DHCS
CALIFORNIA DEPARTMENT OF
HEALTH CARE SERVICES
Michelle Baass | Director

DATE: November 18, 2025

Behavioral Health Information Notice No: 25-040

TO: California Alliance of Child and Family Services
California Association for Alcohol/Drug Educators
California Association of Alcohol & Drug Program Executives, Inc.
California Association of DUI Treatment Programs
California Association of Social Rehabilitation Agencies
California Consortium of Addiction Programs and Professionals
California Council of Community Behavioral Health Agencies
California Hospital Association
California Opioid Maintenance Providers
California State Association of Counties
Coalition of Alcohol and Drug Associations
County Behavioral Health Directors
County Behavioral Health Directors Association of California
County Drug & Alcohol Administrators

SUBJECT: Mental Health Services Act (MHSA) Allocation and Methodology for Fiscal Year (FY) 2025-26

PURPOSE: To communicate the allocation schedule the Department of Health Care Services (DHCS) provided to the State Controller's Office (SCO), describe the methodology used to determine those allocation schedules, and provide the amount of money the Governor's budget has estimated will be available in the Mental Health Services Fund.

REFERENCE: Welfare and Institutions (W&I) Code Section 5891 (c).

BACKGROUND:
DHCS developed this allocation schedule using a methodology established in FY 2005-06 by the former Department of Mental Health, in consultation with the County Behavioral Health Directors Association of California (CBHDA). In FY 2015-16, DHCS amended the methodology by removing the uninsured population as a factor. The criteria and data sources used to establish the allocation schedule for FY 2025-26 remain the same as in prior years. However, the data has been updated to the most current available.

W&I Code Section 5891(c) requires DHCS to provide the SCO a schedule for the distribution of funds from the Mental Health Services Fund to each local county Mental

Health Service Fund monthly. DHCS transmitted the FY 2025-26 schedule to SCO on August 1, 2025, for the purpose of distributing these funds.

POLICY:
The methodology for the allocation schedule for FY 2025-26 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 2025-26, the total amount deposited in FY 2012-13 is subtracted from FY 2025-26 MHSA estimated distribution to the counties. For FY 2025-26, the estimated total MHSA distribution to counties is as follows:

FY 2025-26 MHSA Estimated Revenue (Millions)[1]	
Personal Income	$ 3,633.5
Interest Income Earned During Fiscal Year	$ 45.3
Other Adjustments	$ 0
Transfer to Supportive Housing Program Subaccount (NPLH)	$ (140.0)
Total Resources in State Directed Cap	$ 3,538.8

Estimated Growth Funding Available (Millions)	
FY 2025-26 Estimated Distribution to Counties	$ 3,538.8
Less FY 2012-13 Total Distribution to Counties	$ (1,589.6)
Total	$ 1,949.2

DHCS developed the FY 2025-26 allocation schedule in two phases. The first phase involved calculating a need for services for each county based on each county's share of the state population, population at poverty level and prevalence of mental illness in each county. The second phase involved adjusting the need for services, based on the cost of being self-sufficient in each county and other resources available to each county.

Minimum Funding for Small Counties

To provide a minimum level of funding for less populous counties, DHCS established a Minimum Component Allocation for each component based on recommendations from CBHDA. The Minimum Component Allocation represented the minimum amount of funding to be made available to each county should the formula described below result in a lower amount. Based on current funding levels, there is enough funding to meet the minimum requirements listed below.

[1] DHCS Reports to the Legislature

1. Community Services and Supports: $250,000 is the minimum amount available to each county with a population of less than 20,000; $350,000 is the minimum amount available to all other counties.

2. Prevention and Early Intervention: $100,000 is the minimum amount available to each county.

3. Innovation: No minimum amount. Component Allocations for Innovation were based on the relative share of total Community Services and Supports (CSS) and Prevention and Early Intervention (PEI) Component Allocations provided to each county, to be consistent with W&I Section 5892(a)(6), in which funding utilized for innovative work plans is a proportion of CSS and PEI funding.

Berkeley City and Tri-City

The allocations for the two city-operated programs (Berkeley City and Tri-City) were based solely on the percent of estimated statewide population in the area served by each city in 2025.

Phase One – Need for Services (Enclosures 1, 2, and 3)

A County's need for services is based on three factors, which include a county's share of the total state population, a county's share of the population most likely to apply for services, and a county's share of the population most likely to access services. Because current data is not available for many of these factors, DHCS used the rate of change in the state's population to update the factors.

Enclosure 1 displays the data used to calculate the total need for services for each county.

Enclosure 2 displays the data for the population most likely to apply for services.

Enclosure 3 displays data for the population most likely to access services.

Phase Two – Adjustments

Total Need was adjusted by two factors: Self-Sufficiency and Resources available in each county.

Self-Sufficiency (Enclosures 4 and 5)

Enclosure 4 displays the cost of being self-sufficient in each county relative to the statewide average as reported through The Self-Sufficiency Standard for California 2021.

Enclosure 5 displays the data used to calculate the self-sufficiency adjustments to the need for services in each county.

Resources (Enclosures 6 through 10)

Enclosure 6 displays Mental Health Resources available to counties in FY 2023-24.

DHCS adjusted each county's total need adjusted for self-sufficiency by resources available to the county in FY 2023-24. The specific adjustment depended upon the category into which a county fell.

Option 1: Revised Need Greater than Resources (Enclosure 7)

Option 2: Resources Greater than Two Times Revised Need (Enclosure 8)

Option 3: Resources between One and Two Times the Revised Need (Enclosure 9)

Revised Need Adjusted by Resources (Enclosure 10)

Enclosure 10 displays the revised need adjusted by resources, as determined in Enclosures 7, 8, and 9.

Component Allocation Percentage (Enclosure 11)

Enclosure 11 explains the FY 2025-26 component allocation percentage for each county.

Allocation Schedule (Enclosure 12)

SCO distributes funding each month to counties based on an allocation schedule. Enclosure 12 displays the FY 2025-26 allocation percentage by county.

Additional information and detail of calculations are provided on the first tab of enclosure documents. Please send any questions regarding this Behavioral Health Information Notice to MHSA@dhcs.ca.gov.

Sincerely,

Marlies Perez, Chief
Community Services Division

Enclosures (12)