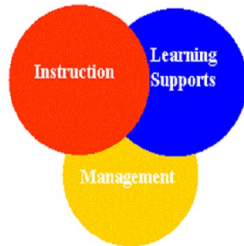

Practice and Policy



Funding for School Mental Health Services: Trends and Policy Implications

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Recent funding streams – ESSER dollars, grants, and expanded Medicaid billing – enabled districts to expand mental health services quickly. However, these funds primarily support the expansion of service-delivery models instead of also being invested in improving how schools address mental health and redesign student/learning supports. As a result, the narrow focus on service expansion continues to outpace investment in major improvements that will enable schools to address a fuller range of factors interfering with learning and teaching.

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To facilitate efforts to address barriers to learning, this resources is freely accessible online.

<http://smhp.psych.ucla.edu/pdfdocs/briefguide.pdf>

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*Initially, the Center was named the *Center for Mental Health in Schools*; in 2017, to more fully underscore the breadth of the work, the Center name was expanded.

Funding for School Mental Health Services: Trends and Policy Implications

This document highlights major funding streams for what is commonly referred to as *School Mental Health*. It contrasts the prevailing school mental health model with the broader concept of *Mental Health in Schools* and argues for policies that support a more comprehensive approach – one capable of addressing the needs of far more students and schools.

Differentiating School Mental Health and Mental Health in Schools

School Mental Health widely is used to refer to a set of services provided in schools – by school-employed and/or community mental health professionals – to address students' mental health needs. Examples are counseling, assessment, therapy, and crisis intervention. Some schools, especially those that have adopted a multi-tiered system of supports (MTSS), expand their focus to include mental health promotion and prevention; nevertheless, the primary emphasis generally remains on providing services for targeted supports for students at elevated risk, as well as playing a role in caring for those in need of intensive, individualized mental health treatment (American Academy of Pediatrics, 2026; Dragoo & Duff, 2025).

Mental Health in Schools is defined more broadly to encompass the policies, practices, curriculum, supports, and whole-school approaches and conditions within a school environment that promote students' psychological well being, help prevent mental health problems, and provide early identification and intervention when challenges arise. Examples are interventions to foster connectedness, reduce barriers to learning, and create supportive climates (Adelman & Taylor, 2020; Dragoo & Duff, 2025).

Schools and Mental Health Services

Multiple large-scale studies *estimate* that roughly one-third one half of U.S. students exhibit mental health symptoms serious enough to warrant professional support. CDC (2026) estimates that 30-40% of adolescents show symptoms that merit screening or intervention, with 10-20% likely needing more intensive services. While these findings are robust across studies, most rely heavily on student self-report surveys (Green et al., 2023; National Center for Education Statistics, 2024). *In general, caution is warranted related to most estimates.*

Schools have long been viewed as a primary access point for youth mental health services. Recent estimates indicate that approximately 18% of students used school-based mental health services during the 2024–25 school year (Panchal, Cox, & Rudowitz, 2025).

Prior to 2020, funding for school mental health services in the U.S. was fragmented and relied primarily on state and local budgets (Dragoo & Duff, 2025). Currently, funding comes from a mixed system that includes federal, state, and local education budgets; Medicaid and CHIP reimbursements; discretionary grants; and temporary relief funds (Panchal, Cox, & Rudowitz, 2025).

From 2020 to 2024, ESSER (the Elementary and Secondary School Emergency Relief) funds and BSCA (Bipartisan Safer Communities Act) investments generated the most substantial temporary expansion of school mental health funding to date (Effective School Solutions, 2024). During this period, telehealth availability also expanded significantly (Panchal, Cox, & Rudowitz, 2025).

After 2024, the expiration of ESSER funds and reductions in federal budgets created significant funding uncertainty, leading many districts to rely increasingly on Medicaid as their primary strategy for sustaining mental health services (Federal Register, 2025).

Primary Funding Streams and Estimate of Total Funds Expended for School Mental Health

Funding varies widely and is highly sensitive to political and economic conditions. While there is no single national accounting of total expenditures, available federal data allow for a reasonable estimate of the major public funding sources:

- **The American Rescue Plan Act (ARPA)** allocated \$122.8 billion in ESSER funds, which were explicitly allowed for academic recovery and mental health supports and were widely used for mental health hiring, contracting, and service expansion (Effective School Solutions, 2024).
- **Medicaid and the Children’s Health Insurance Program (CHIP)** statewide mental health financing jointly finance 50-70% of state mental health expenditures. School-based Medicaid billing has increased following new federal guidance, although school-specific totals are not separately reported (Effective School Solutions, 2024; Panchal, Cox, & Rudowitz, 2025).
- **Federal discretionary programs** supporting school mental health – such as the Bipartisan Safer Communities Act investments – contribute over \$280 million, including \$143.3 million for the Mental Health Service Professional Program (workforce development) and \$19 million for the School-Based Mental Health Services Grant Program (Effective School Solutions, 2024).
- **Additional federal supports**, such as HRSA (Health Resources and Services Administration) grants for trauma-informed and tele-mental health initiatives and CMS school-based demonstration grants, add tens of millions each year (Centers for Medicare & Medicaid Services, 2024).
- **Ongoing federal education statutes**, including ESSA and IDEA, also allow mental health-related uses (NEA, 2023).

Taken together, these funding streams create a fragmented but substantial ecosystem supported primarily by federal health programs and time-limited federal education relief funds. Medicaid and CHIP remain significant sources, while newer discretionary investments – particularly under the Bipartisan Safer Communities Act – have expanded workforce capacity and service availability. State and local education budgets contribute variably, often constrained by economic and political pressures. The expiration of pandemic-era funding, especially ESSER, has created a sizable fiscal cliff and heightened concerns about sustaining school mental health services without new, recurring revenue. Over half of public schools report that staffing and funding challenges limit their capacity to meet student mental health needs (Effective School Solutions, 2024; National Center for Education Statistics, 2024).

Persistent Concerns About School-Based Mental Health Services

Across the 20th century and continuing today, school-based mental health has remained marginalized within education policy and school improvement efforts. Early approaches imported a clinical, case-oriented model focused on diagnosing and treating individual disorders. This peripheral, deficit-oriented approach, combined with chronic underfunding, produced a narrow service system reaching only a fraction of students in need. For the most part, this continues to be the situation (Adelman & Taylor, 2020a).

Recent initiatives – particularly following COVID-19 and heightened awareness of social inequities – have increased calls for mental health services at schools. While schools have been overwhelmed by rising levels of need, shrinking budgets limit the capacity to expand school-based services (Adelman & Taylor, 2020b).

As currently framed, school mental health efforts tend to contribute to the marginalization and fragmentation of interventions intended to support students. A proliferation of categorical programs and narrowly targeted initiatives has produced a patchwork of supports addressing only isolated pieces of the complex matters that interfere with teaching and learning – poverty, trauma, disengagement, attendance issues, and academic frustration. Even the expanding emphasis on social and emotional learning (SEL), while valuable, cannot on its own do much to offset the many overlapping difficulties faced daily by students and teachers (Adelman & Taylor, 2010).

Educators across the country report increasing numbers of students with learning, behavior, and emotional difficulties. Yet the dominant student/learning support approach remains mostly unchanged. Research has repeatedly shown that prevailing models are largely service oriented and fragmented and cannot adequately address the scope of need, especially in underresourced urban areas and rural communities. Yet, policymakers continue to pursue disconnected initiatives rather than adopting coherent, system-level redesign of student/learning support system at schools.

California Decision to Expand the School Mental Health Model

A current large-scale example is taking place in California and illustrates both the promise of unprecedented investment and the risks of expanding a narrow school mental health model without broader system redesign.

California has chosen to undertake one of the nation's most ambitious expansions of school mental health. Two major statewide initiatives are driving the work:

- >**the Children and Youth Behavioral Health Initiative (CYBHI)**, a multi-billion dollar, multi-agency effort to redesign youth behavioral health across settings; CYBHI focuses on the health system, including but not limited to schools.

and

- >**the California Multi Tiered System of Support (CA MTSS)**, a multi-million-dollar effort to have schools frame academic, behavioral, social-emotional, and mental-health supports as a full continuum of interventions that addresses students' needs. MTSS focuses on the education system, specifically academic behavioral SEL integration inside schools.

These initiatives are intended to improve student well-being, mental health access, equity, and academic success. Individually, each initiative addresses aspects of a comprehensive learning supports system. Together, they aim to improve a "whole child," equitable support system that addresses children and youth well-being and learning conditions. They bring unprecedented investment, infrastructure, workforce.

As discussed in a recent article highlighting the CYBHI

the Children and Youth Behavioral Health Initiative (CYBHI) is a multi-year, multi-billion dollar effort to transform how California supports the mental, emotional, and behavioral health of children, youth, and families. Launched in 2021 as part of the Master Plan for Kids' Mental Health, CYBHI aims to build a prevention-oriented, youth and family-centered behavioral health ecosystem for ages 0-25. It takes a "whole child" approach to ensure youth can access help at home, in schools, and in their communities. It finances more than 20 coordinated workstreams focused on expanding the behavioral health workforce, strengthening school linked mental health systems, building new service infrastructure, developing sustainable funding pathways such as the Multi-Payer Fee Schedule, and pursuing public awareness campaigns to reduce fragmentation, modernize access, and elevate youth and family voice (Center for MH in Schools & Student/Learning Supports, 2026).

CYBHI's Vision for Integrated School-Based Behavioral Health

Within schools, CYBHI seeks to embed prevention and early intervention within student support practices, increase targeted supports (short-term counseling, skill-building groups, care navigation); and coordinate clinical care with counties, managed care plans, and community providers – using the fee schedule and school-linked partnerships to sustain the continuum of interventions (California Association of Health Plans, 2024; California Department of Health Care Services, 2026). Educator trainings (e.g., Safe Spaces) and digital platforms extend access and readiness and enhance school connections to youth- and family-centered pathways (California School-Based Health Alliance, 2026; Office of the California Surgeon General, 2024).

As of March 2026, the Children and Youth Behavioral Health Initiative (CYBHI) has implemented some large-scale structural changes across state agencies and local systems, expanded and diversified the behavioral health workforce, and increased access to services. For schools, the state's investments have yielded added school-based behavioral health services, digital and virtual care platforms, expanded peer support programs, and statewide infrastructure to facilitate clinical pathways, data sharing, and coordinated care. Evaluators have reported preliminary encouraging trends in early behavioral health outcomes, but implementation has been uneven and cross agency boundaries remain unresolved.

At the same time, final statewide clinical, utilization, and long-term population-level outcomes are not yet available. These data depend on the ongoing multi year outcomes evaluation, which will assess the full impact of CYBHI reforms on youth mental health status, service quality, system performance, variability, and equity across counties districts, schools, and demographic groups.

Note: Comprehensive statewide outcomes – including symptom reduction, service utilization changes, wait time impacts, crisis trends, and academic related indicators – will be available from Mathematica’s Outcomes Study in late 2026-2027.

**Risks
Associated with
the Growing
Dependence on
Medicaid Billing**

As more states explore initiatives similar to CYBHI, concerns emerge about the expanding reliance on Medicaid and insurance billing to finance school based mental health services. Here are some major matters to consider:

- **Equity and scope-of-service concerns.** Medicaid primarily reimburses for medically necessary treatment services, potentially shifting service delivery toward reimbursable treatment rather than educational and preventive supports. It may also create disparities between schools with greater administrative capacity while disadvantaging those with highest need.
- **Financial vulnerability and instability.** Schools may become dependent on complex, fluctuating reimbursement streams that can shift with policy changes, audits, or administrative practices.
- **Administrative and compliance burdens.** Billing requirements, duplicative parental consent rules, and extensive documentation add workload and can divert staff time and/or require contracting the workload out.
- **Risks to students’ access to services outside school.** Disability rights advocates caution that some Medicaid agencies or managed care plans may consider out of school services “duplicative” of school-based supports, resulting in denials of community treatment.
- **State level failures that undermine school services.** Some states have struggled to meet federal Medicaid requirements. For example, Florida forfeited an estimated \$2.2 billion over a decade due to noncompliance, contributing to staffing shortages and delays in students receiving needed services.
- **Broader political conflict.** Efforts to revise Medicaid billing rules for schools have triggered ideological disputes, particularly around parental consent, privacy, and perceptions of federal overreach.

From our perspective, the school mental health model as expanded by CYBHI has laid a foundation for embedding its limited focus on behavioral and mental health into a school’s broader efforts to address the full range of learning, behavior, and emotional challenges experienced by students. Moving forward, the critical need is to prioritize transforming student and learning supports into a unified, comprehensive, and equitable system of student/learning supports that embeds mental and behavioral health within a broader intervention framework designed to promote engagement, address barriers to learning, and enhance overall student well being.

Policy Implications

For a focus on mental health in schools to make a meaningful contribution, the interventions must be framed as far more than simply expanding access to clinical services. Efforts to address mental health concerns must be situated within society's broader aims for public education.

Schools are charged with preparing young people to participate constructively in society – as socialized and responsible members and citizens and productive contributors to the economy. Mental health is foundational to achieving these aims. As a result, schools inevitably play a central role in addressing factors that influence students' development and engagement (Adelman & Taylor, 2010).

The challenge now is for policy makers and education leaders to break away from outdated ways of thinking about pursuing a mental health agenda in schools. This means expanding beyond (not doing away with) school mental services.

A growing body of research underscores the need to view mental health concerns as one facet of a school's system of student and learning supports. Relatedly, there is a call for rethinking student and learning supports.

Current student and learning supports are:

- **Fragmented** – at all levels, services and programs are siloed across departments (e.g., counseling, school psychology, special education, discipline) leading to redundancy and inefficiency
- **Overspecialized** – staff focus narrowly on specific problems
- **Reactive** – interventions are triggered mainly after problems escalate
- **Underresourced** – staff are stretched thin, and supports are inconsistently available
- **Inequitably applied** – access to resources varies widely, leaving many students undeserved
- **Marginalized** – supports are treated as auxiliary interventions (e.g., added services), not a primary component of school improvement policy, planning, and decision-making

This state of affairs inevitably hinders school efforts to address the range of barriers to learning and teaching and close the achievement and opportunity gaps.

Improving the situation involves unifying and transforming efforts to counter learning, behavior, and emotional problems into a comprehensive, equitable system that is fully embedded into school improvement policy and practice (Adelman & Taylor, 2024).

To these ends, school improvement policy must

- (a) expand the school improvement from a two to a three component framework
- (b) evolve the continuum of interventions described by MTSS into a unified, comprehensive system of student and learning supports that weaves school and community resources and organizes interventions into a delimited set of domains;
- (c) rework operational infrastructures at district and school levels to ensure effective adoption/adaptation and daily operation of the transformed system; and
- (d) pursue a more sophisticated approach to scale up and sustain ability.

Moving Forward to a Unified, Comprehensive, and Equitable System of Student and Learning Supports

In our experience, there always are school and district personnel who want and are ready to make major improvements in how schools address barriers to learning and teaching. They are a natural pool from which a student/learning supports workgroup can be mobilized to initiate a process for moving forward.

Beginning the process of transforming student and learning supports is entirely feasible without requiring new funding streams. Every school already invests substantial human and material resources in a wide range of student and learning supports – counseling, behavioral supports, special education, health services, family outreach, and more. By redeploying what schools already have and connecting with community resources in a more strategic, systemic, and cohesive way, *schools and districts can start* to establish a unified, comprehensive, and equitable system of student/learning supports and invest more as critical gaps are identified.

See the Appendix for more details, especially with respect to immediate steps.

Concluding Comments

Although schools are increasingly accessing Medicaid and insurance reimbursement to expand mental health services, additional funding alone will not resolve the escalating learning, behavioral, and emotional challenges confronting students. Financial resources are necessary, but they are insufficient when pursued within a fragmented, service-driven framework.

Schools' role in promoting mental health must be recognized as integral to their core educational mission – not as an auxiliary clinical enterprise. The central challenge, and opportunity, is to move beyond the narrow, service-oriented paradigm that has constrained the progress of mental health in school for decades. What is needed is the development of a unified, comprehensive, and equitable system of student and learning supports that is fully woven into the fabric of schooling.

Absent such a system, schools cannot reasonably be expected to meet society's expectations that they foster not only academic achievement, but also healthy development, social competence, responsible citizenship, overall well-being, and the capacity for meaningful participation in community and economic life.

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Appendix

Links to Resources for Transforming How Schools Address Barriers to Learning and Teaching

Those concerned with student well-being need to offer a broad approach that details a feasible role schools can play in conjunction with their community in addressing barriers to learning and teaching and reengaging disconnected students and families. Such an approach transforms existing student and learning supports and develops them into a unified, comprehensive, and equitable system designed for all students in a school.

Without systemic redesign, efforts will continue to be reactive, marginalized, and insufficient. With redesign, schools can transform the way they promote mental health, address barriers to learning, and create environments in which all students and staff can thrive.

Moving forward, the critical need is to prioritize transforming student and learning supports into a unified, comprehensive, and equitable system of student/learning supports that embeds mental and behavioral health within a broader intervention framework designed to promote engagement, address barriers to learning and teaching, and enhance overall student well being.

Below are links to guides and aids for moving forward:

>Student/Learning Supports: A Brief Guide for Moving in New Directions

<https://smhp.psych.ucla.edu/pdfdocs/briefguide.pdf>

>Transforming Student and Learning Supports: Starting the Process

<https://smhp.psych.ucla.edu/pdfdocs/systemchangesteps.pdf>

>An Agenda for Improving Student/Learning Supports:

A Month by Month Guide for Systemic Change with Existing Resources

<https://smhp.psych.ucla.edu/pdfdocs/agendapaper.pdf>

>Building on MTSS to Enhance How Schools Address Barriers to Learning

<https://smhp.psych.ucla.edu/pdfdocs/BuildMTSS.pdf>

Tools to Aid Mapping and Analyses of Intervention Resources

**>An Aid for Initial Listing of Current Resources Used at a School for
Addressing Barriers to Learning and Teaching**

<https://smhp.psych.ucla.edu/pdfdocs/listingresources.pdf>

A tool for clarifying the names, roles, functions, and schedule of student and learning supports staff at a school.

>Mapping & analyzing learning supports

<https://www.smhp.psych.ucla.edu/summit2002/tool%20mapping%20current%20status.pdf>

A tool outlining a six step process that can be used by school improvement planners and decision makers to chart all current activities and resource use (e.g., school, district, community) as a basis for evaluating the current state of development, doing a gap analysis, and setting priorities for moving forward.

>Criteria & Rubric for a Best Practice Approach to Addressing Barriers to Learning/Teaching

[https://smhp.psych.ucla.edu/pdfdocs/criteria and rubric.pdf](https://smhp.psych.ucla.edu/pdfdocs/criteria%20and%20rubric.pdf)

>System Change Toolkit <https://smhp.psych.ucla.edu/summit2002/resourceaids.htm>

This toolkit offers materials, tools, specific guides, and other resources as aids and to deepen learning about the substance and processes of the work to be done. We have grouped the tools in an order that roughly approximates moving from creating readiness, through initial implementation, to sustaining and scaling-up.