



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Health Services Agency

Subject: Health Services Agency Behavioral Health Budget Correction and Resolution to Accept State Realignment/Vehicle License Fee Revenue

Meeting Date: June 24, 2025

Formal Title: Adopt resolution accepting unanticipated State Realignment/Vehicle License Fee revenue in the amount of \$987,434 for inpatient mental health services in the Health Services Agency Behavioral Health Division budget for Fiscal Year 2025-26

Recommended Actions

Adopt a resolution to accept and appropriate unanticipated State Realignment/Vehicle License Fee revenue in the amount of \$987,434 for inpatient mental health services in the Health Services Agency Behavioral Health Division budget for Fiscal Year 2025-26.

Executive Summary

The Health Services Agency (HSA) Behavioral Health Division (BHD) initially reduced its Fiscal Year (FY) 2025-26 budget for inpatient mental health services, mistakenly classifying them as non-mandated indigent services. These expenses are now being restored and offset by \$987,434 in newly identified State Realignment/Vehicle License Fee revenue, based on updated information from the California Governor's May Revision to the FY 2025-26 Proposed Budget.

Discussion

HSA BHD's original FY 2025-26 budget submission included a significant reduction in inpatient mental health service expenditures that were initially identified as non-mandated indigent services, as detailed in HSA's major budget changes under indigent and uninsured treatment services. However, it was later determined that these expenditures were misidentified as non-mandated indigent services and should not have been reduced from the original budget submission. As mandated services for eligible low-income adults, they are now being restored.

To offset this restoration of expenditures, information received since the initial submission of HSA BHD's budget, particularly the Governor's May budget revision, revealed additional available State Realignment/Vehicle License Fee revenue in the amount of \$987,434, which is being added to HSA BHD's FY 2025-26 budget to offset the restoration of the erroneously reduced expenditures.

Financial Impact

The AUD-60 resolution accepts unanticipated revenue in the amount \$987,434 under GL Key 363101/40471 and appropriates into GL Key 363140/64027 for inpatient mental health services. No additional County General Fund contribution is needed or requested.

Strategic Initiatives

Operational Plan - Comprehensive Health & Safety

Submitted By:

Jennifer Herrera, Interim Director of Health Services

Recommended By:

Carlos J. Palacios, County Executive Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.