

Behavioral Health FY 2025-26 Budget ► Presentation

Loan Repayment Plan & Revenue Overview

Revenue Outlook



- Total anticipated revenue: \$39.9 million



- State Medi-Cal payments have been paused since May 1st; however, billing has remained continuous



- A significant influx of delayed reimbursements is expected between late August and early September

Service Growth & Community Impact



FY25-26 budget reflects intentional growth in direct service activities



Investment in front-line response aligns with statewide emphasis on crisis stabilization



Resource allocation supports rising demand for behavioral health interventions



Department is scaling to meet increased need—without reducing service access

Expanded Crisis Response Services



Fiscal Indicators of Expansion



Department budget has grown in alignment with rising service delivery



Upfront IGT contributions increased due to higher Medi-Cal service volume



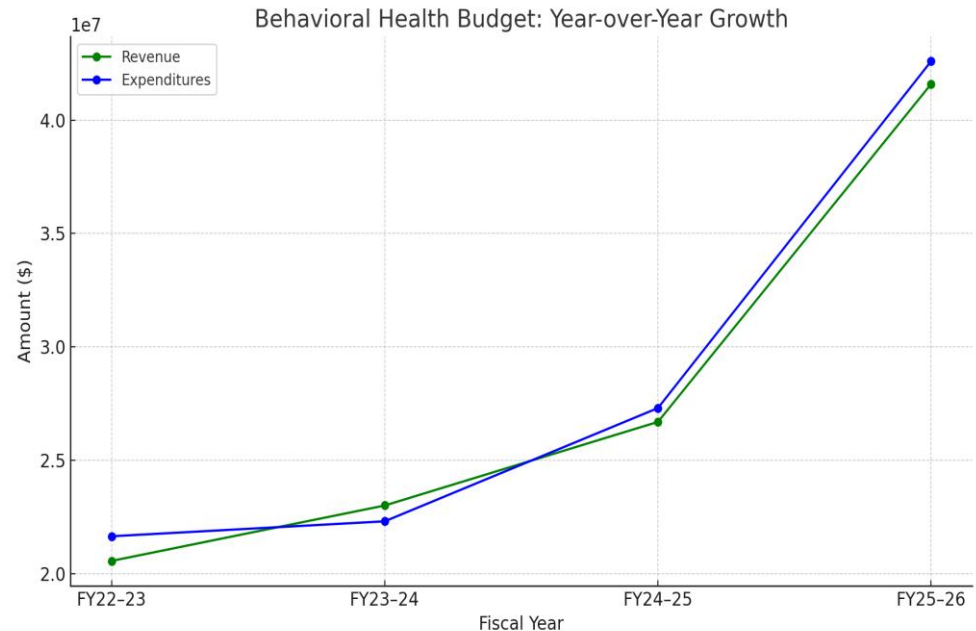
Continued billing activity ensures future revenue growth



Strategic use of resources reflects a proactive approach to long-term community needs

Budget Growth & Expansion FY22-23 to FY25-26

- ▶ Behavioral Health revenue has doubled over four years, rising from \$20.6M to \$41.6M
- ▶ Expenditures also increased, reflecting expansion in services, staffing, and clients reached
- ▶ Annual carryover remains strong, showing responsible fiscal management during rapid growth



Current Cash Flow Challenge

- ▶ State payment delays have created short-term cash flow constraints
- ▶ Increased service utilization has significantly raised IGT (Intergovernmental Transfer) demands alongside upfront IGT contributions placing pressure on departmental liquidity
- ▶ Despite the pause, billing has remained active, securing reimbursement once payments resume



Use of \$2M Loan



Offset cash flow disruptions caused by the pause in State payments



Preserve fiscal stability to ensure timely provider payments



Maintain uninterrupted delivery of client services despite delayed reimbursements

Loan Payback Plan

- ▶ Repayment to reserve funds will commence promptly upon restoration of cash flow
- ▶ Addressing this obligation remains a top fiscal priority for the department
- ▶ State reimbursements anticipated between late August and early September 2025



Reserve Contribution Strategy FY25-26

- ▶ Beginning in July 2025, Behavioral Health will initiate structured monthly reserve contributions
- ▶ Target: \$150K-\$500K per month, based on net operating surplus
- ▶ Reserve will serve as a buffer against IGT delays, and payment reform lags
- ▶ Contributions may adjust quarterly based on revenue trends and cash flow projections

