



April 30, 2026

The Honorable Caroline Menjivar
Chair, Senate Budget & Fiscal Review Subcommittee No. 3
1021 O Street, Suite 6630
Sacramento, CA 95814

RE: Behavioral Health Services Act Revenue and Stability TBL – Oppose Unless Amended

Dear Senator Menjivar,

On behalf of the California State Association of Counties (CSAC), Urban Counties of California (UCC) and the Rural County Representatives of California (RCRC), we write to respectfully oppose the Administration's Behavioral Health Services Act (BHSA) Revenue and Stability trailer bill proposal.

The Governor's Budget proposes trailer bill language to implement the Department of Health Care Services' Behavioral Health Services Act Revenue Stability Workgroup Report, published in May 2025. Among other things, the proposal establishes a county minimum spending requirement and modifies the limits and accessibility of county prudent reserves, however, it does not entirely align with the recommendations of the workgroup.

CSAC is opposed to the proposed trailer bill language, unless it is amended as follows:

- Maintain existing BHSA prudent reserve levels of 20% instead of dropping them to 10% to ensure greater fiscal stability across revenue changes. In addition, maintain existing BHSA prudent reserve levels for rural counties under 200,000 population at 25% instead of dropping them to 15%. This is of even greater importance as counties begin using BHSA funding for rental subsidies; a lack of sufficient reserves to offset revenue declines could result in people losing their housing.
- Provide greater flexibility for counties to access prudent reserves so that counties can account for unexpected changes in budgeted expenditures, whether through policy changes, such as the possibility of the loss of state funding for mobile crisis services, or the outcome of wildfires and other natural and other disasters at the local level.
- Allow counties to adjust funding allocations across BHSA components on a year-to-year basis, rather than every three years given the general economic uncertainty. This will allow counties to react to year-to-year changes in funding levels and demand for services at local level.

- Establish criteria, in partnership with counties, for calculating the county minimum expenditure level.

Counties – like the state – are entering a time of significant budget uncertainty due to the cost shifts created by the federal government in H.R. 1. Counties estimate that this federal law will result in up to \$9.5 billion in new annual costs to counties once fully implemented as it fundamentally shifts certain fiscal responsibilities for safety net programs to counties. In this fiscal environment, we are deeply concerned about proposed trailer bill language that limit counties’ tools to plan for budget uncertainty just as H.R. 1 puts new county costs pressures on counties.

For these reasons, CSAC, UCC and RCRC respectfully urge the Legislature to modify the Administration’s proposed trailer bill to allow counties to effectively manage BHSAs revenues. Should you have any questions, please do not hesitate to contact us.

Sincerely,



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