Final FY 2023-24, revenues received exceeded projections by \$2,799,184, for total final revenues of \$42,693,901. After the submission and approval of the Annual Revenue and Expenditure Report (ARER) to the Department of Health Care Services (DHCS), the expenditures for the year totaled \$40,317,657, reflecting a continued increase in service demand across all components from the previous fiscal year. This activity resulted in an ending fund balance of \$21,648,026, an increase of

\$2,376,244 from the beginning balance. Please reference Attachment A, Table 1, and Graph 1.

FY 2023-24 Reversion Risk

For FY 2023-24, the Bureau identified \$1,178,652 in Prevention and Early Intervention (PEI) funds at risk of reversion if not spent by June 30, 2024. As previously reported, these funds have been spent and were not reverted.

FY 2024-25 Budget and Forecast

For FY 2024-25, the beginning fund balance was \$21,648,026. Revenues, at the time of budget submission, were anticipated at \$29,279,500 and expenditures at \$32,774,197 for a projected ending fund balance of \$18,153,329. As we near the close of FY 2024-25, revenue projections have been revised to approximately \$44,179,297. The increase in revenue is primarily due to a strong two-year true-up from FY 2022-23. Expenditures have also been revised to \$47,609,058 for a projected ending fund balance of \$18,218,265. This represents a decrease of approximately \$3,429,761 from the beginning fund balance. Please reference Attachment A, Table 2, and Graph 2.

FY 2024-25 Reversion Risk

For FY 2024-25, the Bureau identified \$4,543,738 in PEI funds at risk of reversion if not spent by June 30, 2025. As of the day of this report, these funds have been spent and will not be reverted.

FY 2025-26 Budget

The Bureau's approach to maximizing services to the community, leveraging MHSA funds, continues into FY 2025-26. The Bureau projects an initial fund balance of \$18,218,265 and budgeted revenues and expenditures of \$31,366,168 and \$31,513,603, respectively, for an estimated decrease in ending fund balance of \$147,435 from \$18,218,265 to \$18,070,829. Please reference Attachment A, Table 3, and Graph 3.

The Bureau will continue to monitor all funding streams closely and will adjust where necessary as soon as the need is identified. The Bureau will apprise the Budget Office of these developments and will seek its collaboration on any required actions.

OTHER AGENCY INVOLVEMENT:

No other departments were involved.

FINANCING:

There will be no impact on the General Fund from receiving this report.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

☐ Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

☒ Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.

☒ Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services, promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

☐ Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

☐ Public Safety:

- Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

Prepared by: Fabricio Chombo, Assistant Bureau Chief (WOC), 755-4578

Approved by: Elsa Mendoza Jimenez, Director of Health Services, 755-4526

Attachment(s)

Staff Report

Attachment A - Tables 1 - 3 and Graphs 1 - 3