

State Budget FY 2026-27 Summary and County Impacts

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Presenters:

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RECOMMENDED ACTIONS

- a) Receive and file a report on the state budget for fiscal year (FY) 2026-27 and potential future impacts to the County's budget; and
- b) Find that the proposed action is not a "project" under CEQA.



State Budget Overview

- State budget enacted June 29, 2026.
- Some elements remain unresolved: trailer bills, ballot propositions, and county-specific allocations.
- No changes recommended for the adopted budget. Staff are monitoring and will bring necessary budget adjustments to the Board.



State Budget Overview

(Continued)

- Most funding provided one-time, limiting substantial changes in the County's budget.
- Sales tax added to prewritten software beginning 2027 will bring in new revenue but also increase costs.
 - \$42.4M in general purpose tax revenue annually by FY 2027-28, spread across 58 counties.
 - Costs dependent on forthcoming state regulations.



Key Items Included in the State Budget

- Medi-Cal and CalFresh eligibility workload funding.
- Delay of certain policy changes to Medi-Cal.
- CalFresh local match waiver and administration funding for Able-Bodied Adults Without Dependents (ABAWD).
- Funding for homelessness services, criminal justice, child protection, and behavioral health.



Key Items Missing from the State Budget

- No indigent health care funding.
- No local law enforcement funding for Proposition 36.



Pending Items

- Trailer bills.
- Ballot propositions.



Impacts on County Budget

New funding is primarily one-time; limits the ability to make substantive redistributions in the budget.

- Reversal of \$6.6M in reductions to health clinics and restoration of 15 full-time equivalents (Budget revised via Board action on July 7, 2026).
- Up to \$3M one-time funding for increased Medi-Cal eligibility workload; does not generate a local match savings.
- Up to \$195K one-time for CalFresh eligibility administration.
 - Additional \$1.8M available over three fiscal years with an additional \$400K in local funding match.
- Limited-term CalFresh match waiver may reduce local match by \$1.4M.



Impacts on County Budget (continued)

- \$200K one-time for emergency response for Child Protective Services.
- \$1.1M one-time for four homelessness and housing programs; mostly as pass-through assistance.
- Allocations for other homelessness services, Proposition 36, and Victims of Crime Act (VOCA) funding.
- New revenue from software sales and a new cost; amounts to be determined.

